

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending June 30, 2009

City of West Hollywood





COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

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

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INTRODUCTION





CITY OF WEST HOLLYWOOD

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

**DEPARTMENT
OF FINANCE
& TECHNOLOGY
SERVICES**

December 17, 2009

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, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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



INTERNAL CONTROLS & RESPONSIBILITY

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

INDEPENDENT AUDIT

The City requires an annual audit by independent certified public accountants. Lance Soll & Lunghard, LLP, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California, has audited the City's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this report.

SINGLE AUDIT

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

BUDGETARY CONTROLS

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

CASH MANAGEMENT

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

RISK MANAGEMENT

Effective May 1, 1994, the City joined the Southern California Joint Powers Insurance Authority (SCJPIA). The Authority, which began covering claims in 1978, is composed of 84 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. Annual premiums are determined using a retrospective method, with the City liable for the first \$30,000 of costs for its own claims, and a proportionate share of claim costs in excess of \$30,000 up to \$15 million for its own and other member claims. The CJPIA purchases excess insurance for claims over \$15 million, and up to \$50 million.

MANAGEMENT DISCUSSION & ANALYSIS

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

PROFILE OF WEST HOLLYWOOD - A BRIEF HISTORY OF CREATIVITY

Spurred by a desire for greater local control, residents of West Hollywood joined together to fight the threat to end rent control under Los Angeles County government. As a result West Hollywood was incorporated as a city in 1984. Centrally located, West Hollywood is bordered by Beverly Hills on the west and Hollywood on the east. West Hollywood has an estimated population of 38,000 within a 1.9 square mile border. The City utilizes a Council/City Manager form of government. The City Manager is responsible for running the day to day operations of the City. Each of the five City Council members is elected at large to serve staggered four-year terms.

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

West Hollywood is affectionately known as “The Creative City” – and for good reason. More than 40 percent of the businesses located in West Hollywood comprise such creative fields as entertainment, interior design, fashion, art, and communications. The City has a dynamic retail, nightlife, and tourist trade that entices travelers from around the world. West Hollywood has 14 luxury hotels with some 2,000 rooms offering world-class accommodations. Dining is available at more than 200 restaurants, some of the most famous in the world. Tourists can also shop at more than 100 clothing stores, peruse thirty-six art galleries, and participate in or just observe an eclectic and ever-evolving nightlife centered around the world-famous Sunset Strip and Santa Monica Boulevard. As the home of the Pacific Design Center (PDC) and the surrounding “Avenues of Art and Design,” West Hollywood is acknowledged as the West Coast’s center of interior design.

ECONOMIC CONDITION

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City at June 30, 2009, the local economy is of such relevance that it is incumbent on us to provide some information in this report. In June of 2009, Standard & Poor’s assigned its ‘AAA’ issuer credit rating, with a stable outlook, to the City of West Hollywood.

In issuing its rate, Standard & Poor’s noted that the rating reflects its view of:

- A wealthy City that fully participates in the dynamic Los Angeles metropolitan area and benefits from the affluence of residents and visitors;

- The City's status as a destination for tourists, retail shopping, and business travel, and proximity to neighboring Beverly Hills and the City of Los Angeles;
- Diverse General Fund revenues that have performed strongly even during the current economic recession;
- Strong financial management supported by comprehensive policies and a track record of balanced budgeting and high cash reserves; and
- Low direct debt due to a historic reliance on budgeting cash contributions for capital expenditures.

The City of West Hollywood continues to be a vibrant, livable, and successful community for both its residents and businesses. The stable outlook reflects the expectation that the City will continue to benefit from its diverse revenue base. The City's sales tax base, which is highly diversified given its small geographic area, generated \$12.1 million in fiscal year 2009. The City's transient occupancy tax has declined slightly during the current recession, but remains relatively strong at \$12.1 million in fiscal year 2009. Property tax revenues continue to grow with the City being eighth in Los Angeles County in increased assessed valuations; increasing 4.4% in fiscal year 2009.

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 strong area gross income levels, \$100,008 in fiscal year 2008, and extremely strong assessed property value per capita, \$192,438. The saw over \$150 million of improvements to hotel properties and approximately \$100 million of additions to the Pacific Design Center in 2009, based on building permit valuations.

Even with the City's strong and varied economic base, it is still very vulnerable due to the State of California's fiscal mismanagement. The State's ongoing structural budget deficit and history of balancing its budget with funds from local governments is West Hollywood's largest economic threat. In an attempt to balance the current State budget, legislators borrowed \$2 billion from local government (\$1.4 million of which came from West Hollywood), took \$1.7 billion from redevelopment agencies (\$2.2 million of which will come from West Hollywood over two years), and cut over \$50 million in funding for social service programs. With the State budget expected to be in deficit again by next spring, West Hollywood and other local governments, have limited protection from the State raiding their coffers.

LONG TERM FINANCIAL PLANNING

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



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

DEBT ADMINISTRATION

The City of West Hollywood utilizes long-term financing to facilitate the acquisition and construction of capital assets. This allows for the matching of resource utilization to the useful life of the asset being purchased. Descriptions of past City financings are below with detailed schedules in the Financial Section of this report.

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

Redevelopment Agency Tax Allocation Bonds 2003 - In September 2003, the Redevelopment Agency issued Tax Allocation Bonds of \$11,500,000 to finance the Eastside Redevelopment Project, including activities that increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area.

MAJOR ACCOMPLISHMENTS FOR THE YEAR

- Completed Phase I of the General Plan update and began to work on Phase II.
- Earned an “A” from the Los Angeles Conservancy for the West Hollywood historic Preservation Program.
- A mixed-use development on Hancock and a housing development on Ramona were completed with a total of 15 units of permanently affordable inclusionary housing.
- Issued approximately \$40 million worth of lease revenue bonds for the development of the new library and West Hollywood Park improvements with an AA+ rating for the bonds and AAA rating for City from Standard & Poor’s.

- Conducted a comprehensive analysis of the parking inventory throughout commercial areas in the City to identify shared use parking opportunities that will assist businesses with their parking needs.
- Completed construction of the Havenhurst Neighborhood Pocket Park.
- Introduced the Lights on West Hollywood Program to qualifying residents and businesses to enhance security by increasing lighting and visibility.
- Developed an Economic Hardship Package to assist businesses during the economic downturn.
- Authored two Proposition 8 amicus briefs to the California Supreme Court, issued 1100 marriage licenses and performed over 600 same sex marriage ceremonies.
- Aired 24-hour AIDS WATCH presentation as part of the City's World AIDS Day commemoration.

MAJOR INITIATIVES FOR THE FUTURE

In celebration of its landmark, 25th Anniversary, the City has embarked upon new capital improvement projects to develop premiere public facilities, parks and open space. The three major components of the "25th Anniversary Capital Project" include development of a new West Hollywood Library, implementation of Phase I of the Plummer Park Master Plan and additional parking in the Mid-City area.

The three projects that embody the 25th Anniversary Capital Project are each located on distinct sites in the east, west and central areas of the City. The Project consists of the creation of 800 parking spaces in four structures with at least one structure at each project location. Two structures are to be constructed at grade, one built subterranean under an existing surface parking lot and one plinth structure to be built with parkland on top. Approximately 3.5 acres of new and enhanced green/park space and associated landscaping is created by the development of these projects at the two park locations. 48,300 square feet of new civic and community facilities are created at two parks including a three-level, 46,000 square foot library building and an approximately 2,300 square foot building to be used as parks and recreation programming space. Additionally, 21,000 square feet of city facilities are planned to be rehabilitated including the renovation of Fiesta Hall for use as a performance arts space and the general repair and upgrade of the existing City Hall.

- Construction has began on the West Hollywood Park Phase I and the New Library; Construction is expected to be completed in August 2011
- Plummer Park improvements are expected begin Summer 2010

- Parking Structure construction in the mid-city area is expected to begin in Summer 2010
- Other major capital improvements include:
- Major renovation and beautification of Sunset Boulevard will begin construction in late 2009/early 2010.
- A water feature at the Sal Guarriello Veterans' Memorial will begin construction in late 2009/early 2010.

VISION 2020

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

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

AWARDS

GFOA Award Program - Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Hollywood for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This is the fifteenth 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

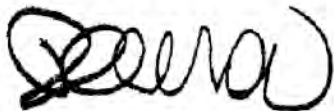
The City also received the GFOA Distinguished Budget Presentation Award and CSMFO Excellence in Operational Budgeting Award for its 2008-2010 biennial budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and as a communications device. The CSMFO award reflects excellence in the budget document and the underlying budget process that results in the implementation of the budget.

ACKNOWLEDGMENTS

Preparation of this report was accomplished through the combined efforts of the City's Staff. The following staff deserves special recognition for their contribution to this project: Gina Schuchard - Accounting Services Manager, David Hatcher - Revenue Manager, David Wilson - Budget Manager, Claudia Duncan - Financial Management Analyst, Norma Soto-Coronado - Accountant, Adriana Borge - Accounting/Finance Specialist and Michelle Nemetz - Accounting Technician.

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

Respectfully submitted,



Paul Arevalo
City Manager



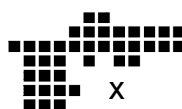
Anil H. Gandhi, CPA
Director of Finance and
Technology Services

Finance Policies

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

SUMMARY OF POLICIES

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



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Hollywood
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

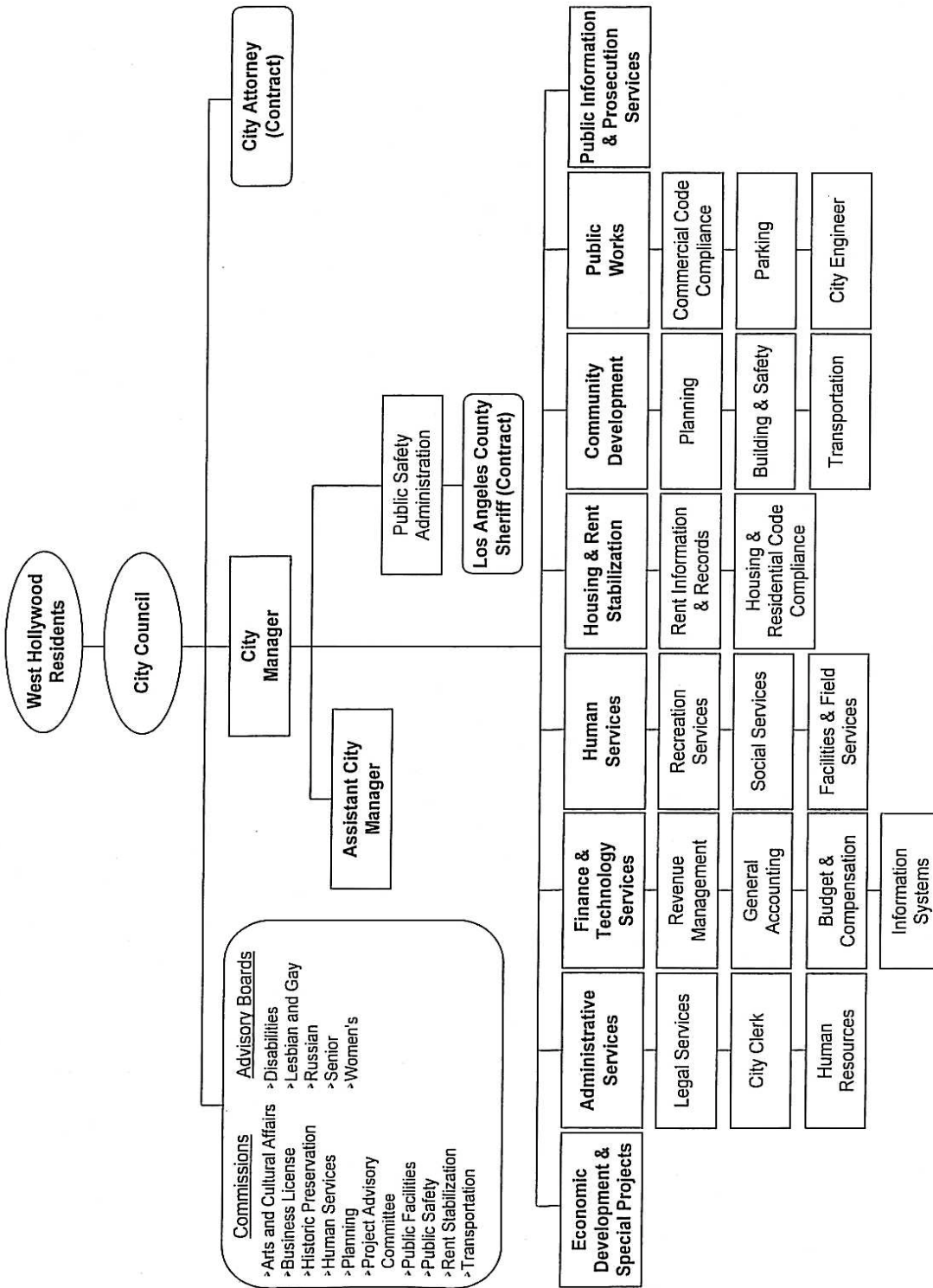
DIRECTORY OF CITY OFFICIALS AS OF JUNE 30, 2009

Mayor and City Council

| | |
|------------------------|------------------------|
| Mayor..... | <i>Abbe Land</i> |
| Mayor Pro Tempore..... | <i>John Heilman</i> |
| Council Member | <i>John Duran</i> |
| Council Member | <i>Lindsey Horvath</i> |
| Council Member | <i>Jeffrey Prang</i> |

Administration

| | |
|--|-------------------------|
| City Manager | <i>Paul Arevalo</i> |
| City Attorney | <i>Michael Jenkins</i> |
| Assistant City Manager..... | <i>Joan English</i> |
| City Clerk..... | <i>Tom West</i> |
| Director of Administrative Services..... | <i>Vivian Love</i> |
| Director of Community Development..... | <i>Anne McIntosh</i> |
| Director of Economic Development | <i>Ray Reynolds</i> |
| Director of Housing & Rent Stabilization..... | <i>Allyne Winderman</i> |
| Director of Human Services..... | <i>Lloyd Long</i> |
| Director of Public Information & Legal Services..... | <i>Helen Goss</i> |
| Director of Public Works | <i>Oscar Delgado</i> |
| Department of Finance & Technology Services | |
| Director..... | <i>Anil H. Gandhi</i> |
| Accounting Services Manager | <i>Gina Schuchard</i> |
| Revenue Manager | <i>David Hatcher</i> |
| Budget & Compensation Manager..... | <i>David Wilson</i> |
| Information Technology Manager | <i>Brian Ganley</i> |



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FINANCIAL SECTION





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.
A Professional Corporation
- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of West Hollywood, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of West Hollywood's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of West Hollywood, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009, on our consideration of the City of West Hollywood's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



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

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

Lance, Soll & Lingham, LLP

December 14, 2009

MANAGEMENT AND DISCUSSION ANALYSIS



West Hollywood
**women's
advisory board**

THE CITY OF WEST HOLLYWOOD



Betty Ford
first lady &
humanitarian
women's advisor
THE CITY OF WEST HOLLYWOOD

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West Hollywood ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage the readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal and the accompanying Basic Financial Statements. Comparative data on the government-wide financial statements is only presented in Management's Discussion and Analysis (hereafter MD&A).

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets of the City were \$276.5 million and total liabilities were \$54.8 million at June 30, 2009. The assets exceeded liabilities by \$221.7 million (*net assets*). Of this amount, \$59.5 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2009, total net assets increased by \$2.0 million. Total revenues from all sources were \$90.6 million and total expenses for all functions/programs were \$89.1 million.
- Of total revenues, program revenues were \$29.2 million and general revenues were \$61.4 million. Program revenues are separated into three categories: Charges for Services, \$19.4 million; Operating Contributions and Grants \$5.3 million; and Capital Contributions and Grants, \$4.4 million.

Fund Based

- For fiscal year ending June 30, 2009, total Fund Balance of the General Fund was \$76.5 million, or 110 percent of total General Fund expenditures of \$69.8 million. The Reserved Fund Balance was \$12.5 million. The Designated Fund Balance was \$52.7 million and Undesignated Fund Balance was \$11.3 million.
- For the General Fund, actual resources available for appropriation during the year were \$146.3 million; this consists of \$82.6 million in fund balance and \$63.7 million in revenue inflows which was \$1.9 million over budget. Actual charges (outflows) of \$69.8 million were \$10.1 million less than the budget of \$79.9 million. Capital projects, not completed during the fiscal year, were \$2.1 million and will be carried forward to FY 09-10. These are included in the \$52.7 million designated in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The *Statement of Net Assets* (page 31) presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. In time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (pages 32-33) presents information on how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused leaves). *Program Revenues* are revenues that derive directly from the program itself. *General Revenues* are revenues generated from the citizenry or taxpayer.

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

Governmental activities – Account for most of the City's basic services which consists of: *General Government*, made up of the following departments: City Council, City Manager, Administrative Services, Finance and Information Technology and Public Information and Prosecution Services. *Public Safety* is made up of Sheriff's costs and Public Safety administrative services. *Service* includes the departments of Human Services, Rent Stabilization, Community Development, and Transportation & Public Works. Governmental activities are financed mostly by: property taxes, transient occupancy taxes, sales taxes, parking fines, charges for services, franchise taxes, and state and federal grants.

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

landscape, and street maintenance districts are reported here.

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

The *government-wide financial statements* report both the City, as the *primary government*, and the legally separate *component units*. The Redevelopment Agency, Housing Authority, Public Facilities Corporation, Community Foundation, the Public Financing Authority and the West Hollywood Library Fund are known as *Blended Component Units* and all function for practical purposes, as part of the City, and, therefore, have been included (blended) as an integral part of the primary government. Only the Marketing Corporation has been presented separately from the *primary government*, as it is known as a *Discretely Presented Component Unit*.

Fund Financial Statements.

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

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

Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the *government-wide financial statements*. By doing

so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-seven individual governmental funds. These funds report financial transactions using an accounting method called modified accrual accounting. Information is presented separately in the Governmental Funds – Balance Sheet and in the Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, RDA Capital Projects Fund, RDA Debt Service Fund and Debt Funded Capital Projects. These four funds are considered to be major funds. Data from other governmental funds (non-major) are combined into a single presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 75 of this report. The City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 38 to 40.

Proprietary funds – Proprietary funds are primarily used to account for City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities, using an accrual basis of accounting. In fact, the City's *enterprise funds* (a component of proprietary funds) are the same as the business-type activities we report in the *government-wide financial statements* but provide more detail and additional information, such as the statement of cash flows. The City uses *internal service funds* (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the Information Systems Master Plan Fund. Since these activities predominantly benefit governmental rather than business-type functions, they are included within the governmental activities in the *government-wide financial statements*. The basic proprietary fund financial statements can be found on pages 43 to 45.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as a *trustee*. The *Statement of Fiduciary Net Assets* separately reports all of the City's fiduciary activities. The City excludes these activities from the City's other financial statements because the City cannot use

these assets to finance its operations. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on page 46.

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 47 to 73.

Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain combining statements referred to earlier in connection with non-major governmental and proprietary funds. These combining and individual fund statements and schedules can be found immediately following the *Notes to the Financial Statements*. See pages 75 to 126.

GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the fiscal year ending June 30, 2009, for net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities. These tables are summarizing the statements located on page 31 to 33. Management has included comparative data from fiscal year ending June 30, 2008 in its analysis.

Net Assets (Table 1)
(in millions)

| | Governmental Activities | | Business-Type Activities | | Government-Wide Totals | |
|--|-------------------------|-----------------|--------------------------|----------------|------------------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | \$ 130.9 | \$ 141.4 | \$ 1.4 | \$ 1.5 | \$ 132.3 | \$ 142.9 |
| Capital assets | 134.1 | 117.9 | 10.2 | 9.9 | 144.3 | 127.8 |
| Total assets | 265.0 | 259.2 | 11.5 | 11.5 | 276.5 | 270.7 |
| Long-term debt outstanding | 34.1 | 34.9 | - | - | 34.1 | 34.9 |
| Other liabilities | 20.5 | 16.0 | 0.2 | 0.1 | 20.7 | 16.1 |
| Total liabilities | 54.6 | 50.9 | 0.2 | 0.1 | 54.8 | 51.0 |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 103.0 | 85.8 | 10.2 | 9.9 | 113.2 | 95.7 |
| Restricted | 49.1 | 51.0 | - | - | 49.1 | 51.0 |
| Unrestricted | 58.3 | 71.5 | 1.1 | 1.4 | 59.5 | 73.0 |
| Total net assets | \$ 210.4 | \$ 208.3 | \$ 11.3 | \$ 11.4 | \$ 221.7 | \$ 219.7 |

The City's Government-Wide total net assets were \$221.7 million, with assets of \$276.5 million and liabilities of \$54.8 million. The net investment in capital assets of \$113.2 million represents 51.0 percent of the City's total net assets. Investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment) for this purpose is reduced by any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves can not be used to liquidate these liabilities.

An additional portion of the City's net assets, \$49.1 million (23 percent) represents resources that are subject to external restrictions in how they may be used. This was a decrease of \$1.9 million mainly related to \$24.6 million restricted to capital projects. The remaining balance of \$59.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors within the programs areas.

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

| | Governmental Activities | | Business-Type Activities | | Government-Wide Totals | |
|----------------------------------|-------------------------|-------------|--------------------------|------------|------------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 17.1 | \$ 24.5 | \$ 2.4 | \$ 2.4 | \$ 19.4 | \$ 26.9 |
| Operating Contributions & Grants | 5.3 | 4.8 | - | - | 5.3 | 4.8 |
| Capital Contributions & Grants | 4.4 | 1.0 | - | - | 4.4 | 1.0 |
| Sub-total Program Revenues | 26.8 | 30.4 | 2.4 | 2.4 | 29.2 | 32.8 |
| General Revenues: | | | | | | |
| Property taxes | 18.0 | 16.1 | - | - | 18.0 | 16.1 |
| Transient occupancy taxes | 12.1 | 13.1 | - | - | 12.1 | 13.1 |
| Sales taxes | 12.7 | 13.9 | - | - | 12.7 | 13.9 |
| Franchise taxes | 2.0 | 2.1 | - | - | 2.0 | 2.1 |
| Business license taxes | 2.7 | 2.5 | - | - | 2.7 | 2.5 |
| Motor Vehicle in lieu | 3.3 | 3.0 | - | - | 3.3 | 3.0 |
| Use of money and property | 9.9 | 12.2 | 0.03 | 0.09 | 9.9 | 12.3 |
| Other | 0.5 | 0.3 | - | - | 0.5 | 0.3 |
| Sale of Capital Asset | - | - | - | - | - | - |
| Sub-total General Revenues | 61.3 | 63.2 | 0.03 | 0.09 | 61.4 | 63.3 |
| Total Revenues | 88.2 | 93.6 | 2.4 | 2.5 | 90.6 | 96.1 |

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

| | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | |
| General Government | \$ 23.3 | \$ 21.1 | \$ - | \$ - | \$ 23.3 | \$ 21.1 |
| Public Safety | 14.0 | 13.2 | - | - | 14.0 | 13.2 |
| Public Services | 47.2 | 35.9 | - | - | 47.2 | 35.9 |
| Solid Waste | - | - | 1.2 | 1.1 | 1.2 | 1.1 |
| Sewer District | - | - | 0.3 | 0.4 | 0.3 | 0.4 |
| Landscape | - | - | 0.2 | 0.2 | 0.2 | 0.2 |
| Sewer | - | - | 0.5 | 0.6 | 0.5 | 0.6 |
| Interest on Long-Term Debt | 2.0 | 2.0 | - | - | 2.0 | 2.0 |
| Street Maintenance | - | - | 0.4 | 0.4 | 0.4 | 0.4 |
| Total Expenses | 86.5 | 72.1 | 2.6 | 2.7 | 89.1 | 74.8 |
| Increase (decrease) in Net Assets | \$ 1.7 | \$ 21.5 | \$ (0.2) | \$ (0.2) | \$ 1.5 | \$ 21.3 |
| Transfers | (0.10) | (0.09) | 0.10 | 0.05 | - | (0.03) |
| Net Assets at Beginning of Year | 208.3 | 186.9 | 11.4 | 11.5 | 219.7 | 198.5 |
| Restatements | 0.5 | - | - | - | 0.5 | - |
| Net Assets at End of Year | \$ 210.4 | \$ 208.4 | \$ 11.3 | \$ 11.4 | \$ 221.7 | \$ 219.8 |

The government's net assets increased \$2.0 million (Table 2), with total revenues of \$90.6 million and total expenses of \$89.1 million and a prior year restatement of \$.5 million. Program revenues were \$29.2 million and general revenues were \$61.4 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$19.4 million, which is a *program revenue*. Other program revenues which are applied directly against the costs of providing these services are Operating and Capital Contributions & Grants, at \$5.3 and \$4.4 million respectively. Property tax was the second largest revenue at \$18.0 million, followed by Sales Tax, at \$12.7 million. The fourth largest revenue source was Transient Occupancy Tax at \$12.1 million. These last three sources are all *general revenues derived from the citizenry or taxpayers*.

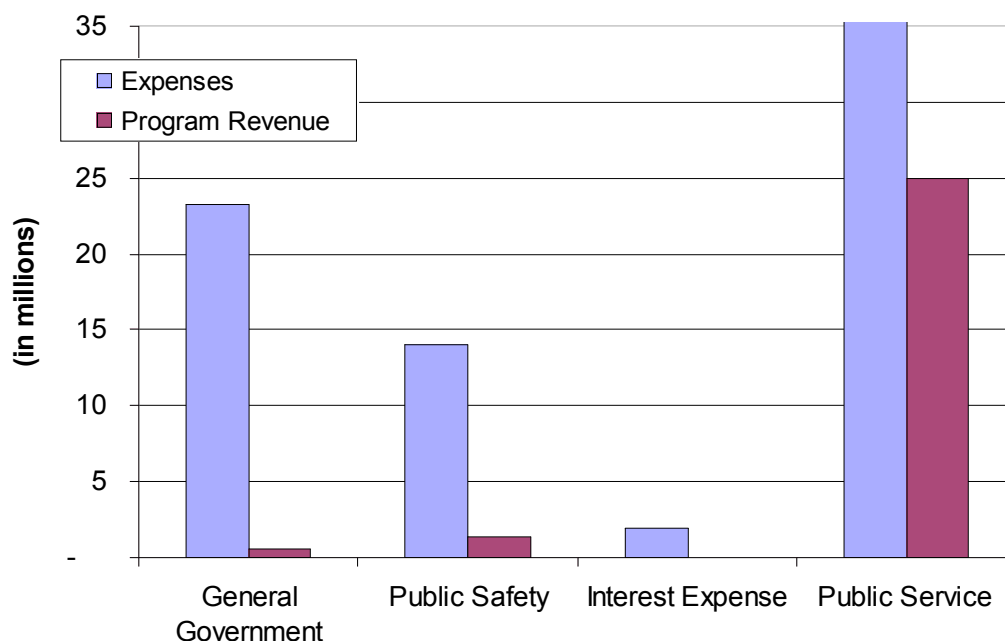
In terms of the explanation behind the change in Net Assets, the change was \$1.5 million and a restatement of \$.5 million for a total of \$2.0 million. The change in Net Assets is less than one percent of the total Net Assets of \$221.7 million which is insignificant.

In comparison to the prior fiscal year, the government's total revenues decreased by \$5.5 million while Program revenue decreased by \$3.6 million. General Revenues decreased by \$1.9 million. For Program revenues, Charges for Services decreased \$7.5 million and Capital Contributions and Grants increased by \$3.4 million and Operating Contributions and Grants in the amount of \$.5 million. For General Revenue, the major

increases were Property Tax for \$1.9 million, Business License Taxes for \$.2 million and Motor Vehicle in Lieu for \$.3 million. Major decreases were Transient Occupancy Tax for \$1.1 million, Sales Tax for \$1.2 million, Franchise Tax for \$.1 million and Use of Money and Property for \$2.4 million. Compared to the prior year, the government’s total expenditures increased \$14.3 million. This increase occurred in the governmental activities only, with an increase in Public Safety of \$.8 million and an increase of \$2.2 million in General Government. Public Service had the largest increase of \$11.3 million.

Governmental Activities. Governmental activities increased the City’s *net assets* by \$2.0 million (Table 2). The cost of all governmental activities this year was \$86.5 million or 97.0 percent of the *primary government* expenditures and was an increase of \$14.3 million from the prior year. As shown in the *Statement of Activities* on page 32, the amount that taxpayers financed through City taxes was \$59.7 million. The other portion of the costs was paid by those who directly benefited from the programs (\$17.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.8 million). The City used part of the \$61.2 million in general revenues to cover the remaining “public benefit” portion of governmental activities. These general revenues are derived mostly from tax revenues (some of which could only be used for certain programs). Financial analysis of the Governmental Funds is further explained on pages 13 through 17.

Expenses and Program Revenues – Governmental Activities (Graph 1)

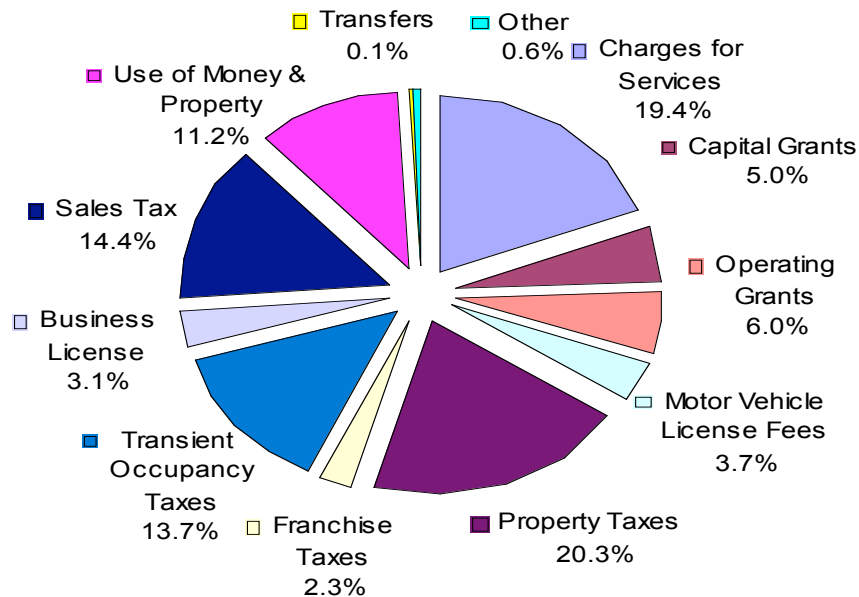


Graph 1 presents the costs of each of the City’s three functions – General Government, Public Safety, Public Service, plus Interest on long-term debt as well as the program’s revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

General Government had expenses of \$23.3 million with program revenues of \$.5 million, while *Public Safety* had expenses of \$14.0 million with program revenues of \$1.4 million. From the prior year, *General Government* had a \$2.2 million increase and *Public Safety* had a \$.8 million increase. Expenses in *Public Services* represented \$47.2 million or 54.56 percent of total expenses for Governmental Activities. Of this amount, \$24.9 million was funded by *program revenues* and the remaining \$22.3 million was funded by *general revenues*. Interest on long term debt was \$2.0 million which was funded by general revenues.

Graph 2 presents revenues by source for Governmental Activities. Similar to the government-wide activities, *Charges for Services* is the largest at \$17.1 million or 19.4 percent. *Charges for Service’s* consist primarily of: Parking Fines at \$7.2 million, Licenses and Permits at \$3.7 million, Developer Fees at \$.3 million, Rent Stabilization Fees at \$1.9 million, Vehicle Code Fines at \$1.4 million, and Other Misc. Charges of \$2.6 million.

Revenues by Source – Governmental Activities (Graph 2)



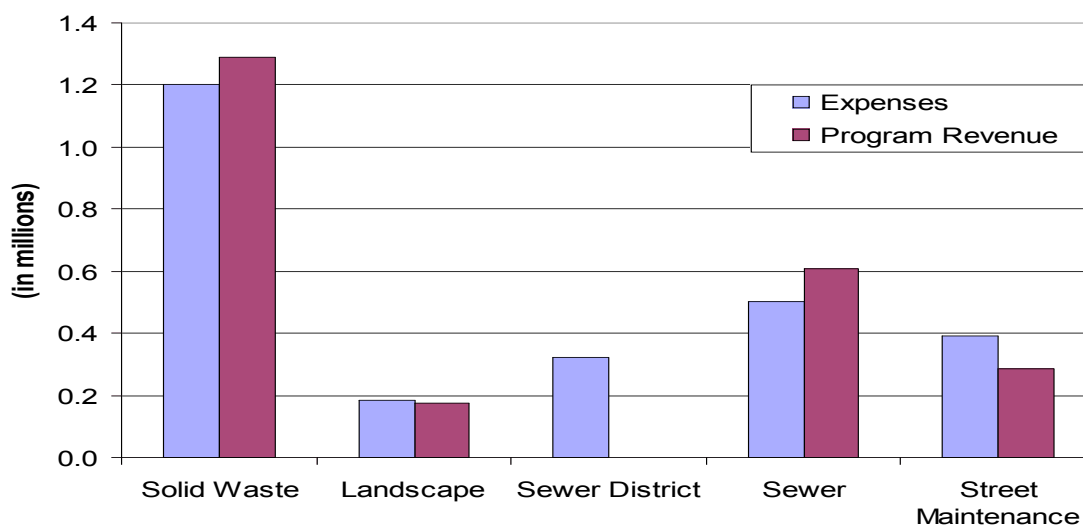
Other program revenues include operating and capital grants that together represented 11.0 percent of the total, or \$9.7 million. Operating and capital grants includes: \$5.7 million in various Federal, State, & County grants, \$0.9 million in Gas Tax and Contributions for the Library Fund of \$3.1 million.

For General Revenues, the four major categories were Property Tax at \$18.0 million, Transient Occupancy Tax at \$12.1 million, Sales Tax at \$12.7 million, and Use of Money and Property –at \$9.9 million. These four sources represented 66.2 percent of the Governmental Activities.

Business-type Activities. Net assets at June 30, 2009, were \$11.3 million, with assets equaling \$11.5 million and liabilities of \$0.2 million. Unrestricted net assets represented 9.8 percent or \$ 1.1 million of net assets; this may be used to meet the government’s ongoing obligations to citizens and creditors (page 31). Investment in capital assets represented the largest portion of net assets at 90.2 percent or \$10.2 million. Business-type activities decreased the City’s net assets by \$.1 million in 2009 (Table 2). Revenues of the City’s business-type activities were \$ 2.4 million, while the expenses were \$2.6 million.

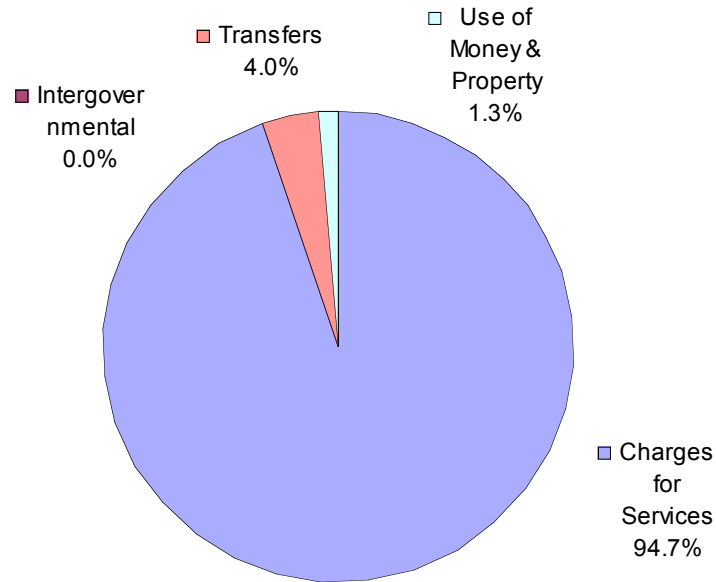
Graph 3 presents the costs of each of the City’s business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs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

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



Graph 4 presents revenues by source for Business-type Activities. Similar to government-wide activities, *Charges for Services* is the largest at \$2.4 million or 98.6 percent. Total General Revenues were \$0.1 million and represented Transfers and Use of Money and Property (interest earnings).

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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

Financial Statements.

Governmental Fund Balances – As of the end of the current fiscal year, governmental funds (page 35) reported combined ending fund balances of \$107.8 million. Approximately 47.7 percent of this total amount (\$51.5 million) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for: 1) Liquidation of contracts and purchase orders of the prior period at \$46.9 million 2) Advances to other funds, particularly from the City to the Redevelopment Agency at \$7.3 million, and 3) Prepaid costs at 1.4 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2009, compared to prior year revenues.

Comparison of Governmental Revenues (Table 3)
Fiscal Years 2008-09 and 2007-08

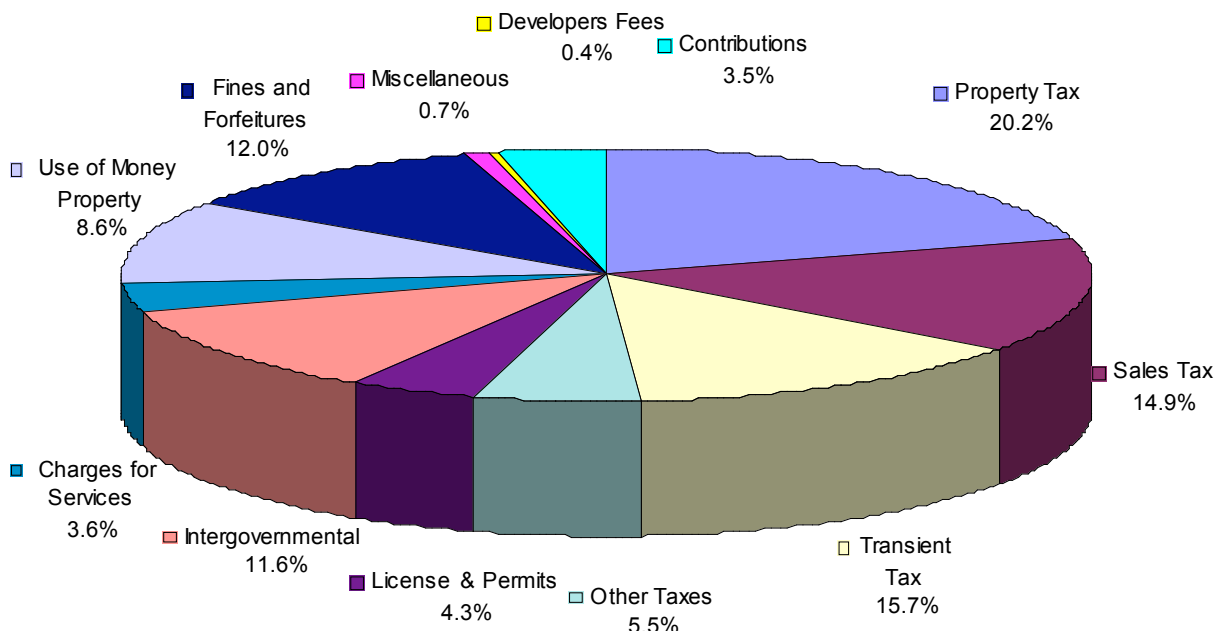
| | Amount | % of Total | Amount | % of Total | Variance | % Increase/ |
|-------------------------|----------------------|---------------|----------------------|---------------|-----------------------|--------------|
| | FY 08-09 | Revenues | FY 07-08 | Revenues | Over/(Under) | (Decrease) |
| | | | | | FY 07-08 | FY 07-08 |
| Property Tax | \$ 17,842,430 | 20.2% | \$ 16,149,587 | 17.2% | \$ 1,692,843 | 10.5% |
| Sales Tax | 13,108,846 | 14.9% | 14,051,477 | 15.0% | (942,631) | -6.7% |
| Transient Tax | 12,124,316 | 13.8% | 13,133,591 | 14.0% | (1,009,275) | -7.7% |
| Other Taxes | 4,888,560 | 5.5% | 4,696,027 | 5.0% | 192,533 | 4.1% |
| License & Permits | 3,749,814 | 4.3% | 6,463,934 | 6.9% | (2,714,120) | -42.0% |
| Intergovernmental | 10,216,862 | 11.6% | 9,326,675 | 9.9% | 890,187 | 9.5% |
| Charges for Services | 3,192,149 | 3.6% | 3,204,181 | 3.4% | (12,032) | -0.4% |
| Use of Money & Property | 9,518,263 | 10.8% | 11,800,400 | 12.6% | (2,282,137) | -19.3% |
| Fines and Forfeitures | 9,404,794 | 10.7% | 9,426,028 | 10.0% | (21,234) | -0.2% |
| Miscellaneous | 657,738 | 0.7% | 1,627,926 | 1.7% | (970,188) | -59.6% |
| Developers Fees | 345,161 | 0.4% | 3,963,162 | 4.2% | (3,618,001) | -91.3% |
| Contributions | 3,122,985 | 3.5% | 0 | 0.0% | 3,122,985 | N/A |
| TOTAL | \$ 88,171,918 | 100.0% | \$ 93,842,988 | 100.0% | \$ (5,671,070) | -6.0% |

Revenues of governmental funds for fiscal year 2008-09 were \$88.2 million, with a decrease of \$5.7 million or 6.0 percent from the prior fiscal year. There were several significant decreases in revenue sources for the City, because of the current recession. The following are key points and graphs of the Governmental Fund revenues.

- The largest governmental revenue was property tax at \$17.8 million with an increase of \$1.7 million, or 10.5 percent over the prior year. Significant increases accrued in the Redevelopment Agency area.

- Sales Tax was the second highest revenue sources for the City at \$13.1 million with a decrease of \$.9 million or 6.7 percent over prior year. The decrease is due to the current recession.
- Transient Occupancy Tax revenue at \$12.1 million had a decrease of 7.7 percent over the prior year due to national recession resulting in less travel and less demand for hotel rooms. This was also compounded with renovation at a major hotel which was closed for a portion of the year.
- Other Taxes at \$4.9 million increased 4.1 percent or \$.2 million. The increase was in Business License primarily due to proactive enforcement.
- License and Permit revenues decreased 42 percent or \$2.7 million, as issuance of the building permits issued citywide decreased due to the very weak real estate market. Also, last year was higher due to a one-time fee associated with the Red Building project at the Pacific Design Center (PDC).
- Intragovernmental revenue at \$10.2 million had an increase of \$.9 million or 9.5 percent over the prior year. In the current year, the City traded General Fund resources to purchase Prop 'A' Funds. The Prop 'A' Fund purchase combined with the increase in revenue from Motor Vehicle Fund account for the indicated increase.
- Charges for Services had a decrease of .4 percent or less than \$0.1 million. The decrease is immaterial.
- Use of Money and Property at \$9.5 million had an decrease of \$2.3 million or 19.3 percent over prior year. The decrease was attributed to a decrease in Interest Earnings due to current recession and one-time Tall Wall Revenue in prior year.
- Fines and Forfeitures decreased 0.2 percent or less than \$0.1 million. The decrease is immaterial.
- Miscellaneous Revenues at \$.7 million had a decrease due to one-time revenue in the prior year resulting from the City prevailing in litigation which resulted in the variance.
- Developer fees at \$0.3 million had a major decrease compared with \$3.9 million in Developer Fees in the prior year. The decrease is due to lack of activity in new real estate projects because of the current recession and a credit crunch for developers.
- Contributions were \$3.1 in current fiscal year. This is the first year where City is receiving donations from the Library Fund for the construction of the new library.

Governmental Fund Revenues – Fiscal Year 2008-09 (Graph 5)



Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2009, compared to prior year amounts.

Operating expenditures for 2008-09 were \$81.0 million, an increase of 27.7 percent or \$17.6 million from the prior fiscal year, with Public Safety, Public Service and General Government having a combined increase of \$17.6 million.

In General Government, the significant changes were Salaries & Benefits increases at \$1.4 million, purchase of Prop. “A” traded funds for \$2.2 million, creation of an Assistant City Manager Division at \$.5 million and contract services that increased by \$.7 million.

Public Safety expenditures increased compared with prior year by \$1.3 million. It was due to an increase in the contract pricing with the Los Angeles County Sheriff department along with increased law enforcement services.

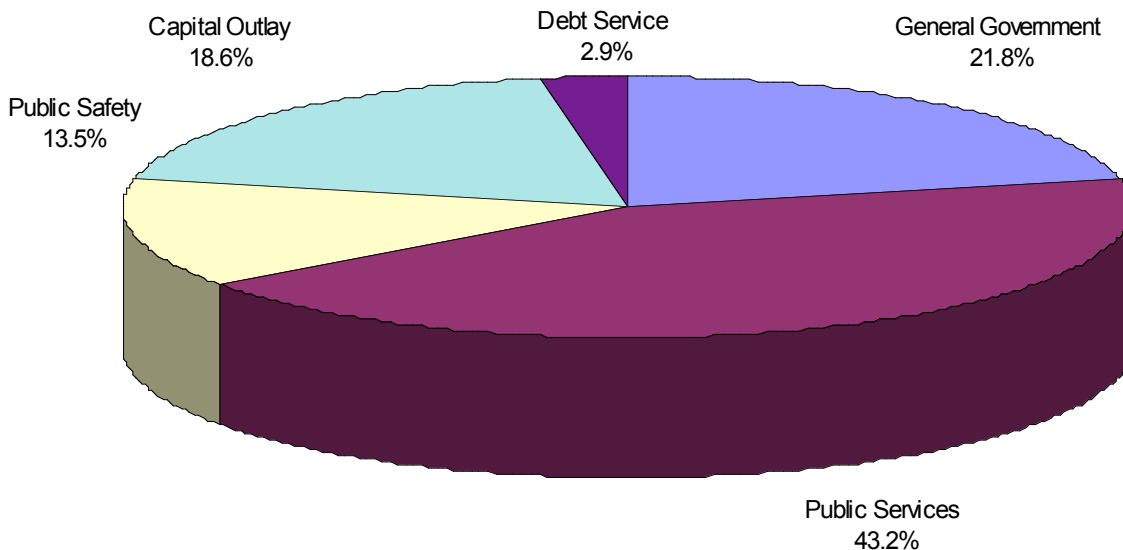
Public service increased by \$11.5 million and totalled \$44.6 million. Two major significant increases were in Salaries & Benefits by \$1.2 million and contributions of \$9.8 million to West Hollywood Housing Corporation for purchase of 1234 Hayworth Senior Housing.

Capital Outlay expenditures were \$19.2 million, an increase of \$10.7 million over prior year. The increases were due to the purchase of the City's maintenance yard for \$4.5 million on Romaine and purchase of Ron Stone Clinic property for \$4.0 million for the Library site.

Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2008-09 and 2007-08

| | Amount FY 08-09 | % of Total Expenditures | Amount FY 07-08 | % of Total Expenditures | Variance Over/(Under) FY 07-08 | % Increase/ (Decrease) FY 07-08 |
|------------------------------|-----------------------|----------------------------|----------------------|----------------------------|--------------------------------------|---------------------------------------|
| General Government | \$ 22,464,073 | 21.8% | \$ 17,656,982 | 23.6% | \$ 4,807,091 | 27.2% |
| Public Safety | 13,951,163 | 13.5% | 12,671,110 | 16.9% | 1,280,053 | 10.1% |
| Public Services | 44,571,826 | 43.2% | 33,086,061 | 44.2% | 11,485,765 | 34.7% |
| Total Operating Expenditures | 80,987,062 | 78.5% | 63,414,153 | 84.7% | 17,572,909 | 27.7% |
| Capital Outlay | 19,191,828 | 18.6% | 8,463,971 | 11.3% | 10,727,857 | 126.7% |
| Debt Service | 2,993,074 | 2.9% | 2,987,264 | 4.0% | 5,810 | 0.2% |
| TOTAL | \$ 103,171,964 | 100.0% | \$ 74,865,388 | 100.0% | \$ 28,306,576 | 37.8% |

Governmental Fund Expenditures – Fiscal Year 2008-09 (Graph 6)



Proprietary Funds consist of one major fund, Sewer District (Construction), and four non-major Enterprise Funds, along with one Internal Service Fund (pages 43 to 45). 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 119.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds are \$2.4 million, while non-operating revenues and transfers represent \$.1 million. Operating expenses for the fiscal year were \$2.6 million. The City also has one Internal Service Fund to allocate costs of the City's information systems infrastructure to the various departments. The interdepartmental charge for services (revenues) in the fiscal year was \$0.4 million with general government expenses of \$0.5 million.

Fiduciary Funds account for resources held for the benefit of parties outside the City, in which the City is acting as trustee (page 46). The *Statement of Fiduciary Net Assets* reports two activities for which the City has a fiduciary responsibility. The City administers a Business Improvement District Fund that primarily accounts for the receipt of 1.5 percent of the Transient Occupancy Tax (Hotel Tax) collected by the City on behalf of the West Hollywood Marketing Corporation (WHMC). The purpose of the WHMC is to promote the City of West Hollywood as a travel destination and convention site. The City also administers a Seismic Improvement Fund which accounts for the collection of special taxes on the property tax rolls to pay interest and principal on bonds issued for seismic retrofitting of 11 buildings within the City.

REDEVELOPMENT AGENCY CAPITAL PROJECT FUND-ANALYSIS

Redevelopment Agency Capital Project Funds account for the expenditures made for improvements in the redevelopment project area. The Redevelopment Agency Capital Project Fund is a major fund (pages 34 to 40).

Fund Balance decreased by \$.6 million due to expenditures exceeding revenues. The two sources of *revenue* in the fund were \$.1 million from the Use of Money & Property and \$1.0 million from Transfers. The transfer is from the Redevelopment Debt Service Fund. Revenue remained the same as last year.

Total Expenditures were \$1.8 million or \$.7 million, a decrease of 28 percent over the prior fiscal year. The fund had contributed to the Sierra Bonita Low & Mod Housing project in prior year. This expenditure represents a decrease in the expenditure and also a decrease in fund balance.

REDEVELOPMENT AGENCY DEBT SERVICE FUND-ANALYSIS

Redevelopment Agency Debt Service Fund is a major fund and account for the accumulation of resources and the payment of principal and interest on long-term debt issued to finance projects in the Eastside Redevelopment Project Area. Currently resources consist of tax increment and interest earnings which will be used for payment of long-term debt of the Agency. (Pages 34 to 40)

Fund Balance increased by \$3.0 million. The two sources of revenue in the fund were Property Tax Increment of \$4.4 million and \$0.3 million from Use of Money and Property for interest income. Expenditures in the Fund are for Debt Service for \$0.5 million, \$0.1 million for admin and \$1.0 million transfer to Redevelopment Agency Capital Project Fund.

Revenue - Major Source of revenue is Property Tax Increment Revenue which increased by \$0.6 million during the year. It is attributed to an increase in assessed value in the project area. Interest income decreased \$0.1 million due to lower interest rates.

Expenditures -Two major expenditures in the fund are Debt Service Payments for \$0.5 million for outstanding Tax Allocation Bonds and \$1.0 million transfer to Redevelopment Agency Capital Project Fund for operating and capital expenditures for the project area.

DEBT FUNDED CAPITAL PROJECTS FUND-ANALYSIS

Debt Funded Capital Projects is a major fund and accounts for receipts and disbursements of monies used for the construction of major capital projects in the City. At present, the fund is accounting for the West Hollywood Park Master Plan. The Master Plan is comprised of the Library, Parking and Open Space. (Pages 34 to 40)

Fund Balance - The deficit in the Fund Balance increased by \$6.0 million during the year. The deficit fund balance at year-end was \$8.1 million. The deficit will be eliminated through issuance of lease revenue bonds in 2009-10 fiscal year and contributions from the Library Fund.

Revenue - The Fund received contributions from the Library Fund for \$2.0 million. This is the first year of contributions from the Library Fund. The Library Fund solicits donations for the construction of the new library.

Expenditures - The Debt Fund Capital Project Fund had accumulated \$2.1 of capital expenditures in prior years and incurred additional \$8.0 of capital expenditures in the

current year. All these expenditures related to the construction of the New West Hollywood Library.

GENERAL FUND – FUND BALANCE ANALYSIS

The General Fund is the chief operating fund of the City (pages 34 to 40). The fund balance had a decrease of \$6.1 million (Table 5). This was primarily the result of revenues not meeting projections. As mentioned earlier, Sales Tax, Transient Occupancy Tax, Use Of Money and Property and License and Permits had significant decreases from prior year that exceeded \$5.0 million together. Also compounded with the decrease in revenue, was the City settled lawsuits and purchased the Romaine Property for use by the Facilities & Maintenance Division as City Yard which contributed to the deficit in the General Fund.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund operating expenditures, (which excludes capital projects). Unreserved fund balance represents 104 percent of total General Fund operating expenditures, while total fund balance represents 113 percent of that same amount. Fund Balance in the General Fund at June 30, 2009 is \$76.5 million, which is represented by three components. The Unreserved/undesignated fund balance is \$11.3 million, a decrease of \$7.2 million. The remainder of fund balance, \$65.2 million, is made up of Reserved/designated of \$12.5 million and Unreserved/designated of \$52.7 million.

Reserved/designated fund balances consist of: \$3.1 million for encumbrances and \$7.9 million for advances to other funds, which include advances to the Redevelopment Agency for \$7.3 million, an increase of \$1.5 million from prior year and \$1.4 million for Prepaid Costs. Unreserved/designated fund balance consists of: \$.5 million for self-insurance, \$43.5 million designated for future capital improvement master plan, \$5 million for emergency reserves as required by the Finance Policies and \$3.7 million designated for future expenditures.

Table 5 shows the three components of fund balance for the past five years. The second part shows the opening balance, operating surplus/ (deficit), restatements, and ending balance.

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

| | FY 08-09 | FY 07-08 | FY 06-07 | FY 05-06 | FY 04-05 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Fund Balance | | | | | |
| Reserved | \$ 12,483,127 | \$ 11,088,861 | \$ 9,586,060 | \$ 8,667,835 | \$ 7,366,598 |
| Designated Unreserved | 52,692,076 | 52,692,076 | 52,692,076 | 39,192,076 | 32,835,991 |
| Undesignated Unreserved | 11,335,257 | 18,490,794 | 7,087,882 | 3,917,790 | 1,813,081 |
| Total Fund Balance | <u>\$ 76,510,460</u> | <u>\$ 82,271,731</u> | <u>\$ 69,366,018</u> | <u>\$ 51,777,701</u> | <u>\$ 42,015,670</u> |
| Beginning Balance | \$ 82,271,731 | \$ 69,366,018 | \$ 51,777,701 | \$ 42,015,670 | \$ 33,358,324 |
| Operating Surplus /(Deficit) | (6,087,297) | 12,905,713 | 17,009,653 | 8,319,955 | 8,657,346 |
| Restatement | 326,026 | | 578,664 | 1,442,076 | - |
| Ending Balance | <u>\$ 76,510,460</u> | <u>\$ 82,271,731</u> | <u>\$ 69,366,018</u> | <u>\$ 51,777,701</u> | <u>\$ 42,015,670</u> |

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS

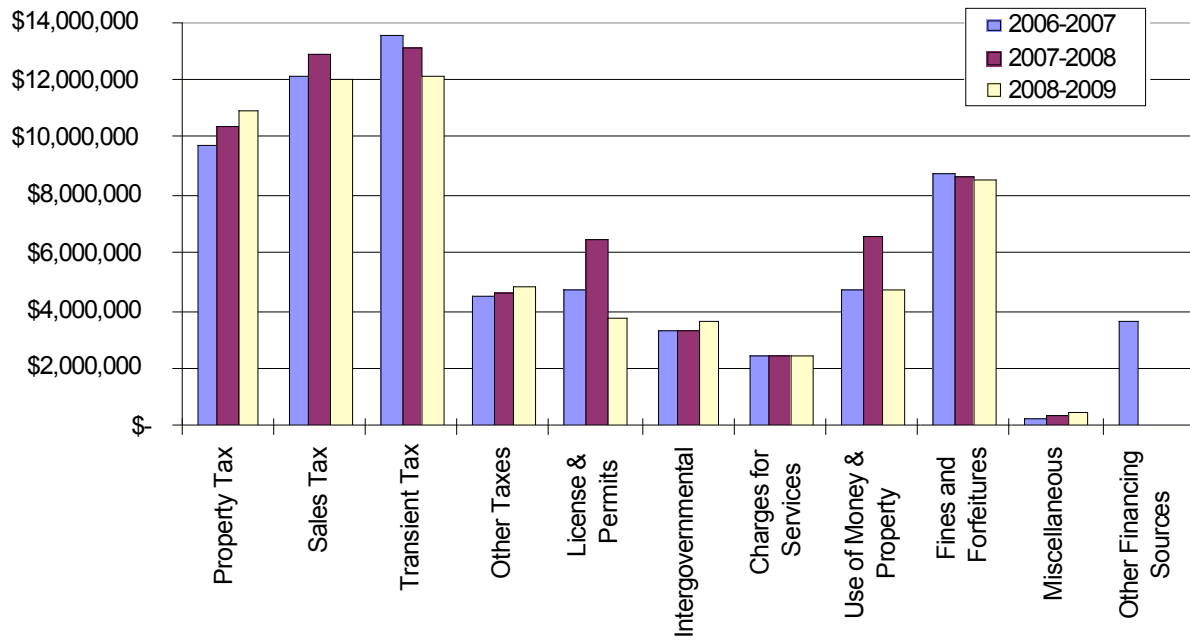
Revenues – For fiscal year 2008-09, General Fund Revenues and Other Financing Sources were \$63.7 million, a decrease of 7.8 percent due to the various significant decreasing revenues mentioned on page 19 (General Fund – Fund Balance Analysis). Following are key points and graphs of General Fund Revenues:

General Fund Revenues and Other Financing Sources (Table 6)
Fiscal Years 2008-09 and 2007-08

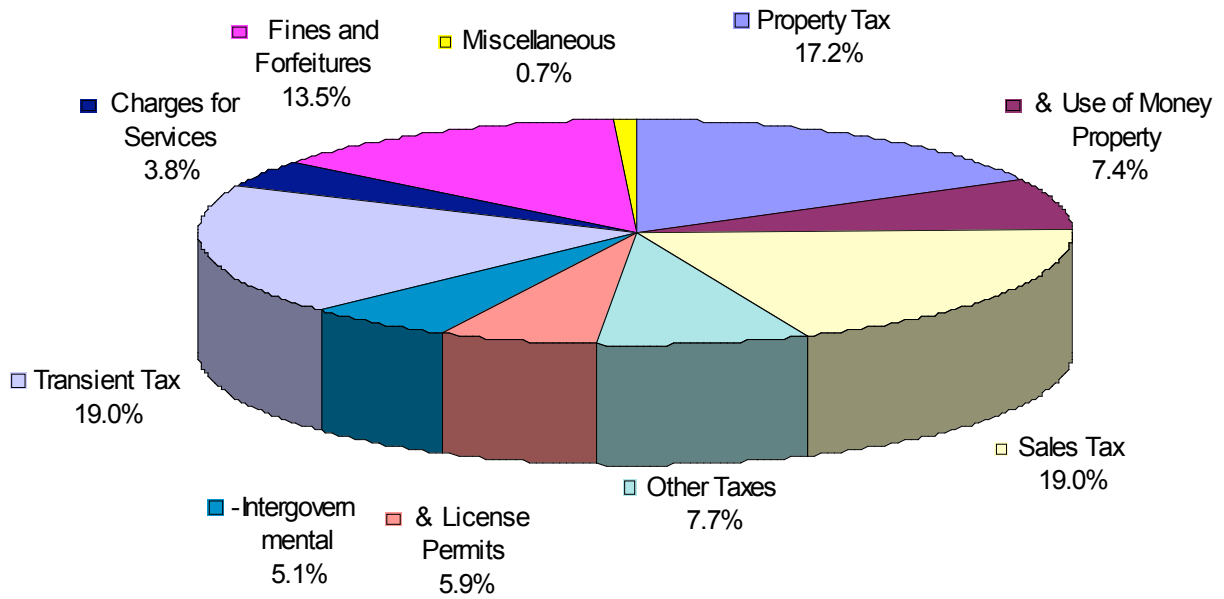
| | 2008-2009 | 2007-2008 | Variance Over/(Under) last year | % of increase (decrease) over last year | % of total |
|------------------------------------|----------------------|----------------------|---------------------------------------|---|---------------|
| Property Tax | \$ 10,941,349 | \$ 10,436,713 | \$ 504,636 | 4.8% | 17.2% |
| Sales Tax | 12,112,024 | 12,951,731 | (839,707) | -6.5% | 19.0% |
| Transient Tax | 12,124,316 | 13,133,591 | (1,009,275) | -7.7% | 19.0% |
| Other Taxes | 4,888,562 | 4,696,025 | 192,537 | 4.1% | 7.7% |
| License & Permits | 3,749,814 | 6,463,934 | (2,714,120) | -42.0% | 5.9% |
| Intergovernmental | 3,651,553 | 3,317,536 | 334,017 | 10.1% | 5.7% |
| Charges for Services | 2,435,729 | 2,429,869 | 5,860 | 0.2% | 3.8% |
| Use of Money & Property | 4,741,526 | 6,643,743 | (1,902,217) | -28.6% | 7.4% |
| Fines and Forfeitures | 8,608,757 | 8,639,379 | (30,622) | -0.4% | 13.5% |
| Miscellaneous | 473,123 | 427,794 | 45,329 | 10.6% | 0.7% |
| Other Financing Sources | 0 | 0 | 0 | N/A | 0.0% |
| Totals | <u>\$ 63,726,753</u> | <u>\$ 69,140,315</u> | <u>\$ (5,413,562)</u> | <u>-7.8%</u> | <u>100.0%</u> |

- Property tax revenues increased 4.8 percent or \$.5 million, comprising 17.2 percent of General Fund revenue. This increase is attributed primarily to the adjusted valuations of properties sold, and subsequently reassessed.
- Sales tax revenues decreased 6.5 percent or \$.8 million from the prior year. The decrease is primarily attributed to the national recession.
- The Transient Occupancy Tax Revenue at 12.1 million had a decrease of 7.7 percent over the prior year due to the national recession resulting in less travel and less demand for hotel rooms. This was also compounded with a renovation at a major hotel which was closed for a portion of the year.
- Other taxes increased by 4.1 percent or \$.2 million. The increase was in Business License primarily due to proactive enforcement.
- License and Permit revenues decreased 42 percent or \$2.7 million, as issuance of the building permits issued citywide decreased due to the very weak real estate market. Also, last year there was a one-time fee associated with the Red Building project at the Pacific Design Center (PDC).
- Intergovernmental revenues increased 10.1 percent or \$0.3 million. The increase was in Motor Vehicle In Lieu Fund which is based on property valuations so it increases along with our assessed value.
- Charges for Services had a decrease of .2 percent or less than \$0.1 million. The decrease is immaterial.
- Revenues from the Use of Money and Property represent 7.4 percent of General Fund revenue and decrease of 28.6 percent from the prior year. This decrease is attributed to lower interest rates on investments due to the national recession.
- Fines and Forfeitures decreased .4 percent and is the fourth largest revenue source for the General Fund at 13.5 percent. Parking Fines represent 79 percent or \$6.8 million of Fines and Forfeitures. The City dedicates 10 percent of total parking fine revenues to the Parking Improvement Fund for the construction and operation of public parking. The difference is immaterial.
- Miscellaneous revenue increased less than \$0.1 million. The difference is immaterial.

Comparison of General Fund Revenues (Graph 7)
Fiscal Years 2008-09, 2007-08 and 2006-05



General Fund Revenues - Fiscal Year 2008-09 (Graph 8)



Expenditures – For fiscal year 2008-09, total General Fund expenditures were \$69.8 million, an increase of 24.1% increase or \$13.6 million from the prior year. The following are key points and graphs of General Fund expenditures. For detailed information, please refer to pages 38 to 42.

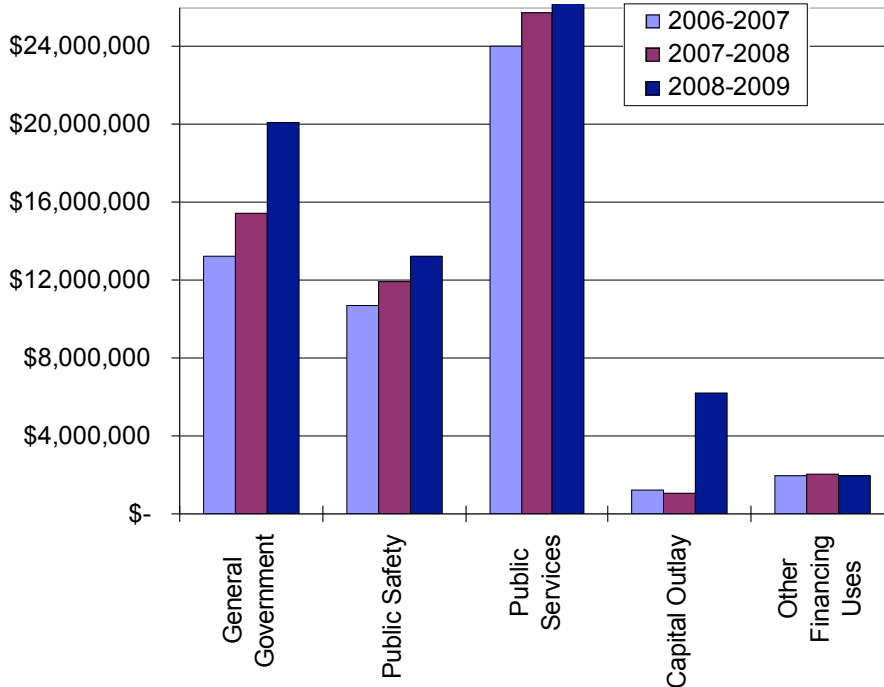
**General Fund Expenditures (Table 7)
Fiscal Years 2008-09 and 2007-08**

| | 2008-2009 | 2007-2008 | Variance Over/(Under) last year | % of increase (decrease) over last year | % of total |
|-----------------------------|----------------------|----------------------|---------------------------------------|---|---------------|
| General Government | \$ 20,145,561 | \$ 15,476,126 | \$ 4,669,435 | 30.2% | 28.9% |
| Public Safety | 13,246,687 | 11,971,713 | 1,274,974 | 10.6% | 19.0% |
| Public Services | 28,205,060 | 25,718,352 | 2,486,708 | 9.7% | 40.4% |
| Capital Outlay | 6,242,847 | 1,043,187 | 5,199,660 | 498.4% | 8.9% |
| Other Financing Uses | 1,973,895 | 2,025,224 | (51,329) | -2.5% | 2.8% |
| Total Expenditures | <u>\$ 69,814,050</u> | <u>\$ 56,234,602</u> | <u>\$ 13,579,448</u> | <u>24.1%</u> | <u>100.0%</u> |

- In General Government, the significant changes were Salaries & Benefits increases of \$1.4 million, the purchase of Prop. “A” traded funds for \$2.2 million, creation of an Assistant City Manager Division at \$.5 million and contract services which increased by \$.7 million.
- Public Safety expenditures were \$13.2 million, an increase of 10.6 percent. The increase was due to contract pricing associated with the Los Angeles County Sherriff’s Department along with increased law enforcement services.
- Public Service expenditures were \$28.2 million and resulted in a 9.7 percent increase. Public Services is the largest function in the General Fund with the following five (5) major program areas: 1) Recreation Services at \$3.8 million, 2) Social Services at \$4.8 million, 3) Facilities & Field Services at \$4.7 million, 4) Planning at \$2.9 million, and 5) Parking at \$3.7 million. The increase in Public Service was in Salaries & Benefits for \$1.1 million and in various contractual services for \$1.4 million.
- Capital Outlay expenditures were \$6.2 million, an increase of \$5.2 million over prior year. The major portion of the increase related to the purchase of the Maintenance Yard for \$4.5 million on Romaine Avenue.

- Other Financing Uses were \$ 2.0 million, which is a decrease of \$0.1 million from prior year. The decrease is immaterial.

Comparison of General Fund Expenditures (Graph 9)
Fiscal Years 2008-09, 2007-08 and 2006-07



GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. Budget revisions fall into three categories. The first category includes carry-forward encumbrances and capital projects that are approved shortly after the beginning of the year. The second category includes changes that the Council makes during the mid-year budget process. Finally, the Council approves supplemental appropriations throughout the year based on individual items that are bought forward by various departments. The General Fund budgetary comparison statement is located on pages 41 to 42.

Resources (Inflows) –The budgeted amount for *revenues* (resources available for appropriation) had an increase of \$1.2 million between the original budget of \$61.6 million and the final amended budget of \$61.8 million. The increase was due in part to mid-year adjustments for License & Permits at \$.1 million and Miscellaneous Revenue at \$0.1 million. Actual revenues exceeded the final amended budget by \$1.9 million. The significant difference in actual revenues was primarily due to actual tax revenue

exceeding budget by \$.4 million. Intragovernmental by .5 and Use of Money and Property increase \$1.3 million, respectively. Overall the budget was adopted with conservative estimates.

A charge to Appropriations (Outflows) – The difference between the original budget and the final budget was an increase of \$12.0 million in appropriations. The major increase was in Capital Projects in the amount of \$ 7.8 million. For the other functions, General Government had a \$3.2 million increase as well as Public Service had an increase of \$2.6 million and Public Safety remained mostly unchanged. There were three significant variances between the final amended budget and actual expenditures. In all instances actual expenditures were less than the final adopted budget. The variances were in Capital Improvement Projects and in Transfers Out. In all instances the remaining appropriations were either partially encumbered or re-appropriated in the next fiscal year. The reason for the variance is due to the initiation and the completion of projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets (Table 7) for its governmental and business-type activities as of June 30, 2009, is \$144.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. Additional information about the City's capital assets can be found in the Notes to the Financial Statements on page 60.

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

| | Governmental Activities | | Business-Type Activities | | Government-Wide Totals | |
|-----------------------------------|-------------------------|-------------------|--------------------------|-----------------|------------------------|-------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Land | \$ 51,233 | \$ 44,475 | \$ - | \$ - | \$ 51,233 | \$ 44,475 |
| Buildings and systems | 18,146 | 16,828 | - | - | 18,146 | 16,828 |
| Improvements other than buildings | 6,461 | 3,476 | - | - | 6,461 | 3,476 |
| Machinery and Equipment | 2,113 | 1,047 | - | - | 2,113 | 1,047 |
| Infrastructure | 44,844 | 45,469 | 10,152 | 9,947 | 54,996 | 55,417 |
| Construction in progress | 11,311 | 6,556 | - | - | 11,311 | 6,556 |
| Total Capital Assets | \$ 134,109 | \$ 117,852 | \$ 10,152 | \$ 9,947 | \$ 144,261 | \$ 127,799 |

Long-Term Debt. At year-end, the City had \$33.7 million in outstanding long-term debt for Governmental Activities. This consisted of bonds payable, Certificates of Participation & Tax Allocation Bonds, and compensated absences. As shown in Table

9, Certificates of Participation outstanding were \$20.4 million versus \$21.2 million last year – a decrease of 3.6 percent by annual debt service payments. Tax Allocation Bonds were \$10.4 million and represent the first bond issue of the City's Redevelopment Agency. The 2003 Tax Allocation Bonds were issued in September 2003 and the proceeds financed redevelopment activities within the East-side Project Area, including activities that increase, improve or preserve the supply of low and moderate income housing. Compensated absences had an increase of \$0.2 million with an outstanding balance of \$2.8 million at year end. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements* on page 66; Note Number 9.

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

| | Governmental Activities | | | |
|-------------------------------|-------------------------|--------------------|---------------------------------------|---|
| | 2009 | 2008 | Variance Over/(Under) last year | % of increase (decrease) over last year |
| Certificates of Participation | \$ 20,420.0 | \$ 21,185.0 | \$ (765.0) | -3.6% |
| Tax Allocation Bonds | 10,450.0 | 10,665.0 | (215.0) | -2.0% |
| Compensated Absences | 2,824.0 | 2,622.0 | 202.0 | 7.7% |
| Total Long-term Debt | \$ 33,694.0 | \$ 34,472.0 | \$ (778.0) | -2.3% |

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, 2009, there are always local, state, federal and global issues that require consideration in this report because of their future economic impact to the City.

The collapse of the financial markets in the early part of the fiscal year because of the “sub-prime” catastrophe has resulted in a credit crunch and nationwide recession. The City of West Hollywood was and is not immune to impacts of the current economic climate.

After enduring the longest and deepest recession since the 1930's, some signs of hope are beginning to appear. Optimism, however, is not a word associated with the job

market. Economists have indicated that the jobless rate either peaked at 10.3 in October or will edge a fraction higher than that in early 2010. No one has great expectations for improvements according to leading economists. The tight credit markets are another reminder that the rebound will be slow and gradual.

At the State level, the City will continue to monitor the State's on-going structural deficit as it impacts the City of West Hollywood. The State's struggling economy has severely reduced expected revenues. Combined with rising State expenses, the State will need \$20.7 billion in budget solutions to have a balanced budget next year. The State's past history of balancing its budget with the funds from local government is West Hollywood's largest economic threat.

Despite the challenging economic environment, careful management of finances will assist the City to continue to maintain its ability to fund current levels of services to its residents without the need to use its reserves. The City has occasionally used its reserves for specific planned capital projects like Sunset Boulevard Beautification Project and the West Hollywood Park Master Plan. 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 has been able to maintain its service delivery to its pre-recession level by its prudent fiscal management and economic development. This was further validated by Standard & Poor's assigning its "AAA" issuer credit rating, with a stable outlook, to the City of West Hollywood. Please see the Letter of Transmittal for more information.

Taking this information into account, the City's adopted General Fund budget for fiscal year 2009-2010 reflects pragmatic optimism about the City's financial future. Budget projections for key revenues over the next year will anticipate that they will grow at a slower pace as the economic base expands. Higher costs for public safety, housing & social services, wages, retirement and health care counter in significant part the anticipated revenue expansion. The City continues to use its strategic plan, Vision 2020, in guiding its decisions during the budget process.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS



CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS
JUNE 30, 2009

| | Primary Government | | | Component Unit West Hollywood Marketing Corp. |
|--|----------------------------|-----------------------------|-----------------------|---|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets: | | | | |
| Cash and investments | \$ 117,404,097 | \$ 1,211,149 | \$ 118,615,246 | \$ 381,415 |
| Receivables: | | | | |
| Accounts | 2,686,495 | 229 | 2,686,724 | 23,047 |
| Taxes | 1,282,703 | - | 1,282,703 | 347,597 |
| Accrued interest | 312,648 | 5,814 | 318,462 | - |
| Notes and loans | 20,585,009 | - | 20,585,009 | - |
| Allowance for loan forgiveness | (19,625,985) | - | (19,625,985) | - |
| Internal balances | (11,779) | 11,779 | - | - |
| Prepaid costs | 1,431,671 | 81,987 | 1,513,658 | 33,934 |
| Deposits | 35,000 | - | 35,000 | - |
| Due from other governments | 3,802,025 | 59,907 | 3,861,932 | - |
| Inventories | 770 | - | 770 | - |
| Unamortized debt issuance costs | 216,573 | - | 216,573 | - |
| Restricted assets: | | | | |
| Cash with fiscal agent | 2,792,993 | - | 2,792,993 | - |
| Capital assets not being depreciated | 62,544,423 | - | 62,544,423 | - |
| Capital assets, net of depreciation | 71,564,889 | 10,151,952 | 81,716,841 | 48,966 |
| Total Assets | 265,021,532 | 11,522,817 | 276,544,349 | 834,959 |
| Liabilities: | | | | |
| Accounts payable | 10,718,144 | 203,284 | 10,921,428 | 40,751 |
| Accrued liabilities | 1,056,438 | - | 1,056,438 | 35,780 |
| Accrued interest | 603,852 | - | 603,852 | - |
| Unearned revenue | 3,209,797 | - | 3,209,797 | - |
| Deposits payable | 2,318,184 | 43,745 | 2,361,929 | - |
| Due to other governments | 2,114,244 | - | 2,114,244 | - |
| OPEB Obligation | 460,625 | - | 460,625 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 3,854,546 | - | 3,854,546 | 6,797 |
| Due in more than one year | 30,253,482 | - | 30,253,482 | 13,281 |
| Total Liabilities | 54,589,312 | 247,029 | 54,836,341 | 96,609 |
| Net Assets: | | | | |
| Invested in capital assets, net of related debt | 103,042,403 | 10,151,952 | 113,194,355 | 48,966 |
| Temporarily restricted for: | | | | |
| Community development projects | 407,713 | - | 407,713 | - |
| Public works | 500,240 | - | 500,240 | - |
| Capital projects | 24,635,298 | - | 24,635,298 | - |
| Debt service | 23,511,232 | - | 23,511,232 | - |
| Unrestricted | 58,335,334 | 1,123,836 | 59,459,170 | 689,384 |
| Total Net Assets | \$ 210,432,220 | \$ 11,275,788 | \$ 221,708,008 | \$ 738,350 |

CITY OF WEST HOLLYWOOD

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

| | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 23,286,253 | \$ 406,506 | \$ 110,552 | \$ - |
| Public safety | 14,031,263 | 1,260,919 | 129,036 | - |
| Public services | 47,202,159 | 15,417,753 | 5,077,714 | 4,439,194 |
| Interest on long-term debt | 1,994,805 | - | - | - |
| Total Governmental Activities | 86,514,480 | 17,085,178 | 5,317,302 | 4,439,194 |
| Business-Type Activities: | | | | |
| Sewer District | 323,530 | - | - | - |
| Sewer Charge | 501,287 | 607,434 | - | - |
| Solid Waste | 1,202,666 | 1,289,496 | - | - |
| Landscape District | 182,353 | 176,224 | - | - |
| Street Maintenance | 392,463 | 284,872 | - | - |
| Total Business-Type Activities | 2,602,299 | 2,358,026 | - | - |
| Total Primary Government | \$ 89,116,779 | \$ 19,443,204 | \$ 5,317,302 | \$ 4,439,194 |
| Component Units: | | | | |
| West Hollywood Marketing Corporation | \$ 1,786,821 | \$ - | \$ - | \$ - |

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

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

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

| Net (Expenses) Revenues and Changes in Net Assets | | | |
|--|---------------------------------|-----------------------|---------------------------------------|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-Type Activities | Total | West Hollywood Marketing Corp. |
| \$ (22,769,195) | \$ - | \$ (22,769,195) | \$ - |
| (12,641,308) | - | (12,641,308) | - |
| (22,267,498) | - | (22,267,498) | - |
| (1,994,805) | - | (1,994,805) | - |
| (59,672,806) | - | (59,672,806) | - |
| - | (323,530) | (323,530) | - |
| - | 106,147 | 106,147 | - |
| - | 86,830 | 86,830 | - |
| - | (6,129) | (6,129) | - |
| - | (107,591) | (107,591) | - |
| - | (244,273) | (244,273) | - |
| (59,672,806) | (244,273) | (59,917,079) | - |
| \$ - | \$ - | \$ - | \$ (1,786,821) |
| 17,963,819 | - | 17,963,819 | - |
| 12,124,316 | - | 12,124,316 | 1,556,951 |
| 12,743,088 | - | 12,743,088 | - |
| 2,039,944 | - | 2,039,944 | - |
| 2,727,228 | - | 2,727,228 | - |
| 3,307,057 | - | 3,307,057 | - |
| 9,906,326 | 31,639 | 9,937,965 | 5,091 |
| 524,470 | - | 524,470 | 117,921 |
| (100,000) | 100,000 | - | - |
| 61,236,248 | 131,639 | 61,367,887 | 1,679,963 |
| 1,563,442 | (112,634) | 1,450,808 | (106,858) |
| 208,324,015 | 11,388,422 | 219,712,437 | 845,208 |
| 544,763 | - | 544,763 | - |
| \$ 210,432,220 | \$ 11,275,788 | \$ 221,708,008 | \$ 738,350 |

CITY OF WEST HOLLYWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

| | General | Capital Projects Funds | | Debt Service |
|--|----------------------|------------------------------------|---|---|
| | | Debt Funded Capital Projects | Redevelopment Agency Capital Projects | Fund Redevelopment Agency Debt Service |
| Assets: | | | | |
| Pooled cash and investments | \$ 69,900,482 | \$ - | \$ - | \$ 12,758,103 |
| Receivables: | | | | |
| Accounts | 598,560 | - | - | - |
| Taxes | 1,282,703 | - | - | - |
| Loans | - | - | - | - |
| Allowance for forgiveness | - | - | - | - |
| Accrued interest | 106,583 | - | - | 62,649 |
| Prepaid costs | 1,408,430 | - | - | - |
| Deposits | 35,000 | - | - | - |
| Due from other governments | 2,821,068 | - | - | 166,731 |
| Due from other funds | 8,276,840 | - | - | 1,865,313 |
| Advances to other funds | 7,931,405 | - | - | - |
| Inventories | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | 547,724 |
| Total Assets | \$ 92,361,071 | \$ - | \$ - | \$ 15,400,520 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 7,379,645 | \$ 1,392,790 | \$ 361,995 | \$ 3,260 |
| Accrued liabilities | 1,054,681 | - | - | - |
| Deferred revenues | 2,884,105 | - | - | - |
| Unearned revenues | 2,367,136 | - | - | - |
| Deposits payable | 2,165,044 | 9,635 | - | - |
| Due to other governments | - | - | - | 1,155,220 |
| Due to other funds | - | 6,713,628 | 1,865,313 | - |
| Advances from other funds | - | - | 7,217,888 | - |
| Total Liabilities | 15,850,611 | 8,116,053 | 9,445,196 | 1,158,480 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | 3,143,292 | 28,823,354 | 2,398,915 | - |
| Reserved for prepaid costs | 1,408,430 | - | - | - |
| Reserved for advances to other funds | 7,931,405 | - | - | - |
| Reserved for inventory | - | - | - | - |
| Unreserved: | | | | |
| Unreserved, reported in nonmajor: | | | | |
| Special revenue funds | - | - | - | - |
| Capital projects funds | - | - | - | - |
| Debt service funds | - | - | - | - |
| Permanent funds | - | - | - | - |
| Designated for self-insurance | 500,000 | - | - | - |
| Designated for debt service | - | - | - | 11,230,162 |
| Designated for future year CIP | 43,500,000 | - | - | - |
| Designated for future expenditures | 3,692,076 | - | - | - |
| Designated for emergencies | 5,000,000 | - | - | - |
| Undesignated | 11,335,257 | (36,939,407) | (11,844,111) | 3,011,878 |
| Total Fund Balances | 76,510,460 | (8,116,053) | (9,445,196) | 14,242,040 |
| Total Liabilities and Fund Balances | \$ 92,361,071 | \$ - | \$ - | \$ 15,400,520 |

CITY OF WEST HOLLYWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

| | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------------|--------------------------------|
| Assets: | | |
| Pooled cash and investments | \$ 34,311,361 | \$ 116,969,946 |
| Receivables: | | |
| Accounts | 2,087,935 | 2,686,495 |
| Taxes | - | 1,282,703 |
| Loans | 20,585,009 | 20,585,009 |
| Allowance for forgiveness | (19,625,985) | (19,625,985) |
| Accrued interest | 143,416 | 312,648 |
| Prepaid costs | 23,241 | 1,431,671 |
| Deposits | - | 35,000 |
| Due from other governments | 814,226 | 3,802,025 |
| Due from other funds | - | 10,142,153 |
| Advances to other funds | - | 7,931,405 |
| Inventories | 770 | 770 |
| Restricted assets: | | |
| Cash and investments with fiscal agents | 2,245,269 | 2,792,993 |
| Total Assets | \$ 40,585,242 | \$ 148,346,833 |
| Liabilities and Fund Balances: | | |
| Liabilities: | | |
| Accounts payable | \$ 1,530,234 | \$ 10,667,924 |
| Accrued liabilities | 1,757 | 1,056,438 |
| Deferred revenues | 219,116 | 3,103,221 |
| Unearned revenues | 842,661 | 3,209,797 |
| Deposits payable | 143,505 | 2,318,184 |
| Due to other governments | 959,024 | 2,114,244 |
| Due to other funds | 1,563,212 | 10,142,153 |
| Advances from other funds | 713,517 | 7,931,405 |
| Total Liabilities | 5,973,026 | 40,543,366 |
| Fund Balances: | | |
| Reserved: | | |
| Reserved for encumbrances | 12,573,310 | 46,938,871 |
| Reserved for prepaid costs | 23,241 | 1,431,671 |
| Reserved for advances to other funds | - | 7,931,405 |
| Reserved for inventory | 770 | 770 |
| Unreserved: | | |
| Unreserved, reported in nonmajor: | | |
| Special revenue funds | 2,682,082 | 2,682,082 |
| Capital projects funds | 9,467,444 | 9,467,444 |
| Debt service funds | 9,873,044 | 9,873,044 |
| Permanent funds | (7,675) | (7,675) |
| Designated for self-insurance | - | 500,000 |
| Designated for debt service | - | 11,230,162 |
| Designated for future year CIP | - | 43,500,000 |
| Designated for future expenditures | - | 3,692,076 |
| Designated for emergencies | - | 5,000,000 |
| Undesignated | - | (34,436,383) |
| Total Fund Balances | 34,612,216 | 107,803,467 |
| Total Liabilities and Fund Balances | \$ 40,585,242 | \$ 148,346,833 |

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CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

| | |
|--|-------------------------------------|
| Fund balances of governmental funds | \$ 107,803,467 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets net of depreciation have not been included as financial resources in governmental fund activity | 134,054,614 |
| Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets | 216,573 |
| Long-term debt and compensated absences that have not been included in the governmental fund activity: | |
| Long-term liabilities | (31,283,482) |
| Compensated Absences | (2,824,546) |
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds | (603,852) |
| Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity | 3,103,221 |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets | 426,850 |
| The net post-employment benefit liability is recorded in the government-wide financial statements but not in the fund financial statements | <u>(460,625)</u> |
| Net assets of governmental activities | <u><u>\$ 210,432,220</u></u> |

CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

| | General | Capital Projects Funds | | Debt Service |
|--|----------------------|------------------------------------|---|---|
| | | Debt Funded Capital Projects | Redevelopment Agency Capital Projects | Fund Redevelopment Agency Debt Service |
| Revenues: | | | | |
| Taxes | \$ 40,066,251 | \$ - | \$ - | \$ 4,439,662 |
| Licenses and permits | 3,749,814 | - | - | - |
| Intergovernmental | 3,651,553 | - | - | - |
| Charges for services | 2,435,729 | - | - | - |
| Use of money and property | 4,741,526 | - | 80,004 | 344,506 |
| Fines and forfeitures | 8,608,757 | - | - | - |
| Contributions | - | 73,612 | - | - |
| Developer participation | - | - | - | - |
| Miscellaneous | 473,123 | - | - | - |
| Total Revenues | 63,726,753 | 73,612 | 80,004 | 4,784,168 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 20,145,561 | 1,381 | 989,003 | 134,373 |
| Public safety | 13,246,687 | - | - | - |
| Public services | 28,205,060 | - | - | - |
| Capital outlay | 6,242,847 | 8,037,399 | 428,663 | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | 149,575 |
| Interest and fiscal charges | - | - | 387,889 | 398,408 |
| Total Expenditures | 67,840,155 | 8,038,780 | 1,805,555 | 682,356 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,113,402) | (7,965,168) | (1,725,551) | 4,101,812 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 2,000,000 | 1,089,934 | - |
| Transfers out | (1,973,895) | - | - | (1,089,934) |
| Proceeds from sale of capital asset | - | - | - | - |
| Total Other Financing Sources (Uses) | (1,973,895) | 2,000,000 | 1,089,934 | (1,089,934) |
| Net Change in Fund Balances | (6,087,297) | (5,965,168) | (635,617) | 3,011,878 |
| Fund Balances, Beginning of Year, as previously reported | 82,271,731 | (2,150,885) | (8,809,579) | 11,230,162 |
| Restatements | 326,026 | - | - | - |
| Fund Balances, Beginning of Year, as restated | 82,597,757 | (2,150,885) | (8,809,579) | 11,230,162 |
| Fund Balances, End of Year | \$ 76,510,460 | \$ (8,116,053) | \$ (9,445,196) | \$ 14,242,040 |

CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

| | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------------|--------------------------------|
| Revenues: | | |
| Taxes | \$ 3,458,239 | \$ 47,964,152 |
| Licenses and permits | - | 3,749,814 |
| Intergovernmental | 6,565,309 | 10,216,862 |
| Charges for services | 756,420 | 3,192,149 |
| Use of money and property | 4,352,227 | 9,518,263 |
| Fines and forfeitures | 796,037 | 9,404,794 |
| Contributions | 3,049,373 | 3,122,985 |
| Developer participation | 345,161 | 345,161 |
| Miscellaneous | 184,615 | 657,738 |
| Total Revenues | 19,507,381 | 88,171,918 |
| Expenditures: | | |
| Current: | | |
| General government | 1,193,755 | 22,464,073 |
| Public safety | 704,476 | 13,951,163 |
| Public services | 16,366,766 | 44,571,826 |
| Capital outlay | 4,482,919 | 19,191,828 |
| Debt service: | | |
| Principal retirement | 830,425 | 980,000 |
| Interest and fiscal charges | 1,226,777 | 2,013,074 |
| Total Expenditures | 24,805,118 | 103,171,964 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,297,737) | (15,000,046) |
| Other Financing Sources (Uses): | | |
| Transfers in | 2,360,516 | 5,450,450 |
| Transfers out | (2,486,621) | (5,550,450) |
| Proceeds from sale of capital asset | 91 | 91 |
| Total Other Financing Sources (Uses) | (126,014) | (99,909) |
| Net Change in Fund Balances | (5,423,751) | (15,099,955) |
| Fund Balances, Beginning of Year, as previously reported | 39,813,813 | 122,355,242 |
| Restatements | 222,154 | 548,180 |
| Fund Balances, Beginning of Year, as restated | 40,035,967 | 122,903,422 |
| Fund Balances, End of Year | \$ 34,612,216 | \$ 107,803,467 |

CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2009**

Net change in fund balances - total governmental funds \$ (15,099,955)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period 16,314,356

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 999,329

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period 21,768

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (202,106)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity (26,051)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities (119,899)

The current year expense for post-employment benefits is recognized in the government-wide statements only (324,000)

Change in net assets of governmental activities \$ 1,563,442

**CITY OF WEST HOLLYWOOD
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2009**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 82,597,757 | \$ 82,597,757 | \$ 82,597,757 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 39,621,409 | 39,621,409 | 40,066,251 | 444,842 |
| Licenses and permits | 3,706,200 | 3,856,200 | 3,749,814 | (106,386) |
| Intergovernmental | 3,180,925 | 3,180,925 | 3,651,553 | 470,628 |
| Charges for services | 2,540,802 | 2,540,802 | 2,435,729 | (105,073) |
| Use of money and property | 3,427,400 | 3,427,400 | 4,741,526 | 1,314,126 |
| Fines and forfeitures | 8,932,000 | 8,932,000 | 8,608,757 | (323,243) |
| Miscellaneous | 173,591 | 287,635 | 473,123 | 185,488 |
| Amounts Available for Appropriation | 144,180,084 | 144,444,128 | 146,324,510 | 1,880,382 |
| Charges to Appropriation (Outflow): | | | | |
| General government | | | | |
| City Council | 1,005,817 | 1,110,621 | 1,109,534 | 1,087 |
| City Manager | 869,260 | 903,603 | 875,799 | 27,804 |
| Economic Development Department | 1,205,768 | 1,447,055 | 1,037,642 | 409,413 |
| Public Safety Administration | 1,121,648 | 1,225,567 | 1,224,751 | 816 |
| City Attorney | 1,238,001 | 871,001 | 642,289 | 228,712 |
| Administrative Services | 976,085 | 1,035,576 | 1,034,512 | 1,064 |
| Legal Services | 1,146,144 | 1,156,544 | 1,155,781 | 763 |
| City Clerk | 1,199,617 | 1,209,881 | 1,146,704 | 63,177 |
| Human Resources | 1,320,515 | 1,370,798 | 1,370,182 | 616 |
| Finance Administration | 1,712,305 | 2,072,590 | 2,062,836 | 9,754 |
| Revenue Management | 740,131 | 3,048,132 | 3,012,903 | 35,229 |
| General Accounting | 584,157 | 588,091 | 574,413 | 13,678 |
| Budget & Compensation | 454,367 | 460,277 | 447,646 | 12,631 |
| Organizational Services | 202,668 | 243,111 | 822,718 | (579,607) |
| Information Technology | 1,406,532 | 1,575,449 | 1,574,290 | 1,159 |
| Public Information & Prosecution Services | 1,638,111 | 1,670,022 | 1,551,555 | 118,467 |
| Assistant City Manager | 451,054 | 512,819 | 502,006 | 10,813 |
| Sub-total General Government | <u>17,272,180</u> | <u>20,501,137</u> | <u>20,145,561</u> | <u>355,576</u> |
| Public safety | | | | |
| City Police/Protective Services | <u>14,261,240</u> | <u>14,281,240</u> | <u>13,246,687</u> | <u>1,034,553</u> |
| Sub-total Public Safety | <u>14,261,240</u> | <u>14,281,240</u> | <u>13,246,687</u> | <u>1,034,553</u> |

CITY OF WEST HOLLYWOOD
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2009

Page 2 of 2

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| | Original | Final | | |
| Public Services | | | | |
| Human Services Administration | 475,387 | 508,883 | 508,451 | 432 |
| Recreation Services | 3,438,397 | 3,786,480 | 3,785,447 | 1,033 |
| Social Services | 5,098,627 | 5,122,463 | 4,821,686 | 300,777 |
| Facilities & Field Services | 5,043,974 | 4,886,372 | 4,686,161 | 200,211 |
| Housing & Rent Stabilization Administration | 347,018 | 562,212 | 538,220 | 23,992 |
| Rent Information & Records | 1,200,664 | 1,203,396 | 1,203,117 | 279 |
| Housing & Residential Code Compliance | 629,484 | 704,648 | 658,108 | 46,540 |
| Community Development Administration | 480,803 | 579,504 | 577,032 | 2,472 |
| Planning | 2,285,736 | 3,729,884 | 2,878,151 | 851,733 |
| Commercial Code Compliance | 1,227,407 | 1,243,076 | 1,112,857 | 130,219 |
| Building & Safety | 1,165,966 | 1,363,039 | 1,281,240 | 81,799 |
| Transportation & Public Works Administration | 452,850 | 646,390 | 643,754 | 2,636 |
| Parking | 3,651,272 | 3,691,514 | 3,690,445 | 1,069 |
| Transportation | 370,224 | 368,056 | 294,572 | 73,484 |
| City Engineering | 1,569,784 | 1,664,258 | 1,525,819 | 138,439 |
| Sub-total Public Services | <u>27,437,593</u> | <u>30,060,175</u> | <u>28,205,060</u> | <u>1,855,115</u> |
| Capital outlay | | | | |
| Capital Projects | 620,000 | 8,377,762 | 6,242,847 | 2,134,915 |
| Nondepartmental | | | | |
| Transfers out | 6,723,895 | 6,723,895 | 1,973,895 | 4,750,000 |
| Total Charges to Appropriations | <u>66,314,908</u> | <u>79,944,209</u> | <u>69,814,050</u> | <u>10,130,159</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 77,865,176</u> | <u>\$ 64,499,919</u> | <u>\$ 76,510,460</u> | <u>\$ 12,010,541</u> |

CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|--|---|------------------------------|----------------------|--|
| | Sewer District | Other Enterprise Funds | Totals | |
| Assets: | | | | |
| Current: | | | | |
| Cash and investments | \$ 132,858 | \$ 1,078,291 | \$ 1,211,149 | \$ 434,151 |
| Receivables: | | | | |
| Accounts | - | 229 | 229 | - |
| Accrued interest | 987 | 4,827 | 5,814 | - |
| Prepaid costs | - | 81,987 | 81,987 | - |
| Due from other governments | - | 59,907 | 59,907 | - |
| Total Current Assets | 133,845 | 1,225,241 | 1,359,086 | 434,151 |
| Noncurrent: | | | | |
| Capital assets - net of accumulated depreciation | 9,835,421 | 316,531 | 10,151,952 | 54,698 |
| Total Noncurrent Assets | 9,835,421 | 316,531 | 10,151,952 | 54,698 |
| Total Assets | \$ 9,969,266 | \$ 1,541,772 | \$ 11,511,038 | \$ 488,849 |
| Liabilities and Net Assets: | | | | |
| Liabilities: | | | | |
| Current: | | | | |
| Accounts payable | \$ - | \$ 203,284 | \$ 203,284 | \$ 50,220 |
| Deposits payable | 23,151 | 20,594 | 43,745 | - |
| Total Current Liabilities | 23,151 | 223,878 | 247,029 | 50,220 |
| Total Liabilities | 23,151 | 223,878 | 247,029 | 50,220 |
| Net Assets: | | | | |
| Invested in capital assets, net of related debt | 9,835,421 | 316,531 | 10,151,952 | 54,698 |
| Unrestricted | 110,694 | 1,001,363 | 1,112,057 | 383,931 |
| Total Net Assets | 9,946,115 | 1,317,894 | 11,264,009 | 438,629 |
| Total Liabilities and Net Assets | \$ 9,969,266 | \$ 1,541,772 | \$ 11,511,038 | \$ 488,849 |

Reconciliation of Net Assets to the Statement of Net Assets

| | |
|---|----------------------|
| Net Assets per Statement of Net Assets - Proprietary Funds | \$ 11,264,009 |
| Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds | 15,378 |
| Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds | (3,599) |
| Net Assets per Statement of Net Assets | \$ 11,275,788 |

CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|---|---|------------------------------|----------------------|--|
| | Sewer District | Other Enterprise Funds | Totals | |
| Operating Revenues: | | | | |
| Sales and service charges | \$ - | \$ 2,311,552 | \$ 2,311,552 | \$ 407,470 |
| Fines and forfeitures | - | 15,271 | 15,271 | - |
| Miscellaneous | - | 31,203 | 31,203 | - |
| Total Operating Revenues | - | 2,358,026 | 2,358,026 | 407,470 |
| Operating Expenses: | | | | |
| Administration and general | - | 183,032 | 183,032 | 477,803 |
| Treatment | - | 2,091,610 | 2,091,610 | - |
| Depreciation expense | 323,530 | 528 | 324,058 | 53,339 |
| Total Operating Expenses | 323,530 | 2,275,170 | 2,598,700 | 531,142 |
| Operating Income (Loss) | (323,530) | 82,856 | (240,674) | (123,672) |
| Nonoperating Revenues (Expenses): | | | | |
| Interest revenue | 8,149 | 23,490 | 31,639 | 174 |
| Total Nonoperating Revenues (Expenses) | 8,149 | 23,490 | 31,639 | 174 |
| Income (Loss) Before Transfers | (315,381) | 106,346 | (209,035) | (123,498) |
| Transfers in | - | 100,000 | 100,000 | - |
| Changes in Net Assets | (315,381) | 206,346 | (109,035) | (123,498) |
| Net Assets: | | | | |
| Beginning of Year, as previously reported | 10,261,496 | 1,111,548 | 11,373,044 | 565,544 |
| Restatements | - | - | - | (3,417) |
| Beginning of Fiscal Year, as restated | 10,261,496 | 1,111,548 | 11,373,044 | 562,127 |
| End of Fiscal Year | \$ 9,946,115 | \$ 1,317,894 | \$ 11,264,009 | \$ 438,629 |

Reconciliation of Changes in Net Assets to the Statement of Activities:

| | |
|---|---------------------|
| Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds | \$ (109,035) |
| Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds | (3,599) |
| Changes in Net Assets of Business-Type Activities per Statement of Activities | \$ (112,634) |

CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

| | <u>Business-Type Activities - Enterprise Funds</u> | | | <u>Governmental Activities- Internal Service Funds</u> |
|---|--|---------------------------------------|---------------------|--|
| | <u>Sewer District</u> | <u>Other Enterprise Funds</u> | <u>Totals</u> | |
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers and users | \$ - | \$ 2,378,064 | \$ 2,378,064 | \$ 407,470 |
| Cash received from/(paid to) interfund service provided | - | - | - | (446,183) |
| Cash paid to suppliers for goods and services | (16,917) | (1,394,465) | (1,411,382) | - |
| Cash paid to employees for services | - | (743,926) | (743,926) | - |
| Net Cash Provided (Used) by Operating Activities | (16,917) | 239,673 | 222,756 | (38,713) |
| Cash Flows from Non-Capital Financing Activities: | | | | |
| Cash transfers in | - | 100,000 | 100,000 | - |
| Net Cash Provided (Used) by Non-Capital Financing Activities | - | 100,000 | 100,000 | - |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition and construction of capital assets | (211,471) | (317,059) | (528,530) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (211,471) | (317,059) | (528,530) | - |
| Cash Flows from Investing Activities: | | | | |
| Interest received | 10,180 | 27,679 | 37,859 | 174 |
| Net Cash Provided (Used) by Investing Activities | 10,180 | 27,679 | 37,859 | 174 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (218,208) | 50,293 | (167,915) | (38,539) |
| Cash and Cash Equivalents at Beginning of Year | 351,066 | 1,027,998 | 1,379,064 | 472,690 |
| Cash and Cash Equivalents at End of Year | \$ 132,858 | \$ 1,078,291 | \$ 1,211,149 | \$ 434,151 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ (323,530) | \$ 82,856 | \$ (240,674) | \$ (123,672) |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | | | |
| Depreciation | 323,530 | 528 | 324,058 | 53,339 |
| (Increase) decrease in due from other governments | - | (556) | (556) | - |
| Increase (decrease) in accounts payable | (40,068) | 136,251 | 96,183 | 31,620 |
| Increase (decrease) in deposits payable | 23,151 | 20,594 | 43,745 | - |
| Total Adjustments | 306,613 | 156,817 | 463,430 | 84,959 |
| Net Cash Provided (Used) by Operating Activities | \$ (16,917) | \$ 239,673 | \$ 222,756 | \$ (38,713) |

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital, and financing activities during the year.

CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2009

| | <u>Agency Funds</u> |
|---|--------------------------|
| Assets: | |
| Pooled cash and investments | \$ 99,491 |
| Receivables: | |
| Accounts | 220,750 |
| Taxes | 153,917 |
| Accrued interest | 343 |
| Restricted assets: | |
| Cash and investments with fiscal agents | <u>34,153</u> |
| Total Assets | <u>\$ 508,654</u> |
| | |
| Liabilities: | |
| Accounts payable | \$ 388,497 |
| Due to bondholders | <u>120,157</u> |
| Total Liabilities | <u>\$ 508,654</u> |
| | |
| Total Liabilities and Net Assets | <u>\$ 508,654</u> |

NOTES TO FINANCIAL SECTION



CITY OF WEST HOLLYWOOD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

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

Blended Component Units:

The following six component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with the data of the City of West Hollywood, the primary government. All except the West Hollywood Library Fund are governed by the City Council of the City of West Hollywood. The West Hollywood Library Fund is governed by a separate board of directors, however its activities exclusively benefit the City of West Hollywood. Therefore, all the above-mentioned entities are included in this financial presentation using the blending method.

The West Hollywood Community Development Commission (also referred as the "Redevelopment Agency") was formed on April 1, 1996, pursuant to Section 33000 of the California Health and Safety Code for the purpose of preparing and carrying out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of West Hollywood. The Commission is governed by a five-member board that is the City Council of the City of West Hollywood. As of June 30, 2009, one project area, the East Side Redevelopment Project Area, has been formed.

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

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

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

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

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

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

Discretely Presented Component Unit:

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

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

As of June 30, 2009, only the Community Development Commission, the Marketing Corporation and the Library Fund have separately issued financial statements. The Commission's statements may be obtained at City Hall. The Marketing Corporation's and Library Fund's statements may be obtained at their offices.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of State Gas Tax revenues, for which the revenue recognition period is 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

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

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Debt Funded Capital Projects Fund accounts for the receipt and disbursement of monies used for the construction of the mixed use parking facilities, City Hall acquisition, Homeless Shelter, Fire Station No. 7, new parking meters, and the West Hollywood Library, which generally require more than one budgetary cycle to complete. These projects are funded by the General Fund, bond proceeds and donations obtained by the West Hollywood Library Fund.
- The Redevelopment Agency Capital Projects Fund accounts for loans and advances from the City, bond proceeds available for project improvements, interest income on invested funds, certain miscellaneous income and costs incurred to implement the Redevelopment Plan of the Redevelopment Agency. The projects will improve the assessed values of properties located in the project areas, thus increasing the property taxes. The increase in taxes will be used to repay the Agency's debt.
- The Redevelopment Agency Debt Service Fund accounts for the accumulation of resources and the payment of principal and interest on long-term debt issued to finance projects in the Eastside Redevelopment Project Area. Currently, resources consist of tax increments and interest earnings which will be used for payment of long-term debt of the Agency.

The City reports the following major proprietary fund:

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

Additionally the government reports the following fund types:

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

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

- The Permanent Fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.
- The Information Systems Master Plan Internal Service Fund accounts for all costs incurred in the process of designing, purchasing and implementing a new information systems infrastructure. The project includes costs for design, hardware and software acquisition and systems conversion. Costs are recovered from all operating units over a five-year period.
- The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments. These funds are reported on the accrual basis. The Business Improvement Fund accounts for a portion of the transient occupancy tax which is paid to the West Hollywood Marketing Corporation for use in marketing the City. The Community District Debt Service Fund accounts for special taxes which are levied by the City on behalf of the Community Facilities District to pay debt service on the seismic project bonds, which are not a debt of the City.

d. Assets, Liabilities and Net Assets or Equity**1. Deposits and Investments and Cash and Cash Equivalents**

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

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

2. Receivables and Payables

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

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

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

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January

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

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

3. Prepaid Items

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

4. Capital Assets

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

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

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

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

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

5. Compensated Absences

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

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

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

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

6. Long-Term Obligations

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

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

7. Fund Equity

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

e. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds, and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Governmental long-term debts have not been included in the Governmental Fund activity - Certificates of Participation and Tax Allocation Bonds Payable." The details of this \$(31,283,482) difference are summarized as follows and further explained in Note 9.

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

| | |
|--|-----------------------------------|
| Certificates of Participation payable | \$ (20,420,000) |
| Tax Allocation Bonds payable | (10,450,000) |
| Add: Deferred gain on refunding (to be amortized as miscellaneous income) | (498,043) |
| Less: Unamortized original issue discount | <u>84,561</u> |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities | <u><u>\$ (31,283,482)</u></u> |

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$16,314,356 difference are as follows:

| | |
|--|---------------------------------|
| Capital outlay | \$ 18,777,662 |
| Less: Depreciation expense | <u>(2,463,306)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u><u>\$ 16,314,356</u></u> |

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The budget is prepared on a GAAP basis. The budget period is the same as the fiscal period. The legal level of budgetary control is the department level for the General Fund and the function level for the other governmental fund types. During the year, several supplementary appropriations were necessary.

Note 2: Stewardship, Compliance and Accountability (Continued)

At fiscal year-end, all operating budget appropriations lapse. No budget was adopted for the Community Facilities Capital Projects Fund or for the Laurel Avenue Trust Permanent Fund.

b. Encumbrances

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

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

| <u>Fund</u> | <u>Amount</u> |
|---------------------------------------|---------------|
| Special Revenue Funds: | |
| Permit Parking | \$50,292 |
| Sunset Mitigation | 194,677 |
| Avenues of Art and Design | 6,412 |
| | |
| <u>Fund</u> | <u>Amount</u> |
| Capital Projects Funds: | |
| Redevelopment Agency Capital Projects | \$9,445,196 |
| Debt Funded Capital Projects | 8,116,053 |
| General Reserves Capital Projects | 545,023 |
| Permanent Fund: | |
| Laurel Avenue Trust | 7,675 |

The City expects to eliminate these deficits from future revenues.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2009, cash and investments were reported in the accompanying financial statements as follows:

| | |
|----------------------------|------------------------------|
| Governmental activities | \$ 120,197,090 |
| Business-type activities | 1,211,149 |
| Component unit | 381,415 |
| Fiduciary funds | <u>133,644</u> |
| | |
| Total Cash and Investments | <u><u>\$ 121,923,298</u></u> |

The City of West Hollywood maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments.

Note 3: Cash and Investments (Continued)

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

Deposits

At June 30, 2009, the carrying amount of the City's deposits was \$4,542,133 and the bank balance was \$8,152,257. The \$3,610,124 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental.

Investments Authorized by the City's Investment Policy

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

1. Demand deposits in any FDIC insured institution.
2. Los Angeles County Treasury Pool ("LACT") administered by the Treasurer and Tax Collector of Los Angeles County.
3. The Local Agency Investment Fund ("LAIF") administered by the Treasurer of the State of California.
4. Investment in Joint Powers Authorities: The City may invest in investment joint powers authorities provided that the City is a member, that the pool provides comprehensive, timely, monthly reports which include transaction listings, reports gains and losses, provides market values for securities, provides a quality rating for investment securities, takes delivery of securities prior to payment, third-party safekeeping of all investments, for whom an audit is conducted annually by an independent authority other than the local agency's internal auditors, the weighted average maturity of not greater than two years, and that leveraging be not more than twenty-five percent of the portfolio.
5. Certificates of Deposit with a maturity of two years or less and fully insured by the Federal Deposit Insurance Corporation up to the limit established under the Investment Guidelines.

Note 3: Cash and Investments (Continued)

6. Securities issued by the United States Government which mature in two years or less up to the limit established under the Investment Guidelines.
7. Money Market Savings Accounts, provided that no deposit made pursuant to this paragraph in any one institution shall exceed the amount insured by the Federal Deposit Insurance Corporation.

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

Investments Authorized by Debt Agreements

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

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

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Board,

Note 3: Cash and Investments (Continued)

which consists of five members, in accordance with state statute. The State's Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

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, 2009, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2009, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. With respect to concentration risk, as of June 30, 2009, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Note 3: Cash and Investments (Continued)

Interest Rate Risk

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

As of June 30, 2009, the City had the following investments and original maturities:

| <u>Investment Type:</u> | <u>Remaining Investment Maturities</u> | | <u>Fair Value</u> |
|---|--|-----------------------------|-----------------------------|
| | <u>6 Months or Less</u> | <u>More than 5 years</u> | |
| California Local Agency Investment Func | \$ 39,784,450 | \$ - | \$ 39,784,450 |
| Los Angeles County Investment Pool | 74,556,105 | - | 74,556,105 |
| Cash with fiscal agents | | | |
| Money Market Mutual Funds | 1,032,360 | - | 1,032,360 |
| Certificate of Deposit | 8,000 | - | 8,000 |
| Investment agreements | - | 2,000,250 | 2,000,250 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 115,380,915</u> | <u>\$ 2,000,250</u> | <u>\$ 117,381,165</u> |

Note 4: Loans Receivable

Housing Loans

The City has established the Citywide Affordable Housing Trust Fund, accounted for as a special revenue fund, and the Redevelopment Agency Low and Moderate Housing Fund, accounted for as a capital projects fund, to assist non-profit housing and community development corporations in preserving and expanding the supply of low and moderate income housing in the City of West Hollywood. Loans of \$17,132,936 and \$2,493,049, respectively, were outstanding at June 30, 2009, to qualified developers and properties at annual interest rates ranging from 3% to 6%.

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

Note 5: Changes in Governmental Activities Capital Assets

| | Beginning Balance | Adjustments* | Adjusted Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|-------------------|----------------------------|----------------------|----------------|--------------------|-----------------------|
| Governmental Activities: | | | | | | | |
| Capital assets, not being depreciated: | | | | | | | |
| Land | \$ 44,474,599 | \$ - | \$ 44,474,599 | \$ 6,758,791 | \$ - | \$ - | \$ 51,233,390 |
| Construction-in-progress | 6,556,239 | 57,618 | 6,613,857 | 8,375,591 | - | (3,678,415) | 11,311,033 |
| Total Capital Assets, Not Being Depreciated | 51,030,838 | 57,618 | 51,088,456 | 15,134,382 | - | (3,678,415) | 62,544,423 |
| Capital assets, being depreciated: | | | | | | | |
| Buildings | 22,452,510 | - | 22,452,510 | 1,769,850 | - | - | 24,222,360 |
| Improvements other than buildings | 4,161,496 | - | 4,161,496 | 381,280 | 26,034 | 2,740,085 | 7,256,827 |
| Machinery and equipment | 4,813,987 | (3,455) | 4,810,532 | 428,270 | 427,267 | 938,330 | 5,749,865 |
| Furniture and fixtures | 80,590 | - | 80,590 | - | - | - | 80,590 |
| Office equipment | 1,234,316 | - | 1,234,316 | 5,156 | - | - | 1,239,472 |
| Infrastructure | 77,695,369 | (57,618) | 77,637,751 | 1,058,724 | - | - | 78,696,475 |
| Subtotal - Depreciable Assets | 110,438,268 | (61,073) | 110,377,195 | 3,643,280 | 453,301 | 3,678,415 | 117,245,589 |
| Total Capital Assets | 161,469,106 | (3,455) | 161,465,651 | 18,777,662 | 453,301 | - | 179,790,012 |
| Less accumulated depreciation: | | | | | | | |
| Buildings | 5,624,524 | - | 5,624,524 | 451,507 | - | - | 6,076,031 |
| Improvements other than buildings | 685,359 | - | 685,359 | 111,042 | 868 | - | 795,533 |
| Machinery and equipment | 3,988,829 | - | 3,988,829 | 197,345 | 452,433 | - | 3,733,741 |
| Furniture and fixtures | 71,731 | - | 71,731 | 2,629 | - | - | 74,360 |
| Office equipment | 1,020,886 | - | 1,020,886 | 127,744 | - | - | 1,148,630 |
| Infrastructure | 32,226,027 | - | 32,226,027 | 1,626,378 | - | - | 33,852,405 |
| Total Accumulated Depreciation | 43,617,356 | - | 43,617,356 | 2,516,645 | 453,301 | - | 45,680,700 |
| Total Capital Assets, Being Depreciated, Net | 66,820,912 | (61,073) | 66,759,839 | 1,126,635 | - | 3,678,415 | 71,564,889 |
| Governmental Activities Capital Assets, Net | \$ 117,851,750 | \$ (3,455) | \$ 117,848,295 | \$ 16,261,017 | \$ - | \$ - | \$ 134,109,312 |

* The adjustments are to report prior year reclassifications of capital assets.

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

| | |
|-----------------------------------|---------------------|
| Governmental Activities: | |
| General government | \$ 153,933 |
| Public safety | 80,100 |
| Public services | 2,229,273 |
| Internal Service Fund | 53,339 |
| Total Depreciation Expense | \$ 2,516,645 |

Note 6: Proprietary Fund Capital Assets

| | Balance at July 1, 2008 | Additions | Deletions | Balance at June 30, 2009 |
|-------------------------------------|----------------------------|---------------------|-------------|-----------------------------|
| Enterprise Funds: | | | | |
| Solid Waste Fund | | | | |
| Depreciable Assets: | | | | |
| Machinery | | | | |
| and Equipment | \$ 32,183 | \$ - | \$ - | \$ 32,183 |
| Office Equipment | 34,734 | - | - | 34,734 |
| Subtotal | <u>66,917</u> | <u>-</u> | <u>-</u> | <u>66,917</u> |
| Less: accumulated depreciation for: | | | | |
| Machinery | | | | |
| and Equipment | 32,183 | - | - | 32,183 |
| Office Equipment | 34,734 | - | - | 34,734 |
| Subtotal | <u>66,917</u> | <u>-</u> | <u>-</u> | <u>66,917</u> |
| Total Solid Waste | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Sewer District Fund | | | | |
| Non-depreciable assets: | | | | |
| Construction in progress | \$ 1,367,777 | \$ - | \$ - | \$ 1,367,777 |
| Depreciable assets: | | | | |
| Improvements | 16,111,848 | 211,471 | - | 16,323,319 |
| Subtotal | <u>17,479,625</u> | <u>211,471</u> | <u>-</u> | <u>17,691,096</u> |
| Less: accumulated depreciation for: | | | | |
| Improvements | 7,532,145 | 323,530 | - | 7,855,675 |
| Total Sewer District | <u>\$ 9,947,480</u> | <u>\$ (112,059)</u> | <u>\$ -</u> | <u>\$ 9,835,421</u> |
| Sewer Charge Fund | | | | |
| Depreciable assets: | | | | |
| Improvements | \$ - | \$ 317,059 | \$ - | \$ 317,059 |
| Subtotal | <u>-</u> | <u>317,059</u> | <u>-</u> | <u>317,059</u> |
| Less: accumulated depreciation for: | | | | |
| Improvements | - | 528 | - | 528 |
| Total Sewer Charge | <u>\$ -</u> | <u>\$ 316,531</u> | <u>\$ -</u> | <u>\$ 316,531</u> |

Note 6: Proprietary Fund Capital Assets (Continued)

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

Business-Type Activities:

| | |
|--------------------------------|--------------------------|
| Sewer District | \$ 323,530 |
| Sewer Charges | <u>528</u> |
| Total Business-Type Activities | <u><u>\$ 324,058</u></u> |

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

| Component Unit | Balance at July 1, 2008 | Additions | Deletions | Balance at June 30, 2009 |
|--|----------------------------|--------------------------|--------------------|-----------------------------|
| WH Marketing | | | | |
| Furniture and Equipment | \$ 118,190 | \$ 13,198 | \$ 26,608 | \$ 104,780 |
| Furniture and Equipment under capital lease purchase | 34,597 | - | - | 34,597 |
| Leasehold | <u>2,832</u> | <u>-</u> | <u>-</u> | <u>2,832</u> |
| Subtotal | <u>155,619</u> | <u>13,198</u> | <u>26,608</u> | <u>142,209</u> |
| Less: accumulated depreciation for: | | | | |
| Furniture and Equipment | 89,738 | 10,571 | 26,608 | 73,701 |
| Furniture and Equipment capital lease | 10,551 | 6,919 | - | 17,470 |
| Leasehold | <u>2,072</u> | <u>-</u> | <u>-</u> | <u>2,072</u> |
| Subtotal | <u>102,361</u> | <u>17,490</u> | <u>26,608</u> | <u>93,243</u> |
| Total Component Unit | <u><u>\$ 53,258</u></u> | <u><u>\$ (4,292)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 48,966</u></u> |

Note 7: Retirement Plan**Plan Description**

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

Note 7: Retirement Plan (Continued)

Funding Policy

The City changed its contribution rates during the year. Participants were required to contribute 7% of their annual covered salary before November 26, 2007, and 8% of their annual covered salary after that date. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate was 14.89% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established by and may be amended by PERS.

Annual Pension Cost

For 2009, the City's annual pension cost of \$2,739,905 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation, using the entry age normal actuarial cost method.

The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 11 years for remaining unfunded. The latest information available is presented below. The schedule of funding progress shown below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

THREE-YEAR INFORMATION FOR MISCELLANEOUS PLAN

| <u>Fiscal Year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/2007 | \$ 1,422,510 | 100% | \$ - |
| 6/30/2008 | 2,140,168 | 100% | - |
| 6/30/2009 | 2,739,905 | 100% | - |

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

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a % of Covered Payroll</u> |
|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|---------------------------------------|
| 6/30/06 | \$34,296,746 | \$43,024,997 | \$8,728,251 | 79.7% | \$14,292,067 | 61.1% |
| 6/30/07 | 43,764,011 | 49,956,454 | 6,192,443 | 87.6% | 16,030,208 | 38.6% |
| 6/30/08 | 46,085,423 | 60,836,070 | 14,750,647 | 75.8% | 17,777,208 | 83.0% |

Note 8: Other Post-Retirement Benefits**Plan Description**

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

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2008-2009, the City contributed \$25,000 to the plan in the form of current premiums. Plan members receiving benefits contribute the difference between the City contribution of \$200 per month and the plan members' chosen CALPERS medical plan. The funding policy is determined by the City Council.

Annual OPEB Cost and Net OPEB Obligation

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

| | Fiscal Year Ended 6/30/2009 |
|--|-----------------------------------|
| Annual required contribution | \$ 348,000 |
| Interest on OPEB obligation (a) | 6,831 |
| Adjustment to annual required contribution | <u>(5,831)</u> |
| Annual OPEB cost | 349,000 |
| Less: contributions made | (25,000) |
| Increase in net OPEB obligation | 324,000 |
| Net OPEB obligation - beginning of year | <u>136,625</u> |
| Net OPEB obligation - end of year | <u><u>\$ 460,625</u></u> |

(a) Rate is estimated at 5%.

Note 8: Other Post-Retirement Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008-09 and the two preceding years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB cost</u> | <u>Annual OPEB Cost Contributed</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|-------------------------------------|---|----------------------------|
| 6/30/2007 | \$ 80,000 | \$ 11,500 | 14.38% | \$ 68,500 |
| 6/30/2008 | 83,425 | 15,300 | 18.34% | 136,625 |
| 6/30/2009 | 349,000 | 25,000 | 7.16% | 460,625 |

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This is the second year of the plan. The actuarial valuation is prepared biennially. The table below presents the latest information available. (000's omitted)

| Type of Valuation | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | UAAL as a Percent of Covered Payroll | Interest Rate | Salary Scale |
|-------------------|--------------------------|---------------------------|-----------------------------|--------------------------------------|--------------|-----------------|--------------------------------------|---------------|--------------|
| Actual | 6/30/2006 | \$ - | \$ 723 | \$ 723 | 0.0% | \$ 11,200 | 6.5% | 5.0% | 3.00% |
| Estimated | 6/30/2008 | - | 2,762 | 2,762 | 0.0% | 16,615 | 16.6% | 5.0% | 3.25% |
| Actual | 6/30/2009 | - | 3,106 | 3,106 | 0.0% | 17,155 | 18.1% | 5.0% | 3.25% |

June 30, 2007 numbers were not developed.

Actuarial Methods and Assumptions

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

Note 8: Other Post-Retirement Benefits (Continued)

In the June 30, 2009, actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 3.96% for 2008-2009, 9.0% for 2009-2010 which is then reduced by decrements to an ultimate rate of 5% after six years, and a payroll increase rate of 3.25%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009, was twenty-eight years. The number of active plan participants is 216.

Note 9: Long-Term Debt**a. Refunding Certificates of Participation**

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

The variable rate certificates were redeemed during 2004-2005. The purpose of both these certificates was to defease \$12,180,000 of outstanding 1995 Series A Certificates of Participation. The balance of the 1998 fixed rate Certificates of Participation were used to provide funds to: 1) defease \$9,655,000 of outstanding 1995 Certificates of Participation (City Hall Project) and \$5,375,000 of outstanding 1995, Series B Certificates of Participation, 2) to finance the acquisition and improvements of the public parks, 3) to prepay a certain portion of the lease payments, and 4) fund a reserve for the refunding certificates as well as pay for the execution and delivery of the refunding certificates.

b. Redevelopment Agency Tax Allocation Bonds

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

c. Accrued employee benefits

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

Note 9: Long-Term Debt (Continued)

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

| | Outstanding July 1, 2008 | Additions | Deletions | Outstanding June 30, 2009 | Due Within One Year |
|---|-----------------------------|---------------------|---------------------|------------------------------|------------------------|
| City: | | | | | |
| Certificates of Participation | | | | | |
| 1998 Fixed Rate | \$ 21,185,000 | \$ - | \$ 765,000 | \$ 20,420,000 | \$ 810,000 |
| Tax Allocation Bonds | 10,665,000 | - | 215,000 | 10,450,000 | 220,000 |
| Accrued employee benefits | 2,622,440 | 2,867,173 | 2,665,067 | 2,824,546 | 2,824,546 |
| Totals | \$ 34,472,440 | \$ 2,867,173 | \$ 3,645,067 | 33,694,546 | \$ 3,854,546 |
| Reconciliation to Statement of Net Assets | | | | | |
| Add: unamortized gain on defeasance | | | | \$ 498,043 | |
| Less: unamortized original issue discount | | | | (84,561) | |
| | | | | <u>\$ 34,108,028</u> | |

As previously discussed, the Agency has pledged a portion of the tax increment revenue that it receives as security for tax allocation bonds it has issued. These bonds were to provide financing for various capital projects. The Agency has committed to appropriate each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$19,333,673 with annual debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$4,439,662 in the Redevelopment Agency Debt Service Fund and \$1,542,931 in the Redevelopment Agency Low & Moderate Housing Fund, and the debt service obligation on the bonds was \$783,820.

The following is a schedule, by years, of future debt service payments as of June 30, 2009:

| Fiscal Year | Certificates of Participation 1998 | | Tax Allocation Bonds | |
|---------------|---------------------------------------|---------------------|----------------------|---------------------|
| | Fixed Rate | | 2003 Bonds | |
| | Principal | Interest | Principal | Interest |
| 2009 - 2010 | \$ 810,000 | \$ 1,015,268 | \$ 220,000 | \$ 561,745 |
| 2010 - 2011 | 850,000 | 977,805 | 225,000 | 553,395 |
| 2011 - 2012 | 905,000 | 937,855 | 235,000 | 543,608 |
| 2012 - 2013 | 950,000 | 894,415 | 245,000 | 532,808 |
| 2013 - 2014 | 1,000,000 | 848,340 | 260,000 | 521,120 |
| 2014 - 2019 | 5,995,000 | 3,421,905 | 1,490,000 | 2,397,680 |
| 2019 - 2024 | 8,005,000 | 1,723,750 | 1,925,000 | 1,946,710 |
| 2024 - 2029 | 1,905,000 | 95,250 | 2,520,000 | 1,327,219 |
| 2029 - 2034 | - | - | 3,330,000 | 499,388 |
| Totals | \$ 20,420,000 | \$ 9,914,588 | \$ 10,450,000 | \$ 8,883,673 |

Note 9: Long-Term Debt (Continued)**d. Noncommitment Debt**

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

Funds for payment of bond principal and interest requirements, as they come due, are to be obtained from a special tax levied by the City on behalf of the District against lands within the District. The bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations payable solely from the proceeds of the special taxes and funds held pursuant to the fiscal agent agreement. Because neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for payment of these bonds, they are not reflected in the Statement of Net Assets. The outstanding balance at June 30, 2009, was \$90,000.

e. Lease Payable - Component Unit

The West Hollywood Marketing Corporation entered into capital leases in December 2006 and May 2007, in order to acquire a photocopier and upgrades. The original lease amounts were \$30,546 and \$1,783. Lease payments were as follows:

| | |
|--------------------------------|-------------------------|
| Original balance | \$ 34,597 |
| Principal paid in fiscal year: | |
| 2006-2007 | (2,448) |
| 2007-2008 | (5,795) |
| 2008-2009 | (6,276) |
| | <u> </u> |
| Balance at June 30, 2009 | <u><u>\$ 20,078</u></u> |

The future lease payments are as follows:

| | |
|---------------|-------------------------|
| 2009-2010 | \$ 8,158 |
| 2010-2011 | 8,158 |
| 2011-2012 | 6,119 |
| | <u> </u> |
| | 22,435 |
| Less interest | <u>(2,357)</u> |
| Total | <u><u>\$ 20,078</u></u> |

Note 10: Unearned Revenue

The City received rent stabilization fees relating to fiscal year 2009-2010 in fiscal year 2008-2009. These are recorded as unearned revenue in the General Fund in the amount of \$1,575,683, along with various other unearned revenues of \$791,453, for a total of \$2,367,136. These unearned amounts will be reduced and reported as revenue as they are earned. The remaining unearned revenue in the General Fund and other funds includes grant monies received but not yet earned, recreation revenues and other revenues collected in advance and interest accrued but not available on the loan to the Redevelopment Agency.

Note 11: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2009, was as follows:

Due To/From Other Funds

| Funds | Due to Other Funds | | | Total |
|-----------------------------------|------------------------------------|-----------------------------------|---|----------------------|
| | Debt Funded Capital Projects | Nonmajor Governmental Funds | Redevelopment Agency Capital Projects | |
| Due From Other Funds: | | | | |
| General | \$ 6,713,628 | \$ 1,563,212 | \$ - | \$ 8,276,840 |
| Redevelopment Agency Debt Service | - | - | 1,865,313 | 1,865,313 |
| Total | <u>\$ 6,713,628</u> | <u>\$ 1,563,212</u> | <u>\$ 1,865,313</u> | <u>\$ 10,142,153</u> |

The due to General Fund of \$8,267,840 from various nonmajor funds was a result of temporary deficit cash balances in those funds. The \$1,865,313 due to the Redevelopment Agency Debt Service Fund from the Redevelopment Agency Capital Projects Fund was a result of a temporary cash deficit in the capital projects fund.

Advances To/From Other Funds

| Funds | Advances From Other Funds: | | Total |
|--------------------------|----------------------------|-----------------------------------|---------------------|
| | RDA Capital Projects | Nonmajor Governmental Funds | |
| Advances to Other Funds: | | | |
| General | <u>\$ 7,217,888</u> | <u>\$ 713,517</u> | <u>\$ 7,931,405</u> |

The City has advanced \$7,217,888 to the Redevelopment Agency to fund redevelopment projects. The General Fund has advanced \$99,430 to the Laurel Avenue Trust Fund to fund capital improvements to donated property and has advanced \$614,087 to the West Hollywood Library Fund to fund its operating costs.

Note 11: Interfund Receivables, Payables and Transfers (Continued)

| | Transfers Out | | | Total |
|------------------------------|---------------------|-----------------------------------|----------------------|---------------------|
| | General Fund | Redevelopment Agency Debt Service | Nonmajor Govt. Funds | |
| Transfers In: | | | | |
| Redevelopment Agency | | | | |
| Capital Projects | \$ - | \$ 1,089,934 | \$ - | \$ 1,089,934 |
| Debt Funded Capital Projects | - | - | 2,000,000 | 2,000,000 |
| Nonmajor Governmental Funds | 1,873,895 | - | 486,621 | 2,360,516 |
| Nonmajor Enterprise Funds | 100,000 | - | - | 100,000 |
| Total | <u>\$ 1,973,895</u> | <u>\$ 1,089,934</u> | <u>\$ 2,486,621</u> | <u>\$ 5,550,450</u> |

Interfund Transfers

The General Fund made a transfer of \$575,441 to the Sunset Mitigation Fund along with a transfer from the Parking Improvement Fund of \$486,621 to subsidize their operations. The General Fund also made a transfer of \$100,000 to the Street Maintenance Fund to subsidize its operations and a transfer of \$1,298,454 to the Capital Projects Debt Service Fund for predevelopment costs related to library construction. The Redevelopment Agency Debt Service Fund transferred \$1,089,934 to the Redevelopment Agency Capital Projects Fund for redevelopment purposes. The West Hollywood Library Fund transferred \$2,000,000 of its fundraising proceeds to the Debt Funded Capital Projects Fund for library construction.

Note 12: Fund Equity Restatements

Beginning fund equity has been restated as follows:

| | |
|---|-------------------|
| Governmental Activities: | |
| General Fund - to restate advance to WH Library Fund | \$ 326,026 |
| WH Library Fund - to restate beginning equity balance | <u>222,154</u> |
| Total Governmental Funds | 548,180 |
| Internal Service Fund - to restate prior capital assets | <u>(3,417)</u> |
| Total Governmental Activities | <u>\$ 544,763</u> |

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Note 13: Contractual Commitments

The City has entered into a contract with the Los Angeles County Sheriff's Department to provide law enforcement services in the City of West Hollywood. Approximately \$12.6 million was paid for these services in fiscal year 2008-2009.

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

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 12 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year. Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Loss development reserves are allocated by pool and by loss layer.

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

Workers' Compensation - The City of West Hollywood also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employers' liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

c. Purchased Insurance

Environmental Insurance - The City of West Hollywood participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of West Hollywood. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period

Note 14: Self-Insurance Contingencies (Continued)

from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

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

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

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Note 15: Litigation

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

Note 16: Subsequent EventsLocal Government Revenues Withheld by the State of California

On July 24, 2009, the State Legislature approved the "borrowing" of up to 8 percent of the local property tax under Proposition 1A (2004). The State of California is required to repay this obligation by June 30, 2013.

SERAF Tax Increment Revenue Shift for 2009-2010 and 2010-2011

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAF) and which is to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAF shift for fiscal year 2009-2010 and 2010-2011 will amount to approximately \$1,835,399 and \$377,876, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

Lease Revenue Bonds

The West Hollywood Public Financing Authority issued \$22,160,000 2009 Lease Revenue Bonds, Series A and \$34,780,000 2009 Taxable Lease Revenue Bonds, Series B in July 2009. The proceeds of the Series A Bonds will be used to (i) prepay the City's outstanding \$27,105,000 initial principal amount City of West Hollywood 1998 Refunding

Note 16: Subsequent Events (Continued)

Certificates of Participation which are currently outstanding in the principal amount of \$20,420,000, (ii) finance the acquisition and construction of certain public capital improvements of benefit to the City, (iii) provide for a debt service reserve fund for the 2009 Bonds, and (iv) pay the costs of issuing the Series A 2009 Bonds. The proceeds of the Series B 2009 Bonds will be used to (i) finance the acquisition and construction of the improvements, (ii) fund a debt service reserve fund for the 2009 Bonds, and (iii) pay the costs of issuing the Series B 2009 Bonds.

Interest will be payable semiannually. Interest rates on the Series A Bonds range from 2.0% to 5.0%, with maturity dates starting February 2010 and ending in February 2021. The Series B Bonds are term bonds with interest rates ranging from 7.25% to 8.25% and maturity dates from February 2024 through February 2039.

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SUPPLEMENTAL INFORMATION



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

Page 1 of 6

| | Special Revenue Funds | | | |
|---|------------------------------|----------------------|----------------------|-------------------|
| | Special Grant | Proposition A | Proposition C | Gas Tax |
| Assets: | | | | |
| Pooled cash and investments | \$ 153,805 | \$ 3,253,351 | \$ 731,834 | \$ 468,725 |
| Receivables: | | | | |
| Accounts | - | 37,237 | - | - |
| Taxes | - | - | - | - |
| Loans | - | - | - | - |
| Allowance for loan forgiveness | - | - | - | - |
| Accrued interest | - | 13,530 | 3,081 | 2,220 |
| Prepaid costs | - | - | - | - |
| Due from other governments | 571,029 | - | - | 127,043 |
| Inventories | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 724,834 | \$ 3,304,118 | \$ 734,915 | \$ 597,988 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 50,580 | \$ 69,730 | \$ 58,577 | \$ 78,155 |
| Accrued liabilities | - | - | - | - |
| Deferred revenues | 219,115 | - | - | - |
| Unearned revenues | 37,789 | - | - | - |
| Deposits payable | 9,637 | - | 6,448 | 19,593 |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 317,121 | 69,730 | 65,025 | 97,748 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | 116,621 | - | 116,694 | 227,645 |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for inventory | - | - | - | - |
| Unreserved: | | | | |
| Designated for capital improvement projects | 116,804 | - | - | - |
| Designated for debt service | - | - | - | - |
| Undesignated | 174,288 | 3,234,388 | 553,196 | 272,595 |
| Total Fund Balances | 407,713 | 3,234,388 | 669,890 | 500,240 |
| Total Liabilities and Fund Balances | \$ 724,834 | \$ 3,304,118 | \$ 734,915 | \$ 597,988 |

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

(Continued)

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Special Revenue Funds

| | Air Quality Improvement | Traffic | Public Beautification and Art | Quimby Act |
|---|----------------------------|-------------------|-------------------------------------|---------------------|
| Assets: | | | | |
| Pooled cash and investments | \$ 235,511 | \$ 865,347 | \$ 1,047,768 | \$ 1,056,508 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Taxes | - | - | - | - |
| Loans | - | - | - | - |
| Allowance for loan forgiveness | - | - | - | - |
| Accrued interest | 948 | 3,614 | 4,370 | 4,644 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Inventories | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 236,459 | \$ 868,961 | \$ 1,052,138 | \$ 1,061,152 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 5,719 | \$ 1,086 | \$ 223,776 |
| Accrued liabilities | - | - | - | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | - | - | 567,155 | - |
| Deposits payable | - | - | - | 59,200 |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | - | 5,719 | 568,241 | 282,976 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | 48,677 | 30,858 | 224,398 |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for inventory | - | - | - | - |
| Unreserved: | | | | |
| Designated for capital improvement projects | - | - | - | - |
| Designated for debt service | - | - | - | - |
| Undesignated | 236,459 | 814,565 | 453,039 | 553,778 |
| Total Fund Balances | 236,459 | 863,242 | 483,897 | 778,176 |
| Total Liabilities and Fund Balances | \$ 236,459 | \$ 868,961 | \$ 1,052,138 | \$ 1,061,152 |

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

Page 3 of 6

Special Revenue Funds

| | City Lighting | Public Access | Parking Improvement | Permit Parking |
|---|-------------------|------------------|---------------------|-----------------|
| Assets: | | | | |
| Pooled cash and investments | \$ 445,438 | \$ 90,055 | \$ 7,005,993 | \$ - |
| Receivables: | | | | |
| Accounts | - | - | 35,423 | - |
| Taxes | - | - | - | - |
| Loans | - | - | - | - |
| Allowance for loan forgiveness | - | - | - | - |
| Accrued interest | 1,973 | 367 | 26,553 | 7 |
| Prepaid costs | - | - | 19,995 | - |
| Due from other governments | 35,283 | - | - | - |
| Inventories | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 482,694 | \$ 90,422 | \$ 7,087,964 | \$ 7 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 63,958 | \$ 22,942 | \$ 802,554 | \$ 28,735 |
| Accrued liabilities | - | - | - | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | - | - | 237,717 | - |
| Deposits payable | 604 | - | 31,368 | - |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | 21,564 |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 64,562 | 22,942 | 1,071,639 | 50,299 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | 55,968 | 12,500 | 10,206,471 | 5,021 |
| Reserved for prepaid costs | - | - | 19,995 | - |
| Reserved for inventory | - | - | - | - |
| Unreserved: | | | | |
| Designated for capital improvement projects | - | - | - | - |
| Designated for debt service | - | - | - | - |
| Undesignated | 362,164 | 54,980 | (4,210,141) | (55,313) |
| Total Fund Balances | 418,132 | 67,480 | 6,016,325 | (50,292) |
| Total Liabilities and Fund Balances | \$ 482,694 | \$ 90,422 | \$ 7,087,964 | \$ 7 |

CITY OF WEST HOLLYWOOD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

(Continued)

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Special Revenue Funds

| | CDBG | Housing Trust | Sunset Mitigation | Avenues of Art and Design |
|---|-------------------|-------------------|-------------------|---------------------------|
| Assets: | | | | |
| Pooled cash and investments | \$ - | \$ 920,127 | \$ - | \$ 1,219 |
| Receivables: | | | | |
| Accounts | - | - | 819,299 | 13,320 |
| Taxes | - | - | - | - |
| Loans | 959,024 | 17,132,936 | - | - |
| Allowance for loan forgiveness | - | (17,132,936) | - | - |
| Accrued interest | - | 18,007 | - | - |
| Prepaid costs | - | 3,246 | - | - |
| Due from other governments | 35,501 | - | - | - |
| Inventories | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 994,525 | \$ 941,380 | \$ 819,299 | \$ 14,539 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 14,282 | \$ 68,112 | \$ - | \$ 19,194 |
| Accrued liabilities | - | - | - | 1,757 |
| Deferred revenues | 1 | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other governments | 959,024 | - | - | - |
| Due to other funds | 21,218 | - | 1,013,976 | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 994,525 | 68,112 | 1,013,976 | 20,951 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | 1,528,457 | - | - |
| Reserved for prepaid costs | - | 3,246 | - | - |
| Reserved for inventory | - | - | - | - |
| Unreserved: | | | | |
| Designated for capital improvement projects | - | - | - | - |
| Designated for debt service | - | - | - | - |
| Undesignated | - | (658,435) | (194,677) | (6,412) |
| Total Fund Balances | - | 873,268 | (194,677) | (6,412) |
| Total Liabilities and Fund Balances | \$ 994,525 | \$ 941,380 | \$ 819,299 | \$ 14,539 |

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

Page 5 of 6

| | Special Revenue Funds | Capital Projects Funds | | |
|---|-----------------------------------|-------------------------|---------------------------|--|
| | West Hollywood Library Fund | Community Facilities | Santa Monica Boulevard | General Reserves Capital Projects |
| Assets: | | | | |
| Pooled cash and investments | \$ 416,323 | \$ - | \$ 6,704,359 | \$ - |
| Receivables: | | | | |
| Accounts | 1,179,488 | - | 3,168 | - |
| Taxes | - | - | - | - |
| Loans | - | - | - | - |
| Allowance for loan forgiveness | - | - | - | - |
| Accrued interest | - | - | 27,550 | - |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Inventories | 770 | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | 2,371 | - | - |
| Total Assets | \$ 1,596,581 | \$ 2,371 | \$ 6,735,077 | \$ - |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 920 | \$ - | \$ - | \$ 21,914 |
| Accrued liabilities | - | - | - | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | 16,655 |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | 506,454 |
| Advances from other funds | 614,087 | - | - | - |
| Total Liabilities | 615,007 | - | - | 545,023 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | - | - | - |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for inventory | 770 | - | - | - |
| Unreserved: | | | | |
| Designated for capital improvement projects | 980,804 | - | 6,578,342 | - |
| Designated for debt service | - | - | - | - |
| Undesignated | - | 2,371 | 156,735 | (545,023) |
| Total Fund Balances | 981,574 | 2,371 | 6,735,077 | (545,023) |
| Total Liabilities and Fund Balances | \$ 1,596,581 | \$ 2,371 | \$ 6,735,077 | \$ - |

CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

Page 6 of 6

| | <u>Capital Projects Funds</u> | <u>Debt Service Fund</u> | <u>Permanent Fund</u> | |
|---|--|--|--------------------------------|---|
| | <u>Redevelopment Agency Low & Moderate Housing</u> | <u>Capital Projects Debt Service</u> | <u>Laurel Avenue Trust</u> | <u>Total Governmental Funds</u> |
| Assets: | | | | |
| Pooled cash and investments | \$ 2,978,182 | \$ 7,845,437 | \$ 91,379 | \$ 34,311,361 |
| Receivables: | | | | |
| Accounts | - | - | - | 2,087,935 |
| Taxes | - | - | - | - |
| Loans | 2,493,049 | - | - | 20,585,009 |
| Allowance for loan forgiveness | (2,493,049) | - | - | (19,625,985) |
| Accrued interest | 11,892 | 24,284 | 376 | 143,416 |
| Prepaid costs | - | - | - | 23,241 |
| Due from other governments | 45,370 | - | - | 814,226 |
| Inventories | - | - | - | 770 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 239,575 | 2,003,323 | - | 2,245,269 |
| Total Assets | \$ 3,275,019 | \$ 9,873,044 | \$ 91,755 | \$ 40,585,242 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 1,530,234 |
| Accrued liabilities | - | - | - | 1,757 |
| Deferred revenues | - | - | - | 219,116 |
| Unearned revenues | - | - | - | 842,661 |
| Deposits payable | - | - | - | 143,505 |
| Due to other governments | - | - | - | 959,024 |
| Due to other funds | - | - | - | 1,563,212 |
| Advances from other funds | - | - | 99,430 | 713,517 |
| Total Liabilities | - | - | 99,430 | 5,973,026 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | - | - | 12,573,310 |
| Reserved for prepaid costs | - | - | - | 23,241 |
| Reserved for inventory | - | - | - | 770 |
| Unreserved: | | | | |
| Designated for capital improvement projects | - | - | - | 7,675,950 |
| Designated for debt service | - | 8,774,863 | - | 8,774,863 |
| Undesignated | 3,275,019 | 1,098,181 | (7,675) | 5,564,082 |
| Total Fund Balances | 3,275,019 | 9,873,044 | (7,675) | 34,612,216 |
| Total Liabilities and Fund Balances | \$ 3,275,019 | \$ 9,873,044 | \$ 91,755 | \$ 40,585,242 |

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

Page 1 of 6

| | Special Revenue Funds | | | |
|--|------------------------------|----------------------|----------------------|-------------------|
| | Special Grant | Proposition A | Proposition C | Gas Tax |
| Revenues: | | | | |
| Taxes | \$ - | \$ 543,115 | \$ 453,706 | \$ - |
| Intergovernmental | 2,152,591 | 3,373,048 | - | 922,761 |
| Charges for services | - | - | - | - |
| Use of money and property | - | 71,088 | 20,375 | 15,672 |
| Fines and forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Developer participation | - | - | - | - |
| Miscellaneous | - | 47,682 | - | - |
| Total Revenues | 2,152,591 | 4,034,933 | 474,081 | 938,433 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 129,035 | - | - | - |
| Public services | 1,051,677 | 2,003,778 | 241,504 | 647,651 |
| Capital outlay | 455,848 | 201,819 | 314,815 | 411,507 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 1,636,560 | 2,205,597 | 556,319 | 1,059,158 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 516,031 | 1,829,336 | (82,238) | (120,725) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital asset | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | 516,031 | 1,829,336 | (82,238) | (120,725) |
| Fund Balances, Beginning of Year | (108,318) | 1,405,052 | 752,128 | 620,965 |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | (108,318) | 1,405,052 | 752,128 | 620,965 |
| Fund Balances, End of Year | \$ 407,713 | \$ 3,234,388 | \$ 669,890 | \$ 500,240 |

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

(Continued)

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| | Special Revenue Funds | | | |
|--|------------------------------------|-------------------|--|-------------------|
| | Air Quality Improvement | Traffic | Public Beautification and Art | Quimby Act |
| Revenues: | | | | |
| Taxes | \$ 43,816 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Charges for services | - | - | - | - |
| Use of money and property | 5,444 | 23,975 | 24,388 | 41,698 |
| Fines and forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Developer participation | - | 36,448 | 107,790 | 21,520 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 49,260 | 60,423 | 132,178 | 63,218 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | 178,983 | - |
| Public safety | - | - | - | - |
| Public services | 8,480 | 131,033 | - | - |
| Capital outlay | - | 22,680 | - | 1,066,755 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 8,480 | 153,713 | 178,983 | 1,066,755 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 40,780 | (93,290) | (46,805) | (1,003,537) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital asset | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | 40,780 | (93,290) | (46,805) | (1,003,537) |
| Fund Balances, Beginning of Year | 195,679 | 956,532 | 530,702 | 1,781,713 |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | 195,679 | 956,532 | 530,702 | 1,781,713 |
| Fund Balances, End of Year | \$ 236,459 | \$ 863,242 | \$ 483,897 | \$ 778,176 |

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

Page 3 of 6

| | Special Revenue Funds | | | |
|--|------------------------------|----------------------|--------------------------------|---------------------------|
| | City Lighting | Public Access | Parking Improvement | Permit Parking |
| Revenues: | | | | |
| Taxes | \$ 774,892 | \$ 99,779 | \$ - | \$ - |
| Intergovernmental | 6,449 | - | - | - |
| Charges for services | - | - | - | - |
| Use of money and property | 6,717 | 3,286 | 1,781,559 | 775,169 |
| Fines and forfeitures | - | - | 796,037 | - |
| Contributions | - | - | - | - |
| Developer participation | - | - | 100,994 | - |
| Miscellaneous | 13,093 | 600 | 35,423 | - |
| Total Revenues | 801,151 | 103,665 | 2,714,013 | 775,169 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 211,005 | - | - |
| Public safety | - | - | - | - |
| Public services | 654,982 | - | 678,644 | 706,460 |
| Capital outlay | - | - | 1,236,912 | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 654,982 | 211,005 | 1,915,556 | 706,460 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 146,169 | (107,340) | 798,457 | 68,709 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (486,621) | - |
| Proceeds from sale of capital asset | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | (486,621) | - |
| Net Change in Fund Balances | 146,169 | (107,340) | 311,836 | 68,709 |
| Fund Balances, Beginning of Year | 271,963 | 174,820 | 5,704,489 | (119,001) |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | 271,963 | 174,820 | 5,704,489 | (119,001) |
| Fund Balances, End of Year | \$ 418,132 | \$ 67,480 | \$ 6,016,325 | \$ (50,292) |

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

(Continued)

Page 4 of 6

| | Special Revenue Funds | | | |
|--|------------------------------|----------------------|------------------------------|--------------------------------------|
| | CDBG | Housing Trust | Sunset Mitigation | Avenues of Art and Design |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 110,460 | - | - | - |
| Charges for services | - | - | 599,053 | 157,367 |
| Use of money and property | - | 228,510 | - | - |
| Fines and forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Developer participation | - | 78,409 | - | - |
| Miscellaneous | 9 | - | - | - |
| Total Revenues | 110,469 | 306,919 | 599,053 | 157,367 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | 591,500 | 156,414 |
| Public safety | - | - | 575,441 | - |
| Public services | 110,460 | 9,750,484 | - | - |
| Capital outlay | - | 359,535 | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 110,460 | 10,110,019 | 1,166,941 | 156,414 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 9 | (9,803,100) | (567,888) | 953 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 575,441 | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital asset | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | 575,441 | - |
| Net Change in Fund Balances | 9 | (9,803,100) | 7,553 | 953 |
| Fund Balances, Beginning of Year | (9) | 10,676,368 | (202,230) | (7,365) |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | (9) | 10,676,368 | (202,230) | (7,365) |
| Fund Balances, End of Year | \$ - | \$ 873,268 | \$ (194,677) | \$ (6,412) |

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

Page 5 of 6

| | Special Revenue Funds | Capital Projects Funds | | |
|--|-----------------------------------|-------------------------|---------------------------|--|
| | West Hollywood Library Fund | Community Facilities | Santa Monica Boulevard | General Reserves Capital Projects |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Charges for services | - | - | - | - |
| Use of money and property | 3,551 | 171 | 181,635 | - |
| Fines and forfeitures | - | - | - | - |
| Contributions | 3,049,373 | - | - | - |
| Developer participation | - | - | - | - |
| Miscellaneous | 87,808 | - | - | - |
| Total Revenues | 3,140,732 | 171 | 181,635 | - |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 31,228 | - | - |
| Public safety | - | - | - | - |
| Public services | 381,312 | - | - | - |
| Capital outlay | - | - | 24,900 | 388,148 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 381,312 | 31,228 | 24,900 | 388,148 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,759,420 | (31,057) | 156,735 | (388,148) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (2,000,000) | - | - | - |
| Proceeds from sale of capital asset | - | - | - | - |
| Total Other Financing Sources (Uses) | (2,000,000) | - | - | - |
| Net Change in Fund Balances | 759,420 | (31,057) | 156,735 | (388,148) |
| Fund Balances, Beginning of Year | - | 33,428 | 6,578,342 | (156,875) |
| Restatements | 222,154 | - | - | - |
| Fund Balances, Beginning of Year, as Restated | 222,154 | 33,428 | 6,578,342 | (156,875) |
| Fund Balances, End of Year | \$ 981,574 | \$ 2,371 | \$ 6,735,077 | \$ (545,023) |

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

Page 6 of 6

| | Capital Projects Funds | Debt Service Fund | Permanent Fund | Total Governmental Funds |
|--|--|-------------------------------------|---------------------------|--------------------------------|
| | Redevelopment Agency Low & Moderate Housing | Capital Projects Debt Service | Laurel Avenue Trust | |
| Revenues: | | | | |
| Taxes | \$ 1,542,931 | \$ - | \$ - | \$ 3,458,239 |
| Intergovernmental | - | - | - | 6,565,309 |
| Charges for services | - | - | - | 756,420 |
| Use of money and property | 35,919 | 1,130,619 | 2,451 | 4,352,227 |
| Fines and forfeitures | - | - | - | 796,037 |
| Contributions | - | - | - | 3,049,373 |
| Developer participation | - | - | - | 345,161 |
| Miscellaneous | - | - | - | 184,615 |
| Total Revenues | 1,578,850 | 1,130,619 | 2,451 | 19,507,381 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 24,625 | - | - | 1,193,755 |
| Public safety | - | - | - | 704,476 |
| Public services | - | - | 301 | 16,366,766 |
| Capital outlay | - | - | - | 4,482,919 |
| Debt service: | | | | |
| Principal retirement | 65,425 | 765,000 | - | 830,425 |
| Interest and fiscal charges | 174,264 | 1,052,513 | - | 1,226,777 |
| Total Expenditures | 264,314 | 1,817,513 | 301 | 24,805,118 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,314,536 | (686,894) | 2,150 | (5,297,737) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 1,785,075 | - | 2,360,516 |
| Transfers out | - | - | - | (2,486,621) |
| Proceeds from sale of capital asset | 91 | - | - | 91 |
| Total Other Financing Sources (Uses) | 91 | 1,785,075 | - | (126,014) |
| Net Change in Fund Balances | 1,314,627 | 1,098,181 | 2,150 | (5,423,751) |
| Fund Balances, Beginning of Year | 1,960,392 | 8,774,863 | (9,825) | 39,813,813 |
| Restatements | - | - | - | 222,154 |
| Fund Balances, Beginning of Year, as Restated | 1,960,392 | 8,774,863 | (9,825) | 40,035,967 |
| Fund Balances, End of Year | \$ 3,275,019 | \$ 9,873,044 | \$ (7,675) | \$ 34,612,216 |

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SPECIAL REVENUE FUNDS

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

AIR QUALITY IMPROVEMENT FUND:

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

AVENUES OF ART AND DESIGN FUND:

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

CITY LIGHTING FUND:

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

COMMUNITY DEVELOPMENT BLOCK GRANT FUND (CDBG):

This U.S. Department of Housing and Urban Development grant provides resources for revitalization of low income urban areas, including beautification of the East Side, rehabilitation of low-income rental housing, shelter for the homeless, and assistance to low-income business owners.

GAS TAX FUND:

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

HOUSING TRUST FUND:

This fund is used to account for the fees paid by developers of residential properties, as required by City Ordinance. The fees are used to create affordable housing, which includes long term loans to non-profit developers to provide housing to low income residents.

PARK DEVELOPMENT FUND (QUIMBY ACT):

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

PARKING IMPROVEMENT FUND:

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

PERMIT PARKING FUND:

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

PROPOSITION "A" FUND:

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

PROPOSITION "C" FUND:

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

PUBLIC BEAUTIFICATION AND ART FUND:

City Ordinance requires the developer of new projects to either submit an art plan to be approved by the Fine Arts Advisory Board or make a contribution to the Public Beautification and Art Fund in an amount established by resolution of the City Council. These funds are to be used for beautification of the City.

PUBLIC ACCESS CORPORATION FUND:

This Fund receives 1% of the Franchise Fees paid to the General Fund by the local cable company. The money is restricted to the use of the community channel 36 operation.

SPECIAL GRANTS FUND

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

SUNSET MITIGATION FUND:

The City established a Sunset Boulevard Business Improvement District effective July 1, 2002. This fund is used to account for the annual assessments and expenditures within the District.

TRAFFIC FUND:

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

WEST HOLLYWOOD LIBRARY FUND:

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

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
SPECIAL GRANT
YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (108,318) | \$ (108,318) | \$ (108,318) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 1,080,987 | 3,863,588 | 2,152,591 | (1,710,997) |
| Amounts Available for Appropriation | 972,669 | 3,755,270 | 2,044,273 | (1,710,997) |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 100,000 | 140,318 | 129,035 | 11,283 |
| Public services | 980,987 | 1,004,299 | 1,051,677 | (47,378) |
| Capital outlay | - | 2,732,991 | 455,848 | 2,277,143 |
| Total Charges to Appropriations | 1,080,987 | 3,877,608 | 1,636,560 | 2,241,048 |
| Budgetary Fund Balance, June 30 | \$ (108,318) | \$ (122,338) | \$ 407,713 | \$ 530,051 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,405,052 | \$ 1,405,052 | \$ 1,405,052 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 582,000 | 582,000 | 543,115 | (38,885) |
| Intergovernmental | 667,500 | 3,459,227 | 3,373,048 | (86,179) |
| Use of money and property | 5,000 | 5,000 | 71,088 | 66,088 |
| Miscellaneous | 50,000 | 50,000 | 47,682 | (2,318) |
| Amounts Available for Appropriation | 2,709,552 | 5,501,279 | 5,439,985 | (61,294) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 2,293,142 | 2,293,142 | 2,003,778 | 289,364 |
| Capital outlay | 312,000 | 312,000 | 201,819 | 110,181 |
| Total Charges to Appropriations | 2,605,142 | 2,605,142 | 2,205,597 | 399,545 |
| Budgetary Fund Balance, June 30 | \$ 104,410 | \$ 2,896,137 | \$ 3,234,388 | \$ 338,251 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 752,128 | \$ 752,128 | \$ 752,128 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 500,000 | 500,000 | 453,706 | (46,294) |
| Use of money and property | 12,000 | 12,000 | 20,375 | 8,375 |
| Amounts Available for Appropriation | 1,264,128 | 1,264,128 | 1,226,209 | (37,919) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 301,881 | 301,881 | 241,504 | 60,377 |
| Capital outlay | 300,000 | 715,878 | 314,815 | 401,063 |
| Total Charges to Appropriations | 601,881 | 1,017,759 | 556,319 | 461,440 |
| Budgetary Fund Balance, June 30 | \$ 662,247 | \$ 246,369 | \$ 669,890 | \$ 423,521 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|--------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 620,965 | \$ 620,965 | \$ 620,965 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 696,000 | 697,574 | 922,761 | 225,187 |
| Use of money and property | 1,000 | 1,000 | 15,672 | 14,672 |
| Amounts Available for Appropriation | 1,317,965 | 1,319,539 | 1,559,398 | 239,859 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 712,789 | 946,008 | 647,651 | 298,357 |
| Capital outlay | - | 471,583 | 411,507 | 60,076 |
| Total Charges to Appropriations | 712,789 | 1,417,591 | 1,059,158 | 358,433 |
| Budgetary Fund Balance, June 30 | \$ 605,176 | \$ (98,052) | \$ 500,240 | \$ 598,292 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 195,679 | \$ 195,679 | \$ 195,679 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 44,000 | 44,000 | 43,816 | (184) |
| Use of money and property | 2,500 | 2,500 | 5,444 | 2,944 |
| Amounts Available for Appropriation | 242,179 | 242,179 | 244,939 | 2,760 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 23,440 | 23,440 | 8,480 | 14,960 |
| Capital outlay | 10,000 | 49,000 | - | 49,000 |
| Total Charges to Appropriations | 33,440 | 72,440 | 8,480 | 63,960 |
| Budgetary Fund Balance, June 30 | \$ 208,739 | \$ 169,739 | \$ 236,459 | \$ 66,720 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 956,532 | \$ 956,532 | \$ 956,532 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 7,000 | 7,000 | 23,975 | 16,975 |
| Developer participation | 10,000 | 10,000 | 36,448 | 26,448 |
| Amounts Available for Appropriation | 973,532 | 973,532 | 1,016,955 | 43,423 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 149,561 | 149,561 | 131,033 | 18,528 |
| Capital outlay | 20,000 | 87,775 | 22,680 | 65,095 |
| Total Charges to Appropriations | 169,561 | 237,336 | 153,713 | 83,623 |
| Budgetary Fund Balance, June 30 | \$ 803,971 | \$ 736,196 | \$ 863,242 | \$ 127,046 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
PUBLIC BEAUTIFICATION AND ART
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 530,702 | \$ 530,702 | \$ 530,702 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 6,000 | 6,000 | 24,388 | 18,388 |
| Developer participation | - | - | 107,790 | 107,790 |
| Amounts Available for Appropriation | 536,702 | 536,702 | 662,880 | 126,178 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 202,000 | 241,465 | 178,983 | 62,482 |
| Total Charges to Appropriations | 202,000 | 241,465 | 178,983 | 62,482 |
| Budgetary Fund Balance, June 30 | \$ 334,702 | \$ 295,237 | \$ 483,897 | \$ 188,660 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 QUMBY ACT
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,781,713 | \$ 1,781,713 | \$ 1,781,713 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 4,000 | 4,000 | 41,698 | 37,698 |
| Developer participation | - | - | 21,520 | 21,520 |
| Amounts Available for Appropriation | 1,785,713 | 1,785,713 | 1,844,931 | 59,218 |
| Charges to Appropriation (Outflow): | | | | |
| Capital outlay | 525,000 | 1,387,206 | 1,066,755 | 320,451 |
| Total Charges to Appropriations | 525,000 | 1,387,206 | 1,066,755 | 320,451 |
| Budgetary Fund Balance, June 30 | \$ 1,260,713 | \$ 398,507 | \$ 778,176 | \$ 379,669 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 CITY LIGHTING
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 271,963 | \$ 271,963 | \$ 271,963 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 662,000 | 662,000 | 774,892 | 112,892 |
| Intergovernmental | 6,000 | 6,000 | 6,449 | 449 |
| Use of money and property | 2,500 | 2,500 | 6,717 | 4,217 |
| Miscellaneous | - | - | 13,093 | 13,093 |
| Amounts Available for Appropriation | 942,463 | 942,463 | 1,073,114 | 130,651 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 620,701 | 669,940 | 654,982 | 14,958 |
| Total Charges to Appropriations | 620,701 | 669,940 | 654,982 | 14,958 |
| Budgetary Fund Balance, June 30 | \$ 321,762 | \$ 272,523 | \$ 418,132 | \$ 145,609 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
PUBLIC ACCESS
YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 174,820 | \$ 174,820 | \$ 174,820 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 75,000 | 75,000 | 99,779 | 24,779 |
| Use of money and property | 4,000 | 4,000 | 3,286 | (714) |
| Miscellaneous | 2,000 | 2,000 | 600 | (1,400) |
| Amounts Available for Appropriation | 255,820 | 255,820 | 278,485 | 22,665 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 125,542 | 223,542 | 211,005 | 12,537 |
| Total Charges to Appropriations | 125,542 | 223,542 | 211,005 | 12,537 |
| Budgetary Fund Balance, June 30 | \$ 130,278 | \$ 32,278 | \$ 67,480 | \$ 35,202 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
PARKING IMPROVEMENT
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$5,704,489 | \$ 5,704,489 | \$ 5,704,489 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 1,515,000 | 1,515,000 | 1,781,559 | 266,559 |
| Fines and forfeitures | 750,000 | 750,000 | 796,037 | 46,037 |
| Developer participation | 11,000 | 11,000 | 100,994 | 89,994 |
| Miscellaneous | - | - | 35,423 | 35,423 |
| Amounts Available for Appropriation | 7,980,489 | 7,980,489 | 8,418,502 | 438,013 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 717,298 | 777,251 | 678,644 | 98,607 |
| Capital outlay | 1,800,000 | 1,818,573 | 1,236,912 | 581,661 |
| Transfers out | 486,621 | 486,621 | 486,621 | - |
| Total Charges to Appropriations | 3,003,919 | 3,082,445 | 2,402,177 | 680,268 |
| Budgetary Fund Balance, June 30 | \$4,976,570 | \$ 4,898,044 | \$ 6,016,325 | \$ 1,118,281 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PERMIT PARKING
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|---------------------|--------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (119,001) | \$ (119,001) | \$ (119,001) | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 790,000 | 780,000 | 775,169 | (4,831) |
| Amounts Available for Appropriation | 670,999 | 660,999 | 656,168 | (4,831) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 757,063 | 774,114 | 706,460 | 67,654 |
| Total Charges to Appropriations | 757,063 | 774,114 | 706,460 | 67,654 |
| Budgetary Fund Balance, June 30 | \$ (86,064) | \$ (113,115) | \$ (50,292) | \$ 62,823 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 CDBG
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------|----------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (9) | \$ (9) | \$ (9) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 313,599 | 313,599 | 110,460 | (203,139) |
| Miscellaneous | - | - | 9 | 9 |
| Amounts Available for Appropriation | 313,590 | 313,590 | 110,460 | (203,130) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 313,599 | 313,599 | 110,460 | 203,139 |
| Total Charges to Appropriations | 313,599 | 313,599 | 110,460 | 203,139 |
| Budgetary Fund Balance, June 30 | \$ (9) | \$ (9) | \$ - | \$ 9 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
HOUSING TRUST
YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$10,676,368 | \$10,676,368 | \$ 10,676,368 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 15,000 | 15,000 | 228,510 | 213,510 |
| Developer participation | 157,000 | 157,000 | 78,409 | (78,591) |
| Amounts Available for Appropriation | 10,848,368 | 10,848,368 | 10,983,287 | 134,919 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 331,000 | 10,653,055 | 9,750,484 | 902,571 |
| Capital outlay | 1,000,000 | 2,898,252 | 359,535 | 2,538,717 |
| Total Charges to Appropriations | 1,331,000 | 13,551,307 | 10,110,019 | 3,441,288 |
| Budgetary Fund Balance, June 30 | \$ 9,517,368 | \$ (2,702,939) | \$ 873,268 | \$ 3,576,207 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
SUNSET MITIGATION
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (202,230) | \$ (202,230) | \$ (202,230) | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | 600,000 | 600,000 | 599,053 | (947) |
| Transfers in | 575,441 | 575,441 | 575,441 | - |
| Amounts Available for Appropriation | 973,211 | 973,211 | 972,264 | (947) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 591,500 | 591,500 | 591,500 | - |
| Public safety | 575,441 | 575,441 | 575,441 | - |
| Total Charges to Appropriations | 1,166,941 | 1,166,941 | 1,166,941 | - |
| Budgetary Fund Balance, June 30 | \$ (193,730) | \$ (193,730) | \$ (194,677) | \$ (947) |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 AVENUES OF ART AND DESIGN
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (7,365) | \$ (7,365) | \$ (7,365) | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | 157,300 | 157,300 | 157,367 | 67 |
| Amounts Available for Appropriation | 149,935 | 149,935 | 150,002 | 67 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 156,640 | 156,640 | 156,414 | 226 |
| Total Charges to Appropriations | 156,640 | 156,640 | 156,414 | 226 |
| Budgetary Fund Balance, June 30 | \$ (6,705) | \$ (6,705) | \$ (6,412) | \$ 293 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
WEST HOLLYWOOD LIBRARY FUND
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 222,154 | \$ 222,154 | \$ 222,154 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 3,551 | 3,551 |
| Contributions | 5,742,750 | 5,742,750 | 3,049,373 | (2,693,377) |
| Miscellaneous | - | - | 87,808 | 87,808 |
| Amounts Available for Appropriation | 5,964,904 | 5,964,904 | 3,362,886 | (2,602,018) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 277,882 | 277,882 | 381,312 | (103,430) |
| Transfers out | - | - | 2,000,000 | (2,000,000) |
| Total Charges to Appropriations | 277,882 | 277,882 | 2,381,312 | (2,103,430) |
| Budgetary Fund Balance, June 30 | \$ 5,687,022 | \$ 5,687,022 | \$ 981,574 | \$ (4,705,448) |

CAPITAL PROJECT FUNDS

DEBT FUNDED CAPITAL IMPROVEMENT FUND:

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

GENERAL RESERVES CAPITAL PROJECTS:

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

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND:

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

REDEVELOPMENT AGENCY LOW & MODERATE FUND:

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

SANTA MONICA BOULEVARD FUND:

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

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
DEBT FUNDED CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|------------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (2,150,885) | \$ (2,150,885) | \$ (2,150,885) | \$ - |
| Resources (Inflows): | | | | |
| Contributions | - | - | 73,612 | 73,612 |
| Transfers in | - | - | 2,000,000 | 2,000,000 |
| Amounts Available for Appropriation | (2,150,885) | (2,150,885) | (77,273) | 2,073,612 |
| Charges to Appropriation (Outflow): | | | | |
| General government | - | - | 1,381 | (1,381) |
| Capital outlay | 5,021,250 | 9,580,734 | 8,037,399 | 1,543,335 |
| Total Charges to Appropriations | 5,021,250 | 9,580,734 | 8,038,780 | 1,541,954 |
| Budgetary Fund Balance, June 30 | \$ (7,172,135) | \$ (11,731,619) | \$ (8,116,053) | \$ 3,615,566 |

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 SANTA MONICA BOULEVARD
 YEAR ENDED JUNE 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 6,578,342 | \$ 6,578,342 | \$ 6,578,342 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 181,635 | 181,635 |
| Amounts Available for Appropriation | 6,578,342 | 6,578,342 | 6,759,977 | 181,635 |
| Charges to Appropriation (Outflow): | | | | |
| Capital outlay | - | 50,000 | 24,900 | 25,100 |
| Total Charges to Appropriations | - | 50,000 | 24,900 | 25,100 |
| Budgetary Fund Balance, June 30 | \$ 6,578,342 | \$ 6,528,342 | \$ 6,735,077 | \$ 206,735 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
GENERAL RESERVES CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (156,875) | \$ (156,875) | \$ (156,875) | \$ - |
| Resources (Inflows): | | | | |
| Transfers in | 4,750,000 | 4,750,000 | - | (4,750,000) |
| Amounts Available for Appropriation | 4,593,125 | 4,593,125 | (156,875) | (4,750,000) |
| Charges to Appropriation (Outflow): | | | | |
| Capital outlay | - | 5,213,148 | 388,148 | 4,825,000 |
| Total Charges to Appropriations | - | 5,213,148 | 388,148 | 4,825,000 |
| Budgetary Fund Balance, June 30 | \$ 4,593,125 | \$ (620,023) | \$ (545,023) | \$ 75,000 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------------|------------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (8,809,579) | \$ (8,809,579) | \$ (8,809,579) | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 60,000 | 60,000 | 80,004 | 20,004 |
| Transfers in | - | - | 1,089,934 | 1,089,934 |
| Amounts Available for Appropriation | (8,749,579) | (8,749,579) | (7,639,641) | 1,109,938 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 1,059,021 | 1,168,544 | 989,003 | 179,541 |
| Capital outlay | 5,018,180 | 5,018,180 | 428,663 | 4,589,517 |
| Debt service: | | | | |
| Interest and fiscal charges | 375,000 | 375,000 | 387,889 | (12,889) |
| Total Charges to Appropriations | 6,452,201 | 6,561,724 | 1,805,555 | 4,756,169 |
| Budgetary Fund Balance, June 30 | \$ (15,201,780) | \$ (15,311,303) | \$ (9,445,196) | \$ 5,866,107 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING
 YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|--------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,960,392 | \$ 1,960,392 | \$ 1,960,392 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 1,000,000 | 1,000,000 | 1,542,931 | 542,931 |
| Use of money and property | - | - | 35,919 | 35,919 |
| Proceeds from sale of capital asset | - | - | 91 | 91 |
| Amounts Available for Appropriation | 2,960,392 | 2,960,392 | 3,539,333 | 578,941 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 100,000 | 100,000 | 24,625 | 75,375 |
| Capital outlay | 750,000 | 2,666,062 | - | 2,666,062 |
| Debt service: | | | | |
| Principal retirement | 65,446 | 65,446 | 65,425 | 21 |
| Interest and fiscal charges | 175,880 | 175,880 | 174,264 | 1,616 |
| Total Charges to Appropriations | 1,091,326 | 3,007,388 | 264,314 | 2,743,074 |
| Budgetary Fund Balance, June 30 | \$ 1,869,066 | \$ (46,996) | \$ 3,275,019 | \$ 3,322,015 |

DEBT SERVICE FUNDS**CAPITAL PROJECTS FUND:**

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

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

REDEVELOPMENT AGENCY FUND:

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

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS DEBT SERVICE
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 8,774,863 | \$ 8,774,863 | \$ 8,774,863 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 876,025 | 876,025 | 1,130,619 | 254,594 |
| Transfers in | 1,785,075 | 1,785,075 | 1,785,075 | - |
| Amounts Available for Appropriation | 11,435,963 | 11,435,963 | 11,690,557 | 254,594 |
| Charges to Appropriation (Outflow): | | | | |
| Debt service: | | | | |
| Principal retirement | 765,000 | 765,000 | 765,000 | - |
| Interest and fiscal charges | 1,080,075 | 1,080,075 | 1,052,513 | 27,562 |
| Total Charges to Appropriations | 1,845,075 | 1,845,075 | 1,817,513 | 27,562 |
| Budgetary Fund Balance, June 30 | \$ 9,590,888 | \$ 9,590,888 | \$ 9,873,044 | \$ 282,156 |

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY DEBT SERVICE
YEAR ENDED JUNE 30, 2009**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|----------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 11,230,162 | \$ 11,230,162 | \$ 11,230,162 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 3,425,000 | 3,425,000 | 4,439,662 | 1,014,662 |
| Use of money and property | 10,000 | 10,000 | 344,506 | 334,506 |
| Amounts Available for Appropriation | 14,665,162 | 14,665,162 | 16,014,330 | 1,349,168 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 130,000 | 130,000 | 134,373 | (4,373) |
| Debt service: | | | | |
| Principal retirement | 149,554 | 149,554 | 149,575 | (21) |
| Interest and fiscal charges | 405,415 | 405,415 | 398,408 | 7,007 |
| Transfers out | - | - | 1,089,934 | (1,089,934) |
| Total Charges to Appropriations | 684,969 | 684,969 | 1,772,290 | (1,087,321) |
| Budgetary Fund Balance, June 30 | \$ 13,980,193 | \$ 13,980,193 | \$ 14,242,040 | \$ 261,847 |

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PROPRIETARY FUNDS

LANDSCAPE DISTRICT FUND – ENTERPRISE:

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

SEWER CHARGE FUND – ENTERPRISE:

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

SEWER DISTRICT (CONSTRUCTION) FUND – ENTERPRISE:

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

SOLID WASTE FUND – ENTERPRISE:

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

STREET MAINTENANCE FUND – ENTERPRISE:

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

INFORMATION SYSTEMS MASTER PLAN FUND – INTERNAL SERVICE:

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

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2009**

| | Business-Type Activities - Enterprise Funds | | | | |
|--|--|--------------------|---------------------------|---------------------------|---------------------|
| | Sewer Charge | Solid Waste | Landscape District | Street Maintenance | Totals |
| Assets: | | | | | |
| Current: | | | | | |
| Cash and investments | \$ 475,171 | \$ 415,653 | \$ 158,900 | \$ 28,567 | \$ 1,078,291 |
| Receivables: | | | | | |
| Accounts | 229 | - | - | - | 229 |
| Accrued interest | 2,311 | 1,863 | 653 | - | 4,827 |
| Prepaid costs | - | 81,987 | - | - | 81,987 |
| Due from other governments | 15,273 | 29,384 | 7,485 | 7,765 | 59,907 |
| Total Current Assets | 492,984 | 528,887 | 167,038 | 36,332 | 1,225,241 |
| Noncurrent: | | | | | |
| Capital assets - net of accumulated depreciation | 316,531 | - | - | - | 316,531 |
| Total Noncurrent Assets | 316,531 | - | - | - | 316,531 |
| Total Assets | \$ 809,515 | \$ 528,887 | \$ 167,038 | \$ 36,332 | \$ 1,541,772 |
| Liabilities and Net Assets: | | | | | |
| Liabilities: | | | | | |
| Current: | | | | | |
| Accounts payable | \$ 174,812 | \$ 2,300 | \$ 20,400 | \$ 5,772 | \$ 203,284 |
| Deposits payable | 20,594 | - | - | - | 20,594 |
| Total Current Liabilities | 195,406 | 2,300 | 20,400 | 5,772 | 223,878 |
| Total Liabilities | 195,406 | 2,300 | 20,400 | 5,772 | 223,878 |
| Net Assets: | | | | | |
| Invested in capital assets, net of related debt | 316,531 | - | - | - | 316,531 |
| Unrestricted | 297,578 | 526,587 | 146,638 | 30,560 | 1,001,363 |
| Total Net Assets | 614,109 | 526,587 | 146,638 | 30,560 | 1,317,894 |
| Total Liabilities and Net Assets | \$ 809,515 | \$ 528,887 | \$ 167,038 | \$ 36,332 | \$ 1,541,772 |

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|------------------------|-------------------------------|-------------------------------|---------------------|
| | Sewer Charge | Solid Waste | Landscape District | Street Maintenance | Totals |
| Operating Revenues: | | | | | |
| Sales and service charges | \$ 574,145 | \$ 1,279,233 | \$ 174,683 | \$ 283,491 | \$ 2,311,552 |
| Fines and forfeitures | 2,086 | 10,263 | 1,541 | 1,381 | 15,271 |
| Miscellaneous | 31,203 | - | - | - | 31,203 |
| Total Operating Revenues | 607,434 | 1,289,496 | 176,224 | 284,872 | 2,358,026 |
| Operating Expenses: | | | | | |
| Administration and general | 3,500 | 38,519 | 3,500 | 137,513 | 183,032 |
| Treatment | 497,111 | 1,162,793 | 178,853 | 252,853 | 2,091,610 |
| Depreciation expense | 528 | - | - | - | 528 |
| Total Operating Expenses | 501,139 | 1,201,312 | 182,353 | 390,366 | 2,275,170 |
| Operating Income (Loss) | 106,295 | 88,184 | (6,129) | (105,494) | 82,856 |
| Nonoperating Revenues (Expenses): | | | | | |
| Interest revenue | 13,306 | 6,424 | 3,718 | 42 | 23,490 |
| Total Nonoperating Revenues (Expenses) | 13,306 | 6,424 | 3,718 | 42 | 23,490 |
| Income (Loss) Before Transfers | 119,601 | 94,608 | (2,411) | (105,452) | 106,346 |
| Transfers in | - | - | - | 100,000 | 100,000 |
| Changes in Net Assets | 119,601 | 94,608 | (2,411) | (5,452) | 206,346 |
| Net Assets: | | | | | |
| Beginning of Year | 494,508 | 431,979 | 149,049 | 36,012 | 1,111,548 |
| End of Fiscal Year | \$ 614,109 | \$ 526,587 | \$ 146,638 | \$ 30,560 | \$ 1,317,894 |

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|--------------------|-------------------------------|-------------------------------|---------------------|
| | Sewer Charge | Solid Waste | Landscape District | Street Maintenance | Totals |
| Cash Flows from Operating Activities: | | | | | |
| Cash received from customers and users | \$ 628,077 | \$ 1,288,713 | \$ 177,833 | \$ 283,441 | \$ 2,378,064 |
| Cash paid to suppliers for goods and services | (229,740) | (936,787) | (170,049) | (57,889) | (1,394,465) |
| Cash paid to employees for services | (152,115) | (263,581) | - | (328,230) | (743,926) |
| Net Cash Provided (Used) by Operating Activities | 246,222 | 88,345 | 7,784 | (102,678) | 239,673 |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Cash transfers in | - | - | - | 100,000 | 100,000 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | - | - | - | 100,000 | 100,000 |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Acquisition and construction of capital assets | (317,059) | - | - | - | (317,059) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (317,059) | - | - | - | (317,059) |
| Cash Flows from Investing Activities: | | | | | |
| Interest received | 15,133 | 8,188 | 4,311 | 47 | 27,679 |
| Net Cash Provided (Used) by Investing Activities | 15,133 | 8,188 | 4,311 | 47 | 27,679 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (55,704) | 96,533 | 12,095 | (2,631) | 50,293 |
| Cash and Cash Equivalents at Beginning of Year | 530,875 | 319,120 | 146,805 | 31,198 | 1,027,998 |
| Cash and Cash Equivalents at End of Year | \$ 475,171 | \$ 415,653 | \$ 158,900 | \$ 28,567 | \$ 1,078,291 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating income (loss) | \$ 106,295 | \$ 88,184 | \$ (6,129) | \$ (105,494) | \$ 82,856 |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | | | | |
| Depreciation | 528 | - | - | - | 528 |
| (Increase) decrease in due from other governments | 49 | (783) | 1,609 | (1,431) | (556) |
| Increase (decrease) in accounts payable | 118,756 | 944 | 12,304 | 4,247 | 136,251 |
| Increase (decrease) in deposits payable | 20,594 | - | - | - | 20,594 |
| Total Adjustments | 139,927 | 161 | 13,913 | 2,816 | 156,817 |
| Net Cash Provided (Used) by Operating Activities | \$ 246,222 | \$ 88,345 | \$ 7,784 | \$ (102,678) | \$ 239,673 |

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities.

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

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

SEISMIC IMPROVEMENT BOND – AGENCY:

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

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2009

| | <u>Business Improvement</u> | <u>Community District Debt Service</u> | <u>Totals</u> |
|---|---------------------------------|--|--------------------------|
| Assets: | | | |
| Pooled cash and investments | \$ 13,830 | \$ 85,661 | \$ 99,491 |
| Receivables: | | | |
| Accounts | 220,750 | - | 220,750 |
| Taxes | 153,917 | - | 153,917 |
| Accrued interest | - | 343 | 343 |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | - | 34,153 | 34,153 |
| Total Assets | <u>\$ 388,497</u> | <u>\$ 120,157</u> | <u>\$ 508,654</u> |
| Accounts payable | \$ 388,497 | \$ - | \$ 388,497 |
| Due to bondholders | - | 120,157 | 120,157 |
| Total Liabilities | <u>\$ 388,497</u> | <u>\$ 120,157</u> | <u>\$ 508,654</u> |

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2009**

| | <u>Balance July 1, 2008</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2009</u> |
|---|---------------------------------|----------------------------|----------------------------|----------------------------------|
| <u>Business Improvement</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 83,537 | \$ 1,708,956 | \$ 1,778,663 | \$ 13,830 |
| Receivables: | | | | |
| Accounts | 177,010 | 144,594 | 100,854 | 220,750 |
| Taxes | 169,918 | 153,917 | 169,918 | 153,917 |
| Total Assets | <u>\$ 430,465</u> | <u>\$ 2,007,467</u> | <u>\$ 2,049,435</u> | <u>\$ 388,497</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 430,465 | \$ 2,007,467 | \$ 2,049,435 | \$ 388,497 |
| Total Liabilities | <u>\$ 430,465</u> | <u>\$ 2,007,467</u> | <u>\$ 2,049,435</u> | <u>\$ 388,497</u> |
| <u>Community District Debt Service</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 65,229 | \$ 40,475 | \$ 20,043 | \$ 85,661 |
| Receivables: | | | | |
| Accrued interest | 555 | 1,618 | 1,830 | 343 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 62,078 | 18,972 | 46,897 | 34,153 |
| Total Assets | <u>\$ 127,862</u> | <u>\$ 61,065</u> | <u>\$ 68,770</u> | <u>\$ 120,157</u> |
| Liabilities: | | | | |
| Due to bondholders | \$ 127,862 | \$ 61,065 | \$ 68,770 | \$ 120,157 |
| Total Liabilities | <u>\$ 127,862</u> | <u>\$ 61,065</u> | <u>\$ 68,770</u> | <u>\$ 120,157</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 148,766 | \$ 1,749,431 | \$ 1,798,706 | \$ 99,491 |
| Receivables: | | | | |
| Accounts | 177,010 | 144,594 | 100,854 | 220,750 |
| Taxes | 169,918 | 153,917 | 169,918 | 153,917 |
| Accrued interest | 555 | 1,618 | 1,830 | 343 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 62,078 | 18,972 | 46,897 | 34,153 |
| Total Assets | <u>\$ 558,327</u> | <u>\$ 2,068,532</u> | <u>\$ 2,118,205</u> | <u>\$ 508,654</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 430,465 | \$ 2,007,467 | \$ 2,049,435 | \$ 388,497 |
| Due to bondholders | 127,862 | 61,065 | 68,770 | 120,157 |
| Total Liabilities | <u>\$ 558,327</u> | <u>\$ 2,068,532</u> | <u>\$ 2,118,205</u> | <u>\$ 508,654</u> |

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STATISTICAL SECTION



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

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

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

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

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

Table 4 - Changes in Fund Balances of Governmental Funds - *Last Nine 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, 2009*

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

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

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

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

Table 15 - Principal Employers - *Current Year and Six 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 Asset Statistics by Function - *Last Ten Fiscal Years*

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CITY OF WEST HOLLYWOOD

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

Page 1 of 2

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

Note: The City of West Hollywood implemented GASB 34 for the fiscal year ended June 30, 2001.
Information prior to the implementation is unavailable.

Source: City of West Hollywood.

(Continued)

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

CITY OF WEST HOLLYWOOD

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

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

(Continued)

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

CITY OF WEST HOLLYWOOD

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

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

Note: The City of West Hollywood implemented GASB 34 for the fiscal year ended June 30, 2001. Information prior to implementation is unavailable.

Source: City of West Hollywood

(Continued)

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| | Fiscal Year | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| \$ 11,290,226 | \$ 15,282,673 | \$ 15,431,742 | \$ 16,094,302 | \$ 17,963,819 | |
| 11,262,704 | 12,791,327 | 13,598,347 | 13,133,591 | 12,124,316 | |
| 11,295,461 | 11,815,467 | 12,531,819 | 13,935,810 | 12,743,088 | |
| 1,568,412 | 2,045,702 | 2,050,258 | 2,093,383 | 2,039,944 | |
| 2,012,904 | 2,198,549 | 2,344,725 | 2,454,969 | 2,727,228 | |
| 2,588,005 | 2,522,013 | 2,734,771 | 3,013,166 | 3,307,057 | |
| 5,296,288 | 6,798,247 | 9,220,141 | 12,186,976 | 9,906,326 | |
| 447,477 | 646,918 | 6,489,110 | 333,347 | 524,470 | |
| - | (70,533) | 2,217,673 | - | - | |
| - | - | (26,706) | (86,684) | (100,000) | |
| <u>45,761,477</u> | <u>54,030,363</u> | <u>66,591,880</u> | <u>63,158,860</u> | <u>61,236,248</u> | |
| - | - | - | - | - | |
| 37,035 | 38,563 | 44,354 | 51,884 | 31,639 | |
| 35,534 | - | - | - | - | |
| - | - | 26,706 | 86,684 | 100,000 | |
| - | 84,165 | - | - | - | |
| <u>72,569</u> | <u>122,728</u> | <u>71,060</u> | <u>138,568</u> | <u>131,639</u> | |
| <u>\$ 45,834,046</u> | <u>\$ 54,153,091</u> | <u>\$ 66,662,940</u> | <u>\$ 63,297,428</u> | <u>\$ 61,367,887</u> | |
| \$ 13,307,818 | \$ 17,707,085 | \$ 28,263,553 | \$ 21,382,142 | \$ 1,563,442 | |
| (323,544) | (1,054,044) | (179,259) | (153,105) | (112,634) | |
| <u>\$ 12,984,274</u> | <u>\$ 16,653,041</u> | <u>\$ 28,084,294</u> | <u>\$ 21,229,037</u> | <u>\$ 1,450,808</u> | |

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

| | Fiscal Year | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2001 | 2002 | 2003 | 2004 |
| General Fund | | | | |
| Reserved | \$ 11,215,199 | \$ 14,898,400 | \$ 12,827,655 | \$ 8,252,813 |
| Unreserved | 13,412,643 | 8,567,266 | 18,619,896 | 25,105,511 |
| Total General Fund | <u>\$ 24,627,842</u> | <u>\$ 23,465,666</u> | <u>\$ 31,447,551</u> | <u>\$ 33,358,324</u> |
| All other governmental funds | | | | |
| Reserved | \$ 11,110,349 | \$ 21,587,999 | \$ 3,285,441 | \$ 1,306,137 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 8,544,473 | 10,927,125 | 13,068,315 | 9,167,038 |
| Capital projects funds | (10,377,354) | (16,333,371) | (16,087,901) | (2,869,830) |
| Debt service funds | 4,365,576 | 3,877,980 | 6,234,461 | 8,044,882 |
| Permanent funds | 14,815 | 19,534 | (7,340) | (19,008) |
| Total all other governmental funds | <u>\$ 13,657,859</u> | <u>\$ 20,079,267</u> | <u>\$ 6,492,976</u> | <u>\$ 15,629,219</u> |

Note: The City of West Hollywood implemented GASB 34 for the fiscal year ended June 30, 2001
Information prior to implementation is unavailable.

Source: City of West Hollywood.

(Continued)

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| Fiscal Year | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2005 | 2006 | 2007 | 2008 | 2009 |
| \$ 7,366,598 | \$ 8,667,835 | \$ 9,586,060 | \$ 11,088,861 | \$ 12,483,127 |
| 34,649,072 | 43,109,866 | 59,779,958 | 71,182,870 | 64,027,333 |
| <u>\$ 42,015,670</u> | <u>\$ 51,777,701</u> | <u>\$ 69,366,018</u> | <u>\$ 82,271,731</u> | <u>\$ 76,510,460</u> |
| | | | | |
| \$ 1,853,944 | \$ 1,739,931 | \$ 1,828,522 | \$ 6,367,024 | \$ 43,819,590 |
| 8,124,694 | 12,827,476 | 17,077,571 | 21,073,781 | 2,682,085 |
| (4,446,100) | (3,999,838) | (1,053,737) | (7,352,494) | (39,316,074) |
| 9,104,625 | 12,596,942 | 16,259,331 | 20,005,025 | 24,115,084 |
| (14,039) | (13,161) | (13,378) | (9,825) | (7,675) |
| <u>\$ 14,623,124</u> | <u>\$ 23,151,350</u> | <u>\$ 34,098,309</u> | <u>\$ 40,083,511</u> | <u>\$ 31,293,010</u> |

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

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

Note: The City of West Hollywood implemented GASB 34 for the fiscal year ended June 30, 2001. Information prior to implementation is unavailable.

* Capital Outlay in Note 1 in the Notes to Financial Statements

Source: City of West Hollywood.

(Continued)

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| Fiscal Year | | | | |
|---------------------|----------------------|----------------------|----------------------|-----------------------|
| 2005 | 2006 | 2007 | 2008 | 2009 |
| \$ 37,952,941 | \$ 45,207,616 | \$ 46,101,241 | \$ 48,030,682 | \$ 47,964,152 |
| 3,768,824 | 3,685,402 | 4,713,679 | 6,463,934 | 3,749,814 |
| 9,019,572 | 5,630,843 | 7,291,616 | 9,326,675 | 10,216,862 |
| 3,000,706 | 3,465,762 | 3,305,877 | 3,204,181 | 3,192,149 |
| 6,191,455 | 7,878,304 | 9,464,842 | 11,800,400 | 9,518,263 |
| 8,615,254 | 9,035,814 | 9,527,735 | 9,426,028 | 9,404,794 |
| - | - | - | - | 3,122,985 |
| 320,347 | 790,001 | 6,514,931 | 1,627,926 | 657,738 |
| 2,959,411 | 2,171,542 | 3,703,886 | 3,963,162 | 345,161 |
| <u>71,828,510</u> | <u>77,865,284</u> | <u>90,623,807</u> | <u>93,842,988</u> | <u>88,171,918</u> |
| 13,874,481 | 16,166,120 | 15,194,716 | 17,656,982 | 22,464,073 |
| 10,698,220 | 11,139,872 | 11,319,265 | 12,671,110 | 13,951,163 |
| 27,292,421 | 27,346,605 | 30,204,839 | 33,086,061 | 44,571,826 |
| 4,722,669 | 6,322,213 | 6,663,064 | 8,463,971 | 19,191,828 |
| 5,420,000 | 845,000 | 890,000 | 935,000 | 980,000 |
| 2,169,468 | 2,076,761 | 2,066,311 | 2,052,264 | 2,013,074 |
| - | - | - | - | - |
| <u>64,177,259</u> | <u>63,896,571</u> | <u>66,338,195</u> | <u>74,865,388</u> | <u>103,171,964</u> |
| 7,651,251 | 13,968,714 | 24,285,612 | 18,977,600 | (15,000,046) |
| 8,062,551 | 2,684,606 | 2,697,002 | 3,354,513 | 5,450,450 |
| (8,062,551) | (2,684,606) | (2,723,708) | (3,441,197) | (5,550,450) |
| - | - | - | - | - |
| - | 2,879,467 | 3,697,706 | - | 91 |
| - | 2,879,467 | 3,671,000 | (86,684) | (99,909) |
| <u>\$ 7,651,251</u> | <u>\$ 16,848,181</u> | <u>\$ 27,956,612</u> | <u>\$ 18,890,916</u> | <u>\$(15,099,955)</u> |
| 12.2% | 5.0% | 4.6% | 4.2% | 3.5% |
| 2,046,977 | 5,420,275 | 2,424,732 | 4,462,135 | 18,777,662 |

CITY OF WEST HOLLYWOOD

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

| Fiscal Year | (1) Transient Occupancy Tax | (2) Sales Taxes | (3) Property Taxes | Franchise Taxes | Business License Tax | Total General Fund Taxes |
|--------------------|--|--------------------------------|-----------------------------------|----------------------------|-------------------------------------|-------------------------------------|
| 2000 | 8,806,714 | 8,139,029 | 5,403,149 | 1,061,580 | 1,167,321 | 24,577,793 |
| 2001 | 9,609,872 | 8,648,356 | 5,858,141 | 1,145,752 | 1,250,839 | 26,512,959 |
| 2002 | 7,888,469 | 7,764,588 | 6,468,352 | 1,359,588 | 1,347,024 | 24,828,020 |
| 2003 | 8,050,754 | 8,265,707 | 6,898,409 | 1,443,358 | 1,425,024 | 26,083,252 |
| 2004 | 9,288,712 | 8,667,158 | 7,280,610 | 1,949,270 | 1,747,267 | 28,933,016 |
| 2005 | 11,262,704 | 10,295,808 | 7,585,418 | 1,931,179 | 1,942,270 | 33,017,379 |
| 2006 | 12,791,327 | 11,856,503 | 8,000,302 | 2,045,703 | 2,111,391 | 36,805,225 |
| 2007 | 13,598,347 | 12,186,463 | 9,786,521 | 2,050,259 | 2,259,576 | 39,881,166 |
| 2008 | 13,133,591 | 12,951,731 | 10,436,713 | 1,965,000 | 2,375,905 | 40,862,940 |
| 2009 | 12,124,316 | 12,112,025 | 10,941,349 | 1,940,166 | 2,611,390 | 39,729,245 |

Notes:

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

(2) Does not include Prop A and C transportation sales taxes.

(3) Does not include redevelopment agency or Lighting District.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

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

| Fiscal Year | City | | | Taxable Assessed Value | Redevelopment Agency | | Taxable Assessed Value |
|-------------|---------------|-------------|---------|------------------------|----------------------|------------|------------------------|
| | Secured | Unsecured | Utility | | Secured | Unsecured | |
| 2000 | 3,062,353,577 | 164,939,296 | 0 | 3,227,292,873 | 446,297,257 | 26,039,787 | 472,337,044 |
| 2001 | 3,346,543,784 | 174,156,701 | 0 | 3,520,700,485 | 471,914,181 | 16,603,289 | 488,517,470 |
| 2002 | 3,729,600,821 | 206,602,688 | 0 | 3,936,203,509 | 555,918,793 | 30,961,708 | 586,880,501 |
| 2003 | 3,949,650,885 | 167,150,905 | 0 | 4,116,801,790 | 582,850,126 | 25,257,243 | 608,107,369 |
| 2004 | 4,187,962,732 | 167,112,510 | 257,447 | 4,355,332,689 | 594,564,717 | 25,344,256 | 619,908,973 |
| 2005 | 4,542,034,409 | 161,139,825 | 278,447 | 4,703,452,681 | 641,884,711 | 30,302,657 | 672,187,368 |
| 2006 | 5,068,388,464 | 173,298,910 | 0 | 5,241,687,374 | 758,954,278 | 34,246,200 | 793,200,478 |
| 2007 | 5,794,475,935 | 197,498,151 | 0 | 5,991,974,086 | 865,128,068 | 34,143,901 | 899,271,969 |
| 2008 | 6,373,345,094 | 228,602,564 | 0 | 6,601,947,658 | 951,801,448 | 56,859,555 | 1,008,661,003 |
| 2009 | 6,990,376,068 | 255,498,747 | 0 | 7,245,874,815 | 1,058,948,970 | 78,842,651 | 1,137,791,621 |

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

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

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

**TABLE 7
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

| Fiscal Year | (1) Prop 13 Direct Tax Tax Rate | Overlapping Rates (2) | | | | | | Total Direct & Overlapping Rates |
|-------------|--|----------------------------------|-------------------------------------|-----------------------------------|----------------------------|------------------|-------------------------------------|---|
| | | Los Angeles Unified School | Los Angeles Community College | County Detention Facilities | Metro- politan Water | Flood Control | County Sanitation District #4 | |
| 2000 | 1.00000 | 0.03154 | 0.00000 | 0.00142 | 0.00890 | 0.00176 | 0.00160 | 1.04522 |
| 2001 | 1.00000 | 0.04076 | 0.00000 | 0.00131 | 0.00880 | 0.00156 | 0.00134 | 1.05377 |
| 2002 | 1.00000 | 0.04813 | 0.01600 | 0.00113 | 0.00770 | 0.00107 | 0.00104 | 1.07507 |
| 2003 | 1.00000 | 0.03698 | 0.01460 | 0.00103 | 0.00670 | 0.00088 | 0.00000 | 1.06019 |
| 2004 | 1.00000 | 0.07714 | 0.01986 | 0.00099 | 0.00610 | 0.00047 | 0.00000 | 1.10456 |
| 2005 | 1.00000 | 0.08885 | 0.01810 | 0.00092 | 0.00580 | 0.00024 | 0.00000 | 1.11391 |
| 2006 | 1.00000 | 0.08433 | 0.01430 | 0.00080 | 0.00520 | 0.00005 | 0.00000 | 1.10468 |
| 2007 | 1.00000 | 0.10682 | 0.02146 | 0.00066 | 0.00470 | 0.00005 | 0.00000 | 1.13369 |
| 2008 | 1.00000 | 0.12334 | 0.00737 | 0.00000 | 0.00450 | 0.00000 | 0.00000 | 1.13521 |
| 2009 | 1.00000 | 0.12481 | 0.02212 | 0.00000 | 0.00430 | 0.00000 | 0.00000 | 1.15123 |

Notes:

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

(2) Overlapping rates are those of local and county governments and/or special districts that apply to property owners within certain geographic boundaries in the City. 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 year in the table above.

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

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

| <u>Taxpayer</u> | 2009 | | 2000 | |
|---|-------------------------------|---|-------------------------------|---|
| | <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 | \$ 216,022,637 | 2.98% | | 0.00% |
| Pacific Design Center LLC | 159,235,859 | 2.20% | 181,088,093 | 5.14% |
| BRCP Millennium LLC | 107,100,000 | 1.48% | | 0.00% |
| CLPF West Hollywood Limited Partnership | 79,993,858 | 1.10% | | 0.00% |
| Mondrian Holdings LLC | 79,694,943 | 1.10% | 19,604,636 | 0.56% |
| Studio Lending Group LLC | 76,618,524 | 1.06% | | 0.00% |
| Tumbery Regent LLC | 57,000,000 | 0.79% | | 0.00% |
| W Bel Age LLC | 52,228,080 | 0.72% | | 0.00% |
| Time Warner Cable | 49,785,499 | 0.69% | | 0.00% |
| LHO LE Parc LP | 49,603,262 | 0.68% | | 0.00% |
| BA Studios LLC | | 0.00% | 44,639,677 | 1.27% |
| Patriot American Hospitality | | 0.00% | 40,231,934 | 1.14% |
| Arden Realty Limited Partnership | | 0.00% | 26,345,296 | 0.75% |
| RWH Holdings Inc. | | 0.00% | 25,478,574 | 0.72% |
| IRP Sunset LLC | | 0.00% | 22,121,182 | 0.63% |
| Sunset Millenium Associates LLC | | 0.00% | 20,395,898 | 0.58% |
| Luckman Management Coompany LP | | 0.00% | 20,289,449 | 0.58% |
| Sunset Sierra Properties, Inc | | 0.00% | 17,083,004 | 0.49% |
| TOTALS | \$ 927,282,662 | 12.80% | \$ 417,277,743 | 11.85% |

Note: Assessed valuation includes land, building and improvements.

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

CITY OF WEST HOLLYWOOD

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

| Fiscal Year | Total Tax Levied for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|----------------------------------|--|-----------------|---------------------------------|---------------------------|-----------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2000 | 5,897,054 | 5,682,452 | 96.4% | 94,532 | 5,776,984 | 98.0% |
| 2001 | 6,930,360 | 7,216,622 | 104.1% | 175,373 | 7,391,995 | 106.7% |
| 2002 | 8,482,027 | 8,124,063 | 95.8% | 285,735 | 8,409,798 | 99.1% |
| 2003 | 8,678,757 | 8,389,163 | 96.7% | (205,225) | 8,183,937 | 94.3% |
| 2004 | 9,406,397 | 9,394,507 | 99.9% | 572,073 | 9,966,580 | 106.0% |
| 2005 | 10,449,634 | 10,163,361 | 97.3% | 1,007,929 | 11,171,290 | 106.9% |
| 2006 | 12,398,968 | 11,924,543 | 96.2% | 2,043,054 | 13,967,597 | 112.7% |
| 2007 | 14,597,691 | 14,014,192 | 96.0% | 1,261,990 | 15,276,182 | 104.6% |
| 2008 | 16,098,006 | 15,743,855 | 97.8% | 1,332,882 | 17,076,737 | 106.1% |
| 2009 | 17,997,324 | 17,933,878 | 99.6% | 1,696,862 | 19,630,740 | 109.1% |

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

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

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

| Fiscal Year | Governmental Activities | | Business-type Activities | | Total Primary Government | Percentage of Personal Income (3) | Debt Per Capita |
|-------------|--------------------------|-----------------------------------|--------------------------|-------------------------------|--------------------------|-----------------------------------|-----------------|
| | Tax Allocation Bonds (1) | Certificates of Participation (2) | General Obligation | Certificates of Participation | | | |
| 2000 | 0 | 32,490,000 | 0 | 0 | 32,490,000 | 2.9% | 907.69 |
| 2001 | 0 | 31,735,000 | 0 | 0 | 31,735,000 | 2.7% | 876.10 |
| 2002 | 0 | 31,050,000 | 0 | 0 | 31,050,000 | 2.6% | 841.42 |
| 2003 | 0 | 29,165,000 | 0 | 0 | 29,165,000 | 2.3% | 781.86 |
| 2004 | 11,500,000 | 28,440,000 | 0 | 0 | 39,940,000 | 3.0% | 1,057.96 |
| 2005 | 11,265,000 | 23,255,000 | 0 | 0 | 34,520,000 | 2.5% | 910.63 |
| 2006 | 11,070,000 | 22,605,000 | 0 | 0 | 33,675,000 | 2.3% | 895.75 |
| 2007 | 10,870,000 | 21,915,000 | 0 | 0 | 32,785,000 | 2.1% | 782.93 |
| 2008 | 10,665,000 | 21,185,000 | 0 | 0 | 31,850,000 | 2.0% | 760.60 |
| 2009 | 10,450,000 | 20,420,000 | 0 | 0 | 30,870,000 | NA | 0.00 |

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

- (1) Issued 11,500,000 Tax Allocation Bonds in fiscal year 2003-04.
- (2) Issued \$9,940,000 General Fund Certificate of Participation in fiscal year 1994-95.
Issued \$19,745,000 General Fund Certificate of in fiscal year 1995-96.
Redeemed 1995 General Fund Certificate of Participation in full for \$9,655,000 in fiscal year 1997-98.
Redeemed 1996 General Fund Certificate of Participation in full for \$17,555,000 in fiscal year 1997-98.
- (3) Personal Income information not available for 2009 at this time.

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

TABLE 11
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2009
(UNAUDITED)

| Jurisdiction | Net General Obligation Debt Outstanding | Percentage Applicable to City of West Hollywood | Amount Applicable to City of West Hollywood June 30, 2009 |
|---|--|--|--|
| Overlapping General Fund Debt: | | | |
| Metropolitan Water District | 137,096,151 | 0.757% | 1,037,156 |
| Los Angeles County Community College District | 2,408,605,000 | 1.239% | 29,840,711 |
| Los Angeles Unified School District | 8,046,220,000 | 1.526% | <u>122,795,188</u> |
| Subtotal, overlapping debt | | | 153,673,055 |
| City direct governmental debt | | | 20,420,000 |
| Total direct and overlapping governmental debt: | | | <u><u>\$ 174,093,055</u></u> |

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

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CITY OF WEST HOLLYWOOD

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

| | Page 1 of 2 | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Fiscal Year | | | | |
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| Debt limit | \$ 471,852,527 | \$ 534,446,400 | \$ 601,330,601 | \$ 632,879,805 | \$ 669,881,700 |
| Total net debt applicable to limit | 34,235,000 | 34,235,000 | 33,765,000 | 32,465,000 | 43,965,000 |
| Legal debt margin | <u>\$ 437,617,527</u> | <u>\$ 500,211,400</u> | <u>\$ 567,565,601</u> | <u>\$ 600,414,805</u> | <u>\$ 625,916,700</u> |
| Total net debt applicable to the limit as percentage of debt limit | 7.26% | 6.41% | 5.62% | 5.13% | 6.56% |

Notes:

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

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

(Continued)

Page 2 of 2

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

Legal Debt Margin Calculation for Fiscal Year 2009

| | |
|---|-------------------------|
| Assessed value | \$ 7,245,874,815 |
| Debt limit (1) | <u>1,086,881,222</u> |
| Debt applicable to limit: | |
| Certificates of participation | \$ 27,105,000 |
| Tax allocation bonds | \$ 11,500,000 |
| Net amount of debt applicable to debt limit | <u>38,605,000</u> |
| Legal debt margin | <u>\$ 1,048,276,222</u> |

CITY OF WEST HOLLYWOOD

TABLE 13
EAST SIDE PROJECT AREA BONDS COVERAGE
LAST SIX FISCAL YEARS

| Fiscal Year | Gross Revenue | Less: Operating Expenses | Net Revenue Available for Debt Service | Debt Service | | | Coverage |
|-------------|---------------|--------------------------|--|--------------|----------|---------|----------|
| | | | | Principal | Interest | Total | |
| 2004 | 1,549,207 | 279,908 | 1,269,299 | 235,000 | 549,938 | 784,938 | 1.62 |
| 2005 | 2,187,395 | 353,917 | 1,833,478 | 195,000 | 591,070 | 786,070 | 2.33 |
| 2006 | 4,394,355 | 641,987 | 3,752,368 | 200,000 | 585,220 | 785,220 | 4.78 |
| 2007 | 4,065,668 | 467,600 | 3,598,068 | 205,080 | 579,220 | 784,300 | 4.59 |
| 2008 | 5,460,803 | 591,958 | 4,868,845 | 215,000 | 572,045 | 787,045 | 6.19 |
| 2009 | 6,443,020 | 679,740 | 5,763,280 | 220,000 | 565,595 | 785,595 | 7.34 |

Note: East Side Redevelopment Agency Bonds of \$11,500,000 were issued in fiscal year 2003-04.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

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

| Calendar Year | Population (1) | Personal Income (2) | Per Capita Personal Income (3) | Unemployment Rate (4) |
|----------------------|-----------------------|----------------------------|---------------------------------------|------------------------------|
| 2000 | 35,794 | 1,111,224,730 | 31,045 | 5.4% |
| 2001 | 36,223 | 1,164,641,896 | 32,152 | 5.7% |
| 2002 | 36,902 | 1,200,126,844 | 32,522 | 6.8% |
| 2003 | 37,302 | 1,242,828,036 | 33,318 | 7.0% |
| 2004 | 37,752 | 1,325,661,480 | 35,115 | 6.5% |
| 2005 | 37,908 | 1,392,967,368 | 36,746 | 5.3% |
| 2006 | 37,594 | 1,466,579,534 | 39,011 | 4.7% |
| 2007 | 37,440 | 1,567,800,000 | 41,875 | 5.0% |
| 2008 | 37,563 | 1,612,053,708 | 42,916 | 8.7% |
| 2009 | 37,580 | N/A | N/A | N/A |

Notes: Annual income and unemployment figures for 2009 was not available at time of publication of this CAFR.

Sources: (1) California Department of Finance. E-1 Population Estimates 2009

(2) City of West Hollywood.

Note: Personal income is estimated based on Bureau of Economic Analysis data for the Metropolitan Statistical Area of Los Angeles-Long Beach-Santa Ana and California Dept of Finance E-1 Population estimates.

(3) Bureau of Economic Analysis.

Note: Data shown is the Metropolitan Statistical Area of Los Angeles-Long Beach-Santa Ana. Data by City is not available. 2009 is a preliminary estimate.

(4) State of California, Employment Development Department.

Note: Data shown is the Metro Statistical Area Los Angeles-Long Beach-Glendale Metro Division Data by City is not available.

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

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| | 2009 | | 2008 | | 2007 | |
|---|----------------|---|---------------|--------------|---------------|--------------|
| | # Employees | % Percent of Total City Employment | # | % | # | % |
| Interactive Corp (aka Ticketmaster) | 1,300 | 5.4% | 1,300 | 5.4% | 1,300 | 5.4% |
| Target Corp. | 411 | 1.7% | 411 | 1.7% | 411 | 1.7% |
| Mondrian Holdings LLC (Mondrian Hotel) | 400 | 1.7% | 400 | 1.7% | 400 | 1.7% |
| Wyndham Bel Age Hotel LP | 230 | 1.0% | 230 | 1.0% | 230 | 1.0% |
| House of Blues Concerts Inc | 230 | 1.0% | 230 | 1.0% | 150 | 0.6% |
| Dailey & Associates | 209 | 0.9% | 209 | 0.9% | 209 | 0.9% |
| City of West Hollywood | 205 | 0.9% | 200 | 0.8% | 200 | 0.8% |
| Hollywood Standard LLC (The Standard Hotel) | 189 | 0.8% | 189 | 0.8% | 189 | 0.8% |
| Gordon Ramsey at The London | 170 | 0.7% | - | 0.0% | - | 0.0% |
| Hyatt Corp (Hyatt West Hollywood Hotel) | 165 | 0.7% | 165 | 0.7% | 165 | 0.7% |
| HMBL LLC (Best Western Sunset Plaza) | 125 | 0.5% | 125 | 0.5% | 125 | 0.5% |
| Outrigger Lodging Services LLP (La Parc Suite Hotel) | 105 | 0.4% | 105 | 0.4% | 105 | 0.4% |
| KKHG Management LLC (Argyle Hotel) | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% |
| SC Club LP (Key Club) | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% |
| Suissa Miller Advertising LLC | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% |
| Sunset Conglomerate Restaurant (Saddle Ranch) | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% |
| New Line Cinema Corp (Sold) | - | 0.0% | - | 0.0% | 100 | 0.4% |
| Total Jobs By Principal Employers | 4,139 | 17.2% | 3,964 | 16.5% | 3,984 | 16.6% |
| Total Jobs (estimated) in City of West Hollywood | 24,020 | 100% | 26,421 | 100% | 26,159 | 100% |

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

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

(Continued)

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| | 2006 | | 2005 | | 2004 | | 2003 | |
|--|---------------|--------------|---------------|--------------|---------------|--------------|---------------|-------------|
| | # | % | # | % | # | % | # | % |
| Interative Corp (aka Ticketmaster) | 1,300 | 5.0% | 1,300 | 5.1% | 1,300 | 5.2% | - | 0.0% |
| Target Corp. | 411 | 1.6% | 411 | 1.6% | 411 | 1.6% | - | 0.0% |
| Mondrian Holdings LLC (Mondrian Hotel) | 400 | 1.5% | 400 | 1.6% | 500 | 2.0% | 500 | 2.0% |
| Wyndham Bel Age Hotel LP | 230 | 0.9% | 230 | 0.9% | 200 | 0.8% | 200 | 0.8% |
| House of Blues Concerts Inc | 150 | 0.6% | 150 | 0.6% | 150 | 0.6% | 150 | 0.6% |
| Dailey & Associates | 209 | 0.8% | 260 | 1.0% | 260 | 1.0% | 260 | 1.1% |
| City of West Hollywood | 200 | 0.8% | 200 | 0.8% | 200 | 0.8% | 200 | 0.8% |
| Hollywood Standard LLC | 189 | 0.7% | 189 | 0.7% | 180 | 0.7% | - | 0.0% |
| Gordon Ramsey at The London | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Hyatt Corp (Hyatt West Hollywood Hotel) | 165 | 0.6% | 165 | 0.6% | 165 | 0.7% | 165 | 0.7% |
| HMBL LLC (Best Western Sunset Plaza) | 125 | 0.5% | - | 0.0% | - | 0.0% | - | 0.0% |
| Outrigger Lodging Services LLP | 105 | 0.4% | 105 | 0.4% | 105 | 0.4% | 105 | 0.4% |
| KKHG Management LLC (Argyle Hotel) | 100 | 0.4% | 100 | 0.4% | 133 | 0.5% | 133 | 0.5% |
| SC Club LP (Key Club) | 100 | 0.4% | 60 | 0.2% | 60 | 0.2% | 60 | 0.2% |
| Suissa Miller Advertising LLC | 100 | 0.4% | - | 0.0% | - | 0.0% | - | 0.0% |
| Sunset Conglomerate Restaurant | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% |
| New Line Cinema Corp (Sold) | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% | 100 | 0.4% |
| Total Jobs By Principal Employers | 3,984 | 15.4% | 3,770 | 14.7% | 3,864 | 15.4% | 1,973 | 8.0% |
| Total Jobs (estimated) City of Weho | 25,900 | 100% | 25,609 | 100% | 25,117 | 100% | 24,600 | 100% |

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

| Function | Fiscal Year | | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 |
| General Government | | | | | | | | | | |
| Legislative & Executive | 26.8 | 27.0 | 27.0 | 21.5 | 21.5 | 22.5 | 22.5 | 22.5 | 24.6 | 24.6 |
| Administration | 17.3 | 18.8 | 18.8 | 26.8 | 26.8 | 27.8 | 27.8 | 28.8 | 28.8 | 28.8 |
| Finance & Information Technology | 21.0 | 21.0 | 21.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 21.9 | 21.9 |
| Public Information (1) | - | - | - | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 | 8.8 | 8.8 |
| Community Services | | | | | | | | | | |
| Human Services | 39.9 | 42.2 | 43.7 | 49.2 | 46.5 | 47.2 | 47.2 | 47.2 | 50.6 | 50.6 |
| Housing & Rent Stabilization | 20.0 | 21.0 | 21.0 | 17.8 | 16.8 | 18.0 | 17.0 | 17.0 | 18.0 | 17.0 |
| Community Development | 32.5 | 33.0 | 33.0 | 29.0 | 30.0 | 33.0 | 33.0 | 33.0 | 28.0 | 28.0 |
| Transportation | 22.0 | 24.0 | 24.0 | 23.0 | 23.0 | 23.0 | 23.0 | 24.0 | 26.0 | 26.0 |
| Total | <u>179.5</u> | <u>186.9</u> | <u>188.4</u> | <u>197.8</u> | <u>195.1</u> | <u>202.1</u> | <u>201.1</u> | <u>203.1</u> | <u>206.6</u> | <u>205.6</u> |

Notes:

(1) The Public Information Division was created in 2003.

Source: City of West Hollywood.

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

| Function | Fiscal Year | | | | | | | | | |
|------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 |
| Police (1) | | | | | | | | | | |
| Incidents | 7,493 | 7,667 | 7,274 | 7,338 | 7,353 | 7,591 | 7,650 | 7,763 | 7,425 | 6,674 |
| Arrests | 2,893 | 2,271 | 2,268 | 2,406 | 2,464 | 2,715 | 2,800 | 3,976 | 3,477 | 3,767 |
| Sewers | | | | | | | | | | |
| Miles of system | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| Percent inspected | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Parks and Recreation | | | | | | | | | | |
| Number of parks | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Community Development | | | | | | | | | | |
| Commercial building permits | 292 | 210 | 113 | 142 | 321 | 307 | 254 | 304 | 253 | 254 |
| Residential building permits | 316 | 735 | 480 | 467 | 401 | 460 | 483 | 442 | 531 | 377 |
| Parking | | | | | | | | | | |
| Citations issued | 202,220 | 191,177 | 216,718 | 198,076 | 197,370 | 181,337 | 187,854 | 183,311 | 194,003 | 190,000 |

Notes:

(1) Police statistics are base on calendar year; Information for 2009 is an estimate.

Source: City of West Hollywood.

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CITY OF WEST HOLLYWOOD

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

| Function/program | Fiscal Year | | | | | | | | | |
|-----------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 |
| Public Safety | | | | | | | | | | |
| This a contracted service | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Parking: | | | | | | | | | | |
| Parking Structures | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parking Lots | 1 | 1 | 1 | 1 | 4 | 4 | 4 | 4 | 4 | 4 |
| Cultural & Recreation: | | | | | | | | | | |
| Parks | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 6 |
| General Services: | | | | | | | | | | |
| Sidewalks (length/feet) | 237,600 | 275,638 | 275,638 | 275,638 | 275,638 | 275,638 | 275,638 | 275,638 | 275,638 | 275,638 |
| Streets (miles) | 51 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Traffic signals | 52 | 54 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 |
| Wastewater: | | | | | | | | | | |
| Sanitary sewers (miles) | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| Manholes | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 |
| City-Line: | | | | | | | | | | |
| Number of Buses | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 10 |

Source: City of West Hollywood



City of West Hollywood
California 1984

City of West Hollywood
8300 Santa Monica Boulevard
California 90069-4314

323.848.6513

TTY hearing impaired:
323.848.6496

www.weho.org