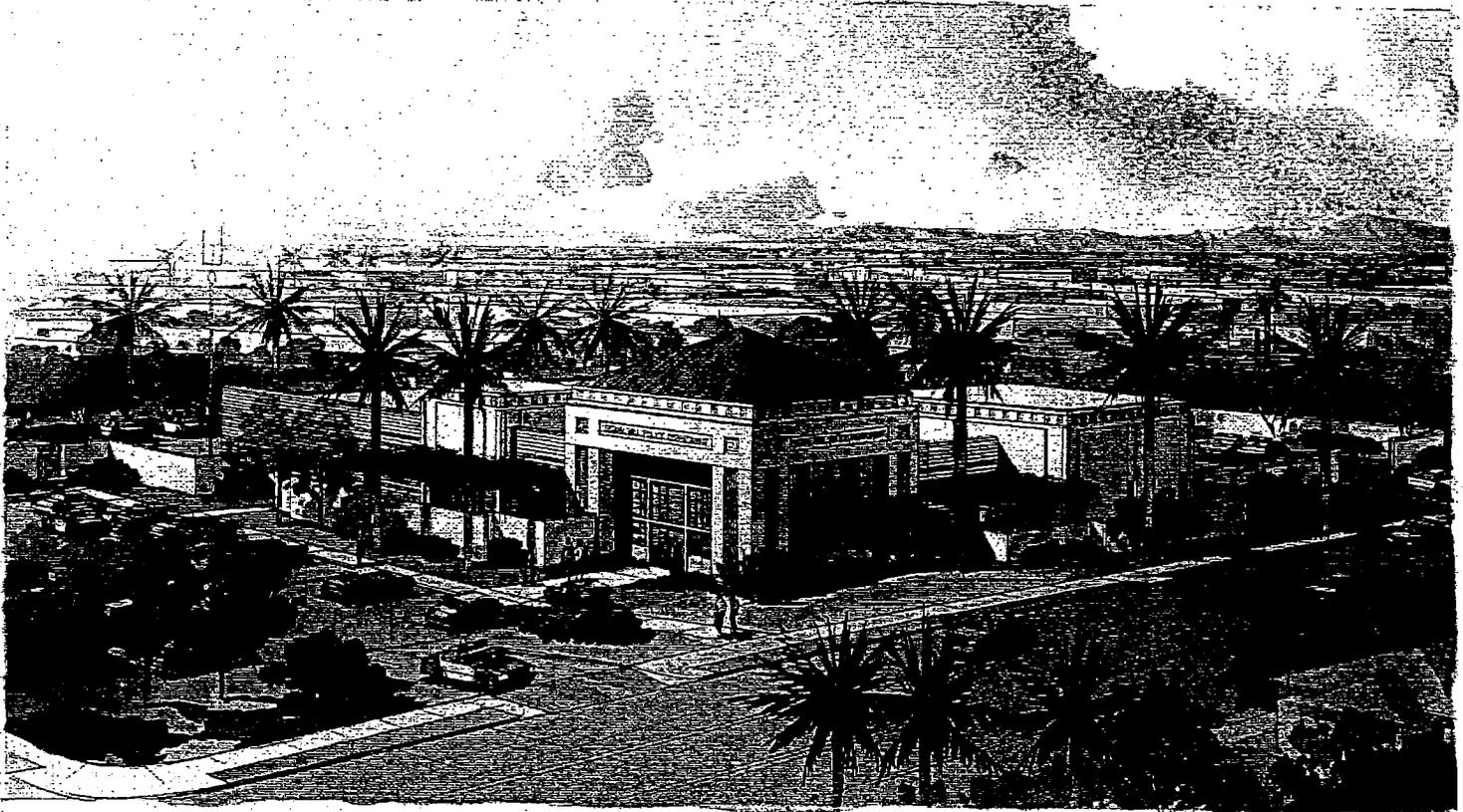


City of Signal Hill, California



THE CITY OF SIGNAL HILL POLICE FACILITY

Comprehensive Annual Financial Report
Year Ended June 30, 2010

SIGNAL HILL

**CITY OF SIGNAL HILL,
CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2010

**PREPARED BY:
DEPARTMENT OF FINANCE**

**MAIDA ALCANTARA
DIRECTOR OF FINANCE**

CITY OF SIGNAL HILL

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**INTRODUCTORY SECTION
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CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

December 31, 2010

Honorable Mayor and Members of the City Council
City of Signal Hill
Signal Hill, California

We proudly present to you the Comprehensive Annual Financial Report (CAFR) of the City of Signal Hill (the City) for the fiscal year ended June 30, 2010. The CAFR was prepared in accordance with the guidelines recommended by the Government Finance Officers Association (GFOA).

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City. It was prepared by the Finance Department with the assistance of the City's independent auditors, Diehl, Evans and Company, LLP, in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the data presented conforms to government accounting and financial reporting standards and is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain a good understanding of the City's financial affairs have been included.

Diehl, Evans and Company, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Signal Hill's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Signal Hill's Management's discussion and Analysis (MD&A) immediately follows the independent auditor's report. Management's discussion and Analysis (MD & A) complement this letter of transmittal and should be read in conjunction with it

Profile of the Government

The City of Signal Hill was incorporated in 1924 as a General Law City. On November 7, 2000, in a special election, the residents of Signal Hill approved a new City Charter and the City effectively made the change from a General Law City to a Charter City under the California Constitution.

The City of Signal Hill, encompassing 2.25 square miles, is located in the southwestern coastal area of Los Angeles County and has a population of 11,465. It is 25 miles south of downtown Los Angeles, 8 miles northeast of the Port of Los Angeles and 5 miles northeast of the seaport terminal of Long Beach. The neighboring communities include Long Beach, Lakewood, Cypress and Carson.

Signal Hill, completely surrounded by the City of Long Beach, had been located in unincorporated territory. In 1924, in order to avoid Long Beach's per-barrel tax on oil, Signal Hill's founding fathers voted for incorporation. Oil production continued to be Signal Hill's mainstay until declining oil prices reduced production in the 1970's. In 1974 the Signal Hill Redevelopment Agency was formed and the city focused on economic development and diversity from oil. Today, Signal Hill is a well-balanced, financially sound and economically diverse community.

The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. Policy-making and legislative authority are vested in a governing City Council consisting of a Mayor and four other members, all elected on a non-partisan basis. Council members serve four-year terms, with two members elected every two years. The City employs a staff of approximately 107 full-time employees.

The City provides a full range of services including police, street maintenance, park maintenance, public improvements, planning and zoning, utilities (water), recreational activities and library services. The County of Los Angeles provides fire protection services and the Los Angeles County Sanitation District maintains and upgrades the sewer system.

The Comprehensive Annual Financial Report includes the financial activities of the City of Signal Hill, the primary government, and its component units, which are the City of Signal Hill Redevelopment Agency, and the Signal Hill Public Financing Authority. The operations of these units are included within the Basic Financial Statements of the City.

The Signal Hill Redevelopment Agency was established on May 7, 1974 pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law." The Agency's governing board is the Signal Hill City Council. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the City of Signal Hill. The funds of the Agency have been included in the governmental activities in the financial statements.

The Signal Hill Public Financing Authority is a joint powers authority formed under the Joint Exercise of Powers Law of the State of California, Section 6502 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the "Joint Exercise of Powers Act") between the City and the Agency on October 15, 1996 for the purpose of establishing a vehicle which may reduce local borrowing costs and promote the greater use of existing and new financial instruments and mechanisms. The Authority's Board of Directors is the Signal Hill City Council.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Signal Hill's financial planning and control. The budget is prepared by fund, function (e.g. public safety, and department (e.g. police). The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget policy of the City requires that: (1) a balanced budget be prepared where resources equal appropriations for all funds of the City in conformance with State constitutional limits; (2) adoption of the budget by Council resolution to take place prior to the beginning of the fiscal year in which it is to take effect; (3) the level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) be established at the program level; (4) adjustment to the adopted budget be made only with the proper approvals; (5) encumbrances of appropriations as a budgetary control technique be utilized. Activities of the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund are included in the annual appropriated budget.

Local economy

The City's economy is dominated primarily by auto and retail sales. Sales Tax in the City accounts for 62% of all General Fund revenues. Since Fiscal Year 2007-08, total loss in sales tax reached \$3.18 million, equivalent to 18% of the entire General Fund Expenditures budget. Other current economic factors affecting the City budget include double digit unemployment rates. Unemployment rate for Signal Hill at June 30, 2010 was 9.8%; it reached 10.7% at July 31, 2010. The City budget is adversely affected by unemployment because it reduces consumer spending. California personal income has declined for the first time since World War II, dropping by nearly \$40 billion in 2009. According to the State Board of Equalization, the loss of income and the decline in consumer spending have resulted in a \$4.7 billion decline in taxable sales. This translates to a substantial decline in sales tax revenues for the City as seen in the overall 3.18 million drop. Similarly, property tax revenue which generally shows an annual 2% positive growth remains flat due to the continuing downward pressure on property values and the number of sale transactions.

In response to the recession, the City Council implemented a cost reduction strategy to address loss of revenues in early Fiscal year 2008-09. The strategy is to reduce department operating budgets by 2% to 3% per year for a period of 3 years. Budget cutbacks, step freezes, employees' contributions toward retirement benefits, and a hiring freeze are now in place.

The State of California's significant budgetary problems remain unresolved and local government continues to be mandated to share in the State's economic challenges. The second fiscal year 2010-11 SERAF \$1.06 million "take away" of property tax increment from the Signal Hill Redevelopment Agency will further reduce the money available for redevelopment projects. The first \$5.16 million take away was paid in May, 2010.

Major Initiatives and Accomplishments

The City's Redevelopment Agency approved further expansion of the Auto Center in February, 2008. The property acquisition program added approximately 15 acres to the Auto Center. Many of these parcels were vacant and blighted with a history of soil contamination, abandoned oil wells, historic petroleum tank farm issues and lack of infrastructure, including streets and utilities. The initial expense of this expansion program was estimated at \$15-\$20 million. The City loaned \$10 million to the Agency principally for the Agency's property acquisition program to be repaid by the Agency from tax increment received by the Agency in accordance to agreed terms. With the Agency's eminent domain authority expiring November 17, 2010, the third phase of property acquisition aimed at blight elimination and the creation of usable lots for redevelopment was approved July 20, 2010.

The Public Works Department is currently managing an \$8.97 million capital improvement program. Most of the funding sources for these projects are grants and transportation related funding. Less than one half percent will come from the General Fund. The City continues implementing the recommendations of the pavement management study, which will allocate over \$7.6 million in grants and federal transportation money to reconstruct and repair local streets. In addition, construction of the new Signal Hill Police facility and Emergency Operations Center began in November, 2010 with its ground breaking ceremonies. The financing of this project comes from the 2009 Tax Allocation Bond proceeds.

The Community Services Department continues to see increases in usages throughout all of its programs and facilities. Participation in the Youth Sports program increased 7.2% during the year. Revenue for facility and field rentals increased in spite of a 3 month field closure. Active Adult excursions grew by 2 trips. The bi-weekly food distribution program continues to be very popular and much needed for our low income seniors. Registration for this program increased again this year but due to funding limitations, it was necessary to create a waiting list. More importantly, the department implemented healthy snacks and healthy alternatives for youth programs. More emphasis in a safe, supportive and fun environment was integrated in Summer Day Camp weekly programs. A teen program which encouraged teens with creative ways to give back to the community and improve the quality of life in their neighborhoods was initiated with a community clean up group.

Significant development projects completed during the fiscal year include a new discount clothing store, a supermarket, an auto collision center, and auto showroom improvements. Construction has begun for a recycling and transfer station on California Avenue and 54 townhome-style condominiums on Pacific Coast Highway. The City also approved plans for a fast food drive-thru at the Gateway Center, a regional office and truck terminal facility on 27th Street and auto dealership improvements on Cherry Avenue. Building permits were issued for a medical office building at Willow Street.

During 2010, the Police Department continued to seek and obtain grant funding to supplement overall operations. The Police Department upgraded all radio equipment to ensure regional compatibility with the use of Federal Department of Justice and Community Oriented Policing grant funds. An Office of Traffic Safety grant was used to purchase traffic calming devices and DUI checkpoints, safety belt awareness, and regional DUI enforcement programs. The Urban Area Security Initiative grant was used for the purchase of Personal Protective Equipment for both the Police and Public Works personnel.

Long Term financial planning

Unreserved, undesignated fund balances in the General Fund and the Economic Uncertainties Fund (25% of total general fund expenditures) fall within policy guidelines set by the City Council for budgetary and planning purposes. However, this percentage reflects an 11% decline from the prior year's reserve ratio of 36%. The two reserve funds would be utilized to mitigate the adverse impact of a recession, economic slowdown, or if the City loses a major sales tax provider. The economic downturn and the sharp declines in sales tax during the past two budget years required the use of over \$3.8 million from the Economic Uncertainties Reserve Fund during this unprecedented period. The City's Financial Policy recommends maintaining a combined General Fund and Economic Uncertainties Fund reserve equivalent to a minimum of six months operating expenditures. This requirement will be met as economic conditions improve.

Signal Hill is continuing to position itself to take advantage of the opportunities afforded it. Situated close to two major ports and adjacent to a university and an airport, it has enormous potential for success.

City management believes that the City has positioned itself to weather any unanticipated economic fluctuations through adequate reserve accumulation, privatization of City functions where we cannot economically compete with the private sector, enhanced and renewed focus on a proactive and aggressive economic development effort and a continued focus on our human development effort to reshape and retrain our work force to meet the changing times.

To guide strategic planning efforts in the future, the City started the process of updating its Strategic Plan. The City's first strategic plan was called Signal Hill 2000. Developed in 1991, all of its goals had been accomplished. The new plan will guide decision makers for the next five to seven years.

Financial Controls

The official having direct responsibility for the financial administration of the City is the Administrative Services Officer and Director of Finance who is responsible for directing the budget, purchasing, management information systems, risk management and the fiscal operations of the City. Fiscal operations include the general accounting, financial reporting, treasury and investment functions, business permits, capital improvement project fiscal administration, payroll, accounts payable, accounts receivable and utility billing.

The Finance Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting and financial reporting data are compiled and available to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and the management of the budget by operating departments. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

The City is legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments if total federal grants exceed \$500,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance and for fiscal year 2009-2010; and has reached the \$500,000 threshold requiring a single audit. Under the provisions of the Single Audit Act, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the city has complied with applicable laws and regulation.

Budgetary Controls

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Spending Limitation

The City foresees no problem for several years in complying with the spending limitation under Proposition 4, the Gann Initiative, passed by the California voters in 1979. The City's accounting firm has attested to the accuracy of the computation of the spending limitations for the current period, which indicated that the City was under the calculated limit by \$35.8 million. The City is well under its spending limitation and is not expected to reach that limit in the foreseeable future.

Independent Audit

The City's Municipal Code requires an annual audit by independent certified public accountants. The accounting firm of Diehl, Evans and Company, LLP, was selected to audit the City accounting records. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards and Acknowledgements

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 Signal Hill for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the 15th consecutive year that the City of Signal Hill 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 only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it

The Finance Department, wishes to extend our appreciation to the City Council, City Manager and the various other departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year. The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance department. I wish to express appreciation to all members of the department who assisted and contributed to the preparation of this report especially Joy Getz, Accounting Manager, Pearl Yu, Accountant, and Julie Matsumoto of Government Financial Services Inc.

Respectfully submitted,



Maida Alcantara

Administrative Service Officer and Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Signal Hill
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

CITY OF SIGNAL HILL

JUNE 30, 2010

ELECTED OFFICIALS

Edward H.J. Wilson
Mayor

Larry Forester
Vice Mayor

Michael Noll
Councilmember

Ellen Ward
Councilmember

Tina L. Hansen
Councilmember

Kathleen Pacheco
City Clerk

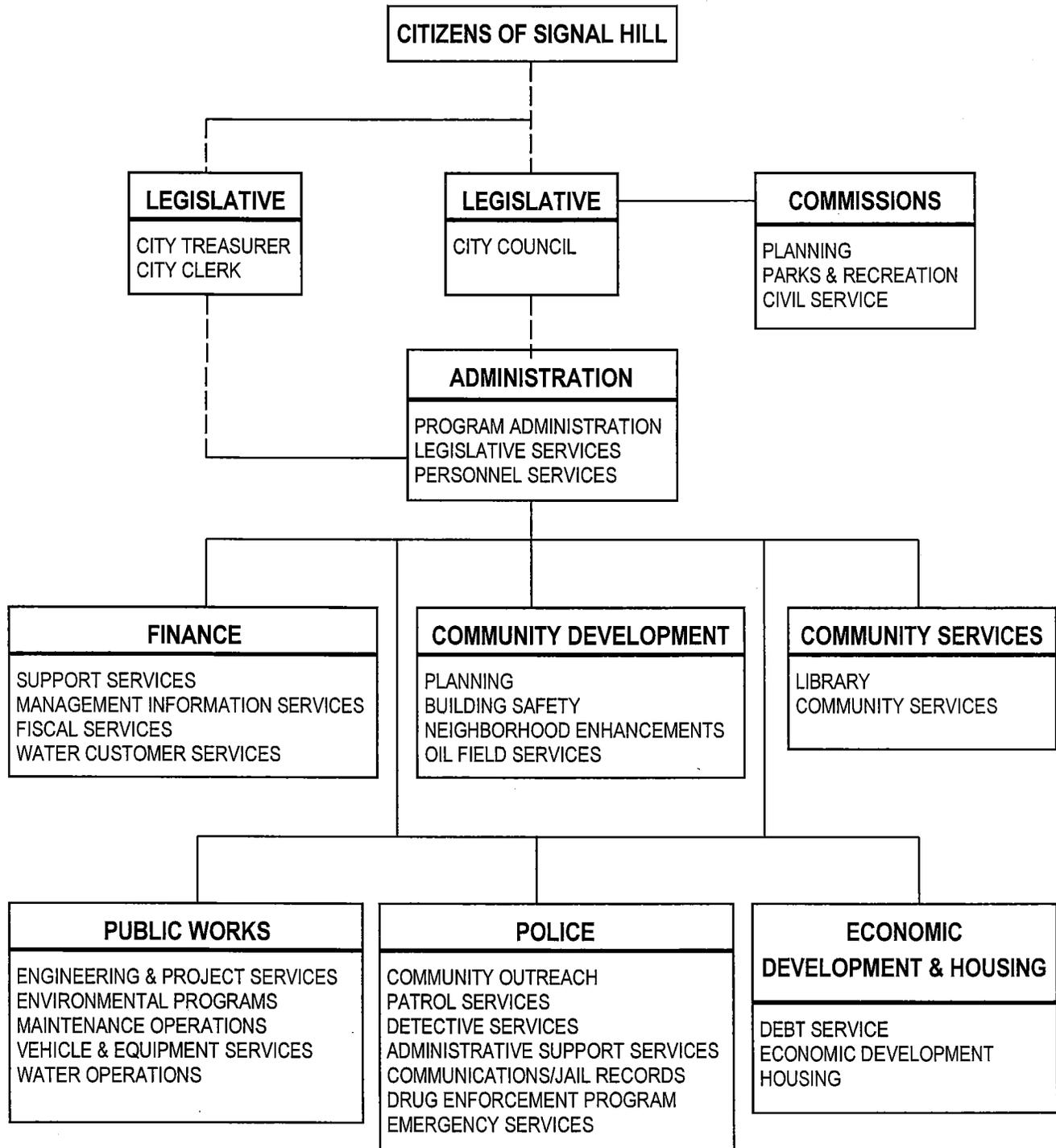
Emerson Fersch
City Treasurer

ADMINISTRATIVE PERSONNEL

City Manager
Deputy City Manager
City Attorney
Director of Community Services
Director of Community Development
Director of Finance
Chief of Police
Director of Public Works

Kenneth Farfsing
Charlie Honeycutt
David Aleshire
Pilar Alcivar McCoy
Gary Jones
Maida Alcantara
Tom Sonoff
Barbara Muñoz

CITY OF SIGNAL HILL ORGANIZATIONAL CHART



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 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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*A PROFESSIONAL CORPORATION

December 23, 2010

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
 Members of the City Council
 City of Signal Hill
 Signal Hill, California

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Signal Hill'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 in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2010 on our consideration of the City of Signal Hill's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedule of funding progress and budgetary comparison schedules, identified as required supplementary information in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. This information is an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the management's discussion and analysis and the schedule of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and the schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules and related note have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information is the responsibility of management and was derived from and relates 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Signal Hill, California as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Diehl, Evans and Company, LLP

CITY OF SIGNAL HILL

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2010

This discussion and analysis section of the City of Signal Hill's comprehensive annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2010. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements.

FINANCIAL HIGHLIGHTS

- Net assets, the amount by which total assets exceed total liabilities, equal \$60,059,575. Of this amount, an \$86,669,985 deficit is attributable to the redevelopment agency tax allocation bonds secured by future tax increment revenues.
- The City's total net assets decreased by \$746,650 from last year. Both governmental and business-type activities contributed to the decrease; \$675,155 of the decrease came from governmental activities and \$71,495 came from business-type activities.
- At the close of the current fiscal year, the City's governmental activities reported net assets of \$37,564,678 and the City's business-type activities reported net assets of \$22,494,897.

OVERVIEW OF THE FINANCIAL STATEMENTS

The city's basic financial statements are presented in three parts:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements.

This section of the management's discussion and analysis is intended to introduce and explain the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to give the reader a picture of the City from the economic resources measurement focus using the accrual basis of accounting. This broad overview is similar to the financial reporting used in private-sector business. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities of the city include general government (finance, administration, personnel), police, community development, public works and community services. The city's business-type activities are limited to water utilities. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are self-supporting through user fees and charges.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (continued)

The Statement of Net Assets presents information on all of the City of Signal Hill's assets and liabilities; the difference between the two is reported as net assets. These assets include the City's infrastructure and all assets previously included in the General Fixed Asset Account Group. Over time, increases or decreases in net assets may be one indicator of improvement or deterioration in the city's overall financial health.

The Statement of Activities presents information designed to show how the city's net assets changed during the year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by specific functions (charges for services, grants and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, which requires that revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or disbursed.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions or limitations. The City of Signal Hill, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The city's funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for the governmental activities reported in the government-wide financial statements. Most of the City's basic services are included in governmental funds. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental funds focus on near term revenues/financial resources and expenditures, while the government-wide financial statements include both near term and long term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the city's near term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide financial statements can help the reader better understand the long term impact of the city's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (continued)

Proprietary funds

Proprietary funds are used by governments to account for their business-type activities. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services received.

Enterprise funds

Enterprise funds of the city are used to report the same functions presented as business-type activities in the government-wide statements with the fund statements providing more detail than is reported in the government-wide statements. The city has one enterprise fund for Water Utilities.

Internal service funds

Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. The city uses one internal service fund to account for vehicle maintenance and repair services. The internal service fund primarily benefits the governmental activities and, therefore, the internal service fund information has been included with the governmental activities in the government-wide financial statements.

Fiduciary funds

Fiduciary funds account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the city's activities. The city has one Special Deposit Agency Fund.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is important to a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

Other information

In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is found immediately following the notes to the basic financial statements.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (continued)

Other information (continued)

The combining statements for other governmental funds, the individual fund schedules, the internal service fund statement and agency-type fiduciary fund schedule are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The statement of net assets can serve as a useful indicator of the city's financial position. The City of Signal Hill's net assets at June 30, 2010 total \$60,059,575. Following is a condensed version of the government-wide statement of net assets.

**Table 1
Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 97,497,145	\$ 80,663,798	\$ 6,592,449	\$ 6,193,085	\$ 104,089,594	\$ 86,856,883
Capital assets, net	46,331,367	45,402,115	24,292,334	24,969,910	70,623,701	70,372,025
Total Assets	143,828,512	126,065,913	30,884,783	31,162,995	174,713,295	157,228,908
Liabilities:						
Current Liabilities	12,494,537	11,742,980	696,670	546,175	13,191,207	12,289,155
Long-term Liabilities	93,769,297	76,083,100	7,693,216	8,050,428	101,462,513	84,133,528
Total Liabilities	106,263,834	87,826,080	8,389,886	8,596,603	114,653,720	96,422,683
Net assets:						
Invested in capital assets, net of related debt	46,331,367	45,402,115	17,340,457	17,674,066	63,671,824	63,076,181
Restricted	56,423,112	36,631,472	670,178	-	57,093,290	36,631,472
Unrestricted	(65,189,801)	(43,793,754)	4,484,262	4,892,326	(60,705,539)	(38,901,428)
Total Net Assets	\$ 37,564,678	\$ 38,239,833	\$ 22,494,897	\$ 22,566,392	\$ 60,059,575	\$ 60,806,225

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Assets (continued)

The largest portion of the City's net assets is attributable to the investment in capital assets. The majority of the liabilities are attributable to the City of Signal Hill Community Redevelopment Agency (Agency). The Agency uses the debt proceeds to finance its redevelopment projects which include land, housing, street improvements, economic development, and park improvements. Once public facility redevelopment projects are completed by the Agency, the responsibility for their continued maintenance and operation are transferred to the City of Signal Hill. Although completed public facilities and Joint Agency-Private Partnership projects are transferred to the City of Signal Hill and private developers, the debt remains with the Agency.

Changes in net assets

In the fiscal year ended June 30, 2010, the City of Signal Hill's net assets decreased \$746,650 to \$60,059,575. The changes in net assets table illustrates the increase or decrease in net assets of the city resulting from its operating activities. The year's decrease was split between governmental activities (\$675,000) and business-type activities (\$72,000).

The City's total revenues were \$36.6 million. A significant portion of the City's revenue came from local property tax, accounting for 41.4% of total revenues, sales and use tax accounted for 25.8%, and 16.1% was received for charges for services.

The total cost of all City programs and services during fiscal year ended June 30, 2010 was \$37.4 million. Community development expenditures accounted for 30.9% of the total expenditures, 20.7% of expenditures were for police services, public works accounted for 13.2%, interest expense contributed 11.8%, general government 8.4%, and 10.3% was expended for business-type activities.

The difference between the City's total revenues and expenses, \$746,650, represents the decrease in total net assets for 2010.

Following is a condensed version of the city's changes in net assets. The table shows the revenues, expenses, and related changes in net assets in tabular form for the governmental activities separately from the business-type activities.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Table 2
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2,284,440	\$ 3,000,558	\$ 3,630,172	\$ 3,290,582	\$ 5,914,612	\$ 6,291,140
Operating grants and contributions	1,703,063	1,187,469	-	-	1,703,063	1,187,469
Capital grants and contributions	1,376,434	1,268,221	-	-	1,376,434	1,268,221
General revenues:						
Property taxes	15,167,567	15,390,436	-	-	15,167,567	15,390,436
Sales taxes	9,460,047	9,977,851	-	-	9,460,047	9,977,851
Other taxes	1,605,369	1,957,148	-	-	1,605,369	1,957,148
Investment income	1,266,962	2,502,889	130,551	236,200	1,397,513	2,739,089
Unrestricted grants and contributions	27,134	136,240	-	-	27,134	136,240
Gain (loss) on sale (disposal) of assets	(16,749)	14,292	-	-	(16,749)	14,292
Total revenues	<u>32,874,267</u>	<u>35,435,104</u>	<u>3,760,723</u>	<u>3,526,782</u>	<u>36,634,990</u>	<u>38,961,886</u>
Expenses:						
General government	3,136,879	3,684,584	-	-	3,136,879	3,684,584
Community services	1,273,237	1,418,404	-	-	1,273,237	1,418,404
Police	7,726,048	7,627,496	-	-	7,726,048	7,627,496
Community development	11,562,849	8,788,023	-	-	11,562,849	8,788,023
Public works	4,934,688	5,600,231	-	-	4,934,688	5,600,231
Unallocated infrastructure depreciation	521,241	530,719	-	-	521,241	530,719
Interest on long-term liabilities	4,394,480	3,780,286	-	-	4,394,480	3,780,286
Water	-	-	3,832,218	3,578,150	3,832,218	3,578,150
Total Expenses	<u>33,549,422</u>	<u>31,429,743</u>	<u>3,832,218</u>	<u>3,578,150</u>	<u>37,381,640</u>	<u>35,007,893</u>
Increase in net assets before transfers	(675,155)	4,005,361	(71,495)	(51,368)	(746,650)	3,953,993
Transfers	-	(500,000)	-	500,000	-	-
Change in net assets	<u>(675,155)</u>	<u>3,505,361</u>	<u>(71,495)</u>	<u>448,632</u>	<u>(746,650)</u>	<u>3,953,993</u>
Net assets - beginning	<u>38,239,833</u>	<u>34,734,472</u>	<u>22,566,392</u>	<u>22,117,760</u>	<u>60,806,225</u>	<u>56,852,232</u>
Net assets - ending	<u>\$ 37,564,678</u>	<u>\$ 38,239,833</u>	<u>\$ 22,494,897</u>	<u>\$ 22,566,392</u>	<u>\$ 60,059,575</u>	<u>\$ 60,806,225</u>

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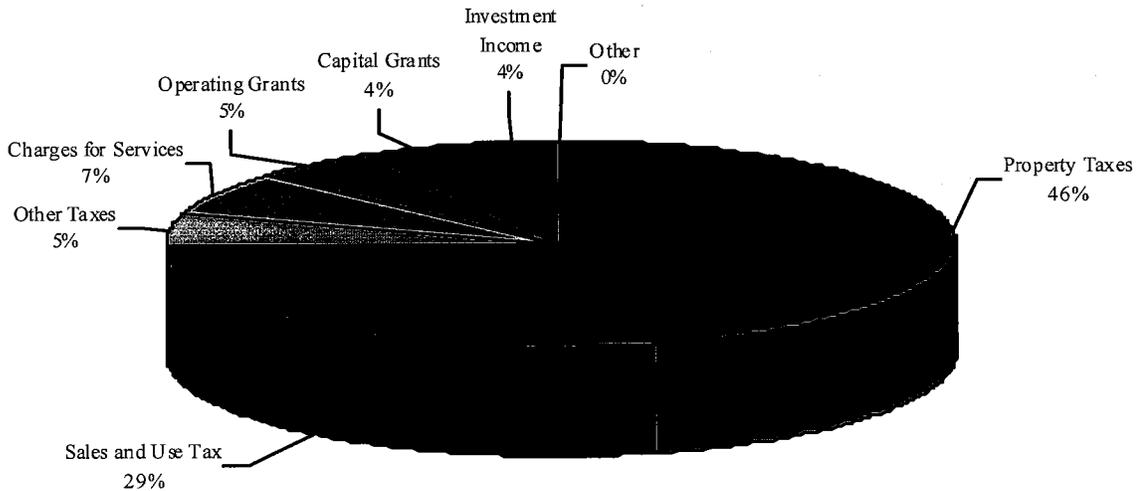
CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

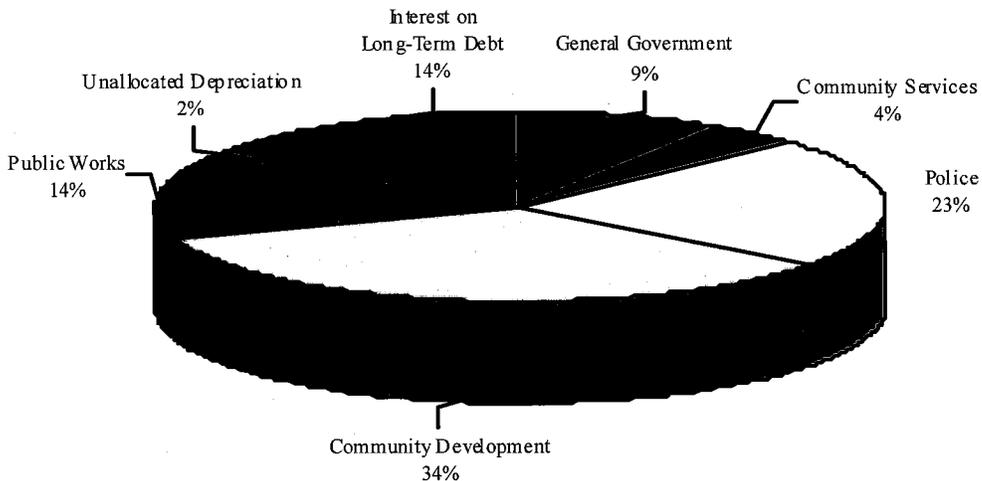
Fiscal Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Revenues by Source – Governmental Activities
Fiscal Year 2010**



**Expenditures – Governmental Activities
Fiscal Year 2010**



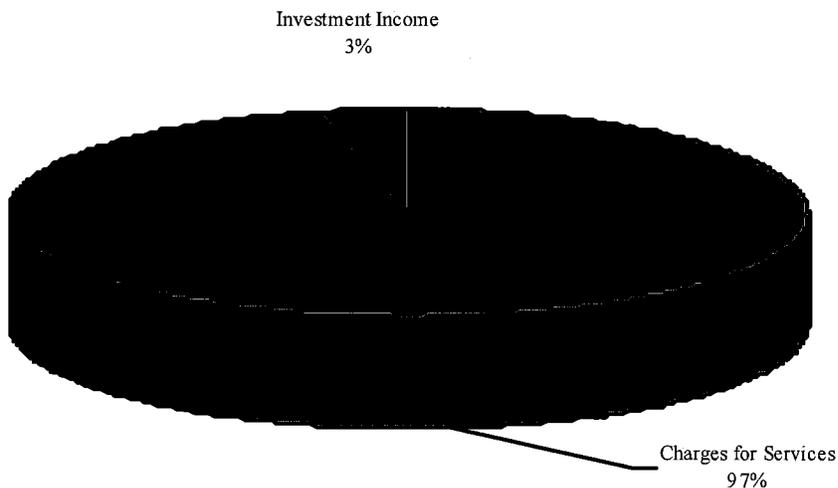
See independent auditors' report.

CITY OF SIGNAL HILL

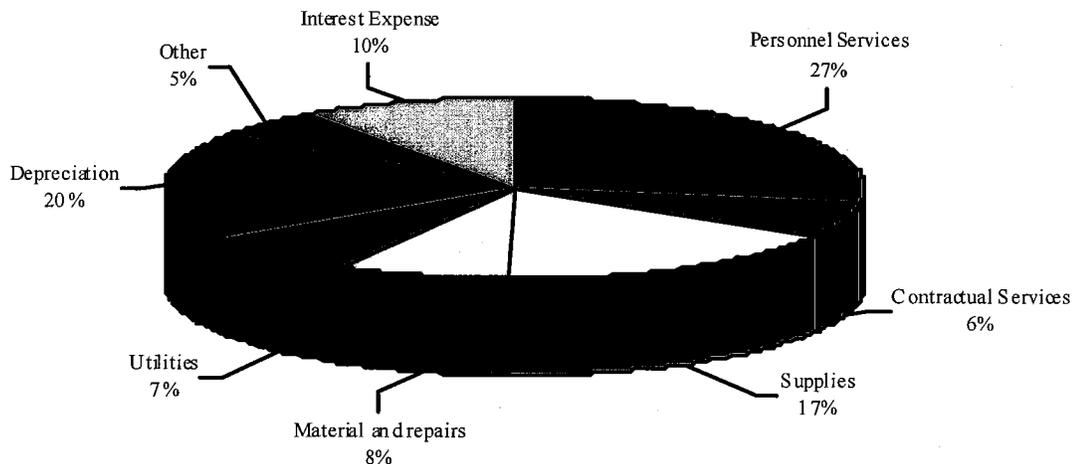
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

Revenues by Sources – Business-type Activities
Fiscal Year 2010



Expenses – Business-type Activities
Fiscal Year 2010



See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Assets (continued)

Governmental activities contributed \$675,155 to the decrease in net assets. Governmental revenues decreased from the prior year by \$2.6 million with the largest changes in revenues coming from investment income, charges for services, sales tax, and operating grants and contributions. Investment income declined \$1.2 million or 49.38% due to lower interest rates earned on invested money. Charges for services declined \$716,000 or 23.87% as a result of the prior fiscal year's recognition of one time revenues of \$269,000, refuse collection revenues of \$253,000, and general declines in program revenues and franchise taxes. Refuse collection billing was turned over to the refuse franchisee in Fiscal year 2009-10, correspondingly refuse related revenues and expenses are no longer in the City's books. Sales tax declined \$518,000 or 5.19% due to the continued downturn in the State and national economy. Operating grants and contributions increased \$516,000 or 43.42%. During 2009-10, the City received \$721,000 federal ISTEA grant for the Cherry Avenue widening project.

Expenses increased \$2.1 million primarily as a result of an increase in community development expenses. Community development expenses increased by \$2.8 million. This increase is due to the redevelopment agency's required payment to the Supplemental Education Revenue Augmentation Fund (SERAF) of \$5.2 million, offset by a reduction of \$1.2 million in land acquisition costs and a reduction of \$1.3 million in relocation costs. Interest on long-term debt increased by \$614,000 or 16.25% mainly as a result of issuing new debt in fiscal year 2009-10; see Note 5 of the Notes to Basic Financial Statements for more information. General government expenses decreased by \$548,000 or 14.86%. Much of this decrease is a result of a reduced level of funding required for the OPEB trust: fiscal year 08-09 required a deposit of \$516,000 whereas fiscal year 09-10 contribution was only \$150,000. Public works expenses decreased \$666,000 or 11.88% mainly as a result of decreased costs due to personnel vacancies and the remittance of refuse collection revenues which terminated when refuse billing was turned over to the provider.

Business-type activities consist of the water utilities. The financial goal of the City's business-type activities is to operate on a more or less "break-even" basis without making significant profit or needing general tax subsidies. For fiscal year ended June 30, 2010, the expenses exceeded revenues resulting in an overall decrease in business-type net assets of \$71,500.

The City's enterprise operation is comprised solely of a Water Fund. Operating revenues increased by \$234,000 over the prior year, mainly as a result of the January 2009 rate increase being in effect for the entire fiscal year. Operating expenses increased \$254,000 primarily because of legal expenses and materials and repairs for unanticipated well repairs.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Assets (continued)

Business-type activities (continued) Change in net assets consisted of a \$71,495 decrease for the year as compared to last year's \$448,632 increase in net assets. The main reason for this change was the prior year's transfer in of \$500,000 from Water Development Fees, which are collected on new development and are used to pay for the expansion of the City's water distribution system. Total net assets at the end of the year were \$22,494,897. This represents a 0.3% decrease in net assets. The City has ample coverage to pay its water-bonded indebtedness as the City's Water Utility Debt Service Coverage is 184.8%. This ratio is calculated by subtracting expenses (less depreciation) from revenues (including interest earnings and developer fees which are recorded in the Water Development special revenue fund) and then dividing the result by the annual debt service (principal and interest). The City is required by the bond covenants to maintain a coverage ratio of at least 125%.

Financial Analysis of the City's Major Funds

The City's major governmental funds for the fiscal year ended June 30, 2010 were the General Fund, Affordable Housing Special Revenue Fund, Debt Service Fund, Capital Improvement Capital Projects Fund, and Community Redevelopment Capital Projects Fund.

General Fund

The General Fund fund balance decreased by \$2,919,752 in fiscal year 09-10 and by \$2,206,841 in fiscal year 08-09. During fiscal year 09-10, revenues decreased by \$3.8 million, expenditures decreased by \$1.2 million, and net transfers out decreased by \$1.9 million. The continued downturn in the economy has resulted in lower sales tax revenue, property tax revenue, and investment earnings: sales tax declined by \$1.6 million, the largest revenue reduction; and low interest rates have caused investment income to decrease by \$448,000. In anticipation of the decreased revenues, the City implemented cost-cutting measures throughout the City. This resulted in lower expenditures from the prior year in every category. The general government expenditure category had the largest decrease from the prior year of \$327,000. The prior year's general government costs included \$516,000 to fund an OPEB trust whereas the current year's OPEB funding was \$150,000. The General Fund's capital projects funding requirements decreased in FY 09-10 resulting in a \$1.9 million reduction in transfers to the Capital Improvement fund.

Affordable Housing Special Revenue Fund

The fund balance increased by \$1,418,001 in fiscal year 09-10 and by \$1,487,737 in fiscal year 08-09. The increase in fund balance was due to the lack of current projects. The City is working on developing future affordable housing projects.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

Debt Service Fund

The Debt Service Fund fund balance decreased by \$3,261,725. Property tax revenues of \$10.97 million exceeded debt service requirements of \$8.72 million; however, the redevelopment agency's required payment to the Supplemental Education Revenue Augmentation Fund (SERAF) of \$5.17 million resulted in expenditures exceeding revenue for the fiscal year. See the Notes to Basic Financial Statements, Note 5 for more information on the debt service requirements and Note 15 for more information on the SERAF contribution.

Capital Improvement Capital Project Fund

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$1,672,168 for the fiscal year, a decrease of \$1.11 million from the prior year. The 08-09 costs included two large projects: \$1.02 million for pavement management and \$1.36 million for the new police facility. Although pavement management is ongoing and the new police facility is still being built, fiscal year 09-10 did not include significant costs for these projects. The largest project for fiscal year 09-10 was the Cherry Avenue resurfacing and widening with costs totaling \$1.19 million.

Community Redevelopment Capital Project Fund

The Community Redevelopment Capital Project Fund fund balance increased by \$17.8 million. The increase is a result of issuing \$20,655,000 of 2009 Tax Allocation Parity Bonds. See Note 5 of the Notes to Basic Financial Statements for more information on this debt issuance.

General Fund Budgetary Highlights

The General Fund receives the most public attention since it is where local tax revenues are accounted for and where the most popular municipal services such as police and public works are funded.

Year-to-date revenues, including transfers in, totaled \$13.77 million. Total General Fund revenues and transfers in were lower than their adjusted budget amounts by \$556,152. Sales and use tax was the largest revenue source with \$8.8 million in realized revenues. This amount was \$81,646 less than the adjusted budget. Sales tax revenue declined by \$1.6 million or 15.6% over the fiscal year 08-09 amount. The City had budgeted for a decline in sales tax, and during the mid-year budget review, the sales tax budget was reduced by nearly \$1.5 million. Sales tax revenues are down in most California cities due to the slow down in the economy.

Property taxes were \$1.02 million and were \$461,000 lower than the adjusted budget. In July 2009, the governor signed a bill that authorized the suspension of Prop 1A. The City of Signal Hill's share is approximately \$355,977 for the fiscal year. This State takeaway will be repaid in 3 years at 2 % interest.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

General Fund Budgetary Highlights (continued)

Interest earnings totaled \$294,028 and declined by \$448,000 or 60.4% from the previous fiscal year. This decrease was primarily due to lower interest rates.

General Fund expenditures totaled \$16.1 million. Expenditures were projected at \$17.4 million during the budget process. The expenditure under run from the final budget totaled \$1.3 million, or 7.6% under our projection. Historically, the City's expenditures will run 3% below the final budget projection. Every expenditure category, except capital outlay, came in under budget for fiscal year 2009-10. Capital outlay exceeded the budget by only \$847. Some of the under run in the budget was caused by vacant positions within the city. The rest of the under run occurred within the maintenance and operations categories and was a result of the City's emphasis on cost-control during these difficult economic times.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, totaled \$70,623,701, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in process.

**Table 3
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 27,684,367	\$ 27,684,367	\$ 4,427,416	\$ 4,436,916	\$ 32,111,783	\$ 32,121,283
Water rights	-	-	638,873	669,253	638,873	669,253
Construction in progress	3,050,097	1,957,808	33,586	17,423	3,083,683	1,975,231
Buildings and equipment	4,975,407	4,978,890	19,192,459	19,846,318	24,167,866	24,825,208
Infrastructure	10,621,496	10,781,050	-	-	10,621,496	10,781,050
Total assets	\$ 46,331,367	\$ 45,402,115	\$ 24,292,334	\$ 24,969,910	\$ 70,623,701	\$ 70,372,025

During 2009-10, the main additions to governmental capital assets were the construction in progress for the new Police Facility. There were no significant additions to capital assets for the water fund. For additional information see Note 4 of the Notes to Basic Financial Statements.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

**Table 4
Debt Administration**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Tax allocation bonds	\$ 86,669,985	\$ 69,031,173	\$ -	\$ -	\$ 86,669,985	\$ 69,031,173
Notes payable	3,865,847	3,865,847	-	-	3,865,847	3,865,847
Loans payable	2,000,000	2,000,000	226,785	302,380	2,226,785	2,302,380
Water revenue bonds	-	-	7,395,270	7,680,184	7,395,270	7,680,184
Compensated absences	1,233,465	1,186,080	71,161	67,864	1,304,626	1,253,944
Total assets	<u>\$ 93,769,297</u>	<u>\$ 76,083,100</u>	<u>\$ 7,693,216</u>	<u>\$ 8,050,428</u>	<u>\$ 101,462,513</u>	<u>\$ 84,133,528</u>

At year-end, the City had seven issues of bonded indebtedness outstanding in its governmental funds totaling \$86.670 million. All seven issues were rated A by Standard and Poors and Baa1 by Moody's. The City's Redevelopment Agency has not entered into any tax sharing agreements with other governmental agencies/districts concerning its Redevelopment Projects; however, the Redevelopment Agency is required to make statutory pass through payments.

For additional information see Note 5 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continues to face many challenges from the current economic crisis of both the nation and the state and its impact on the City's revenues and budget. In addition, the State of California's significant budgetary problems continue and resulting mandates add a serious strain to the City's already lean and conservative budget.

With the State's 2009 SERAF legislation, the Signal Hill Redevelopment Agency is required to make deposits to the Supplemental Education Revenue Augmentation Fund ("SERAF") established in each county treasury throughout the State, a total \$5.17 million was paid in Fiscal Year 2009-10 and an additional \$1.06 million is budgeted for the current Fiscal Year 2010-11.

The previous, current, and future raids of the City's finances jeopardize the services that the City provides to its residents. Response to these fiscal crises requires the City not only to continue to be fiscally prudent and to manage its resources and operations diligently but also to develop other potential new revenues. There are several development projects in the City that were completed recently, including a supermarket, two discount retail stores, and a 54 unit housing development. Construction is under way for a fast food restaurant, and a transfer and recycling station. These new businesses will add a more diverse distribution of revenue source easing up the concentration of over 35% of sales tax revenues on auto sales.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2010

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The Signal Hill Redevelopment Agency continues its expansion of the Auto Center which initially started in February, 2008. The proposed property acquisition program is in its final stage of completion with total expense estimated at \$15-20 million. The third phase for another \$6 million was started in July, 2010.

In November, 2009, the Agency issued its 2009 Tax Allocation Parity Bonds. Proceeds will be used to finance the construction of the City's new police facility pursuant to Redevelopment Law. The police station is to be located on property within the Redevelopment Project boundaries. The Agency and the City have complied with all provisions of Section 33445 of the Redevelopment Law with respect to authorizing the use of Tax Increment Revenues, and proceeds of the Bonds, for the funding of the acquisition of the land and the construction of the police station. Construction and ground breaking ceremonies were initiated in November, 2010.

The City's contingency reserves at the beginning of the year decreased from over 50% of General Fund expenditures in Fiscal Year 2008-09 to 36% of the Fiscal Year budget 2009-10 and to its current 25% for Fiscal Year budget 2010-11. As a reflection of the City's commitment to provide the highest level of services to the community within the City's financial constraints and prudent management, the Economic Uncertainties Fund was set up as early as 1996 with an initial contribution of \$600,000 to the current \$2.2 million balance at the beginning of the Fiscal Year 2010-11 budget year. Other reserve funds include funding for the City's Other Post Employment Benefits for future obligations as result of the Governmental Accounting Standard Board's Pronouncement Number 45, a PERS reserve fund for future rate hikes, and several project specific funds.

The new budget includes funding for capital projects totaling \$25.2 million with \$8 million funded by grants. The major project will be the construction of the new police facility funded by the Signal Hill Redevelopment Agency up to \$15 million. The Capital Improvement Reserve Fund's portion of these projects is \$66,907 and \$110,000 for the General Fund share.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Signal Hill's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at the City of Signal Hill, 2175 Cherry Avenue, Signal Hill, CA 90755-3799.

See independent auditors' report.

CITY OF SIGNAL HILL

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 68,496,983	\$ 5,207,758	\$ 73,704,741
Receivables:			
Accounts	3,033,066	507,059	3,540,125
Accrued interest	368,517	29,840	398,357
Note	150,000	-	150,000
Loans	14,173	-	14,173
Due from other governments	1,079,246	-	1,079,246
Internal balances	13,181	(13,181)	-
Inventory	26,610	-	26,610
Deposits	2,889,738	-	2,889,738
Deferred charges	2,073,146	190,795	2,263,941
Land and improvements held for resale, net	17,284,817	-	17,284,817
Restricted assets:			
Cash and investments	2,067,668	670,178	2,737,846
Capital assets:			
Land	27,684,367	4,427,416	32,111,783
Construction in progress	3,050,097	33,586	3,083,683
Infrastructure, net	10,621,496	-	10,621,496
Water rights, net	-	638,873	638,873
Source of supply, net	-	10,727,508	10,727,508
Pumping plant, net	-	6,156,034	6,156,034
Transmission/distribution, net	-	811,625	811,625
Structures and improvements, net	3,513,658	833,522	4,347,180
Equipment and furniture, net	1,461,749	663,770	2,125,519
TOTAL ASSETS	143,828,512	30,884,783	174,713,295
LIABILITIES:			
Accounts payable	1,889,649	279,217	2,168,866
Accrued liabilities	742,473	27,101	769,574
Accrued interest payable	1,641,012	56,999	1,698,011
Owner participation agreement payable	859,592	-	859,592
Refundable deposits	6,119,099	333,353	6,452,452
Unearned revenue	1,242,712	-	1,242,712
Noncurrent liabilities:			
Due within one year	3,979,238	417,621	4,396,859
Due in more than one year	89,790,059	7,275,595	97,065,654
TOTAL LIABILITIES	106,263,834	8,389,886	114,653,720
NET ASSETS:			
Invested in capital assets, net of related debt	46,331,367	17,340,457	63,671,824
Restricted for:			
Capital improvements	4,023,532	-	4,023,532
Redevelopment	40,759,912	-	40,759,912
Community development	120,339	-	120,339
Transportation	1,046,739	-	1,046,739
Public protection	1,648,850	-	1,648,850
Low and moderate income housing	8,823,740	-	8,823,740
Debt service	-	670,178	670,178
Unrestricted	(65,189,801)	4,484,262	(60,705,539)
TOTAL NET ASSETS	\$ 37,564,678	\$ 22,494,897	\$ 60,059,575

See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF ACTIVITIES

For the year ended June 30, 2010

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,136,879	\$ 69,605	\$ -	\$ -
Community services	1,273,237	238,615	20,000	-
Police	7,726,048	555,663	424,481	-
Community development	11,562,849	506,120	321,077	558,489
Public works	4,934,688	914,437	937,505	817,945
Unallocated infrastructure depreciation	521,241	-	-	-
Interest on long-term liabilities	4,394,480	-	-	-
Total governmental activities	33,549,422	2,284,440	1,703,063	1,376,434
Business-type activity:				
Water	3,832,218	3,630,172	-	-
Total	\$ 37,381,640	\$ 5,914,612	\$ 1,703,063	\$ 1,376,434

General revenues:

Taxes:

Property

Sales and use

Franchise

Motor vehicle

Other taxes

Investment income

Unrestricted grants and contributions

Loss on disposal of assets

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

See independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activity	Total
\$ (3,067,274)	\$ -	\$ (3,067,274)
(1,014,622)	-	(1,014,622)
(6,745,904)	-	(6,745,904)
(10,177,163)	-	(10,177,163)
(2,264,801)	-	(2,264,801)
(521,241)	-	(521,241)
(4,394,480)	-	(4,394,480)
<u>(28,185,485)</u>	<u>-</u>	<u>(28,185,485)</u>
-	(202,046)	(202,046)
<u>(28,185,485)</u>	<u>(202,046)</u>	<u>(28,387,531)</u>
15,167,567	-	15,167,567
9,460,047	-	9,460,047
513,624	-	513,624
33,550	-	33,550
1,058,195	-	1,058,195
1,266,962	130,551	1,397,513
27,134	-	27,134
(16,749)	-	(16,749)
<u>27,510,330</u>	<u>130,551</u>	<u>27,640,881</u>
(675,155)	(71,495)	(746,650)
<u>38,239,833</u>	<u>22,566,392</u>	<u>60,806,225</u>
<u>\$ 37,564,678</u>	<u>\$ 22,494,897</u>	<u>\$ 60,059,575</u>

CITY OF SIGNAL HILL

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2010

	General	Affordable Housing Special Revenue Fund	Debt Service Fund
ASSETS			
Cash and investments	\$ 15,183,591	\$ 5,558,680	\$ 10,683,176
Restricted cash and investments	-	-	-
Accounts receivable	1,793,950	141,487	597,794
Accrued interest receivable	81,648	28,967	73,671
Note receivable	-	-	-
Due from other funds	67,681	-	-
Due from other governments	739,436	-	-
Advances to other funds	12,301,668	113,749	-
Deposits	313,998	-	-
Loans receivable	-	-	-
Land and improvements held for resale, net	-	3,000,000	-
TOTAL ASSETS	<u>\$ 30,481,972</u>	<u>\$ 8,842,883</u>	<u>\$ 11,354,641</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 648,135	\$ 14,321	\$ 651,573
Accrued liabilities	714,558	4,822	-
Deferred revenue	4,474,555	-	-
Due to other funds	-	-	-
Owner participation agreement payable	-	-	859,592
Refundable deposits	119,099	-	-
Advances from other funds	-	-	12,301,668
TOTAL LIABILITIES	<u>5,956,347</u>	<u>19,143</u>	<u>13,812,833</u>
FUND BALANCES (DEFICIT):			
Reserved	10,313,998	8,823,740	-
Unreserved:			
General fund	14,211,627	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	(2,458,192)
TOTAL FUND BALANCES (DEFICIT)	<u>24,525,625</u>	<u>8,823,740</u>	<u>(2,458,192)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,481,972</u>	<u>\$ 8,842,883</u>	<u>\$ 11,354,641</u>

See independent auditors' report and notes to basic financial statements.

Capital Projects Funds		Other	Total
Capital Improvement	Community Redevelopment	Governmental Funds	Governmental Funds
\$ 62,255	\$ 27,820,357	\$ 8,108,143	\$ 67,416,202
-	2,067,668	-	2,067,668
396,212	9,829	84,374	3,023,646
-	131,322	46,907	362,515
-	150,000	-	150,000
-	-	-	67,681
274,855	-	64,955	1,079,246
-	-	-	12,415,417
-	2,575,740	-	2,889,738
-	-	14,173	14,173
-	14,284,817	-	17,284,817
<u>\$ 733,322</u>	<u>\$ 47,039,733</u>	<u>\$ 8,318,552</u>	<u>\$ 106,771,103</u>
\$ 226,286	\$ 259,887	\$ 56,315	\$ 1,856,517
-	9,404	9,432	738,216
507,036	10,530	24,403	5,016,524
-	-	67,681	67,681
-	-	-	859,592
-	6,000,000	-	6,119,099
-	-	113,749	12,415,417
<u>733,322</u>	<u>6,279,821</u>	<u>271,580</u>	<u>27,073,046</u>
-	40,759,912	-	59,897,650
-	-	-	14,211,627
-	-	8,046,972	8,046,972
-	-	-	(2,458,192)
<u>-</u>	<u>40,759,912</u>	<u>8,046,972</u>	<u>79,698,057</u>
<u>\$ 733,322</u>	<u>\$ 47,039,733</u>	<u>\$ 8,318,552</u>	<u>\$ 106,771,103</u>

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CITY OF SIGNAL HILL

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

June 30, 2010

Fund balances - total governmental funds \$ 79,698,057

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 27,684,367	
Construction in progress	3,050,097	
Infrastructure, net of \$12,466,546 ,accumulated depreciation	10,621,496	
Structures and improvements, net of \$6,699,450 accumulated depreciation	3,440,844	
Equipment, net of \$1,407,446 accumulated depreciation	<u>759,979</u>	
Total capital assets used in governmental activities		45,556,783

Certain receivables will be collected after year-end, but are not available soon enough to pay for current-period expenditures, and therefore are offset by deferred revenue in the funds. Those receivables at June 30, 2010 totaled: 3,773,812

Internal Service funds are used by management to charge the costs of rendering motor vehicle and equipment services to City departments. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 1,870,497

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Related deferred charges are not recorded as assets under the modified accrual basis of accounting. Interest on long-term debt is not accrued in governmental funds. Balances at June 30, 2010 are:

Accrued interest on long-term debt		(1,641,012)
Tax allocation bonds	\$(87,440,000)	
Deferred charges on refunding (amortized as interest expense)	408,896	
Deferred charges for issuance costs (amortized over life of debt)	2,073,146	
Issuance discounts (amortized as interest expense)	361,119	
Note payable	(3,865,847)	
Loans payable	(2,000,000)	
Compensated absences	<u>(1,230,773)</u>	
Total long-term liabilities		<u>(91,693,459)</u>

Net assets of governmental activities \$ 37,564,678

See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL

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

For the year ended June 30, 2010

	General	Affordable Housing Special Revenue Fund	Debt Service Fund
REVENUES:			
Property taxes	\$ 1,016,712	\$ 2,743,481	\$ 10,973,923
Sales and use tax	8,822,354	-	-
Other taxes	1,648,352	-	-
Licenses and permits	302,422	-	-
Intergovernmental revenues	120,735	-	-
Charges for services	837,091	-	-
Fines and forfeitures	274,628	-	-
Investment income	294,028	97,083	291,953
Developer fees	-	-	-
Other revenue	102,534	11,652	-
TOTAL REVENUES	13,418,856	2,852,216	11,265,876
EXPENDITURES:			
Current:			
General government	3,064,971	-	-
Community services	1,238,979	-	-
Police	7,196,371	-	-
Community development	921,868	256,293	6,384,831
Public works	3,660,059	-	-
Capital outlay	25,247	47,734	-
Debt service:			
Owner participation agreement	-	-	859,817
Principal retirement	-	-	2,865,000
Interest	-	-	4,999,344
Bond issuance costs	-	-	-
Fiscal agent fees	-	-	17,072
TOTAL EXPENDITURES	16,107,495	304,027	15,126,064
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,688,639)	2,548,189	(3,860,188)
OTHER FINANCING SOURCES (USES):			
Transfers in	350,075	230,000	1,360,188
Transfers out	(581,188)	(1,360,188)	(761,725)
Bond issued	-	-	-
Bond discount	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(231,113)	(1,130,188)	598,463
NET CHANGE IN FUND BALANCES	(2,919,752)	1,418,001	(3,261,725)
FUND BALANCES AT BEGINNING OF YEAR	27,445,377	7,405,739	803,533
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 24,525,625	\$ 8,823,740	\$ (2,458,192)

See independent auditors' report and notes to basic financial statements.

Capital Projects Funds		Other	Total
Capital Improvement	Community Redevelopment	Governmental Funds	Governmental Funds
\$ -	\$ -	\$ -	\$ 14,734,116
-	-	-	8,822,354
-	-	478,282	2,126,634
-	-	-	302,422
666,049	-	979,033	1,765,817
-	-	3,813	840,904
-	-	125,457	400,085
-	530,789	178,090	1,391,943
-	-	550,699	550,699
-	502,615	-	616,801
<u>666,049</u>	<u>1,033,404</u>	<u>2,315,374</u>	<u>31,551,775</u>
-	-	4,947	3,069,918
-	-	33,263	1,272,242
-	-	261,744	7,458,115
-	718,318	163,967	8,445,277
-	-	61,145	3,721,204
1,672,168	3,100,313	395,292	5,240,754
-	-	-	859,817
-	-	-	2,865,000
-	-	-	4,999,344
-	338,168	-	338,168
-	-	-	17,072
<u>1,672,168</u>	<u>4,156,799</u>	<u>920,358</u>	<u>38,286,911</u>
<u>(1,006,119)</u>	<u>(3,123,395)</u>	<u>1,395,016</u>	<u>(6,735,136)</u>
1,006,119	531,725	87,246	3,565,353
-	-	(862,252)	(3,565,353)
-	20,655,000	-	20,655,000
-	(228,331)	-	(228,331)
<u>1,006,119</u>	<u>20,958,394</u>	<u>(775,006)</u>	<u>20,426,669</u>
-	17,834,999	620,010	13,691,533
-	22,924,913	7,426,962	66,006,524
<u>\$ -</u>	<u>\$ 40,759,912</u>	<u>\$ 8,046,972</u>	<u>\$ 79,698,057</u>

CITY OF SIGNAL HILL

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

For the year ended June 30, 2010

Net change in fund balances - total governmental funds		\$ 13,691,533
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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 as depreciation expense. This is the amount by which capitalizable capital outlays (\$1,692,894) exceeded depreciation (\$745,968) in the current period:</p>		
		946,926
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items are as follows:</p>		
Principal payments	\$ 2,865,000	
Issuance of bonds	(20,655,000)	
Bond issuance costs	338,168	
Bond discount	228,331	
Amortization of issuance costs	(139,720)	
Amortization of deferred amount on refunding	(57,445)	
Amortization of bond discounts	(19,698)	
	<u> </u>	(17,440,364)
<p>Some 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.</p>		
Net change in accrued interest	\$ (279,534)	
Net change in compensated absences	(52,334)	
	<u> </u>	(331,868)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. Conversely, collection of these revenues are reported in the governmental funds, but not in the Statement of Activities since they have been recognized in previous years.</p>		
		2,436,190
<p>Internal service funds are used by management to charge the costs of rendering motor vehicle and equipment services to City departments. The net revenue of the internal service fund is reported with governmental activities.</p>		
		<u>22,428</u>
Change in net assets of governmental activities		<u><u>\$ (675,155)</u></u>

See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2010

ASSETS	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CURRENT ASSETS:		
Cash and investments	\$ 5,207,758	\$ 1,080,781
Restricted cash and investments	670,178	-
Accounts receivable	507,059	9,420
Accrued interest receivable	29,840	6,002
Inventory	-	26,610
TOTAL CURRENT ASSETS	<u>6,414,835</u>	<u>1,122,813</u>
NONCURRENT ASSETS:		
Deferred charges	190,795	-
Capital assets:		
Land	4,427,416	-
Construction in progress	33,586	-
Depreciable assets, net of accumulated depreciation	19,831,332	774,584
TOTAL NONCURRENT ASSETS	<u>24,483,129</u>	<u>774,584</u>
TOTAL ASSETS	<u>30,897,964</u>	<u>1,897,397</u>
LIABILITIES		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	279,217	33,132
Accrued liabilities	27,101	4,257
Accrued interest payable	56,999	-
Refundable deposits	333,353	-
Current portion of long-term liabilities	417,621	2,692
TOTAL CURRENT LIABILITIES	<u>1,114,291</u>	<u>40,081</u>
LONG-TERM LIABILITIES:		
Loan payable	151,190	-
Certificates payable	7,070,270	-
Compensated absences	54,135	-
TOTAL LONG-TERM LIABILITIES	<u>7,275,595</u>	<u>-</u>
TOTAL LIABILITIES	<u>8,389,886</u>	<u>40,081</u>
NET ASSETS:		
Invested in capital assets, net of related debt	17,340,457	1,857,316
Restricted for debt service	670,178	-
Unrestricted	4,497,443	-
TOTAL NET ASSETS	<u>22,508,078</u>	<u>\$ 1,857,316</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(13,181)	
Net assets of business-type activity	<u>\$ 22,494,897</u>	

See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL

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

For the year ended June 30, 2010

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 3,434,032	\$ 566,808
Other revenues	196,140	25,954
	<u>3,630,172</u>	<u>592,762</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Personnel services	1,049,063	185,075
Contractual services	235,830	7,023
Supplies	638,268	2,661
Material and repairs	300,592	84,919
Utilities	283,538	2,815
Depreciation/amortization	758,140	264,700
Other	184,473	24,419
	<u>3,449,904</u>	<u>571,612</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	<u>180,268</u>	<u>21,150</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	130,551	21,384
Interest expense	(382,921)	-
Fiscal agent fees	(2,750)	-
Loss on disposal of assets	-	(16,749)
	<u>(255,120)</u>	<u>4,635</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
CHANGE IN NET ASSETS	(74,852)	25,785
TOTAL NET ASSETS AT BEGINNING OF YEAR		<u>1,831,531</u>
TOTAL NET ASSETS AT END OF YEAR		<u>\$ 1,857,316</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>3,357</u>	
Change in net assets of business-type activity	<u>\$ (71,495)</u>	

See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2010

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,592,329	\$ -
Receipts from interfund services provided	-	583,342
Payments to suppliers	(1,500,641)	(136,907)
Payments to employees	(1,040,387)	(190,053)
	1,051,301	256,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from disposition of capital assets	140,606	-
Acquisition of property, plant and equipment	(221,170)	(263,775)
Principal paid	(385,595)	-
Interest paid	(348,225)	-
Fiscal agent fees	(2,750)	-
	(817,134)	(263,775)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	137,901	24,336
	137,901	24,336
NET INCREASE IN CASH AND CASH EQUIVALENTS	372,068	16,943
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,505,868	1,063,838
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,877,936	\$ 1,080,781

See independent auditors' report and notes to basic financial statements.

(Continued)

CITY OF SIGNAL HILL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2010

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 180,268	\$ 21,150
Depreciation/amortization	758,140	264,700
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(42,971)	(9,420)
(Increase) decrease in inventory	-	(7,829)
Increase (decrease) in accounts payable	142,060	(7,241)
Increase (decrease) in accrued liabilities	5,379	(29)
Increase (decrease) in refundable deposits	5,128	-
Increase (decrease) in compensated absences	3,297	(4,949)
	\$ 1,051,301	\$ 256,382
	\$ 1,051,301	\$ 256,382

See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND

June 30, 2010

	<u>Special Deposit Agency Fund</u>
ASSETS:	
Cash and investments	<u>\$ 585,436</u>
LIABILITIES:	
Refundable deposits	<u>\$ 585,436</u>

See independent auditor's report and notes to basic financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity:

The reporting entity "City of Signal Hill" includes the accounts of the City of Signal Hill, the Signal Hill Redevelopment Agency (the Agency), the Signal Hill Public Financing Authority (the Financing Authority), and the Signal Hill Housing Authority (the Housing Authority).

The City of Signal Hill was incorporated in 1924 under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. On November 7, 2000, the Charter of the City of Signal Hill was adopted by a vote of the people. As a result, the City will enjoy all rights and privileges pertaining to "Charter Law" cities.

The Signal Hill Redevelopment Agency was established in 1974 pursuant to provisions of the California Health and Safety Code. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities.

The Signal Hill Public Financing Authority was formed October 15, 1996, as a joint power of authority between the City and the Agency for the purpose of providing financing and funding of public capital improvements.

The Signal Hill Housing Authority was formed December 12, 2000 pursuant to provisions of the California Health and Safety Code. The primary purpose of the Housing Authority is to provide suitable, safe and sanitary housing opportunities for the City's residents.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14. The City of Signal Hill is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Agency, Financing Authority and Housing Authority have been accounted for as "blended" component units of the City. Despite being legally separate, the Agency, Financing Authority and Housing Authority are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, the balances and transactions of the Agency, Financing Authority and Housing Authority are reported within the funds of the City.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

The following criteria were used in determining that the Agency, Financing Authority and Housing Authority were “blended” component units.

The members of the City Council also act as the governing body of the Agency, Financing Authority and Housing Authority.

The Agency, Financing Authority and Housing Authority are managed by employees of the City. A portion of the City’s salary and overhead expenses is billed to the Agency each year.

The City, Agency, Financing Authority and Housing Authority are financially interdependent.

The financial statements of the Agency and Financing Authority can be obtained from the City of Signal Hill’s Finance Department located at City Hall. The Housing Authority does not issue separate financial statements.

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 City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

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 and the major individual enterprise fund are reported as separate columns in the fund financial statements.

See independent auditors’ report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 statements. Under the economic resources measurement focus, all assets and liabilities (current and long-term) are reported. Under the accrual basis of accounting, 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 fiscal year, which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements imposed by the provider have been met.

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 water enterprise fund and of the government's internal service funds are charges to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, generally only current assets and current liabilities are reported in the governmental funds. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under 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, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures only when payment is due.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Property taxes, taxpayer-assessed taxes, such as sales taxes, gas taxes, transient occupancy taxes and oil production taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts allocated by law or contractual agreement to other funds are accounted for in this fund. Expenditures of this fund include general operating costs not paid through other funds.

The Affordable Housing Special Revenue Fund is used to account for the 20% set-aside of tax increment revenues to be used for development of low and moderate income housing within the Agency's project area.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term liability principal, interest and related costs.

The Capital Improvement Capital Projects Fund is used to account for major capital improvement projects not accounted for in other funds.

The Community Redevelopment Capital Projects Fund is used to account for the financial activity of the Signal Hill Redevelopment Project. This activity includes administrative, overhead and capital project costs necessary for, or incidental to, implementing the redevelopment plan.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The City reports the following major enterprise fund:

The Water Fund is used to account for financial activity relative to the purchase, production, storage and distribution of water used by the community, as well as the maintenance, repair and replacement of related equipment and pipeline. Revenues consist primarily of water sales.

Additionally, the City reports the following fund types:

The Internal Service Fund is used to account for the furnishing of vehicle and equipment services to departments within the City. Costs of materials and services used are accumulated in this fund and charged to the user departments as such vehicles and equipment are used or services rendered.

The Agency Fund is used to account for assets held by the City as trustee or agent for individuals, private organizations or other governmental units. The City accounts for special deposits resulting from new development and joint governmental projects in this fund type.

The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989 to the government-wide financial statements and proprietary fund financial statements, unless those pronouncements contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures.

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

D. Cash and Cash Equivalents:

The Water Enterprise Fund and Vehicle and Equipment Internal Service Fund participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. Therefore, the cash and investments (restricted and unrestricted) reported in the Water Enterprise Fund and Vehicle and Equipment Internal Services Fund are considered to be cash and cash equivalents for purposes of the statement of cash flows.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Investments:

Investments are stated at fair value (quoted market price or best available estimate thereof).

F. Restricted Assets:

Cash and investments totaling \$2,067,668 are restricted in the Community Redevelopment Capital Projects Fund in accordance with bond indentures. Cash and investments totaling \$670,178 are restricted in the Water Enterprise Fund in accordance with bond indentures.

G. Capital Assets:

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets consist of roads, bridges, trails, traffic signals and sewer lines. Capital assets are defined by the City as assets, with an initial cost of more than \$5,000 and a useful life that is greater than one year. 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.

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Structures and improvements - Water Enterprise	20 - 50 years
Structures and improvements - other than Water Enterprise	5 - 40 years
Water rights	40 years
Equipment and furniture	3 - 20 years
Vehicles and major equipment	3 - 15 years
Infrastructure	40 - 90 years

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Inventory:

Inventory is valued at cost using the first-in/first-out (FIFO) method. Costs of these inventories are recorded as expenditures when consumed. Inventory in the Vehicle and Equipment Internal Service Fund consists of gasoline and tires held for use in city vehicles.

I. Employee Compensated Absences:

Compensated absences are reported in governmental funds as a liability, only if they have matured. The balance of unpaid vacation and compensatory time at year end is recorded as a long-term liability of the governmental activities, as these amounts will be liquidated from future resources rather than expendable available financial resources. Compensated absences are primarily liquidated in the General Fund.

Unpaid compensated absences in proprietary fund types are recorded as a liability in those funds as vested benefits to the employees accrue.

The City does not reimburse for unused sick pay upon an employee's termination. The City does, however, pay a percentage (based on the applicable employee group agreement) or 60 days, whichever is less, of accumulated sick pay upon an employee's retirement, for employees who have worked for the City for a minimum of 5 years and are age 50 or older upon retirement. The balance of unused sick pay at year end for those employees, who meet minimum eligibility requirements, is recorded as a long-term liability, as these amounts will be liquidated from future resources rather than expendable available resources.

J. Deferred Charges:

Deferred bond issue costs related to governmental and business-type activities were \$2,073,146 and \$190,795, respectively, net of accumulated amortization, as of June 30, 2010. The costs are amortized on a straight-line basis through 2027, respectively. Amortization expense totaled \$139,720 and \$11,681, respectively, for the year ended June 30, 2010.

K. Property Taxes:

Property taxes are an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1, which become delinquent on December 10 and April 10, respectively. The County of Los Angeles bills and collects property taxes for the City. Remittance of property taxes to the City is accounted for in the City's General Fund.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Claims and Judgments:

When it is probable that a claim liability has been incurred at year end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program claims payable, which includes an estimate for incurred but not reported claims (IBNR).

Under the City's self-insurance program, deposits to the Joint Powers Authority (Note 13) are recorded as insurance expenditures in the period to which they relate in the General Fund. These deposits are subject to retrospective adjustment. Favorable claims experience in prior years results in a refund of deposits from the Authority and such refunds, if any, are recorded as deposits since they will be used to offset future deposit requirements. Included in deposits as of June 30, 2010 are refunds totaling \$313,998 related to the workers' compensation coverage program. Adverse claims experience in prior years results in the payment of additional deposits which are recorded as insurance expenditures when incurred. Included in accrued liabilities as of June 30, 2010 is the cumulative retrospective deposit payable of \$480,384 for the general and automobile liability coverage program.

M. Invested in Capital Assets, Net of Related Debt:

At June 30, 2010, the net asset component, invested in capital assets, net of related debt, was determined as follows:

	<u>Governmental Activities</u>	<u>Business-type Activity</u>
Capital assets, net of accumulated depreciation	\$ 46,331,367	\$ 24,292,334
Less:		
Refunding bonds, net	-	(7,395,270)
Loan payable	-	(226,785)
Add back:		
Unspent refunding bonds proceeds	-	670,178
Total	<u>\$ 46,331,367</u>	<u>\$ 17,340,457</u>

The only capital-related debt of governmental activities is the 2009 tax allocation parity bonds. The proceeds of this bond will be used to construct a new police station. However, as of June 30, 2010, construction on the police station had not begun and no proceeds have been spent. Therefore, no portion of the debt has been netted against the amount invested in capital assets. The debt refunded by the 2001, 2003 Series A, 2003 Series C and 2007 tax allocation bonds, the 2003 Series B, 2003 Series D, 2006 tax allocation bonds, the note payable and loans payable are not related to any capital assets of the governmental activities.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Invested in Capital Assets, Net of Related Debt (Continued):

Proceeds from the bonds, note and loans were used in redevelopment and housing activities which may have involved acquisition of property or construction and improvement of capital assets. However, all such assets have been either transferred to developers and business owners as part of disposition and development agreements or are included in land and improvements held for resale which is an account that is not considered to be part of the City's capital assets.

N. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectibility of its receivables (e.g. accounts receivable, intergovernmental receivables, loans receivable, amounts due from other funds and amounts advanced to other funds), the depreciation of its capital assets and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2010 are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets	Total
Cash and investments	\$ 73,704,741	\$ 585,436	\$ 74,290,177
Restricted cash and investments	<u>2,737,846</u>	<u>-</u>	<u>2,737,846</u>
Total Cash and Investments	<u>\$ 76,442,587</u>	<u>\$ 585,436</u>	<u>\$ 77,028,023</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued):

Cash and investments at June 30, 2010 consisted of the following:

Cash on hand	\$ 3,770
Deposits with financial institutions - overdraft (1)	(620,550)
Deposits with financial institutions held by bond trustee	1,057,668
Investments	<u>76,587,135</u>
Total Cash and Investments	<u>\$ 77,028,023</u>

(1) The City transferred \$2,000,000 from its LAIF investments on July 2, 2010 to cover this overdraft.

Investments Authorized by the California Government Code and the City's Investment Policy:

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	None	None
Bankers Acceptances	180 days	40%	10%
Time Certificate of Deposits	1 year	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Mutual Funds	N/A	20%	10%
County Pooled Funds	N/A	None	None

N/A - Not Applicable

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, United States Treasury Obligations, United States Government Sponsored Enterprise Securities, Guaranteed Investment Contracts, Commercial Paper, Local Agency Bonds, Banker's Acceptance and Money Market Mutual Funds. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Bankers Acceptance which are limited to one year.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
Local Agency Investment Fund	\$ 40,231,973	\$ -	\$ -	\$ 40,231,973
United States Government Sponsored Enterprise Securities:				
FHLMC	1,582,977	1,547,147	2,158,760	5,288,884
FHLB	4,026,900	9,887,600	-	13,914,500
FFCB	-	2,115,898	-	2,115,898
Corporate Notes	-	-	7,596,570	7,596,570
Mutual Funds	3,036,828	-	-	3,036,828
Negotiable Certificates of Deposit	1,985,209	737,095	-	2,722,304
Held by Bond Trustee:				
Local Agency Investment Fund	668,824	-	-	668,824
United States Treasury Obligations	1,354	-	-	1,354
United States Government Sponsored Enterprise Securities:				
FNMA	-	-	1,010,000	1,010,000
	<u>\$ 51,534,065</u>	<u>\$ 14,287,740</u>	<u>\$ 10,765,330</u>	<u>\$ 76,587,135</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

Generally, 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. Presented below is the minimum rating as required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year end for each investment type:

Investment Type	Total as of June 30, 2010	Minimum Legal Rating	AAA	Other Ratings	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 40,231,973	N/A	\$ -	\$ -	\$ 40,231,973	\$ -
United States Government Sponsored Enterprise Securities:						
FHLMC	5,288,884	N/A	5,288,884	-	-	-
FHLB	13,914,500	N/A	13,914,500	-	-	-
FFCB	2,115,898	N/A	2,115,898	-	-	-
Corporate Notes	7,596,570	A	1,072,240	6,524,330	-	-
Mutual Funds	3,036,828	Multiple**	-	3,024,819	-	12,009
Negotiable Certificates of Deposit	2,722,304	N/A	-	-	-	2,722,304
Held by Bond Trustee:						
Local Agency Investment Fund	668,824	N/A	-	-	668,824	-
United States Treasury Obligations	1,354	N/A	-	-	-	1,354
United States Government Sponsored Enterprise Securities:						
FNMA	1,010,000	AAA	1,010,000	-	-	-
Total	<u>\$ 76,587,135</u>		<u>\$ 23,401,522</u>	<u>\$ 9,549,149</u>	<u>\$ 40,900,797</u>	<u>\$ 2,735,667</u>

Other ratings on Corporate Notes are as follows:

AA+	\$ 3,861,995
AA	556,145
AA-	1,057,170
A	1,049,020
	<u>\$ 6,524,330</u>

** Multiple - must receive the highest ranking by not less than two nationally recognized statistical rating agencies or retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million.

N/A - Not Applicable

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk:

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	\$ 5,288,884
Federal Home Loan Bank	United States Government Sponsored Enterprise Securities	13,914,500

Custodial Credit Risk:

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 its 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another 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 (unless so waived by the governmental unit). 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 the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2010, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation and the remaining balances were collateralized under California Law. The FNMA investment held by bond trustee is uninsured, unregistered and not held in the City's name.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. NOTE RECEIVABLE:

In November, 2009, the Agency entered into an Owner Participation Agreement (OPA) with A & P Property Investments, LLC whereby the Agency is to loan the Owner money for the assistance with the operations of the Owner's auto dealership. In accordance with the agreement, the amounts disbursed shall accrue interest at the rate of 6.25% per year and the loan is deferred for two years prior to beginning repayment. The principal and accrued interest are payable in annual installments of \$63,746. The balance of the loan outstanding at June 30, 2010 was \$150,000. The loan was paid in full in November 2010.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2010 was as follows:

Governmental Activities:

	<u>Balance at</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 27,684,367	\$ -	\$ -	\$ 27,684,367
Construction in progress	<u>1,957,808</u>	<u>1,692,894</u>	<u>(600,605)</u>	<u>3,050,097</u>
Total capital assets, not being depreciated	<u>29,642,175</u>	<u>1,692,894</u>	<u>(600,605)</u>	<u>30,734,464</u>
Capital assets, being depreciated:				
Structures and improvements	10,154,777	231,880	-	10,386,657
Equipment and furniture	2,233,769	7,038	(5,681)	2,235,126
Vehicles and major equipment	2,321,988	263,775	(365,995)	2,219,768
Infrastructure	<u>22,726,355</u>	<u>361,687</u>	<u>-</u>	<u>23,088,042</u>
Total capital assets, being depreciated	<u>37,436,889</u>	<u>864,380</u>	<u>(371,676)</u>	<u>37,929,593</u>
Less accumulated depreciation for:				
Structure and improvements	(6,741,865)	(131,134)	-	(6,872,999)
Equipment and furniture	(1,372,069)	(103,136)	5,681	(1,469,524)
Vehicle and major equipment	(1,617,710)	(255,157)	349,246	(1,523,621)
Infrastructure	<u>(11,945,305)</u>	<u>(521,241)</u>	<u>-</u>	<u>(12,466,546)</u>
Total accumulated depreciation	<u>(21,676,949)</u>	<u>(1,010,668)</u>	<u>354,927</u>	<u>(22,332,690)</u>
Total capital assets, being depreciated, net	<u>15,759,940</u>	<u>(146,288)</u>	<u>(16,749)</u>	<u>15,596,903</u>
Total governmental activities capital, net	<u>\$ 45,402,115</u>	<u>\$ 1,546,606</u>	<u>\$ (617,354)</u>	<u>\$ 46,331,367</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

4. CAPITAL ASSETS (CONTINUED):

Capital Asset Activity (Continued):

Business-type Activity:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Capital assets, not being depreciated				
Land	\$ 4,436,916	\$ -	\$ (9,500)	\$ 4,427,416
Construction in progress	17,423	16,163	-	33,586
Total capital assets, not being depreciated	<u>4,454,339</u>	<u>16,163</u>	<u>(9,500)</u>	<u>4,461,002</u>
Capital assets, being depreciated:				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	12,132,885	21,588	-	12,154,473
Wells	1,917,963	-	-	1,917,963
Mains	9,897,973	-	-	9,897,973
Pumps	959,790	177,932	-	1,137,722
Fire hydrants	688,263	-	-	688,263
Meters	510,346	-	-	510,346
Services	1,449,220	-	-	1,449,220
Structures	1,211,958	-	-	1,211,958
Equipment and furniture	1,485,225	5,487	(329,256)	1,161,456
Total capital assets, being depreciated	<u>31,468,809</u>	<u>205,007</u>	<u>(329,256)</u>	<u>31,344,560</u>
Less accumulated depreciation/ amortization for:				
Water rights	(545,933)	(30,380)	-	(576,313)
Reservoirs and tanks	(2,425,847)	(275,152)	-	(2,700,999)
Wells	(597,972)	(45,957)	-	(643,929)
Mains	(4,279,219)	(195,491)	-	(4,474,710)
Pumps	(562,472)	(36,425)	-	(598,897)
Fire hydrants	(541,862)	(15,705)	-	(557,567)
Meters	(406,184)	(40,912)	-	(447,096)
Services	(609,904)	(27,691)	-	(637,595)
Structures	(353,176)	(25,260)	-	(378,436)
Equipment and furniture	(630,669)	(65,167)	198,150	(497,686)
Total accumulated depreciation	<u>(10,953,238)</u>	<u>(758,140)</u>	<u>198,150</u>	<u>(11,513,228)</u>
Total capital assets, being depreciated, net	<u>20,515,571</u>	<u>(553,133)</u>	<u>(131,106)</u>	<u>19,831,332</u>
Total business-type activity capital assets, net	<u>\$ 24,969,910</u>	<u>\$ (536,970)</u>	<u>\$ (140,606)</u>	<u>\$ 24,292,334</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

4. CAPITAL ASSETS (CONTINUED):

Depreciation/Amortization Expense:

Depreciation/amortization expense was charged to City functions/programs as follows:

Governmental activities:

General government	\$	3,018
Community services		1,347
Police		82,309
Public works		138,053
Internal service fund depreciation charged to programs		<u>264,700</u>

Allocated depreciation 489,427

Unallocated infrastructure depreciation 521,241

Total depreciation expense - governmental activities \$ 1,010,668

Business-type activity:

Water \$ 758,140

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010	Due Within One Year
Bonds payable:					
2001 TABs	\$ 10,400,000	\$ -	\$ (540,000)	\$ 9,860,000	\$ 555,000
2003 TABs Series A	17,995,000	-	(1,820,000)	16,175,000	1,875,000
2003 TABs Series C	10,675,000	-	(80,000)	10,595,000	80,000
2003 TABs Series D	2,620,000	-	(130,000)	2,490,000	140,000
2006 TABs	13,155,000	-	(200,000)	12,955,000	215,000
2007 Refunding TABs	14,805,000	-	(95,000)	14,710,000	100,000
2009 Tax Allocation					
Parity Bonds	-	20,655,000	-	20,655,000	765,000
Less deferred amounts:					
For issuance discounts	(152,486)	(228,331)	19,698	(361,119)	-
On refunding	(466,341)	-	57,445	(408,896)	-
Total bonds payable	69,031,173	20,426,669	(2,787,857)	86,669,985	3,730,000
Note payable	3,865,847	-	-	3,865,847	-
Loans payable	2,000,000	-	-	2,000,000	-
Compensated absences	1,186,080	631,443	(584,058)	1,233,465	249,238
Total governmental activities	<u>\$ 76,083,100</u>	<u>\$ 21,058,112</u>	<u>\$ (3,371,915)</u>	<u>\$ 93,769,297</u>	<u>\$ 3,979,238</u>
Business-type activity:					
2006 Water revenue refunding bonds	\$ 8,115,000	\$ -	\$ (310,000)	\$ 7,805,000	\$ 325,000
Less deferred amounts:					
For issuance discount	(8,994)	-	519	(8,475)	-
On refunding	(425,822)	-	24,567	(401,255)	-
Total refunding bonds payable	7,680,184	-	(284,914)	7,395,270	325,000
Loan payable	302,380	-	(75,595)	226,785	75,595
Compensated absences	67,864	31,594	(28,297)	71,161	17,026
Total business-type activity	<u>\$ 8,050,428</u>	<u>\$ 31,594</u>	<u>\$ (388,806)</u>	<u>\$ 7,693,216</u>	<u>\$ 417,621</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

A. 2001 Tax Allocation Bonds:

On December 4, 2001, the Agency issued the Signal Hill Redevelopment Project No. 1 2001 Tax Allocation Bonds (the "2001 Bonds") in the amount of \$13,880,000. The proceeds of the bonds were used to advance refund the Signal Hill Redevelopment Project No. 1 1994 Tax Allocation Bonds (the "1994 Bonds") and to provide funds for certain redevelopment activities. The bonds were issued at a net discount of \$11,035. As a result of the advance refunding, the 1994 Bonds are considered to be defeased and the liability for these bonds have been removed from the long-term liabilities. The defeased 1994 Bonds have been retired.

Principal amounts on \$13,880,000 of serial bonds mature annually each October 1 through 2023, and bear interest semiannually on April 1 and October 1 at rates ranging from 2.00% to 4.625%. Bonds maturing on or after October 1, 2013 are subject to optional redemption on any date on or after October 1, 2012 at a price equal to the principal amount plus accrued interest to the date of redemption, without premium.

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current rating by Moody's Investors Services is Baa1, Developing Outlook.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 555,000	\$ 408,574	\$ 963,574
2012	575,000	388,085	963,085
2013	595,000	366,291	961,291
2014	615,000	343,143	958,143
2015	635,000	318,450	953,450
2016 - 2020	3,545,000	1,164,680	4,709,680
2021 - 2024	<u>3,340,000</u>	<u>314,555</u>	<u>3,654,555</u>
Totals	<u>\$ 9,860,000</u>	<u>\$ 3,303,778</u>	<u>\$ 13,163,778</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

B. 2003 Tax Allocation Bonds - Series A:

On August 28, 2003, the Agency issued the Signal Hill Redevelopment Project No. 1 2003 Tax Allocation Parity Refunding Bonds, Series A (2003 A Bonds) in the amount of \$23,080,000. The 2003 A Bonds were issued at a discount of \$4,924. This discount is being amortized on a straight-line basis as interest expense (\$245 per year) through 2024. Proceeds of the 2003 A Bonds together with an additional \$1,884,899 provided by the Agency were used to defease \$9,720,000 of the 1993 Series A Bonds and \$13,465,000 of the 1993 Series B Bonds and pay the expenses of the bond issuance. These defeased bonds have been retired.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$532,056. This difference, reported as a deduction from bonds payable, is being amortized on a straight-line basis as interest expense on the statement of activities through the year 2016.

Principal amounts on the 2003 A Bonds mature annually each October 1 through 2023, and bear interest semiannually on April 1 and October 1 at rates ranging from 2.0% to 5.25%. The 2003 A Bonds maturing on or after October 1, 2014 are subject to optional redemption, without premium commencing October 1, 2013.

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current rating by Moody's Investors Services is Baa1, Developing Outlook.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,875,000	\$ 633,839	\$ 2,508,839
2012	1,945,000	563,386	2,508,386
2013	2,285,000	482,646	2,767,646
2014	2,380,000	390,774	2,770,774
2015	2,500,000	290,768	2,790,768
2016 - 2020	3,820,000	560,096	4,380,096
2021 - 2024	<u>1,370,000</u>	<u>139,801</u>	<u>1,509,801</u>
Totals	<u>\$ 16,175,000</u>	<u>\$ 3,061,310</u>	<u>\$ 19,236,310</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

C. 2003 Tax Allocation Bonds - Series C:

On December 11, 2003, the Agency issued the Signal Hill Redevelopment Project No. 1 2003 Tax Allocation Parity Refunding Bonds, Series C (2003 C Bonds) in the amount of \$11,130,000. The 2003 C Bonds were issued at a discount of \$129,814. This discount is being amortized on a straight-line basis as interest expense (\$6,545 per year) through 2024. Proceeds of the 2003 C Bonds were used to refinance \$10,215,000 of the 1993 Series A term bonds due October 1, 2023 and pay the expenses of the bond issuance.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$246,328. This difference, reported as a deduction from bonds payable, is being amortized on a straight-line basis as interest expense on the statement of activities through the year 2024.

Principal amounts on the 2003 C Bonds mature annually each October 1 through 2023, and bear interest semiannually on April 1 and October 1 at rates ranging from 1.10% to 4.625%. The 2003 C Bonds maturing on or after October 1, 2014 are subject to optional redemption commencing October 1, 2013 without premium.

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current rating by Moody's Investors Services is Baa1, Developing Outlook.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 80,000	\$ 448,465	\$ 528,465
2012	80,000	445,985	525,985
2013	85,000	443,218	528,218
2014	90,000	440,110	530,110
2015	90,000	436,825	526,825
2016 - 2020	4,715,000	1,795,421	6,510,421
2021 - 2024	<u>5,455,000</u>	<u>501,272</u>	<u>5,956,272</u>
Totals	<u>\$ 10,595,000</u>	<u>\$ 4,511,296</u>	<u>\$ 15,106,296</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

D. 2003 Tax Allocation Bonds - Series D:

On December 11, 2003, the Agency issued the Signal Hill Redevelopment Project No. 1 2003 Taxable Tax Allocation Parity Bonds, Series D (2003 D Bonds) in the amount of \$3,225,000. Proceeds of the 2003 D Bonds were used to provide funds for certain housing activities of the Agency and pay for the expenses of the bond issuance.

\$1,245,000 of 2003 D term bonds mature October 1, 2013 and bear interest semiannually at a rate of 4.93%. \$1,980,000 of 2003 D term bonds mature October 1, 2024 and bear interest at a rate of 5.98%. The 2003 D Bonds are subject to mandatory redemption without premium commencing October 1, 2004 with respect to the term bonds maturing October 1, 2024. In addition, the 2003 D Bonds maturing October 1, 2024 are subject to optional redemption commencing October 1, 2013 without premium.

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current rating by Moody's Investors Services is Baa1, Developing Outlook.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 140,000	\$ 140,096	\$ 280,096
2012	145,000	133,071	278,071
2013	110,000	126,785	236,785
2014	115,000	121,239	236,239
2015	115,000	114,966	229,966
2016 - 2020	395,000	494,097	889,097
2021 - 2025	<u>1,470,000</u>	<u>344,747</u>	<u>1,814,747</u>
Totals	<u>\$ 2,490,000</u>	<u>\$ 1,475,001</u>	<u>\$ 3,965,001</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

E. 2006 Tax Allocation Bonds:

On September 7, 2006, the Agency issued the 2006 Taxable Tax Allocation Parity Bonds, Series A in the amount of \$13,500,000. Proceeds of the 2006 Taxable Tax Allocation Parity Bonds will be used to (i) finance redevelopment activities of the Agency within or of benefit to the Redevelopment Project, (ii) satisfy the Reserve Requirement for the Bonds and (iii) provide for the cost of issuing the Bonds.

\$1,845,000 of 2006 term bonds mature October 1, 2016 and bear interest payable semiannually at a rate of 5.581%. \$11,660,000 of 2006 D term bonds mature October 1, 2026 and bear interest payable semiannually at a rate of 5.839%. The 2006 Bonds are subject to mandatory redemption without premium commencing October 1, 2007 with respect to the term bonds maturing October 1, 2016 and October 1, 2017 with respect to the term bonds maturing October 1, 2026.

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current rating by Moody's Investors Services is Baa1, Developing Outlook.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 215,000	\$ 747,102	\$ 962,102
2012	225,000	734,824	959,824
2013	160,000	724,080	884,080
2014	165,000	715,011	880,011
2015	165,000	705,802	870,802
2016 - 2020	1,135,000	3,362,333	4,497,333
2021 - 2025	4,305,000	2,872,057	7,177,057
2026 - 2027	<u>6,585,000</u>	<u>390,192</u>	<u>6,975,192</u>
Totals	<u>\$ 12,955,000</u>	<u>\$ 10,251,401</u>	<u>\$ 23,206,401</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

F. 2007 Refunding Tax Allocation Bonds:

On November 15, 2007, the Agency issued the 2007 Tax Allocation Refunding Parity Bonds, Series A in the amount of \$14,970,000. The Bonds were issued to (i) refinance the Agency's outstanding 1993 Series B Tax Allocation Parity Bonds which total \$14,375,000, (ii) satisfy the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds. The Agency completed the advance refunding to reduce its total debt service over the next sixteen years by \$1,565,051 and to obtain an economic gain (difference between present value of the old debt and new debt service payments) of \$1,041,197.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$15,811. This difference, reported as a deduction from bonds payable, is being amortized on a straight-line basis as interest expense on the statement of activities through the year 2024.

Principal amounts on the 2007 Refunding Tax Allocation Bonds mature annually each October 1 from 2008 through 2023, and bear interest semiannually beginning October 1, 2008 at rates ranging from 4.0% to 4.3%. The 2007 Refunding Tax Allocation Bonds maturing on or after October 1, 2018 are subject to optional redemption, without premium commencing October 1, 2017.

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current rating by Moody's Investors Services is Baa1, Developing Outlook.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 100,000	\$ 603,304	\$ 703,304
2012	105,000	599,204	704,204
2013	110,000	594,904	704,904
2014	115,000	590,404	705,404
2015	115,000	585,804	700,804
2016 - 2020	6,545,000	2,395,618	8,940,618
2021 - 2024	<u>7,620,000</u>	<u>666,167</u>	<u>8,286,167</u>
Totals	<u>\$ 14,710,000</u>	<u>\$ 6,035,405</u>	<u>\$ 20,745,405</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

G. 2009 Tax Allocation Parity Bonds:

On November 17, 2009, the Agency issued the 2009 Tax Allocation Parity Bonds in the amount of \$20,655,000. The proceeds will be used to (i) finance redevelopment activities of benefit to the Redevelopment Project, (ii) fund the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds. The 2009 Bonds were issued at a discount of \$228,331. This discount is being amortized on a straight-line basis as interest expenses through the year 2027.

Principal amounts on the 2009 Tax Allocation Parity Bonds mature annually each October 1 from 2010 through 2026, and bear interest semiannually beginning April 1, 2010 at rates ranging from 3.0% to 5.375%. The 2009 Tax Allocation Parity Bonds maturing on or after October 1, 2020 are subject to optional redemption, without premium commencing October 1, 2019.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 765,000	\$ 981,425	\$ 1,746,425
2012	660,000	960,050	1,620,050
2013	680,000	939,950	1,619,950
2014	700,000	915,750	1,615,750
2015	725,000	887,250	1,612,250
2016 - 2020	4,320,000	3,906,869	8,226,869
2021 - 2025	7,005,000	2,648,219	9,653,219
2026 - 2027	<u>5,800,000</u>	<u>315,781</u>	<u>6,115,781</u>
Totals	<u>\$ 20,655,000</u>	<u>\$ 11,555,294</u>	<u>\$ 32,210,294</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

H. Note Payable:

A \$5,000,000 note payable dated October 29, 1991, resulted from the acquisition of real property held for resale by the Agency. The note bears interest at 10% per annum. Interest and principal payments are due semi-annually on July 30 and January 30 in an amount equal to the sales tax revenue received or to be received by the City from all businesses and activities conducted on the property. Payments will be made for a period of 20 years (ending December 31, 2012) or until interest and principal due on the note is paid in full. In the event that payments are insufficient to fully discharge the note in 20 years, the unpaid balance of principal and interest will be forgiven. At June 30, 2010, the outstanding balance of this note was \$3,865,847.

Based on current available information, estimated sales tax revenue will not be sufficient to pay principal and accrued interest. Based on this, the annual debt requirements at June 30, 2010 are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 313,444	\$ 313,444
2012	-	322,847	322,847
2013	-	163,809	163,809
Subtotal	-	800,100	800,100
Estimated amount to be forgiven	<u>3,865,847</u>	<u>619,035</u>	<u>4,484,882</u>
Totals	<u>\$ 3,865,847</u>	<u>\$ 1,419,135</u>	<u>\$ 5,284,982</u>

I. Loans Payable:

On March 1, 2001 the Agency received a \$1,000,000 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan were used to acquire property for rehabilitation, and project sites for construction of multifamily rental housing. The loan bears simple interest at a rate of 3% per annum. The term of the loan is 10 years. Principal of \$1,000,000 and accrued interest of \$300,000 is due March 1, 2011. As of June 30, 2010, accrued unpaid interest totaled \$275,000.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

I. Loans Payable (Continued):

On July 1, 2002, the City became eligible for a \$1,000,000 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan are to be used to pay for design costs for construction of multifamily rental housing. The loan bears simple interest at a rate of 3% per annum. The term of the loan is 10 years. Principal of \$1,000,000 and accrued interest of \$300,000 is due July 2, 2011. As of June 30, 2010, accrued unpaid interest totaled \$248,986.

J. Compensated Absences:

There is no fixed payment schedule for earned but unpaid compensated absences in both the governmental and business-type activities.

K. 2006 Water Revenue Refunding Bonds:

On June 1, 2006, the City issued \$8,985,000 2006 Water Revenue Refunding Bonds to advance refund the Signal Hill Public Financing Authority's outstanding 1996 Certificates of Participation Bonds. The 2006 Bonds were issued at a discount of \$10,594, which is being amortized on a straight-line basis as interest expense through the year 2027. As a result of the advance refunding, the 1996 Certificates are considered to be defeased and the liability has been removed from the books. The defeased 1996 Certificates were retired on November 1, 2006.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$501,569. This difference, reported as a reduction from bonds payable, is being amortized on a straight-line basis as interest expense through the year 2027.

The 2006 Bonds are made up of serial bonds maturing annually each November 1 through the calendar year 2022, in amounts ranging from \$290,000 to \$530,000, and term bonds maturing on November 1, 2024 and 2026. The term bonds are subject to mandatory sinking fund payments commencing November 1, 2023 and 2025, respectively. Interest is payable semiannually on May 1 and November 1. The serial bonds bear interest at rates ranging from 4.00% to 4.60% and the term bonds bear interest at 4.60% and 4.625%.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

K. 2006 Water Revenue Refunding Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 325,000	\$ 335,526	\$ 660,526
2012	335,000	322,327	657,327
2013	350,000	308,626	658,626
2014	365,000	294,326	659,326
2015	380,000	279,426	659,426
2016 - 2020	2,145,000	1,137,247	3,282,247
2021 - 2025	2,665,000	603,488	3,268,488
2026 - 2027	<u>1,240,000</u>	<u>58,044</u>	<u>1,298,044</u>
Totals	<u>\$ 7,805,000</u>	<u>\$ 3,339,010</u>	<u>\$ 11,144,010</u>

L. Proprietary Loan Payable:

On June 7, 2001, the City entered into a \$870,000 loan agreement with the Water Replenishment District of Southern California (WRD). The loan is unsecured with no interest accrual. Proceeds of the loan are to be used to reimburse the City for costs related to the design, construction, installation and other services required to install and operate wellhead treatment systems at city wells and to reduce the levels of manganese and iron in the ground water pumped from the wells. Payments are due in 10 equal annual installments starting on July 1, 2003.

The annual requirements to amortize outstanding indebtedness as of June 30, 2010, are as follows:

Year Ending June 30,	Principal
2011	\$ 75,595
2012	75,595
2013	<u>75,595</u>
Total	<u>\$ 226,785</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

M. Operating Lease Obligations:

(1). The Agency is leasing land used for an Auto Center under an operating lease dated June 30, 1988. The term of the lease expires November 30, 2055. The current period rental payments, which are classified as project costs, were \$223,300.

Future minimum rental payments to be made by the Agency are due as follows:

Year Ending <u>June 30,</u>	
2011	\$ 232,325
2012	238,200
2013	238,200
2014	238,200
2015	238,200
2016 - 2020	1,252,435
2021 - 2025	1,327,650
2026 - 2030	1,400,475
2031 - 2035	1,483,025
2036 - 2040	1,558,290
2041 - 2045	1,642,435
2046 - 2050	1,727,400
2051 - 2055	1,804,165
2056	<u>150,876</u>
Total	<u>\$ 13,531,876</u>

The operating lease covers three parcels of land, which are subleased to auto dealers. For the year ended June 30, 2010, the Agency received \$244,303 in rental payments to offset the Agency's lease payments to the lessor.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. LONG-TERM LIABILITIES (CONTINUED):

M. Operating Lease Obligations (Continued):

(2). The Agency is leasing land for an Auto Center under an operating lease dated December 21, 1993 and amended May 7, 1996. The term of the lease expires December 31, 2055. The current period rental payments, which are classified as project costs, were \$211,537.

Future minimum rental payments to be made by the Agency are due as follows:

Year Ending <u>June 30,</u>	
2011	\$ 213,831
2012	213,731
2013	213,731
2014	213,731
2015	216,937
2016 - 2020	1,104,012
2021 - 2025	1,137,127
2026 - 2030	1,171,243
2031 - 2035	1,206,378
2036 - 2040	1,242,567
2041 - 2045	1,279,848
2046 - 2050	1,318,244
2051 - 2055	<u>1,357,795</u>
Total minimum lease payments	<u>\$ 10,889,175</u>

The operating lease covers five parcels of land, which are subleased to auto dealers. For the year ended June 30, 2010, the Agency received \$258,312 in rental payments to offset the Agency's lease payments to lessor.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2010, is as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	<u>\$ 67,681</u>

The interfund payable balances represent routine and temporary cash flow assistance from the General Fund until the amounts receivable from other governments are collected to reimburse eligible expenditures.

Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	<u>\$ 12,301,668</u>
Affordable Housing Special Revenue Fund	Other Governmental Funds	<u>113,749</u>
		<u>\$ 12,415,417</u>

- A. On March 18, 2008, the City made an advance of \$10,000,000 to the Agency from the General Fund to provide financial assistance for the Agency's property acquisition program related to Phase II of the Signal Hill Automotive Center. The advance bears interest at a rate of 10% compounded annually. Repayment of the advance and accrued unpaid interest is to commence no later than October 2, 2017. Currently, there is no set payment schedule.
- B. In February 2003, the City agreed to reimburse the Agency for 50% of certain land acquisition costs associated with a low and moderate income housing project since certain parcels of land would be used to develop a City park. The Agency transferred these parcels to the City for park development in August 2003. The reimbursement amount totaled \$434,372 as of June 30, 2003. The City made an initial reimbursement payment of \$150,000 during the year ended June 30, 2004. The remainder of the reimbursement is payable in ten equal annual amounts of \$28,437 through the year ending June 30, 2014. No interest will accrue on this advance. The balance due from the City of Signal Hill as of June 30, 2010 is \$113,749.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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

Interfund Transfers:

<u>Transfer In to Fund</u>	<u>Transfers Out of Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 350,075
Affordable Housing Special Revenue Fund	Debt Service Fund	230,000
Debt Service Fund	Affordable Housing Special Revenue Fund	1,360,188
Capital Improvement Capital Projects Fund	General Fund	493,942
	Other Governmental Funds	512,177
Community Redevelopment Capital Projects Fund	Debt Service Fund	531,725
Other Governmental Funds	General Fund	<u>87,246</u>
		<u>\$ 3,565,353</u>

Transfers provided funding for capital projects, debt service, traffic signal and street maintenance, and police activities related to traffic safety.

7. INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

For the year ended June 30, 2010, the following funds had deficit fund balances:

Major Fund:	
Debt Service Fund	\$ (2,458,192)
Other Governmental Funds:	
Domestic Preparedness Special Revenue Fund	(10,358)
OTS Grant Special Revenue Fund	(6,688)

These deficits will be eliminated by future revenues.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. INDIVIDUAL FUND DISCLOSURES (CONTINUED):

Expenditures Exceeding Appropriations:

For the year ended June 30, 2010, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Major Funds:

General Fund:

General government - Program administration	\$ 1,900
General government - Support services	96,683
Public works - Engineering and project services	10,836
Capital outlay	847

Debt Service Fund:

Debt service - Interest	1,288,273
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Community Redevelopment Capital Projects Fund:

Community development - Redevelopment	31,593
Debt service - Bond issuance costs	338,168

Other Governmental Funds:

Pipeline Removal Special Revenue Fund:

Public works - Contract services	2,288
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Domestic Preparedness Special Revenue Fund:

Police - Patrol services	3,715
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OTS Grant Special Revenue Fund:

Police - Patrol services	43,496
Capital outlay	9,798

The expenditures exceeding appropriations were funded by existing fund balances in the respective funds and, in certain cases, excess revenues received in the current year.

8. PENSION PLAN:

Plan Description:

The City of Signal Hill participates in the Miscellaneous 2% at 55 Risk Pool and Safety 3% at 50 Risk Pool of the California Public Employee's Retirement System (PERS). These plans are both cost-sharing, multiple-employer defined benefit pension plan administered by PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street, Sacramento, California 95814.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

8. PENSION PLAN (CONTINUED):

Funding Policy:

The City makes a portion or all of the contributions required of City employees on their behalf and for their account. The employee portion of the rates is set by statute and therefore remains unchanged from year to year. The rates are:

<u>Category</u>	<u>Member Rates as a Percentage of Wages</u>
Local miscellaneous members	7%
Local safety members	9%

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-10 was 13.295% for local miscellaneous members and 33.376% for local safety members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS. The City's contributions to CalPERS for the past three years, which were equal to the required contribution each year, were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Local Miscellaneous</u>	<u>Local Safety</u>
2010	\$ 604,279	\$ 957,742
2009	573,443	899,217
2008	534,457	885,071

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

a. Plan Description:

In addition to providing pension benefits, the City provides certain health care benefits for retired employees in accordance with a City Council resolution. Substantially all of the City's employees become eligible for those benefits if they reach normal retirement age while working for the City. Those and similar benefits for active employees are provided through PERS whose premiums are based on the benefits paid during the year.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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

a. Plan Description (Continued):

Retiree health care coverage is segregated into three tiers as follows:

Tier 1 - Employees Hired Before January 1, 2006 (1)

- Employee age 50 or over with 5 years of PERS service receive up to \$885 per month.

Tier 2 - Employees Hired On or After January 1, 2006 (1) and prior to April 7, 2010

- Employees with less than 5 years of service with Signal Hill, but who are vested with PERS are eligible to receive the minimum monthly premium mandated by PERS (currently \$101 monthly).
- Employees with 5-10 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee only.
- Employees with 11-15 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee only.
- Employees with over 16 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

Tier 3 - Employees Hired On or After April 7, 2010

- Employees with less than 11 years of service with Signal Hill, but who are vested with PERS are eligible to receive the minimum monthly premium mandated by PERS (currently \$101 monthly).
- Employees with 11-15 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 25% of the monthly benefit applicable towards the employee only.
- Employees with 16-19 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.
- Employees with over 20 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

(1) Applies to police employees hired after January 1, 2004.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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

b. Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City Council, and/or the employee associations. The City is currently funding this OPEB obligation based on an actuarially-determined annual required contribution (ARC).

c. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with 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 to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for the fiscal year ended June 30, 2010 was \$655,562 and was determined as part of an actuarial valuation dated March 31, 2010.

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 to the Retiree Health Plan:

Annual required contribution	\$ 669,732
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>(14,170)</u>
Annual OPEB cost (expense)	655,562
Actual contributions made	<u>(655,562)</u>
Change in net OPEB obligation	-
Net OPEB Obligation - beginning of year	<u>-</u>
Net OPEB Obligation - end of year	<u>\$ -</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010, the second year in which GASB Statement 45 is required to be implemented, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Unfunded AAL (UAAL)	Net OPEB Obligation
6/30/09	\$ 1,063,515	\$ 1,063,515	100.00%	\$ 13,356,267	\$ -
6/30/10	655,562	655,562	100.00%	9,640,527	-

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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

d. Funded Status and Funding Progress:

As of March 1, 2010, the second actuarial valuation date, the plan was 5.52 percent funded. The actuarial accrued liability for benefits was \$9,640,527, and the actuarial value of assets was \$532,514, resulting in an unfunded accrued actuarial liability (UAAL) of \$9,108,013. The covered payroll (annual payroll of active employees covered by the plan) was \$7,810,627 and the ratio of the UAAL to the covered payroll was 116.61%.

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 rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. 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, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. 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. 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 March 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment return/discount rate of 7.5% per annum, projected salary increases of 3.0% per annum, a general inflation rate of 3.0% per annum, and a medical trend rate of 4.0%. A level percentage of payroll method was used to allocate amortization cost by year. A closed amortization period of 30 years was used.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

10. DEFINED CONTRIBUTION PLANS:

Effective July 3, 1999, the City began providing pension benefits for all of its part-time, seasonal and temporary employees that are not covered under PERS through the City of Signal Hill Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6.2% by the employee and 1.5% by the City. All part-time, seasonal and temporary employees are immediately eligible to participate in the plan from the date of plan or date of employment, whichever is later, and all contributions are fully vested. For the year ended June 30, 2010, the employees contributed \$13,181 and the City contributed \$2,764 to the Plan.

On May 15, 2001, the City Council authorized establishment of a 401(a) Deferred Compensation Plans for its management and middle management employees. The Plans are qualified defined contribution plans under Section 401(a) of the Internal Revenue Code. Management and middle management employees will place their City-paid contributions which total 4.0% and 3.0%, respectively, of salary into the Plans. Management employees are required to match the 4% City contribution with a 8% employee contribution, and middle management employees are required to match the 3.0% City contribution with a 6% employee contribution. For the year ended June 30, 2010, the employees contributed \$180,664 and the City contributed \$59,595 to the Plans.

City council has the authority for establishing and amending the provisions of both these plans.

11. DEFERRED COMPENSATION:

The City has made available to its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, whereby employees authorize the City to defer a portion of their salary to be deposited in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City contributes on a 50% matching basis up to 4% of management's compensation and up to 3% of middle management's compensation. Total matching contributions made by the City totaled \$20,766 for the fiscal year ended June 30, 2010.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

11. DEFERRED COMPENSATION (CONTINUED):

Amounts withheld by the City under this plan are deposited regularly with the International City Managers Association (ICMA) Fund for investment. Pursuant to changes in Internal Revenue Code Section 457, the City formally established a plan level trust in which all assets and income of the 457 plan were placed. The assets, all property and rights purchased with such amount, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the property of the City, and as such, are no longer subject to the claims of the City's general creditors. As a result, the assets of the 457 plan are no longer reflected in the Agency fund in which they were previously recorded. The City had minimal involvement in the administration of the 457 plan, and therefore, the plan assets and liabilities are not reported in the City's financial statements.

12. RESERVES AND DESIGNATIONS OF FUND BALANCES:

A City may establish "reserves" of fund balances to segregate fund balances which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use. Fund "designations" also may be established to indicate tentative plans for financial resource utilization in a future period.

The City's reserves at June 30, 2010 are tabulated below followed by explanations as to the nature and purpose of each reserve.

	General Fund	Affordable Housing Special Revenue Fund	Community Redevelopment Capital Projects Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
RESERVES:			
Land held for resale	\$ -	\$ -	\$ 14,284,817
Debt service	-	-	2,067,668
Redevelopment	-	-	21,831,687
Low and moderate income housing	-	8,709,991	-
Advances	10,000,000	113,749	-
Deposits	<u>313,998</u>	<u>-</u>	<u>2,575,740</u>
 TOTAL	 <u>\$ 10,313,998</u>	 <u>\$ 8,823,740</u>	 <u>\$ 40,759,912</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

12. RESERVES AND DESIGNATIONS OF FUND BALANCES (CONTINUED):

- A. Reserved for Land Held for Resale - A reserve for land held for resale has been set aside to indicate that the related land and improvements are not an “available spendable resource”.
- B. Reserved for Debt Service - This reserve represents amounts held by fiscal agents to be used for future debt service in accordance with bond indentures and similar covenants.
- C. Reserved for Redevelopment - This reserve represents unspent bond proceeds and accrued interest that is to be used in accordance with bond indentures.
- D. Reserved for Low and Moderate Income Housing - This reserve represents amounts set-aside from tax increment monies received by the Redevelopment Agency that are to be used for projects/programs benefiting low/moderate income households.
- E. Reserved for Advances - A reserve for advances has been set aside to indicate that such advances are not an “available spendable resource”.
- F. Reserved for Deposits - A reserve for deposits has been set-aside to indicate that such deposits are not an “available spendable resource”.

	General Fund	Other Governmental Funds
DESIGNATIONS:		
Contingencies	\$ 4,845,621	\$ -
Equipment replacement	200,415	-
Insurance premium increases	395,272	-
Special revenue purposes	-	8,046,972
Capital improvements	1,004,833	-
Economic uncertainties	2,284,534	-
New police building	64,873	-
Library expansion	1,696,419	-
Park expansion	55,594	-
PERS reserve	998,485	-
Building and land acquisition	683,287	-
OPEB Reserve	1,811,732	-
NPDES Trash Reduction	<u>170,562</u>	<u>-</u>
TOTAL DESIGNATIONS	<u>\$ 14,211,627</u>	<u>\$ 8,046,972</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

12. RESERVES AND DESIGNATIONS OF FUND BALANCES (CONTINUED):

- A. Designated for Contingencies - This amount has been set aside for any emergencies or disasters which might occur.
- B. Designated for Equipment Replacement - These funds are designated for future purchases of equipment.
- C. Designated for Insurance Premium Increases - These funds are designated for future increases in insurance premiums.
- D. Designated for Special Revenue Purposes - These funds are designated for the specific special revenue purpose as restricted by law or administrative action.
- E. Designated for Capital Improvements - A designation for capital improvements has been set aside to provide for new capital additions as determined by the City Council.
- F. Designated for Economic Uncertainties - This amount has been set aside to compensate for fluctuations in future sales tax revenues.
- G. Designated for New Police Building - These funds are designated for the future police building.
- H. Designated for Library Expansion - These funds are designated for the future expansion of the City's Library building
- I. Designated for Park Expansion - These funds are designated for the future expansion of the City's park facilities.
- J. Designated for PERS Reserve - These funds are designated to pay for future PERS rate increases.
- K. Designated for Building and Land Acquisition - These funds are designated for future building and parkland acquisitions.
- L. Designated for OPEB Reserve - These funds are designated to fund future costs associated with retired employee health benefits.
- M. Designated for NPDES Trash Reduction - These funds are designated to pay future costs associated with State and Federal mandated environmental programs.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

13. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY:

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority).

A. Description of Joint Powers Insurance Authority:

The City of Signal Hill is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Insurance Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

B. Self-insurance Programs of the Insurance Authority:

General Liability Insurance. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance and are subject to a \$2,500,000 annual aggregate deductible; (4b) costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with 4a, 4b and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

13. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

B. Self-insurance Programs of the Insurance Authority (Continued):

Workers' Compensation. The City of Signal Hill also participates in the workers' compensation pool administered by the Insurance Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

C. Purchased Insurance:

Environmental Insurance. The City of Signal Hill participates in the pollution legal liability and remediation legal liability insurance which is available through the Insurance Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Signal Hill. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Insurance Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Insurance Authority has a \$10,000,000 sub-limit during the 3-year term of the policy.

Property Insurance. The City of Signal Hill participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City of Signal Hill property is currently insured according to a schedule of covered property submitted by City of Signal Hill to the Insurance Authority. The City of Signal Hill currently has all-risk property insurance protection in the amount of \$33,559,040. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

13. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

C. Purchased Insurance (Continued):

Earthquake and Flood Insurance. The City of Signal Hill purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. City of Signal Hill property currently has earthquake protection in the amount of \$24,720,086. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

D. Adequacy of Protection:

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

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

14. OTHER INFORMATION:

A. Contingent Liabilities:

Litigation:

Claims and suits are filed against the City in the normal course of business. Based upon information received from the City's management, the estimated liability under any such claims would be adequately covered by deposits in a pooled insurance authority and insurance coverage. Other claims not covered by insurance involving substantial land use actions and inverse condemnation claims are not expected to have an adverse economic effect on the City.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

14. OTHER INFORMATION (CONTINUED):

A. Contingent Liabilities (Continued):

Grant Audit Contingencies:

Under the terms of certain grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

B. Spring Street Corridor Joint Powers Authority:

The City and Agency entered into a joint powers agreement with the City of Long Beach and the Long Beach Redevelopment Agency on January 11, 1995. The purpose of this agreement was to create a joint power authority (Authority) pursuant to the California Government Code in order to develop and operate public facilities and improvements in the Spring Street Corridor Area.

The Authority is governed by a Board of Directors which is made up of the five members of the Signal Hill City Council, the four members of the Long Beach City Council, and the Chairman of the Long Beach Redevelopment Agency. Officers of the Authority are elected annually by the Board members.

On December 21, 1995, the joint powers agreement was amended to increase its jurisdiction by including additional areas surrounding the original Spring Street Corridor Area. The operating expenses are charged to the members on the basis of their prorata share of land in the Corridor. Financial statements can be obtained from the City of Signal Hill's Finance Department located at City Hall.

Pursuant to an Owner Participation and Implementation Agreement (OPIA) dated September 19, 1996, the Authority is required to pay a developer a formulated amount based on the sales tax generated at a site developed within the City of Signal Hill. The payments are due annually through the calendar year 2015. The source of these payments is to be provided by the Agency. The first source is available tax increment revenue which is limited based on the amount of the Agency's annual tax increment revenue less amounts required by law to be deposited in the Agency's Affordable Housing Special Revenue Fund. The second source is a loan from the City which would be made from the City's share of sales tax revenue generated from the developed site. No other sources of funds are available for payments. For the year ended June 30, 2010, the amount payable to the developer, which is recorded in the Debt Service Fund, is \$859,592.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

15. COMMITMENTS AND CONTINGENCIES:

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make Supplemental Education Revenue Augmentation Fund (SERAF) contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the California Redevelopment Association filed a class action lawsuit on behalf of all California redevelopment agencies, again challenging the SERAF obligations as unconstitutional. The court ruled that the SERAF obligations were not unconstitutional.

The Agency's SERAF contributions for the fiscal year 2009-2010 was \$5,168,970. The Agency utilized its non-housing funds to make the payment.

The Agency's SERAF contributions for the fiscal year 2010-2011 will be \$1,064,200.

16. PROPOSITION 1A BORROWINGS BY THE STATE OF CALIFORNIA:

Under the provisions of Proposition 1A and as part of the 2009-2010 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in the lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$355,977.

The borrowing by the State of California was recognized as a receivable/deferred revenue in the accompanying financial statements. It is reported as part of accounts receivable.

See independent auditors' report.

**SUPPLEMENTAL INFORMATION
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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIGNAL HILL

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2010

OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
10/01/08	\$ -	\$ 13,356,267	\$ 13,356,267	0.00%	\$ 6,668,337	200.29%
03/01/10	532,514	9,640,527	9,108,013	5.52%	7,810,629	116.61%

See independent auditors' report.

CITY OF SIGNAL HILL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,497,902	\$ 1,477,750	\$ 1,016,712	\$ (461,038)
Sales and use tax	10,351,152	8,904,000	8,822,354	(81,646)
Other taxes	1,491,000	1,491,000	1,648,352	157,352
Licenses and permits	246,205	246,205	302,422	56,217
Intergovernmental revenues	134,000	134,000	120,735	(13,265)
Charges for services	1,084,245	814,753	837,091	22,338
Fines and forfeitures	253,800	253,800	274,628	20,828
Investment income	515,000	515,000	294,028	(220,972)
Other revenue	51,400	81,500	102,534	21,034
TOTAL REVENUES	<u>15,624,704</u>	<u>13,918,008</u>	<u>13,418,856</u>	<u>(499,152)</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
City Council	231,820	225,097	182,658	42,439
City Treasurer	16,500	16,500	3,876	12,624
City Clerk	128,490	130,247	118,720	11,527
Program administration	388,780	388,380	390,280	(1,900)
Legislative services	201,100	208,100	189,671	18,429
Personnel services	265,500	264,629	211,587	53,042
Support services	1,237,470	1,237,470	1,334,153	(96,683)
Management information services	165,000	185,900	155,548	30,352
Fiscal services	530,830	519,330	478,478	40,852
TOTAL GENERAL GOVERNMENT	<u>3,165,490</u>	<u>3,175,653</u>	<u>3,064,971</u>	<u>110,682</u>
COMMUNITY SERVICES:				
Library programs and services	370,140	327,190	313,966	13,224
Community support and services	437,596	427,389	382,119	45,270
Recreation	724,550	606,874	542,894	63,980
TOTAL COMMUNITY SERVICES	<u>1,532,286</u>	<u>1,361,453</u>	<u>1,238,979</u>	<u>122,474</u>
POLICE:				
Patrol services	4,388,620	4,364,620	3,985,671	378,949
Investigative services	934,420	834,420	831,958	2,462
Support services	1,331,510	1,364,510	1,339,476	25,034
Emergency and disaster services	12,400	51,500	28,419	23,081
Community outreach	91,870	93,970	51,015	42,955
Communications	624,010	624,230	568,528	55,702
Records	466,830	470,630	391,304	79,326
TOTAL POLICE	<u>7,849,660</u>	<u>7,803,880</u>	<u>7,196,371</u>	<u>607,509</u>

See independent auditors' report and note to required supplementary information.

(Continued)

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND
(Continued)

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Planning services	\$ 332,480	\$ 350,480	\$ 337,273	\$ 13,207
Neighborhood enhancement	169,100	169,100	156,404	12,696
Building and safety	326,800	326,800	284,183	42,617
Oil field services	152,375	152,375	144,008	8,367
TOTAL COMMUNITY DEVELOPMENT	<u>980,755</u>	<u>998,755</u>	<u>921,868</u>	<u>76,887</u>
PUBLIC WORKS:				
Engineering and project services	563,665	626,715	637,551	(10,836)
Building maintenance	581,435	601,190	527,727	73,463
Environmental programs	767,720	548,220	515,427	32,793
Park maintenance	855,715	856,020	735,755	120,265
Street maintenance operations	1,405,430	1,437,845	1,243,599	194,246
TOTAL PUBLIC WORKS	<u>4,173,965</u>	<u>4,069,990</u>	<u>3,660,059</u>	<u>409,931</u>
CAPITAL OUTLAY	<u>12,000</u>	<u>24,400</u>	<u>25,247</u>	<u>(847)</u>
TOTAL EXPENDITURES	<u>17,714,156</u>	<u>17,434,131</u>	<u>16,107,495</u>	<u>1,326,636</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,089,452)</u>	<u>(3,516,123)</u>	<u>(2,688,639)</u>	<u>827,484</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	407,075	407,075	350,075	(57,000)
Transfers out	<u>(497,280)</u>	<u>(4,213,100)</u>	<u>(581,188)</u>	<u>3,631,912</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(90,205)</u>	<u>(3,806,025)</u>	<u>(231,113)</u>	<u>3,574,912</u>
NET CHANGE IN FUND BALANCE	(2,179,657)	(7,322,148)	(2,919,752)	4,402,396
FUND BALANCE AT BEGINNING OF YEAR	<u>27,445,377</u>	<u>27,445,377</u>	<u>27,445,377</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 25,265,720</u>	<u>\$ 20,123,229</u>	<u>\$ 24,525,625</u>	<u>\$ 4,402,396</u>

See independent auditors' report and note to required supplementary information.

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

AFFORDABLE HOUSING SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,575,000	\$ 2,575,000	\$ 2,743,481	\$ 168,481
Investment income	141,500	141,500	97,083	(44,417)
Other income	-	-	11,652	11,652
TOTAL REVENUES	<u>2,716,500</u>	<u>2,716,500</u>	<u>2,852,216</u>	<u>135,716</u>
EXPENDITURES:				
Community development:				
Redevelopment	320,690	320,690	256,293	64,397
Capital outlay	350,000	3,750,000	47,734	3,702,266
TOTAL EXPENDITURES	<u>670,690</u>	<u>4,070,690</u>	<u>304,027</u>	<u>3,766,663</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,045,810</u>	<u>(1,354,190)</u>	<u>2,548,189</u>	<u>3,902,379</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	230,000	230,000	230,000	-
Transfers out	(1,359,848)	(1,359,848)	(1,360,188)	(340)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,129,848)</u>	<u>(1,129,848)</u>	<u>(1,130,188)</u>	<u>(340)</u>
NET CHANGE IN FUND BALANCE	915,962	(2,484,038)	1,418,001	3,902,039
FUND BALANCE AT BEGINNING OF YEAR	<u>7,405,739</u>	<u>7,405,739</u>	<u>7,405,739</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,321,701</u>	<u>\$ 4,921,701</u>	<u>\$ 8,823,740</u>	<u>\$ 3,902,039</u>

See independent auditors' report and note to required supplementary information.

CITY OF SIGNAL HILL

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2010

1. BUDGETS AND BUDGETARY ACCOUNTING:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The annual budget is adopted by the City Council after the holding of a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- 2) Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budget was adopted for the DOJ Grant Special Revenue Fund for the current year.
- 3) Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year.
- 4) Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level (i.e. City Council, City Treasurer, City Attorney), except as approved in advance by the City Council.
- 5) Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration in the Governmental Fund Types during the year. However, at year end all appropriations lapse. Accordingly, encumbrances are canceled and generally reappropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.
- 6) The City Council approves all significant budgetary changes.
- 7) Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in following year. For the fiscal year ended June 30, 2010, based on calculations by City management, proceeds of taxes did not exceed appropriations.

See independent auditors' report.

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OTHER MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

Debt Service Fund - Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

CAPITAL PROJECTS FUNDS

Capital Improvement Fund - Accounts for the acquisition or construction of major capital facilities not accounted for in other funds.

Community Redevelopment Fund - Accounts for the financial activity of the Signal Hill Redevelopment Project. This activity includes administrative, overhead and capital project costs necessary for, or incidental to, implementing the redevelopment plan.

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CITY OF SIGNAL HILL

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

DEBT SERVICE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 10,300,000	\$ 10,300,000	\$ 10,973,923	\$ 673,923
Investment income	190,100	190,100	291,953	101,853
TOTAL REVENUES	10,490,100	10,490,100	11,265,876	775,776
EXPENDITURES:				
Community development:				
Redevelopment	6,397,970	6,397,970	6,384,831	13,139
Debt service:				
Owner participation agreement	1,200,000	1,200,000	859,817	340,183
Principal retirement	2,865,000	2,865,000	2,865,000	-
Interest	3,711,071	3,711,071	4,999,344	(1,288,273)
Fiscal agent fees	20,000	20,000	17,072	2,928
TOTAL EXPENDITURES	14,194,041	14,194,041	15,126,064	(932,023)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,703,941)	(3,703,941)	(3,860,188)	(156,247)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,359,848	1,359,848	1,360,188	340
Transfers out	-	(531,725)	(761,725)	(230,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,359,848	828,123	598,463	(229,660)
NET CHANGE IN FUND BALANCE	(2,344,093)	(2,875,818)	(3,261,725)	(385,907)
FUND BALANCE				
AT BEGINNING OF YEAR	803,533	803,533	803,533	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (1,540,560)	\$ (2,072,285)	\$ (2,458,192)	\$ (385,907)

See independent auditors' report.

CITY OF SIGNAL HILL

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

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 6,600,000	\$ 6,932,949	\$ 666,049	\$ (6,266,900)
Other revenue	1,553,000	1,000,000	-	(1,000,000)
TOTAL REVENUES	8,153,000	7,932,949	666,049	(7,266,900)
EXPENDITURES:				
Capital outlay	-	10,636,480	1,672,168	8,964,312
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,153,000	(2,703,531)	(1,006,119)	1,697,412
OTHER FINANCING SOURCES:				
Transfers in	1,514,573	2,703,531	1,006,119	(1,697,412)
NET CHANGE IN FUND BALANCE	9,667,573	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ 9,667,573	\$ -	\$ -	\$ -

See independent auditors' report.

CITY OF SIGNAL HILL

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

COMMUNITY REDEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 505,000	\$ 505,000	\$ 530,789	\$ 25,789
Other revenue	561,450	561,450	502,615	(58,835)
TOTAL REVENUES	1,066,450	1,066,450	1,033,404	(33,046)
EXPENDITURES:				
Community development:				
Redevelopment	531,725	686,725	718,318	(31,593)
Capital outlay	25,536,534	29,911,584	3,100,313	26,811,271
Debt service:				
Bond issuance costs	-	-	338,168	(338,168)
TOTAL EXPENDITURES	26,068,259	30,598,309	4,156,799	26,441,510
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,001,809)	(29,531,859)	(3,123,395)	26,408,464
OTHER FINANCING SOURCES (USES):				
Transfers in	-	531,725	531,725	-
Bond issued	1,500,000	15,000,000	20,655,000	5,655,000
Bond discount	-	-	(228,331)	(228,331)
TOTAL OTHER FINANCING SOURCES (USES)	1,500,000	15,531,725	20,958,394	5,426,669
NET CHANGE IN FUND BALANCE	(23,501,809)	(14,000,134)	17,834,999	31,835,133
FUND BALANCE AT BEGINNING OF YEAR	22,924,913	22,924,913	22,924,913	-
FUND BALANCE AT END OF YEAR	\$ (576,896)	\$ 8,924,779	\$ 40,759,912	\$ 31,835,133

See independent auditors' report.

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.

Asset Seizure Fund - Accounts for the portion of seized monies and property returned to the City for narcotic enforcement and other police related activities, pursuant to Federal and State asset forfeitures laws.

DOJ Grant Fund - Accounts for receipts and disbursements of moneys awarded to the City by the U.S. Department of Justice for the additional hiring and rehiring of law enforcement officers.

Park Development Fund - Accounts for revenues from residential and commercial developers impact fees for park acquisition and improvement purposes.

HCDA Grant Fund - Accounts for community development block grant revenues and expenditures for rehabilitation, food distribution and capital projects.

Special Gas Tax Fund - Accounts for receipts and disbursements of monies apportioned to the City under the Streets and Highways Code of the State of California, as well as a Transportation Development Act grant for bicycle and pedestrian facilities.

Traffic Safety Fund - Accounts for revenues from fines for violation of the California Vehicle Code.

Transportation Fund - As "Proposition A" increased the sales tax in Los Angeles County by one half percent (.5%), this fund accounts for financial activity relative to the City's share of these monies. "Proposition A" revenues are to be used for public transportation purposes.

Cable Televising Fund - Accounts for franchise fees paid by cable TV operators.

Pipeline Removal Fund - Accounts for revenues from fees paid by franchisees on idle pipeline for future removal costs.

Air Quality Improvement Fund - Accounts for revenues apportioned to the City from the Southern California AQMD fees on motor vehicle registrations, used to fund programs to reduce air pollution from mobile sources.

Water Development Fund - Accounts for revenues from residential and commercial developers' impact fees for water system improvements related to new development.

Traffic Impact Fund - Accounts for revenues from residential and commercial developers' impact fees for the purpose of reducing traffic within the City related to new development.

OTHER GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED)

Proposition C Fund - As "Proposition C" increased the sales tax in Los Angeles County by one-half percent (.5%), this fund accounts for financial activity relative to the City's share of these monies. "Proposition C" revenues are to be used for public transportation purposes.

Lighting and Landscape Fund - Accounts for financial activity relating to the City's landscape and lighting district. Revenues include assessments to property owners within the district and expenditures relate to the maintenance and upkeep of the system.

Supplemental Law Enforcement Fund - Accounts for the receipts and disbursements of monies awarded to the City under the Citizens Option for Public Safety program (otherwise known as the COPS). The grant was established by State Assembly Bill (AB) 3229 and is appropriated through its Supplemental Law Enforcement Fund.

Domestic Preparedness Fund - Accounts for receipts and disbursements of monies awarded by the Los Angeles County Office of Emergency Services under the Homeland Security Act.

OTS Grant Fund - Accounts for receipts and disbursements of monies awarded to the City by the State of California Office of Traffic Safety for traffic safety equipment and public education.

Housing Impact Fund - Accounts for the revenues collected pursuant to the agreement between the City's Redevelopment Agency and the Development and Disposition Agreement with the Hilltop, LLC. The fees collected are based upon 2% of the sales price of new residential development and must be used for very low and low income housing.

MTA-STP Grant Fund - Accounts for receipts and disbursements of grant funds awarded by the Los Angeles County Metropolitan Transportation Authority for eligible transportation capital improvement projects, such as the City's pavement management program.

Measure R Fund - As "Measure R" increased the sales tax in Los Angeles County by one-half percent (0.5%), this fund accounts for financial activity relative to the City's share of those monies. "Measure R" revenues are disbursed by the Los Angeles County Metro Transportation Authority (MTA) and are to be used for public transportation projects.

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2010

	Special Revenue Funds			
	Asset Seizure	DOJ Grant	Park Development	HCDA Grant
ASSETS				
Cash and investments	\$ 42,196	\$ 34,832	\$ 2,380,869	\$ -
Accounts receivable	-	-	-	-
Accrued interest receivable	242	503	13,596	1,400
Due from other governments	-	-	-	60,497
Rehabilitation loans receivable	-	-	-	14,173
TOTAL ASSETS	\$ 42,438	\$ 35,335	\$ 2,394,465	\$ 76,070
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ 5,690	\$ 6,023	\$ 17,233
Accrued liabilities	-	2,189	-	-
Deferred revenue	-	-	-	15,573
Due to other funds	-	-	-	43,264
Advances from other funds	-	-	113,749	-
TOTAL LIABILITIES	-	7,879	119,772	76,070
FUND BALANCES (DEFICITS):				
Unreserved:				
Designated for special revenue purposes	42,438	27,456	2,274,693	-
Undesignated	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	42,438	27,456	2,274,693	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,438	\$ 35,335	\$ 2,394,465	\$ 76,070

See independent auditors' report.

Special Revenue Funds (Continued)

Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement	Water Development
\$ 243,037	\$ 225,860	\$ 422,687	\$ 159,281	\$ 1,587,199	\$ 63,600	\$ 813,597
48,002	10,117	-	-	-	3,476	-
786	1,210	2,295	937	9,107	346	4,208
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 291,825</u>	<u>\$ 237,187</u>	<u>\$ 424,982</u>	<u>\$ 160,218</u>	<u>\$ 1,596,306</u>	<u>\$ 67,422</u>	<u>\$ 817,805</u>
\$ -	\$ -	\$ 23,508	\$ -	\$ 1,344	\$ -	\$ -
-	-	650	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	24,158	-	1,344	-	-
291,825	237,187	400,824	160,218	1,594,962	67,422	817,805
-	-	-	-	-	-	-
<u>291,825</u>	<u>237,187</u>	<u>400,824</u>	<u>160,218</u>	<u>1,594,962</u>	<u>67,422</u>	<u>817,805</u>
<u>\$ 291,825</u>	<u>\$ 237,187</u>	<u>\$ 424,982</u>	<u>\$ 160,218</u>	<u>\$ 1,596,306</u>	<u>\$ 67,422</u>	<u>\$ 817,805</u>

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2010

	Special Revenue Funds (Continued)			
	Traffic Impact	Proposition C	Lighting and Landscape	Supplemental Law Enforcement
ASSETS				
Cash and investments	\$ 925,259	\$ 161,249	\$ 55,003	\$ 99,501
Accounts receivable	-	-	1,041	7,548
Accrued interest receivable	5,775	647	361	294
Due from other governments	-	-	-	-
Rehabilitation loans receivable	-	-	-	-
TOTAL ASSETS	\$ 931,034	\$ 161,896	\$ 56,405	\$ 107,343
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 2,517	\$ -
Accrued liabilities	-	-	-	4,102
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
TOTAL LIABILITIES	-	-	2,517	4,102
FUND BALANCES (DEFICITS):				
Unreserved:				
Designated for special revenue purposes	931,034	161,896	53,888	103,241
Undesignated	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	931,034	161,896	53,888	103,241
TOTAL LIABILITIES AND FUND BALANCES	\$ 931,034	\$ 161,896	\$ 56,405	\$ 107,343

See independent auditors' report.

Special Revenue Funds (Continued)

Domestic Preparedness	OTS Grant	Housing Impact	MTA-STP Grant	Measure R	Total Other Governmental Funds
\$ -	\$ 32	\$ 772,109	\$ 65,976	\$ 55,856	\$ 8,108,143
3,858	10,332	-	-	-	84,374
-	12	4,426	532	230	46,907
-	4,458	-	-	-	64,955
-	-	-	-	-	14,173
<u>\$ 3,858</u>	<u>\$ 14,834</u>	<u>\$ 776,535</u>	<u>\$ 66,508</u>	<u>\$ 56,086</u>	<u>\$ 8,318,552</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,315
-	2,491	-	-	-	9,432
6,652	2,178	-	-	-	24,403
7,564	16,853	-	-	-	67,681
-	-	-	-	-	113,749
<u>14,216</u>	<u>21,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,580</u>
-	-	776,535	66,508	56,086	8,064,018
<u>(10,358)</u>	<u>(6,688)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,046)</u>
<u>(10,358)</u>	<u>(6,688)</u>	<u>776,535</u>	<u>66,508</u>	<u>56,086</u>	<u>8,046,972</u>
<u>\$ 3,858</u>	<u>\$ 14,834</u>	<u>\$ 776,535</u>	<u>\$ 66,508</u>	<u>\$ 56,086</u>	<u>\$ 8,318,552</u>

CITY OF SIGNAL HILL

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

For the year ended June 30, 2010

	Special Revenue Funds			
	Asset Seizure	DOJ Grant	Park Development	HCDA Grant
REVENUES:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	22,484	231,156	-	225,685
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	1,230	2,540	54,515	-
Developer fees	-	-	205,834	-
TOTAL REVENUES	23,714	233,696	260,349	225,685
EXPENDITURES:				
Current:				
General government	-	-	-	-
Community services	-	-	33,263	-
Police	-	32,551	-	-
Community development	-	-	-	24,941
Public works	-	-	-	-
Capital outlay	-	173,689	-	200,750
TOTAL EXPENDITURES	-	206,240	33,263	225,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,714	27,456	227,086	(6)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	6
Transfers out	-	-	(65,673)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(65,673)	6
NET CHANGE IN FUND BALANCES	23,714	27,456	161,413	-
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	18,724	-	2,113,280	-
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 42,438	\$ 27,456	\$ 2,274,693	\$ -

See independent auditors' report.

Special Revenue Funds (Continued)

Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement	Water Development
\$ -	\$ -	\$ 145,064	\$ -	\$ 96,524	\$ -	\$ -
293,104	-	-	-	-	12,942	-
-	-	3,813	-	-	-	-
-	125,457	-	-	-	-	-
3,461	6,026	9,999	3,505	37,937	1,554	9,405
-	-	-	-	-	-	268,929
<u>296,565</u>	<u>131,483</u>	<u>158,876</u>	<u>3,505</u>	<u>134,461</u>	<u>14,496</u>	<u>278,334</u>
-	-	-	-	-	2,489	-
-	-	-	-	-	-	-
-	-	139,026	-	-	-	-
-	-	-	-	20,866	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>139,026</u>	<u>-</u>	<u>20,866</u>	<u>2,489</u>	<u>-</u>
<u>296,565</u>	<u>131,483</u>	<u>19,850</u>	<u>3,505</u>	<u>113,595</u>	<u>12,007</u>	<u>278,334</u>
-	-	9,960	-	-	-	-
<u>(199,875)</u>	<u>(100,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(199,875)</u>	<u>(100,000)</u>	<u>9,960</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
96,690	31,483	29,810	(21,495)	113,595	12,007	278,334
<u>195,135</u>	<u>205,704</u>	<u>371,014</u>	<u>181,713</u>	<u>1,481,367</u>	<u>55,415</u>	<u>539,471</u>
<u>\$ 291,825</u>	<u>\$ 237,187</u>	<u>\$ 400,824</u>	<u>\$ 160,218</u>	<u>\$ 1,594,962</u>	<u>\$ 67,422</u>	<u>\$ 817,805</u>

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2010

	Special Revenue Funds (Continued)			
	Traffic Impact	Proposition C	Lighting and Landscape	Supplemental Law Enforcement
REVENUES:				
Other taxes	\$ -	\$ 130,564	\$ 33,726	\$ -
Intergovernmental revenues	-	-	-	124,386
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	22,396	1,524	1,670	1,472
Developer fees	75,936	-	-	-
TOTAL REVENUES	98,332	132,088	35,396	125,858
EXPENDITURES:				
Current:				
General government	-	2,458	-	-
Community services	-	-	-	-
Police	-	-	-	177,132
Community development	-	-	-	-
Public works	-	-	40,279	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-	2,458	40,279	177,132
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	98,332	129,630	(4,883)	(51,274)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	77,280
Transfers out	(274,855)	(48,988)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(274,855)	(48,988)	-	77,280
NET CHANGE IN FUND BALANCES	(176,523)	80,642	(4,883)	26,006
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	1,107,557	81,254	58,771	77,235
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 931,034	\$ 161,896	\$ 53,888	\$ 103,241

See independent auditors' report.

Special Revenue Funds (Continued)					Total Other Governmental Funds
Domestic Preparedness	OTS Grant	Housing Impact	MTA-STP Grant	Measure R	
\$ -	\$ -	\$ -	\$ -	\$ 72,404	\$ 478,282
19,606	49,670	-	-	-	979,033
-	-	-	-	-	3,813
-	-	-	-	-	125,457
13	67	18,058	1,521	1,197	178,090
-	-	-	-	-	550,699
<u>19,619</u>	<u>49,737</u>	<u>18,058</u>	<u>1,521</u>	<u>73,601</u>	<u>2,315,374</u>
-	-	-	-	-	4,947
-	-	-	-	-	33,263
8,565	43,496	-	-	-	261,744
-	-	-	-	-	163,967
-	-	-	-	-	61,145
<u>11,055</u>	<u>9,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,292</u>
<u>19,620</u>	<u>53,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920,358</u>
<u>(1)</u>	<u>(3,557)</u>	<u>18,058</u>	<u>1,521</u>	<u>73,601</u>	<u>1,395,016</u>
-	-	-	-	-	87,246
-	-	-	(130,346)	(17,515)	(862,252)
-	-	-	(130,346)	(17,515)	(775,006)
(1)	(3,557)	18,058	(128,825)	56,086	620,010
<u>(10,357)</u>	<u>(3,131)</u>	<u>758,477</u>	<u>195,333</u>	<u>-</u>	<u>7,426,962</u>
<u>\$ (10,358)</u>	<u>\$ (6,688)</u>	<u>\$ 776,535</u>	<u>\$ 66,508</u>	<u>\$ 56,086</u>	<u>\$ 8,046,972</u>

CITY OF SIGNAL HILL

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

ASSET SEIZURE SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 1,000	\$ 1,000	\$ 22,484	\$ 21,484
Investment income	225	225	1,230	1,005
TOTAL REVENUES	1,225	1,225	23,714	22,489
FUND BALANCE AT BEGINNING OF YEAR	18,724	18,724	18,724	-
FUND BALANCE AT END OF YEAR	\$ 19,949	\$ 19,949	\$ 42,438	\$ 22,489

See independent auditors' report.

CITY OF SIGNAL HILL

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

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 57,000	\$ 57,000	\$ 54,515	\$ (2,485)
Developer fees	277,000	277,000	205,834	(71,166)
TOTAL REVENUES	334,000	334,000	260,349	(73,651)
EXPENDITURES:				
Community services:				
Contract services	-	43,165	33,263	9,902
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	334,000	290,835	227,086	(63,749)
OTHER FINANCING USES:				
Transfers out	-	(193,424)	(65,673)	127,751
NET CHANGE IN FUND BALANCE	334,000	97,411	161,413	64,002
FUND BALANCE AT BEGINNING OF YEAR	2,113,280	2,113,280	2,113,280	-
FUND BALANCE AT END OF YEAR	\$ 2,447,280	\$ 2,210,691	\$ 2,274,693	\$ 64,002

See independent auditors' report.

CITY OF SIGNAL HILL

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

HCDA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 712,597	\$ 747,781	\$ 225,685	\$ (522,096)
EXPENDITURES:				
Community development:				
CDBG program	-	28,888	24,941	3,947
Capital outlay	-	718,893	200,750	518,143
TOTAL EXPENDITURES	-	747,781	225,691	522,090
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	712,597	-	(6)	(6)
OTHER FINANCING SOURCES:				
Transfers in	-	-	6	6
NET CHANGE IN FUND BALANCE	712,597	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ 712,597	\$ -	\$ -	\$ -

See independent auditors' report.

CITY OF SIGNAL HILL

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

SPECIAL GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 212,000	\$ 212,000	\$ 293,104	\$ 81,104
Investment income	2,000	2,000	3,461	1,461
TOTAL REVENUES	214,000	214,000	296,565	82,565
OTHER FINANCING USES:				
Transfers out	(5,000)	(199,875)	(199,875)	-
NET CHANGE IN FUND BALANCE	209,000	14,125	96,690	82,565
FUND BALANCE AT BEGINNING OF YEAR	195,135	195,135	195,135	-
FUND BALANCE AT END OF YEAR	\$ 404,135	\$ 209,260	\$ 291,825	\$ 82,565

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 110,000	\$ 110,000	\$ 125,457	\$ 15,457
Investment income	2,000	2,000	6,026	4,026
TOTAL REVENUES	112,000	112,000	131,483	19,483
OTHER FINANCING USES:				
Transfers out	-	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	112,000	12,000	31,483	19,483
FUND BALANCE AT BEGINNING OF YEAR	205,704	205,704	205,704	-
FUND BALANCE AT END OF YEAR	\$ 317,704	\$ 217,704	\$ 237,187	\$ 19,483

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRANSPORTATION SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 181,847	\$ 181,847	\$ 145,064	\$ (36,783)
Charges for services	2,725	2,725	3,813	1,088
Investment income	5,700	5,700	9,999	4,299
TOTAL REVENUES	190,272	190,272	158,876	(31,396)
EXPENDITURES:				
Community development:				
Public transportation	140,634	140,634	139,026	1,608
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,638	49,638	19,850	(29,788)
OTHER FINANCING SOURCES:				
Transfers in	-	-	9,960	9,960
NET CHANGE IN FUND BALANCE	49,638	49,638	29,810	(19,828)
FUND BALANCE AT BEGINNING OF YEAR	371,014	371,014	371,014	-
FUND BALANCE AT END OF YEAR	\$ 420,652	\$ 420,652	\$ 400,824	\$ (19,828)

See independent auditors' report.

CITY OF SIGNAL HILL

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

CABLE TELEVISIONING SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 2,000	\$ 2,000	\$ 3,505	\$ 1,505
OTHER FINANCING USES:				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(23,000)	(23,000)	(21,495)	1,505
FUND BALANCE AT BEGINNING OF YEAR	181,713	181,713	181,713	-
FUND BALANCE AT END OF YEAR	\$ 158,713	\$ 158,713	\$ 160,218	\$ 1,505

See independent auditors' report.

CITY OF SIGNAL HILL

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

PIPELINE REMOVAL SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 100,000	\$ 100,000	\$ 96,524	\$ (3,476)
Investment income	15,000	15,000	37,937	22,937
TOTAL REVENUES	115,000	115,000	134,461	19,461
EXPENDITURES:				
Public works:				
Contract services	-	18,578	20,866	(2,288)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	115,000	96,422	113,595	17,173
FUND BALANCE AT BEGINNING OF YEAR	1,481,367	1,481,367	1,481,367	-
FUND BALANCE AT END OF YEAR	\$ 1,596,367	\$ 1,577,789	\$ 1,594,962	\$ 17,173

See independent auditors' report.

CITY OF SIGNAL HILL

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 13,500	\$ 13,500	\$ 12,942	\$ (558)
Investment income	1,000	1,000	1,554	554
TOTAL REVENUES	14,500	14,500	14,496	(4)
EXPENDITURES:				
General government:				
City Council	3,000	3,000	2,489	511
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,500	11,500	12,007	507
FUND BALANCE AT BEGINNING OF YEAR	55,415	55,415	55,415	-
FUND BALANCE AT END OF YEAR	\$ 66,915	\$ 66,915	\$ 67,422	\$ 507

See independent auditors' report.

CITY OF SIGNAL HILL

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

WATER DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 23,000	\$ 23,000	\$ 9,405	\$ (13,595)
Developer fees	371,000	371,000	268,929	(102,071)
TOTAL REVENUES	394,000	394,000	278,334	(115,666)
OTHER FINANCING USES:				
Transfers out	-	(500,000)	-	500,000
NET CHANGE IN FUND BALANCE	394,000	(106,000)	278,334	384,334
FUND BALANCE AT BEGINNING OF YEAR	539,471	539,471	539,471	-
FUND BALANCE AT END OF YEAR	\$ 933,471	\$ 433,471	\$ 817,805	\$ 384,334

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRAFFIC IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 27,000	\$ 27,000	\$ 22,396	\$ (4,604)
Developer fees	117,000	117,000	75,936	(41,064)
TOTAL REVENUES	144,000	144,000	98,332	(45,668)
OTHER FINANCING USES:				
Transfers out	-	(800,000)	(274,855)	525,145
NET CHANGE IN FUND BALANCE	144,000	(656,000)	(176,523)	479,477
FUND BALANCE AT BEGINNING OF YEAR	1,107,557	1,107,557	1,107,557	-
FUND BALANCE AT END OF YEAR	\$ 1,251,557	\$ 451,557	\$ 931,034	\$ 479,477

See independent auditors' report.

CITY OF SIGNAL HILL

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

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 148,000	\$ 148,000	\$ 130,564	\$ (17,436)
Investment income	1,000	1,000	1,524	524
TOTAL REVENUES	149,000	149,000	132,088	(16,912)
EXPENDITURES:				
General government:				
City Council	4,500	2,500	2,458	42
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	144,500	146,500	129,630	(16,870)
OTHER FINANCING USES:				
Transfers out	(82,200)	(225,200)	(48,988)	176,212
NET CHANGE IN FUND BALANCE	62,300	(78,700)	80,642	159,342
FUND BALANCE AT BEGINNING OF YEAR	81,254	81,254	81,254	-
FUND BALANCE AT END OF YEAR	\$ 143,554	\$ 2,554	\$ 161,896	\$ 159,342

See independent auditors' report.

CITY OF SIGNAL HILL

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

LIGHTING AND LANDSCAPE SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 54,440	\$ 54,440	\$ 33,726	\$ (20,714)
Investment income	1,000	1,000	1,670	670
TOTAL REVENUES	55,440	55,440	35,396	(20,044)
EXPENDITURES:				
Public works:				
Lighting and landscape maintenance	51,440	54,640	40,279	14,361
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,000	800	(4,883)	(5,683)
FUND BALANCE AT BEGINNING OF YEAR	58,771	58,771	58,771	-
FUND BALANCE AT END OF YEAR	\$ 62,771	\$ 59,571	\$ 53,888	\$ (5,683)

See independent auditors' report.

CITY OF SIGNAL HILL

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

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 124,386	\$ 24,386
Investment income	700	700	1,472	772
TOTAL REVENUES	100,700	100,700	125,858	25,158
EXPENDITURES:				
Police:				
Patrol services	177,280	177,280	177,132	148
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(76,580)	(76,580)	(51,274)	25,306
OTHER FINANCING SOURCES:				
Transfers in	77,280	77,280	77,280	-
NET CHANGE IN FUND BALANCE	700	700	26,006	25,306
FUND BALANCE AT BEGINNING OF YEAR	77,235	77,235	77,235	-
FUND BALANCE AT END OF YEAR	\$ 77,935	\$ 77,935	\$ 103,241	\$ 25,306

See independent auditors' report.

CITY OF SIGNAL HILL

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

DOMESTIC PREPAREDNESS SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ 26,725	\$ 19,606	\$ (7,119)
Investment income	-	-	13	13
TOTAL REVENUES	-	26,725	19,619	(7,106)
EXPENDITURES:				
Police:				
Patrol services	-	4,850	8,565	(3,715)
Capital outlay	-	18,555	11,055	7,500
TOTAL EXPENDITURES	-	23,405	19,620	3,785
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	3,320	(1)	(3,321)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(10,357)	(10,357)	(10,357)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (10,357)</u>	<u>\$ (7,037)</u>	<u>\$ (10,358)</u>	<u>\$ (3,321)</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

OTS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 4,000	\$ 4,000	\$ 49,670	\$ 45,670
Investment income	-	-	67	67
TOTAL REVENUES	4,000	4,000	49,737	45,737
EXPENDITURES:				
Police:				
Patrol services	-	-	43,496	(43,496)
Capital outlay	-	-	9,798	(9,798)
TOTAL EXPENDITURES	-	-	53,294	(53,294)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,000	4,000	(3,557)	(7,557)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(3,131)	(3,131)	(3,131)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 869	\$ 869	\$ (6,688)	\$ (7,557)

See independent auditors' report.

CITY OF SIGNAL HILL

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

HOUSING IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 10,000	\$ 10,000	\$ 18,058	\$ 8,058
FUND BALANCE AT BEGINNING OF YEAR	<u>758,477</u>	<u>758,477</u>	<u>758,477</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 768,477</u>	<u>\$ 768,477</u>	<u>\$ 776,535</u>	<u>\$ 8,058</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

MTA-STP GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,521	\$ 1,521
OTHER FINANCING USES:				
Transfers out	-	(187,000)	(130,346)	56,654
NET CHANGE IN FUND BALANCE	-	(187,000)	(128,825)	58,175
FUND BALANCE AT BEGINNING OF YEAR	195,333	195,333	195,333	-
FUND BALANCE AT END OF YEAR	<u>\$ 195,333</u>	<u>\$ 8,333</u>	<u>\$ 66,508</u>	<u>\$ 58,175</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ -	\$ 200,000	\$ 72,404	\$ (127,596)
Investment income	-	-	1,197	1,197
TOTAL REVENUES	-	200,000	73,601	(126,399)
OTHER FINANCING USES:				
Transfers out	-	(247,107)	(17,515)	229,592
NET CHANGE IN FUND BALANCE	-	(47,107)	56,086	103,193
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ (47,107)	\$ 56,086	\$ 103,193

See independent auditors' report.

FIDUCIARY FUND

Special Deposit Fund - Accounts for assets held by the City as trustee or agent for individuals, private organizations and other governmental units. In addition, this fund holds deposits resulting from new development.

CITY OF SIGNAL HILL

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
SPECIAL DEPOSIT AGENCY FUND

For the year ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and investments	<u>\$ 603,395</u>	<u>\$ 635,361</u>	<u>\$ 653,320</u>	<u>\$ 585,436</u>
LIABILITIES:				
Refundable deposits	<u>\$ 603,395</u>	<u>\$ 635,361</u>	<u>\$ 653,320</u>	<u>\$ 585,436</u>

See independent auditors' report.

**STATISTICAL SECTION
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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2010

This part of the City of Signal Hill's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	124 - 131
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	132 - 135
<u>Debt Capacity</u> - These schedules present 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.	136 - 139
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	140 - 141
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	142 - 144

CITY OF SIGNAL HILL
Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 42,045	\$ 45,374	\$ 45,473	\$ 44,080
Restricted	149	11,460	7,155	9,206
Unrestricted	<u>(40,183)</u>	<u>(44,957)</u>	<u>(40,035)</u>	<u>(31,819)</u>
Total governmental activities net assets	<u>\$ 2,011</u>	<u>\$ 11,877</u>	<u>\$ 12,593</u>	<u>\$ 21,467</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 14,349	\$ 14,021	\$ 14,403	\$ 15,414
Restricted	2,109	2,249	2,405	689
Unrestricted	<u>3,051</u>	<u>2,703</u>	<u>2,954</u>	<u>4,137</u>
Total business-type activities net assets	<u>\$ 19,509</u>	<u>\$ 18,973</u>	<u>\$ 19,762</u>	<u>\$ 20,240</u>
Primary government				
Invested in capital assets, net of related debt	\$ 56,394	\$ 59,395	\$ 59,876	\$ 59,494
Restricted	2,258	13,709	9,560	9,895
Unrestricted	<u>(37,132)</u>	<u>(42,254)</u>	<u>(37,081)</u>	<u>(27,682)</u>
Total primary government net assets	<u>\$ 21,520</u>	<u>\$ 30,850</u>	<u>\$ 32,355</u>	<u>\$ 41,707</u>

GASB 34 was implemented for the fiscal year ended June 30, 2003.
Information prior to implementation of GASB 34 is not available.

Fiscal Year			
2007	2008	2009	2010
\$ 43,943	\$ 44,503	\$ 45,402	\$ 46,331
32,432	37,503	36,632	56,423
<u>(43,683)</u>	<u>(47,272)</u>	<u>(43,794)</u>	<u>(65,190)</u>
<u>\$ 32,692</u>	<u>\$ 34,734</u>	<u>\$ 38,240</u>	<u>\$ 37,564</u>
\$ 17,289	\$ 18,010	\$ 17,674	\$ 17,341
688	-	-	670
<u>2,812</u>	<u>4,108</u>	<u>4,892</u>	<u>4,484</u>
<u>\$ 20,789</u>	<u>\$ 22,118</u>	<u>\$ 22,566</u>	<u>\$ 22,495</u>
\$ 61,232	\$ 62,513	\$ 63,076	\$ 63,672
33,120	37,503	36,632	57,093
<u>(40,871)</u>	<u>(43,164)</u>	<u>(38,902)</u>	<u>(60,706)</u>
<u>\$ 53,481</u>	<u>\$ 56,852</u>	<u>\$ 60,806</u>	<u>\$ 60,059</u>

CITY OF SIGNAL HILL
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 3,054	\$ 3,176	\$ 5,152	\$ 4,110
Community services	1,066	1,149	1,162	1,189
Police	5,029	5,733	6,599	6,630
Community development	6,428	3,340	5,940	3,877
Public works	3,645	5,866	5,636	5,915
Unallocated infrastructure depreciation	445	446	448	482
Interest on long-term liabilities	3,967	3,565	3,631	3,504
Fiscal agent fees	-	-	-	-
Total governmental activities expenses	<u>23,634</u>	<u>23,275</u>	<u>28,568</u>	<u>25,707</u>
Business-type activities - Water	2,956	3,861	3,366	4,058
Total primary government expenses	<u>\$ 26,590</u>	<u>\$ 27,136</u>	<u>\$ 31,934</u>	<u>\$ 29,765</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 144	\$ 215	\$ 164	\$ 135
Community services	217	266	268	260
Police	312	330	408	538
Community development	13	1	7	7
Public works	1,164	1,361	1,206	1,264
Operating grants and contributions	906	1,041	1,055	3,178
Capital grants and contributions	5,107	7,063	2,415	2,728
Total governmental activities program revenues	<u>7,863</u>	<u>10,277</u>	<u>5,523</u>	<u>8,110</u>
Business-type activities:				
Charges for services - water	3,196	3,296	3,355	3,433
Total primary government program revenues	<u>\$ 11,059</u>	<u>\$ 13,573</u>	<u>\$ 8,878</u>	<u>\$ 11,543</u>
Net (expense)/revenue				
Governmental activities	\$ (15,771)	\$ (12,998)	\$ (23,045)	\$ (17,597)
Business-type activities	240	(565)	(11)	(625)
Total primary government net expenses	<u>\$ (15,531)</u>	<u>\$ (13,563)</u>	<u>\$ (23,056)</u>	<u>\$ (18,222)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property	\$ 8,107	\$ 9,243	\$ 9,451	\$ 12,143
Sales and use	10,025	10,598	11,125	12,015
Franchise	456	455	462	412
Motor vehicle	608	490	952	24
Other	682	769	816	1,016
Investment income	1,002	385	912	1,067
Unrestricted grants and contributions	624	905	733	764
Gain on disposition of assets	25	19	-	18
Transfers	17	-	(690)	(988)
Total governmental activities	<u>21,546</u>	<u>22,864</u>	<u>23,761</u>	<u>26,471</u>
Business-type activities				
Investment income	173	29	109	115
Unrestricted grants and contributions	1	-	-	-
Gain (loss) on disposition of assets	-	-	1	-
Transfers	(17)	-	690	988
Total business-type activities	<u>157</u>	<u>29</u>	<u>800</u>	<u>1,103</u>
Total primary government	<u>\$ 21,703</u>	<u>\$ 22,893</u>	<u>\$ 24,561</u>	<u>\$ 27,574</u>
Changes in Net Assets				
Governmental activities	\$ 5,775	\$ 9,866	\$ 716	\$ 8,874
Business-type activities	397	(536)	789	478
Total primary government	<u>\$ 6,172</u>	<u>\$ 9,330</u>	<u>\$ 1,505</u>	<u>\$ 9,352</u>

GASB 34 was implemented for the fiscal year ended June 30, 2003. Information prior to implementation of GASB 34 is not available.
Note: Beginning in fiscal year 2005-06, the City began receiving a larger allocation of property tax in lieu of most of the motor vehicle revenues received from the State.

Source: City of Signal Hill, Finance Department

Fiscal Year				
	2007	2008	2009	2010
\$	3,009	\$ 3,344	\$ 3,685	\$ 3,137
	1,248	1,407	1,418	1,273
	7,434	7,662	7,628	7,726
	3,712	11,578	8,788	11,563
	5,328	4,585	5,600	4,935
	524	531	531	521
	4,252	4,095	3,761	4,394
	-	17	19	-
	<u>25,507</u>	<u>33,219</u>	<u>31,430</u>	<u>33,549</u>
	3,896	3,380	3,578	3,832
\$	<u>29,403</u>	<u>\$ 36,599</u>	<u>\$ 35,008</u>	<u>\$ 37,381</u>
\$	213	\$ 157	\$ 440	\$ 70
	282	297	301	239
	549	665	639	556
	588	597	559	506
	989	962	1,062	914
	1,748	806	1,187	1,703
	<u>2,366</u>	<u>1,230</u>	<u>1,268</u>	<u>1,376</u>
	6,735	4,714	5,456	5,364
	3,601	3,352	3,291	3,630
\$	<u>10,336</u>	<u>\$ 8,066</u>	<u>\$ 8,747</u>	<u>\$ 8,994</u>
\$	(18,772)	\$ (28,505)	\$ (25,974)	\$ (28,185)
	(295)	(28)	(287)	(202)
\$	<u>(19,067)</u>	<u>\$ (28,533)</u>	<u>\$ (26,261)</u>	<u>\$ (28,387)</u>
\$	13,995	\$ 14,302	\$ 15,391	\$ 15,168
	12,177	12,162	9,978	9,460
	591	502	563	514
	74	51	39	33
	1,302	1,117	1,355	1,058
	2,295	3,356	2,503	1,267
	206	195	136	27
	16	14	14	(17)
	<u>(660)</u>	<u>(1,151)</u>	<u>(500)</u>	<u>-</u>
	<u>29,996</u>	<u>30,548</u>	<u>29,479</u>	<u>27,510</u>
	184	206	236	131
	-	-	-	-
	1	-	-	-
	<u>660</u>	<u>1,151</u>	<u>500</u>	<u>-</u>
	845	1,357	736	131
\$	<u>30,841</u>	<u>\$ 31,905</u>	<u>\$ 30,215</u>	<u>\$ 27,641</u>
\$	11,224	\$ 2,043	\$ 3,505	\$ (675)
	550	1,329	449	(71)
\$	<u>11,774</u>	<u>\$ 3,372</u>	<u>\$ 3,954</u>	<u>\$ (746)</u>

CITY OF SIGNAL HILL
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 822	\$ 2,286	\$ 2,607	\$ 2,349
Unreserved	12,287	14,364	16,222	18,502
Total General Fund	<u>13,109</u>	<u>16,650</u>	<u>18,829</u>	<u>20,851</u>
All Other Governmental Funds				
Reserved	7,484	6,624	3,517	3,801
Unreserved, reported in:				
Special revenue funds	6,117	5,059	7,575	11,346
Debt service funds	(658)	(1,080)	(1,063)	176
Capital projects funds	4,447	77	456	3,102
Total All Other Governmental Funds	<u>17,390</u>	<u>10,680</u>	<u>10,485</u>	<u>18,425</u>
Total All Governmental Funds	<u>\$ 30,499</u>	<u>\$ 27,330</u>	<u>\$ 29,314</u>	<u>\$ 39,276</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 2,289	\$ 2,290	\$ 43	\$ 10,000	\$ 10,000	\$ 10,314
18,843	21,287	26,564	19,652	17,445	14,212
<u>21,132</u>	<u>23,577</u>	<u>26,607</u>	<u>29,652</u>	<u>27,445</u>	<u>24,526</u>
4,726	4,101	20,150	30,761	30,331	49,583
6,192	9,216	10,983	6,616	7,427	8,047
1,603	3,688	5,904	(1,640)	804	(2,458)
3,144	3,693	2,312	868	-	-
<u>15,665</u>	<u>20,698</u>	<u>39,349</u>	<u>36,605</u>	<u>38,562</u>	<u>55,172</u>
<u>\$ 36,797</u>	<u>\$ 44,275</u>	<u>\$ 65,956</u>	<u>\$ 66,257</u>	<u>\$ 66,007</u>	<u>\$ 79,698</u>

CITY OF SIGNAL HILL
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Taxes	\$ 17,484	\$ 17,826	\$ 19,650	\$ 21,452
Licenses and permits	407	423	426	421
Intergovernmental revenues	1,963	1,791	5,488	4,304
Charges for services	962	838	924	1,185
Fines and forfeitures	263	217	199	203
Investment income	2,533	1,589	1,109	328
Other	931	1,630	3,549	2,600
Total Revenues	<u>24,543</u>	<u>24,314</u>	<u>31,345</u>	<u>30,493</u>
Expenditures				
General government	2,728	2,793	3,073	3,009
Community services	903	922	1,050	1,048
Police	4,644	4,602	4,897	5,473
Community development	851	958	907	1,108
Public works	2,815	3,008	3,164	3,577
Capital outlay	4,513	9,713	9,468	5,578
Debt service:				
Principal retirement	1,528	1,664	1,904	820
Interest	3,876	3,868	3,939	2,976
Other debt service	1,085	2,807	1,096	4,510
Total Expenditures	<u>22,943</u>	<u>30,335</u>	<u>29,498</u>	<u>28,099</u>
Excess of revenues over/(under) expenditures	<u>1,600</u>	<u>(6,021)</u>	<u>1,847</u>	<u>2,394</u>
Other Financing Sources/(Uses)				
Transfers in	3,207	2,301	2,884	3,406
Transfers out	(3,205)	(2,301)	(2,867)	(3,406)
Residual equity transfers	-	-	-	-
Other	1,000	2,852	120	7,568
Total other financing sources	<u>1,002</u>	<u>2,852</u>	<u>137</u>	<u>7,568</u>
Net change in fund balances	<u>\$ 2,602</u>	<u>\$ (3,169)</u>	<u>\$ 1,984</u>	<u>\$ 9,962</u>
Debt service as a percentage of noncapital expenditures	29.3%	26.8%	29.2%	16.9%

Note: Beginning in fiscal year 2005-06, the City began receiving a larger allocation of property tax in lieu of most of the motor vehicle revenues received from the State.

Fiscal Year						
	2005	2006	2007	2008	2009	2010
\$	21,609	\$ 25,975	\$ 28,181	\$ 29,009	\$ 28,334	\$ 25,683
	429	348	369	278	271	302
	2,910	2,235	2,224	810	1,086	1,766
	1,020	1,236	1,142	1,078	1,155	841
	284	359	356	409	401	400
	1,014	1,185	2,960	3,547	2,945	1,392
	1,948	4,212	2,130	1,543	1,678	1,168
	<u>29,214</u>	<u>35,550</u>	<u>37,362</u>	<u>36,674</u>	<u>35,870</u>	<u>31,552</u>
	5,058	4,155	2,919	3,054	3,398	3,070
	1,130	1,175	1,246	1,406	1,413	1,272
	6,339	6,586	7,295	7,520	7,516	7,458
	1,123	1,187	1,198	3,323	3,101	8,446
	3,683	3,761	4,025	4,015	3,964	3,721
	7,191	2,891	3,738	8,136	7,742	5,241
	2,595	2,888	2,451	2,545	2,845	2,865
	3,427	3,334	3,749	4,019	4,563	4,999
	457	1,114	1,842	1,721	1,079	1,215
	<u>31,003</u>	<u>27,091</u>	<u>28,463</u>	<u>35,739</u>	<u>35,621</u>	<u>38,287</u>
	<u>(1,789)</u>	<u>8,459</u>	<u>8,899</u>	<u>935</u>	<u>249</u>	<u>(6,735)</u>
	2,372	2,765	5,024	13,845	5,129	3,565
	(3,062)	(3,746)	(5,742)	(14,996)	(5,629)	(3,565)
	-	-	-	-	-	-
	-	-	13,500	517	-	20,427
	<u>(690)</u>	<u>(981)</u>	<u>12,782</u>	<u>(634)</u>	<u>(500)</u>	<u>20,427</u>
\$	<u>(2,479)</u>	<u>\$ 7,478</u>	<u>\$ 21,681</u>	<u>\$ 301</u>	<u>\$ (251)</u>	<u>\$ 13,692</u>
	25.3%	25.7%	25.1%	23.8%	26.6%	23.8%

CITY OF SIGNAL HILL
Assessed Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured	Less: Exemptions		
2001	\$ 310,487	\$ 31,799	\$ (5,211)	\$ 337,075	\$ 547,298	\$ 72,621	\$ (4,138)	\$ 615,781	0.60646
2002	333,659	31,904	(5,264)	360,299	597,456	75,582	(4,270)	668,768	0.61524
2003	348,170	32,980	(5,287)	375,863	660,935	77,624	(4,371)	734,188	0.62968
2004	381,532	37,819	(5,292)	414,059	731,513	83,675	(4,550)	810,638	0.63524
2005	421,446	34,542	(5,453)	450,535	865,759	81,094	(5,019)	941,834	0.65248
2006	474,373	30,102	(5,450)	499,025	980,644	83,292	(5,173)	1,058,763	0.66032
2007	537,818	29,189	(5,418)	561,589	1,133,343	104,301	(5,285)	1,232,359	0.67271
2008	596,300	30,591	(5,550)	621,341	1,233,718	102,845	(5,583)	1,330,980	0.67048
2009	632,376	33,425	(5,680)	660,121	1,316,948	107,149	(5,636)	1,418,461	0.67381
2010	587,320	31,265	(5,793)	612,792	1,289,275	99,941	(5,746)	1,383,470	0.68186

Note:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

CITY OF SIGNAL HILL
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 of Taxable Value)
 Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000
L.A. County Flood Control	0.00155	0.00107	0.00088	0.00046	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000
L.A. County Sanitation	0.00968	0.00650	0.00542	0.00506	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.00000	0.00000	0.00000	0.01171	0.01239	0.01857	0.01153	0.01839	0.02181	0.02392
Long Beach Unified School District	0.01596	0.02878	0.03519	0.04285	0.04667	0.04075	0.03811	0.03457	0.03220	0.08663
Metropolitan Water District	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430
Total Direct and Overlapping (2) Tax Rates	<u>1.03730</u>	<u>1.04518</u>	<u>1.04922</u>	<u>1.06717</u>	<u>1.06603</u>	<u>1.06537</u>	<u>1.05505</u>	<u>1.05746</u>	<u>1.05831</u>	<u>1.11485</u>
City's Share of 1% Levy per Prop 13 (3)	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777
General Obligation Debt Rate										
Redevelopment Rate (4)	1.02135	1.01640	1.01403	1.01261	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430
Total Direct Rate (4)	0.60646	0.61524	0.62968	0.63524	0.65248	0.66032	0.67271	0.67048	0.67314	0.68186

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.
- (5) Total Direct Rate is the weighted average of all individual direct rates applied by the City of Signal Hill in preparing the statistical section information.

CITY OF SIGNAL HILL
Principal Property Tax Payers
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2009-10		2000-01	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum, Inc.	\$ 100,681	5.04%	\$ 15,206	1.60%
PL Signal Hill, LP	36,950	1.85%	-	0.00%
LBSH Development	25,868	1.30%	17,186	1.80%
Towne Center West LLC	23,664	1.19%	-	0.00%
BP West Coast Products LLC	22,919	1.15%	-	0.00%
Signal Hill Town Center LLC	21,182	1.06%	-	0.00%
Costco Wholesale Corp.	20,806	1.04%	-	0.00%
Home Depot U.S.A., Inc.	18,477	0.93%	-	0.00%
Long Beach Acquisition Corp.	14,859	0.74%	15,483	1.62%
VNP Trust Cherry Avenue LP	13,820	0.69%	-	0.00%
Arco Terminal Services Corp.	-	0.00%	31,965	3.35%
Price Enterprises, Inc.	-	0.00%	24,088	2.53%
Price Company	-	0.00%	17,060	1.79%
Signal Hill Company	-	0.00%	12,676	1.33%
Universal Care, Inc.	-	0.00%	10,828	1.14%
Eastman, Inc.	-	0.00%	10,088	1.06%
American Office Properties	-	0.00%	8,477	0.89%
	<u>\$ 299,226</u>	<u>14.99%</u>	<u>\$ 163,057</u>	<u>17.11%</u>

Note:

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

CITY OF SIGNAL HILL
Property Tax Levies and Collections
Last Six Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	\$ 9,129,181	\$ 8,936,641	97.89%	N/A	N/A	N/A
2006	10,461,029	10,142,108	96.95%	N/A	N/A	N/A
2007	12,440,136	12,030,441	96.71%	N/A	N/A	N/A
2008	13,236,173	12,543,164	94.76%	N/A	N/A	N/A
2009	14,076,452	13,632,388	96.85%	N/A	N/A	N/A
2010	13,851,876	13,317,121	96.14%	N/A	N/A	N/A

Notes:

The amounts presented include City property taxes and Redevelopment Agency tax increment.

For tax increment, Los Angeles County does not provide detail of prior year collections. Therefore, the information about subsequent collections is not available.

The City of Signal Hill has elected to show only six years of data for this schedule.

CITY OF SIGNAL HILL
Ratio of Outstanding Debt by Type
Last Eight Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percent of Assessed Valuation	Per Capita	Percent of Personal Income
	Redevelopment Tax Allocation	Notes	Loans	Certificates of Participation	Water Revenue Bonds	Loans				
2003	\$ 61,115	\$ 5,130	\$ 2,115	\$ 9,023	\$ -	\$ 756	\$ 78,139	7.039%	\$ 7,598.11	N/A
2004	67,000	4,820	2,060	8,828	-	680	83,388	6.809%	7,843.85	N/A
2005	64,778	4,570	2,000	8,623	-	605	80,576	5.787%	7,357.87	N/A
2006	62,551	3,972	2,000	-	8,475	529	77,527	4.977%	6,991.34	N/A
2007	73,770	3,866	2,000	-	8,220	454	88,310	4.923%	7,864.46	N/A
2008	71,808	3,866	2,000	-	7,955	378	86,007	4.405%	7,543.15	N/A
2009	69,031	3,866	2,000	-	7,680	302	82,879	3.987%	7,251.01	N/A
2010	86,670	3,866	2,000	-	7,395	227	100,158	5.017%	8,735.98	N/A

N/A - No personal income data specific to the City of Signal Hill is available.

The City of Signal Hill has elected to show only eight years of data for this schedule.

CITY OF SIGNAL HILL
Direct and Overlapping Bonded Debt
As of June 30, 2010

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt:			
*Metropolitan Water District	\$ 121,475,156	0.080%	\$ 96,582
Long Beach CCD 2002 Series A 2003	3,550,000	3.965%	140,771
Long Beach CCD 2002 Series B 2005	59,410,000	3.965%	2,355,825
Long Beach CCD Refunding Bonds 2002 Series	18,674,898	3.965%	740,528
Long Beach CCD DS 2002 Series D (2007)	70,999,987	3.965%	2,815,410
Long Beach CCD DS 2008, 2008 Series A	48,373,981	3.965%	1,918,206
Long Beach Unified School District DS 1999 Series C	19,805,000	3.966%	785,441
Long Beach Unified School District DS 1999 Series D	17,985,000	3.966%	713,262
Long Beach Unified School District DS 1999 Series E	39,390,000	3.966%	1,562,156
Long Beach Unified School District DS 1999 Series F	32,270,000	3.966%	1,279,786
Long Beach Unified School District DS 1999 Series G	29,995,606	3.966%	1,189,587
Long Beach Unified School District 2008 Refunding Bonds	38,320,000	3.966%	1,519,721
Long Beach Unified School District DS 2008 Series A	260,000,000	3.966%	10,311,263
Long Beach Unified School District DS 2009 Refunding Bonds Series B	79,780,000	3.966%	3,163,971
Total Overlapping Debt			\$ 28,592,509

2009/10 Assessed Valuation: \$685,391,130 After Deducting \$1,310,870,643 Redevelopment Increment.

Debt To Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	4.17%
	Total Debt	4.17%

* This fund is a portion of a larger agency, and is responsible for debt in areas outside the City.

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the City.

Note: Prepared for the City by HdL Coren & Cone.

Source: HdL Coren & Cone, Los Angeles County Assessor Combined 2009/10 Lien Date Tax Rolls

CITY OF SIGNAL HILL
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts in thousands)

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 1,996,261,773
Debt limit (15% of assessed value)	299,439,266
Debt applicable to limit	-
Legal debt margin - Current Year	\$ 299,439,266

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2001	\$ 142,928,449	\$ -	\$ 142,928,449	0.00%
2002	154,359,905	-	154,359,905	0.00%
2003	166,507,665	-	166,507,665	0.00%
2004	183,704,523	-	183,704,523	0.00%
2005	208,855,187	-	208,855,187	0.00%
2006	233,668,165	-	233,668,165	0.00%
2007	269,092,209	-	269,092,209	0.00%
2008	292,848,134	-	292,848,134	0.00%
2009	311,787,359	-	311,787,359	0.00%
2010	299,439,266	-	299,439,266	0.00%

CITY OF SIGNAL HILL
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years
(amounts in thousands)

Fiscal Year	Redevelopment Tax Allocation Bonds				Coverage
	Property Tax Increment	Debt Service			
		Principal	Interest		
2001	\$ 5,914	\$ 1,315	\$ 3,577		1.21
2002	6,188	1,385	3,327		1.31
2003	7,844	1,765	3,096		1.61
2004	8,936	455	1,719		4.11
2005	9,085	2,285	2,806		1.78
2006	10,985	2,290	2,756		2.18
2007	12,747	2,451	3,749		2.06
2008	12,935	2,545	3,412		2.17
2009	13,741	2,845	3,939		2.03
2010	13,717	2,865	3,086		2.3

CITY OF SIGNAL HILL
Demographic and Economic Statistics
Last Ten Calendar Years
(personal income in thousands, except per capita)

Calendar Year	City Population	Los Angeles-Long Beach-Santa Ana Area			
		Area Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2001	9,737	12,536,598	\$ 403,518,592	\$ 32,187	5.2%
2002	9,933	12,655,506	412,753,239	32,615	6.7%
2003	10,284	12,748,533	427,549,556	33,537	6.9%
2004	10,631	12,806,778	452,200,899	35,309	6.3%
2005	10,951	12,761,175	496,601,674	38,915	5.0%
2006	11,089	12,713,660	536,330,465	42,185	4.4%
2007	11,229	12,692,603	555,946,310	43,801	4.7%
2008	11,402	12,768,395	568,434,957	44,519	6.7%
2009	11,430	N/A	N/A	N/A	11.1%
2010	11,465	N/A	N/A	N/A	11.5%

N/A - Not Available

Sources: City Population - State Department of Finance
Area Population and Area Personal Income - Bureau of Economic Activity
Unemployment Rate - Bureau of Labor Statistics

CITY OF SIGNAL HILL
Principal Employers
Current Year and Nine Years Ago

Employer	2009-10			2000-01*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	483	1	3.41%			
Home Depot	311	2	2.20%			
Universal Care	272	3	1.92%			
Costco	231	4	1.63%			
Telestranger Productions	230	5	1.63%			
Oil Well Service Co.	205	6	1.45%			
Target	202	7	1.43%			
Crane Valves North America	130	8	0.92%			
Alliance Space Systems	129	9	0.91%			
Memorial Healthcare	127	10	0.90%			
	<u>2,320</u>		<u>16.39%</u>			

* Information not available

CITY OF SIGNAL HILL
 Full-Time Equivalent City Government Employees by Department
 Last Ten Fiscal Years

Department	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration	6.00	6.00	5.00	5.25	4.50	4.00	4.00	5.00	5.00	5.00
Finance	7.44	7.44	7.44	7.44	6.44	6.44	6.44	6.48	6.48	6.48
Community services	24.03	23.53	24.29	24.11	23.78	23.05	22.46	24.15	24.19	24.15
Police	52.17	53.38	53.28	52.18	52.18	50.40	52.40	53.88	54.40	54.40
Community development	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public works	30.48	31.00	31.00	30.42	30.92	29.00	29.00	30.00	30.00	30.00
Redevelopment	3.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Total	130.12	130.35	130.01	128.40	126.82	121.89	123.30	127.51	128.07	128.03

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL
Operation Indicators by Function
Last Five Fiscal Years

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
Police:					
Calls for service	7,151	8,092	6,284	6,340	6,377
Reports written	4,884	4,792	4,951	4,516	4,004
Total arrests	1,736	2,074	2,219	2,092	1,776
Hazardous traffic conditions	2,871	3,480	3,928	3,773	3,445
Parking citations	6,553	6,410	6,542	6,446	5,758
Community Development:					
Code enforcement cases	73	82	67	79	94
Building permits	187	193	182	154	163
Site plan design reviews	13	14	10	8	7
Water:					
Number of customers	2,846	2,890	2,856	2,908	2,960
Average daily consumption (in millions of gallons)	2.13	2.15	1.94	1.88	1.88
Number of hydrants maintained	552	473	466	467	562
Public Works:					
Traffic signals maintained	29	29	29	29	29
Street sweeping miles	3,500	3,500	6,240	6,240	6,240
Sidewalk repairs (square feet)	8,000	4,200	3,200	10,269	15,674
Curb and gutter replaced (linear feet)	400	325	170	267	197
Cross gutter replaced (square feet)	N/A	N/A	720	-	490
Engineering:					
Number of infrastructure projects administered	17	14	10	8	8
Plan checks completed	19	17	8	8	6
Community Services:					
Library items borrowed	44,024	68,321	80,266	89,059	57,847
Youth sports participants	408	5,886	7,099	9,205	6,897
After school youth programs	11,693	13,324	13,582	15,001	16,086
Facility rental bookings	265	356	523	948	813

N/A - Not Available

The City of Signal Hill has elected to show only five years of data for this schedule.

Source: Various City Departments

CITY OF SIGNAL HILL
 Capital Asset Statistics by Function/Program
 Last Eight Fiscal Years

Function/Program	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety:								
Police Stations	1	1	1	1	1	1	1	1
Patrol Vehicles	10	10	9	9	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1
Water:								
Miles of Lines and Mains	34	34	34	34	34	50	50	50
Reservoirs	3	3	3	3	3	3	3	3
Wells	2	2	2	2	2	2	3	3
Highways and Streets:								
Miles of Streets	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7
Street Trees	3,200	3,200	3,200	3,200	3,971	3,903	3,984	3,903
Recreation and Culture:								
Parks	6	8	9	10	10	10	10	10
Area of Parks (Acres)	17.39	22.51	23.01	23.03	23.03	23.03	23.03	23.03
Libraries	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1
Bandstands	1	1	1	1	1	1	1	1
Baseball Diamonds	1	1	1	1	1	1	1	1
Basketball Courts	2	2	2	2	2	2	2	2

The City of Signal Hill has elected to show only eight years of data for this schedule.