

# CITY OF WEST HOLLYWOOD

## Comprehensive Annual Financial Report

West Hollywood, California

► Fiscal Year Ending June 30, 2011



## *“What Do You Like Most About WEHO?”*

Read the responses to this question by West Hollywood's residents on the back of each divider.

PHOTOGRAPHY | Cover: Sierra Bonita Housing Project by Art Gray,  
Cover: Hancock Housing Project by Eric Staudenmaier,  
Introduction Tab: City Hall at Night by Ryan Gierach  
Contributing City of West Hollywood Photographers:  
Joshua Barash, Jonathan Moore, Richard Settle ,and Brett White.



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2011

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

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# INTRODUCTION





# CITY OF WEST HOLLYWOOD

CITY HALL  
8300 SANTA MONICA BLVD  
WEST HOLLYWOOD, CA  
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DEPARTMENT  
OF FINANCE  
& TECHNOLOGY  
SERVICES

December 28, 2011

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, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

## INTERNAL CONTROLS & RESPONSIBILITY

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



## Independent Audit

The City requires an annual audit by independent certified public accountants. 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, 2011, 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, 2011, 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.

## 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 18 luxury hotels with some 2,000 rooms offering world-class accommodations. Dining is available at more than 200 restaurants, some of the most famous in the world. Tourists can also shop at more than 100 clothing stores, peruse thirty-six art galleries, and participate in or just observe an eclectic and ever-evolving nightlife centered on the world-famous Sunset Strip and Santa Monica Boulevard. As the home of the Pacific Design Center (PDC) and the surrounding "Avenues of Art and Design," West Hollywood is acknowledged as the West Coast's center of interior design.

#### ECONOMIC CONDITION

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City at June 30, 2011, the local economy is of such relevance that it is incumbent on us to provide some information in this report. In February of 2011, Fitch Ratings assigned an implied general obligation rating 'AAA' with a stable outlook to the City of West Hollywood.

In affirming its rating, Fitch Ratings noted that the rating rationale reflects its view of:

- The City is well-situated within the diversified Los Angeles regional employment market, and the local economy has unique strengths with a high-end, niche-oriented commercial sector, that nonetheless is moderately tourism-reliant;
- Assessed valuation (AV) has held up well, reflective of the maturity of the tax base and a strong housing market; and
- Property and sales taxpayer concentration levels are somewhat high.

The City of West Hollywood continues to be a vibrant, livable, and successful community for both its residents and businesses. Its stable outlook reflects the expectation that the City will continue to benefit from its diverse revenue base. The City's sales tax receipts have been trending upwards. The sales tax base, which is highly diversified given its small geographic area, generated \$11.6 million in 2011. The City's transient occupancy tax increased during 2011 due to the large number of high profile events in the region over the last year. With both occupancy rates and room rates inching upward, the City received \$14.1 million transient occupancy tax in 2011. Property tax revenues also remain stable at \$11.2 million in 2011.

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 median household income levels of \$49,494 in the 2010 Census, and extremely strong assessed property values. The City entered a number of development agreements for major improvements to hotel properties and will soon experience a large increase in office space as the Pacific Design Center's, Red Building nears completion. Though the local economic drivers for the City of West Hollywood are in positive territory, one has to be mindful that the national economy is fragile and any unforeseen event, domestic or global, can destabilize the fragile recovery.

Even with the City's strong and varied economic base, it is still very vulnerable due to the State of California's fiscal woes. 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, the Governor proposed to eliminate redevelopment agencies, unless cities opt to continue their agencies by paying \$1.7 billion to the State (\$2.2 million of which will come from West Hollywood over two years). This plan is currently being challenged before the California Supreme Court by the California Redevelopment Association representing the Cities around the State. 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.

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.

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

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

Tax Allocation Bonds Series 'A' 2011 - In March of 2011, Tax Allocation Bonds Series 'A' 2011 were issued for \$30,560,000 to finance redevelopment improvements to Plummer Park, including renovation and expansion of Fiesta Hall; enhancement and addition of new green space; creation of a central park promenade and interactive water feature; construction of a new Tiny Tot Program building; and construction of a subterranean parking structure.





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

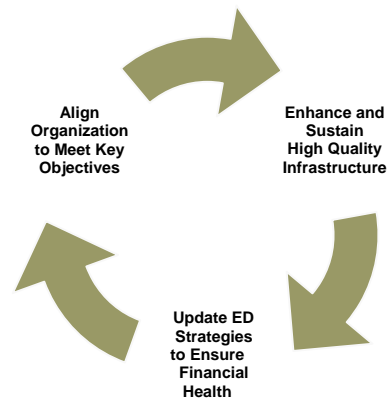
#### MAJOR ACCOMPLISHMENTS FOR THE YEAR

- West Hollywood Park Master Plan Implementation Project, Phase I-A neared completion with the new West Hollywood Library over 90% complete and the five-story parking structure was completed and currently being used for public parking.
- West Hollywood Park Master Plan Implementation Project, Phase 1-B completed programming, schematic design and design development phases, and the Construction Document Preparation Phase began.
- Plummer Park Master Plan Implementation Project, Phase I has nearly completed the construction document preparation phase, and an artist was selected for the public art component, with development of the public art element currently underway.
- City Hall Automated Parking Garage and Community Plaza, Phase I kicked-off with the City entering an agreement to design and construct the automated vehicle storage and retrieval system; the outer shell and community plaza area began the design development phase.
- Completed construction of the Sunset Strip Beautification Project, including rehabilitation of roadway, sidewalks, curbs, gutters, storm drain, street trees, medians and landscaping.
- Completed construction and dedication of the Sal Guarriello Veterans' Memorial Water Feature, a neighborhood public pocket park located at 1343 Laurel Avenue and a new Community Garden located at 1201 Detroit Avenue.
- Commenced construction of a Public Parking Lot at 9056 Sunset Blvd that will create 25 public parking spaces at the corner of Sunset Blvd/Doheny Drive.
- A successful application to Los Angeles Homeless Services Authority (LAHSA) for Shelter Plus Care permanent housing vouchers for people who are homeless resulted in the City being awarded 20 vouchers.
- Began implementation toward the formation of a Business Improvement District (BID) to serve businesses on the west side portion of Santa Monica Boulevard and the adjacent side streets.

- Presented “On Route - 66 Lights”, an exhibit of 4 vintage neon signs along Santa Monica Boulevard from the collection of the Museum of Neon Art.
- Issued and sold redevelopment bonds that will provide \$40 million in funding for the Plummer Park Master Plan Implementation Project, Phase I and more than \$8 million in financing for low & moderate-income housing.
- Completed and adopted the Climate Action Plan and Environmental Impact Report for the General Plan; The General Plan is near completion.
- Received the CAPIO 2011 Excellence in Communications, Award of Distinction for Community or Special Audience Newsletter for the City newsletter, Award of Distinction for Website for the City’s website, and Award for New Media for the City’s New Media Strategy.
- Received the Municipal Information Systems Association of California’s Excellence in Information Technology Practices award for the third year in a row.

#### MAJOR INITIATIVES FOR THE FUTURE

The City of West Hollywood has thrived by dreaming big and fostering an organizational environment that allows the pursuit of those visions. As we embrace the challenges and opportunities ahead, there are three strategic priorities we will focus on over the coming years:



- **Results-Oriented Organization** – Continue to shape and refine the organization to meet the City’s future service challenges while enhancing customer service (internal and external) and reinforcing our commitment to excellence by promoting a work environment that fosters innovation and creativity.
- **High Quality Infrastructure** – Continue to refresh and upgrade the City’s infrastructure (sewers, streets, parks, buildings, etc.) and ensure the successful completion of the 25th Anniversary Capital Project (West Hollywood Park Master Plan Implementation, Phase I; Plummer Park Master Plan Implementation, Phase I; and the City Hall Automated Parking Garage and Community Plaza).

- **Financial Health** – Continue to effectively manage the City’s fiscal sustainability and expand the City’s diverse economic base by strengthening our economic development and branding strategies.

#### 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, 2010. This is the seventeenth 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 2011-2012 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, Beth Rosen-Information Technology Management Analyst, Norma 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



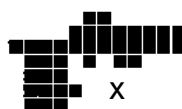
Anil H. Gandhi, CPA  
Director of Finance and  
Technology Services

## 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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

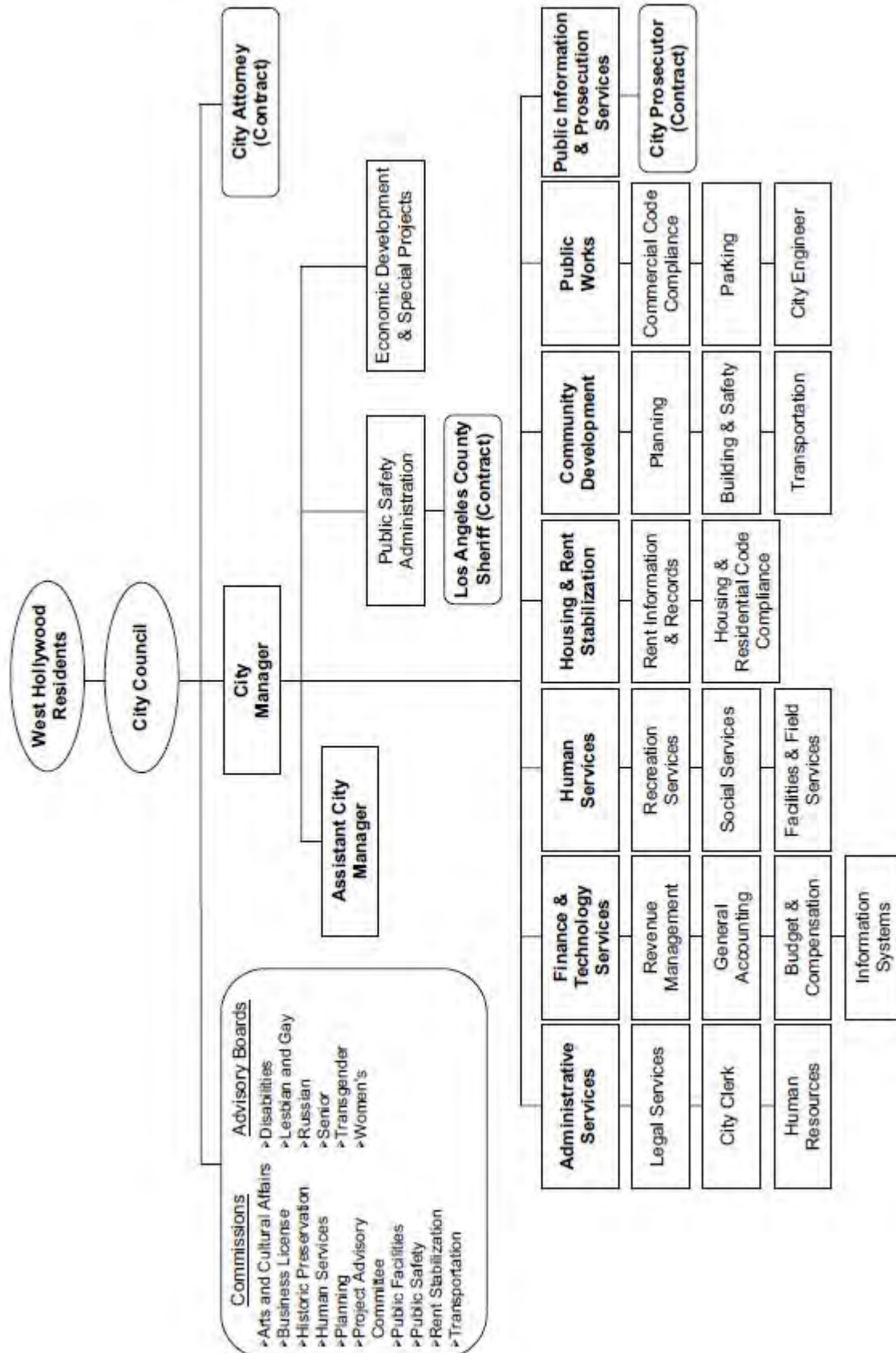
## DIRECTORY OF CITY OFFICIALS AS OF JUNE 30, 2011

### Mayor and City Council

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

### Administration

City Manager .....	<i>Paul Arevalo</i>
City Attorney .....	<i>Michael Jenkins</i>
Assistant City Manager .....	<i>Joan English</i>
City Clerk .....	<i>Corey Schaffer</i>
Director of Administrative Services .....	<i>Vivian Love</i>
Director of Community Development/Deputy City Manager .....	<i>Anne McIntosh</i>
Director of Housing & Rent Stabilization .....	<i>Allyne Winderman</i>
Director of Human Services .....	<i>Sam Baxter</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, CPA
- David E. Hale, CPA, CFP  
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

## INDEPENDENT AUDITOR'S 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, 2011, 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, 2011, 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.

We would like to draw the reader's attention to Note 16 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, 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.



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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 28, 2011



# MANAGEMENT AND DISCUSSION ANALYSIS



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West Hollywood ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. 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 \$365.3 million and total liabilities were \$131.2 million at June 30, 2011. The assets exceeded liabilities by \$234.1million (*net assets*). Of this amount, \$25.7 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2011, total net assets increased by \$8.9 million. Total revenues from all sources were \$92.7 million and total expenses for all functions/programs were \$83.9 million.
- Of total revenues, program revenues were \$31.5 million and general revenues were \$61.2 million. Program revenues are separated into three categories: Charges for Services, \$23.0 million; Operating Contributions and Grants \$4.3 million; and Capital Contributions and Grants, \$4.3 million.

#### Fund Based

- For fiscal year ending June 30, 2011, total Fund Balance of the General Fund was \$75.1 million, or 120 percent of total General Fund expenditures of \$62.1 million. The non-spendable Fund Balance was \$0.8 million. Committed Fund Balance was \$18.8 million while assigned Fund Balance was \$40.5 million and unassigned Fund Balance was \$15.1 million.
- For the General Fund, actual resources available for appropriation during the year were \$137.3 million; this consists of \$68.6 million in fund balance and \$68.7 million in revenue inflows which was \$7.1 million over budget. Actual charges (outflows) of \$62.1 million were \$3.1 million less than the budget of \$65.3 million. Capital projects, not completed during the fiscal year, were \$0.7 million and will be carried forward to FY 11-12. These are included in the \$40.5 million assigned 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. *Public Service* includes the departments of Human Services, Rent Stabilization, Community Development, and Transportation & Public Works. Governmental activities are financed mostly by: property taxes, transient occupancy taxes, sales taxes, parking fines, charges for services, franchise taxes, and state and federal grants.

*Business-type activities* – The City charges a fee to customers to help it cover all

or most of the costs of providing these services. The City's solid waste, sewer, landscape, and street maintenance districts are reported here.

*Component units* – The City has included several legally separate entities in this report – the West Hollywood Community Development Commission (Redevelopment Agency), the West Hollywood Housing Authority (Housing Authority), the West Hollywood Public Facilities Corporation (Public Facilities Corporation), the West Hollywood Community Foundation (Community Foundation), the West Hollywood Public Financing Authority, 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-nine 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, Eastside Capital Improvement Fund and Debt Funded Capital Projects. These three funds are considered to be major funds. Data from other governmental funds (non-major) are combined into a single presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 78 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 76.

*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 77 to 132.

**GOVERNMENT - WIDE FINANCIAL ANALYSIS**

This analysis will focus on the fiscal year ending June 30, 2011, 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, 2010 in its analysis.

Net Assets (Table 1)  
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 171.1	\$ 148.2	\$ 0.9	\$ 1.2	\$ 171.9	\$ 149.4
Capital assets	182.8	161.2	10.6	9.9	193.4	171.1
<b>Total assets</b>	<b>353.9</b>	<b>309.4</b>	<b>11.4</b>	<b>11.1</b>	<b>365.3</b>	<b>320.5</b>
Long-term debt outstanding	107.9	70.0	-	-	107.9	70.0
Other liabilities	22.6	25.0	0.7	0.2	23.3	25.3
<b>Total liabilities</b>	<b>130.5</b>	<b>95.0</b>	<b>0.7</b>	<b>0.2</b>	<b>131.2</b>	<b>95.3</b>
Net assets:						
Invested in capital assets, net of debt	123.6	95.0	10.6	9.9	134.2	104.9
Restricted	74.3	57.9	-	-	74.3	57.9
Unrestricted	25.5	61.5	0.2	1.0	25.7	62.5
<b>Total net assets</b>	<b>\$ 223.4</b>	<b>\$ 214.4</b>	<b>\$ 10.7</b>	<b>\$ 10.9</b>	<b>\$ 234.1</b>	<b>\$ 225.3</b>

The City's Government-Wide total net assets were \$234.1 million, with assets of \$365.3 million and liabilities of \$131.2 million. The net investment in capital assets of \$134.2 million represents 37.0 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, \$74.3 million (31 percent) represents resources that are subject to external restrictions in how they may be used. This is an increase of \$16.4 million mainly related to \$59.4 million restricted to Capital Projects. The remaining balance of \$25.5 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	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 20.4	\$ 16.2	\$ 2.6	\$ 2.4	\$ 23.0	\$ 18.6
Operating Contributions & Grants	4.3	4.7	-	-	4.3	4.7
Capital Contributions & Grants	4.3	2.2	-	-	4.3	2.2
Sub-total Program Revenues	28.9	23.1	2.6	2.4	31.5	25.5
General Revenues:						
Property taxes	18.0	18.3	-	-	18.0	18.3
Transient occupancy taxes	14.1	12.6	-	-	14.1	12.6
Sales taxes	12.8	12.3	-	-	12.8	12.3
Franchise taxes	2.4	2.3	-	-	2.4	2.3
Business license taxes	2.5	2.6	-	-	2.5	2.6
Motor Vehicle in lieu	3.3	3.5	-	-	3.3	3.5
Use of money and property	7.3	7.3	0.00	0.01	7.3	7.3
Other	0.8	0.6	-	-	0.8	0.6
Sub-total General Revenues	61.2	59.5	0.00	0.01	61.2	59.5
<b>Total Revenues</b>	<b>90.1</b>	<b>82.6</b>	<b>2.6</b>	<b>2.4</b>	<b>92.7</b>	<b>85.0</b>

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

<b>Expenses</b>							
General Government	\$ 19.9	\$ 22.3	\$ -	\$ -	\$ 19.9	\$ 22.3	
Public Safety	14.7	14.7	-	-	14.7	14.7	
Public Services	42.4	37.9	-	-	42.4	37.9	
Solid Waste	-	-	1.3	1.3	1.3	1.3	
Sewer District	-	-	0.3	0.3	0.3	0.3	
Landscape	-	-	0.2	0.2	0.2	0.2	
Sewer	-	-	0.6	0.6	0.6	0.6	
Interest on Long-Term Debt	4.0	3.8	-	-	4.0	3.8	
Street Maintenance	-	-	0.4	0.4	0.4	0.4	
<b>Total Expenses</b>	<b>81.0</b>	<b>78.6</b>	<b>2.9</b>	<b>2.8</b>	<b>83.8</b>	<b>81.4</b>	
Increase (decrease) in Net Assets Before Transfers	\$ 9.1	\$ 4.0	\$ (0.3)	\$ (0.4)	\$ 8.9	\$ 3.6	
Transfers	(0.12)	(0.10)	0.12	0.10	-	-	
<b>Net Assets at July 1</b>	<b>214.4</b>	<b>210.4</b>	<b>10.9</b>	<b>11.3</b>	<b>225.3</b>	<b>221.7</b>	
<b>Restatements</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.1)</b>	
<b>Net Assets, June 30</b>	<b>\$ 223.4</b>	<b>\$ 214.4</b>	<b>\$ 10.7</b>	<b>\$ 10.9</b>	<b>\$ 234.1</b>	<b>\$ 225.3</b>	

The government's net assets increased \$8.9 million (Table 2), with total revenues of \$92.7 million and total expenses of \$83.9 million. Program revenues were \$31.5 million and general revenues were \$61.2 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$23.0 million, which is a *program revenue*. Other program revenues which are applied directly against the costs of providing these services are Operating Contributions and Grants, and Capital Contributions & Grants, each at \$4.3 million respectively. Property tax was the second largest revenue at \$18.0 million, followed by Transient Occupancy Tax, at \$14.1 million. The fourth largest revenue source was Sales Tax at \$12.8 million. These last three sources are all *general revenues derived from the citizenry or taxpayers*.

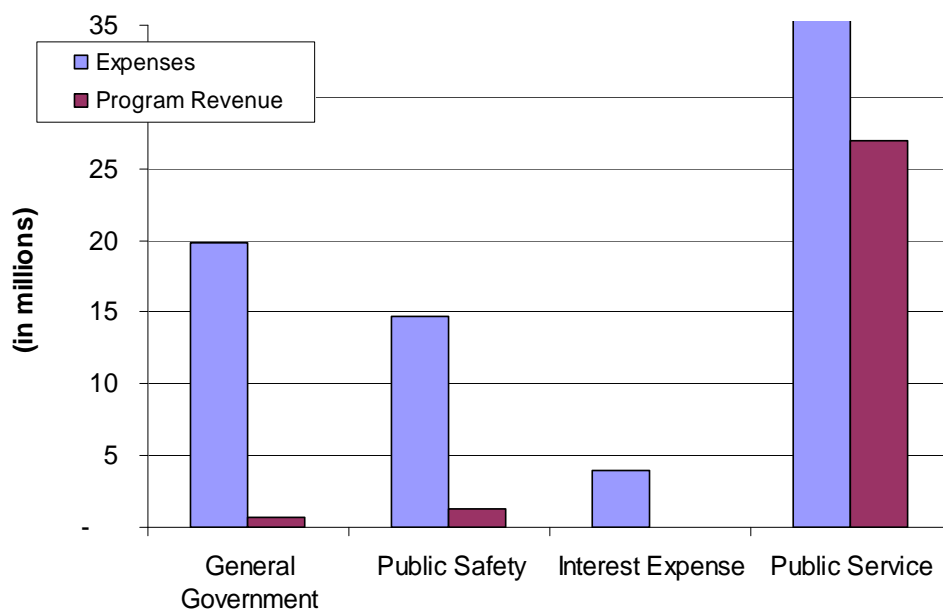
In terms of the explanation behind the change in Net Assets, the change was \$8.9 million. The change in Net Assets is approximately three percent of the total Net Assets of \$234.1 million which is insignificant.

In comparison to the prior fiscal year, the government's total revenues increased by \$7.7 million while Program revenue increased by \$6.0 million. General Revenues increased by \$1.7 million. For Program revenues, Charges for Services increased \$4.4 million and Capital Contributions and Grants increased by \$2.1 million and Operating

Contributions and Grants decreased in the amount of \$0.4 million. For General Revenue, the major increases were Transient Occupancy Tax for \$1.5 million, Sales Tax for \$0.5 million, Franchise Fee for \$0.1 million. Major decreases were Property Tax for \$0.3 million, Business License Taxes for \$0.1 million. Compared to the prior year, the government’s total expenditures increased \$2.5 million. This increase occurred in Governmental Activities, with the largest increase in Public Service of \$4.5 million and General Government had a decrease of \$2.4 million while Interest or Long-Term Debt had an increase of \$0.2 million and Public Safety remained the same.

Governmental Activities. Governmental activities increased the City’s *net assets* by \$9.0 million (Table 2). The cost of all governmental activities this year was \$81.0 million or 96.0 percent of the *primary government* expenditures and was an increase of \$2.4 million from the prior year. As shown in the *Statement of Activities* on page 32, the amount that taxpayers financed through City taxes was \$49.7 million. The other portion of the costs was paid by those who directly benefited from the programs (\$20.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8.6 million). The City used part of the \$61.2million 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)

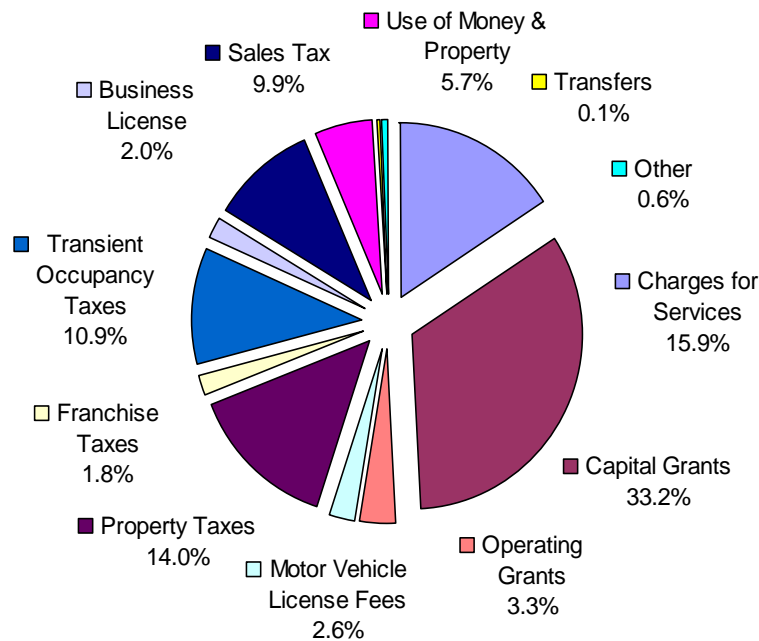


Graph 1 presents the costs of each of the City's three functions – General Government, Public Safety, Public Service, plus Interest on long-term debt as well as the program's revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

*General Government* had expenses of \$19.9 million with program revenues of \$0.7 million, while *Public Safety* had expenses of \$14.7 million with program revenues of \$1.3 million. From the prior year, *General Government* had a \$2.4 million decrease and *Public Safety* had remained the same. Expenses in *Public Services* represented \$42.4 million or 52 percent of total expenses for Governmental Activities. Of this amount, \$26.9 million was funded by *program revenues* and the remaining \$15.5 million was funded by *general revenues*. Interest on long term debt was \$4.0 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 \$20.4 million or 23.0 percent. *Charges for Service's* consist primarily of: Parking Fines at \$10.0 million, Licenses and Permits at \$4.7 million, Rent Stabilization Fees at \$1.9 million, Vehicle Code Fines at \$1.1 million, and Other Misc. Charges of \$2.7 million.

Revenues by Source – Governmental Activities (Graph 2)



Other program revenues include operating and capital grants that together represented 9.4 percent of the total, or \$8.6 million. Operating and capital grants includes: \$3.7

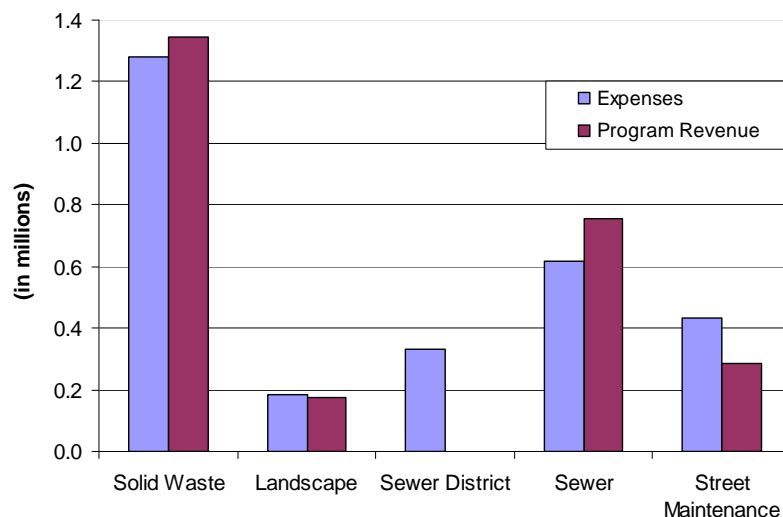
million in various Federal, State, & County grants, \$1.5 million in Gas Tax and Contributions for the Library Fund of \$3.4 million.

For General Revenues, the four major categories were Property Tax at \$18.0 million, Transient Occupancy Tax at \$14.1 million, Sales Tax at \$12.8 million, and Use of Money and Property at \$7.3 million. These four sources represented 58.0 percent of the Governmental Activities.

Business-type Activities. Net assets at June 30, 2011, were \$10.7 million, with assets equaling \$11.4 million and liabilities of \$0.7 million. Unrestricted net assets represented \$0.2 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 92 percent or \$10.6 million. Business-type activities increased the City’s net assets by \$0.3 million in 2011 (Table 2). Revenues of the City’s business-type activities were \$ 2.6 million, while the expenses were \$2.9 million.

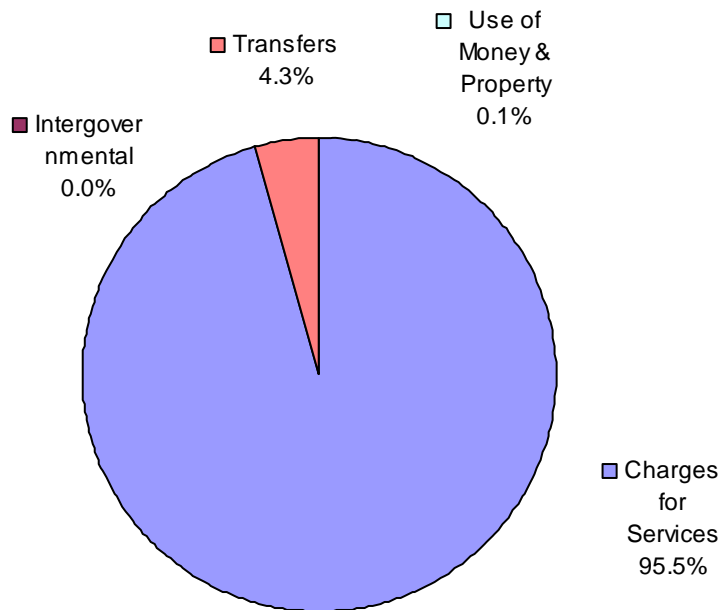
Graph 3 presents the costs of each of the City’s business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs 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 \$2.6 million or 99.9 percent. Total General Revenues were \$0.1 million and represented Transfers and Use of Money and Property (interest earnings).

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



### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The City has three major governmental funds: the General Fund, Debt Funded Capital Projects Fund, and the Eastside Capital Improvement Fund. All funds are discussed in depth later in the MD&A. The other twenty-six 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 \$145.3 million.

Fund Balance designations are as follows: Non-Spendable Fund Balance was \$0.8 million, Restricted Fund Balance was \$76.5 million, Committed Fund Balance was \$18.8 million, Assigned Fund Balance was \$40.5 million and lastly Unassigned Fund Balance was \$8.7 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2011, compared to prior year revenues.

### Comparison of Governmental Revenues (Table 3)

#### Fiscal Years 2010-11 and 2009-10

	Amount	% of Total	Amount	% of Total	Variance	% Increase/
	FY 10-11	Revenues	FY 09-10	Revenues	Over/(Under)	(Decrease)
					FY 09-10	FY 09-10
Property Tax	\$ 18,002,980	19.3%	\$ 16,803,618	21.2%	\$ 1,199,362	7.1%
Transient Tax	14,089,667	15.1%	12,590,133	15.8%	1,499,534	11.9%
Sales Tax	12,888,577	13.8%	11,843,141	14.9%	1,045,436	8.8%
Fines and Forfeitures	10,033,205	10.8%	8,969,664	11.3%	1,063,541	11.9%
Intergovernmental	9,340,661	10.0%	8,273,817	10.4%	1,066,844	12.9%
Use of Money & Property	9,794,397	10.5%	6,866,344	8.6%	2,928,053	42.6%
Other Taxes	4,874,870	5.2%	4,960,453	6.2%	(85,583)	-1.7%
License & Permits	4,718,357	5.1%	3,380,036	4.3%	1,338,321	39.6%
Charges for Services	3,389,975	3.6%	3,289,924	4.1%	100,051	3.0%
Contributions	2,947,907	3.2%	1,373,409	1.7%	1,574,498	114.6%
Miscellaneous	2,154,698	2.3%	709,999	0.9%	1,444,699	203.5%
Developers Fees	834,235	0.9%	388,298	0.5%	445,937	114.8%
<b>TOTAL</b>	<b>\$ 93,069,529</b>	<b>100.0%</b>	<b>\$ 79,448,836</b>	<b>100.0%</b>	<b>\$ 13,620,693</b>	<b>17.1%</b>

Revenues of governmental funds for fiscal year 2010-11 were \$93.0 million, with an increase of \$13.6 million or 17.1% from the prior fiscal year. *There were several significant increases in revenue sources for the City attributed to various causes.* The following are key points and graphs of the Governmental Fund revenues.

- Property Tax Revenue at \$18.0 million had an increase of 7.1%, or \$1.2 million. Last fiscal year, the State of California borrowed monies from local governments under proposition 1A passed in 2004. The City's share was \$1.4 million. After adjusting for this aberration, there was no significant change compared with prior year.
- Transient Occupancy Tax Revenue at \$14.1 million had an increase of 11.9% over prior year. The increase was primarily attributed to all the major hotels in the City being open for business after some of the major hotels were closed or partially closed in the prior year for renovations. Also, there were several high profile events in the Los Angeles region like the NBA All-Star Game resulting in

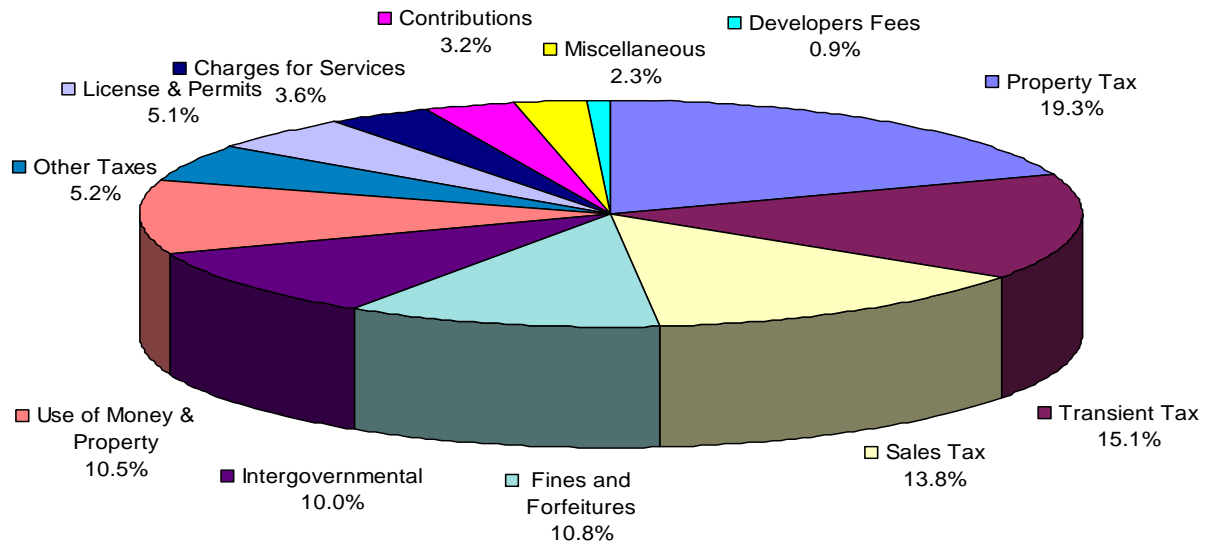
the higher occupancy. Both occupancy and room rates have been increasing and this trend appears to be continuing in FY 2012.

- Sales Tax Revenue at \$12.8 million increased \$1.0 million or 8.8% over prior year. The local economy is slowly recovering from downturn in the economy. Last fiscal year, the City experienced a \$1.4 million decrease in Sales Tax. The major sectors increasing in FY 2011 were Business & Industry, Fuel & Service Stations, Restaurants and Hotels and the County Pool revenues. Building and Construction continued to decrease.
- Fines and Forfeitures Revenues at \$10.0 million had an increase of \$1.0 million, or 11.9 % over prior year. The increase is attributed primarily to increased Parking Fees associated with parking citations. The fee was implemented to be consistent with neighboring cities parking fee schedules. The increases occur over a two year period. This is the first year of the fee increase.
- Intragovernmental Revenue at \$9.3 million had an increase of \$1.0 million, or 12.9% over the prior year. The net increase was due to an increase in grant funded programs and projects such as CDBG, Proposition 1B and ARRA funded Sunset Rehabilitation project.
- Use of Money and Property at \$9.79 million had the largest increase of \$2.9 million, or 42.6%. The major component of the increase was the repayment of accrued interest on an RDA loan of \$2.5 million. In March of this year, the City opened a new parking structure with 333 parking stalls on a heavily used thoroughfare, San Vicente Boulevard. The new structure generated \$0.1 million in revenue.
- Other Tax Revenues at \$4.9 million had a 1.7% decrease over prior year or \$.1 million, an insignificant change from prior year.
- License and Permit Revenue at \$4.7 million had a increase of \$1.3 million, or 39.6%. The increase is attributed to building permit fees with the majority attributed to the Monarch Development at La Brea and at Fountain.
- Charges for Services Revenue at \$3.3 million had a negligible increase of 3.0% or \$0.1 million over prior year.
- Contributions at \$2.9 million included fund transfer of \$2.5 million from the County of Los Angeles to the City for the West Hollywood Library. The difference of \$.4 million was donations for the Library. Fewer donations were received this year as compared to the prior year due to the current economy.
- Miscellaneous Revenues at \$2.1 million increased by \$1.4 million over prior year. One of the major reasons for the increase was the repayment of the housing loan

(Hayworth) in the amount of \$1.2 million.

- Developer Fees at \$.8 million had an increase of \$.4 million which is insignificant.

Governmental Fund Revenues – Fiscal Year 2010-11 (Graph 5)



Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2011, compared to prior year amounts.

Operating expenditures for 2010-11 were \$73.3 million, an increase of 1.2 percent or \$.9 million from the prior fiscal year, with General Government and Public Services having a combined decrease of \$.9 million.

In General Government, there was a decrease of \$2.4 million or 11.4% compared with the prior year. The reason for the decrease was the City did not purchase any Traded Funds and also there was a reduction in usage for Contractual Services and Professional Services.

There was practically no change in Public Safety. The contract pricing associated with the Los Angeles County Sheriff’s Department had a minor increase compared with the prior year.

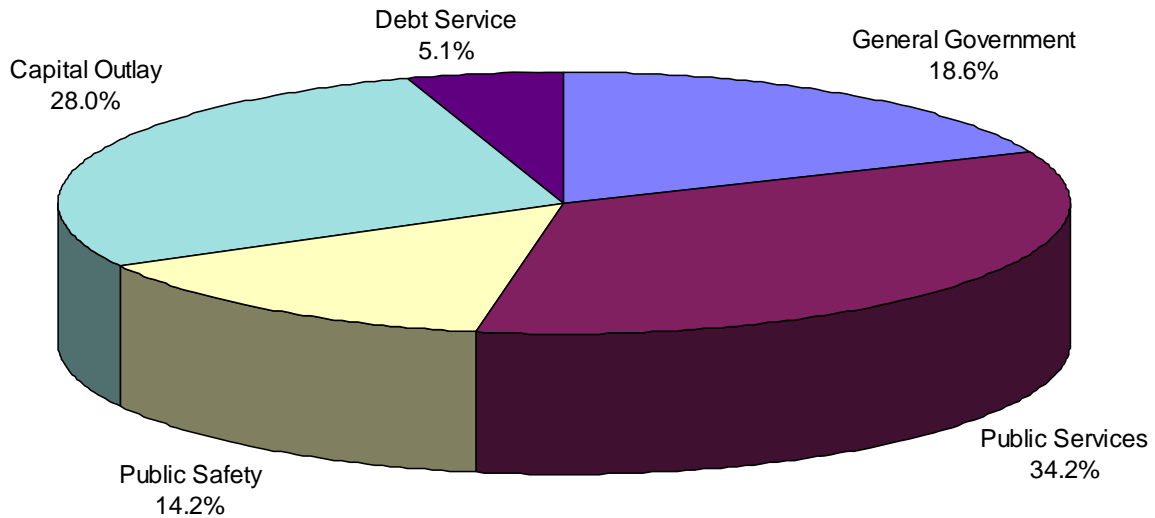
Public service increased by \$3.3 million and totaled \$39.5 million. The increase is due to Rent Subsidy and Social Services grants for the Sierra Bonita Project.

Capital Outlay expenditures were \$24.7 million a decrease of \$4.5 million over prior year due to the expenditure related to the construction for the West Hollywood Park Master Plan.

Comparison of Major Governmental Expenditures (Table 4)  
Fiscal Years 2010-11 and 2009-10

	Amount FY 10-11	% of Total Expenditures	Amount FY 09-10	% of Total Expenditures	Variance Over/(Under) FY 09-10	% Increase/ (Decrease) FY 09-10
General Government	\$ 19,233,560	18.5%	\$ 21,699,975	20.5%	\$ (2,466,415)	-11.4%
Public Safety	14,619,971	14.1%	14,613,812	13.8%	6,159	0.0%
Public Services	39,455,917	37.9%	36,093,478	34.1%	3,362,439	9.3%
Total Operating Expenditures	73,309,448	70.5%	72,407,265	68.4%	902,183	1.2%
Capital Outlay	24,746,798	23.8%	29,206,055	27.6%	(4,459,257)	-15.3%
Debt Service	5,953,994	5.7%	4,177,226	3.9%	1,776,768	42.5%
<b>TOTAL</b>	<b>\$ 104,010,240</b>	<b>100.0%</b>	<b>\$ 105,790,546</b>	<b>100.0%</b>	<b>\$ (1,780,306)</b>	<b>-1.7%</b>

Governmental Fund Expenditures – Fiscal Year 2010-11 (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 125.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds are \$2.6 million, while non-operating revenues and transfers represent \$0.1 million. Operating expenses for the fiscal year were \$2.8 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 \$0.6 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 three activities for which the City has a fiduciary responsibility. The City administers a Hotel Marketing Benefit Zone 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. Lastly, the City administers the Business Improvement District to promote retail stores, restaurants and art galleries near the Pacific Design Center.

## MAJOR FUNDS-ANALYSIS

### 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 Fund Balance decreased by \$1.8 million during the year. The deficit fund balance at year-end was \$5.1 million. The deficit will be eliminated through designated transfers from the General Fund and the Library Fund.

Revenue - The Fund received contributions from the Library Fund for \$2.5 million. This is the third year of contributions from the Library Fund. The Library Fund solicits donations for the construction of the new library. There was also a Transfer In of \$13.5 million from the Capital Projects Debt Service Fund.

Expenditures - The Debt Fund Capital Project incurred \$17.8 of capital expenditures in the current year. All these expenditures related to the construction of the West Hollywood Park Master Plan.

### EASTSIDE CAPITAL IMPROVEMENT FUND - ANALYSIS

Eastside Capital Improvement Fund is a major fund and accounts for the project improvements for the capital projects in the Eastside of the City. These projects will be funded by the Redevelopment Agency Debt Service Fund and the General Fund (Pages 34 to 40)

Fund Balance- The fund balance increased by \$32.2 million .The reason for the increase was a transfer by the Redevelopment Agency.

Revenue – The Fund received contributions from the Redevelopment Agency for \$32.2 million. The contribution included a transfer of \$27.0 million of the recently issued Tax Allocation Bonds for the Plummer Park and \$5.0 million from the Agency’s Debt Service fund for the various projects on the Eastside.

Expenditures- There were no expenditures in the Eastside Capital Improvement Fund.

### 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 increase of \$6.6 million with and ending fund balance of \$75.1 million (Table 5).

Fund Balance designations are as follows: Non-Spendable Fund Balance was \$0.8 million, Committed Fund Balance was \$18.8 million, Assigned Fund Balance was \$40.5 million and lastly Unassigned Fund Balance was \$15.1 million.

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

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

	FY 10-11	FY 09-10	FY 08-09	FY 07-08	FY 06-07
Fund Balance					
Reserved		\$ 8,737,738	\$ 12,483,127	\$ 11,088,861	\$ 9,586,060
Designated Unreserved		52,692,076	52,692,076	52,692,076	52,692,076
Undesignated Unreserved		7,134,832	11,335,257	18,490,794	7,087,882
Nonspendable	783,625				
Committed	18,787,130				
Assigned	40,500,000				
Unassigned	15,077,764				
Total Fund Balance	\$ 75,148,519	\$ 68,564,646	\$ 76,510,460	\$ 82,271,731	\$ 69,366,018
Beginning Balance	\$ 68,564,646	\$ 76,510,460	\$ 82,271,731	\$ 69,366,018	\$ 51,777,701
Operating Surplus /(Deficit)	6,583,873	(7,945,814)	(6,087,297)	12,905,713	17,009,653
Restatement			326,026		578,664
Ending Balance	\$ 75,148,519	\$ 68,564,646	\$ 76,510,460	\$ 82,271,731	\$ 69,366,018

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues – For fiscal year 2010-11, General Fund Revenues and Other Financing Sources were \$68.7 million, an increase of 14.9 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 2010-11 and 2009-10

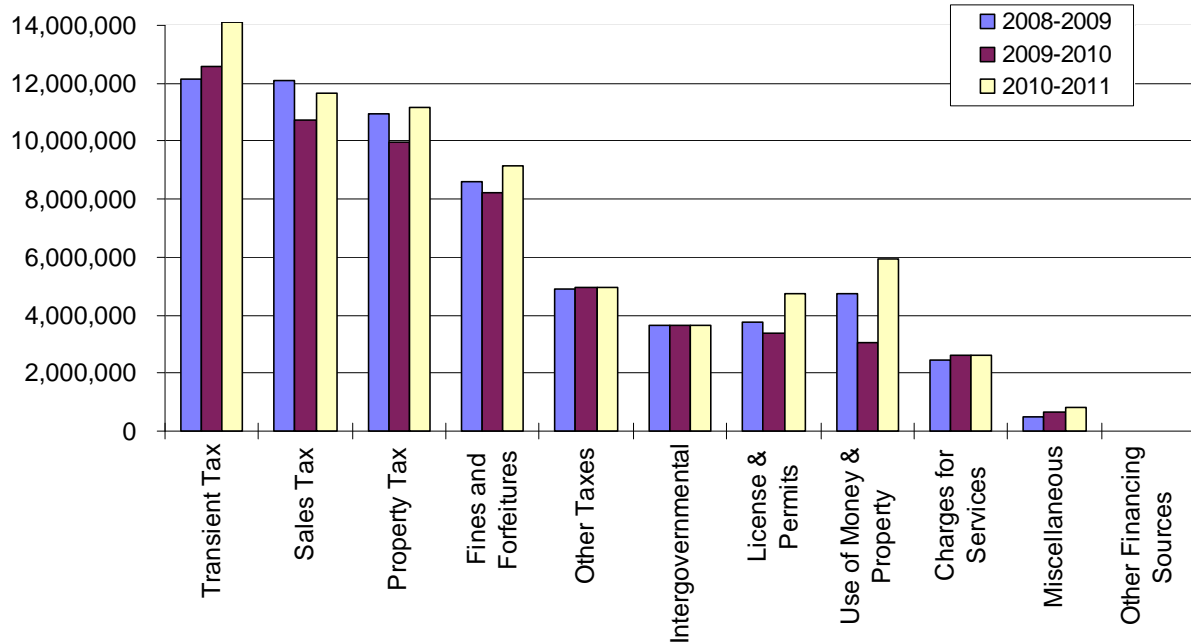
	2010-2011	2009-2010	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
<b>Transient Tax</b>	\$ 14,089,667	\$ 12,590,134	\$ 1,499,533	11.9%	20.5%
<b>Sales Tax</b>	11,642,605	10,730,268	912,337	8.5%	16.9%
<b>Property Tax</b>	11,191,866	9,971,747	1,220,119	12.2%	16.3%
<b>Fines and Forfeitures</b>	9,151,893	8,207,443	944,450	11.5%	13.3%
<b>Other Taxes</b>	4,960,385	4,960,454	(69)	0.0%	7.2%
<b>Intergovernmental</b>	3,628,029	3,656,267	(28,238)	-0.8%	5.3%
<b>License &amp; Permits</b>	4,718,357	3,380,036	1,338,321	39.6%	6.9%
<b>Use of Money &amp; Property</b>	5,912,187	3,047,050	2,865,137	94.0%	8.6%
<b>Charges for Services</b>	2,603,050	2,594,947	8,103	0.3%	3.8%
<b>Miscellaneous</b>	824,927	662,728	162,199	24.5%	1.2%
<b>Totals</b>	\$ 68,722,966	\$ 59,801,074	\$ 8,921,892	14.9%	100.0%

- Transient Occupancy Tax Revenue at \$14.1 million had an increase of 11.9% over prior year. The increase was primarily attributed to all the major hotels in the City being open for business after some of the major hotels were closed or partially closed in the prior year for renovations. Also, there were several high profile events in the Los Angeles region like the NBA All-Star Game resulting in the higher occupancy. Both occupancy and room rates have been increasing and this trend appears to be continuing in FY 2012.
- Sales Tax Revenue at \$11.6 million increased \$.9 million or 8.5% over prior year. The local economy is slowly recovering from downturn in the economy. Last fiscal year, the City experienced a \$1.4 million decrease in Sales Tax. The major sectors increasing in FY 2011 were Business & Industry, Fuel & Service Stations, Restaurants and Hotels and the County Pool revenues while Building and Construction continued to decrease.
- Property tax revenue at \$11.2 million had an increase of 12.2% or \$1.2 million. Last fiscal year, the State of California borrowed monies from local governments under proposition 1A passed in 2004. The City's share was \$1.4 million. After adjusting for this aberration, there was no significant change compared with prior year.
- Fines and Forfeitures Revenues at \$9.1 million had an increase of \$0.9 million, or 11.5% over prior year. The increase is attributed primarily to increased Parking Fees associated with parking citations. The fee was implemented to be consistent with neighboring cities parking fee schedules. The increases occur over a two year period. This is the first year of the fee increase.
- Other Taxes Revenues at \$4.9 million and Intergovernmental Revenue at \$3.6 million each had an insignificant change over prior year.
- License and Permits Revenue at \$4.7 million had a increase of \$1.3 million, or 39.6% over prior years. The increase is attributed to building permit fees with the majority attributed to the Monarch Development at La Brea and at Fountain.
- Use of Money and Property Revenue at \$5.9 million had the largest increase of \$2.8 million, or 94.1%. The major component of the increase was the repayment of accrued interest on an RDA loan of \$2.5 million. In March of this year, the City opened a new parking structure with 333 parking stalls on a heavily used thoroughfare, San Vicente Boulevard. The new structure generated \$0.1 million in revenue.
- Charges for Services Revenue at \$2.6 million had an insignificant change over prior year.

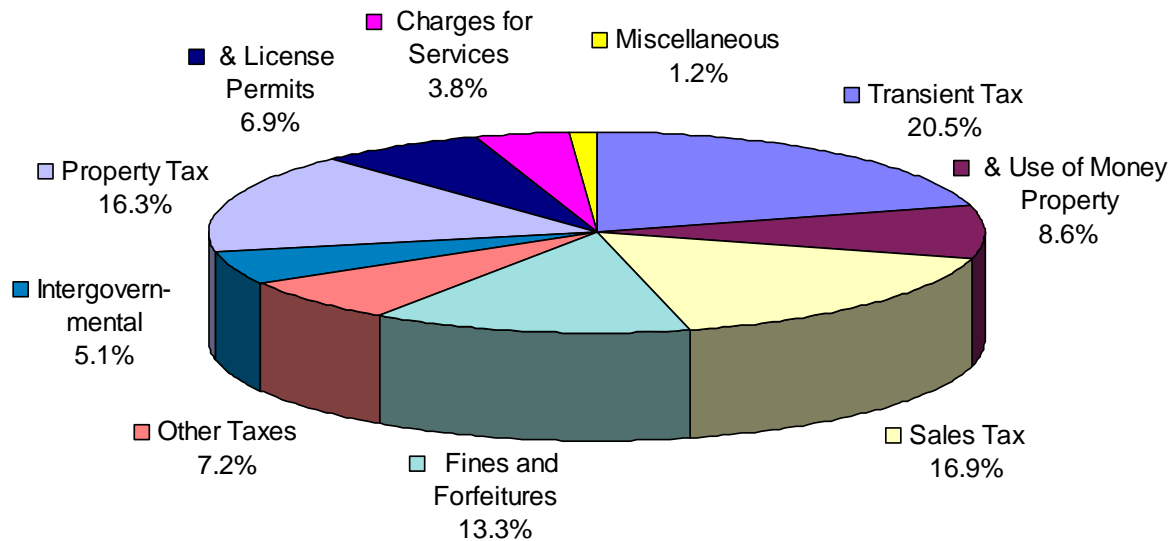


- Miscellaneous revenue at \$.8 million increased by 24.5% and had many one time small miscellaneous revenue deposits.

Comparison of General Fund Revenues (Graph 7)  
Fiscal Years 2010-11, 2009-10 and 2008-09



General Fund Revenues - Fiscal Year 2010-11 (Graph 8)



Expenditures – For fiscal year 2010-11, total General Fund expenditures were \$62.1 million, a decrease of 8.3% or \$5.6 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.

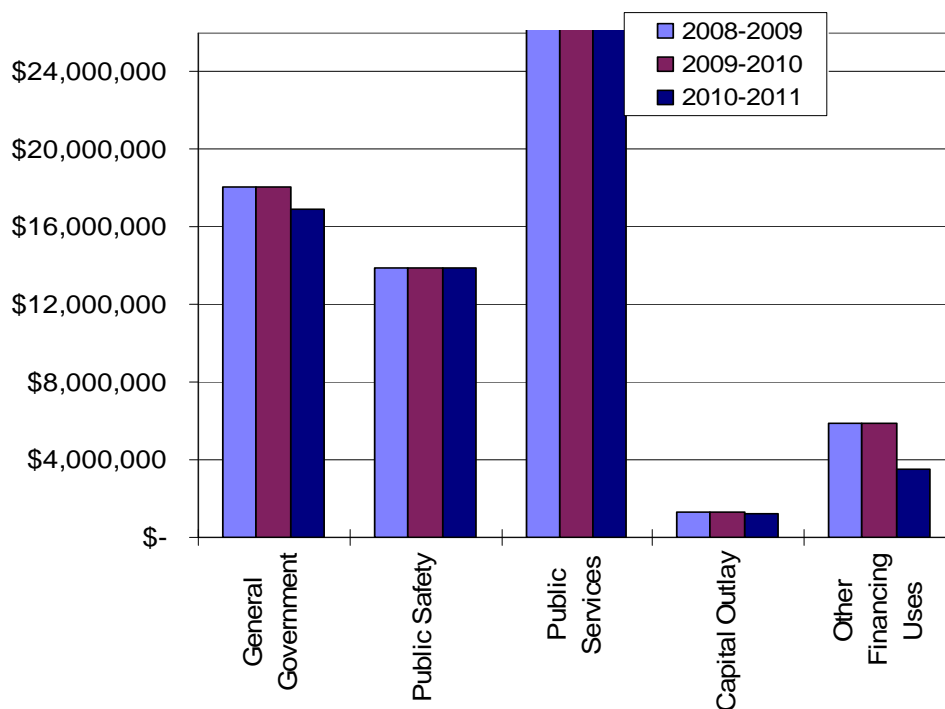
General Fund Expenditures (Table 7)  
Fiscal Years 2010-11 and 2009-10

	2010-2011	2009-2010	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
<b>General Government</b>	\$ 16,951,984	\$ 18,042,480	\$ (1,090,496)	-6.0%	27.3%
<b>Public Safety</b>	13,879,155	13,889,678	(10,523)	-0.1%	22.3%
<b>Public Services</b>	26,529,331	28,572,861	(2,043,530)	-7.2%	42.7%
<b>Capital Outlay</b>	1,263,956	1,316,428	(52,472)	-4.0%	2.0%
<b>Other Financing Uses</b>	3,514,667	5,925,441	(2,410,774)	-40.7%	5.7%
<b>Total Expenditures</b>	<b>\$ 62,139,093</b>	<b>\$ 67,746,888</b>	<b>\$ (5,607,795)</b>	<b>-8.3%</b>	<b>100.0%</b>

- General Government expenditures were \$17.0 million a decrease of \$1.1 million or 6.0%. The significant change was that there was no purchase of Traded Funds in the current fiscal year. In the prior year, the City had purchased \$1.0 million of Prop 'A' Funds.
- Public Safety expenditures were \$13.8 million, a decrease of .1 percent. There was practically no change in Public Safety. The contract pricing associated with the Los Angeles County Sheriff's Department had a minor increase compared with prior years.
- Public Service expenditures were \$26.5 million and resulted in a 7.2 percent decrease. Public Services is the largest function in the General Fund with the following five (5) major program areas: 1) Recreation Services at \$4.1 million, 2) Social Services at \$4.9 million, 3) Facilities & Field Services at \$4.3 million, 4) Planning at \$2.4 million, and 5) Parking at \$3.5 million. The decrease is primarily attributed to the Contractual Services for the General Plan, Photo Safety contract and positions being vacant.
- Capital Outlay expenditures were \$1.3 million, a decrease of \$0.1 million over prior year. The decrease is insignificant.
- Other Financing Uses were \$3.5 million, which is a decrease of \$2.4 million from prior year. The decrease was due to several factors. In the prior year, transfers were

higher at \$5.2 million for the Sunset Beautification project while in the current year a lower transfer occurred of \$2.8 million for the debt service payments for the new Lease Revenue Bonds.

Comparison of General Fund Expenditures (Graph 9)  
Fiscal Years 2010-11, 2009-10 and 2008-09



**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 \$0.4 million between the original budget of \$61.2 million and the final amended budget of \$61.6 million. The increase was due to mid-year adjustments for Charges for Services at \$0.1 million and Miscellaneous at \$0.3 million. Actual revenues exceeded the final amended budget by \$7.1 million. The

significant difference in actual revenues was primarily due to actual tax revenue exceeding budget by \$3.6 million. Use of Money & Property increased by \$2.4 million while Licenses and Permits increased by \$1.1 million. 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 \$4.1 million in appropriations. The major increase was in Public Service in the amount of \$1.7 million. For the other functions, General Government had a \$1.2 million increase as well as Capital Projects had an increase of \$1.6 million and Public Safety had a decrease of \$0.3 million. In all instances actual expenditures were less than the final adopted budget. 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, 2011, is \$193.4 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 51,233	\$ 51,233	\$ -	\$ -	\$ 51,233	\$ 51,233
Buildings and systems	24,434	17,695	-	-	24,434	17,695
Improvements other than buildings	8,579	7,367	-	-	8,579	7,367
Machinery and Equipment	2,146	2,407	-	-	2,146	2,407
Infrastructure	51,352	44,100	9,142	8,533	61,904	54,043
Construction in progress	45,102	38,405	1,410	1,410	45,102	38,405
<b>Total Capital Assets</b>	<b>\$ 182,846</b>	<b>\$ 161,206</b>	<b>\$ 10,552</b>	<b>\$ 9,943</b>	<b>\$ 193,398</b>	<b>\$ 171,149</b>

Long-Term Debt. At year end, the City had \$108.2 million in outstanding long-term debt for Governmental Activities. These consisted of 2003 Tax Allocation Bonds, Compensated Absences, OPEB obligations, Lease Revenue Series A and B Bonds and 2011 Tax Allocation Bonds Series A and B.

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 and preserve the supply of low and moderate income housing.

Compensated Absences has an increase of \$0.1 million with an outstanding balance of \$3.1 million at year end. The City's OPEB obligation at year end was \$1.1 million.

On July 15, 2009, Lease Revenue Bonds Series A were issued for \$22,160,000 to prepay the outstanding principal balance of the 1998 Refunding Certificates of Participation in the amount of \$20,420,000. Also on July 15 2009, Lease Revenue Bonds Series B were issued in the amount of \$34,780,000 to finance the acquisition, construction and improvements to the City's West Hollywood Park, including a new Public Library, a 90 space underground parking facility, a 337 space above ground parking facility and a 2.5 acre landscape park expansion. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements* on page 67; Note Number 9.

In March of 2011, Tax Allocation Bonds Series 'A' 2011 were issued for \$30,560,000 to finance redevelopment improvements to Plummer Park, including renovation and expansion of Fiesta Hall; enhancement and addition of new green space; creation of a central park promenade and interactive water feature; construction of a new Tiny Tot Program building; and construction of a subterranean parking structure.

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

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

	Governmental Activities			
	2011	2010	Variance Over/(Under) last year	% of increase (decrease) over last year
Tax Allocation Bonds	10,005.0	10,230.0	(225.0)	-2.2%
Compensated Absences	3,090.0	2,979.0	111.0	3.7%
OPEB Obligation	1,100.0	813.0	287.0	35.3%
Lease Revenue - Series A	19,235.0	20,770.0	(1,535.0)	-7.4%
Lease Revenue - Series B	34,780.0	34,780.0	-	0.0%
2011 Series A	30,560.0	-	30,560.0	N/A
2011 Series B	9,420.0	-	9,420.0	N/A
<b>Total Long-term Debt</b>	<b>\$ 108,190.0</b>	<b>\$ 69,572.0</b>	<b>\$ 38,618.0</b>	<b>55.5%</b>

### 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, 2011, 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 nation, after enduring the longest and deepest recession since 1930's is finally recovering. The recovery has been rather mixed for households and businesses. Optimism, however, is not a word associated with the job market. U.S. real gross domestic product has slowed during the first half of 2011, though the pundits remain optimistic about the second half of 2011 and 2012. Much of the recent slowdown in the economy was driven by transitory events like the spike in oil prices, the tsunami in Japan plus the tornados in the Midwest that disrupted the automobile supply chain. These effects are already reversing trend with a surge in auto sales and declining gas prices at the pump, which should help to bolster real consumer spending.

At the State level, the City will continue to monitor the State's budget as the State's efforts to balance its budget over the past few years have continued to trickle down to the County and Local Government levels. The California Legislature passed a balanced budget for FY 2011-12 with reductions in expenditures set to be triggered if the revenue

expectations are not met. These expenditure reductions would be made to public schools, higher education, and services for seniors and health care programs for the needy. Also, the California Redevelopment Association and the League of California Cities have filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as a part of the 2011-12 State Budget. One bill dissolved the Redevelopment Agency and the other bill gave the redevelopment agencies an option to avoid dissolution if it commits to making defined payments to the State. See Note 16 to Financial Statements for further detail. As the City has not burdened the Redevelopment Agency with any non-redevelopment related expenditures, the City is prepared to make necessary adjustments upon final implementation of any redevelopment changes with minimal impact to the General Fund.

The forecast for the City Of West Hollywood In the challenging economic environment is optimistic. The City with the use of its Long Range Financial Planning Model continues to maintain its ability to fund current level of services to the City's residents without the need to use reserves for operations. Management is confident that the City can sustain and build upon its current reserves while satisfying the funding needs of future capital projects and operations.

The City 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 and Fitch 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 2011-2012 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 pan, Vision 2020, in guiding its decisions during the budget process.

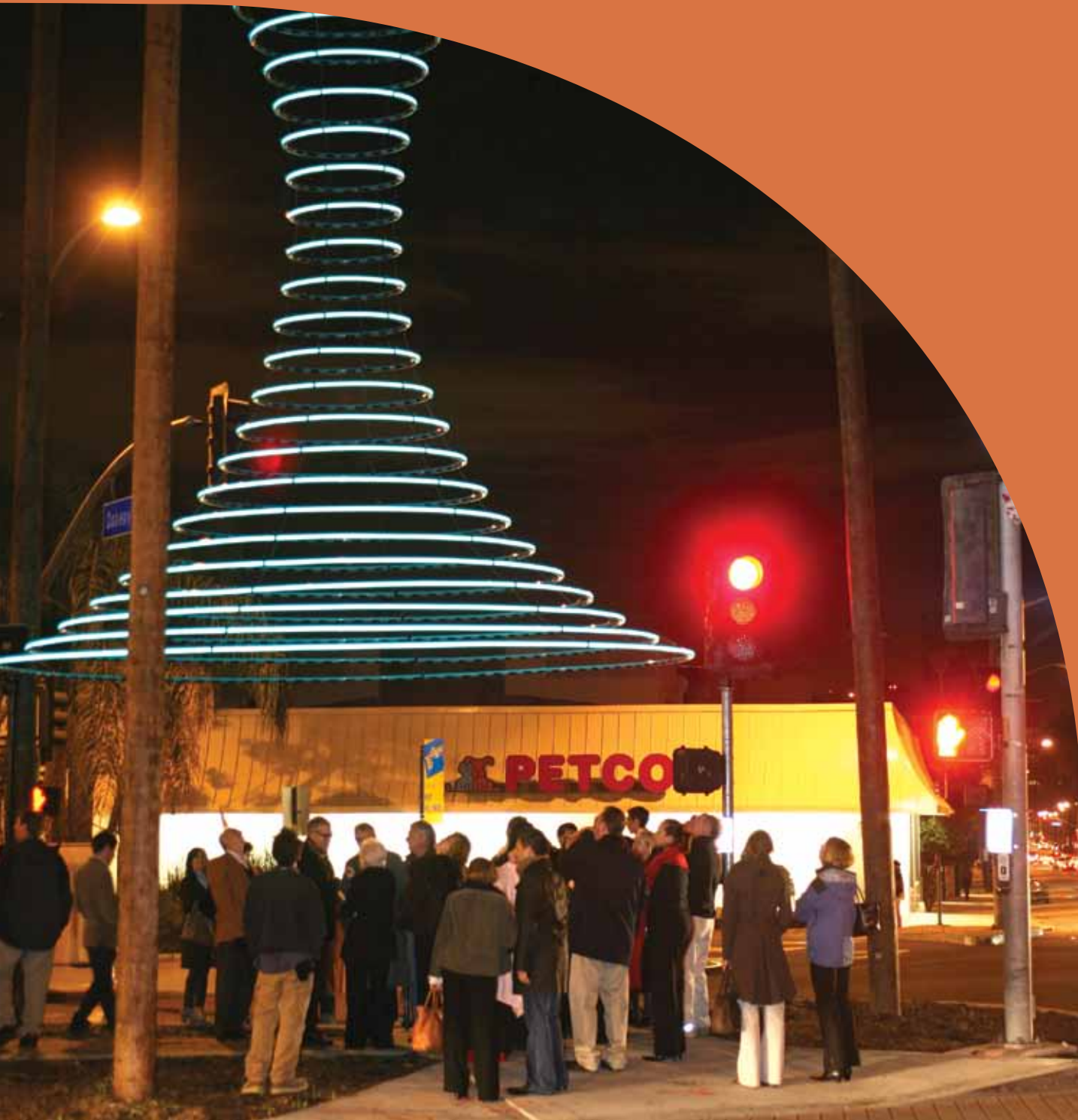
### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



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# BASIC FINANCIAL STATEMENTS



## CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	West Hollywood Marketing Corp.
<b>Assets:</b>				
Cash and investments	\$ 118,839,549	\$ 724,741	\$ 119,564,290	\$ 425,484
Receivables:				
Accounts	3,094,404	147,229	3,241,633	17,696
Taxes	1,619,852	-	1,619,852	375,593
Notes and loans	21,303,106	-	21,303,106	-
Allowance for loan forgiveness	(20,689,667)	-	(20,689,667)	-
Accrued interest	258,680	1,927	260,607	-
Internal balances	104,009	(104,009)	-	-
Prepaid costs	-	-	-	9,085
Deposits	39,000	-	39,000	-
Due from other governments	5,907,040	86,434	5,993,474	-
Inventories	770	-	770	-
Unamortized debt issuance costs	1,619,313	-	1,619,313	-
Restricted assets:				
Cash with fiscal agent	38,962,903	-	38,962,903	-
Capital assets not being depreciated	96,335,066	1,410,355	97,745,421	-
Capital assets, net of depreciation	86,510,723	9,141,594	95,652,317	45,959
<b>Total Assets</b>	<b>353,904,748</b>	<b>11,408,271</b>	<b>365,313,019</b>	<b>873,817</b>
<b>Liabilities:</b>				
Accounts payable	8,832,968	595,950	9,428,918	43,863
Accrued liabilities	1,339,350	-	1,339,350	37,902
Accrued interest	2,208,174	-	2,208,174	-
Unearned revenue	3,459,322	-	3,459,322	-
Deposits payable	4,666,862	69,526	4,736,388	-
Due to other governments	2,118,952	-	2,118,952	-
Noncurrent liabilities:				
Due within one year	6,885,754	-	6,885,754	6,392
Due in more than one year	101,010,083	-	101,010,083	24,965
<b>Total Liabilities</b>	<b>130,521,465</b>	<b>665,476</b>	<b>131,186,941</b>	<b>113,122</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	123,634,342	10,551,949	134,186,291	45,959
Restricted for:				
Public works	1,236,538	-	1,236,538	-
Capital projects	59,372,752	-	59,372,752	-
Debt service	13,655,762	-	13,655,762	-
Unrestricted	25,483,889	190,846	25,674,735	714,736
<b>Total Net Assets</b>	<b>\$ 223,383,283</b>	<b>\$ 10,742,795</b>	<b>\$ 234,126,078</b>	<b>\$ 760,695</b>

CITY OF WEST HOLLYWOOD

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 19,875,065	\$ 586,368	\$ 160,596	\$ -
Public safety	14,697,422	1,076,360	208,853	-
Public services	42,408,254	18,748,179	3,888,452	4,278,207
Interest on long-term debt	4,016,175	-	-	-
<b>Total Governmental Activities</b>	<b>80,996,916</b>	<b>20,410,907</b>	<b>4,257,901</b>	<b>4,278,207</b>
Business-Type Activities:				
Sewer District	331,429	-	-	-
Sewer Charge	618,079	757,422	-	-
Solid Waste	1,282,212	1,346,954	-	-
Landscape District	183,915	174,009	-	-
Street Maintenance	435,088	287,801	-	-
<b>Total Business-Type Activities</b>	<b>2,850,723</b>	<b>2,566,186</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 83,847,639</b>	<b>\$ 22,977,093</b>	<b>\$ 4,257,901</b>	<b>\$ 4,278,207</b>
<b>Component Units:</b>				
West Hollywood				
Marketing Corporation	\$ 1,868,968	\$ -	\$ -	\$ -

**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 and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

**Net Assets at End of Year**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Marketing Corporation
\$ (19,128,101)	\$ -	\$ (19,128,101)	\$ -
(13,412,209)	-	(13,412,209)	-
(15,493,416)	-	(15,493,416)	-
(4,016,175)	-	(4,016,175)	-
<b>(52,049,901)</b>	<b>-</b>	<b>(52,049,901)</b>	<b>-</b>
-	(331,429)	(331,429)	-
-	139,343	139,343	-
-	64,742	64,742	-
-	(9,906)	(9,906)	-
-	(147,287)	(147,287)	-
-	<b>(284,537)</b>	<b>(284,537)</b>	<b>-</b>
<b>(52,049,901)</b>	<b>(284,537)</b>	<b>(52,334,438)</b>	<b>-</b>
-	-	-	(1,868,968)
18,002,980	-	18,002,980	-
14,089,667	-	14,089,667	1,687,577
12,775,378	-	12,775,378	-
2,359,255	-	2,359,255	-
2,515,615	-	2,515,615	-
3,349,580	-	3,349,580	-
7,298,634	3,702	7,302,336	778
803,397	-	803,397	131,031
(116,000)	116,000	-	-
<b>61,078,506</b>	<b>119,702</b>	<b>61,198,208</b>	<b>1,819,386</b>
9,028,605	(164,835)	8,863,770	(49,582)
214,354,678	10,907,630	225,262,308	810,277
<b>\$ 223,383,283</b>	<b>\$ 10,742,795</b>	<b>\$ 234,126,078</b>	<b>\$ 760,695</b>

CITY OF WEST HOLLYWOOD

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General	Capital Projects Funds	
		Debt Funded Capital Projects	Eastside Capital Improvement
<b>Assets:</b>			
Pooled cash and investments	\$ 75,788,193	\$ -	\$ 5,000,000
Receivables:			
Accounts	486,458	-	-
Taxes	1,619,852	-	-
Notes and loans	-	-	-
Allowance for forgiveness	-	-	-
Accrued interest	163,734	-	-
Deposits	39,000	-	-
Due from other governments	4,669,714	-	-
Due from other funds	5,692,189	-	-
Advances to other funds	745,375	-	-
Inventories	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	1,763,453	27,239,747
<b>Total Assets</b>	<b>\$ 89,204,515</b>	<b>\$ 1,763,453</b>	<b>\$ 32,239,747</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,099,631	\$ 1,625,554	\$ -
Accrued liabilities	1,335,473	-	-
Deferred revenues	2,624,940	-	-
Unearned revenues	3,012,053	-	-
Deposits payable	1,983,899	1,763,453	-
Due to other governments	-	-	-
Due to other funds	-	3,439,120	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>14,055,996</b>	<b>6,828,127</b>	<b>-</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Inventory	-	-	-
Advances to other funds	744,625	-	-
Deposits	39,000	-	-
<b>Restricted for:</b>			
Public services	-	-	-
Capital projects	-	-	32,239,747
Debt service	-	-	-
Low and moderate activities	-	-	-
<b>Committed to:</b>			
Emergency contingency	3,757,426	-	-
Continuing appropriations	15,029,704	-	-
<b>Assigned to:</b>			
Self-insurance	500,000	-	-
Capital projects	40,000,000	-	-
<b>Unassigned</b>	<b>15,077,764</b>	<b>(5,064,674)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>75,148,519</b>	<b>(5,064,674)</b>	<b>32,239,747</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 89,204,515</b>	<b>\$ 1,763,453</b>	<b>\$ 32,239,747</b>

CITY OF WEST HOLLYWOOD

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 37,630,502	\$ 118,418,695
Receivables:		
Accounts	2,607,946	3,094,404
Taxes	-	1,619,852
Notes and loans	21,303,106	21,303,106
Allowance for forgiveness	(20,689,667)	(20,689,667)
Accrued interest	94,946	258,680
Deposits	-	39,000
Due from other governments	1,237,326	5,907,040
Due from other funds	-	5,692,189
Advances to other funds	-	745,375
Inventories	770	770
Restricted assets:		
Cash and investments with fiscal agents	9,959,703	38,962,903
<b>Total Assets</b>	<b><u>\$ 52,144,632</u></b>	<b><u>\$ 175,352,347</u></b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 2,107,783	\$ 8,832,968
Accrued liabilities	3,877	1,339,350
Deferred revenues	697,000	3,321,940
Unearned revenues	447,269	3,459,322
Deposits payable	919,510	4,666,862
Due to other governments	2,118,952	2,118,952
Due to other funds	2,137,799	5,576,919
Advances from other funds	745,375	745,375
<b>Total Liabilities</b>	<b><u>9,177,565</u></b>	<b><u>30,061,688</u></b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Inventory	770	770
Advances to other funds	-	744,625
Deposits	-	39,000
<b>Restricted for:</b>		
Public services	10,835,831	10,835,831
Capital projects	6,432,115	38,671,862
Debt service	15,863,936	15,863,936
Low and moderate activities	11,100,827	11,100,827
<b>Committed to:</b>		
Emergency contingency	-	3,757,426
Continuing appropriations	-	15,029,704
<b>Assigned to:</b>		
Self-insurance	-	500,000
Capital projects	-	40,000,000
<b>Unassigned</b>	<b><u>(1,266,412)</u></b>	<b><u>8,746,678</u></b>
<b>Total Fund Balances</b>	<b><u>42,967,067</u></b>	<b><u>145,290,659</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 52,144,632</u></b>	<b><u>\$ 175,352,347</u></b>

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## CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

Fund balances of governmental funds	\$ 145,290,659
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.	182,845,789
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	1,619,313
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(103,705,542)
Compensated Absences	(3,090,754)
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.	(1,099,541)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(2,208,174)
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.	3,321,940
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.	409,593
<b>Net assets of governmental activities</b>	<b><u>\$ 223,383,283</u></b>

CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	General	Capital Projects Funds	
		Debt Funded Capital Projects	Eastside Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 41,884,523	\$ -	\$ -
Licenses and permits	4,718,357	-	-
Intergovernmental	3,628,029	-	-
Charges for services	2,603,050	-	-
Use of money and property	5,912,187	-	-
Fines and forfeitures	9,151,893	-	-
Contributions	-	2,500,000	-
Developer participation	-	-	-
Miscellaneous	824,927	48,555	-
<b>Total Revenues</b>	<b>68,722,966</b>	<b>2,548,555</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
General government	16,951,984	14,142	-
Public safety	13,879,155	-	-
Public services	26,529,331	-	-
Capital outlay	1,263,956	17,828,404	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Debt issuance costs	-	-	-
<b>Total Expenditures</b>	<b>58,624,426</b>	<b>17,842,546</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,098,540	(15,293,991)	-
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	13,517,490	32,239,747
Transfers out	(3,514,667)	-	-
Long-term debt issued	-	-	-
Bond discount	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(3,514,667)</b>	<b>13,517,490</b>	<b>32,239,747</b>
Net Change in Fund Balances	6,583,873	(1,776,501)	32,239,747
Fund Balances, Beginning of Year	68,564,646	(3,288,173)	-
<b>Fund Balances, End of Year</b>	<b>\$ 75,148,519</b>	<b>\$ (5,064,674)</b>	<b>\$ 32,239,747</b>

## CITY OF WEST HOLLYWOOD

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ 7,971,571	\$ 49,856,094
Licenses and permits	-	4,718,357
Intergovernmental	5,712,632	9,340,661
Charges for services	786,925	3,389,975
Use of money and property	3,882,210	9,794,397
Fines and forfeitures	881,312	10,033,205
Contributions	447,907	2,947,907
Developer participation	834,235	834,235
Miscellaneous	1,281,216	2,154,698
<b>Total Revenues</b>	<b>21,798,008</b>	<b>93,069,529</b>
<b>Expenditures:</b>		
Current:		
General government	2,267,434	19,233,560
Public safety	740,816	14,619,971
Public services	12,926,586	39,455,917
Capital outlay	5,654,438	24,746,798
Debt service:		
Principal retirement	1,760,000	1,760,000
Interest and fiscal charges	3,481,149	3,481,149
Debt issuance costs	712,845	712,845
<b>Total Expenditures</b>	<b>27,543,268</b>	<b>104,010,240</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,745,260)	(10,940,711)
<b>Other Financing Sources (Uses):</b>		
Transfers in	17,247,783	63,005,020
Transfers out	(59,606,353)	(63,121,020)
Long-term debt issued	39,980,000	39,980,000
Bond discount	(694,511)	(694,511)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,073,081)</b>	<b>39,169,489</b>
Net Change in Fund Balances	(8,818,341)	28,228,778
Fund Balances, Beginning of Year	51,785,408	117,061,881
<b>Fund Balances, End of Year</b>	<b>\$ 42,967,067</b>	<b>\$ 145,290,659</b>

CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ 28,228,778

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. 21,639,529

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Whereas, issuance of long-term debt is a current financial resource in the governmental funds, but the issuance increases long-term debt in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums and discounts, whereas these amounts are deferred amortized in the statement of activities.

Long-term debt issued	\$ (39,980,000)	
Long-term debt repayments	1,760,000	
Bond discount/premium issued	694,511	
Bond discount/premium amortization	41,333	
Bond issuance cost amortization	<u>(55,809)</u>	
		(37,539,965)

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets. 712,845

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (520,550)

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. (111,109)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense. (287,000)

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. (2,927,859)

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. (166,064)

**Change in net assets of governmental activities \$ 9,028,605**

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2011**

Page 1 of 2

**Variance with  
 Final Budget  
 Positive  
 (Negative)**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 68,564,646	\$ 68,564,646	\$ 68,564,646	\$ -
<b>Resources (Inflows):</b>				
Taxes	38,296,061	38,296,061	41,884,523	3,588,462
Licenses and permits	3,601,685	3,601,685	4,718,357	1,116,672
Intergovernmental	3,636,925	3,636,925	3,628,029	(8,896)
Charges for services	2,453,602	2,567,552	2,603,050	35,498
Use of money and property	3,527,400	3,527,400	5,912,187	2,384,787
Fines and forfeitures	9,285,500	9,285,500	9,151,893	(133,607)
Miscellaneous	435,106	682,131	824,927	142,796
<b>Amounts Available for Appropriations</b>	<b>129,800,925</b>	<b>130,161,900</b>	<b>137,287,612</b>	<b>7,125,712</b>
<b>Charges to Appropriations (Outflow):</b>				
General government				
City Council	1,190,761	1,256,165	1,253,182	2,983
City Manager	739,204	780,531	735,299	45,232
Economic Development Department	840,339	1,072,817	799,887	272,930
Public Safety Administration	1,232,119	1,253,017	1,229,880	23,137
City Attorney	1,038,000	948,900	794,945	153,955
Administrative Services	958,089	1,058,992	1,011,264	47,728
Legal Services	1,045,592	1,032,842	1,012,532	20,310
City Clerk	1,186,862	1,247,632	1,244,271	3,361
Human Resources	1,308,565	1,353,297	1,337,663	15,634
Finance Administration	2,019,889	2,037,359	2,002,137	35,222
Revenue Management	792,347	929,237	751,269	177,968
General Accounting	576,929	601,470	593,625	7,845
Budget & Compensation	475,589	500,489	481,003	19,486
Organizational Services	116,954	199,010	29,500	169,510
Information Technology	1,416,443	1,446,467	1,393,582	52,885
Public Info & Prosecution Services	1,508,994	1,660,761	1,615,556	45,205
Assistant City Manager	457,330	683,770	666,389	17,381
Sub-total General Government	<u>16,904,006</u>	<u>18,062,756</u>	<u>16,951,984</u>	<u>1,110,772</u>
Public safety				
City Police/Protective Services	<u>14,609,826</u>	<u>14,300,471</u>	<u>13,879,155</u>	<u>421,316</u>
Sub-total Public Safety	<u>14,609,826</u>	<u>14,300,471</u>	<u>13,879,155</u>	<u>421,316</u>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2011**

Page 2 of 2

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public services				
Human Services Administration	447,725	451,725	438,636	13,089
Recreation Services	3,812,301	4,127,428	4,101,322	26,106
Social Services	4,663,675	5,179,473	4,861,835	317,638
Facilities & Field Services	4,382,421	4,459,865	4,304,222	155,643
Housing & Rent Stabilization Administration	293,060	310,373	295,277	15,096
Rent Information & Records	1,227,093	1,313,198	1,303,796	9,402
Housing & Residential Code Compliance	471,163	476,143	426,492	49,651
Community Development Administration	508,718	526,681	525,148	1,533
Planning	2,206,641	2,553,407	2,428,675	124,732
Commercial Code Compliance	1,082,725	1,131,000	1,126,026	4,974
Building & Safety	1,316,346	1,373,359	1,313,355	60,004
Transportation & Public Works Administration	493,145	518,145	514,615	3,530
Parking	3,534,359	3,550,983	3,519,440	31,543
Transportation	312,148	405,919	374,328	31,591
City Engineering	1,044,517	1,082,601	996,164	86,437
Sub-total Public Services	<u>25,796,037</u>	<u>27,460,300</u>	<u>26,529,331</u>	<u>930,969</u>
Capital outlay				
Capital Projects	395,000	1,972,870	1,263,956	708,914
Nondepartmental				
Transfers out	3,514,667	3,514,667	3,514,667	-
<b>Total Charges to Appropriations</b>	<u><b>61,219,536</b></u>	<u><b>65,311,064</b></u>	<u><b>62,139,093</b></u>	<u><b>3,171,971</b></u>
<b>Budgetary Fund Balance, June 30</b>	<u><b>\$ 68,581,389</b></u>	<u><b>\$ 64,850,836</b></u>	<u><b>\$ 75,148,519</b></u>	<u><b>\$ 10,297,683</b></u>

## CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer District	Other Enterprise Funds	Totals	
<b>Assets:</b>				
Current:				
Cash and investments	\$ 55,091	\$ 669,650	\$ 724,741	\$ 420,904
Receivables:				
Accounts	-	147,229	147,229	-
Accrued interest	116	1,811	1,927	-
Due from other governments	-	86,434	86,434	-
<b>Total Current Assets</b>	<b>55,207</b>	<b>905,124</b>	<b>960,331</b>	<b>420,904</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	9,284,282	1,267,667	10,551,949	-
<b>Total Noncurrent Assets</b>	<b>9,284,282</b>	<b>1,267,667</b>	<b>10,551,949</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 9,339,489</b>	<b>\$ 2,172,791</b>	<b>\$ 11,512,280</b>	<b>\$ 420,904</b>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 45,211	\$ 550,739	\$ 595,950	\$ -
Deposits payable	6,193	63,333	69,526	-
Due to other funds	-	115,270	115,270	-
<b>Total Liabilities</b>	<b>51,404</b>	<b>729,342</b>	<b>780,746</b>	<b>-</b>
<b>Net Assets:</b>				
Invested in capital assets	9,284,282	1,267,667	10,551,949	-
Unrestricted	3,803	175,782	179,585	420,904
<b>Total Net Assets</b>	<b>9,288,085</b>	<b>1,443,449</b>	<b>10,731,534</b>	<b>420,904</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,339,489</b>	<b>\$ 2,172,791</b>	<b>\$ 11,512,280</b>	<b>\$ 420,904</b>

**Reconciliation of Net Assets to the Statement of Net Assets**

Net Assets per Statement of Net Assets - Proprietary Funds	\$ 10,731,534
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	16,233
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	(4,972)
<b>Net Assets per Statement of Net Assets</b>	<b>\$ 10,742,795</b>

## CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer District	Other Enterprise Funds	Totals	
<b>Operating Revenues:</b>				
Sales and service charges	\$ -	\$ 2,543,746	\$ 2,543,746	\$ 407,469
Fines and forfeitures	-	17,139	17,139	-
Miscellaneous	-	5,301	5,301	-
<b>Total Operating Revenues</b>	<b>-</b>	<b>2,566,186</b>	<b>2,566,186</b>	<b>407,469</b>
<b>Operating Expenses:</b>				
Administration and general	-	229,814	229,814	578,356
Treatment	3,552	2,275,039	2,278,591	-
Depreciation expense	327,877	9,469	337,346	-
<b>Total Operating Expenses</b>	<b>331,429</b>	<b>2,514,322</b>	<b>2,845,751</b>	<b>578,356</b>
Operating Income (Loss)	(331,429)	51,864	(279,565)	(170,887)
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	232	3,470	3,702	(99)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>232</b>	<b>3,470</b>	<b>3,702</b>	<b>(99)</b>
Income (Loss) Before Transfers	(331,197)	55,334	(275,863)	(170,986)
Transfers in	-	116,000	116,000	-
Changes in Net Assets	(331,197)	171,334	(159,863)	(170,986)
<b>Net Assets:</b>				
Beginning of Year	9,619,282	1,272,115	10,891,397	591,890
<b>End of Fiscal Year</b>	<b>\$ 9,288,085</b>	<b>\$ 1,443,449</b>	<b>\$ 10,731,534</b>	<b>\$ 420,904</b>

**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	\$ (159,863)
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	(4,972)
<b>Changes in Net Assets of Business-Type Activities per Statement of Activities</b>	<b>\$ (164,835)</b>



## CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities- Internal Service Fund</u>
	<u>Sewer District</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 6,193	\$ 2,469,770	\$ 2,475,963	\$ 407,469
Cash received from/(paid to) interfund service provided	-	-	-	(578,356)
Cash paid to suppliers for goods and services	17,480	(1,916,640)	(1,899,160)	-
Cash paid to employees for services	-	(229,814)	(229,814)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>23,673</b>	<b>323,316</b>	<b>346,989</b>	<b>(170,887)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	-	116,000	116,000	-
Cash paid due to/from other funds	-	115,270	115,270	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>231,270</b>	<b>231,270</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(61,934)	(884,370)	(946,304)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(61,934)</b>	<b>(884,370)</b>	<b>(946,304)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	331	4,144	4,475	(99)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>331</b>	<b>4,144</b>	<b>4,475</b>	<b>(99)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(37,930)</b>	<b>(325,640)</b>	<b>(363,570)</b>	<b>(170,986)</b>
Cash and Cash Equivalents at Beginning of Year	93,021	995,290	1,088,311	591,890
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 55,091</b>	<b>\$ 669,650</b>	<b>\$ 724,741</b>	<b>\$ 420,904</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (331,429)	\$ 51,864	\$ (279,565)	\$ (170,887)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	327,877	9,469	337,346	-
(Increase) decrease in accounts receivable	-	(133,087)	(133,087)	-
(Increase) decrease in due from other governments	-	(18,391)	(18,391)	-
Increase (decrease) in accounts payable	21,032	358,399	379,431	-
Increase (decrease) in deposits payable	6,193	55,062	61,255	-
<b>Total Adjustments</b>	<b>355,102</b>	<b>271,452</b>	<b>626,554</b>	<b>-</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 23,673</b>	<b>\$ 323,316</b>	<b>\$ 346,989</b>	<b>\$ (170,887)</b>

**Non-Cash Investing, Capital, and Financing Activities:**

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

CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2011

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	<u>Agency Funds</u>
<b>Assets:</b>	
Pooled cash and investments	\$ 230,142
Receivables:	
Accounts	201,724
Taxes	194,375
Accrued interest	97
	<hr/>
<b>Total Assets</b>	<b><u>\$ 626,338</u></b>
<b>Liabilities:</b>	
Accounts payable	\$ 512,133
Due to other governments	65,184
Due to bondholders	49,021
	<hr/>
<b>Total Liabilities</b>	<b><u>\$ 626,338</u></b>

# NOTES TO FINANCIAL SECTION



**CITY OF WEST HOLLYWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 entities mentioned below 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, 2011, 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 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, 2011, 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 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. 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.
- Eastside Capital Improvement Fund accounts for the project improvements for the Plummer Park Rehabilitation and Parking project. The project will be funded by the Redevelopment Agency Debt Service Fund which is in the Redevelopment Agency's project area.

**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.
- 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.

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

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

**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 nonspendable fund balance 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 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.



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

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.

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

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

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

**6. Long-Term Obligations**

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

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

**7. Fund Equity**

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

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

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

**Committed Fund Balance** - The portion of fund balance that is subject to self-imposed constraints on spending due to the formal action of the highest level of decision making authority (the City Council).

**Assigned Fund Balance** - The portion of fund balance that is constrained by the City's intent to utilize fund balance for a specific purpose

**Unassigned Fund Balance** - The portion of fund balance that is available for any purpose.

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

Flow Assumptions - The spending prioritization policy (the flow assumption) is to use restricted amounts. Committed resources are then used followed by Assigned resources, and finally Unassigned resources.

**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." The details of this (\$103,705,542) difference are summarized as follows and further explained in Note 9.

Tax Allocation Bonds Payable	\$ (49,985,000)
Lease Revenue Bonds Payable, Series A	(19,235,000)
Lease Revenue Bonds Payable, Series B	(34,780,000)
Less: Unamortized original issue discount	854,313
Add: Unamortized original issue premium	<u>(559,855)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (103,705,542)</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 \$21,639,529 difference are as follows:

Capital outlay	\$ 24,455,298
Less: Depreciation expense	<u>(2,815,769)</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>\$ 21,639,529</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.

At fiscal year-end, all operating budget appropriations lapse. No budget was adopted for the Eastside Capital Improvement Fund, 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. 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>
<b>Special Revenue Funds:</b>	
Special Grant	\$2,649
Permit Parking	79,039
Sunset Mitigation	227,402
 <b>Capital Projects Funds:</b>	
Redevelopment Agency Capital Projects	\$950,510
Debt Funded Capital Projects	5,064,674
 <b>Permanent Fund:</b>	
Laurel Avenue Trust	\$6,812
 <b>Enterprise Fund:</b>	
Street Maintenance	\$8,189

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, 2011, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 157,802,452
Business-type activities	724,741
Component unit	425,484
Fiduciary funds	<u>230,142</u>
Total Cash and Investments	<u>\$ 159,182,819</u>

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

**Deposits**

At June 30, 2011, the carrying amount of the City's deposits was \$4,171,115 and the bank balance was \$4,955,499. The \$784,384 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.

**Note 3: Cash and Investments (Continued)**

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

**Note 3: Cash and Investments (Continued)**

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, 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, 2011, 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.

**Note 3: Cash and Investments (Continued)**

As of June 30, 2011, 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, 2011, 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.

**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, 2011, the City had the following investments and original maturities:

Investment Type:	Remaining Investment Maturities			Fair Value
	6 Months or Less	1 to 3 years	More than 5 years	
California Local Agency Investment Fund	\$ 57,715,563	\$ -	\$ -	\$ 57,715,563
Los Angeles County Investment Pool	58,118,087	-	-	58,118,087
Cash with fiscal agents				
Money Market Mutual Funds	7,418,554	-	-	7,418,554
Certificate of Deposit	8,000	-	-	8,000
Investment agreements	-	29,758,965	1,992,535	31,751,500
<b>Total</b>	<b>\$ 123,260,204</b>	<b>\$ 29,758,965</b>	<b>\$ 1,992,535</b>	<b>\$ 155,011,704</b>

**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 \$16,240,367 and \$4,449,300, respectively, were outstanding at June 30, 2011, 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	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 51,233,390	\$ -	\$ -	\$ -	\$ 51,233,390
Construction-in-progress	38,404,763	22,081,344	-	(15,384,431)	45,101,676
<b>Total Capital Assets, Not Being Depreciated</b>	<b>89,638,153</b>	<b>22,081,344</b>	<b>-</b>	<b>(15,384,431)</b>	<b>96,335,066</b>
Capital assets, being depreciated:					
Buildings	24,222,360	-	-	7,239,007	31,461,367
Improvements other than buildings	8,327,745	641,090	-	751,610	9,720,445
Machinery and equipment	6,417,817	173,819	270,582	-	6,321,054
Furniture and fixtures	80,590	-	-	-	80,590
Office equipment	1,239,472	-	-	-	1,239,472
Infrastructure	79,608,753	1,559,045	-	7,393,814	88,561,612
<b>Subtotal - Depreciable Assets</b>	<b>119,896,737</b>	<b>2,373,954</b>	<b>270,582</b>	<b>15,384,431</b>	<b>137,384,540</b>
<b>Total Capital Assets</b>	<b>209,534,890</b>	<b>24,455,298</b>	<b>270,582</b>	<b>-</b>	<b>233,719,606</b>
Less accumulated depreciation:					
Buildings	6,527,538	499,767	-	-	7,027,305
Improvements other than buildings	960,945	180,694	-	-	1,141,639
Machinery and equipment	4,021,410	429,224	270,582	-	4,180,052
Furniture and fixtures	75,627	1,267	-	-	76,894
Office equipment	1,234,104	4,221	-	-	1,238,325
Infrastructure	35,509,006	1,700,596	-	-	37,209,602
<b>Total Accumulated Depreciation</b>	<b>48,328,630</b>	<b>2,815,769</b>	<b>270,582</b>	<b>-</b>	<b>50,873,817</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>71,568,107</b>	<b>(441,815)</b>	<b>-</b>	<b>15,384,431</b>	<b>86,510,723</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 161,206,260</b>	<b>\$ 21,639,529</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 182,845,789</b>

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

Governmental Activities:	
General government	\$ 236,152
Public safety	77,451
Public services	2,502,166
<b>Total Depreciation Expense</b>	<b>\$ 2,815,769</b>

**Note 6: Proprietary Fund Capital Assets**

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
<b>Business-type Activities:</b>				
<b>Solid Waste Fund</b>				
Capital Assets, being depreciated:				
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:				
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>
<b>Sewer District Fund</b>				
Capital Assets, not being depreciated:				
Construction in progress	\$ 1,410,355	\$ -	\$ -	\$ 1,410,355
Capital Assets, being depreciated:				
Improvements	16,323,319	61,934	-	16,385,253
Subtotal	<u>17,733,674</u>	<u>61,934</u>	<u>-</u>	<u>17,795,608</u>
Less accumulated depreciation:				
Improvements	8,183,449	327,877	-	8,511,326
Total Sewer District	<u>\$ 9,550,225</u>	<u>\$ (265,943)</u>	<u>\$ -</u>	<u>\$ 9,284,282</u>
<b>Sewer Charge Fund</b>				
Capital Assets, being depreciated:				
Improvements	\$ 399,773	\$ 884,370	\$ -	\$ 1,284,143
Subtotal	<u>399,773</u>	<u>884,370</u>	<u>-</u>	<u>1,284,143</u>
Less accumulated depreciation:				
Improvements	7,007	9,469	-	16,476
Total Sewer Charge	<u>\$ 392,766</u>	<u>\$ 874,901</u>	<u>\$ -</u>	<u>\$ 1,267,667</u>

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

Business-Type Activities:	
Sewer District	\$ 327,877
Sewer Charges	9,469
Total Business-Type Activities	<u>\$ 337,346</u>

**Note 6: Proprietary Fund Capital Assets (Continued)**

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

Component Unit	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
<b>West Hollywood Marketing Corporation</b>				
Capital assets, being depreciated:				
Furniture and Equipment	\$ 107,612	\$ 2,421	\$ 9,206	\$ 100,827
Furniture and Equipment under capital lease	34,597	36,398	34,597	36,398
Subtotal	<u>142,209</u>	<u>38,819</u>	<u>43,803</u>	<u>137,225</u>
Less accumulated depreciation:				
Furniture and Equipment	84,610	8,597	9,221	83,986
Furniture and Equipment under capital lease	24,385	7,280	24,385	7,280
Subtotal	<u>108,995</u>	<u>15,877</u>	<u>33,606</u>	<u>91,266</u>
Total Component Unit	<u>\$ 33,214</u>	<u>\$ 22,942</u>	<u>\$ 10,197</u>	<u>\$ 45,959</u>

**Note 7: Retirement Plan****Plan Description**

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

**Funding Policy**

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate was 14.749% 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 fiscal year 2010-2011, the City's annual pension cost of \$2,843,292 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation, using the entry age normal actuarial cost method.

**Note 7: Retirement Plan (Continued)**

The June 30, 2009, actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.55% to 14.45% that vary by age, duration of service, and type of employment, 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, 2011, was 23 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>
6/30/2009	\$ 2,739,905	100%	\$ -
6/30/2010	2,796,868	100%	-
6/30/2011	2,843,292	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>
6/30/08	\$46,085,423	\$60,836,070	\$14,750,647	75.8%	\$17,777,208	83.0%
6/30/09	52,276,133	74,625,363	22,349,230	70.1%	18,625,061	120.0%
6/30/10	59,237,041	83,114,721	23,877,680	71.3%	19,504,275	122.4%

**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.

**Note 8: Other Post-Retirement Benefits (Continued)**

**Funding Policy**

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010-2011, the City contributed \$40,000 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 June 30, 2011
Annual required contribution	\$ 329,000
Interest on OPEB obligation (a)	35,000
Adjustment to annual required contribution	<u>(37,000)</u>
Annual OPEB cost	327,000
Less: contributions made	<u>(40,000)</u>
Increase in net OPEB obligation	287,000
Net OPEB obligation - beginning of year	<u>812,541</u>
Net OPEB obligation - end of year	<u><u>\$ 1,099,541</u></u>

(a) Rate is estimated at 4.25%.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010-11 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 348,796	\$ 25,000	7.17%	\$ 460,421
6/30/2010	376,120	24,000	6.38%	812,541
6/30/2011	327,000	40,000	12.23%	1,099,541

**Note 8: Other Post-Retirement Benefits (Continued)****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. The actuarial valuation is prepared biennially. The table below presents the latest information available. (000's omitted)

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
6/30/2008	\$ -	\$ 2,762	\$ 2,762	0.0%	\$ 16,615	16.6%
6/30/2009	-	3,106	3,106	0.0%	17,155	18.1%
6/30/2011	-	2,983	2,983	0.0%	17,339	17.2%

**Actuarial Methods and Assumptions**

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

In the June 30, 2011, actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 9.0% for 2009-2010, 8.0% for 2010-2011 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, 2011, was twenty-six years. The number of active plan participants is 197.

**Note 9: Long-Term Debt****a. Lease Revenue Bonds**

## 2009 Lease Revenue Bonds, Series A

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

Interest will be payable semiannually. Interest rates range from 2.0% to 5.0%, with maturity dates starting February 2010 and ending February 2021. Principal payments range from \$1,390,000 to \$2,310,000. At June 30, 2011, the total principal outstanding was \$19,235,000.

## 2009 Lease Revenue Bonds, Series B

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

The Series B Bonds are term bonds of \$8,570,000 with interest rate of 7.125% maturing on February 1, 2024, term bonds of \$8,020,000 with an interest rate of 8.000% maturing on February 1, 2029, and term bonds of \$18,190,000 with an interest rate of 8.250% maturing on February 1, 2039. Interest is payable semiannually beginning February 2010. At June 30, 2011, the total principal outstanding was \$34,780,000.

**b. Redevelopment Agency Tax Allocation Bonds**

## 2003 Tax Allocation Bonds

In September 2003, the West Hollywood Community Development Commission (Redevelopment Agency) issued \$11,500,000 Eastside Redevelopment Project 2003 Tax Allocation Bonds for the purpose of financing redevelopment activities. The bonds consist of \$5,650,000 serial bonds with annual maturity dates from September 1, 2004 through September 1, 2023, with interest rates ranging from 3.000% to 5.700%, and term bonds of \$2,520,000 with an interest rate of 5.625% maturing September 1, 2028, and term bonds of \$3,330,000 with an interest rate of 5.750% maturing September 1, 2033. Interest is payable semiannually beginning March 1, 2004. At June 30, 2011, the total principal outstanding was \$10,005,000.

## 2011 Tax Allocation Bonds, Series A

In March 2011, the West Hollywood Community Development Commission issued \$30,560,000 Eastside Redevelopment Project 2011 Tax Allocation Bonds, Series A for the purpose of financing redevelopment activities. The bonds consist of \$4,625,000 serial bonds with annual maturity dates from September 1, 2011 through September 1, 2021, with interest rates ranging from 2.000% to 6.250%; term bonds of \$2,415,000 with an interest rate of 7.000% maturing September 1, 2026; term

**Note 9: Long-Term Debt (Continued)**

bonds of \$3,400,000 with an interest rate of 7.250% maturing September 1, 2031; and term bonds of \$20,120,000 with an interest rate of 7.500% maturing September 1, 2042. Interest is payable semiannually beginning September 1, 2011. At June 30, 2011, the total principal outstanding was \$30,560,000.

2011 Tax Allocation Bonds, Series B

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

**c. Accrued employee benefits**

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

**d. Other post-employment benefits obligation**

Additional information is presented in Note 8.

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

City:	Outstanding July 1, 2010	Additions	Deletions	Outstanding June 30, 2011	Due Within One Year
Lease Revenue Bonds					
Series A	\$ 20,770,000	\$ -	\$ 1,535,000	\$ 19,235,000	\$ 1,595,000
Series B	34,780,000	-	-	34,780,000	-
Tax Allocation Bonds					
2003	10,230,000		225,000	10,005,000	235,000
2011 Series A	-	30,560,000	-	30,560,000	1,440,000
2011 Series B	-	9,420,000	-	9,420,000	525,000
Accrued employee benefits	2,979,645	3,001,546	2,890,437	3,090,754	3,090,754
OPEB Obligation	812,541	327,000	40,000	1,099,541	-
<b>Totals</b>	<b>\$ 69,572,186</b>	<b>\$ 43,308,546</b>	<b>\$ 4,690,437</b>	<b>108,190,295</b>	<b>\$ 6,885,754</b>
				559,855	
				(854,313)	
				<b>\$ 107,895,837</b>	



**Note 9: Long-Term Debt (Continued)**

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 \$127,885,226 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 \$4,249,813 in the Redevelopment Agency Debt Service Fund and \$1,496,662 in the Redevelopment Agency Low & Moderate Housing Fund, and the debt service obligation on the bonds was \$778,395.

The following is a schedule, by years, of future debt service payments as of June 30, 2011:

	2003 Tax Allocation Bonds		2009 Lease Revenue Bonds, Series A		2009 Lease Revenue Bonds, Series B	
	Principal	Interest	Principal	Interest	Principal	Interest
2011 - 2012	\$ 235,000	\$ 543,608	\$ 1,595,000	\$ 855,550	\$ -	\$ 1,789,377
2012 - 2013	245,000	532,808	1,645,000	807,700	-	1,789,377
2013 - 2014	260,000	521,120	1,730,000	725,450	-	1,789,377
2014 - 2015	270,000	508,533	1,815,000	656,250	-	1,789,377
2015 - 2016	285,000	495,138	1,900,000	583,650	-	1,789,377
2016 - 2021	1,645,000	2,235,875	10,550,000	1,576,150	435,000	8,946,884
2021 - 2026	2,140,000	1,719,967	-	-	12,300,000	7,572,606
2026 - 2031	2,820,000	1,025,616	-	-	6,775,000	5,208,726
2031 - 2036	2,105,000	185,869	-	-	8,785,000	3,200,876
2036 - 2041	-	-	-	-	6,485,000	707,582
<b>Totals</b>	<b>\$ 10,005,000</b>	<b>\$ 7,768,534</b>	<b>\$ 19,235,000</b>	<b>\$ 5,204,750</b>	<b>\$ 34,780,000</b>	<b>\$ 34,583,559</b>

	2011 Tax Allocation Bonds, Series A		2011 Tax Allocation Bonds, Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011 - 2012	\$ 1,440,000	\$ 2,061,515	\$ 525,000	\$ 821,431	\$ 3,795,000	\$ 6,071,481
2012 - 2013	290,000	2,079,400	60,000	826,563	2,240,000	6,035,848
2013 - 2014	265,000	2,072,194	45,000	824,500	2,300,000	5,932,641
2014 - 2015	275,000	2,062,388	50,000	822,113	2,410,000	5,838,661
2015 - 2016	285,000	2,049,763	50,000	819,175	2,520,000	5,737,103
2016 - 2021	1,675,000	9,997,788	315,000	4,033,613	14,620,000	26,790,310
2021 - 2026	2,260,000	9,385,019	480,000	3,867,588	17,180,000	22,545,180
2026 - 2031	3,170,000	8,433,163	745,000	3,584,906	13,510,000	18,252,411
2031 - 2036	5,650,000	6,954,525	1,670,000	3,092,250	18,210,000	13,433,520
2036 - 2041	10,080,000	3,938,250	3,545,000	1,822,813	20,110,000	6,468,645
2041 - 2046	5,170,000	394,872	1,935,000	187,863	7,105,000	582,735
<b>Totals</b>	<b>\$ 30,560,000</b>	<b>\$ 49,428,877</b>	<b>\$ 9,420,000</b>	<b>\$ 20,702,815</b>	<b>\$ 104,000,000</b>	<b>\$ 117,688,535</b>

**Note 9: Long-Term Debt (Continued)**

**f. 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. At June 30, 2011 the balance was paid in full.

**g. Lease Payable - Component Unit**

In August 2010, the West Hollywood Marketing Corporation entered into a capital lease to replace a photocopier, and its related upgrades, with a new photocopier. The original lease amount was \$36,398. Interest paid on the lease during the fiscal year 2010-2011 was \$1,708.

Original balance	\$ 36,398
Principal paid in fiscal year:	
2010-2011	<u>(5,041)</u>
Balance at June 30, 2011	<u>\$ 31,357</u>

The future lease payments are as follows:

2011-2012	\$ 8,099
2012-2013	8,099
2013-2014	8,099
2014-2015	8,099
2015-2016	<u>3,375</u>
	35,771
Less interest	<u>(4,414)</u>
Total	<u>\$ 31,357</u>

**Note 10: Unearned Revenue**

In fiscal year 2010-2011, the City received rent stabilization fees relating to fiscal year 2011-2012. These are recorded as unearned revenue in the General Fund in the amount of \$2,179,847, along with various other unearned revenues of \$832,206, for a total of \$3,012,053. These unearned amounts will be reported as revenue as they are earned. The remaining unearned revenue in the General Fund and other funds includes grant monies received but not yet earned, recreation revenues and other revenues collected in advance.

**Note 11: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2011, was as follows:

**Due To/From Other Funds**

Funds	Due to Other Funds			Total
	Debt Funded Capital Projects	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
Due From Other Funds:				
General Fund	\$ 3,439,120	\$ 2,137,799	\$ 115,270	\$ 5,692,189

The due to General Fund of \$5,692,189 was a result of temporary deficit cash balances in the Debt Funded Capital Projects, Nonmajor Governmental Funds, and Nonmajor Enterprise Funds.

**Advances To/From Other Funds**

Funds	Advances From Other Funds	Total
	Nonmajor Governmental Funds	
Advances to Other Funds:		
General Fund	\$ 745,375	\$ 745,375

The General Fund has advanced \$25,750 to the Redevelopment Agency to fund redevelopment projects, \$99,430 to the Laurel Avenue Trust Fund to fund capital improvements to donated property and \$620,195 to the West Hollywood Library Fund to fund its operating costs.

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

Interfund Transfers

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers In:			
Debt Funded Capital Projects	\$ -	\$ 13,517,490	\$ 13,517,490
Eastside Capital Improvement Fund	-	32,239,747	32,239,747
Nonmajor Governmental Funds	3,398,667	13,849,116	17,247,783
Nonmajor Enterprise Funds	116,000	-	116,000
Total	<u>\$ 3,514,667</u>	<u>\$ 59,606,353</u>	<u>\$ 63,121,020</u>

The General Fund made a transfer of \$575,441 to the Sunset Mitigation Fund and \$116,000 to the Street Maintenance Fund to subsidize both operations. The General Fund also made a transfer of \$2,823,226 to the Capital Projects Debt Service Fund for debt service payments.

The Capital Projects Debt Service Fund transferred \$13,017,490 to the Debt Funded Capital Projects Fund from recently issued bonds for costs incurred regarding the West Hollywood Park Master Plan. The West Hollywood Library Fund transferred \$500,000 of its fundraising proceeds to the Debt Funded Capital Projects Fund for the library construction.

The Redevelopment Agency Capital Projects Fund transferred \$27,239,747 and the Redevelopment Agency Debt Service Fund transferred \$5,000,000 to the Eastside Capital Improvement Fund from recently issued bonds for the Plummer Park project which is in the Redevelopment Agency's project area.

The Redevelopment Agency Capital Projects Fund transferred \$2,457,875 to the Redevelopment Agency Debt Service Fund for debt service payments.

The Redevelopment Agency Debt Service Fund transferred \$10,657,471 to the Redevelopment Agency Capital Projects Fund for redevelopment purposes.

Parking Improvement Fund transferred \$733,770 to Capital Projects Debt Service Fund for the debt service payment on the City's Parking Structure.

**IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**Note 12: 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 \$13.2 million was paid for these services in fiscal year 2010-2011.

**Note 13: Liability, Workers' Compensation, and Purchased Insurance****a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City of West Hollywood is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 121 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA 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**

A revised cost allocation methodology was introduced in 2010-11, however it retains many elements of the previous cost allocation methodology. Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

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

General Liability - In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies. The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

**Note 13: Liability, Workers' Compensation, and Purchased Insurance (Continued)**

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

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members.

**c. Purchased Insurance**

Pollution Legal Liability Insurance - The City of West Hollywood participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of West Hollywood. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance - The City of West Hollywood participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of West Hollywood property is currently insured according to a schedule of covered property submitted by the City of West Hollywood to the Authority. City of West Hollywood property currently has all-risk property insurance protection in the amount of \$46,539,602. 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 retrospective adjustments.

Earthquake and Flood Insurance - The City of West Hollywood purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of West Hollywood property currently has earthquake protection in the amount of \$40,777,445. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

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

**Note 13: Liability, Workers' Compensation, and Purchased Insurance (Continued)****d. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2010-11.

**e. Library Project Insurance**

The City has insurance with Allianz Global Risks US Insurance Company for the construction of the Library project, which covers for up to \$15,000,000. The City has a deductible or uninsured liability for land movement of 5% of the total project value at risk at the time of the loss subject to a minimum of \$100,000 per claim, for water damage of \$100,000 per claim, and for all other perils of \$50,000 per claim. The City paid a premium of \$116,284 for this policy that covers from May 19, 2009 to July 19, 2011.

In addition, the City purchased excess property insurance for coverage of the excess over and above the net loss per occurrence of \$15,000,000. The City paid a premium of \$95,900 for this policy that covers from May 19, 2009 to July 19, 2011.

**Note 14: Litigation and Contingent Liabilities****a. 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.

**b. Contingency**

A retrospective deposit balance will be paid to California JPIA in fiscal year 2013-2014. The final amount has not yet been determined. It is currently estimated to be \$1,885,429.

**Note 15: Transactions with the State of California**

SERAF Shift for fiscal year 2010-2011

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010, the Sacramento Superior Court upheld the legislation.

The payment of the SERAF was due on May 10, 2011, for fiscal year 2010-2011 and was made in the amount of \$378,239 from the debt service fund.

**Note 16: California Redevelopment Agency Uncertainty**

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, give redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county’s share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies’ tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11<sup>th</sup>, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued their estimated payment amounts and the Agency filed an appeal regarding the calculation. The Department of Finance reviewed the Agency’s appeal regarding the calculation and on October 15, 2011 determined the estimated payment was revised, resulting in a payment amount of \$2,036,493.



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# SUPPLEMENTARY INFORMATION



# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

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	<b>Special Revenue Funds</b>			
	<b>Special Grant</b>	<b>Proposition A</b>	<b>Proposition C</b>	<b>Gas Tax</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 267,277	\$ 2,644,941	\$ 530,462	\$ 1,159,316
Receivables:				
Accounts	85,771	105,700	-	21,723
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	-	5,390	1,023	2,282
Due from other governments	564,583	-	-	114,123
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 917,631</b>	<b>\$ 2,756,031</b>	<b>\$ 531,485</b>	<b>\$ 1,297,444</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 123,953	\$ 415,503	\$ 350,073	\$ 45,284
Accrued liabilities	-	-	-	-
Deferred revenues	636,173	-	-	-
Unearned revenues	142,675	-	-	-
Deposits payable	17,479	-	36,482	15,622
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>920,280</b>	<b>415,503</b>	<b>386,555</b>	<b>60,906</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public services	-	2,340,528	144,930	1,236,538
Capital projects	-	-	-	-
Debt service	-	-	-	-
Low and moderate activities	-	-	-	-
<b>Unassigned</b>	<b>(2,649)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(2,649)</b>	<b>2,340,528</b>	<b>144,930</b>	<b>1,236,538</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 917,631</b>	<b>\$ 2,756,031</b>	<b>\$ 531,485</b>	<b>\$ 1,297,444</b>

CITY OF WEST HOLLYWOOD  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011

(Continued)

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	<b>Special Revenue Funds</b>			
	<b>Air Quality Improvement</b>	<b>Traffic</b>	<b>Public Beautification and Art</b>	<b>Quimby Act</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 308,749	\$ 434,277	\$ 424,849	\$ 589,920
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	600	910	842	1,166
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 309,349</b>	<b>\$ 435,187</b>	<b>\$ 425,691</b>	<b>\$ 591,086</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,632	\$ 32,236	\$ 525
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	89,251	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,632</b>	<b>121,487</b>	<b>525</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public services	309,349	433,555	304,204	590,561
Capital projects	-	-	-	-
Debt service	-	-	-	-
Low and moderate activities	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>309,349</b>	<b>433,555</b>	<b>304,204</b>	<b>590,561</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 309,349</b>	<b>\$ 435,187</b>	<b>\$ 425,691</b>	<b>\$ 591,086</b>

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

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	<b>Special Revenue Funds</b>			
	<b>City Lighting</b>	<b>Public Access</b>	<b>Parking Improvement</b>	<b>Permit Parking</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 660,589	\$ 66,962	\$ 2,475,400	\$ -
Receivables:				
Accounts	-	-	49,423	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	1,298	131	-	4
Due from other governments	92,935	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	755,765	-
<b>Total Assets</b>	<b>\$ 754,822</b>	<b>\$ 67,093</b>	<b>\$ 3,280,588</b>	<b>\$ 4</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 87,377	\$ 38	\$ 637,226	\$ 42,712
Accrued liabilities	-	-	-	-
Deferred revenues	60,826	-	-	-
Unearned revenues	-	-	215,343	-
Deposits payable	604	-	771,080	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	36,331
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>148,807</b>	<b>38</b>	<b>1,623,649</b>	<b>79,043</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public services	606,015	67,055	1,656,939	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Low and moderate activities	-	-	-	-
<b>Unassigned</b>	-	-	-	(79,039)
<b>Total Fund Balances</b>	<b>606,015</b>	<b>67,055</b>	<b>1,656,939</b>	<b>(79,039)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 754,822</b>	<b>\$ 67,093</b>	<b>\$ 3,280,588</b>	<b>\$ 4</b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

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## Special Revenue Funds

	CDBG	Housing Trust	Sunset Mitigation	Avenues of Art and Design
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 1,818,602	\$ -	\$ 27,176
Receivables:				
Accounts	113,061	-	1,094,501	1,500
Loans	613,439	16,240,367	-	-
Allowance for forgiveness	-	(16,240,367)	-	-
Accrued interest	-	3,415	-	-
Due from other governments	-	-	-	1,280
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 726,500</b>	<b>\$ 1,822,017</b>	<b>\$ 1,094,501</b>	<b>\$ 29,956</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 11,141	\$ 63,403	\$ -	\$ 349
Accrued liabilities	-	-	-	3,877
Deferred revenues	1	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	78,243	-	-	-
Due to other governments	613,439	-	-	-
Due to other funds	23,676	-	1,321,903	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>726,500</b>	<b>63,403</b>	<b>1,321,903</b>	<b>4,226</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public services	-	1,758,614	-	25,730
Capital projects	-	-	-	-
Debt service	-	-	-	-
Low and moderate activities	-	-	-	-
<b>Unassigned</b>	-	-	(227,402)	-
<b>Total Fund Balances</b>	<b>-</b>	<b>1,758,614</b>	<b>(227,402)</b>	<b>25,730</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 726,500</b>	<b>\$ 1,822,017</b>	<b>\$ 1,094,501</b>	<b>\$ 29,956</b>

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

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	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
	<u>West Hollywood Library Fund</u>	<u>Measure R</u>	<u>Community Facilities</u>	<u>Santa Monica Boulevard</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 653,817	\$ 262,420	\$ -	\$ 6,385,457
Receivables:				
Accounts	1,128,917	-	-	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	-	515	-	12,619
Due from other governments	-	-	-	-
Inventories	770	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,783,504</b>	<b>\$ 262,935</b>	<b>\$ -</b>	<b>\$ 6,398,076</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 47,699	\$ 15,962	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	620,195	-	-	-
<b>Total Liabilities</b>	<b>667,894</b>	<b>15,962</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	770	-	-	-
<b>Restricted for:</b>				
Public services	1,114,840	246,973	-	-
Capital projects	-	-	-	6,398,076
Debt service	-	-	-	-
Low and moderate activities	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>1,115,610</b>	<b>246,973</b>	<b>-</b>	<b>6,398,076</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,783,504</b>	<b>\$ 262,935</b>	<b>\$ -</b>	<b>\$ 6,398,076</b>



## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

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	Capital Projects Funds			Debt Service Fund
	General Reserves Capital Projects	Redevelopment Agency Capital Projects	Redevelopment Agency Low & Moderate Housing	Capital Projects Debt Service
<b>Assets:</b>				
Pooled cash and investments	\$ 37,424	\$ -	\$ 10,051,311	\$ 6,486,627
Receivables:				
Accounts	-	-	-	-
Loans	-	-	4,449,300	-
Allowance for forgiveness	-	-	(4,449,300)	-
Accrued interest	-	-	18,749	31,228
Due from other governments	-	-	93,977	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	997,204	5,201,138
<b>Total Assets</b>	<b>\$ 37,424</b>	<b>\$ -</b>	<b>\$ 11,161,241</b>	<b>\$ 11,718,993</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,385	\$ 168,871	\$ 60,414	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	755,889	-	-
Advances from other funds	-	25,750	-	-
<b>Total Liabilities</b>	<b>3,385</b>	<b>950,510</b>	<b>60,414</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public services	-	-	-	-
Capital projects	34,039	-	-	-
Debt service	-	-	-	11,718,993
Low and moderate activities	-	-	11,100,827	-
<b>Unassigned</b>	<b>-</b>	<b>(950,510)</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>34,039</b>	<b>(950,510)</b>	<b>11,100,827</b>	<b>11,718,993</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 37,424</b>	<b>\$ -</b>	<b>\$ 11,161,241</b>	<b>\$ 11,718,993</b>

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

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	<u>Debt Service Fund</u>	<u>Permanent Funds</u>	
	<u>Redevelopment Agency Debt Service</u>	<u>Laurel Avenue Trust</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 2,252,491	\$ 92,435	\$ 37,630,502
Receivables:			
Accounts	7,350	-	2,607,946
Loans	-	-	21,303,106
Allowance for forgiveness	-	-	(20,689,667)
Accrued interest	14,591	183	94,946
Due from other governments	370,428	-	1,237,326
Inventories	-	-	770
Restricted assets:			
Cash and investments with fiscal agents	3,005,596	-	9,959,703
<b>Total Assets</b>	<b><u>\$ 5,650,456</u></b>	<b><u>\$ 92,618</u></b>	<b><u>\$ 52,144,632</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 2,107,783
Accrued liabilities	-	-	3,877
Deferred revenues	-	-	697,000
Unearned revenues	-	-	447,269
Deposits payable	-	-	919,510
Due to other governments	1,505,513	-	2,118,952
Due to other funds	-	-	2,137,799
Advances from other funds	-	99,430	745,375
<b>Total Liabilities</b>	<b><u>1,505,513</u></b>	<b><u>99,430</u></b>	<b><u>9,177,565</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Inventory	-	-	770
<b>Restricted for:</b>			
Public services	-	-	10,835,831
Capital projects	-	-	6,432,115
Debt service	4,144,943	-	15,863,936
Low and moderate activities	-	-	11,100,827
<b>Unassigned</b>	<u>-</u>	<u>(6,812)</u>	<u>(1,266,412)</u>
<b>Total Fund Balances</b>	<b><u>4,144,943</u></b>	<b><u>(6,812)</u></b>	<b><u>42,967,067</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 5,650,456</u></b>	<b><u>\$ 92,618</u></b>	<b><u>\$ 52,144,632</u></b>

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## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

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	<b>Special Revenue Funds</b>			
	<b>Special Grant</b>	<b>Proposition A</b>	<b>Proposition C</b>	<b>Gas Tax</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ 508,260	\$ 422,587	\$ -
Intergovernmental	1,437,971	285,840	-	1,522,424
Charges for services	-	-	-	-
Use of money and property	-	20,403	1,607	7,158
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	35,747	-	-	-
Miscellaneous	-	55,705	-	-
<b>Total Revenues</b>	<b>1,473,718</b>	<b>870,208</b>	<b>424,194</b>	<b>1,529,582</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	165,376	-	-	-
Public services	1,234,131	1,836,487	249,401	709,097
Capital outlay	413,057	-	384,754	449,912
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>1,812,564</b>	<b>1,836,487</b>	<b>634,155</b>	<b>1,159,009</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(338,846)	(966,279)	(209,961)	370,573
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Long-term debt issued	-	-	-	-
Bond discount	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(338,846)	(966,279)	(209,961)	370,573
Fund Balances, Beginning of Year	336,197	3,306,807	354,891	865,965
<b>Fund Balances, End of Year</b>	<b>\$ (2,649)</b>	<b>\$ 2,340,528</b>	<b>\$ 144,930</b>	<b>\$ 1,236,538</b>

## CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

(Continued)

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	Special Revenue Funds			
	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act
<b>Revenues:</b>				
Taxes	\$ 43,867	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	2,033	3,086	2,137	3,027
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	24,926	65,300	78,695
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>45,900</b>	<b>28,012</b>	<b>67,437</b>	<b>81,722</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	188,486	-
Public safety	-	-	-	-
Public services	7,322	270,787	-	-
Capital outlay	2,400	30,130	-	157,443
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>9,722</b>	<b>300,917</b>	<b>188,486</b>	<b>157,443</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,178	(272,905)	(121,049)	(75,721)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Long-term debt issued	-	-	-	-
Bond discount	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	36,178	(272,905)	(121,049)	(75,721)
Fund Balances, Beginning of Year	273,171	706,460	425,253	666,282
<b>Fund Balances, End of Year</b>	<b>\$ 309,349</b>	<b>\$ 433,555</b>	<b>\$ 304,204</b>	<b>\$ 590,561</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

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	<b>Special Revenue Funds</b>			
	<b>City Lighting</b>	<b>Public Access</b>	<b>Parking Improvement</b>	<b>Permit Parking</b>
<b>Revenues:</b>				
Taxes	\$ 788,581	\$ 146,676	\$ -	\$ -
Intergovernmental	6,761	-	-	-
Charges for services	-	-	-	-
Use of money and property	4,114	341	1,717,224	666,250
Fines and forfeitures	-	-	881,312	-
Contributions	-	-	-	-
Developer participation	-	-	55,376	-
Miscellaneous	-	680	5,435	-
<b>Total Revenues</b>	<b>799,456</b>	<b>147,697</b>	<b>2,659,347</b>	<b>666,250</b>
<b>Expenditures:</b>				
Current:				
General government	-	128,019	12,500	-
Public safety	-	-	-	-
Public services	655,882	-	921,530	719,203
Capital outlay	-	-	230,688	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>655,882</b>	<b>128,019</b>	<b>1,164,718</b>	<b>719,203</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	143,574	19,678	1,494,629	(52,953)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(733,770)	-
Long-term debt issued	-	-	-	-
Bond discount	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(733,770)</b>	<b>-</b>
Net Change in Fund Balances	143,574	19,678	760,859	(52,953)
Fund Balances, Beginning of Year	462,441	47,377	896,080	(26,086)
<b>Fund Balances, End of Year</b>	<b>\$ 606,015</b>	<b>\$ 67,055</b>	<b>\$ 1,656,939</b>	<b>\$ (79,039)</b>

## CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

(Continued)

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	Special Revenue Funds			
	CDBG	Housing Trust	Sunset Mitigation	Avenues of Art and Design
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,758,269	-	-	-
Charges for services	-	-	588,000	198,925
Use of money and property	-	138,510	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	574,191	-	-
Miscellaneous	-	1,219,396	-	-
<b>Total Revenues</b>	<b>1,758,269</b>	<b>1,932,097</b>	<b>588,000</b>	<b>198,925</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	591,500	185,783
Public safety	-	-	575,440	-
Public services	975,843	429,031	-	-
Capital outlay	782,426	9,406	-	828
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>1,758,269</b>	<b>438,437</b>	<b>1,166,940</b>	<b>186,611</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,493,660	(578,940)	12,314
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	575,441	-
Transfers out	-	-	-	-
Long-term debt issued	-	-	-	-
Bond discount	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>575,441</b>	<b>-</b>
Net Change in Fund Balances	-	1,493,660	(3,499)	12,314
Fund Balances, Beginning of Year	-	264,954	(223,903)	13,416
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 1,758,614</b>	<b>\$ (227,402)</b>	<b>\$ 25,730</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

Page 5 of 7

	Special Revenue Funds		Capital Projects Funds	
	West Hollywood Library Fund	Measure R	Community Facilities	Santa Monica Boulevard
<b>Revenues:</b>				
Taxes	\$ -	\$ 315,125	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	1,839	2,099	-	32,407
Fines and forfeitures	-	-	-	-
Contributions	447,907	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>449,746</b>	<b>317,224</b>	<b>-</b>	<b>32,407</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	2,371	-
Public safety	-	-	-	-
Public services	441,742	309,664	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>441,742</b>	<b>309,664</b>	<b>2,371</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,004	7,560	(2,371)	32,407
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(500,000)	-	-	-
Long-term debt issued	-	-	-	-
Bond discount	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(491,996)	7,560	(2,371)	32,407
Fund Balances, Beginning of Year	1,607,606	239,413	2,371	6,365,669
<b>Fund Balances, End of Year</b>	<b>\$ 1,115,610</b>	<b>\$ 246,973</b>	<b>\$ -</b>	<b>\$ 6,398,076</b>



## CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

(Continued)

Page 6 of 7

	Capital Projects Funds			Debt Service Fund
	General Reserves Capital Projects	Redevelopment Agency Capital Projects	Redevelopment Agency Low & Moderate Housing	Capital Projects Debt Service
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1,496,662	\$ -
Intergovernmental	701,367	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	79,835	45,318	1,095,390
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>701,367</b>	<b>79,835</b>	<b>1,541,980</b>	<b>1,095,390</b>
<b>Expenditures:</b>				
Current:				
General government	-	653,891	25,329	-
Public safety	-	-	-	-
Public services	-	500,000	3,666,137	-
Capital outlay	1,547,837	1,645,557	-	-
Debt service:				
Principal retirement	-	-	68,467	1,535,000
Interest and fiscal charges	-	230,958	169,141	2,694,305
Debt issuance costs	-	544,997	167,848	-
<b>Total Expenditures</b>	<b>1,547,837</b>	<b>3,575,403</b>	<b>4,096,922</b>	<b>4,229,305</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(846,470)	(3,495,568)	(2,554,942)	(3,133,915)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	10,657,471	-	3,556,996
Transfers out	-	(29,697,622)	-	(13,017,490)
Long-term debt issued	-	30,560,000	9,420,000	-
Bond discount	-	(335,548)	(358,963)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>11,184,301</b>	<b>9,061,037</b>	<b>(9,460,494)</b>
Net Change in Fund Balances	(846,470)	7,688,733	6,506,095	(12,594,409)
Fund Balances, Beginning of Year	880,509	(8,639,243)	4,594,732	24,313,402
<b>Fund Balances, End of Year</b>	<b>\$ 34,039</b>	<b>\$ (950,510)</b>	<b>\$ 11,100,827</b>	<b>\$ 11,718,993</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

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	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	
	<u>Redevelopment Agency Debt Service</u>	<u>Laurel Avenue Trust</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ 4,249,813	\$ -	\$ 7,971,571
Intergovernmental	-	-	5,712,632
Charges for services	-	-	786,925
Use of money and property	58,929	503	3,882,210
Fines and forfeitures	-	-	881,312
Contributions	-	-	447,907
Developer participation	-	-	834,235
Miscellaneous	-	-	1,281,216
<b>Total Revenues</b>	<b>4,308,742</b>	<b>503</b>	<b>21,798,008</b>
<b>Expenditures:</b>			
Current:			
General government	479,555	-	2,267,434
Public safety	-	-	740,816
Public services	-	329	12,926,586
Capital outlay	-	-	5,654,438
Debt service:			
Principal retirement	156,533	-	1,760,000
Interest and fiscal charges	386,745	-	3,481,149
Debt issuance costs	-	-	712,845
<b>Total Expenditures</b>	<b>1,022,833</b>	<b>329</b>	<b>27,543,268</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,285,909	174	(5,745,260)
<b>Other Financing Sources (Uses):</b>			
Transfers in	2,457,875	-	17,247,783
Transfers out	(15,657,471)	-	(59,606,353)
Long-term debt issued	-	-	39,980,000
Bond discount	-	-	(694,511)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,199,596)</b>	<b>-</b>	<b>(3,073,081)</b>
Net Change in Fund Balances	(9,913,687)	174	(8,818,341)
Fund Balances, Beginning of Year	14,058,630	(6,986)	51,785,408
<b>Fund Balances, End of Year</b>	<b>\$ 4,144,943</b>	<b>\$ (6,812)</b>	<b>\$ 42,967,067</b>

## 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.

**MEASURE "R" FUND:**

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

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
SPECIAL GRANT  
YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 336,197	\$ 336,197	\$ 336,197	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,280,041	1,407,753	1,437,971	30,218
Developer participation	-	-	35,747	35,747
<b>Amounts Available for Appropriations</b>	<b>1,616,238</b>	<b>1,743,950</b>	<b>1,809,915</b>	<b>65,965</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	100,000	132,332	165,376	(33,044)
Public works	1,180,041	1,275,421	1,234,131	41,290
Capital outlay	-	2,276,752	413,057	1,863,695
<b>Total Charges to Appropriations</b>	<b>1,280,041</b>	<b>3,684,505</b>	<b>1,812,564</b>	<b>1,871,941</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 336,197</b>	<b>\$ (1,940,555)</b>	<b>\$ (2,649)</b>	<b>\$ 1,937,906</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION A  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,306,807	\$ 3,306,807	\$ 3,306,807	\$ -
<b>Resources (Inflows):</b>				
Taxes	506,000	506,000	508,260	2,260
Intergovernmental	193,234	193,234	285,840	92,606
Use of money and property	15,000	15,000	20,403	5,403
Miscellaneous	50,000	50,000	55,705	5,705
<b>Amounts Available for Appropriations</b>	<b>4,071,041</b>	<b>4,071,041</b>	<b>4,177,015</b>	<b>105,974</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	2,404,353	2,404,353	1,836,487	567,866
<b>Total Charges to Appropriations</b>	<b>2,404,353</b>	<b>2,404,353</b>	<b>1,836,487</b>	<b>567,866</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,666,688</b>	<b>\$ 1,666,688</b>	<b>\$ 2,340,528</b>	<b>\$ 673,840</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 354,891	\$ 354,891	\$ 354,891	\$ -
<b>Resources (Inflows):</b>				
Taxes	420,000	420,000	422,587	2,587
Use of money and property	12,000	12,000	1,607	(10,393)
<b>Amounts Available for Appropriations</b>	<b>786,891</b>	<b>786,891</b>	<b>779,085</b>	<b>(7,806)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	342,668	342,668	249,401	93,267
Capital outlay	300,000	564,377	384,754	179,623
<b>Total Charges to Appropriations</b>	<b>642,668</b>	<b>907,045</b>	<b>634,155</b>	<b>272,890</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 144,223</b>	<b>\$ (120,154)</b>	<b>\$ 144,930</b>	<b>\$ 265,084</b>



## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 865,965	\$ 865,965	\$ 865,965	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	711,130	1,611,296	1,522,424	(88,872)
Use of money and property	1,000	1,000	7,158	6,158
<b>Amounts Available for Appropriations</b>	<b>1,578,095</b>	<b>2,478,261</b>	<b>2,395,547</b>	<b>(82,714)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	700,367	964,609	709,097	255,512
Capital outlay	15,130	968,029	449,912	518,117
<b>Total Charges to Appropriations</b>	<b>715,497</b>	<b>1,932,638</b>	<b>1,159,009</b>	<b>773,629</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 862,598</b>	<b>\$ 545,623</b>	<b>\$ 1,236,538</b>	<b>\$ 690,915</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 273,171	\$ 273,171	\$ 273,171	\$ -
<b>Resources (Inflows):</b>				
Taxes	44,000	44,000	43,867	(133)
Use of money and property	2,500	2,500	2,033	(467)
<b>Amounts Available for Appropriations</b>	<b>319,671</b>	<b>319,671</b>	<b>319,071</b>	<b>(600)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	24,160	24,160	7,322	16,838
Capital outlay	5,000	59,000	2,400	56,600
<b>Total Charges to Appropriations</b>	<b>29,160</b>	<b>83,160</b>	<b>9,722</b>	<b>73,438</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 290,511</b>	<b>\$ 236,511</b>	<b>\$ 309,349</b>	<b>\$ 72,838</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 706,460	\$ 706,460	\$ 706,460	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	7,000	7,000	3,086	(3,914)
Developer participation	10,000	10,000	24,926	14,926
<b>Amounts Available for Appropriations</b>	<b>723,460</b>	<b>723,460</b>	<b>734,472</b>	<b>11,012</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	156,684	284,605	270,787	13,818
Capital outlay	140,000	217,757	30,130	187,627
<b>Total Charges to Appropriations</b>	<b>296,684</b>	<b>502,362</b>	<b>300,917</b>	<b>201,445</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 426,776</b>	<b>\$ 221,098</b>	<b>\$ 433,555</b>	<b>\$ 212,457</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC BEAUTIFICATION AND ART  
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 425,253	\$ 425,253	\$ 425,253	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	6,000	6,000	2,137	(3,863)
Developer participation	-	-	65,300	65,300
<b>Amounts Available for Appropriations</b>	<b>431,253</b>	<b>431,253</b>	<b>492,690</b>	<b>61,437</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	191,500	215,281	188,486	26,795
<b>Total Charges to Appropriations</b>	<b>191,500</b>	<b>215,281</b>	<b>188,486</b>	<b>26,795</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 239,753</b>	<b>\$ 215,972</b>	<b>\$ 304,204</b>	<b>\$ 88,232</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 QIMBY ACT  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 666,282	\$ 666,282	\$ 666,282	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	4,000	4,000	3,027	(973)
Developer participation	-	-	78,695	78,695
<b>Amounts Available for Appropriations</b>	<b>670,282</b>	<b>670,282</b>	<b>748,004</b>	<b>77,722</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	277,327	157,443	119,884
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>277,327</b>	<b>157,443</b>	<b>119,884</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 670,282</b>	<b>\$ 392,955</b>	<b>\$ 590,561</b>	<b>\$ 197,606</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 CITY LIGHTING  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 462,441	\$ 462,441	\$ 462,441	\$ -
<b>Resources (Inflows):</b>				
Taxes	767,000	767,000	788,581	21,581
Intergovernmental	6,000	6,000	6,761	761
Use of money and property	2,500	2,500	4,114	1,614
<b>Amounts Available for Appropriations</b>	<b>1,237,941</b>	<b>1,237,941</b>	<b>1,261,897</b>	<b>23,956</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	685,001	736,970	655,882	81,088
<b>Total Charges to Appropriations</b>	<b>685,001</b>	<b>736,970</b>	<b>655,882</b>	<b>81,088</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 552,940</b>	<b>\$ 500,971</b>	<b>\$ 606,015</b>	<b>\$ 105,044</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
PUBLIC ACCESS  
YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 47,377	\$ 47,377	\$ 47,377	\$ -
<b>Resources (Inflows):</b>				
Taxes	120,000	120,000	146,676	26,676
Use of money and property	2,500	2,500	341	(2,159)
Miscellaneous	800	800	680	(120)
<b>Amounts Available for Appropriations</b>	<b>170,677</b>	<b>170,677</b>	<b>195,074</b>	<b>24,397</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	140,884	140,884	128,019	12,865
<b>Total Charges to Appropriations</b>	<b>140,884</b>	<b>140,884</b>	<b>128,019</b>	<b>12,865</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 29,793</b>	<b>\$ 29,793</b>	<b>\$ 67,055</b>	<b>\$ 37,262</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 PARKING IMPROVEMENT  
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 896,080	\$ 896,080	\$ 896,080	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,535,000	1,623,000	1,717,224	94,224
Fines and forfeitures	850,000	850,000	881,312	31,312
Developer participation	11,000	11,000	55,376	44,376
Miscellaneous	-	-	5,435	5,435
<b>Amounts Available for Appropriations</b>	<b>3,292,080</b>	<b>3,380,080</b>	<b>3,555,427</b>	<b>175,347</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	13,039	13,039	12,500	539
Public works	802,758	1,000,710	921,530	79,180
Capital outlay	9,430,770	13,874,037	230,688	13,643,349
Transfers out	733,770	733,770	733,770	-
<b>Total Charges to Appropriations</b>	<b>10,980,337</b>	<b>15,621,556</b>	<b>1,898,488</b>	<b>13,723,068</b>
<b>Budgetary Fund Balance, June 30</b>	<b><u><u>\$ (7,688,257)</u></u></b>	<b><u><u>\$ (12,241,476)</u></u></b>	<b><u><u>\$ 1,656,939</u></u></b>	<b><u><u>\$ 13,898,415</u></u></b>



CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 PERMIT PARKING  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (26,086)	\$ (26,086)	\$ (26,086)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	780,000	780,000	666,250	(113,750)
<b>Amounts Available for Appropriations</b>	<b>753,914</b>	<b>753,914</b>	<b>640,164</b>	<b>(113,750)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	795,618	796,046	719,203	76,843
<b>Total Charges to Appropriations</b>	<b>795,618</b>	<b>796,046</b>	<b>719,203</b>	<b>76,843</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (41,704)</b>	<b>\$ (42,132)</b>	<b>\$ (79,039)</b>	<b>\$ (36,907)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 CDBG  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	313,743	1,785,861	1,758,269	(27,592)
<b>Amounts Available for Appropriations</b>	<b>313,743</b>	<b>1,785,861</b>	<b>1,758,269</b>	<b>(27,592)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	313,743	1,003,435	975,843	27,592
Capital outlay	-	782,426	782,426	-
<b>Total Charges to Appropriations</b>	<b>313,743</b>	<b>1,785,861</b>	<b>1,758,269</b>	<b>27,592</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
HOUSING TRUST  
YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 264,954	\$ 264,954	\$ 264,954	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	15,000	15,000	138,510	123,510
Developer participation	90,544	90,544	574,191	483,647
Miscellaneous	-	-	1,219,396	1,219,396
<b>Amounts Available for Appropriations</b>	<b>370,498</b>	<b>370,498</b>	<b>2,197,051</b>	<b>1,826,553</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	471,457	1,944,712	429,031	1,515,681
Capital outlay	-	2,817,835	9,406	2,808,429
<b>Total Charges to Appropriations</b>	<b>471,457</b>	<b>4,762,547</b>	<b>438,437</b>	<b>4,324,110</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (100,959)</b>	<b>\$ (4,392,049)</b>	<b>\$ 1,758,614</b>	<b>\$ 6,150,663</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 SUNSET MITIGATION  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (223,903)	\$ (223,903)	\$ (223,903)	\$ -
<b>Resources (Inflows):</b>				
Charges for services	600,000	600,000	588,000	(12,000)
Transfers in	575,441	575,441	575,441	-
<b>Amounts Available for Appropriations</b>	<b>951,538</b>	<b>951,538</b>	<b>939,538</b>	<b>(12,000)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	591,500	591,500	591,500	-
Public safety	575,440	575,440	575,440	-
<b>Total Charges to Appropriations</b>	<b>1,166,940</b>	<b>1,166,940</b>	<b>1,166,940</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (215,402)</b>	<b>\$ (215,402)</b>	<b>\$ (227,402)</b>	<b>\$ (12,000)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 AVENUES OF ART AND DESIGN  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,416	\$ 13,416	\$ 13,416	\$ -
<b>Resources (Inflows):</b>				
Charges for services	208,350	208,350	198,925	(9,425)
<b>Amounts Available for Appropriations</b>	<b>221,766</b>	<b>221,766</b>	<b>212,341</b>	<b>(9,425)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	197,346	197,346	185,783	11,563
Capital outlay	-	-	828	(828)
<b>Total Charges to Appropriations</b>	<b>197,346</b>	<b>197,346</b>	<b>186,611</b>	<b>10,735</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 24,420</b>	<b>\$ 24,420</b>	<b>\$ 25,730</b>	<b>\$ 1,310</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 WEST HOLLYWOOD LIBRARY FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,607,606	\$ 1,607,606	\$ 1,607,606	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	1,839	1,839
Contributions	1,871,689	1,871,689	447,907	(1,423,782)
<b>Amounts Available for Appropriations</b>	<b>3,479,295</b>	<b>3,479,295</b>	<b>2,057,352</b>	<b>(1,421,943)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	1,516,596	1,516,596	441,742	1,074,854
Transfers out	-	-	500,000	(500,000)
<b>Total Charges to Appropriations</b>	<b>1,516,596</b>	<b>1,516,596</b>	<b>941,742</b>	<b>574,854</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,962,699</b>	<b>\$ 1,962,699</b>	<b>\$ 1,115,610</b>	<b>\$ (847,089)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 MEASURE R  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 239,413	\$ 239,413	\$ 239,413	\$ -
<b>Resources (Inflows):</b>				
Taxes	315,000	315,000	315,125	125
Use of money and property	1,500	1,500	2,099	599
<b>Amounts Available for Appropriations</b>	<b>555,913</b>	<b>555,913</b>	<b>556,637</b>	<b>724</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	438,238	438,238	309,664	128,574
<b>Total Charges to Appropriations</b>	<b>438,238</b>	<b>438,238</b>	<b>309,664</b>	<b>128,574</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 117,675</b>	<b>\$ 117,675</b>	<b>\$ 246,973</b>	<b>\$ 129,298</b>

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## 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, Fire Station No. 7, new parking meters, and West Hollywood Park Master Plan, 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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (3,288,173)	\$ (3,288,173)	\$ (3,288,173)	\$ -
<b>Resources (Inflows):</b>				
Contributions	-	2,500,000	2,500,000	-
Miscellaneous	-	-	48,555	48,555
Transfers in	-	-	13,517,490	13,517,490
<b>Amounts Available for Appropriations</b>	<b>(3,288,173)</b>	<b>(788,173)</b>	<b>12,777,872</b>	<b>13,566,045</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	-	-	14,142	(14,142)
Capital outlay	42,009,433	54,592,498	17,828,404	36,764,094
<b>Total Charges to Appropriations</b>	<b>42,009,433</b>	<b>54,592,498</b>	<b>17,842,546</b>	<b>36,749,952</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (45,297,606)</b>	<b>\$ (55,380,671)</b>	<b>\$ (5,064,674)</b>	<b>\$ 50,315,997</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 SANTA MONICA BOULEVARD  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,365,669	\$ 6,365,669	\$ 6,365,669	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	125,000	125,000	32,407	(92,593)
<b>Amounts Available for Appropriations</b>	<b>6,490,669</b>	<b>6,490,669</b>	<b>6,398,076</b>	<b>(92,593)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	125,000	125,000	-	125,000
Capital outlay	-	69,980	-	69,980
<b>Total Charges to Appropriations</b>	<b>125,000</b>	<b>194,980</b>	<b>-</b>	<b>194,980</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,365,669</b>	<b>\$ 6,295,689</b>	<b>\$ 6,398,076</b>	<b>\$ 102,387</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
GENERAL RESERVES CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 880,509	\$ 880,509	\$ 880,509	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	701,367	701,367
<b>Amounts Available for Appropriations</b>	<b>880,509</b>	<b>880,509</b>	<b>1,581,876</b>	<b>701,367</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	5,763,371	1,547,837	4,215,534
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>5,763,371</b>	<b>1,547,837</b>	<b>4,215,534</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 880,509</b>	<b>\$ (4,882,862)</b>	<b>\$ 34,039</b>	<b>\$ 4,916,901</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (8,639,243)	\$ (8,639,243)	\$ (8,639,243)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	80,000	80,000	79,835	(165)
Transfers in	-	-	10,657,471	10,657,471
Long-term debt issued	-	-	30,560,000	30,560,000
<b>Amounts Available for Appropriations</b>	<b>(8,559,243)</b>	<b>(8,559,243)</b>	<b>32,658,063</b>	<b>41,217,306</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	1,142,464	1,223,459	653,891	569,568
Public works	-	3,000,000	500,000	2,500,000
Capital outlay	16,087,851	42,058,605	1,645,557	40,413,048
Debt service:				
Interest and fiscal charges	400,000	400,000	230,958	169,042
Transfers out	-	-	29,697,622	(29,697,622)
Bond discount	-	-	335,548	(335,548)
Debt issuance costs	-	-	544,997	(544,997)
<b>Total Charges to Appropriations</b>	<b>17,630,315</b>	<b>46,682,064</b>	<b>33,608,573</b>	<b>13,073,491</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (26,189,558)</b>	<b>\$ (55,241,307)</b>	<b>\$ (950,510)</b>	<b>\$ 54,290,797</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING  
 YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 4,594,732	\$ 4,594,732	\$ 4,594,732	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,600,000	1,600,000	1,496,662	(103,338)
Use of money and property	20,000	20,000	45,318	25,318
Long-term debt issued	-	-	9,420,000	9,420,000
<b>Amounts Available for Appropriations</b>	<b>6,214,732</b>	<b>6,214,732</b>	<b>15,556,712</b>	<b>9,341,980</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	100,000	100,000	25,329	74,671
Public works	-	4,666,062	3,666,137	999,925
Capital outlay	-	2,482,025	-	2,482,025
Debt service:				
Principal retirement	68,467	68,467	68,467	-
Interest and fiscal charges	171,917	171,917	169,141	2,776
Bond discount	-	-	358,963	(358,963)
Debt issuance costs	-	-	167,848	(167,848)
<b>Total Charges to Appropriations</b>	<b>340,384</b>	<b>7,488,471</b>	<b>4,455,885</b>	<b>3,032,586</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,874,348</b>	<b>\$ (1,273,739)</b>	<b>\$ 11,100,827</b>	<b>\$ 12,374,566</b>

## 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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 24,313,402	\$ 24,313,402	\$ 24,313,402	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	876,025	876,025	1,095,390	219,365
Transfers in	3,556,996	3,556,996	3,556,996	-
<b>Amounts Available for Appropriations</b>	<b>28,746,423</b>	<b>28,746,423</b>	<b>28,965,788</b>	<b>219,365</b>
<b>Charges to Appropriations (Outflow):</b>				
Debt service:				
Principal retirement	1,535,000	1,535,000	1,535,000	-
Interest and fiscal charges	2,700,977	2,700,977	2,694,305	6,672
Transfers out	-	-	13,017,490	(13,017,490)
<b>Total Charges to Appropriations</b>	<b>4,235,977</b>	<b>4,235,977</b>	<b>17,246,795</b>	<b>(13,010,818)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 24,510,446</b>	<b>\$ 24,510,446</b>	<b>\$ 11,718,993</b>	<b>\$ (12,791,453)</b>



CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY DEBT SERVICE  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 14,058,630	\$ 14,058,630	\$ 14,058,630	\$ -
<b>Resources (Inflows):</b>				
Taxes	5,625,000	4,463,165	4,249,813	(213,352)
Use of money and property	10,000	10,000	58,929	48,929
Transfers in	-	-	2,457,875	2,457,875
<b>Amounts Available for Appropriations</b>	<b>19,693,630</b>	<b>18,531,795</b>	<b>20,825,247</b>	<b>2,293,452</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	130,000	479,555	479,555	-
Debt service:				
Principal retirement	156,533	156,533	156,533	-
Interest and fiscal charges	387,497	387,497	386,745	752
Transfers out	-	-	15,657,471	(15,657,471)
<b>Total Charges to Appropriations</b>	<b>674,030</b>	<b>1,023,585</b>	<b>16,680,304</b>	<b>(15,656,719)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 19,019,600</b>	<b>\$ 17,508,210</b>	<b>\$ 4,144,943</b>	<b>\$ (13,363,267)</b>

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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, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Sewer Charge</b>	<b>Solid Waste</b>	<b>Landscape District</b>	<b>Street Maintenance</b>	<b>Totals</b>
<b>Assets:</b>					
Current:					
Cash and investments	\$ -	\$ 516,671	\$ 152,979	\$ -	\$ 669,650
Receivables:					
Accounts	147,229	-	-	-	147,229
Accrued interest	345	1,159	307	-	1,811
Due from other governments	26,116	44,206	6,339	9,773	86,434
<b>Total Current Assets</b>	<b>173,690</b>	<b>562,036</b>	<b>159,625</b>	<b>9,773</b>	<b>905,124</b>
Noncurrent:					
Capital assets - net of accumulated depreciation	1,267,667	-	-	-	1,267,667
<b>Total Noncurrent Assets</b>	<b>1,267,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,267,667</b>
<b>Total Assets</b>	<b>\$ 1,441,357</b>	<b>\$ 562,036</b>	<b>\$ 159,625</b>	<b>\$ 9,773</b>	<b>\$ 2,172,791</b>
<b>Liabilities and Net Assets:</b>					
<b>Liabilities:</b>					
Current:					
Accounts payable	\$ 506,714	\$ 12,547	\$ 22,109	\$ 9,369	\$ 550,739
Deposits payable	63,333	-	-	-	63,333
Due to other funds	106,677	-	-	8,593	115,270
<b>Total Current Liabilities</b>	<b>676,724</b>	<b>12,547</b>	<b>22,109</b>	<b>17,962</b>	<b>729,342</b>
<b>Net Assets:</b>					
Invested in capital assets	1,267,667	-	-	-	1,267,667
Unrestricted	(503,034)	549,489	137,516	(8,189)	175,782
<b>Total Net Assets</b>	<b>764,633</b>	<b>549,489</b>	<b>137,516</b>	<b>(8,189)</b>	<b>1,443,449</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,441,357</b>	<b>\$ 562,036</b>	<b>\$ 159,625</b>	<b>\$ 9,773</b>	<b>\$ 2,172,791</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Sewer Charge</b>	<b>Solid Waste</b>	<b>Landscape District</b>	<b>Street Maintenance</b>	<b>Totals</b>
<b>Operating Revenues:</b>					
Sales and service charges	\$ 749,357	\$ 1,335,198	\$ 173,034	\$ 286,157	\$ 2,543,746
Fines and forfeitures	2,764	11,756	975	1,644	17,139
Miscellaneous	5,301	-	-	-	5,301
<b>Total Operating Revenues</b>	<b>757,422</b>	<b>1,346,954</b>	<b>174,009</b>	<b>287,801</b>	<b>2,566,186</b>
<b>Operating Expenses:</b>					
Administration and general	34,500	45,160	4,500	145,654	229,814
Treatment	573,906	1,235,182	179,415	286,536	2,275,039
Depreciation expense	9,469	-	-	-	9,469
<b>Total Operating Expenses</b>	<b>617,875</b>	<b>1,280,342</b>	<b>183,915</b>	<b>432,190</b>	<b>2,514,322</b>
Operating Income (Loss)	139,547	66,612	(9,906)	(144,389)	51,864
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue	620	2,018	827	5	3,470
<b>Total Nonoperating Revenues (Expenses)</b>	<b>620</b>	<b>2,018</b>	<b>827</b>	<b>5</b>	<b>3,470</b>
Income (Loss) Before Transfers	140,167	68,630	(9,079)	(144,384)	55,334
Transfers in	-	-	-	116,000	116,000
Changes in Net Assets	140,167	68,630	(9,079)	(28,384)	171,334
<b>Net Assets:</b>					
Beginning of Year	624,466	480,859	146,595	20,195	1,272,115
<b>End of Fiscal Year</b>	<b>\$ 764,633</b>	<b>\$ 549,489</b>	<b>\$ 137,516</b>	<b>\$ (8,189)</b>	<b>\$ 1,443,449</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Sewer Charge</b>	<b>Solid Waste</b>	<b>Landscape District</b>	<b>Street Maintenance</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$662,148	\$1,344,511	\$ 177,040	\$ 286,071	\$2,469,770
Cash paid to suppliers for goods and services	(224,235)	(1,223,777)	(174,330)	(294,298)	(1,916,640)
Cash paid to employees for services	(34,500)	(45,160)	(4,500)	(145,654)	(229,814)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>403,413</b>	<b>75,574</b>	<b>(1,790)</b>	<b>(153,881)</b>	<b>323,316</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	-	-	-	116,000	116,000
Cash paid due to/from other funds	106,677	-	-	8,593	115,270
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>106,677</b>	<b>-</b>	<b>-</b>	<b>124,593</b>	<b>231,270</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(884,370)	-	-	-	(884,370)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(884,370)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(884,370)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	1,235	2,027	877	5	4,144
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,235</b>	<b>2,027</b>	<b>877</b>	<b>5</b>	<b>4,144</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(373,045)</b>	<b>77,601</b>	<b>(913)</b>	<b>(29,283)</b>	<b>(325,640)</b>
Cash and Cash Equivalents at Beginning of Year	373,045	439,070	153,892	29,283	995,290
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ -</b>	<b>\$ 516,671</b>	<b>\$ 152,979</b>	<b>\$ -</b>	<b>\$ 669,650</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$139,547	\$ 66,612	\$ (9,906)	\$ (144,389)	\$ 51,864
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	9,469	-	-	-	9,469
(Increase) decrease in accounts receivable	(139,823)	595	5,976	165	(133,087)
(Increase) decrease in due from other governments	(10,513)	(3,038)	(2,945)	(1,895)	(18,391)
Increase (decrease) in accounts payable	349,671	11,405	5,085	(7,762)	358,399
Increase (decrease) in deposits payable	55,062	-	-	-	55,062
<b>Total Adjustments</b>	<b>263,866</b>	<b>8,962</b>	<b>8,116</b>	<b>(9,492)</b>	<b>271,452</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$403,413</b>	<b>\$ 75,574</b>	<b>\$ (1,790)</b>	<b>\$ (153,881)</b>	<b>\$ 323,316</b>

**Non-Cash Investing, Capital, and Financing Activities:**

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

## FIDUCIARY FUNDS

### BUSINESS IMPROVEMENT FUND – AGENCY:

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

### COMMUNITY DISTRICT DEBT SERVICE – 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.

### HOTEL MARKETING BENEFIT ZONE – 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. This receipt of 1.5% assessment is granted to the WHMC to use to advertise the City as a travel destination and convention site.

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2011

	<u>Business Improvement</u>	<u>Community District Debt Service</u>	<u>Hotel Marketing Benefit Zone</u>	<u>Totals</u>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 48,924	\$ 181,218	\$ 230,142
Receivables:				
Accounts	201,724	-	-	201,724
Taxes	-	-	194,375	194,375
Accrued interest	-	97	-	97
<b>Total Assets</b>	<b><u>\$ 201,724</u></b>	<b><u>\$ 49,021</u></b>	<b><u>\$ 375,593</u></b>	<b><u>\$ 626,338</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 136,540	\$ -	\$ 375,593	\$ 512,133
Due to other governments	65,184	-	-	65,184
Due to bondholders	-	49,021	-	49,021
<b>Total Liabilities</b>	<b><u>\$ 201,724</u></b>	<b><u>\$ 49,021</u></b>	<b><u>\$ 375,593</u></b>	<b><u>\$ 626,338</u></b>



## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2011**

	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
<b><u>Business Improvement</u></b>				
<b>Assets:</b>				
Receivables:				
Accounts	\$ 212,784	\$ 109,334	\$ 120,394	\$ 201,724
<b>Total Assets</b>	<b>\$ 212,784</b>	<b>\$ 109,334</b>	<b>\$ 120,394</b>	<b>\$ 201,724</b>
<b>Liabilities:</b>				
Accounts payable	\$ 138,697	\$ 193,907	\$ 196,064	\$ 136,540
Due to other governments	74,087	85,000	93,903	65,184
<b>Total Liabilities</b>	<b>\$ 212,784</b>	<b>\$ 278,907</b>	<b>\$ 289,967</b>	<b>\$ 201,724</b>
<b><u>Community District Debt Service</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,305	\$ 94,984	\$ 47,365	\$ 48,924
Receivables:				
Accrued interest	72	279	254	97
Restricted assets:				
Cash and investments with fiscal agents	113,518	49,736	163,254	-
<b>Total Assets</b>	<b>\$ 114,895</b>	<b>\$ 144,999</b>	<b>\$ 210,873</b>	<b>\$ 49,021</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 114,895	\$ 2,650	\$ 68,524	\$ 49,021
<b>Total Liabilities</b>	<b>\$ 114,895</b>	<b>\$ 2,650</b>	<b>\$ 68,524</b>	<b>\$ 49,021</b>
<b><u>Hotel Marketing Benefit Zone</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 108,971	\$ 1,720,010	\$ 1,647,763	\$ 181,218
Receivables:				
Taxes	151,808	195,603	153,036	194,375
<b>Total Assets</b>	<b>\$ 260,779</b>	<b>\$ 1,915,613</b>	<b>\$ 1,800,799</b>	<b>\$ 375,593</b>
<b>Liabilities:</b>				
Accounts payable	\$ 260,779	\$ 1,762,576	\$ 1,647,762	\$ 375,593
<b>Total Liabilities</b>	<b>\$ 260,779</b>	<b>\$ 1,762,576</b>	<b>\$ 1,647,762</b>	<b>\$ 375,593</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 110,276	\$ 1,814,994	\$ 1,695,128	\$ 230,142
Receivables:				
Accounts	212,784	109,334	120,394	201,724
Taxes	151,808	195,603	153,036	194,375
Accrued interest	72	279	254	97
Restricted assets:				
Cash and investments with fiscal agents	113,518	49,736	163,254	-
<b>Total Assets</b>	<b>\$ 588,458</b>	<b>\$ 2,169,946</b>	<b>\$ 2,132,066</b>	<b>\$ 626,338</b>
<b>Liabilities:</b>				
Accounts payable	\$ 399,476	\$ 1,956,483	\$ 1,843,826	\$ 512,133
Due to other governments	74,087	85,000	93,903	65,184
Due to bondholders	114,895	2,650	68,524	49,021
<b>Total Liabilities</b>	<b>\$ 588,458</b>	<b>\$ 2,044,133</b>	<b>\$ 2,006,253</b>	<b>\$ 626,338</b>

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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 Ten Fiscal Years*

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

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

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

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

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

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

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

Table 8 - Principal Property Taxpayers - *Current Year and Ten 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, 2011*

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

Table 13 - East Side Project Area Bonds Coverage - *Last Eight 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 Eight 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: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year				Fiscal Year
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 74,877,305	\$ 75,773,265	\$ 76,368,465	\$ 81,802,689	\$ 83,025,801
Restricted	14,585,862	920,268	20,795,829	22,213,608	30,203,837
Unrestricted	28,986,811	38,150,731	26,840,466	34,378,132	44,313,953
Total governmental activities net assets	<u>\$ 118,449,978</u>	<u>\$ 114,844,264</u>	<u>\$ 124,004,760</u>	<u>\$ 138,394,429</u>	<u>\$ 157,543,591</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 11,741,182	\$ 11,430,276	\$ 11,110,118	\$ 10,812,425	\$ 10,593,768
Restricted	-	-	-	-	-
Unrestricted	1,868,372	1,877,114	1,988,256	1,962,405	1,127,018
Total business-type activities net assets	<u>\$ 13,609,554</u>	<u>\$ 13,307,390</u>	<u>\$ 13,098,374</u>	<u>\$ 12,774,830</u>	<u>\$ 11,720,786</u>
Primary government					
Invested in capital assets, net of related debt	\$ 86,618,487	\$ 87,203,541	\$ 87,478,583	\$ 92,615,114	\$ 93,619,569
Restricted	14,585,862	920,268	20,795,829	22,213,608	30,203,837
Public Works	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Unrestricted	30,855,183	40,027,845	28,828,722	36,340,537	45,440,971
Total primary government net assets	<u>\$ 132,059,532</u>	<u>128,151,654</u>	<u>137,103,134</u>	<u>151,169,259</u>	<u>169,264,377</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				
2007	2008	2009	2010	2011
\$ 82,839,263	\$ 85,785,512	\$ 103,042,403	\$ 94,984,874	\$ 123,634,342
42,540,457	51,021,978	49,054,483	57,860,664	74,265,052
61,562,154	71,516,525	58,335,334	61,509,140	25,483,889
<u>\$ 186,941,874</u>	<u>\$ 208,324,015</u>	<u>\$ 210,432,220</u>	<u>\$ 214,354,678</u>	<u>\$ 223,383,283</u>
\$ 10,270,624	\$ 9,947,480	\$ 10,151,952	\$ 9,942,991	\$ 10,551,949
1,270,903	1,440,942	1,123,836	964,639	190,846
<u>\$ 11,541,527</u>	<u>\$ 11,388,422</u>	<u>\$ 11,275,788</u>	<u>\$ 10,907,630</u>	<u>\$ 10,742,795</u>
\$ 93,109,887	\$ 95,732,992	\$ 113,194,355	\$ 104,927,865	\$ 134,186,291
42,540,457	51,021,978	49,054,483	57,860,664	
-	-	-	-	1,236,538
-	-	-	-	59,372,752
-	-	-	-	13,655,762
62,833,057	72,957,467	59,459,170	62,473,779	25,674,735
<u>198,483,401</u>	<u>219,712,437</u>	<u>221,708,008</u>	<u>225,262,308</u>	<u>234,126,078</u>



CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

Page 1 of 4

Expenses	Fiscal Year				Fiscal Year
	2002	2003	2004	2005	2006
Governmental activities:					
General government	\$ 12,256,946	\$ 11,660,643	\$ 13,336,517	\$ 14,701,420	\$ 16,479,257
Public safety	11,159,356	11,012,150	11,223,737	11,072,802	11,212,181
Public services	30,444,978	53,406,669	29,813,574	33,426,113	30,573,381
Interest on long-term debt	-	2,330,775	-	-	2,073,243
Total governmental activities expenses	<u>53,861,280</u>	<u>78,410,237</u>	<u>54,373,828</u>	<u>59,200,335</u>	<u>60,338,062</u>
Business-type activities:					
Solid waste	1,158,692	1,283,410	1,202,666	1,096,935	1,137,797
Landscape and lighting	885,139	73,536	83,326	147,299	198,252
Sewer	578,569	606,188	618,254	610,894	1,310,820
Street maintenance	313,616	306,866	276,658	305,569	334,287
Total business-type activities expenses	<u>2,936,016</u>	<u>2,270,000</u>	<u>2,180,904</u>	<u>2,160,697</u>	<u>2,981,156</u>
Total primary government expenses	<u>\$ 56,797,296</u>	<u>\$ 80,680,237</u>	<u>\$ 56,554,732</u>	<u>\$ 61,361,032</u>	<u>\$ 63,319,218</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 282,684	\$ 369,514	\$ 894,792	\$ 868,099	\$ 492,019
Public safety	668,429	708,219	289,521	800,865	999,856
Public services	14,777,639	17,312,306	16,487,845	18,260,961	18,535,109
Operating grants and contributions	5,193,906	10,341,249	5,449,185	6,484,701	3,244,620
Capital grants and contributions	3,160,438	13,698,814	1,929,252	332,050	743,180
Total governmental activities program revenues	<u>24,083,096</u>	<u>42,430,102</u>	<u>25,050,595</u>	<u>26,746,676</u>	<u>24,014,784</u>
Business-type activities:					
Charges for services:					
Solid waste	1,228,677	1,234,292	1,284,162	1,140,457	1,159,211
Landscape and lighting	133,161	162,903	138,117	136,105	163,312
Sewer	200,139	226,048	200,911	201,155	196,513
Street maintenance	293,977	285,506	288,359	286,867	285,348
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>1,855,954</u>	<u>1,908,749</u>	<u>1,911,549</u>	<u>1,764,584</u>	<u>1,804,384</u>
Total primary government program revenues	<u>\$ 25,939,050</u>	<u>\$ 44,338,851</u>	<u>\$ 26,962,144</u>	<u>\$ 28,511,260</u>	<u>\$ 25,819,168</u>
Net (expense)/revenue					
Governmental activities	\$ (29,778,184)	\$ (35,980,135)	\$ (29,323,233)	\$ (32,453,659)	\$ (36,323,278)
Business-type activities	(1,080,062)	(361,251)	(269,355)	(396,113)	(1,176,772)
Total Primary government net expense	<u>\$ (30,858,246)</u>	<u>\$ (36,341,386)</u>	<u>\$ (29,592,588)</u>	<u>\$ (32,849,772)</u>	<u>\$ (37,500,050)</u>

(Continued)

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	Fiscal Year				
	2007	2008	2009	2010	2011
\$ 15,648,141	\$ 21,093,563	\$ 23,286,253	\$ 22,283,500	\$ 19,875,065	
13,597,148	13,164,284	14,031,263	14,693,505	14,697,422	
34,361,851	35,875,120	47,202,159	37,851,081	42,408,254	
2,052,121	2,039,747	1,994,805	3,753,074	4,016,175	
65,659,261	72,172,714	86,514,480	78,581,160	80,996,916	
1,258,380	1,136,337	1,202,666	1,266,869	1,282,212	
160,241	156,616	182,353	175,253	183,915	
685,782	1,006,626	824,817	930,895	949,508	
346,350	366,655	392,463	396,000	435,088	
2,450,753	2,666,234	2,602,299	2,769,017	2,850,723	
\$ 68,110,014	\$ 74,838,948	\$ 89,116,779	\$ 81,350,177	\$ 83,847,639	
\$ 532,160	\$ 446,180	\$ 406,506	\$ 502,745	\$ 586,368	
684,303	692,071	1,260,919	1,149,849	1,076,360	
20,879,091	23,401,515	15,417,753	14,551,173	18,748,179	
5,003,291	4,828,524	5,317,302	4,688,118	4,257,901	
232,089	1,027,706	4,439,194	2,198,352	4,278,207	
27,330,934	30,395,996	26,841,674	23,090,237	28,947,015	
1,190,664	1,231,080	1,289,496	1,301,527	1,346,954	
162,704	172,501	176,224	173,623	174,009	
563,497	686,056	607,434	609,880	757,422	
283,569	284,924	284,872	288,216	287,801	
-	-	-	-	-	
-	-	-	-	-	
2,200,434	2,374,561	2,358,026	2,373,246	2,566,186	
\$ 29,531,368	\$ 32,770,557	\$ 29,199,700	\$ 25,463,483	\$ 31,513,201	
\$ (38,328,327)	\$ (41,776,718)	\$ (59,672,806)	\$ (55,490,923)	\$ (52,049,901)	
(250,319)	(291,673)	(244,273)	(395,771)	(284,537)	
\$ (38,578,646)	\$ (42,068,391)	\$ (59,917,079)	\$ (55,886,694)	\$ (52,334,438)	

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

Page 3 of 4

General Revenue and Other Changes in Net Assets	Fiscal Year				Fiscal Year
	2002	2003	2004	2005	2006
Governmental activities:					
Taxes					
Property tax	\$ 8,439,702	\$ 8,621,038	\$ 10,557,027	\$ 11,290,226	\$ 15,282,673
Transient occupancy tax	7,888,469	8,050,754	9,288,712	11,262,704	12,791,327
Sales tax	7,764,588	8,265,707	8,667,158	11,295,461	11,815,467
Franchise tax	1,453,833	1,349,112	1,482,870	1,568,412	2,045,702
Business license tax	1,392,779	1,523,494	1,839,314	2,012,904	2,198,549
Motor vehicle in-lieu	2,038,363	2,279,906	1,737,070	2,588,005	2,522,013
Use of money and property	5,385,592	5,034,161	5,565,745	5,296,288	6,798,247
Other	266,741	4,736,600	341,521	447,477	646,918
Sale of capital assets	-	452,514	(199,449)	-	(70,533)
Transfers	(178,539)	-	-	-	-
Total governmental activities	<u>34,451,528</u>	<u>40,313,286</u>	<u>39,279,968</u>	<u>45,761,477</u>	<u>54,030,363</u>
Business-type activities:					
Property taxes	477,825	26,895	-	-	-
Use of money and property	63,372	32,192	23,743	37,035	38,563
Intergovernmental	-	-	36,596	35,534	-
Transfers	178,539	-	-	-	-
Other	-	-	-	-	84,165
Total business-type activities	<u>719,736</u>	<u>59,087</u>	<u>60,339</u>	<u>72,569</u>	<u>122,728</u>
Total primary government	<u>\$ 35,171,264</u>	<u>\$ 40,372,373</u>	<u>\$ 39,340,307</u>	<u>\$ 45,834,046</u>	<u>\$ 54,153,091</u>
<b>Change in Net Assets</b>					
Governmental Activities	\$ 4,673,344	\$ 4,333,151	\$ 9,956,735	\$ 13,307,818	\$ 17,707,085
Business-type activities	(360,326)	(302,164)	(209,016)	(323,544)	(1,054,044)
Total primary government	<u>\$ 4,313,018</u>	<u>\$ 4,030,987</u>	<u>\$ 9,747,719</u>	<u>\$ 12,984,274</u>	<u>\$ 16,653,041</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				
	2007	2008	2009	2010	2011
\$ 15,431,742	\$ 16,094,302	\$ 17,963,819	\$ 18,349,422	\$ 18,002,980	
13,598,347	13,133,591	12,124,316	12,590,134	14,089,667	
12,531,819	13,935,810	12,743,088	12,308,132	12,775,378	
2,050,258	2,093,383	2,039,944	2,257,600	2,359,255	
2,344,725	2,454,969	2,727,228	2,603,306	2,515,615	
2,734,771	3,013,166	3,307,057	3,451,448	3,349,580	
9,220,141	12,186,976	9,906,326	7,322,293	7,298,634	
6,489,110	333,347	524,470	623,043	803,397	
2,217,673	-	-	-	-	
(26,706)	(86,684)	(100,000)	(100,000)	(116,000)	
<u>66,591,880</u>	<u>63,158,860</u>	<u>61,236,248</u>	<u>59,405,378</u>	<u>61,078,506</u>	
-	-	-	-	-	
44,354	51,884	31,639	9,600	3,702	
-	-	-	-	-	
26,706	86,684	100,000	100,000	116,000	
-	-	-	-	-	
<u>71,060</u>	<u>138,568</u>	<u>131,639</u>	<u>109,600</u>	<u>119,702</u>	
<u>\$ 66,662,940</u>	<u>\$ 63,297,428</u>	<u>\$ 61,367,887</u>	<u>\$ 59,514,978</u>	<u>\$ 61,198,208</u>	
\$ 28,263,553	\$ 21,382,142	\$ 1,563,442	\$ 3,914,455	\$ 9,028,605	
(179,259)	(153,105)	(112,634)	(286,171)	(164,835)	
<u>\$ 28,084,294</u>	<u>\$ 21,229,037</u>	<u>\$ 1,450,808</u>	<u>\$ 3,628,284</u>	<u>\$ 8,863,770</u>	

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year				Fiscal Year
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 14,898,400	\$ 12,827,655	\$ 8,252,813	\$ 7,366,598	\$ 8,667,835
Unreserved	8,567,266	18,619,896	25,105,511	34,649,072	43,109,866
General Fund					
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 23,465,666</u>	<u>\$ 31,447,551</u>	<u>\$ 33,358,324</u>	<u>\$ 42,015,670</u>	<u>\$ 51,777,701</u>
All other governmental funds					
Reserved	\$ 21,587,999	\$ 3,285,441	\$ 1,306,137	\$ 1,853,944	\$ 1,739,931
Unreserved, reported in:					
Special revenue funds	10,927,125	13,068,315	9,167,038	8,124,694	12,827,476
Capital projects funds	(16,333,371)	(16,087,901)	(2,869,830)	(4,446,100)	(3,999,838)
Debt service funds	3,877,980	6,234,461	8,044,882	9,104,625	12,596,942
Permanent funds	19,534	(7,340)	(19,008)	(14,039)	(13,161)
Nonspendable	-	-	-	-	-
Restricted					
Public services	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Low and moderate activ	-	-	-	-	-
Committed to:					
Emergency Contingenc	-	-	-	-	-
Continuing appropriator	-	-	-	-	-
Assigned to:					
Self Insurance	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 20,079,267</u>	<u>\$ 6,492,976</u>	<u>\$ 15,629,219</u>	<u>\$ 14,623,124</u>	<u>\$ 23,151,350</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				
2007	2008	2009	2010	2011
\$ 9,586,060	\$ 11,088,861	\$ 12,483,127	\$ 8,737,738	\$ -
59,779,958	71,182,870	64,027,333	59,826,908	-
-	-	-	-	783,625
-	-	-	-	18,787,130
-	-	-	-	40,500,000
-	-	-	-	15,077,764
<u>\$ 69,366,018</u>	<u>\$ 82,271,731</u>	<u>\$ 76,510,460</u>	<u>\$ 68,564,646</u>	<u>\$ 75,148,519</u>
\$ 1,828,522	\$ 6,367,024	\$ 43,819,590	\$ 25,444,012	\$ -
17,077,571	21,073,781	2,682,085	3,215,665	-
(1,053,737)	(7,352,494)	(39,316,074)	(18,527,488)	-
16,259,331	20,005,025	24,115,084	38,372,032	-
(13,378)	(9,825)	(7,675)	(6,986)	-
-	-	-	-	770
-	-	-	-	10,835,831
-	-	-	-	38,671,862
-	-	-	-	15,863,936
-	-	-	-	11,100,827
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(6,331,086)
<u>\$ 34,098,309</u>	<u>\$ 40,083,511</u>	<u>\$ 31,293,010</u>	<u>\$ 48,497,235</u>	<u>\$ 70,142,140</u>

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year				Fiscal Year
	2002	2003	2004	2005	2006
<b>Revenues</b>					
Taxes	\$ 27,600,100	\$ 28,790,692	\$ 33,002,400	\$ 37,952,941	\$ 45,207,616
Licenses and permits	1,935,265	3,321,312	3,430,860	3,768,824	3,685,402
Intergovernmental	6,429,614	13,726,715	7,834,915	9,019,572	5,630,843
Charges for services	2,421,986	2,791,718	3,008,760	3,000,706	3,465,762
Use of money and property	6,631,903	4,895,491	6,304,030	6,191,455	7,878,304
Fines and forfeitures	9,198,259	8,907,842	8,695,339	8,615,254	9,035,814
Contributions	-	-	-	-	-
Miscellaneous	3,463,635	15,991,927	400,676	320,347	790,001
Developer participation	1,435,273	2,630,914	1,145,013	2,959,411	2,171,542
<b>Total revenues</b>	<b>59,116,035</b>	<b>81,056,611</b>	<b>63,821,993</b>	<b>71,828,510</b>	<b>77,865,284</b>
<b>Expenditures</b>					
Current:					
General government	10,926,359	11,588,027	12,101,089	13,874,481	16,166,120
Public Safety	10,512,934	10,928,765	10,887,777	10,698,220	11,139,872
Public Services	28,024,826	28,749,190	25,541,870	27,292,421	27,346,605
Capital outlay	9,549,859	26,028,650	12,626,053	4,722,669	6,322,213
Debt service:					
Principal retirement	685,000	1,885,000	725,000	5,420,000	845,000
Interest and fiscal charges	2,214,602	2,342,520	2,028,213	2,169,468	2,076,761
Debt issuance costs	-	-	364,975	-	-
<b>Total expenditures</b>	<b>61,913,580</b>	<b>81,522,152</b>	<b>64,274,977</b>	<b>64,177,259</b>	<b>63,896,571</b>
Excess (deficiency) of revenues over (under) expenditures	(2,797,545)	(465,541)	(452,984)	7,651,251	13,968,714
<b>Other financing sources (uses)</b>					
Transfers in	4,561,054	8,556,204	15,664,745	8,062,551	2,684,606
Transfers out	(4,739,593)	(8,556,204)	(15,664,745)	(8,062,551)	(2,684,606)
Long-term debt issued	-	-	11,500,000	-	-
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Bond discount	-	-	-	-	-
Sale of capital assets	-	2,800,000	-	-	2,879,467
<b>Total other financing sources (uses)</b>	<b>(178,539)</b>	<b>2,800,000</b>	<b>11,500,000</b>	<b>-</b>	<b>2,879,467</b>
<b>Net change in fund balances</b>	<b>\$ (2,976,084)</b>	<b>\$ 2,334,459</b>	<b>\$ 11,047,016</b>	<b>\$ 7,651,251</b>	<b>\$ 16,848,181</b>
Debt service as a percentage of noncapital expenditures	5.5%	5.4%	5.3%	12.2%	5.0%
Capital Outlay*	9,549,859	3,770,247	11,913,594	2,046,977	5,420,275

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				
2007	2008	2009	2010	2011
\$ 46,101,241	\$ 48,030,682	\$ 47,964,152	\$ 46,197,345	\$ 49,856,094
4,713,679	6,463,934	3,749,814	3,380,036	4,718,357
7,291,616	9,326,675	10,216,862	8,273,817	9,340,661
3,305,877	3,204,181	3,192,149	3,289,924	3,389,975
9,464,842	11,800,400	9,518,263	6,866,344	9,794,397
9,527,735	9,426,028	9,404,794	8,969,664	10,033,205
-	-	3,122,985	1,373,409	2,947,907
6,514,931	1,627,926	657,738	709,999	2,154,698
3,703,886	3,963,162	345,161	388,298	834,235
<u>90,623,807</u>	<u>93,842,988</u>	<u>88,171,918</u>	<u>79,448,836</u>	<u>93,069,529</u>
15,194,716	17,656,982	22,464,073	21,699,975	19,233,560
11,319,265	12,671,110	13,951,163	14,613,812	14,619,971
30,204,839	33,086,061	44,571,826	36,093,478	39,455,917
6,663,064	8,463,971	19,191,828	29,206,055	24,746,798
890,000	935,000	980,000	22,030,000	1,760,000
2,066,311	2,052,264	2,013,074	3,166,842	3,481,149
			790,384	712,845
<u>66,338,195</u>	<u>74,865,388</u>	<u>103,171,964</u>	<u>127,600,546</u>	<u>104,010,240</u>
24,285,612	18,977,600	(15,000,046)	(48,151,710)	(10,940,711)
2,697,002	3,354,513	5,450,450	28,871,861	63,005,020
(2,723,708)	(3,441,197)	(5,550,450)	(28,971,861)	(63,121,020)
-	-	-	-	39,980,000
-	-	-	22,160,000	-
-	-	-	34,780,000	-
-	-	-	665,937	-
-	-	-	(95,813)	(694,511)
3,697,706	-	91	-	-
<u>3,671,000</u>	<u>(86,684)</u>	<u>(99,909)</u>	<u>57,410,124</u>	<u>39,169,489</u>
<u>\$ 27,956,612</u>	<u>\$ 18,890,916</u>	<u>\$(15,099,955)</u>	<u>\$ 9,258,414</u>	<u>\$ 28,228,778</u>
4.6%	4.2%	3.5%	26.6%	7.5%
2,424,732	4,462,135	18,777,662	29,786,812	24,455,298



CITY OF WEST HOLLYWOOD

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

<b>Fiscal Year</b>	<b>(1) Transient Occupancy Tax</b>	<b>(2) Sales Taxes</b>	<b>(3) Property Taxes</b>	<b>Franchise Taxes</b>	<b>Business License Tax</b>	<b>Total General Fund Taxes</b>
<b>2002</b>	7,888,469	7,764,588	6,468,352	1,359,588	1,347,024	24,828,020
<b>2003</b>	8,050,754	8,265,707	6,898,409	1,443,358	1,425,024	26,083,252
<b>2004</b>	9,288,712	8,667,158	7,280,610	1,949,270	1,747,267	28,933,016
<b>2005</b>	11,262,704	10,295,808	7,585,418	1,931,179	1,942,270	33,017,379
<b>2006</b>	12,791,327	11,856,503	8,000,302	2,045,703	2,111,391	36,805,225
<b>2007</b>	13,598,347	12,186,463	9,786,521	2,050,259	2,259,576	39,881,166
<b>2008</b>	13,133,591	12,951,731	10,436,713	1,965,000	2,375,905	40,862,940
<b>2009</b>	12,124,316	12,112,025	10,941,349	1,940,166	2,611,390	39,729,245
<b>2010</b>	12,590,134	10,730,268	9,971,747	2,123,395	2,383,438	37,798,981
<b>2011</b>	14,089,667	11,642,605	11,191,866	2,212,579	2,425,126	41,561,844

Notes:

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

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

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

In fiscal year 2009-10, the State of California borrowed 8% of all property taxes.  
\$1,385,432 should be repaid in 2012-13.

CITY OF WEST HOLLYWOOD

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

Fiscal Year	City			Taxable Assessed Value	Redevelopment Agency		Taxable Assessed Value	(1) Total Direct Tax Rate
	Real	Personal	Utility		Real	Personal		
2002	3,729,600,821	206,602,688	0	3,936,203,509	555,918,793	30,961,708	586,880,501	0.17868
2003	3,949,650,885	167,150,905	0	4,116,801,790	582,850,126	25,257,243	608,107,369	0.17868
2004	4,187,962,732	167,112,510	257,447	4,355,332,689	594,564,717	25,344,256	619,908,973	0.17868
2005	4,542,034,409	161,139,825	278,447	4,703,452,681	641,884,711	30,302,657	672,187,368	0.17868
2006	5,068,388,464	173,298,910	0	5,241,687,374	758,954,278	34,246,200	793,200,478	0.17868
2007	5,794,475,935	197,498,151	0	5,991,974,086	865,128,068	34,143,901	899,271,969	0.17868
2008	6,373,345,094	228,602,564	0	6,601,947,658	951,801,448	56,859,555	1,008,661,003	0.17868
2009	7,009,111,165	236,763,650	0	7,245,874,815	1,058,948,970	78,842,651	1,137,791,621	0.17868
2010	7,306,658,686	255,528,456	0	7,562,187,142	1,102,501,562	76,501,939	1,179,003,501	0.17868
2011	7,092,242,356	246,804,306	0	7,339,046,662	1,092,479,944	58,529,021	1,151,008,965	0.17868

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

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

Source: Los Angeles County Auditor-Controller:

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

Fiscal Year	(1) City's Share of 1% Levy Per Prop 13	(2) Prop 13 Direct Tax Less City Share of 1%	Overlapping Rates (3)						Total Direct & Overlapping Rates
			Los Angeles Unified School	Los Angeles Community College	County Detention Facilities	Metro- politan Water	Flood Control	County Sanitation District #4	
2002	0.17868	0.82132	0.04813	0.01600	0.00113	0.00770	0.00107	0.00104	1.07507
2003	0.17868	0.82132	0.03698	0.01460	0.00103	0.00670	0.00088	0.00000	1.06019
2004	0.17868	0.82132	0.07714	0.01986	0.00099	0.00610	0.00047	0.00000	1.10456
2005	0.17868	0.82132	0.08885	0.01810	0.00092	0.00580	0.00024	0.00000	1.11391
2006	0.17868	0.82132	0.08433	0.01430	0.00080	0.00520	0.00005	0.00000	1.10468
2007	0.17868	0.82132	0.10682	0.02146	0.00066	0.00470	0.00005	0.00000	1.13369
2008	0.17868	0.82132	0.12334	0.00737	0.00000	0.00450	0.00000	0.00000	1.13521
2009	0.17868	0.82132	0.12481	0.02212	0.00000	0.00430	0.00000	0.00000	1.15123
2010	0.17868	0.82132	0.15181	0.02311	0.00000	0.00430	0.00000	0.00000	1.17922
2011	0.17868	0.82132	0.18695	0.04031	0.00000	0.00370	0.00000	0.00000	1.23096

Notes:

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

(2) The Prop 13 rate of 1% includes allocations of 0.17868 for the City of West Hollywood.

(3) Beginning July 1, 1978, due to Proposition 13, Section 2237(a) of the California Revenue and Taxation Code provides no local agency, school district, county superintendent of schools or community college district shall levy an ad valorem tax, other than that amount which is equal to the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, or the amount levied pursuant to Part 10 of Division 1 and Sections 39308,39311,81338 and 81341 of the California Education Code.

Section 2237(b) of the California Revenue and Taxation Code provides that the County shall levy an ad valorem property tax on taxable assessed value at a rate equal to \$4 per \$100 of assessed value, which equates to 1% of market value. For the year ended June 30,1979, the revenue from such tax shall be distributed to local agencies, school districts, county superintendents of schools, community college districts and community redevelopment agencies in accordance with the provisions of Section 26912 of the California Government Code. Subsequent state action enacted the necessary legislation for the allocation of property tax revenues for the year ended June 30, 1980 and thereafter. In addition, the rate was modified to be \$1 per \$100 of assessed value and the assessed value was modified from 25% to 100% of cash value.

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

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

<u>Taxpayer</u>	2011		2001	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Pacific Design Center LLC	\$ 161,891,023	2.21%	153,915,960	3.91%
Mani Brothers 9200 Sunset De LLC	144,785,710	1.97%		0.00%
BRCP Millennium LLC	123,915,215	1.69%		0.00%
Wolverines Owner LLC	83,452,140	1.14%		0.00%
CLPF West Hollywood LP	81,400,356	1.11%		0.00%
Studio Lending Group LLC	67,940,873	0.93%		0.00%
W Bel Age LLC	53,146,384	0.72%	53,876,400	1.37%
Pacific Red LLC	44,260,142	0.60%	53,876,400	1.37%
Sunset Millenium Associates LLC	40,912,290	0.56%	82,345,636	2.09%
LHO LE Parc LP	37,300,000	0.51%		0.00%
Mondrian Holdings LLS	-	0.00%	78,859,022	2.00%
BA Studios LLC		0.00%	72,002,418	1.83%
Arden Realty Limited Partnership		0.00%	27,420,888	0.70%
RWH Holdings Inc.		0.00%	26,039,023	0.66%
Luckman Management Coompany LP		0.00%	21,203,005	0.54%
Innkeepers Summerfield General LP		0.00%	20,095,190	0.51%
<b>TOTALS</b>	<u>\$ 839,004,133</u>	<u>11.43%</u>	<u>\$ 589,633,942</u>	<u>14.98%</u>

Note: Assessed valuation includes land, building and improvements.

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

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Total Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		(1) Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	8,482,027	8,124,063	95.8%	0	8,124,063	95.8%
2003	8,678,757	8,389,163	96.7%	0	8,389,163	96.7%
2004	9,406,397	9,394,507	99.9%	0	9,394,507	99.9%
2005	10,449,634	10,163,361	97.3%	0	10,163,361	97.3%
2006	12,398,968	11,924,543	96.2%	0	11,924,543	96.2%
2007	14,597,691	14,014,192	96.0%	0	14,014,192	96.0%
2008	16,098,006	15,743,855	97.8%	0	15,743,855	97.8%
2009	17,997,324	17,933,878	99.6%	0	17,933,878	99.6%
2010	18,868,848	18,094,850	95.9%	0	18,094,850	95.9%
2011	18,271,704	17,803,309	97.4%	0	17,803,309	97.4%

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

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

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (4)	Debt Per Capita
	Tax Allocation Bonds (1)	Certificates of Participation (2)	Lease Revenue Bonds (3)	General Obligation	Certificates of Participation			
2002	0	31,050,000	0	0	0	31,050,000	2.6%	841.42
2003	0	29,165,000	0	0	0	29,165,000	2.3%	781.86
2004	11,500,000	28,440,000	0	0	0	39,940,000	3.0%	1,057.96
2005	11,265,000	23,255,000	0	0	0	34,520,000	2.5%	910.63
2006	11,070,000	22,605,000	0	0	0	33,675,000	2.3%	895.75
2007	10,870,000	21,915,000	0	0	0	32,785,000	2.1%	875.67
2008	10,665,000	21,185,000	0	0	0	31,850,000	2.0%	847.91
2009	10,450,000	20,420,000	0	0	0	30,870,000	1.7%	821.45
2010	10,230,000	0	55,550,000	0	0	65,780,000	3.6%	1,739.98
2011	49,985,000	0	54,015,000	0	0	104,000,000	N/A	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.  
 Issued \$30,560,000 Eastside Redevelopment Tax Allocation Bonds Series A  
 Issued \$9,420,000 Eastside Redevelopment Tax Allocation Bonds Series B
- (2) Issued \$9,940,000 General Fund Certificate of Participation in fiscal year 1994-95.  
 Issued \$19,745,000 General Fund Certificate of in fiscal year 1995-96.  
 Redeemed 1995 General Fund Certificate of Participation in full for \$9,655,000 in fiscal year 1997-98.  
 Redeemed 1996 General Fund Certificate of Participation in full for \$17,555,000 in fiscal year 1997-98.  
 Redeemed 1998 Refunding Certificates of Participation in full for \$20,420,000 in fiscal year 2009-10.
- (3) Issued \$22,160,000 Lease Revenue Bonds Series 'A' in 2009-10  
 Issued \$34,780,000 Lease Revenue Bonds Series 'B' in 2009-10.
- (4) Personal Income information not available for 2011 at this time.

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

**TABLE 11  
DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2011  
(UNAUDITED)**

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to City of West Hollywood	Amount Applicable to City of West Hollywood June 30, 2011
Overlapping General Fund Debt:			
Metropolitan Water District	107,259,876	0.777%	833,472
Los Angeles County Community College District	3,536,745,000	1.276%	45,118,230
Los Angeles Unified School District	11,596,250,000	1.582%	<u>183,509,836</u>
Subtotal, overlapping debt			229,461,538
City direct governmental debt			44,785,000
Total direct and overlapping governmental debt:			<u><u>\$ 274,246,538</u></u>

Note:

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

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

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CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt limit	\$ 601,330,601	\$ 632,879,805	\$ 669,881,700	\$ 724,258,134	\$ 786,253,106
Total net debt applicable to limit	33,765,000	32,465,000	43,965,000	38,605,000	38,605,000
Legal debt margin	\$ 567,565,601	\$ 600,414,805	\$ 625,916,700	\$ 685,653,134	\$ 747,648,106
Total net debt applicable to the limit as percentage of debt limit	5.62%	5.13%	6.56%	5.33%	4.91%

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)

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	2007	2008	2009	2010	2011
Debt limit	\$ 898,796,113	\$ 990,292,149	\$ 1,086,881,222	\$ 1,134,328,071	\$ 1,100,856,999
Total net debt applicable to limit	<u>38,605,000</u>	<u>38,605,000</u>	<u>38,605,000</u>	<u>68,440,000</u>	<u>108,420,000</u>
Legal debt margin	<u>\$ 860,191,113</u>	<u>\$ 951,687,149</u>	<u>\$ 1,048,276,222</u>	<u>\$ 1,065,888,071</u>	<u>\$ 992,436,999</u>
Total net debt applicable to the limit as percentage of debt limit	4.30%	3.90%	3.55%	6.03%	9.85%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed value	<u>\$ 7,339,046,662</u>
Debt limit (1)	1,100,856,999
Debt applicable to limit:	
Lease Revenue Bonds	\$ 56,940,000
Tax allocation bonds-2003	\$ 11,500,000
Tax allocation bonds- 2011	\$ 39,980,000
Net amount of debt applicable to debt limit	<u>108,420,000</u>
Legal debt margin	<u>\$ 992,436,999</u>

CITY OF WEST HOLLYWOOD

**TABLE 13**  
**EAST SIDE PROJECT AREA BONDS COVERAGE**  
**LAST EIGHT 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
2010	6,144,778	584,778	5,560,000	220,000	561,745	781,745	7.11
2011	6,118,409	653,896	5,464,514	225,000	553,395	778,395	7.02

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**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Unemployment Rate (4)</b>
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	1,811,468,740	48,203	9.8%
2010	37,805	1,825,641,000	48,291	10.7%
2011	34,636	N/A	N/A	N/A

Notes: Annual income and unemployment figures for 2011 was not available at time of publication of this CAFR.

Sources: (1) California Department of Finance. E-1 Population Estimates 2011. The population estimate incorporates the 2010 census counts.

(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.

Note: FY 11 data is from Hdl Cone. Data is based on ESRI -Demographic estimates based on last census Projections are developed by incorporating all of the prior census data released to date. Demographic data is totaled from Census Block Groups that overlap the City's boundaries.

(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. 2011 is a preliminary estimate.

(4) State of California, Employment Development Department.

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

# CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CITY OF WEST HOLLYWOOD**

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

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	2011		2010		2009		2008	
	# Employees	% Percent of Total City Employment	#	%	#	%	#	%
Interactive Corp (aka Ticketmaster)*	1,300	5.4%	1,300	5.4%	1,300	5.4%	1,300	5.4%
Target Corp.	500	2.1%	500	2.1%	411	1.7%	411	1.7%
Mondrian Holdings LLC (Mondrian Hotel)	400	1.7%	400	1.7%	400	1.7%	400	1.7%
Wyndham Bel Age Hotel LP	230	1.0%	230	1.0%	230	1.0%	230	1.0%
House of Blues Concerts Inc	300	1.3%	300	1.3%	230	1.0%	230	1.0%
Dailey & Associates	251	1.0%	251	1.0%	209	0.9%	209	0.9%
City of West Hollywood	209	0.9%	209	0.9%	205	0.9%	206	0.9%
Hollywood Standard LLC (The Standard Hotel)	185	0.8%	185	0.8%	189	0.8%	189	0.8%
Gordon Ramsey at The London	170	0.7%	170	0.7%	-	0.0%	-	0.0%
Hyatt Corp (Hyatt West Hollywood Hotel)	165	0.7%	165	0.7%	165	0.7%	165	0.7%
HMBL LLC (Best Western Sunset Plaza)	125	0.5%	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%	105	0.4%
KKHG Management LLC (Sunset Tower Hotel)	100	0.4%	100	0.4%	100	0.4%	100	0.4%
SC Club LP (Key Club)	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Sunset Conglomerate Restaurant (Saddle Ranch)	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Suissa Miller Advertising LLC	-	0.0%	100	0.4%	100	0.4%	100	0.4%
New Line Cinema Corp (Sold)	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Jobs By Principal Employers</b>	<b>4,240</b>	<b>17.7%</b>	<b>4,340</b>	<b>18.1%</b>	<b>3,969</b>	<b>16.6%</b>	<b>3,970</b>	<b>16.6%</b>
<b>Total Jobs (estimated) in City of West Hollywood</b>	<b>23,920</b>	<b>100%</b>	<b>24,020</b>	<b>100%</b>	<b>26,421</b>	<b>100%</b>	<b>26,421</b>	<b>100%</b>

Notes: Employer information from 1997 is not available; The first available information is 2003.  
 \*Labor reductions have occurred at Interactive Corp. but estimates are not yet available.  
 Sources: City of West Hollywood.  
 California Employment Development Department.

(Continued)

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	2007		2006		2005		2004		2003	
	#	%	#	%	#	%	#	%	#	%
Interative Corp (aka Ticketmaster)*	1,300	5.4%	1,300	5.0%	1,300	5.1%	1,300	5.2%	-	0.0%
Target Corp.	411	1.7%	411	1.6%	411	1.6%	411	1.6%	-	0.0%
Mondrian Holdings LLC (Mondrian Hotel)	400	1.7%	400	1.5%	400	1.6%	500	2.0%	500	2.0%
Wyndham Bel Age Hotel LP	230	1.0%	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%	150	0.6%
Dailey & Associates	209	0.9%	209	0.8%	260	1.0%	260	1.0%	260	1.1%
City of West Hollywood	203	0.8%	201	0.8%	202	0.8%	195	0.8%	197	0.8%
Hollywood Standard LLC (The Standard Hotel)	189	0.8%	189	0.7%	189	0.7%	180	0.7%	-	0.0%
Gordon Ramsey at The London	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Hyatt Corp (Hyatt West Hollywood Hotel)	165	0.7%	165	0.6%	165	0.6%	165	0.7%	165	0.7%
HMBL LLC (Best Western Sunset Plaza)	125	0.5%	125	0.5%	-	0.0%	-	0.0%	-	0.0%
Outrigger Lodging Services LLP (La Parc Suite Hotel)	105	0.4%	105	0.4%	105	0.4%	105	0.4%	105	0.4%
KKHG Management LLC (Sunset Tower Hotel)	100	0.4%	100	0.4%	100	0.4%	133	0.5%	133	0.5%
SC Club LP (Key Club)	100	0.4%	100	0.4%	60	0.2%	60	0.2%	60	0.2%
Sunset Conglomerate Restaurant (Saddle Ranch)	100	0.4%	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Suissa Miller Advertising LLC	100	0.4%	100	0.4%	-	0.0%	-	0.0%	-	0.0%
New Line Cinema Corp (Sold)	100	0.4%	100	0.4%	100	0.4%	100	0.4%	100	0.4%
<b>Total Jobs By Principal Employers</b>	<b>3,987</b>	<b>16.7%</b>	<b>3,985</b>	<b>15.4%</b>	<b>3,772</b>	<b>14.7%</b>	<b>3,859</b>	<b>15.3%</b>	<b>1,970</b>	<b>8.0%</b>
Total Jobs (estimated) in City of West Hollywood	26,159	100%	25,900	100%	25,609	100%	25,117	100%	24,600	100%

CITY OF WEST HOLLYWOOD

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

Function	Fiscal Year									
	02	03	04	05	06	07	08	09	10	11
General Government										
Legislative & Executive	27.0	21.5	21.5	22.5	22.5	22.5	24.6	24.6	24.6	23.6
Administration	18.8	26.8	26.8	27.8	27.8	28.8	28.8	28.8	28.8	28.8
Finance & Information Technology	21.0	22.0	22.0	22.0	22.0	22.0	21.9	21.9	21.9	21.9
Public Information (1)	-	8.7	8.7	8.7	8.7	8.7	8.8	8.8	8.8	8.8
Community Services										
Human Services	43.7	49.2	46.5	47.2	47.2	47.2	50.6	50.6	53.4	53.4
Housing & Rent Stabilization	21.0	17.8	16.8	18.0	17.0	17.0	18.0	17.0	17.0	17.0
Community Development	33.0	29.0	30.0	33.0	33.0	33.0	28.0	28.0	29.0	29.0
Transportation	24.0	23.0	23.0	23.0	23.0	24.0	26.0	26.0	26.0	26.0
<b>Total</b>	<b>188.4</b>	<b>197.8</b>	<b>195.1</b>	<b>202.1</b>	<b>201.1</b>	<b>203.1</b>	<b>206.6</b>	<b>205.6</b>	<b>209.4</b>	<b>208.5</b>

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									
	02	03	04	05	06	07	08	09	10	11
<b>Police (1)</b>										
Incidents	7,274	7,338	7,353	7,591	7,650	7,763	7,425	6,700	7,171	6,857
Arrests	2,268	2,406	2,464	2,715	2,800	3,976	3,477	2,955	3,320	3,114
<b>Sewers</b>										
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
<b>Parks and Recreation</b>										
Number of parks	4	5	5	5	5	5	5	6	6	6
<b>Community Development</b>										
Commercial building permits	113	142	321	307	254	304	253	254	235	337
Residential building permits	480	467	401	460	483	442	531	377	551	522
<b>Parking</b>										
Citations issued	216,718	198,076	197,370	181,337	187,854	183,311	194,003	190,000	190,979	200,164

Notes:

(1) Police statistics are base on calendar year; Information for 2011 is an estimate.

Source: City of West Hollywood.



CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

Function/ program	Fiscal Year									
	02	03	04	05	06	07	08	09	10	11
<b>Public Safety</b>										
This a contracted service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Parking:</b>										
Parking Structures	1	1	1	1	1	1	1	1	1	2
Parking Lots	1	1	4	4	4	4	4	4	4	4
<b>Cultural &amp; Recreation:</b>										
Parks	4	5	5	5	5	5	5	6	6	6
<b>General Services:</b>										
Sidewalks (length/feet)	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Traffic signals	56	56	56	56	56	56	56	56	56	56
<b>Wastewater:</b>										
Sanitary sewers (miles)	39	39	39	39	39	39	39	39	39	39
Manholes	395	395	395	395	395	395	395	395	395	395
<b>City-Line:</b>										
Number of Buses	5	5	5	5	5	5	5	10	10	10

Source: City of West Hollywood

*CITY OF WEST HOLLYWOOD*

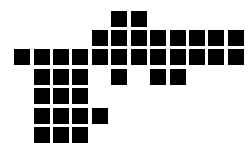
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