COMPREHENSIVE ANNUAL FINANCIAL REPORT

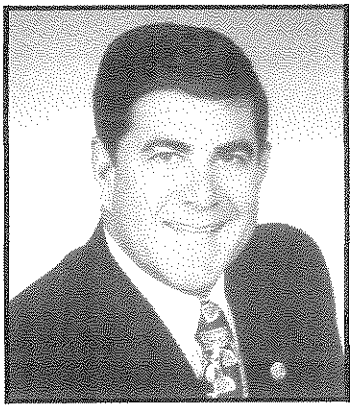
CITY OF SIGNAL HILL, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2002

Prepared by
Department of Finance

Dennis MacArthur
Director of Finance

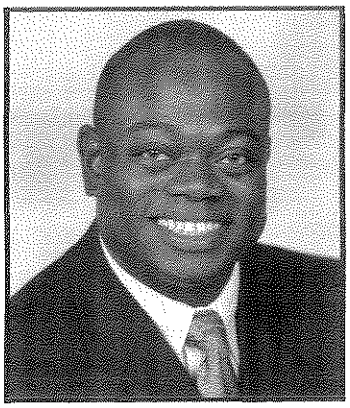
ELECTED OFFICIALS



Michael J. Noll
Vice Mayor

Tina L. Hansen
Mayor

Ellen Ward
Councilmember



Edward H. J. Wilson
Councilmember

Larry Forester
Councilmember

Kathleen Pacheco
City Clerk

Robert Magid
City Treasurer

ADMINISTRATIVE PERSONNEL

City Manager	Kenneth Farfsing
Deputy City Manager	Deborah Rich
City Attorney	David Aleshire
Director of Community Services	Kathy Sorensen
Director of Community Development	Gary Jones
Director of Finance	Dennis MacArthur
Chief of Police	Donald Pedersen
Director of Public Works	Eduard Schroder

CITY OF SIGNAL HILL

TABLE OF CONTENTS

June 30, 2002

	Page Number
INTRODUCTORY SECTION:	
Letter of Transmittal	i-xxii
Certificate of Achievement for Excellence in Financial Reporting	xxiii
City Organization Chart	xxiv
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 3
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	4 - 7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	8 - 9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	10 - 13
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	14
Combined Statement of Cash Flows - All Proprietary Fund Types	15 - 16
Notes to Financial Statements	17 - 56

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

June 30, 2002

	Page Number
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES:	
General Fund:	57
Comparative Balance Sheet	58
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	59
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60 - 61
Special Revenue Funds:	62 - 63
Combining Balance Sheet	64 - 67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68 - 71
Affordable Housing Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	72
Asset Seizure Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	73
Park Development Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	74
HCDA Grant Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	75
Special Gas Tax Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	76
Traffic Safety Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	77

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

June 30, 2002

	Page Number
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES (CONTINUED):	
Special Revenue Funds (Continued):	
Transportation Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	78
Cable Televising Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	79
Pipeline Removal Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	80
Air Quality Improvement Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	81
Water Development Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	82
Traffic Impact Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	83
Proposition C Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	84
Lighting and Landscape Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	85
Supplemental Law Enforcement Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	86

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

June 30, 2002

	Page Number
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES (CONTINUED):	
Special Revenue Funds (Continued):	
Law Enforcement Block Grant Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	87
CALMS Police Grant Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	88
TRAP Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	89
Brownfields Grant Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	90
Housing Impact Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	91
HELP Loan Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	92
Debt Service Fund:	93
Comparative Balance Sheet	94
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	95
Capital Projects Funds:	96
Combining Balance Sheet	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

June 30, 2002

	Page Number
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES (CONTINUED):	
Capital Projects Funds (Continued):	
Capital Improvement Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	99
Community Redevelopment Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	100
Enterprise Fund:	101
Comparative Balance Sheet	102
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	103
Comparative Statement of Cash Flows	104
Internal Service Fund:	105
Comparative Balance Sheet	106
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	107
Comparative Statement of Cash Flows	108
Fiduciary Fund:	109
Comparative Balance Sheet - Special Deposit Agency Fund	110
Statement of Changes in Assets and Liabilities - Special Deposit Agency Fund	111
Account Groups:	
General Fixed Assets:	112
Comparative Schedule of General Fixed Assets	113
Schedule of Changes in General Fixed Assets	114
Schedule of General Fixed Assets by Function	115
Schedule of Changes in General Fixed Assets by Function	115
General Long-Term Debt:	116
Comparative Schedule of General Long-Term Debt	117

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

June 30, 2002

	Page Number
STATISTICAL SECTION:	
Schedule of Expenditures by Function - Governmental Funds - Last Ten Fiscal Years	119
Schedule of Revenues by Source - Governmental Funds - Last Ten Fiscal Years	120
Assessed and Estimated Values of Taxable Property - Last Ten Fiscal Years	121
Property Tax Levies and Tax Collections - Last Ten Fiscal Years	122
Property Tax Rates - All Direct and Overlapping Governments - Last Ten Fiscal Years	123
Schedule of Direct and Overlapping Bonded Debt	124
Schedule of Legal Debt Margin	125
Demographic Statistics - Last Ten Fiscal Years	126
Schedule of Construction Activity - Last Ten Fiscal Years	127
Schedule of Top 25 Sales Tax Producers	128
Principal Taxpayers	129
Miscellaneous Statistical Information	130

CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

December 10, 2002

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

The Comprehensive Annual Financial Report of the City of Signal Hill for the fiscal year ended June 30, 2002 is submitted herewith. Responsibility for the accuracy, completeness and fairness of the data presented, including all disclosures, rests with the City. We believe the data presented conforms to governmental 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 and that all disclosures necessary to enable the reader to gain a full understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes a listing of administrative personnel, this letter of transmittal and an organizational chart. The financial section includes the independent auditors' report, the general-purpose financial statements, the notes to the general-purpose financial statements and the combining and individual fund and account group financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

This Comprehensive Annual Financial report includes all funds and account groups of the City. The City provides a full range of services including police, street and park maintenance, public improvements, planning and zoning, utilities (water), recreational activities, and library services. The reporting entity includes the accounts of the City of Signal Hill, the Signal Hill Redevelopment Agency, and the Signal Hill Public Financing Authority; therefore, the operations of these units are included within the General Purpose Financial Statements of the City. Fire protection services are provided by the County of Los Angeles, through a subcontract with the City of Long Beach. The City has excluded the County of Los Angeles as well as the State of California, the Public Employees

Retirement System and various school districts because they do not meet the established criteria for inclusion.

The City of Signal Hill, encompassing 2.25 square miles, is located centrally within the southwestern coastal area in the County of Los Angeles. It is 25 miles south of downtown Los Angeles and 397 miles south of San Francisco. The City is 5 miles northeast of the seaport terminal of Long Beach and 8 miles northeast of the Port of Los Angeles. Neighboring communities include Long Beach, Lakewood, Cypress and Carson.

Signal Hill, a charter city with a population of 9,933 was incorporated in 1924. 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. The City Council is composed of a Mayor and four members elected bi-annually at large to four-year alternating terms. The City employs a staff of approximately 106 full-time employees.

Signal Hill's location near the junction of three interstate freeways affords easy access to the extensive Southern California freeway network. The San Diego Freeway (Interstate 405), a major north-south thoroughfare, runs through the northern portion of the City, providing access to Los Angeles to the north and both Orange and San Diego Counties to the south. The Long Beach Freeway (Interstate 710) connects with I-405 five miles north of the City and the San Gabriel Freeway (Interstate 605) connects with I-405 three miles southeast of the City.

Air cargo and passenger flight services are provided at the Los Angeles International Airport, Long Beach Airport and John Wayne Airport. The Long Beach Airport is approximately 5 minutes from the City, while the others are approximately 25 minutes to an hour from the City.

Local bus transportation is provided through the Metropolitan Transit Authority and the Long Beach Transit System plus inter-urban buses and local inter-community Omni Trans Bus Service. Greyhound Bus Lines provide service to other local areas and additional transcontinental service.

Commercial and passenger rail services are provided by Union Pacific, Santa Fe Railway Co., and Amtrak lines. The Los Angeles County Blue Line provides light rail service between downtown Long Beach and Los Angeles and is adjacent to the City's western boundary.

Economic Condition and Outlook

Once again, uncertainty seems to be the watchword for our current economic climate. During the last twelve months, the national economy has been threatened with the prospect of war with Iraq and malfeasance by corporate America. Despite all the bad news, the Gross Domestic Product (GDP) had a real growth rate of 2.5% over the last

twelve months ended June 30, 2002. Monetary policy, as set by Alan Greenspan and the Federal Reserve Board, has sent interest rates to their lowest levels in nearly forty years. The benign interest rate environment has been a major factor in sustaining consumer spending over the last year. In the first half of calendar year 2002, consumer spending grew by 2.1%. Since July of this year, it has grown at a 1.4% annual rate. The refinancing of homes by consumers has so far helped offset the negative impact of the decline in stock prices. So long as the employment picture does not deteriorate appreciably and interest rates stay low, consumers are expected to continue to be the anchor of this recovery.

Despite the slowing economy, continuing low inflation rates have resulted in higher real incomes. The growth in personal income has supported much of the continued consumer spending; however, the continuing talk of war on Iraq, threats of further terrorism, reports of dismal corporate earnings, a volatile stock market and layoffs, are severely testing the confidence of households.

Strong government action may be necessary to push the economy into a healthy growth mode. Recent elections and talk of war with Iraq have essentially sidelined any serious discussion of fiscal policy by the Federal government. Congress will have to deal with the issues of health care coverage, social security, defense spending and tax cuts in the not to distant future.

"The global economic outlook thus critically depends on the recovery of its largest economy, the U. S. The uncertainty of a possible war with Iraq makes forecasting difficult," according to Anil Puri, Ph. D. and Director of Cal State Fullerton's Institute for Economic and Environmental Studies. Puri sees a slow and a less than robust recovery given the economy's surplus capacity and relatively low unemployment rates. His expectations will not hold if a war with Iraq breaks out this year or if businesses resort to large job cuts. His assumed scenario critically depends on sustaining current consumer spending levels through the next several months with business investment picking up in early 2003. He feels that "war with Iraq may be inevitable but is not imminent." The assumption underlying his forecast is that the U. S. will not unilaterally attack Iraq. Any multilateral action will follow a round of inspections, thus delaying hostilities by several months. In a joint attack with a coalition, the U. S. losses and economic costs would be smaller.

California's unemployment rate through August 2002 totaled 6.4% compared to a national rate of 5.6%. One of the major issues facing the whole state is lack of housing. The situation is a lot worse in Southern California. Housing prices have been escalating in the region in the last three years at double-digit rates. In addition to economic growth and low mortgage rates, lack of adequate building activity is fueling this rapid growth. Personal incomes have not kept up with these sharp increases. Disposable income is up 10% whereas housing prices have increased 37%. Even factoring in the lower mortgage rates, the cost of a home for first time buyers has increased substantially. From January 1999 to August 2002, the median price of a single-family home in Southern California has increased over 35%. Clearly, such increases are not sustainable given the current low inflation and slow economic growth environment.

Another overlooked burden on local economies is the shortfall in state revenue. The State of California is facing a huge revenue shortfall caused in large part by the loss of capital gains tax revenues following the collapse of its high-tech industries. Most city budgets were adopted well before the November elections. How realistic they are remains to be seen.

Los Angeles County's unemployment rate in the first eight months of 2002 averaged 6.7% compared to a 5.7% rate in 2001. The county gained 21,700 payroll jobs in 2001 but has already shed almost 34,000 this year. All major sectors lost jobs except the finance, insurance and real estate sectors. These three sectors showed small gains in both 2001 and 2002. The largest category, services, has lost 15,000 jobs this year, about the same number that it had gained in 2001. The net losers were motion pictures and business services categories while health services, private education and engineering and management services increased their shares in the sector. Real estate and construction both lost jobs this year reversing the gains of 2001.

For 2003, Los Angeles County is expected to add 24,900 jobs for an annual rate of growth of 0.6%. Transportation and public utilities, finance, insurance and real estate and services sectors will be adding jobs. There has been a recent resurgence of film production in the area that is expected to lead to job gains in that sub-sector.

California's State government will be under even more extreme fiscal pressure this year than last year. The combined impacts of the recession and the State energy crisis will call for extreme measures by the State to balance their budget. Cities and counties are gearing up for the assault on local revenues. During the early nineties, the State balanced their budget on the back of local government. The first salvos by the State of California have been fired.

The State announced that like the early 1990's, cities through their redevelopment agencies would have to give up over $75 million in tax increment revenues through the Educational Revenue Augmentation Fund (ERAF). The impact to the City of Signal Hill will be $225,100 each year for next two years. Like the previous takes by the State in 1992-93, these revenues probably will never be returned to local government and remain a festering wound for cities. This time we anticipate the State will also attack the vehicle license fee revenues. Through legislative action, the State cut this local revenue source and agreed to make up the difference. The bailout program costs the State over $3 billion per year. With a shortfall of over $24 billion, the State is sure to retract its bailout offer.

Over the last several years, cities have seen their revenue bases attacked by the State to balance its budget. Protection of their revenue bases from State intrusion has long been a goal of cities. The City of Signal Hill supports any effort to achieve and guarantee the fiscal integrity of our local revenue streams.

Despite these gloomy events, the City's efforts to develop its economic base continued during the year with the completion of several projects. Completion of the new Mercedes

dealership occurred right after the end of the fiscal year with a September grand opening date. The dealership is situated on five acres within the City's Auto Center and contains over five million dollars in capital improvements to the site. The City experienced its first full year of sales tax revenue from its Town Center West Project. The TCW Project was expected to add $100,000 in tax increment to the City's Redevelopment Agency and contribute $120,000 in sales tax revenue to the City. It has met these expectations.

Building permits maintained their high levels from last year. Building permits issued during the current fiscal year totaled 300, down slightly from the previous year when 326 permits were issued. Total valuation of permits issued jumped 54%, or $12.1 million over last years' totals. The sustained high level of permits was caused by the construction of additional homes on the hilltop. The homes being constructed are priced in the mid $600,000's to the mid $800,000's and range from 2400 to 3700 square feet in size.

The City of Signal Hill has continued to have one of the highest sales per capita in the State with $21,600 in total taxable sales per capita. This compares with $4,800 per capita for Los Alamitos, $2,400 per capita for Lakewood, and $2,000 per capita for Long Beach, which are in close proximity to the City.

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 airport, it has enormous potential for success. The largest amount of undeveloped land in south Los Angeles County is contained within Signal Hill and its immediate area. Recent efforts to capitalize on these assets are being made through a joint venture between the cities of Signal Hill and Long Beach. A joint powers authority, the Spring Street Corridor Joint Powers Authority has been established to help bring this about. It will facilitate development in the Spring Street Corridor, an area that impacts both cities.

The City has continued to remake itself and that effort is manifested in its newly adopted budget for fiscal year 2002-2003. The budget is program-focused and incorporates measurable objectives and performance measures that not only establish priorities but also produce heightened accountability.

Major initiatives next year include:

A capital improvement budget for Fiscal Year 2002-2003 totaling $8.2 million was approved by Council in June 2002. The budget contains $1.57 million in water improvements, $106,500 for Community Block Grant Projects, and $6.49 million for street, park and building improvement projects within the Capital Improvement Fund. The City's Redevelopment Agency has budgeted $680,000 for economic development projects and $774,000 in housing projects. The City's Redevelopment Agency will probably expend all of its remaining bond proceeds during the Fiscal Year 2002-03.

City reserves and designations of the General Fund's fund balance have been increased to weather fluctuations in our sales tax receipts due to economic downturns. Total reserves

and designations of fund balance are currently in excess of $16.650 million and represent 128% of next year's operating budget for the General Fund. Whenever possible, we will add to those reserves rather than increase programs. Major emphasis has again been placed on the building of these reserves to meet future obligations and commitments within the City's Redevelopment Agency. The budget provides $1,185,000 for the utilization of these reserves to meet our obligations under the Office Depot Owner Participation Agreement for Fiscal Year 2002-03.

The City placed Measure Z on the this November ballot, it called for the Treasurer's position, which is currently an elected position to change to an appointed position. The measure failed to pass. As a result, the position will be on the March 2003 ballot for re-election.

City management believes we have positioned the City well 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.

Major Initiatives

The fiscal year ended June 30, 2002 saw the completion of many projects in all areas of City services, as well as the initiation of new projects for the future:

General government, which includes both the administrative and finance functions, jointly completed the Fiscal Year 2002-2003 budget process with approval by the City Council in mid June.

Besides implementing and adopting the budget, the Administrative Department successfully completed an evacuation drill for City Hall employees. Permanent evacuation route markers were placed throughout City Hall as part of the project. The City Manager's office completed a franchise agreement with Charter Communications. Besides granting the franchise, the agreement also allows for the City to update its camera equipment used to televise Council meetings at the cable operator's expense. The entire City Municipal Code was placed on the City's website along with yellow pages for all participating businesses within the City. Over 300 local businesses participated.

Administration continued to do extensive work with the thirty or so cities to respond to the new storm water regulation prepared by the Los Angeles Regional Water Quality Board. Los Angeles County is in the process of drafting the new National Pollution Discharge Elimination System (NPDES) permit. The coalition of cities is concerned that the terms of the permit will mandate expensive new municipal programs.

After more than ten years of work by the City's Administrative staff, the City Council and U. S. Congressman Horn and his office, the effort to establish a unique zip code for the City of Signal Hill paid off. We were notified that effective July 1, 2002, the City would have a new zip code, 90755. Previously the City shared three zip codes with the City of Long Beach. Having our own zip code has certain advantages for the City. It gives us our own unique identity, it will benefit residents from cheaper insurance rates and sales tax remittances won't be confused with Long Beach, among others.

City staffing increased by one position to 106 full time positions with adoption of the Fiscal Year 2002-2003 operating budget. Due to retirements and natural attrition, personnel conducted thirty-five recruitments to fill vacancies.

Major accomplishments within the Finance Department included the completion of the City's mid-year budget review and its annual budget. The budget's main focus was to preserve established service programs, complete the expansion of the City's park and trail system and increase the size of the General Fund's reserves and designations of fund balance. The original adopted budget for Fiscal Year 2001-2002 anticipated total reserves at $9.023 million. Actual reserves and designations of fund balance for the General Fund totaled $16.650 million, a $7.627 million increase, or 85% higher that anticipated in the budget.

A Comprehensive Annual Financial Report (CAFR) was published for Fiscal Year 2000-01 during the Fiscal Year 2001-02. The City received the Governmental Finance Officers' Certificate of Achievement for Excellence in Financial Reporting.

Finance is in charge of the City's Management Information Services program. During the year, we updated our inventory of computers through the purchase of fifteen PCs. We also oversaw the integration of a dozen palm pilots into our network. The small schedulers were linked to our network so that users can update their calendars through a link rather than having to re-key the data each time a schedule is changed. We enhanced the firewall on the main server to prevent hackers and objectionable material from entering our network. A small training center was established so that five users can receive training at one time.

The City's "Uniform Schedule of City Services, Fees and Charges" was amended with the adoption of the Fiscal Year 2002-03 Annual Budget. The resolution identifies fees and services provided by the City. Its intent is to seek reimbursement for services provided from users of City services. The resolution brings heightened accountability to the services the City provides to certain segments of the community.

Finance implemented the new water rates last summer increasing our basic rates by four percent.

The City refunded its 1994 Subordinate Tax Allocation bonds. The 1994 issue carried an average interest rate of 7.5%. Refunding the issue before this time was not possible

because the tax increment was not sufficient to provided 125% coverage of the debt service even though interest rates had dropped significantly. Finally, with the development of the hilltop, the Agency's tax increment revenue increased substantially to make the refunding possible during the fiscal year. We used a competitive bidding process and received bids over the Internet. The winning bid for the new 2001 Tax Allocation Bonds was 4.2618%. Because of the lower interest rate, we were able to pull over $1,000,000 from the 1994 Bond Reserve Fund and use it to finance projects in the City's Auto Center and the Las Brisas Housing Project and still have the same dollar level of debt service as before.

The City's portfolio of investments was diversified away from the Local Agency Investment Fund (LAIF) into government securities yielding higher rates. This was also done to reduce our reliance on the fund and was completed before the Jarvis vs. Connell decision. Prior to this decision, it was unclear whether LAIF could disburse its funds if a budget was not passed by July 1st by the California Legislature. Not having access to our funds was an untenable situation.

The Community Services department had a busy year. Much of their activity revolved around grants. In the Library, the Young Adult Program received a grant for $3,200, which provided four days of training for our volunteer staff. The training seminars included effective story telling, mentoring and writing workshops. The State of California successfully passed a Library Bond Act, which resulted in the City appointing a Library Steering Committee to begin a needs assessment for a new library. A grant was submitted for a brand new facility

Special programs sponsored by the library this year included: Creative Ark, a program about black inventors; the Good Neigh"bear", a program designed to teach children about safety; Fiesta, an educational program about the cultures of Spain, Mexico and Latin America; and Falcon's Court, a program about birds.

The Community Services program sponsored twelve special events during the fiscal year including eight Concerts in the Park held in the summer with attendance exceeding 5,000 persons. Staff worked with the various non-profit groups established to assist the City with its recreational and cultural programs. Funds were dedicated by one of these non-profits for the Discovery Well Park tile project. Other cultural art programs included the quarterly artist exhibit in the Signal Hill Library.

Currently, the City is in the development/construction stage for three new parks and a complete trail system for hiking and jogging on the hilltop.

The Community Services division sponsored 15 special events, including eight Concerts in the Park, a Mayor's Reception, a Halloween event for local children, Breakfast with Santa, a Tree Lighting Ceremony and an Easter Egg Hunt. Total attendance exceeded 6,750 persons.

The City's Kids Kamp Child Care program continued to run at near capacity. This program provides childcare for 138 children with an average of 65 children per day. The Recreation Program provided weekly excursions for children in the Kids Kamp program during their intersession breaks throughout the year, as well as special events and celebrations.

The Park Kids drop-in program provides after school and intersession activities for approximately 30,000 children each year. Special events included a Holiday Boutique, a Summer Carnival, An Art Exhibition, Halloween and Thanksgiving potlucks, winter and spring break activities and youth dances. The sports program provides four seasons of competitive sports with an average of four teams per sport representing Signal Hill. Twenty-two excursions were offered to over 800 youth ages 5-12 throughout the year.

The City's Public Safety efforts during the past year included the upgrade to the Records Management System (RMS). The system upgraded the computer screens to use graphic user interfaces (GUIs). Along with this upgrade, the City's police radio system was upgraded so that it could interface with the Long Beach and Los Angeles County Sheriff's systems. This will prove to be very desirable in the event of an area wide emergency.

A new computerized property and evidence-tracking system was deployed to assist the Detective Bureau with case evidence. The Police Department continued its participation in the State law enforcement task force called TRAP (Taskforce for Regional Auto Theft Prevention). A county wide auto theft task force, it is funded through the Department of Motor Vehicles and coordinated through the County Sheriff's Department. The entire salary and benefits of a Signal Hill police officer is paid for by the State

The City is utilizing the State's Supplemental COPS grant to fund two dispatcher/jailor positions. The purpose of the grant was to hire additional personnel to relieve police officers of the task of booking prisoners or relieving on the dispatch desk. By freeing up officers from administrative duties, more time could be spent on patrol thereby increasing their effectiveness.

The City's police department conducted a citywide Emergency Operation Center (EOC) training session that involved every department in the City. The exercise took half a day to complete and helped to define the effectiveness of the EOC.

The Community Development Department with all the development going on in the City had a very busy year. During the fiscal year, they completed numerous hilltop projects including Bixby ridge and the Promontory developments and completed the planning process for both the south and west flanks of the hill.

Other development related projects completed were the Crescent Heights Historic District Specific Plan, improvement projects for Pacific Coast Highway including the International Market and the Signal Hill Storage Facility and the Mercedes Auto Dealership project.

In addition to the development projects, Community Development finished the General Plan Housing Element and obtained State certification of substantial compliance. Also the General Plan Land Use Element was completed and submitted to the State.

Community Development completed planning for the proposed revitalization of the Las Brisas Apartments on the west side of town. This project involves the rehabilitation of 28 four-plex apartment units. When completed, it will help to revitalize a low-income area of the City.

Housed within the Community Development Department is the City's Building and Code Enforcement programs. During the year, over 4,400 building inspections were completed. Also 168 code enforcement cases were initiated and 138 cases were closed. Also, a shopping cart and property maintenance administrative citation ordinance was adopted. Finally the Home Depot EIR was completed along with its related entitlements ending a project that spanned several years.

Planning completed the Spanish Broadcasting System Phase I tower and wall and landscape improvements. This completed the consolidation of all hilltop antennas to the present antenna consolidation site. Formerly, these broadcasting antennas were scattered all over the hilltop area and were an impediment to development.

During Fiscal Year 2001-2002, the Public Works Department completed several projects to improve the City's parks, buildings, water, sewer and street systems:

Several water system improvement projects were completed during the year. These included the installation of an emergency 300 kilowatt generator at the Gundry Reservoir, ($118,212); completion of the lower Temple Reservoir discharge line to utilize the full capacity of the reservoir, ($104,714) and upgrading of the telemetry panel at the Gundry Reservoir, ($40,000). Major work totaling $340,200 was done on the Iron, Manganese and Arsenic Removal Project during the year. Completion occurred after the fiscal year in October.

Street projects totaled $1.4 million for the fiscal year. The reconstruction of Spring Street was the major project with expenditures totaling $1.1 million. Most of the outlays were for acquiring rights of way and completing the initial project design. Completion of Phase 3 of the City's Pavement Management System occurred in early October 2001 and involved the repair and slurry sealing of streets in the west side and central areas of the City. Project expenditures totaled $189,938. Phase 2 of the City's median upgrade project was completed on Spring Street and the 405 Freeway in early spring. Project expenditures totaled $118,778. Phase 3 of the Spring Street Beautification Project was started but will not be completed until the fall. Initial outlays totaled $29,072 and were for design and plan specifications.

Public Works developed a street light improvement plan for the Westside area neighborhood and renewed the City's Traffic Impact Fee program. The Traffic Impact Fee

program seeks to mitigate the impacts of development on the City's traffic circulation. The new study recommended a citywide traffic impact fee, which would be paid by developers.

Public Works coordinated with Community Development to oversee the design and construction of public improvements related to the Hilltop, Bixby Ridge and Mercedes projects. They also assisted with the planning and development of the City's two new parks (Raymond Arbor and Discovery Park) and the Hilltop Panorama Promenade Trail System.

The City's Redevelopment Department is comprised of two programs: Economic Development and Affordable Housing. During the past year, the Agency accomplished the following:

Assembled the sites for the relocation of Mercedes-Benz of Long Beach to Signal Hill. The site was turned over to Mercedes for construction in January 2002. The dealership opened in September. Also the Redevelopment staff entered into an exclusive negotiation agreement with our local Nissan dealership to expand to the recently available Rivernook and GATX sites. Both these sites were obtained by the Agency for future expansion of the City's Auto Center. The GATX site had to be remediated for the impacts of several oil tanks that once occupied the site. The process took over eighteen months to complete.

The City's Economic Development staff also amended the Development Disposition Agreement (DDA) with our local Dodge dealer, which provided for a 2-acre site expansion. The Agency staff also utilized $165,337 in Brownfield grants for site assessment on the Mercedes auto dealership and the Las Brisas housing project.

The Agency sold property held by the Agency for resale to a local developer for the construction of four single-family homes. Our housing efforts were centered on the Las Brisas Project on the west side of town. The Agency entered into a Housing Development Agreement with the LA Community Design Center for Las Brisas neighborhood improvements. Staff received notification that $2 million in HELP grants were approved through the County of Los Angeles. The grants were used for site assembly and predevelopment activity totaling $1.87 million.

Agency staff also monitored construction of site improvements on Agency owned land in the Auto Center for interim use by a Daewoo dealership. The Agency leased the site to the dealership.

FINANCIAL INFORMATION

The official having direct responsibility for the financial administration of the City is the 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 $300,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance and for Fiscal Year 2001-2002 did reach the $300,000 threshold requiring a single audit. As such the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to grant programs. As a part of the City's annual audit, tests are made 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 regulations. The result of the audit for the fiscal year ended June 30, 2002, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

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.

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

General Government Functions

Fiscal transactions of the City are primarily accounted for in the Government Fund types, which include the General, Special Revenue, Debt Service and Capital Projects Funds. The fund balance in these funds total $27,330,511 and reflects a decrease of $3,169,215 from the previous year's ending balance.

The overall decrease was due primarily to the increase in expenditures within the Agency's Housing Fund within the Special Revenue Funds, the advance refunding expenditures in the Debt Service Fund and the increase in capital outlay in the Capital Projects Fund thereby decreasing Fund Balance when compared to last year's totals. Further analysis will be presented below.

The Governmental Fund Type experiencing increases to its fund balance was the General Fund. The General Fund increased its fund balance by $3,540,700. Funds with decreasing fund balances were the Special Revenue, the Debt Service and Agency Capital Projects Fund. Overall, revenues for all the Governmental Fund Types decreased $230,110 over the previous year while expenditures increased $7,198,444 for the same period.

The following schedule presents a summary of General, Special Revenue, Debt Service and Capital Projects revenues and other financing sources for the years ended June 30, 2001 and 2002:

Revenues and Transfers	2002 Amounts	Percent of Total	2001 Amounts	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Property taxes	$ 6,469,023	15.64%	$ 6,159,848	$ 309,175	5.02%
Sales and use tax	9,871,950	23.87%	9,897,206	(25,256)	-0.26%
Other taxes	1,484,467	3.59%	1,426,686	57,781	4.05%
Licenses and permits	423,378	1.02%	407,317	16,061	3.94%
Intergovernmental revenues	1,790,498	4.33%	1,963,407	(172,909)	-8.81%
Charges for services	838,333	2.03%	962,261	(123,928)	-12.88%
Fines and forfeitures	217,413	0.53%	263,477	(46,064)	-17.48%
Revenue from use of money and property	1,588,691	3.84%	2,533,429	(944,738)	-37.29%
Developer fees	995,120	2.41%	548,915	446,205	81.29%
Other revenue	635,193	1.54%	381,630	253,563	66.44%
Proceeds from debt	14,749,400	35.66%	1,000,000	13,749,400	1374.94%
Operating transfers in	2,300,510	5.56%	3,206,687	(906,177)	-28.26%
Total	$ 41,363,976	100.00%	$ 28,750,863	$ 12,613,113	

Property taxes increased $309,175 to $6,469,023 from $6,159,848 the previous year. The 5% increase was caused by increases in the assessed valuations of both the City and its Redevelopment Agency. The increase in assessed valuation was due to AB 8 reassessments and the numerous resales taking place because of a healthy real estate market and new residential construction on the hilltop.

The City's total assessed valuation was $1,029,066,036, which was an increase of $76.2 million, or 7.99% over the previous years total. The worst of the reassessments are behind us. Many of the one-time AB 8 reassessments are being restored to their original values. Sales of properties are up which will cause the properties to be revalued at the higher current values. The new hilltop developments are starting to show on the property tax rolls.

Sales and use taxes decreased $25,256, or .26% from the previous year. Sales tax remained constant because of the numerous auto incentive sales being offered through the dealerships. The City's largest sales tax provided, Office Depot, remained constant for the year. Because of the recession, we were not expecting large increases. As mentioned previously, the City is now experiencing the first full year of sales tax from the new Town Center West development.

Other taxes increased $57,781, or 4%, over last year's total. This was due principally to the increase in the City's oil barrel tax that increased from 25 cents a barrel to 29 cents a barrel. Also the City's transient occupancy tax, business license tax and franchise fees all showed increases over the previous year.

Licenses and permits continued their strong showing. Permits were up $16,061, or 4% over last year's record levels. The increase was due principally to the building permits issued for the third phase of the Bixby Development and the building by the hilltop developer, Comstock, LLP.

Intergovernmental revenues decreased $172,909, or 9%, over the previous year's totals. The City's strong efforts to obtain grant funding last year paid off. Unfortunately, as the State faces its budget dilemma, cutbacks in grants were eminent.

Charges for services within the General Fund decreased $123,928, or 13%, compared to last year's totals. As projects are completed on the Bixby and Hilltop Housing Projects these revenues will continue to fall. Last year Public Work's engineering services for plan checking and inspection fees provided most of the increase with revenues totaling $262,985. For the current year those revenues totaled $149,786, or a decrease of $113,199. Community Services revenues were slightly less than last year's totals.

Revenue from the use of money and property decreased $944,738, or 37%, over the previous year's totals. The decrease was caused by the lower balances within the Agency's Capital Project Fund. The cash balances in the Agency Capital Projects Fund decreased significantly from $4.1 million to $1.1 million because of capital project construction. Also last year's totals included one time interest received from the County of

Los Angeles for eminent domain deposits. Despite increased cash balances within the General Fund, investment incomes remained at the same levels as last year principally because of lower interest rates.

Developer fees, which are included within the Special Revenue Funds, increased by $446,205, or 81% over the previous fiscal year. Developer impact fees are collected from developers of property within the City. Total fees collected were $995,120 and were paid principally by residential development within the City. The fees are based upon a per unit charge for residential development and a per square foot charge for commercial and industrial projects. Fees are collected to mitigate the impacts of development on the City's water, parks, housing and traffic facilities. These fees also include fees collected from the City's oil producers for inactive oil pipelines. These fees are used to remove these pipelines and/or clean up after pipeline spills when an owner cannot be found. Fees collected included fees for parks ($204,575), traffic impact ($52,480), water development ($512,968), housing impact ($75,566) and pipeline removal ($149,531). The housing fees were new for current fiscal year. The fees were derived principally from the hilltop developers and the City's oil producers.

Other revenues increased $253,563, or 66% over last years' totals. The increase was the result of the Agency's contribution to City related capital projects associated with improvements made to Spring Street for medians and street reconstruction totaling $276,778.

During Fiscal Year 2001-2002, the City's Redevelopment Agency refunded its 1994 Subordinated Tax Allocation Bonds. As a result, the Agency recognized $14,749,400 as proceeds of debt.

Operating transfers-in decreased $906,177 from the previous year's totals. The decrease occurred largely in the Capital Projects Fund ($1,023,097) and was the result of capital projects being supported by grants rather than the General Fund, as was the case in previous years. Normally, expenditures within the Capital Projects Fund are supported by the City's reserves and are recorded as transfers in to the receiving fund. With increased capital project expenditures the level of transfers would increase accordingly if the grants were not present.

The following schedule presents a summary of General Fund, Special Revenue Funds, Debt Service and Capital Projects Fund expenditures and other financing uses for the years ended June 30, 2001 and 2002.

Expenditures and Transfers	2002 Amounts	Percent of Total	2001 Amounts	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Current:					
General government	$ 2,792,867	6.27%	$ 2,728,159	$ 64,708	2.37%
Community services	921,505	2.07%	903,323	18,182	2.01%
Police	4,602,092	10.33%	4,643,217	(41,125)	-0.89%
Community development	958,144	2.15%	851,243	106,901	12.56%
Public works	3,008,394	6.76%	2,815,385	193,009	6.86%
Capital outlay	9,713,178	21.81%	4,705,979	5,007,199	106.40%
Debt service:					
Owner participation agreement payments	1,128,683	2.53%	1,064,433	64,250	6.04%
Principal	1,663,793	3.74%	1,527,971	135,822	8.89%
Interest	3,867,631	8.68%	3,876,237	(8,606)	-0.22%
Advance refunding escrow	1,097,031	2.46%	0	1,097,031	100.00%
Bond issuance costs	569,303	1.28%	0	569,303	100.00%
Fiscal agent fees	12,339	0.03%	20,569	(8,230)	-40.01%
Payment to refunding agent	11,897,721	26.72%	0	11,897,721	100.00%
Operating transfers out	2,300,510	5.17%	3,204,987	(904,477)	-28.22%
Total	$ 44,533,191	100.00%	$ 26,341,503	$ 18,191,688	

Overall, expenditures and other financing uses for the governmental type funds increased $18,191,688, or 69%, from the previous year's expenditure levels (excluding other financing uses).

All general governmental type funds showed increases in expenditures for the fiscal year. The increases in expenditures recorded in the general government category by fund were as follows: General Fund, $411,238; Special Revenue Funds, $3,833,215; Debt Service Fund, $1,866,126; and the Capital Projects Funds, $1,087,865.

The General Fund expenditures (where most of the on-going operational costs of the City reside) increased by $411,238, or 4%, over the previous year. All departments increased over last year's totals; however, the increases were modest with no departments exceeding their budgets. Close monitoring of the budget, early cut-off of the budget adjustments for additional appropriations and purchase order processed at year end, and close adherence to the City's cost containment program by Department heads, all contributed to the budget to actual underrun.

The $3.8 million increase in the Special Revenue Fund expenditures was due largely to the increases in the capital outlays within the Affordable Housing Fund for the Las Brisas Housing Rehabilitation Project.

The large outlays for the Debt Service Fund's expenditures were due to the advance refunding of the 1994 Subordinated Tax Allocation Bonds. Expenditures increased $1,866,126, or 29% over the previous years' totals and were associated with the refunding with such costs as payments to the escrow agent ($1,097,031) and the bond issuance costs ($569,303). Payments made to Office Depot under the Owner Participation Agreement (OPA) increased $64,250 to $1,128,683.

The Capital Projects Fund expenditures increased $1,087,865 over last year's totals. The City's Capital Improvement Fund expenditures increased $362,755 largely as a result of the Spring Street Project for right of way. The Community Redevelopment Capital Project

Fund had increased expenditures totaling $725,110. The increased expenditure level was due to completing projects associated with the Auto Center such as the Dodge Expansion Project and the Robinette East Project (Mercedes).

Operating transfers out decreased by $904,477, or 28% over the previous year. The decrease was caused by the decrease in transfers out from the General Fund, the Special Revenues Fund types and the Debt Service Fund. The General Fund decreased its transfers principally to the Capital Improvement Fund. Many of the projects were grant funded rather than being financed by the General Fund, as is usually the case.

General Fund Balance

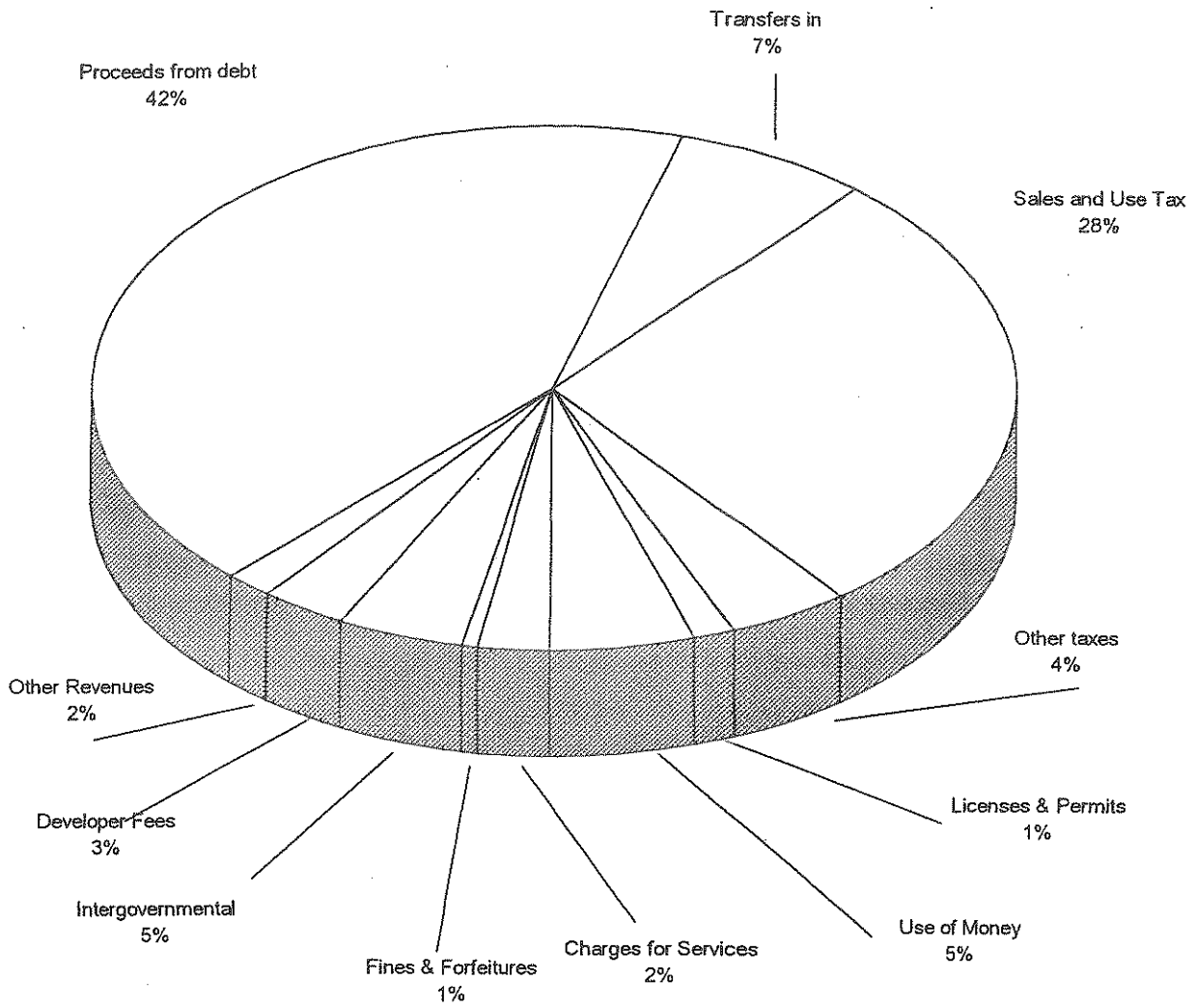
The fund balance of the General Fund increased $3,540,700, or 27%, over last year's totals. The excess of revenues over expenditures totaling $3,421,811 caused the increase to fund balance. Revenues, in total, decreased slightly by $129,298 over last year with all revenue categories showing comparable numbers to last year. The only appreciable drop was in the intergovernmental revenue category. Revenues in this category decreased $51,123, as mentioned previously because of non-reoccurring grants that were received in the prior year and not renewed in the current year because of State funding problems.

Although expenditures increased $411,238, or 4%, they did underrun the budget by $1,287,815. Transfers in were considerably less than the prior year totaling $412,019 for the fiscal year. Transfers out decreased significantly principally because of reduced transfers to the Capital Projects Funds. Transfers out decreased by $772,554.

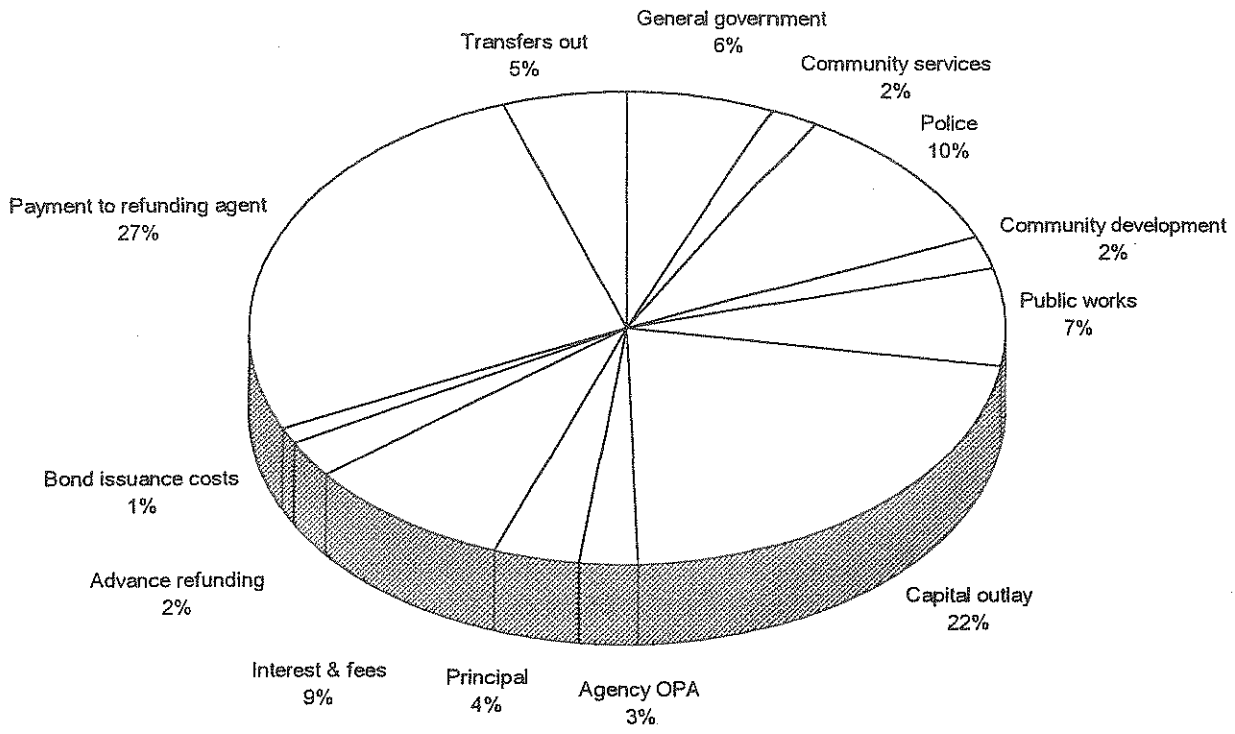
Prudent fiscal management of available fund balances is extremely important to the City Council; as such, the entire $16,649,543 balance of the General Fund balance is reserved and/or designated for specific purposes. A designation of $6,158,084 for contingencies provides for unexpected events. Further designations are provided for equipment replacement, ($496,740); insurance premium increases, ($486,889); continuing appropriations for rebudgeted projects, ($30,663); capital improvements, ($498,165); economic uncertainties, ($1,554,869); obligations under OPA, ($2,550,850); note repayment, ($776,726); agency advances, ($252,223); EOC, ($1,037,336); Library expansion, ($371,761); Park expansion, ($103,187); law enforcement high technology acquisitions, ($46,486) and reserves for long term advances, ($2,115,564) and debt service for Section 108 loans, ($170,000). Total designations increased $2,076,637, or 17% over the previous year's totals. These designations provide a security blanket for the City and can be utilized if economic conditions deteriorate. Additionally, the General Fund has made long term advances to the City's Redevelopment Agency and the Lighting and Landscape Fund totaling $2,101,929 and $13,635, respectively.

Actual revenues and expenditures for Fiscal Year 2002 are graphically depicted on the following pages:

Governmental Funds-Revenues and Transfers
Fiscal Year 2001-2002



Governmental Funds-Expenditures and Transfers
Fiscal Year 2001-2002



Enterprise Operations

The City's enterprise operation is comprised solely of a Water Fund. Operating revenues increased $214,218, or 7%, over the previous year. The increase in operating revenues was due to a 4 percent rate increase approved in the summer of 2001 and to increased consumption due to the prolonged drought.

Operating expenses decreased $108,766, or 5%, during the year. The decrease was due to last year's one-time expenses involved with the rehabilitation of the City's two wells and the abandonment of a third well. Also because the wells were out of service, we had to purchase the more expensive DWP water, which caused last year's supply budget to increase substantially.

Nonoperating revenues from interest earnings decreased $95,982 due to lower investment yields while nonoperating expenses decreased $223,036. Last year we had a one time non-reoccurring loss on the disposal of assets. The loss was associated with the abandonment of Well Number Six.

Net income was $473,955 for the year as compared to last year's $23,967 in net income. Retained earnings were $3,390,877. We had a prior period adjustment, which increased retained earnings and reduced contributed capital by $400,000. GASB Statement Number 33 requires capital contributions to be closed to retained earnings. The amount was the result of a legal settlement involved with the building and design of the City's new reservoirs. City has ample coverage to pay its water-bonded indebtedness.

Debt Administration

At year-end, the City had three issues of bonded indebtedness outstanding in its governmental funds totaling $62.88 million. All three issues were rated AAA by Standard and Poors and Aaa by Moody's. The City's bonded indebtedness per capita is $6,330 (excluding the water revenue bonds), while debt as a percent of total assessed value within the Redevelopment Project Area is 9.40%. Debt as a percent of incremental assessed value is 10.56%. The combined coverage ratio of senior lien bonds to pledge/tax revenues is 133.52%. The Agency also holds $5.161 million in notes payable for the acquisition of real property. These notes have no lien on the tax increment revenues. The City's Redevelopment Agency has not entered into any tax sharing agreements with other governmental agencies/districts concerning its Redevelopment Projects.

Cash Management

Cash temporarily idle during the year was invested primarily in the Local Agency Investment Fund. The average interest rate on investments was 3.9% for the year, down 1.3% (130 basis points) over last year's average rate. Most of the drop was due to the portion of the portfolio invested in LAIF. Recent rates on investments are the lowest in 40

years. The portfolio's weighted average days to maturity is 394 days. Last year's weighted average days to maturity was 321 days.

The pooling of cash and investments, whereby the maximum rate of return and cash flow flexibility can be achieved, facilitates cash management of the City. Interest earnings are allocated monthly to the various funds based on their average daily-prorated share of total cash and investments. The City's investment transactions are conducted in conformance with internal investment policies and the State of California Government Code. The City's overall investment philosophy is to ensure the safety of principal, while maintaining adequate liquidity and yield.

Risk Management

The City of Signal Hill Risk Management Program includes a balanced approach of risk retention, transfer, reduction, financing through participation in a joint powers insurance authority, third party claims administration and other miscellaneous insurance. Additionally, the program includes employee injury reviews and retention of a safety consultant through the joint powers insurance authority to review all safety procedures and perform site audits of all City facilities, operations, procedures and equipment use. The City maintains an equity interest in the joint powers insurance authority, which totals $1.999 million. This is an increase of $10,000 or .5% over last year's total. The pool has been self-funded since 1987.

Other Information

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 general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards

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, 2001. This was the 7th consecutive year that the City of Signal Hill has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, the City of Signal Hill must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

We, in the Finance Department, wish 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. I wish to express my appreciation to the entire Finance staff for their dedicated efforts throughout the year to maintain and improve the City's financial system. I especially wish to thank our auditors Diehl, Evans and Company LLP, Mark Sjoblom, Accounting Manager and Phylliss Shores, Office Services Coordinator for their significant roles in the report preparation.

Respectfully submitted,

Dennis MacAuchen

Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Signal Hill, California

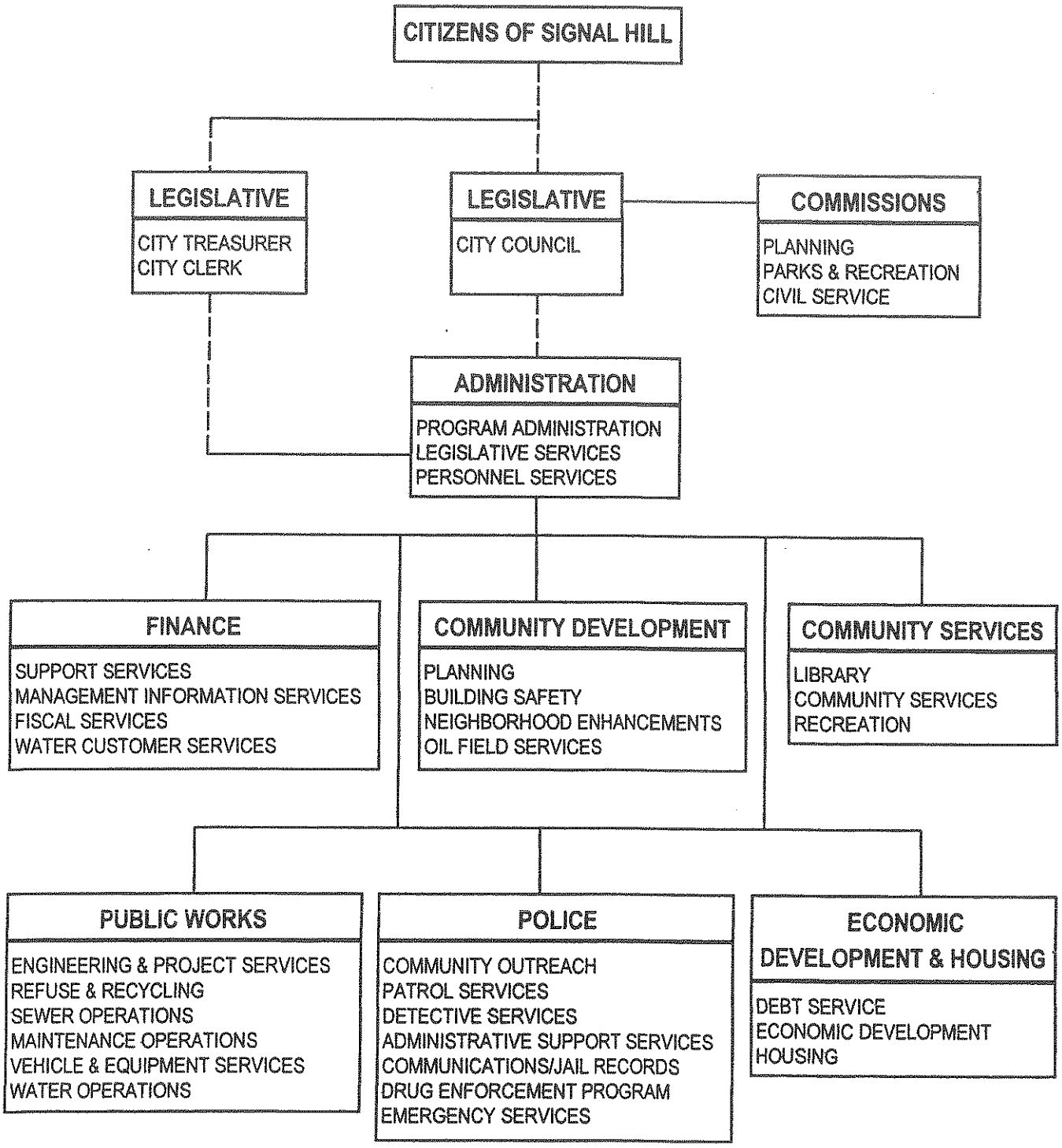
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2001

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
ORGANIZATIONAL CHART



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November 6, 2002

INDEPENDENT AUDITORS' REPORT

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

We have audited the general purpose financial statements of the City of Signal Hill, California as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Signal Hill as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types 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 November 6, 2002 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Signal Hill. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. We did not audit or apply limited procedures to the statistical information listed in the table of contents, and we do not express any assurance on such information.

Diehl, Evans and Company, LLP

CITY OF SIGNAL HILL

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2002
With comparative totals for June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Cash and investments (Notes 1E and 3)	$ 12,643,294	$ 6,602,396	$ 4,442,595	$ 1,052,696
Accounts receivable	1,730,269	77,584	-	-
Property taxes receivable (Notes 1K and 12)	-	32,758	131,032	-
Accrued interest receivable	174,330	80,719	34,373	15,993
Due from other governments	-	22,182	-	890,308
Rehabilitation loans receivable	-	17,354	-	-
Due from other funds (Note 21)	593,675	-	-	-
Advances to other fund (Note 22)	2,115,564	-	-	-
Inventory	-	-	-	-
Restricted cash and investments (Notes 1E, 3 and 19)	217,849	-	279	-
Proprietary fixed assets (Notes 1I and 13)	-	-	-	-
Less allowance for depreciation	-	-	-	-
General fixed assets (Notes 1H and 14)	-	-	-	-
Land and improvements held for resale or lease (Notes 1G and 23)	-	687,165	-	3,516,432
Deposits	-	2,030,000	-	390,387
Deferred charge (Note 1L)	-	-	-	-
Amount available for payment of long-term debt in general and debt service funds (Note 11)	-	-	-	-
Amount to be provided for payment of long-term debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	$ 17,474,981	$ 9,550,158	$ 4,608,279	$ 5,865,816

See independent auditors' report and notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long - Term Debt	June 30, 2002	June 30, 2001
$ 1,703,778	$ 778,961	$ 851,253	$ -	$ -	$ 28,074,973	$ 26,372,065
568,861	-	-	-	-	2,376,714	2,288,945
-	-	-	-	-	163,790	95,500
39,030	10,661	-	-	-	355,106	431,042
-	-	-	-	-	912,490	218,482
-	-	-	-	-	17,354	15,799
-	-	-	-	-	593,675	130,302
103,250	-	-	-	-	2,218,814	1,128,888
36,039	8,074	-	-	-	44,113	52,761
2,029,983	-	12,353	-	-	2,260,464	3,416,865
30,356,000	2,156,380	-	-	-	32,512,380	31,275,810
(6,016,919)	(1,390,645)	-	-	-	(7,407,564)	(6,743,364)
-	-	-	10,690,160	-	10,690,160	10,524,261
-	-	-	-	-	4,203,597	4,683,828
-	-	-	-	-	2,420,387	2,261,888
239,584	-	-	-	-	239,584	249,422
-	-	-	-	170,279	170,279	702,536
-	-	-	-	70,775,481	70,775,481	68,462,171
$ 29,059,606	$ 1,563,431	$ 863,606	$ 10,690,160	$ 70,945,760	$ 150,621,797	$ 145,567,201

(Continued)

CITY OF SIGNAL HILL

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
(Continued)

June 30, 2002
With comparative totals for June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	$ 373,781	$ 286,709	$ -	$ 390,294
Accrued liabilities	256,907	21,436	-	38,050
Accrued interest payable	-	-	-	-
Due to other governments (Note 18)	-	-	3,578,095	-
Due to other funds (Note 21)	-	30,750	-	562,925
Advances from other funds (Note 22)	-	116,885	2,101,929	-
Refundable deposits (Note 16)	-	-	7,550	-
Deferred revenue	194,750	1,318,354	-	890,308
Certificates payable (net of unamortized discount) (Note 9)	-	-	-	-
Tax allocation bonds payable (Notes 10A, 10B, 10C and 10D)	-	-	-	-
Note payable (Note 10E)	-	-	-	-
Loans payable (Note 10F)	-	-	-	-
Section 108 loan payable (Note 10G)	-	-	-	-
Capital lease obligation (Note 10H)	-	-	-	-
Insurance deposits payable	-	-	-	-
Compensated absences (Notes 1M and 10I)	-	-	-	-
TOTAL LIABILITIES	825,438	1,774,134	5,687,574	1,881,577
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets (Note 14)	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances (deficit) (Note 11):				
Reserved	2,285,564	2,717,165	279	3,906,819
Unreserved - designated	14,363,979	5,058,859	-	77,420
Unreserved - undesignated	-	-	(1,079,574)	-
TOTAL EQUITY AND OTHER CREDITS	16,649,543	7,776,024	(1,079,295)	3,984,239
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	$ 17,474,981	$ 9,550,158	$ 4,608,279	$ 5,865,816

See independent auditors' report and notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long - Term Debt	June 30, 2002	June 30, 2001
$ 107,116	$ 10,664	$ -	$ -	$ -	$ 1,168,564	$ 743,217
215,923	5,140	-	-	-	537,456	291,782
85,221	-	-	-	-	85,221	86,660
-	-	-	-	-	3,578,095	2,449,411
-	-	-	-	-	593,675	130,302
-	-	-	-	-	2,218,814	1,128,888
283,591	-	863,606	-	-	1,154,747	985,666
-	-	-	-	-	2,403,412	149,031
9,208,233	-	-	-	-	9,208,233	9,383,233
-	-	-	-	62,880,000	62,880,000	61,815,000
-	-	-	-	5,161,428	5,161,428	5,335,235
-	-	-	-	1,880,435	1,880,435	1,000,000
-	-	-	-	170,000	170,000	225,000
-	-	-	-	53,254	53,254	103,240
16,541	-	-	-	167,254	183,795	70,703
31,426	8,105	-	-	633,389	672,920	651,697
9,948,051	23,909	863,606	-	70,945,760	91,950,049	84,549,065
-	-	-	10,690,160	-	10,690,160	10,524,261
15,720,678	1,236,703	-	-	-	16,957,381	17,357,381
3,390,877	302,819	-	-	-	3,693,696	2,830,083
-	-	-	-	-	8,909,827	8,306,290
-	-	-	-	-	19,500,258	22,658,159
-	-	-	-	-	(1,079,574)	(658,038)
19,111,555	1,539,522	-	10,690,160	-	58,671,748	61,018,136
$ 29,059,606	$ 1,563,431	$ 863,606	$ 10,690,160	$ 70,945,760	$ 150,621,797	$ 145,567,201

CITY OF SIGNAL HILL

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 2002
With comparative totals for the year ended June 30, 2001

	General	Special Revenue
REVENUES:		
Property taxes (Note 12)	$ 281,436	$ 1,244,834
Sales and use tax	9,871,950	-
Other taxes	1,222,119	262,348
Licenses and permits	423,378	-
Intergovernmental revenues	951,418	802,499
Charges for services	836,934	1,399
Fines and forfeitures	161,482	55,931
Revenue from use of money and property	817,880	374,772
Developer fees	-	995,120
Other revenue	110,190	177,695
TOTAL REVENUES	14,676,787	3,914,598
EXPENDITURES:		
Current:		
General government	2,035,584	473,870
Community services	921,505	-
Police	4,286,900	315,192
Community development	839,359	118,785
Public works	2,913,253	95,141
Capital outlay	201,639	4,673,501
Debt service (Notes 10 and 18):		
Owner participation agreement	-	-
Principal retirement	49,986	55,000
Interest	6,750	14,021
Advance refunding escrow payment	-	-
Bond issuance costs	-	-
Fiscal agent fees	-	-
TOTAL EXPENDITURES	11,254,976	5,745,510
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,421,811	(1,830,912)
OTHER FINANCING SOURCES (USES):		
Proceeds from debt	-	880,435
Payment to refunding bond escrow agent	-	-
Operating transfers in	412,019	387,078
Operating transfers out	(293,130)	(1,534,439)
TOTAL OTHER FINANCING SOURCES (USES)	118,889	(266,926)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,540,700	(2,097,838)
FUND BALANCES AT BEGINNING OF YEAR	13,108,843	9,873,862
PRIOR PERIOD ADJUSTMENT (NOTE 26)	-	-
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	13,108,843	9,873,862
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 16,649,543	$ 7,776,024

See independent auditors' report and notes to financial statements.

Debt Service	Capital Projects	Totals (Memorandum Only) June 30, 2002	June 30, 2001
$ 4,942,753	$ -	$ 6,469,023	$ 6,159,848
-	-	9,871,950	9,897,206
-	-	1,484,467	1,426,686
-	-	423,378	407,317
36,581	-	1,790,498	1,963,407
-	-	838,333	962,261
-	-	217,413	263,477
111,417	284,622	1,588,691	2,533,429
-	-	995,120	548,915
-	347,308	635,193	381,630
5,090,751	631,930	24,314,066	24,544,176
107,851	175,562	2,792,867	2,728,159
-	-	921,505	903,323
-	-	4,602,092	4,643,217
-	-	958,144	851,243
-	-	3,008,394	2,815,385
-	4,838,038	9,713,178	4,705,979
1,128,683	-	1,128,683	1,064,433
1,558,807	-	1,663,793	1,527,971
3,846,860	-	3,867,631	3,876,237
1,097,031	-	1,097,031	-
569,303	-	569,303	-
12,339	-	12,339	20,569
8,320,874	5,013,600	30,334,960	23,136,516
(3,230,123)	(4,381,670)	(6,020,894)	1,407,660
12,477,999	1,390,966	14,749,400	1,000,000
(11,897,721)	-	(11,897,721)	-
1,093,014	408,399	2,300,510	3,206,687
-	(472,941)	(2,300,510)	(3,204,987)
1,673,292	1,326,424	2,851,679	1,001,700
(1,556,831)	(3,055,246)	(3,169,215)	2,409,360
477,536	6,846,170	30,306,411	27,897,051
-	193,315	193,315	-
477,536	7,039,485	30,499,726	27,897,051
$ (1,079,295)	$ 3,984,239	$ 27,330,511	$ 30,306,411

385,298 Housing Fund

87,643 to DS

472,941

CITY OF SIGNAL HILL

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 2002

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	$ 285,700	$ 281,436	$ (4,264)
Sales and use tax	8,900,000	9,871,950	971,950
Other taxes	1,027,850	1,222,119	194,269
Licenses and permits	475,905	423,378	(52,527)
Intergovernmental revenues	598,947	951,418	352,471
Charges for services	881,700	836,934	(44,766)
Fines and forfeitures	143,200	161,482	18,282
Revenue from use of money and property	413,550	817,880	404,330
Developer fees	-	-	-
Other revenue	89,200	110,190	20,990
TOTAL REVENUES	12,816,052	14,676,787	1,860,735
EXPENDITURES:			
Current:			
General government	2,171,100	2,035,584	135,516
Community services	1,098,400	921,505	176,895
Police	4,708,350	4,286,900	421,450
Community development	935,000	839,359	95,641
Public works	3,296,300	2,913,253	383,047
Capital outlay	276,891	201,639	75,252
Debt service:			
Owner participation agreement	-	-	-
Principal retirement	49,986	49,986	-
Interest	6,764	6,750	14
Advance refunding escrow payment	-	-	-
Bond issuance costs	-	-	-
Fiscal agent fees	-	-	-
TOTAL EXPENDITURES	12,542,791	11,254,976	1,287,815
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	273,261	3,421,811	3,148,550
OTHER FINANCING SOURCES (USES):			
Proceeds from debt	-	-	-
Payment to refunding bond escrow agent	-	-	-
Operating transfers in	433,450	412,019	(21,431)
Operating transfers out	(739,000)	(293,130)	445,870
TOTAL OTHER FINANCING SOURCES (USES)	(305,550)	118,889	424,439
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(32,289)	3,540,700	3,572,989
FUND BALANCES AT BEGINNING OF YEAR	13,108,843	13,108,843	-
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	13,108,843	13,108,843	-
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 13,076,554	$ 16,649,543	$ 3,572,989

See independent auditors' report and notes to financial statements.

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 1,232,100	$ 1,244,834	$ 12,734	$ 4,840,000	$ 4,942,753	$ 102,753
-	-	-	-	-	-
236,400	262,348	25,948	-	-	-
-	-	-	-	-	-
859,480	802,499	(56,981)	27,000	36,581	9,581
1,300	1,399	99	-	-	-
75,000	55,931	(19,069)	-	-	-
135,500	374,772	239,272	58,700	111,417	52,717
798,500	995,120	196,620	-	-	-
-	177,695	177,695	-	-	-
3,338,280	3,914,598	576,318	4,925,700	5,090,751	165,051
1,180,960	473,870	707,090	98,800	107,851	(9,051)
-	-	-	-	-	-
303,103	315,192	(12,089)	-	-	-
146,530	118,785	27,745	-	-	-
134,190	95,141	39,049	-	-	-
5,394,847	4,673,501	721,346	-	-	-
-	-	-	1,000,000	1,128,683	(128,683)
55,000	55,000	-	1,629,723	1,558,807	70,916
14,021	14,021	-	4,038,177	3,846,860	191,317
-	-	-	-	1,097,031	(1,097,031)
-	-	-	-	569,303	(569,303)
-	-	-	25,000	12,339	12,661
7,228,651	5,745,510	1,483,141	6,791,700	8,320,874	(1,529,174)
(3,890,371)	(1,830,912)	2,059,459	(1,866,000)	(3,230,123)	(1,364,123)
900,000	880,435	(19,565)	-	12,477,999	12,477,999
-	-	-	-	(11,897,721)	(11,897,721)
394,480	387,078	(7,402)	1,075,650	1,093,014	17,364
(2,110,230)	(1,534,439)	575,791	-	-	-
(815,750)	(266,926)	548,824	1,075,650	1,673,292	597,642
(4,706,121)	(2,097,838)	2,608,283	(790,350)	(1,556,831)	(766,481)
9,873,862	9,873,862	-	477,536	477,536	-
-	-	-	-	-	-
9,873,862	9,873,862	-	477,536	477,536	-
$ 5,167,741	$ 7,776,024	$ 2,608,283	$ (312,814)	$ (1,079,295)	$ (766,481)

(Continued)

CITY OF SIGNAL HILL

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
(Continued)

For the year ended June 30, 2002

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	$ -	$ -	$ -
Sales and use tax	-	-	-
Other taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental revenues	1,468,950	-	(1,468,950)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Revenue from use of money and property	388,300	284,622	(103,678)
Developer fees	-	-	-
Other revenue	422,200	347,308	(74,892)
TOTAL REVENUES	2,279,450	631,930	(1,647,520)
EXPENDITURES:			
Current:			
General government	238,650	175,562	63,088
Community services	-	-	-
Police	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	8,173,400	4,838,038	3,335,362
Debt service:			
Owner participation agreement	-	-	-
Principal retirement	-	-	-
Interest	-	-	-
Advance refunding escrow payment	-	-	-
Bond issuance costs	-	-	-
Fiscal agent fees	-	-	-
TOTAL EXPENDITURES	8,412,050	5,013,600	3,398,450
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,132,600)	(4,381,670)	1,750,930
OTHER FINANCING SOURCES (USES):			
Proceeds from debt	1,110,650	1,390,966	280,316
Payment to refunding bond escrow agent	-	-	-
Operating transfers in	1,296,450	408,399	(888,051)
Operating transfers out	-	(472,941)	(472,941)
TOTAL OTHER FINANCING SOURCES (USES)	2,407,100	1,326,424	(1,080,676)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,725,500)	(3,055,246)	670,254
FUND BALANCES AT BEGINNING OF YEAR	6,846,170	6,846,170	-
PRIOR PERIOD ADJUSTMENT	193,315	193,315	-
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	7,039,485	7,039,485	-
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 3,313,985	$ 3,984,239	$ 670,254

See independent auditors' report and notes to financial statements.

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
$ 6,357,800	$ 6,469,023	$ 111,223
8,900,000	9,871,950	971,950
1,264,250	1,484,467	220,217
475,905	423,378	(52,527)
2,954,377	1,790,498	(1,163,879)
883,000	838,333	(44,667)
218,200	217,413	(787)
996,050	1,588,691	592,641
798,500	995,120	196,620
511,400	635,193	123,793
23,359,482	24,314,066	954,584
3,689,510	2,792,867	896,643
1,098,400	921,505	176,895
5,011,453	4,602,092	409,361
1,081,530	958,144	123,386
3,430,490	3,008,394	422,096
13,845,138	9,713,178	4,131,960
1,000,000	1,128,683	(128,683)
1,734,709	1,663,793	70,916
4,058,962	3,867,631	191,331
-	1,097,031	(1,097,031)
-	569,303	(569,303)
25,000	12,339	12,661
34,975,192	30,334,960	4,640,232
(11,615,710)	(6,020,894)	5,594,816
2,010,650	14,749,400	12,738,750
-	(11,897,721)	(11,897,721)
3,200,030	2,300,510	(899,520)
(2,849,230)	(2,300,510)	548,720
2,361,450	2,851,679	490,229
(9,254,260)	(3,169,215)	6,085,045
30,306,411	30,306,411	-
193,315	193,315	-
30,499,726	30,499,726	-
$ 21,245,466	$ 27,330,511	$ 6,085,045

CITY OF SIGNAL HILL

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES

For the year ended June 30, 2002
With comparative totals for the year ended June 30, 2001

	Enterprise (Water Fund)	Internal Service (Vehicle and Equipment Fund)	Totals (Memorandum Only) June 30, 2002	Totals (Memorandum Only) June 30, 2001
OPERATING REVENUES:				
Charges for services	$ 3,123,865	$ 406,800	$ 3,530,665	$ 3,297,751
OPERATING EXPENSES:				
Personnel services	707,405	156,810	864,215	832,474
Contractual services	50,877	1,171	52,048	35,492
Supplies	480,466	4,890	485,356	599,011
Materials and repairs	98,729	112,746	211,475	328,594
Utilities	237,217	1,700	238,917	227,959
Depreciation and amortization	586,510	189,545	776,055	727,510
Other	138,622	4,144	142,766	93,059
TOTAL OPERATING EXPENSES	2,299,826	471,006	2,770,832	2,844,099
OPERATING INCOME (LOSS)	824,039	(64,206)	759,833	453,652
NONOPERATING REVENUES (EXPENSES):				
Investment income	183,300	43,862	227,162	341,573
Rental income	450	-	450	500
Other revenue	-	1,912	1,912	5,141
Interest expense	(529,559)	-	(529,559)	(538,039)
Fiscal agent fees	(4,275)	-	(4,275)	(4,275)
Gain (loss) on disposal of fixed assets	-	8,090	8,090	(187,138)
TOTAL NONOPERATING REVENUES (EXPENSES)	(350,084)	53,864	(296,220)	(382,238)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	473,955	(10,342)	463,613	71,414
OPERATING TRANSFERS OUT	-	-	-	(1,700)
NET INCOME (LOSS)	473,955	(10,342)	463,613	69,714
RETAINED EARNINGS AT BEGINNING OF YEAR	2,516,922	313,161	2,830,083	2,760,369
PRIOR PERIOD ADJUSTMENT (NOTE 26)	400,000	-	400,000	-
RETAINED EARNINGS AT BEGINNING OF YEAR, AS RESTATED	2,916,922	313,161	3,230,083	2,760,369
RETAINED EARNINGS AT END OF YEAR	$ 3,390,877	$ 302,819	$ 3,693,696	$ 2,830,083

See independent auditors' report and notes to financial statements.

CITY OF SIGNAL HILL

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES

For the year ended June 30, 2002
With comparative totals for the year ended June 30, 2001

	Enterprise (Water Fund)	Internal Service (Vehicle and Equipment Fund)	Totals (Memorandum Only) June 30, 2002	Totals (Memorandum Only) June 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	$ 824,039	$ (64,206)	$ 759,833	$ 453,652
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	586,510	189,545	776,055	727,510
Miscellaneous receipts	-	1,912	1,912	5,141
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(60,470)	-	(60,470)	(44,598)
(Increase) decrease in inventory	2,917	5,731	8,648	(5,113)
(Increase) decrease in deposits	-	-	-	45,760
Increase (decrease) in accounts payable	20,279	(14,693)	5,586	45,476
Increase (decrease) in accrued liabilities	193,658	(50)	193,608	(4,120)
Increase (decrease) in refundable deposits	(72)	-	(72)	6,556
Increase in insurance deposits payable	16,541	-	16,541	-
Increase (decrease) in compensated absences	2,823	540	3,363	(4,530)
Total adjustments	762,186	182,985	945,171	772,082
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,586,225	$ 118,779	$ 1,705,004	$ 1,225,734

(Continued)

See independent auditors' report and notes to financial statements.

CITY OF SIGNAL HILL

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
(Continued)

For the year ended June 30, 2002
With comparative totals for the year ended June 30, 2001

	Enterprise (Water Fund)	Internal Service (Vehicle and Equipment Fund)	Totals (Memorandum Only) June 30, 2002	Totals (Memorandum Only) June 30, 2001
NET CASH PROVIDED BY OPERATING ACTIVITIES (CARRYFORWARD)	$ 1,586,225	$ 118,779	$ 1,705,004	$ 1,225,734
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advance repayments from other funds	14,750	-	14,750	14,750
Operating transfers out	-	-	-	(1,700)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	14,750	-	14,750	13,050
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Rental receipts	450	-	450	500
Proceeds from sale of fixed assets	-	13,840	13,840	45,734
Acquisition of property, plant and equipment	(1,115,645)	(238,530)	(1,354,175)	(562,445)
Principal paid	(180,000)	-	(180,000)	(170,000)
Interest paid	(516,160)	-	(516,160)	(524,561)
Fiscal agent fees	(4,275)	-	(4,275)	(4,275)
Contributed capital	-	-	-	400,000
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,815,630)	(224,690)	(2,040,320)	(815,047)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	191,000	46,428	237,428	334,406
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,655)	(59,483)	(83,138)	758,143
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,757,416	838,444	4,595,860	3,837,717
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 1M)	$ 3,733,761	$ 778,961	$ 4,512,722	$ 4,595,860
NONCASH CAPITAL AND FINANCING ACTIVITIES:				
Deferred charge and bond discount amortization charged to interest expense	$ 14,838	$ -	$ 14,838	$ 14,837

See independent auditors' report and notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description of Funds and Account Groups:

The accounts of the City of Signal Hill are organized on the basis of funds and account groups, each of which is considered a separate accounting entity with a self-balancing set of accounts.

The following are the types of funds and account groups used:

GOVERNMENTAL FUND TYPES:

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.

Debt Service Fund

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

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Description of Funds and Account Groups (Continued):

PROPRIETARY FUND TYPES:

Enterprise Fund

The Water Fund accounts for operations that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges - or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund

The Vehicle and Equipment Fund is used to account for the furnishing of goods and rendering of 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 goods are delivered or services rendered.

FIDUCIARY FUND:

Agency Fund

The Agency Fund is used to account for funds received by the City as an agent for individuals, private organizations or other governmental units.

ACCOUNT GROUPS:

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for and controlled in the General Fixed Asset Account Group, rather than in governmental funds. Proprietary fund fixed assets are accounted for in the proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Description of Funds and Account Groups (Continued):

ACCOUNT GROUPS (CONTINUED):

General Long-Term Debt Account Group

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. The long-term debt accounted for in this account group is for community redevelopment project debt, capital lease obligations, notes, loans and compensated absences.

B. Basis of Accounting:

Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Accrued revenues include property taxes, taxpayer-assessed taxes, such as sales taxes, gas taxes, transient occupancy taxes and oil production taxes, and earnings on investments received within 60 days after year end. Grant funds received before the revenue recognition criteria have been met are reported as deferred revenues. Expenditures are recorded when the liabilities are incurred, except that principal and interest payments on general long-term debt are recognized as expenditures when due.

The accrual basis of accounting is followed by the proprietary fund types. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Unbilled water revenue is accrued at year end.

For proprietary type activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

Fiduciary fund types are accounted for according to the nature of the fund. The City has only Agency Funds which are purely custodial in nature (assets equal liabilities) and thus does not involve measurement of results of operation. The Agency Funds are accounted for on the modified accrual basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus:

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets, with the exception that the noncurrent portion of long-term receivables due to governmental funds are reported on their balance sheets, offset by fund balance reserve accounts. Statements of revenue, expenditures and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the balance sheets. Their reported fund equity presents total net assets. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net assets.

D. 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.

3) Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Budgets and Budgetary Accounting (Continued):

4) Original appropriations are modified by supplemental appropriations and transfers among budget categories. Supplementary budgetary appropriations in Governmental Fund Types in the amount of $5,486,205 were made during the year ended June 30, 2002.

5) 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.

6) 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.

7) The City Council approves all significant budgetary changes.

8) Under Article XIIIB 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, 2002, based on calculations by City management, proceeds of taxes did not exceed appropriations.

E. Investments:

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

F. 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 Water Enterprise Fund consists of fire hydrants and water meters that have not been placed in service. Inventory in the Internal Service Garage Fund consists of gasoline and tires held for use in city vehicles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Land and Improvements Held for Resale or Lease:

Costs of project land and improvements held for resale or lease are capitalized in the Community Redevelopment Capital Project Fund and the Affordable Housing Special Revenue Fund as inventory, at the lower of acquisition cost or net realizable value.

H. General Fixed Assets:

General fixed assets are recorded as expenditures of the various governmental funds at the time of purchase and are subsequently capitalized for memorandum purposes in the General Fixed Asset Account Group. Such assets include land, building, building improvements, furniture and equipment. The costs of roads, streets and sidewalks, bridges, curbs and gutters, drainage systems, lighting systems and similar assets are not capitalized. No depreciation is provided on general fixed assets.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

I. Proprietary Fixed Assets:

Fixed assets purchased by proprietary fund types are recorded at cost, while contributed assets are recorded at fair market value at the time received. Depreciation has been provided on a straight-line basis over the following useful lives:

Buildings and plant	20 - 50 years
Improvements other than buildings and plant	5 - 30 years
Equipment	3 - 20 years

J. Claims and Judgments:

When it is probable that a claims 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. Estimated claims losses, if any, include an accrual for IBNR ("Incurred But Not Reported") claims. At June 30, 2002, in the opinion of City management, the City had no material claims which would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenditures when paid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Claims and Judgments (Continued):

Under the City's self-insurance program, deposits to the Joint Powers Authority (Note 17) are recorded as insurance expenditures in the period to which they relate. 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 a General Fund revenue. Deposits are based upon historical claims experience. In 2001-2002, deposits of $720,009 were recorded as an insurance expenditure.

K. Tax Increment Financing and Related Receivables - Redevelopment Agency:

The Agency's primary source of revenue, other than bond proceeds, land sales and loans and advances from the City, comes from property taxes. Property taxes allocated to the Agency are computed in the following manner:

a. The assessed valuation of all property within the project area is determined on the date of adoption of the Redevelopment Plan.

b. Property taxes related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Agency; all taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts.

The Agency has no power to levy and collect taxes and any legislative property tax deemphasis might reduce the amount of tax revenues that would otherwise be available to pay the principal and interest on debt. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would increase the amount of tax revenues that would be available to pay principal and interest on debt.

The property tax receivable of $163,790 represents assessments attributable to the fiscal year ended June 30, 2002 that were remitted to the Agency by the County of Los Angeles after year end.

L. Deferred Charge:

The deferred charge reported in the Water Enterprise Fund is being amortized over the life of the 1996 Certificates of Participation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Compensated Absences:

In governmental fund types, compensated absences, if any, that are expected to be liquidated with expendable available financial resources, are recorded as an expenditure and a fund liability of the governmental fund that will pay it. The balance of unpaid vacation and compensatory time at year end is recorded in the General Long-Term Debt Account Group, as these amounts will be liquidated from future resources rather than expendable available financial resources.

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 in the General Long-Term Debt Account Group, as these amounts will be liquidated from future resources rather than expendable available resources.

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

N. Statement of Cash Flows:

A high level of the City's investments are in short-term, highly liquid instruments, with original maturities of three months or less (excluding fiscal agent investments). 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. As a result, the cash and investments of the Water Enterprise Fund and Vehicle and Equipment Internal Service Fund are considered to be cash and cash equivalents for statement of cash flow purposes.

O. 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. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

P. Total Columns:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data and these columns are not intended to present consolidated financial information.

2. DESCRIPTION OF THE 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.

2. DESCRIPTION OF THE REPORTING ENTITY (CONTINUED):

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.

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, Financing Authority and Housing Authority can be obtained from the City of Signal Hill's Finance Department located at City Hall.

3. CASH AND INVESTMENTS:

A. Authorized Investments:

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

- Bankers acceptances
- Certificates of deposit
- Negotiable certificates of deposit
- United States Treasury Issues
- Federal Agency Issues
- Local Agency Investment Fund (LAIF)
- County Pooled Funds
- Passbook Savings Account
- Money Market Account
- Repurchase Agreements

3. CASH AND INVESTMENTS (CONTINUED):

B. California Local Agency Investment Fund (LAIF):

The City is a voluntary participant in the California 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. Each City may invest up to $40,000,000 and may also invest without limitation in special bond proceeds accounts. Investments in LAIF are highly liquid, and deposits may be converted to cash within twenty-four hours without loss of interest. At June 30, 2002, the total fair value of LAIF was $47,889,555,193. The fair value of the City's proportionate share in LAIF ($12,071,491) is the same as the value of the City's pool shares. Included in LAIF's investment portfolio are certain derivative securities in the form of structured notes totaling $551,578,000 and asset-backed securities totaling $921,063,000. LAIF's, and the City's, exposure to credit, market, or legal risk is not currently available.

C. Classification of Deposits and Investments by Credit Risk:

Deposits:

Category 1 - Deposits which are insured or collateralized with securities held by the City or the City's agent in the City's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Deposits which are uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

Investments:

Category 1 - Investments which are insured, or registered or held by the City or its agent in the City's name.

Category 2 - Investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Investments Not Subject to Categorization:

Investments in the California Local Agency Investment Fund (LAIF) and mutual funds are not required to be categorized under interpretive guidelines issued by the Governmental Accounting Standards Board.

See independent auditors' report.

3. CASH AND INVESTMENTS (CONTINUED):

D. Deposits and investments were categorized as follows at June 30, 2002:

	Category 1	Category 2	Category 3	Bank Balances	Carrying Amount
Deposits:					
Demand accounts	$ 118,012	$1,430,788	$ -	$ 1,548,800	$ 1,427,210
Fiscal agent cash	-	-	2,568	2,568	2,568
Total Deposits	$ 118,012	$1,430,788	$ 2,568	$ 1,551,368	1,429,778

	Category 1	Category 2	Category 3	Not Required to be Categorized	
Investments:					
U.S. Treasury Bills	$2,000,295	$ -	$ -	$ -	2,000,295
U.S. Treasury Notes	1,979,641	-	-	-	1,979,641
Federal Home Loan Bank Bonds	8,606,235	-	-	-	8,606,235
FNMA Notes	3,326,750	-	-	-	3,326,750
Fiscal agent investments:					
Mutual funds	-	-	-	703,654	703,654
U.S. Treasury Bills	-	-	217,593	-	217,593
California Local Agency Investment Fund (LAIF)	-	-	-	12,071,491	12,071,491
Total Investments	$15,912,921	$ -	$ 217,593	$ 12,775,145	28,905,659
TOTAL CARRYING AMOUNT (BOOK BALANCES)					$ 30,335,437

Cash and investments are reported in the accompanying combined balance sheet as follows:

Cash and investments	$ 28,074,973
Restricted cash and investments	2,260,464
	$ 30,335,437

See independent auditors' report.

3. CASH AND INVESTMENTS (CONTINUED):

E. Allocation of Interest Income Among Funds:

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated on a quarterly basis based on month-end cash balances.

4. FIRE DISTRICT PROPERTY TAXES AND FIRE PROTECTION:

The City receives fire protection services from the City of Long Beach, through an agreement with the County of Los Angeles Consolidated Fire Protection District. These services are paid for through property taxes levied on the property owners in the City. The property tax revenue is received directly by the County.

5. PENSION PLAN:

Plan Description:

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office: 400 P Street, Sacramento, CA 95814.

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 are set by statute and therefore remains unchanged from year to year. The rates are:

Category	Member Rates as a Percentage of Wages
Local miscellaneous members	7%
Local safety members	9%

See independent auditors' report.

5. PENSION PLAN (CONTINUED):

Funding Policy (Continued):

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 2001-02 was 0.00% for local miscellaneous members and 3.115% 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.

Annual Pension Cost:

For fiscal year 2001-02, the City's actual and contributed pension cost was $516,805. The required contribution for fiscal year 2001-02 was determined as part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method. The amortization method used was a level percent of payroll and the average remaining period used was 20 years and 14 years as of the valuation date for miscellaneous members and local safety members, respectively. Other actuarial assumptions included (a) an 8.25% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by age, length of service and type of employment from 3.75% to 14.2%, (c) a 3.5% inflation rate (d) a 3.75% payroll growth rate, and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%. The actuarial value of the Plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period. Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the Plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

5. PENSION PLAN (CONTINUED):

Funding Status and Progress:

Three-Year Trend Information for the Miscellaneous and Safety Plans:

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
	Miscellaneous Employees		
6/30/00	$ 256,170	100%	$ -
6/30/01	264,869	100%	-
6/30/02	258,865	100%	-
	Safety Employees		
6/30/00	378,730	100%	-
6/30/01	330,328	100%	-
6/30/02	257,940	100%	-

See independent auditors' report.

5. PENSION PLAN (CONTINUED):

Three-Year Schedule of Funding Progress for PERS (Most Recent Available):

Actuarial Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability (Excess Assets) (A-B)	Funded Ratio (B/A)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(A-B)/C]
6/30/99:						
Misc.	$ 12,639,242	$ 16,117,875	$ (3,478,633)	127.5%	$ 4,013,925	(86.664)%
Safety	16,658,305	18,671,582	(2,013,277)	112.1%	1,813,633	(111.008)%
Total	$ 29,297,547	$ 34,789,457	$ (5,491,910)	118.7%	$ 5,827,558	(94.240)%
6/30/00:						
Misc.	$ 13,650,998	$ 17,638,206	$ (3,987,208)	129.2%	$ 3,758,270	(106.092)%
Safety	19,969,596	21,201,999	(1,232,403)	106.2%	1,984,079	(62.115)%
Total	$ 33,620,594	$ 38,840,205	$ (5,219,611)	115.5%	$ 5,742,349	(90.897)%
6/30/01:						
Misc.	$ 15,063,320	$ 18,180,213	$ (3,116,893)	120.7%	$ 3,711,650	(83.976)%
Safety	21,377,627	21,607,042	(229,415)	101.1%	1,991,648	(11.519)%
Total	$ 36,440,947	$ 39,787,255	$ (3,346,308)	109.2%	$ 5,703,298	(58.673)%

Post-retirement Benefit Plan:

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. The City recognizes the retirees cost of providing those benefits by expending the premiums during the year, which were $283,050 for fiscal year 2001-02, and covered 62 individuals.

6. DEFINED CONTRIBUTION PLAN:

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% 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, 2002, the employees contributed $10,073 and the City contributed $2,114 to the plan.

On May 15, 2001, the City Council authorized establishment of a 401(a) Deferred Compensation Plan for its management and mid-management employees. The Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Mid-management employees chose not to participate. Management employees will place their City-paid contributions which total 2% of salary into the Plan. Management employees are required to match the 2% City contribution with a 4% employee contribution. For the year ended June 30, 2002, the employees contributed $52,781 and the City contributed $12,337 to the plan.

7. 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 2% of management's compensation and up to 1% of middle management's compensation. Total matching contributions made by the City totaled $12,247 for the fiscal year ended June 30, 2002.

7. 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, lacks the fiduciary accountability that would have required the 457 plan be recorded in an expendable trust fund.

8. DEPOSITS:

The Agency has deposits totaling $2,420,387 with the Los Angeles Superior Court for eminent domain proceedings on several real properties. As of June 30, 2002, the related cases have not been settled. These deposits are recorded in the Affordable Housing Special Revenue Fund ($2,030,000) and the Community Redevelopment Capital Projects Fund ($390,387).

9. CERTIFICATES PAYABLE:

In conjunction with an installment agreement dated November 1, 1996 to finance the design and construction of two reservoirs and related water delivery systems for the City, the Signal Hill Public Financing Authority issued $10,000,000 of Certificates of Participation (1996 Water Improvement Project). The Certificates represent a direct undivided interest in installment payments made by the City to the Authority for the acquisition of the City's water treatment, production, storage and distribution system. The installment payments are designed to be sufficient in both time and amount to pay the principal and interest with respect to the Certificates. Principal amounts on $4,770,000 of serial certificates mature annually each November 1, in the years 1998 through 2016, and bear interest semiannually on May 1 and November 1 at rates ranging from 4.8% to 5.6%. Term certificates of $2,260,000 are due November 1, 2021 and bear interest semiannually on May 1 and November 1 at a rate of 5.6%. Term certificates of $2,970,000 are due November 1, 2026 and bear interest semiannually on May 1 and November 1 at a rate of 5.7%.

The Certificates maturing on or after November 1, 2007 are subject to optional redemption, prior to maturity, in whole or in part, on any interest payment date on or after November 1, 2006 at a price equal to the principal amount, plus accrued interest to the redemption date, plus a premium ranging from 0.0% to 2.0%.

9. CERTIFICATES PAYABLE (CONTINUED):

The Certificates maturing November 1, 2021 and November 1, 2026 are subject to mandatory redemption prior to maturity, on November 1 in each year commencing November 1, 2017 with respect to the Certificates maturing November 1, 2021 and November 1, 2022 with respect to the Certificates maturing November 1, 2026 at a price equal to the principal amount plus accrued interest to the redemption date.

Under terms of the issue, the maximum annual installment payment amount of $698,080 is to be set aside in reserve funds unless the City elects to maintain the reserve requirement by obtaining a surety bond, insurance policy or letter of credit. The fair value of the investments in the reserve fund totaled $703,120 at June 30, 2002.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2002, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2003	$ 190,000	$ 507,280	$ 697,280
2004	200,000	497,920	697,920
2005	210,000	488,080	698,080
2006	215,000	477,880	692,880
2007	230,000	467,085	697,085
2008 - 2026	8,285,000	5,494,620	13,779,620
Totals	9,330,000	$ 7,932,865	$ 17,262,865
Unamortized discount (to be amortized over the remaining life of the Certificates)	(121,767)		
	$ 9,208,233		

See independent auditors' report.

10. GENERAL LONG-TERM DEBT:

The following is a summary of changes in long-term debt transactions for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Repayments	Balance June 30, 2002
1994 Tax Allocation Bonds	$ 11,645,000	$ -	$ 11,645,000	$ -
1993 Tax Allocation Bonds - Series A	20,950,000	-	495,000	20,455,000
1993 Tax Allocation Bonds - Series B	29,220,000	-	675,000	28,545,000
2001 Tax Allocation Bonds	-	13,880,000	-	13,880,000
Note payable	5,335,235	-	173,807	5,161,428
Loans payable	1,000,000	880,435	-	1,880,435
Section 108 loan payable	225,000	-	55,000	170,000
Capital lease obligations	103,240	-	49,986	53,254
Insurance deposits payable (1)	70,703	115,879	19,328	167,254
Compensated absences	615,529	17,860	-	633,389
	$ 69,164,707	$ 14,894,174	$ 13,113,121	$ 70,945,760

(1) The beginning balance of insurance deposits payable has been added to record the liability as of July 1, 2001.

A. 1994 Tax Allocation Bonds:

On December 1, 1994 the Agency issued the Signal Hill Redevelopment Project No. 1 1994 Subordinate Tax Allocation Bonds (the "1994 Bonds"), in the amount of $12,200,000. These bonds are limited obligations of the Agency and do not constitute a debt or liability of any political subdivision other than the Agency. They are subordinate to the 1993 Series A and Series B bonds. The issue contained $3,165,000 in serial bonds bearing interest rates from 6.75% to 7.3% and $9,035,000 in term bonds bearing an interest rate of 7.625%. The overall bond issue yield was 7.5%. The serial bonds mature between 1997 and 2009 while the term bonds mature in 2023. The net proceeds were $11,785,999, with $2,963,499 being deposited into the Agency's Housing Fund and $1,097,031 into a reserve account. The remaining proceeds were used to further develop the Signal Hill Auto Center, the Town Center commercial area, the Hilltop Residential Development Project and the Pacific Coast Highway (PCH) Corridor Affordable Housing Project.

On December 4, 2001, the Agency issued the Signal Hill Redevelopment Project No. 1 2001 Tax Allocation Bonds in the amount of $13,880,000 to advance refund the 1994 Bonds. As a result of the advance refunding, the 1994 Bonds are considered to be defeased and the liability for these bonds has been removed from the general long-term debt account group. At June 30, 2002, $11,430,000 of the defeased 1994 Bonds remain outstanding.

10. GENERAL LONG-TERM DEBT (CONTINUED):

B. 1993 Tax Allocation Bonds - Series A:

On July 1, 1993, the Agency issued the Signal Hill Redevelopment Project No. 1 1993 Tax Allocation Bonds, Series A (the "1993 Series A Bonds"), in the amount of $23,795,000. The proceeds of the bonds were used to defease the Signal Hill Redevelopment Project No. 1 1990 Tax Allocation Bonds, Series A (the "1990 Series A Bonds"). The defeased 1990 Series A Bonds have been retired.

Serial bonds mature annually each October 1 from 1994 to 2008, in the amount of $7,575,000, and bear interest semiannually beginning October 1, 1993 at rates of 5.25% and 5.40%. Term bonds are due October 1, 2015 (the "2015 Term Bonds") in the amount of $6,005,000, and bear interest semiannually beginning October 1, 1993 at a rate of 5.4%. Term bonds are due October 1, 2023 (the "2023 Term Bonds") (collectively the "Term Bonds") in the amount of $10,215,000, and bear interest semiannually beginning October 1, 1993 at a rate of 5.5%. Bonds maturing on or after October 1, 2004 are subject to optional redemption prior to maturity, in whole or in part, on any date on or after October 1, 2003 at a price equal to the principal amount, plus accrued interest to the redemption date, plus a premium ranging from 0.0% to 2.0%. The Term Bonds are subject to mandatory redemption on October 1 in each year commencing October 1, 2009 with respect to the 2015 Term Bonds and commencing October 1, 2016 with respect to the 2023 Term Bonds at a price equal to the principal amount plus accrued interest to the redemption date.

The Agency has pledged for the repayment of the bonds a first lien on certain tax increment revenues, less certain amounts required to be utilized for the provision of low and moderate income housing (see Note 10C).

Under terms of the issue, the maximum annual debt service amount of $1,635,705, is to be set aside in reserve funds unless the Agency elects to maintain the reserve requirement by obtaining a surety bond for the amount. The Agency has obtained such a surety bond.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2002, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2003	$ 520,000	$ 1,097,768	$ 1,617,768
2004	545,000	1,069,811	1,614,811
2005	575,000	1,040,411	1,615,411
2006	605,000	1,018,436	1,623,436
2007	635,000	976,410	1,611,410
2008 - 2024	17,575,000	9,376,182	26,951,182
Totals	$ 20,455,000	$ 14,579,018	$ 35,034,018

See independent auditors' report.

10. GENERAL LONG-TERM DEBT (CONTINUED):

C. 1993 Tax Allocation Bonds - Series B:

On December 1, 1993, the Agency issued the Signal Hill Redevelopment Project No. 1 1993 Tax Allocation Bonds, Series B (the "1993 Series B Bonds") in the amount of $33,075,000. The proceeds of the bonds were used to defease the Signal Hill Redevelopment Project No. 1 1990 Tax Allocation Bonds, Series B (the "1990 Series B Bonds"). The defeased 1990 Series B Bonds have been retired.

Principal amounts on $10,310,000 of serial bonds mature annually each October 1, from 1994 to 2008, and bear interest semiannually beginning December 1, 1993 at a rate of 5.20%. Term bonds in the amount of $8,390,000 are due October 1, 2015, (the "2015 Term Bonds") and bear interest semiannually beginning December 1, 1993 at a rate of 5.25%. Term bonds in the amount of $14,375,000 are due October 1, 2023 (the "2023 Term Bonds") (collectively the "Term Bonds") and bear interest semiannually beginning December 1, 1993 at a rate of 5.25%. Bonds maturing on or after October 1, 2004 are subject to optional redemption on any date on or after October 1, 2003 at a price equal to the principal amount, plus a premium ranging from 0.0% to 2.0%, plus accrued interest to the redemption date. The Term Bonds are subject to mandatory redemption on October 1 in each year commencing October 1, 2009 with respect to the 2015 Term Bonds and commencing October 1, 2016 with respect to the 2023 Term Bonds at a price equal to the principal amount plus accrued interest to the redemption date.

The Agency has pledged for the repayment of the bonds a first lien on certain tax increment revenues including those required to be utilized for the provision of low and moderate income housing on a parity with the outstanding 1993 Tax Allocation Bonds - Series A, (see Note 10B).

Under the terms of the issue, the maximum annual debt service amount of $2,268,137 is to be set aside in reserve funds unless the Agency elects to maintain the reserve requirements by obtaining a surety bond for the amount. The Agency has obtained such a surety bond.

10. GENERAL LONG-TERM DEBT (CONTINUED):

C. 1993 Tax Allocation Bonds - Series B (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2002, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2003	$ 705,000	$ 1,477,393	$ 2,182,393
2004	745,000	1,439,693	2,184,693
2005	780,000	1,400,043	2,180,043
2006	815,000	1,358,573	2,173,573
2007	860,000	1,315,023	2,175,023
2008 - 2024	24,640,000	12,641,048	37,281,048
Totals	$ 28,545,000	$ 19,631,773	$ 48,176,773

D. 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. A portion of the proceeds ($1,897,721) together with funds on deposit with the trustee of the 1994 Bonds ($1,097,031) were deposited into an escrow fund and invested. The principal and interest from these investments are anticipated to provide funds sufficient to pay all future debt service requirements through and including their redemption date of December 1, 2004 and to pay the redemption price with respect to the 1994 Bonds remaining outstanding on December 1, 2004. As a result of the advance refunding, the 1994 Bonds are considered to be defeased. The advance refunding of the 1994 Bonds decreased the total debt service requirements by $3,619,597 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,397,018.

10. GENERAL LONG-TERM DEBT (CONTINUED):

D. 2001 Tax Allocation Bonds (Continued):

Principal amounts on $13,880,000 of serial bonds mature annually each October 1, from 2002 to 2023, and bear interest semiannually beginning April 1, 2002 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 Agency has pledged for the repayment of the bonds a first lien on certain tax increment revenues excluding amounts of such taxes otherwise required to be deposited into the Low and Moderate Income Housing Fund.

Under the terms of the issue, the maximum annual debt service amount of $979,865 is to be set aside in reserve funds unless the Agency elect to maintain the reserve requirements by obtaining a surety bond for the amount. The Agency has obtained such a surety bond.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2002, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2003	$ 540,000	$ 520,630	$ 1,060,630
2004	455,000	510,453	965,453
2005	470,000	500,270	970,270
2006	485,000	488,681	973,681
2007	495,000	475,691	970,691
2008 - 2024	11,435,000	4,637,802	16,072,802
Totals	$ 13,880,000	$ 7,133,527	$ 21,013,527

See independent auditors' report.

10. GENERAL LONG-TERM DEBT (CONTINUED):

E. 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 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. The Agency adds accrued interest payable to the outstanding principal balance of the note. During the year ended June 30, 2002, no additional interest was added to the principal of the loan. At June 30, 2002, the outstanding balance of this note was $5,161,428 (including accrued interest payable of $161,428).

Based on current available information, estimated sales tax revenue will only be sufficient to pay $3,672,476 of principal and accrued interest. Based on this, the annual debt requirements at June 30, 2002 are as follows:

Year Ending June 30,	Principal	Interest	Total
2003	$ 181,158	$ 509,868	$ 691,026
2004	138,742	494,643	633,385
2005	172,440	479,947	652,387
2006	210,175	461,783	671,958
2007	252,381	439,736	692,117
2008 - 2013	2,717,580	1,893,623	4,611,203
Totals	$ 3,672,476	$ 4,279,600	$ 7,952,076

F. 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. Payment of principal and interest on the loan is deferred until March 1, 2011. As of June 30, 2002, accrued unpaid interest totaled $35,000.

10. GENERAL LONG-TERM DEBT (CONTINUED):

F. 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. Payment of principal and interest on the loan is deferred until July 2, 2011. As of June 30, 2002, the City has only drawn down $880,435 of the loan proceeds. The remaining loan proceeds are available for drawdown for the next three years.

G. Section 108 Loan Payable:

On September 9, 1999, the City obtained a $280,000 Section 108 loan from the U.S. Department of Housing and Urban Development to help fund the renovation of the City's Community Center. The loan bears interest at 7% per annum over a 5-year term. Principal payments are due annually each August 1, from 2000 to 2004, and interest payments are due semi-annually beginning August 1, 2000.

As security for the loan, the City has authorized the Community Development Commission of the County of Los Angeles (the Commission) to make the Section 108 loan repayments from the City's Community Development Block Grant (CDBG) funds set-aside through its CDBG Reimburseable Contract Amendment No. 3 with the Commission. As additional security, the City deposited $347,767 into an escrow account. Funds in the escrow account are to be utilized by the Commission only in the event that CDBG funds are not sufficient to meet the loan repayments as they become due. Once a loan repayment is made with CDBG funds, an amount equal to the loan repayment plus interest paid on the escrow account balance is returned to the City from the escrow account. At June 30, 2002 the escrow account had a balance of $217,849. As of June 30, 2002 the outstanding loan balance was $170,000.

The annual requirements to amortize outstanding indebtedness as of June 30, 2002 are as follows:

Year Ending June 30,	Principal	Interest	Total
2003	$ 55,000	$ 10,152	$ 65,152
2004	55,000	6,250	61,250
2005	60,000	2,145	62,145
Totals	$ 170,000	$ 18,547	$ 188,547

See independent auditors' report.

10. GENERAL LONG-TERM DEBT (CONTINUED):

H. Capital Lease Obligation:

The City entered into a lease purchase agreement for equipment on December 18, 1996. This lease has been classified as a capital lease. The related assets have been capitalized in the General Fixed Asset Account Group at the present value of the original lease payments, based on an interest rate of 6.35%.

The future debt service requirement for this capital lease obligation as of June 30, 2002 is as follows:

Year Ending June 30,	Principal	Interest	Total
2003	$ 53,254	$ 3,481	$ 56,735

I. Insurance Deposits Payable:

The City's deposits for general liability and workers' compensation insurance (as described in Notes 1J and 17) are subject to retrospective adjustment by the California Joint Powers Insurance Authority. The effect of the annual adjustments are spread equally over a four year period, without interest. As of June 30, 2002, the City's future liability for these retrospective insurance adjustments are as follows:

Year Ending June 30,	
2003	$ 85,166
2004	66,794
2005	31,835
Subtotal	183,795
Less: amount recorded in Enterprise (Water) Fund	(16,541)
Total	$ 167,254

J. Compensated Absences:

There is no fixed payment schedule to pay the liability of $633,389 for compensated absences.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2002

Recorded in Fund# Advances
606 .... 1,889,294.68
605 ..... 212,634.59
(note D Dist A/R) ..... 13,635.00 *
001 2,115,564.27

11. RESERVES AND DESIGNATIONS OF FUND BALANCE:

A City may establish "reserves" of fund equity 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, 2002 are tabulated below followed by explanations as to the nature and purpose of each reserve.

*GF = 6,341,719

RESERVES:	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Land and improvements held for resale or lease	$ -	$ 687,165	$ -	$ 3,516,432
Deposits	-	2,030,000	-	390,387
Advances 605/606/080	2,115,564	-	-	-
✓ Debt service see. 108	170,000 *	-	279	-
TOTAL RESERVES	$ 2,285,564	$ 2,717,165	$ 279	$ 3,906,819

DESIGNATIONS:		General Fund	Special Revenue Funds	Capital Projects Funds
Contingencies FB less 170,000 * less note Dist Adv.		$ 6,158,084	$ * -	$ -
Equipment replacement	601	496,740	-	-
Insurance premium increases	602	486,889	-	-
Continuing appropriations	604	30,663	-	-
Special revenue purposes		-	5,058,859	-
Capital improvements	603	498,165	-	77,420
Economic uncertainties	605	1,554,869	-	-
Obligation under owner participation agreement	606	2,550,850	-	-
Note repayment	607	776,726	-	-
Advances	608	252,223	-	-
Emergency Operations Center	611	1,037,336	-	-
Library expansion	612	371,761	-	-
Park expansion	614	103,187	-	-
Law enforcement high technology acquisitions	613	46,486	-	-
TOTAL DESIGNATIONS		$ 14,363,979	$ 5,058,859	$ 77,420

See independent auditors' report.

11. RESERVES AND DESIGNATIONS OF FUND BALANCE (CONTINUED):

A. Reserved for Land and Improvements Held for Resale or Lease - A reserve for land and improvements held for resale or lease has been set aside to indicate that the related land and improvements are not an "available spendable resource".

B. Reserved for Deposits - A reserve for deposits has been set aside to indicate that such deposits are not an "available spendable resource".

C. Reserved for Advances - A reserve for advances has been set aside to indicate that such advances are not an "available spendable resource".

D. Reserved for Debt Service - The reserve for debt service represents reserves accumulated by the City that are legally restricted to the payment of long-term debt principal and interest amounts that mature in future years.

E. Designated for Contingencies - This amount has been set aside for any emergencies or disasters which might occur.

F. Designated for Equipment Replacement - These funds are designated for future purchases of equipment.

G. Designated for Insurance Premium Increases - These funds are designated for future increases in insurance premiums.

H. Designated for Continuing Appropriations - These funds are designated for rebudgeted capital projects.

I. Designated for Special Revenue Purposes - These funds are designated for the specific special revenue purpose as restricted by law or administrative action.

J. 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.

K. Designated for Economic Uncertainties - This amount has been set aside to compensate for fluctuations in future sales tax revenues.

L. Designated for Obligation Under Owner Participation Agreement - These funds are designated for future repayment under the Office Depot Owner Participation Agreement.

11. RESERVES AND DESIGNATIONS OF FUND BALANCE (CONTINUED):

M. Designated for Note Repayment - These funds are designated for the future debt service payments related to the note payable described in Note 10E.

N. Designated for Advances – These funds are designated for the future advances to fund the operations of the Signal Hill Redevelopment Agency.

O. Designated for Emergency Operations Center (EOC) - These funds are designated for the future EOC building addition to our police facility.

P. Designated for Library Expansion - These funds are designated for the future expansion of the City's Library building

Q. Designated for Park Expansion – These funds are designated for the future expansion of the City's park facilities.

R. Designated for Law Enforcement High Technology Acquisitions - These funds are designated for specific high technology law enforcement equipment.

12. PROPERTY TAXES:

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received from the county within sixty days after year end.

Lien Date	January 1
Levy Date	June 30
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

13. PROPRIETARY FUND FIXED ASSETS:

Changes in fixed assets of the Enterprise (Water) Fund for the year ended June 30, 2002 are as follows:

	Balances at July 1, 2001	Additions	Deletions	Balances at June 30, 2002
Land	$ 2,959,792	$ 277,935	$ -	$ 3,237,727
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	10,067,650	158,213	-	10,225,863
Wells	937,390	-	-	937,390
Mains	8,979,768	114,388	-	9,094,156
Pumps	953,070	-	-	953,070
Fire hydrants	631,547	15,139	-	646,686
Meters	419,121	14,865	-	433,986
Services	1,449,220	-	-	1,449,220
Structures	1,049,775	-	-	1,049,775
Equipment and furniture	398,695	204,629	-	603,324
Work in process	179,141	509,617	179,141	509,617
Total	29,240,355	$ 1,294,786	$ 179,141	30,356,000
Less: Accumulated depreciation	(5,430,409)			(6,016,919)
Net	$ 23,809,946			$ 24,339,081

Changes in fixed assets of the Internal Service (Vehicle and Equipment) Fund for the year ended June 30, 2002 are as follows:

	Balances at July 1, 2001	Additions	Deletions	Balances at June 30, 2002
Structures and improvements	$ 178,200	$ -	$ -	$ 178,200
Furniture and equipment	114,990	10,273	-	125,263
Vehicles and major equipment	1,742,265	228,257	117,605	1,852,917
Total	2,035,455	$ 238,530	$ 117,605	2,156,380
Less: Accumulated depreciation	(1,312,955)			(1,390,645)
Net	$ 722,500			$ 765,735

See independent auditors' report.

14. GENERAL FIXED ASSETS:

Changes in general fixed assets for the year ended June 30, 2002 are as follows:

	Balances at July 1, 2001	Additions	Deletions	Balances at June 30, 2002
Land	$ 799,935	$ -	$ -	$ 799,935
Structure and improvements	6,712,197	8,609	-	6,720,806
Equipment and furniture	2,839,626	182,925	32,785	2,989,766
Computer software	172,503	7,150	-	179,653
Total General Fixed Assets	$ 10,524,261	$ 198,684	$ 32,785	$ 10,690,160

15. SEGMENT INFORMATION FOR ENTERPRISE FUND:

Net working capital of the Enterprise (Water) Fund at June 30, 2002, was as follows:

Current assets	$ 2,347,708
Current liabilities payable from current assets	876,851
Net working capital	$ 1,470,857

16. REFUNDABLE DEPOSITS:

Water utility deposits in the amount of $283,591 are being held and are refundable when water customer's accounts are closed or may be applied to uncollectible accounts.

Various other deposits in the amount of $7,550 in the Debt Service Fund and $863,606 in the Agency Fund are being held and are refundable based on the terms and purpose of each deposit.

See independent auditors' report.

17. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY:

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

A. Description of Joint Powers Authority:

The Authority is composed of 89 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its member in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

B. Self-insurance Programs of the Authority:

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

Workers' Compensation: The City also participates in the workers' compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City is charged for the first $50,000 of each claim for police or fire employees and $25,000 of each claim for all other employees. Costs are pooled above that level to $50,000. Costs from $50,001 to $100,000 per claim are pooled based on the member's losses under its retention level. Costs between $100,001 and $500,000 per claim are pooled based on payroll. Costs in excess of $500,000 are paid by excess insurance purchased by the Authority. The excess insurance provides coverage to statutory limits.

Property Insurance: The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is $19,329,816. There is a $5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

17. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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

Earthquake and Flood Insurance: The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City property currently has earthquake protection in the amount of $16,872,987. There is a deductible of 5% of value with a minimum deductible of $100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

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

18. 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.

18. SPRING STREET CORRIDOR JOINT POWERS AUTHORITY (CONTINUED):

Pursuant to an owner participation and implementation agreement 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 formula is equal to the amount of sales tax revenue received by the City of Signal Hill in excess of $1,000,000 but less than $2,000,000 plus 50% of all amounts in excess of $2,000,000 on a calendar year basis. The payments are due annually through the calendar year 2010. 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.

During the year ended June 30, 2002, the Agency made no payments pursuant to this agreement to the Authority and has accrued an additional liability of $1,128,683. As of June 30, 2002, the outstanding liability totaled $3,578,095. The Agency is disputing the amount of the liability and has requested the developer to investigate the manner in which sales tax revenue was reported to the California State Board of Equalization.

19 RESTRICTED CASH:

Cash and investments totaling $217,849 are restricted in the General Fund. This amount represents cash and investments held by a trustee as collateral for the Section 108 HUD loan (see Note 10G). Cash and investments totaling $279 are restricted in the Debt Service Fund in accordance with bond indentures (see Notes 10A, 10B, 10C and 10D). Cash and investments totaling $12,353 are restricted in the Special Deposits Agency Fund. This amount represents cash from businesses located within the City to assure conformity with zoning regulations. Cash and investments totaling $2,029,983 are restricted in the Water Enterprise Fund of this amount $705,688 represents cash and investments held by a trustee for payment of the 1996 Certificates of Participation (see Note 9), and $1,324,295 represents a reserve for debt service if the water revenues are not sufficient to meet debt service needs.

20. OPERATING LEASE OBLIGATIONS:

A. 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 $208,700.

Future minimum rental payments are due as follows:

Year Ending June 30,	
2003	$ 210,200
2004	210,200
2005	210,200
2006	216,908
2007	221,700
2008 - 2056	14,203,176
Total	$ 15,272,384

The operating lease covers seven parcels of land which are subleased to auto dealers. For the year ended June 30, 2002, the Agency received $183,095 in rental payments to offset the Agency's lease payments to the lessor.

B. The Agency is leasing land to be used for future expansion of the Auto Center under an operating lease dated December 21, 1993 and amended May 7, 1996. The term of the lease expires December 31, 2055. Future minimum rental payments to be made by the Agency are due as follows:

Year Ending June 30,	
2003	$ 201,462
2004	201,462
2005	204,483
2006	207,504
2007	207,504
2008 - 2056	11,251,208
Total minimum lease payments	$ 12,273,623

See independent auditors' report.

20. OPERATING LEASE OBLIGATIONS (CONTINUED):

B. (Continued):

The operating lease covers ten parcels of land which are subject to pre-existing leases by the lessor. The rental income is paid directly by the tenants to the lessor. The lessor will continue its lease agreements with the tenants until each lease expires or the tenant vacates. Once either of these events occur, the Agency becomes the replacement tenant and has the right to use or sublease the parcels of land, and is responsible for paying rental income to the lessor. The Agency is entitled to receive the rental income from the sublessees to offset the Agency's rental payments to the lessor. For the year ended June 30, 2002, the Agency made rental payments which are classified as project costs, totaling $180,496 on this lease for all ten parcels of land on which the Agency is considered to be the replacement tenant. The Agency has sub-leased one parcel of this land on a month-to-month basis, at a total monthly rental rate of $900. For the year ended June 30, 2002, the Agency received $10,800 in rental payments to offset the Agency's lease payments to lessor.

21. INTERFUND BALANCES:

Interfund receivables and payables at June 30, 2002 were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 593,675	$ -
Special Revenue Funds:		
HCDA Grant	-	4,175
CALMS Police Grant	-	16,100
TRAP	-	10,475
Capital Projects Fund:		
Capital Improvement	-	562,925
Totals	$ 593,675	$ 593,675

See independent auditors' report.

22. ADVANCES RECEIVABLE/PAYABLE FROM OTHER FUNDS:

A. During the fiscal year ended June 30, 1999, the Water Enterprise Fund advanced $147,500 to the Park Development Special Revenue Fund to complete the Hilltop Park Art and Construction Project. Hilltop Park is situated above a newly constructed underground water reservoir which was completed in July, 1999. The non-interest bearing advance is payable in ten equal annual payments of $14,750. The first installment was made in June 2000. The advance balance as of June 30, 2002 was $103,250.

B. During the fiscal year ended June 30, 2001, the General Fund advanced $18,180 to the Lighting and Landscape Special Revenue Fund for repairs and painting of fences within Landscape and Lighting Maintenance District No. 1. The non-interest bearing advance is payable in four equal annual payments of $4,545. The first installment was made in June 2002. The advance balance as of June 30, 2002 was $13,635.

C. In March 2001, the City advanced the Agency $305,000. The Agency used this advance to reimburse a lessee for site improvements pursuant to a lease agreement dated October 3, 2000 (see Note 23). The advance bears interest at a rate of 7.0%. The Agency will repay the advance plus accrued interest by making 48 monthly installments of $7,304. The first installment was made in April 2001. The Agency's source of funds for the advance repayments is the lease income from the aforementioned lease. The advance balance as of June 30, 2002 was $212,635.

D. The City has made advances to the Agency totaling $1,839,594 to assist in funding the Agency's operating budgets for the past two years. The advances accrue interest at a rate of 7.0% per annum. There is no set repayment schedule for these advances. Interest of $49,700 has accrued on these loans bringing the total balance due to $1,889,294 at June 30, 2002.

23. LAND HELD FOR LEASE:

The Agency is leasing land to an auto dealership in the Auto Center under an operating lease dated October 3, 2000. The term of the lease expires March 31, 2005. The monthly rent payable to the Agency in advance for the first and second year of the lease is $7,500 and $8,000, respectively. On October 1, 2001, a lease amendment was signed which reduced monthly rental payments to $2,500 until termination of A&A Concrete operations. On April 1 of the third and fourth year of the lease, the monthly rental payment will be adjusted based upon the consumer price index. During the year ended June 30, 2002, the Agency received $45,000 in rental income from the lease. The Agency has designated a portion of these lease receipts for the payment of its obligation to the City as described in Note 22C. The Agency still intends to sell this land as part of its overall redevelopment plan for the Auto Center upon termination of this lease. The land is recorded in the Community Redevelopment Capital Projects Fund at its acquisition cost of $926,119.

24. LITIGATION, COMMITMENTS AND CONTINGENT LIABILITIES:

A. Litigation:

Numerous claims and suits have been 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.

B. 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.

C. Sewer Facilities Agreement:

On June 18, 2002, the City entered into an agreement with Los Angeles County Sanitation District for the transfer of ownership of certain sewer facilities within the City. As part of the sewer facilities transfer to the District, the City has committed to reimburse the District for the actual cost of improvements that have been identified at the time of the agreement, in an amount not to exceed $202,140. The City will recognize the reimbursement of the improvement costs as reimbursement requests are received from the District. As of June 30, 2002, no reimbursement requests had been received.

25. INDIVIDUAL FUND DISCLOSURES:

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2002:

	Amount of Expenditures Exceeding Appropriations
Special Revenue Funds:	
Air Quality Improvement Fund	$ 46,307
Law Enforcement Block Grant Fund	21,336
CALMS Police Grant Fund	11,470
Debt Service Fund	1,529,174

See independent auditors' report.

26. PRIOR PERIOD ADJUSTMENTS:

A. The beginning retained earnings of the Enterprise (Water) Fund has been increased for $400,000 of capital contributions received during the year ended June 30, 2001, that were originally recorded as contributed capital on the balance sheet. GASB Statement No. 33 requires capital contributions to be recognized as revenues.

B. The beginning fund balance of the Community Redevelopment Capital Projects Fund has been increased for $193,315 of expenditures that should have been capitalized as land and improvements held for resale or lease as of June 30, 2001.

27. 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. As of June 30, 2002, the City had not drawn down any loan proceeds, therefore, no liability has been recorded in the Enterprise (Water) Fund.

GENERAL FUND

The General Fund is the general operating fund of the City. All general tax revenues and other receipts not 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.

CITY OF SIGNAL HILL

COMPARATIVE BALANCE SHEET

GENERAL FUND

June 30, 2002 and 2001

	2002	2001
ASSETS		
Cash and investments	$ 12,643,294	$ 9,919,550
Accounts receivable	1,730,269	1,726,739
Accrued interest receivable	174,330	176,075
Due from other funds	593,675	130,302
Restricted cash and investments	217,849	370,447
Advances to other funds	2,115,564	1,010,888
Deposits	-	596,501
TOTAL ASSETS	$ 17,474,981	$ 13,930,502
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 373,781	$ 482,781
Accrued liabilities	256,907	246,112
Deferred revenue	194,750	92,766
TOTAL LIABILITIES	825,438	821,659
FUND BALANCE:		
Reserved for deposits	-	596,501
Reserved for advances	2,115,564	1,010,888
Reserved for debt service	170,000	225,000
Unreserved:		
Designated for contingencies	6,158,084	4,757,203
Designated for equipment replacement	496,740	492,774
Designated for insurance premium increases	486,889	474,258
Designated for continuing appropriations	30,663	103,652
Designated for capital improvements	498,165	476,102
Designated for economic uncertainties	1,554,869	893,158
Designated for obligation under owner participation agreement	2,550,850	2,121,100
Designated for note repayment	776,726	743,492
Designated for advances	252,223	239,754
Designated for Emergency Operations Center	1,037,336	672,487
Designated for library expansion	371,761	202,250
Designated for park expansion	103,187	-
Designated for law enforcement high technology acquisitions	46,486	100,224
TOTAL FUND BALANCE	16,649,543	13,108,843
TOTAL LIABILITIES AND FUND BALANCE	$ 17,474,981	$ 13,930,502

CITY OF SIGNAL HILL

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GENERAL FUND

For the years ended June 30, 2002 and 2001

	2002	2001
REVENUES:		
Property taxes	$ 281,436	$ 246,023
Sales and use tax	9,871,950	9,897,206
Other taxes	1,222,119	1,175,943
Licenses and permits	423,378	407,317
Intergovernmental revenues	951,418	1,002,541
Charges for services	836,934	960,753
Fines and forfeitures	161,482	158,631
Revenue from use of money and property	817,880	817,644
Other revenue	110,190	140,027
TOTAL REVENUES	14,676,787	14,806,085
EXPENDITURES:		
Current:		
General government	2,035,584	1,928,263
Community services	921,505	900,326
Police	4,286,900	4,351,784
Community development	839,359	730,216
Public works	2,913,253	2,734,372
Capital outlay	201,639	142,041
Debt service:		
Principal retirement	49,986	46,918
Interest	6,750	9,818
TOTAL EXPENDITURES	11,254,976	10,843,738
EXCESS OF REVENUES OVER EXPENDITURES	3,421,811	3,962,347
OTHER FINANCING SOURCES (USES):		
Operating transfers in	412,019	722,847
Operating transfers out	(293,130)	(1,065,684)
TOTAL OTHER FINANCING SOURCES (USES)	118,889	(342,837)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,540,700	3,619,510
FUND BALANCE AT BEGINNING OF YEAR	13,108,843	9,489,333
FUND BALANCE AT END OF YEAR	$ 16,649,543	$ 13,108,843

CITY OF SIGNAL HILL

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

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	$ 285,700	$ 281,436	$ (4,264)
Sales and use tax	8,900,000	9,871,950	971,950
Other taxes	1,027,850	1,222,119	194,269
Licenses and permits	475,905	423,378	(52,527)
Intergovernmental revenues	598,947	951,418	352,471
Charges for services	881,700	836,934	(44,766)
Fines and forfeitures	143,200	161,482	18,282
Revenue from use of money and property	413,550	817,880	404,330
Other revenue	89,200	110,190	20,990
TOTAL REVENUES	12,816,052	14,676,787	1,860,735
EXPENDITURES:			
GENERAL GOVERNMENT:			
City Council	168,450	143,795	24,655
City Treasurer	14,850	12,150	2,700
City Clerk	93,450	82,464	10,986
Program administration	328,450	306,643	21,807
Legislative services	150,200	133,204	16,996
Personnel services	280,550	254,846	25,704
Support services	523,400	509,838	13,562
Fiscal services	490,950	476,078	14,872
Management information services	120,800	116,566	4,234
TOTAL GENERAL GOVERNMENT	2,171,100	2,035,584	135,516
COMMUNITY SERVICES:			
Library programs and services	275,100	264,184	10,916
Community support and services	229,700	203,676	26,024
Recreation	593,600	453,645	139,955
TOTAL COMMUNITY SERVICES	1,098,400	921,505	176,895
POLICE:			
Patrol services	2,372,100	2,237,947	134,153
Investigative services	628,800	636,386	(7,586)
Support services	799,900	765,846	34,054
Emergency and disaster services	10,200	3,368	6,832
Community outreach	100,550	53,533	47,017
Communications	414,900	247,460	167,440
Records	381,900	342,360	39,540
TOTAL POLICE	4,708,350	4,286,900	421,450

(Continued)

CITY OF SIGNAL HILL

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
COMMUNITY DEVELOPMENT:			
Planning services	$ 325,800	$ 312,393	$ 13,407
Neighborhood enhancement	128,650	124,985	3,665
Building and safety	383,650	307,995	75,655
Oil field services	96,900	93,986	2,914
TOTAL COMMUNITY DEVELOPMENT	935,000	839,359	95,641
PUBLIC WORKS:			
Engineering and project services	525,350	483,062	42,288
Building maintenance	379,500	328,164	51,336
Refuse and recycling	317,250	300,617	16,633
Sewer operations	273,750	230,994	42,756
Park maintenance	577,150	473,240	103,910
Street maintenance operations	1,211,300	1,085,127	126,173
Electrical operations	12,000	12,049	(49)
TOTAL PUBLIC WORKS	3,296,300	2,913,253	383,047
CAPITAL OUTLAY	276,891	201,639	75,252
DEBT SERVICE:			
Principal retirement	49,986	49,986	-
Interest	6,764	6,750	14
TOTAL DEBT SERVICE	56,750	56,736	14
TOTAL EXPENDITURES	12,542,791	11,254,976	1,287,815
EXCESS OF REVENUES OVER EXPENDITURES	273,261	3,421,811	3,148,550
OTHER FINANCING SOURCES (USES):			
Operating transfers in	433,450	412,019	(21,431)
Operating transfers out	(739,000)	(293,130)	445,870
TOTAL OTHER FINANCING SOURCES (USES)	(305,550)	118,889	424,439
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(32,289)	3,540,700	3,572,989
FUND BALANCE AT BEGINNING OF YEAR	13,108,843	13,108,843	-
FUND BALANCE AT END OF YEAR	$ 13,076,554	$ 16,649,543	$ 3,572,989

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.

Affordable Housing Fund - Accounts 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.

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.

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 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.

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.

Law Enforcement Block Grant Fund - Accounts for receipts and disbursements of monies awarded to the City by the United States Department of Justice under the Local Law Enforcement Block Grant program.

CALMS Police Grant Fund - Accounts for receipts and disbursements of monies awarded to the City by the California Department of Justice under the California Methamphetamine Strategy Task Force (CALMS) Police Grant program.

TRAP Fund - Accounts for receipts and disbursements of grant funds received from the Task Force for Regional Auto Theft Prevention (TRAP). Funds originate from the State auto license fees with the local counties administering the programs.

Brownfields Grant Fund - Accounts for receipts and disbursements of grant funds received from the United States Environmental Protection Agency. Funds originate from the EPA's Superfund and will be utilized to assess contaminated urban sites for possible reuse.

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.

HELP Loan Fund - Accounts for the receipts and disbursements of grant monies received from the California Housing Finance Agency (CHFA) under the Housing Enabled by Local Partnership (HELP) program.

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS

June 30, 2002
With comparative totals for June 30, 2001

	Affordable Housing	Asset Seizure	Park Development	HCDA Grant
ASSETS				
Cash and investments	$ 1,464,016	$ 31,684	$ 529,359	$ 28
Accounts receivable	-	130	23,484	-
Property taxes receivable	32,758	-	-	-
Accrued interest receivable	18,279	383	6,111	-
Due from other governments	-	-	-	6,717
Rehabilitation loans receivable	-	-	-	17,354
Land and improvements held for resale	687,165	-	-	-
Deposits	2,030,000	-	-	-
TOTAL ASSETS	$ 4,232,218	$ 32,197	$ 558,954	$ 24,099
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 34,299	$ -	$ -	$ 2,096
Accrued liabilities	10,934	-	-	474
Due to other funds	-	-	-	4,175
Advances from other funds	-	-	103,250	-
Deferred revenue	1,301,000	-	-	17,354
TOTAL LIABILITIES	1,346,233	-	103,250	24,099
FUND BALANCES:				
Reserved:				
Reserved for land and improvements held for resale	687,165	-	-	-
Reserved for deposits	2,030,000	-	-	-
Unreserved:				
Designated for special revenue purposes	168,820	32,197	455,704	-
TOTAL FUND BALANCES	2,885,985	32,197	455,704	-
TOTAL LIABILITIES AND FUND BALANCES	$ 4,232,218	$ 32,197	$ 558,954	$ 24,099

2,030,000
168,820
2,198,820

Fd #	
130	688,012.33
131	408,317.66
132	31,527.35
134	341,962.49
139	729,000.00
	2,198,819.83

Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact
$ 14,651	$ 34,554	$ 235,827	$ 331,389	$ 1,103,902	$ 13,888	$ 1,382,592	$ 831,092
-	7,666	13,728	-	-	2,978	-	-
-	-	-	-	-	-	-	-
521	666	2,965	4,061	13,329	145	16,440	10,034
2,148	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 17,320	$ 42,886	$ 252,520	$ 335,450	$ 1,117,231	$ 17,011	$ 1,399,032	$ 841,126
$ -	$ -	$ 19,868	$ -	$ -	$ -	$ -	$ -
-	-	758	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	20,626	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,320	42,886	231,894	335,450	1,117,231	17,011	1,399,032	841,126
17,320	42,886	231,894	335,450	1,117,231	17,011	1,399,032	841,126
$ 17,320	$ 42,886	$ 252,520	$ 335,450	$ 1,117,231	$ 17,011	$ 1,399,032	$ 841,126

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
(Continued)

June 30, 2002
With comparative totals for June 30, 2001

	Proposition C	Lighting and Landscape	Supplemental Law Enforcement	Law Enforcement Block Grant
ASSETS				
Cash and investments	$ 155,942	$ 32,371	$ 116,335	$ 19,976
Accounts receivable	9,927	690	-	-
Property taxes receivable	-	-	-	-
Accrued interest receivable	2,824	467	1,874	305
Due from other governments	-	-	-	-
Rehabilitation loans receivable	-	-	-	-
Land and improvements held for resale	-	-	-	-
Deposits	-	-	-	-
TOTAL ASSETS	$ 168,693	$ 33,528	$ 118,209	$ 20,281
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ -	$ 2,549	$ -	$ 15,803
Accrued liabilities	-	-	3,547	-
Due to other funds	-	-	-	-
Advances from other funds	-	13,635	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	-	16,184	3,547	15,803
FUND BALANCES:				
Reserved:				
Reserved for land and improvements held for resale	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for special revenue purposes	168,693	17,344	114,662	4,478
TOTAL FUND BALANCES	168,693	17,344	114,662	4,478
TOTAL LIABILITIES AND FUND BALANCES	$ 168,693	$ 33,528	$ 118,209	$ 20,281

CALMS Police Grant	TRAP	Brownsfield Grant	Housing Impact	HELP Loan	Totals June 30, 2002	Totals June 30, 2001
$ -	$ -	$ 1,276	$ 76,480	$ 227,034	$ 6,602,396	$ 6,200,641
18,981	-	-	-	-	77,584	53,815
-	-	-	-	-	32,758	19,100
-	-	-	535	1,780	80,719	96,146
-	13,317	-	-	-	22,182	144,012
-	-	-	-	-	17,354	15,799
-	-	-	-	-	687,165	3,756,651
-	-	-	-	-	2,030,000	-
$ 18,981	$ 13,317	$ 1,276	$ 77,015	$ 228,814	$ 9,550,158	$ 10,286,164
$ -	$ -	$ 202	$ -	$ 211,892	$ 286,709	$ 71,462
2,881	2,842	-	-	-	21,436	18,093
16,100	10,475	-	-	-	30,750	130,302
-	-	-	-	-	116,885	136,180
-	-	-	-	-	1,318,354	56,265
18,981	13,317	202	-	211,892	1,774,134	412,302
-	-	-	-	-	687,165	3,756,651
-	-	-	-	-	2,030,000	-
-	-	1,074	77,015	16,922	5,058,859	6,117,211
-	-	1,074	77,015	16,922	7,776,024	9,873,862
$ 18,981	$ 13,317	$ 1,276	$ 77,015	$ 228,814	$ 9,550,158	$ 10,286,164

CITY OF SIGNAL HILL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS

For the year ended June 30, 2002
With comparative totals for the year ended June 30, 2001

	Affordable Housing	Asset Seizure	Park Development	HCDA Grant
REVENUES:				
Property taxes	$ 1,244,834	$ -	$ -	$ -
Other taxes	-	-	-	-
Intergovernmental revenues	-	1,538	-	98,229
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Revenue from use of money and property	112,788	1,662	24,266	-
Developer fees	-	-	204,575	-
Other revenue	137,695	-	-	-
TOTAL REVENUES	1,495,317	3,200	228,841	98,229
EXPENDITURES:				
Current:				
General government	304,023	-	-	-
Community services	-	-	-	-
Police	-	-	-	-
Community development	-	-	-	26,172
Public works	-	-	-	-
Capital outlay	3,727,155	-	2,050	3,036
Debt service:				
Principal retirement	-	-	-	55,000
Interest	-	-	-	14,021
TOTAL EXPENDITURES	4,031,178	-	2,050	98,229
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,535,861)	3,200	226,791	-
OTHER FINANCING SOURCES (USES):				
Proceeds from debt	-	-	-	-
Operating transfers in	385,298	-	-	-
Operating transfers out	(1,005,371)	(6,030)	(3,019)	-
TOTAL OTHER FINANCING SOURCES (USES)	(620,073)	(6,030)	(3,019)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,155,934)	(2,830)	223,772	-
FUND BALANCES AT BEGINNING OF YEAR	6,041,919	35,027	231,932	-
FUND BALANCES AT END OF YEAR	$ 2,885,985	$ 32,197	$ 455,704	$ -

Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	123,992	-	-	-	-	-
205,452	-	-	-	-	30,651	-	-
-	-	1,399	-	-	-	-	-
-	55,931	-	-	-	-	-	-
3,648	4,580	11,951	16,327	52,865	-	73,254	42,497
-	-	-	-	149,531	-	512,968	52,480
-	-	-	40,000	-	-	-	-
209,100	60,511	137,342	56,327	202,396	30,651	586,222	94,977
-	-	-	-	-	2,500	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	92,613	-	-	-	-	-
-	-	-	-	66,105	-	-	-
-	-	-	-	-	48,307	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	92,613	-	66,105	50,807	-	-
209,100	60,511	44,729	56,327	136,291	(20,156)	586,222	94,977
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(269,250)	(110,000)	-	(25,000)	(35,000)	-	-	-
(269,250)	(110,000)	-	(25,000)	(35,000)	-	-	-
(60,150)	(49,489)	44,729	31,327	101,291	(20,156)	586,222	94,977
77,470	92,375	187,165	304,123	1,015,940	37,167	812,810	746,149
$ 17,320	$ 42,886	$ 231,894	$ 335,450	$ 1,117,231	$ 17,011	$ 1,399,032	$ 841,126

(Continued)

CITY OF SIGNAL HILL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
(Continued)

For the year ended June 30, 2002
With comparative totals for the year ended June 30, 2001

	Proposition C	Lighting and Landscape	Supplemental Law Enforcement	Law Enforcement Block Grant
REVENUES:				
Property taxes	$ -	$ -	$ -	$ -
Other taxes	102,842	35,514	-	-
Intergovernmental revenues	-	-	100,000	16,023
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Revenue from use of money and property	10,847	1,457	8,896	1,352
Developer fees	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	113,689	36,971	108,896	17,375
EXPENDITURES:				
Current:				
General government	2,010	-	-	-
Community services	-	-	-	-
Police	-	-	104,123	24,237
Community development	-	-	-	-
Public works	-	29,036	-	-
Capital outlay	-	-	1,442	21,202
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	2,010	29,036	105,565	45,439
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	111,679	7,935	3,331	(28,064)
OTHER FINANCING SOURCES (USES):				
Proceeds from debt	-	-	-	-
Operating transfers in	-	-	-	1,780
Operating transfers out	(80,769)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(80,769)	-	-	1,780
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	30,910	7,935	3,331	(26,284)
FUND BALANCES AT BEGINNING OF YEAR	137,783	9,409	111,331	30,762
FUND BALANCES AT END OF YEAR	$ 168,693	$ 17,344	$ 114,662	$ 4,478

CALMS Police Grant	TRAP	Brownfields Grant	Housing Impact	HELP Loan	Totals June 30, 2002	Totals June 30, 2001
$ -	$ -	$ -	$ -	$ -	$ 1,244,834	$ 1,170,522
-	-	-	-	-	262,348	250,743
97,958	88,737	163,911	-	-	802,499	887,516
-	-	-	-	-	1,399	1,508
-	-	-	-	-	55,931	104,846
137	-	-	1,449	6,796	374,772	472,987
-	-	-	75,566	-	995,120	548,915
-	-	-	-	-	177,695	105,331
98,095	88,737	163,911	77,015	6,796	3,914,598	3,542,368
-	-	165,337	-	-	473,870	376,492
-	-	-	-	-	-	2,997
98,095	88,737	-	-	-	315,192	291,433
-	-	-	-	-	118,785	121,027
-	-	-	-	-	95,141	81,013
-	-	-	-	870,309	4,673,501	973,807
-	-	-	-	-	55,000	55,000
-	-	-	-	-	14,021	10,526
98,095	88,737	165,337	-	870,309	5,745,510	1,912,295
-	-	(1,426)	77,015	(863,513)	(1,830,912)	1,630,073
-	-	-	-	880,435	880,435	1,000,000
-	-	-	-	-	387,078	43,428
-	-	-	-	-	(1,534,439)	(1,805,089)
-	-	-	-	880,435	(266,926)	(761,661)
-	-	(1,426)	77,015	16,922	(2,097,838)	868,412
-	-	2,500	-	-	9,873,862	9,005,450
$ -	$ -	$ 1,074	$ 77,015	$ 16,922	$ 7,776,024	$ 9,873,862

CITY OF SIGNAL HILL

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

AFFORDABLE HOUSING FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	$ 1,232,100	$ 1,244,834	$ 12,734
Intergovernmental revenues			-
Revenue from use of money and property	35,000	112,788	77,788
Other revenue	-	137,695	137,695
TOTAL REVENUES	1,267,100	1,495,317	228,217
EXPENDITURES:			
General government:			
Program administration	1,008,000	304,023	703,977
Capital outlay	4,409,000	3,727,155	681,845
TOTAL EXPENDITURES	5,417,000	4,031,178	1,385,822
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,149,900)	(2,535,861)	1,614,039
OTHER FINANCING SOURCES (USES):			
Operating transfers in	385,250	385,298	48
Operating transfers out	(1,075,650)	(1,005,371)	70,279
TOTAL OTHER FINANCING SOURCES (USES)	(690,400)	(620,073)	70,327
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,840,300)	(3,155,934)	1,684,366
FUND BALANCE AT BEGINNING OF YEAR	6,041,919	6,041,919	-
FUND BALANCE AT END OF YEAR	$ 1,201,619	$ 2,885,985	$ 1,684,366

CITY OF SIGNAL HILL

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

ASSET SEIZURE FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 12,000	$ 1,538	$ (10,462)
Revenue from use of money and property	1,000	1,662	662
TOTAL REVENUES	13,000	3,200	(9,800)
OTHER FINANCING USES:			
Operating transfers out	(13,480)	(6,030)	7,450
EXCESS OF REVENUES (UNDER) OTHER FINANCING USES	(480)	(2,830)	(2,350)
FUND BALANCE AT BEGINNING OF YEAR	35,027	35,027	-
FUND BALANCE AT END OF YEAR	$ 34,547	$ 32,197	$ (2,350)

CITY OF SIGNAL HILL

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

PARK DEVELOPMENT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ 500	$ 24,266	$ 23,766
Developer fees	169,150	204,575	35,425
TOTAL REVENUES	169,650	228,841	59,191
EXPENDITURES:			
Capital outlay	2,050	2,050	-
EXCESS OF REVENUES OVER EXPENDITURES	167,600	226,791	59,191
OTHER FINANCING USES:			
Operating transfers out	(374,700)	(3,019)	371,681
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(207,100)	223,772	430,872
FUND BALANCE AT BEGINNING OF YEAR	231,932	231,932	-
FUND BALANCE AT END OF YEAR	$ 24,832	$ 455,704	$ 430,872

CITY OF SIGNAL HILL

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

HCDA GRANT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 174,497	$ 98,229	$ (76,268)
EXPENDITURES:			
Community development:			
CDBG program	29,079	26,172	2,907
Capital outlay	76,397	3,036	73,361
Debt service:			
Principal retirement	55,000	55,000	-
Interest	14,021	14,021	-
TOTAL EXPENDITURES	174,497	98,229	76,268
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-
FUND BALANCE AT END OF YEAR	$ -	$ -	$ -

CITY OF SIGNAL HILL

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

SPECIAL GAS TAX FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 205,350	$ 205,452	$ 102
Revenue from use of money and property	1,500	3,648	2,148
TOTAL REVENUES	206,850	209,100	2,250
OTHER FINANCING USES:			
Operating transfers out	(309,900)	(269,250)	40,650
EXCESS OF REVENUES OVER (UNDER) OTHER FINANCING USES	(103,050)	(60,150)	42,900
FUND BALANCE AT BEGINNING OF YEAR	77,470	77,470	-
FUND BALANCE AT END OF YEAR	$ (25,580)	$ 17,320	$ 42,900

CITY OF SIGNAL HILL

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

TRAFFIC SAFETY FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Fines and forfeitures	$ 75,000	$ 55,931	$ (19,069)
Revenue from use of money and property	-	4,580	4,580
TOTAL REVENUES	75,000	60,511	(14,489)
OTHER FINANCING USES:			
Operating transfers out	(110,000)	(110,000)	-
EXCESS OF REVENUES (UNDER) OTHER FINANCING USES	(35,000)	(49,489)	(14,489)
FUND BALANCE AT BEGINNING OF YEAR	92,375	92,375	-
FUND BALANCE AT END OF YEAR	$ 57,375	$ 42,886	$ (14,489)

CITY OF SIGNAL HILL

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

TRANSPORTATION FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Other taxes	$ 109,000	$ 123,992	$ 14,992
Charges for services	1,300	1,399	99
Revenue from use of money and property	6,000	11,951	5,951
TOTAL REVENUES	116,300	137,342	21,042
EXPENDITURES:			
Community development:			
Public transportation	117,451	92,613	24,838
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,151)	44,729	45,880
FUND BALANCE AT BEGINNING OF YEAR	187,165	187,165	-
FUND BALANCE AT END OF YEAR	$ 186,014	$ 231,894	$ 45,880

CITY OF SIGNAL HILL

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

CABLE TELEVISING FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ 12,500	$ 16,327	$ 3,827
Other revenue	-	40,000	40,000
TOTAL REVENUES	12,500	56,327	43,827
OTHER FINANCING USES:			
Operating transfers out	(25,000)	(25,000)	-
EXCESS OF REVENUES OVER (UNDER) OTHER FINANCING USES	(12,500)	31,327	43,827
FUND BALANCE AT BEGINNING OF YEAR	304,123	304,123	-
FUND BALANCE AT END OF YEAR	$ 291,623	$ 335,450	$ 43,827

CITY OF SIGNAL HILL

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

PIPELINE REMOVAL FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ 45,000	$ 52,865	$ 7,865
Developer fees	133,500	149,531	16,031
TOTAL REVENUES	178,500	202,396	23,896
EXPENDITURES:			
Public works:			
Engineering and project services	75,000	66,105	8,895
EXCESS OF REVENUES OVER EXPENDITURES	103,500	136,291	32,791
OTHER FINANCING USES:			
Operating transfers out	(35,000)	(35,000)	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	68,500	101,291	32,791
FUND BALANCE AT BEGINNING OF YEAR	1,015,940	1,015,940	-
FUND BALANCE AT END OF YEAR	$ 1,084,440	$ 1,117,231	$ 32,791

CITY OF SIGNAL HILL

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

AIR QUALITY IMPROVEMENT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 9,800	$ 30,651	$ 20,851
Revenue from use of money and property	500	-	(500)
TOTAL REVENUES	10,300	30,651	20,351
EXPENDITURES:			
General government:			
City Council	4,500	2,500	2,000
Capital outlay	-	48,307	(48,307)
TOTAL EXPENDITURES	4,500	50,807	(46,307)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,800	(20,156)	(25,956)
FUND BALANCE AT BEGINNING OF YEAR	37,167	37,167	-
FUND BALANCE AT END OF YEAR	$ 42,967	$ 17,011	$ (25,956)

CITY OF SIGNAL HILL

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

WATER DEVELOPMENT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ 27,000	$ 73,254	$ 46,254
Developer fees	434,900	512,968	78,068
TOTAL REVENUES	461,900	586,222	124,322
OTHER FINANCING USES:			
Operating transfers out	(112,000)	-	112,000
EXCESS OF REVENUES OVER OTHER FINANCING USES	349,900	586,222	236,322
FUND BALANCE AT BEGINNING OF YEAR	812,810	812,810	-
FUND BALANCE AT END OF YEAR	$ 1,162,710	$ 1,399,032	$ 236,322

CITY OF SIGNAL HILL

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

TRAFFIC IMPACT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ -	$ 42,497	$ 42,497
Developer fees	46,300	52,480	6,180
TOTAL REVENUES	46,300	94,977	48,677
EXPENDITURES:			
Public works:			
Engineering and project services	30,000	-	30,000
EXCESS OF REVENUES OVER EXPENDITURES	16,300	94,977	78,677
FUND BALANCE AT BEGINNING OF YEAR	746,149	746,149	-
FUND BALANCE AT END OF YEAR	$ 762,449	$ 841,126	$ 78,677

CITY OF SIGNAL HILL

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

PROPOSITION C FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Other taxes	$ 95,000	$ 102,842	$ 7,842
Revenue from use of money and property	4,500	10,847	6,347
TOTAL REVENUES	99,500	113,689	14,189
EXPENDITURES:			
General government:			
City Council	2,050	2,010	40
EXCESS OF REVENUES OVER EXPENDITURES	97,450	111,679	14,229
OTHER FINANCING USES:			
Operating transfers out	(82,200)	(80,769)	1,431
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	15,250	30,910	15,660
FUND BALANCE AT BEGINNING OF YEAR	137,783	137,783	-
FUND BALANCE AT END OF YEAR	$ 153,033	$ 168,693	$ 15,660

CITY OF SIGNAL HILL

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

LIGHTING AND LANDSCAPE FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Other taxes	$ 32,400	$ 35,514	$ 3,114
Revenue from use of money and property	500	1,457	957
TOTAL REVENUES	32,900	36,971	4,071
EXPENDITURES:			
Public works:			
Lighting and landscape maintenance	29,190	29,036	154
EXCESS OF REVENUES OVER EXPENDITURES	3,710	7,935	4,225
FUND BALANCE AT BEGINNING OF YEAR	9,409	9,409	-
FUND BALANCE AT END OF YEAR	$ 13,119	$ 17,344	$ 4,225

CITY OF SIGNAL HILL

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

SUPPLEMENTAL LAW ENFORCEMENT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 100,000	$ 100,000	$ -
Revenue from use of money and property	500	8,896	8,396
TOTAL REVENUES	100,500	108,896	8,396
EXPENDITURES:			
Police:			
Patrol services	111,000	104,123	6,877
Capital outlay	-	1,442	(1,442)
TOTAL EXPENDITURES	111,000	105,565	5,435
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,500)	3,331	13,831
OTHER FINANCING SOURCES:			
Operating transfers in	7,450	-	(7,450)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(3,050)	3,331	6,381
FUND BALANCE AT BEGINNING OF YEAR	111,331	111,331	-
FUND BALANCE AT END OF YEAR	$ 108,281	$ 114,662	$ 6,381

CITY OF SIGNAL HILL

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

LAW ENFORCEMENT BLOCK GRANT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 16,023	$ 16,023	$ -
Revenue from use of money and property	1,000	1,352	352
TOTAL REVENUES	17,023	17,375	352
EXPENDITURES:			
Police:			
Patrol services	16,703	24,237	(7,534)
Capital outlay	7,400	21,202	(13,802)
TOTAL EXPENDITURES	24,103	45,439	(21,336)
EXCESS OF REVENUES (UNDER) EXPENDITURES	(7,080)	(28,064)	(20,984)
OTHER FINANCING SOURCES:			
Operating transfers in	1,780	1,780	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(5,300)	(26,284)	(20,984)
FUND BALANCE AT BEGINNING OF YEAR	30,762	30,762	-
FUND BALANCE AT END OF YEAR	$ 25,462	$ 4,478	$ (20,984)

CITY OF SIGNAL HILL

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

CALMS POLICE GRANT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 86,950	$ 97,958	$ 11,008
Revenue from use of money and property	-	137	137
TOTAL REVENUES	86,950	98,095	11,145
EXPENDITURES:			
Police:			
Patrol services	86,625	98,095	(11,470)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	325	-	(325)
FUND BALANCE AT BEGINNING OF YEAR	-	-	-
FUND BALANCE AT END OF YEAR	$ 325	$ -	$ (325)

CITY OF SIGNAL HILL

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

TRAP FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 88,450	$ 88,737	$ 287
EXPENDITURES:			
Police:			
Investigative services	88,775	88,737	38
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(325)	-	325
FUND BALANCE AT BEGINNING OF YEAR	-	-	-
FUND BALANCE AT END OF YEAR	$ (325)	$ -	$ 325

CITY OF SIGNAL HILL

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

BROWNFIELDS GRANT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenues	$ 166,410	$ 163,911	$ (2,499)
EXPENDITURES:			
General government:			
Program administration	166,410	165,337	1,073
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,426)	(1,426)
FUND BALANCE AT BEGINNING OF YEAR	2,500	2,500	-
FUND BALANCE AT END OF YEAR	$ 2,500	$ 1,074	$ (1,426)

CITY OF SIGNAL HILL

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

HOUSING IMPACT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ -	$ 1,449	$ 1,449
Developer fees	14,650	75,566	60,916
TOTAL REVENUES	14,650	77,015	62,365
EXPENDITURES	-	-	-
EXCESS OF REVENUES (UNDER) EXPENDITURES	14,650	77,015	62,365
FUND BALANCE AT BEGINNING OF YEAR	-	-	-
FUND BALANCE AT END OF YEAR	$ 14,650	$ 77,015	$ 62,365

CITY OF SIGNAL HILL

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

HELP LOAN FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ -	$ 6,796	$ 6,796
EXPENDITURES:			
Capital outlay	900,000	870,309	29,691
EXCESS OF REVENUES (UNDER) EXPENDITURES	(900,000)	(863,513)	36,487
OTHER FINANCING SOURCES:			
Proceeds from debt	900,000	880,435	(19,565)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	16,922	16,922
FUND BALANCE AT BEGINNING OF YEAR	-	-	-
FUND BALANCE AT END OF YEAR	$ -	$ 16,922	$ 16,922

DEBT SERVICE FUND

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

CITY OF SIGNAL HILL

COMPARATIVE BALANCE SHEET

DEBT SERVICE FUND

June 30, 2002 and 2001

	2002	2001
ASSETS		
Cash and investments	$ 4,442,595	$ 2,687,769
Property taxes receivable	131,032	76,400
Accrued interest receivable	34,373	27,462
Restricted cash	279	1,135,574
TOTAL ASSETS	$ 4,608,279	$ 3,927,205
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Due to other governments	$ 3,578,095	$ 2,449,411
Advances from other funds	2,101,929	992,708
Refundable deposits	7,550	7,550
TOTAL LIABILITIES	5,687,574	3,449,669
FUND EQUITY:		
Fund balances (deficit):		
Reserved for debt service	279	1,135,574
Unreserved:		
Undesignated	(1,079,574)	(658,038)
TOTAL FUND EQUITY	(1,079,295)	477,536
TOTAL LIABILITIES AND FUND EQUITY	$ 4,608,279	$ 3,927,205

CITY OF SIGNAL HILL

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

DEBT SERVICE FUND

For the year ended June 30, 2002
With comparative actual amounts for the year ended June 30, 2001

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Property taxes	$ 4,840,000	$ 4,942,753	$ 102,753	$ 4,682,090
Intergovernmental revenues	27,000	36,581	9,581	61,213
Revenue from use of money and property	58,700	111,417	52,717	187,877
Other revenue	-	-	-	24,266
TOTAL REVENUES	4,925,700	5,090,751	165,051	4,955,446
EXPENDITURES:				
General government:				
Program administration	98,800	107,851	(9,051)	87,800
Debt service:				
Owner participation agreement	1,000,000	1,128,683	(128,683)	1,064,433
Principal retirement	1,629,723	1,558,807	70,916	1,426,053
Interest	4,038,177	3,846,860	191,317	3,855,893
Advance refunding escrow payment	-	1,097,031	(1,097,031)	-
Bond issuance costs	-	569,303	(569,303)	-
Fiscal agent fees	25,000	12,339	12,661	20,569
TOTAL EXPENDITURES	6,791,700	8,320,874	(1,529,174)	6,454,748
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,866,000)	(3,230,123)	(1,364,123)	(1,499,302)
OTHER FINANCING SOURCES (USES):				
Proceeds from debt	-	12,477,999	12,477,999	-
Payment to refunding bond escrow agent	-	(11,897,721)	(11,897,721)	-
Operating transfers in	1,075,650	1,093,014	17,364	1,005,916
Operating transfers out	-	-	-	(305,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,075,650	1,673,292	597,642	700,916
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(790,350)	(1,556,831)	(766,481)	(798,386)
FUND BALANCE AT BEGINNING OF YEAR	477,536	477,536	-	1,275,922
FUND BALANCE (DEFICIT) AT END OF YEAR	$ (312,814)	$ (1,079,295)	$ (766,481)	$ 477,536

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities not accounted for in other funds.

Capital Improvement Fund - Reflects major capital improvement projects not accounted for in other funds.

Community Redevelopment Fund - Reflects 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.

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS

June 30, 2002
With comparative totals for June 30, 2001

	Capital Improvement	Community Redevelopment	Totals June 30, 2002	Totals June 30, 2001
ASSETS				
Cash and investments	$ -	$ 1,052,696	$ 1,052,696	$ 4,184,636
Accrued interest receivable	-	15,993	15,993	71,402
Due from other governments	890,308	-	890,308	74,470
Land and improvements held for resale or lease	-	3,516,432	3,516,432	927,177
Deposits	-	390,387	390,387	1,665,387
TOTAL ASSETS	$ 890,308	$ 4,975,508	$ 5,865,816	$ 6,923,072
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 147,383	$ 242,911	$ 390,294	$ 76,780
Accrued liabilities	-	38,050	38,050	122
Due to other funds	562,925	-	562,925	-
Deferred revenue	890,308	-	890,308	-
TOTAL LIABILITIES	1,600,616	280,961	1,881,577	76,902
FUND BALANCES:				
Reserved for land and improvements held for resale	-	3,516,432	3,516,432	927,177
Reserved for deposits	-	390,387	390,387	1,665,387
Unreserved:				
Designated for capital improvements	(710,308)	787,728	77,420	4,253,606
TOTAL FUND BALANCES	(710,308)	4,694,547	3,984,239	6,846,170
TOTAL LIABILITIES AND FUND BALANCES	$ 890,308	$ 4,975,508	$ 5,865,816	$ 6,923,072

CITY OF SIGNAL HILL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL CAPITAL PROJECT FUNDS

For the year ended June 30, 2002
With comparative totals for the year ended June 30, 2001

	Capital Improvement	Community Redevelopment	Totals June 30, 2002	Totals June 30, 2001
REVENUES:				
Intergovernmental revenues	$ -	$ -	$ -	$ 73,350
Revenue from use of money and property	-	284,622	284,622	1,054,921
Other revenue	347,308	-	347,308	112,006
TOTAL REVENUES	347,308	284,622	631,930	1,240,277
EXPENDITURES:				
General government:				
Program administration	-	175,562	175,562	335,604
Capital outlay	1,571,015	3,267,023	4,838,038	3,590,131
TOTAL EXPENDITURES	1,571,015	3,442,585	5,013,600	3,925,735
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,223,707)	(3,157,963)	(4,381,670)	(2,685,458)
OTHER FINANCING SOURCES (USES):				
Proceeds from debt	-	1,390,966	1,390,966	-
Operating transfers in	408,399	-	408,399	1,434,496
Operating transfers out	-	(472,941)	(472,941)	(29,214)
TOTAL OTHER FINANCING SOURCES (USES)	408,399	918,025	1,326,424	1,405,282
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(815,308)	(2,239,938)	(3,055,246)	(1,280,176)
FUND BALANCES AT BEGINNING OF YEAR	105,000	6,741,170	6,846,170	8,126,346
PRIOR PERIOD ADJUSTMENT	-	193,315	193,315	-
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	105,000	6,934,485	7,039,485	8,126,346
FUND BALANCES AT END OF YEAR	$ (710,308)	$ 4,694,547	$ 3,984,239	$ 6,846,170

CITY OF SIGNAL HILL

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

CAPITAL IMPROVEMENT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenue	$ 1,468,950	$ -	$ (1,468,950)
Other revenue	422,200	347,308	(74,892)
TOTAL REVENUES	1,891,150	347,308	(1,543,842)
EXPENDITURES:			
Capital outlay	3,187,600	1,571,015	1,616,585
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,296,450)	(1,223,707)	72,743
OTHER FINANCING SOURCES:			
Operating transfers in	1,296,450	408,399	(888,051)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	(815,308)	(815,308)
FUND BALANCE AT BEGINNING OF YEAR	105,000	105,000	-
FUND BALANCE AT END OF YEAR	$ 105,000	$ (710,308)	$ (815,308)

CITY OF SIGNAL HILL

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

COMMUNITY REDEVELOPMENT FUND

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from use of money and property	$ 388,300	$ 284,622	$ (103,678)
EXPENDITURES:			
General government:			
Program administration	238,650	175,562	63,088
Capital outlay	4,985,800	3,267,023	1,718,777
TOTAL EXPENDITURES	5,224,450	3,442,585	1,781,865
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,836,150)	(3,157,963)	1,678,187
OTHER FINANCING SOURCES (USES):			
Proceeds from debt	1,110,650	1,390,966	280,316
Operating transfers out	-	(472,941)	(472,941)
TOTAL OTHER FINANCING SOURCES (USES)	1,110,650	918,025	(192,625)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,725,500)	(2,239,938)	1,485,562
FUND BALANCE AT BEGINNING OF YEAR	6,741,170	6,741,170	-
PRIOR PERIOD ADJUSTMENT	193,315	193,315	-
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	6,934,485	6,934,485	-
FUND BALANCE AT END OF YEAR	$ 3,208,985	$ 4,694,547	$ 1,485,562

Water Fund - The Water Fund accounts 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.

CITY OF SIGNAL HILL

COMPARATIVE BALANCE SHEET

ENTERPRISE FUND

June 30, 2002 and 2001

Δ 196,228

W/C for SCR 3,509,840 3,697,068

		2002	2001
ASSETS			
CURRENT ASSETS:			
Cash and investments		$ 1,703,778	$ 1,858,748
Accounts receivable		568,861	508,391
Accrued interest receivable		39,030	46,730
Inventory		36,039	38,956
TOTAL CURRENT ASSETS	CA	2,347,708	2,452,825
RESTRICTED CASH AND INVESTMENTS	CA	2,029,983	1,898,668
ADVANCE TO OTHER FUNDS	NCA	103,250	118,000
DEFERRED CHARGE	NCA	239,584	249,422
FIXED ASSETS		30,356,000	29,240,355
Less allowance for depreciation		(6,016,919)	(5,430,409)
NET FIXED ASSETS	NCA	24,339,081	23,809,946
TOTAL ASSETS		$ 29,059,606	$ 28,528,861
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	CL	$ 107,116	$ 86,837
Accrued liabilities	CL	215,923	22,265
Accrued interest payable	CL	85,221	86,660
Certificates payable (net of unamortized discount) - current portion	CL	185,000	175,000
Refundable deposits	CL	283,591	283,663
TOTAL CURRENT LIABILITIES		876,851	654,425
LONG - TERM LIABILITIES:			
Insurance deposit payable	NCL	16,541	-
Certificates payable (net of unamortized discount)	NCL	9,023,233	9,208,233
Compensated absences	NCL	31,426	28,603
TOTAL LONG - TERM LIABILITIES		9,071,200	9,236,836
TOTAL LIABILITIES		9,948,051	9,891,261
FUND EQUITY:			
Contributed capital		15,720,678	15,720,678
Retained earnings		3,390,877	2,916,922
TOTAL FUND EQUITY		19,111,555	18,637,600
TOTAL LIABILITIES AND FUND EQUITY		$ 29,059,606	$ 28,528,861

CITY OF SIGNAL HILL

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

ENTERPRISE FUND

For the years ended June 30, 2002 and 2001

	2002	2001
OPERATING REVENUES:		
Charges for services	$ 3,123,865	$ 2,909,647
OPERATING EXPENSES:		
Personnel services	707,405	678,794
Contractual services	50,877	35,146
Supplies	480,466	595,007
Materials and repairs	98,729	233,874
Utilities	237,217	226,759
Depreciation	586,510	549,940
Other	138,622	89,072
TOTAL OPERATING EXPENSES	2,299,826	2,408,592
OPERATING INCOME	824,039	501,055
NONOPERATING REVENUES (EXPENSES):		
Investment income	183,300	279,282
Rental income	450	500
Interest expense	(529,559)	(538,039)
Fiscal agent fees	(4,275)	(4,275)
Loss on disposal of assets	-	(214,556)
TOTAL NONOPERATING REVENUES (EXPENSES)	(350,084)	(477,088)
NET INCOME	473,955	23,967
RETAINED EARNINGS AT BEGINNING OF YEAR	2,516,922	2,492,955
PRIOR PERIOD ADJUSTMENT	400,000	-
RETAINED EARNINGS AT BEGINNING OF YEAR, AS RESTATED	2,916,922	2,492,955
RETAINED EARNINGS AT END OF YEAR	$ 3,390,877	$ 2,516,922

For SCR use Working Capital

CITY OF SIGNAL HILL

COMPARATIVE STATEMENT OF CASH FLOWS

ENTERPRISE FUND

For the years ended June 30, 2002 and 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 824,039	$ 501,055
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	586,510	549,940
Change in operating assets and liabilities:		
(Increase) in accounts receivable	(60,470)	(46,298)
(Increase) decrease in inventory	2,917	(2,308)
Decrease in deposits	-	45,760
Increase in accounts payable	20,279	25,409
Increase (decrease) in accrued liabilities	193,658	(9,310)
Increase (decrease) in refundable deposits	(72)	6,556
Increase in insurance deposit payable	16,541	-
Increase (decrease) in compensated absences	2,823	(6,011)
Total adjustments	762,186	563,738
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,586,225	1,064,793
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Advance repayment from other funds	14,750	14,750
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Rental receipts	450	500
Acquisition of property, plant and equipment	(1,115,645)	(234,565)
Principal paid	(180,000)	(170,000)
Interest paid	(516,160)	(524,561)
Fiscal agent fees	(4,275)	(4,275)
Contributed capital	-	400,000
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,815,630)	(532,901)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	191,000	270,045
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,655)	816,687
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,757,416	2,940,729
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,733,761	$ 3,757,416
NONCASH CAPITAL AND FINANCING ACTIVITIES:		
Deferred charge and bond discount amortization charged to interest expense	$ 14,838	$ 14,837

Vehicle and Equipment Fund - The Vehicle and Equipment Fund is used to account for activities involved in rendering motor vehicle and equipment services to departments within the City. Costs of materials and services are accumulated in this fund and charged to the user departments as such goods are delivered or services rendered.

CITY OF SIGNAL HILL

COMPARATIVE BALANCE SHEET

INTERNAL SERVICE FUND

June 30, 2002 and 2001

		2002	2001
ASSETS			
Cash and investments	CA	$ 778,961	$ 838,444
Accrued interest receivable	CA	10,661	13,227
Inventory	CA	8,074	13,805
Proprietary fixed assets		2,156,380	2,035,455
Less allowance for depreciation		(1,390,645)	(1,312,955)
TOTAL ASSETS		$ 1,563,431	$ 1,587,976
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable	CL	$ 10,664	$ 25,357
Accrued liabilities	CL	5,140	5,190
Compensated absences	NCL	8,105	7,565
TOTAL LIABILITIES		23,909	38,112
FUND EQUITY:			
Contributed capital		1,236,703	1,236,703
Retained earnings - unreserved		302,819	313,161
TOTAL FUND EQUITY		1,539,522	1,549,864
TOTAL LIABILITIES AND FUND EQUITY		$ 1,563,431	$ 1,587,976

For SCR use Fund Equity

CITY OF SIGNAL HILL

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

INTERNAL SERVICE FUND

For the years ended June 30, 2002 and 2001

	2002	2001
OPERATING REVENUES:		
Charges for services	$ 406,800	$ 388,104
OPERATING EXPENSES:		
Personnel services	156,810	153,680
Contractual services	1,171	346
Supplies	4,890	4,004
Materials and repairs	112,746	94,720
Utilities	1,700	1,200
Depreciation	189,545	177,570
Other	4,144	3,987
TOTAL OPERATING EXPENSES	471,006	435,507
OPERATING LOSS	(64,206)	(47,403)
NONOPERATING REVENUES:		
Investment income	43,862	62,291
Other revenue	1,912	5,141
Gain on disposal of fixed assets	8,090	27,418
TOTAL NONOPERATING REVENUES	53,864	94,850
NET INCOME BEFORE OPERATING TRANSFERS	(10,342)	47,447
OPERATING TRANSFERS OUT	-	(1,700)
NET INCOME	(10,342)	45,747
RETAINED EARNINGS AT BEGINNING OF YEAR	313,161	267,414
RETAINED EARNINGS AT END OF YEAR	$ 302,819	$ 313,161

CITY OF SIGNAL HILL

COMPARATIVE STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

For the years ended June 30, 2002 and 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (64,206)	$ (47,403)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	189,545	177,570
Miscellaneous receipts	1,912	5,141
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	1,700
(Increase) decrease in inventory	5,731	(2,805)
Increase (decrease) in accounts payable	(14,693)	20,067
Increase (decrease) in accrued liabilities	(50)	5,190
Increase in compensated absences	540	1,481
Total adjustments	182,985	208,344
NET CASH PROVIDED BY OPERATING ACTIVITIES	118,779	160,941
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers out	-	(1,700)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of fixed assets	13,840	45,734
Acquisition of property, plant and equipment	(238,530)	(327,880)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(224,690)	(282,146)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	46,428	64,361
NET DECREASE IN CASH AND CASH EQUIVALENTS	(59,483)	(58,544)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	838,444	896,988
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 778,961	$ 838,444

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

COMPARATIVE BALANCE SHEET

SPECIAL DEPOSIT AGENCY FUND

June 30, 2002 and 2001

	2002	2001
ASSETS		
Cash and investments	$ 851,253	$ 682,277
Restricted cash	12,353	12,176
TOTAL ASSETS	$ 863,606	$ 694,453
LIABILITIES		
Refundable deposits	$ 863,606	$ 694,453

CITY OF SIGNAL HILL

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

SPECIAL DEPOSIT AGENCY FUND

For the year ended June 30, 2002

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
ASSETS:				
Cash and investments	$ 682,277	$ 692,550	$ 523,574	$ 851,253
Restricted cash	12,176	177	-	12,353
TOTAL ASSETS	$ 694,453	$ 692,727	$ 523,574	$ 863,606
LIABILITIES:				
Refundable deposits	$ 694,453	$ 692,727	$ 523,574	$ 863,606

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

CITY OF SIGNAL HILL

COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS

June 30, 2002 and 2001

	2002	2001
GENERAL FIXED ASSETS:		
Land	$ 799,935	$ 799,935
Structures and improvements	6,720,806	6,712,197
Equipment and furniture	2,989,766	2,839,626
Computer software	179,653	172,503
TOTAL GENERAL FIXED ASSETS	$ 10,690,160	$ 10,524,261
INVESTMENT IN GENERAL FIXED ASSETS:		
General fund	$ 10,661,890	$ 10,495,991
Redevelopment projects	28,270	28,270
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	$ 10,690,160	$ 10,524,261

CITY OF SIGNAL HILL

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

For the year ended June 30, 2002

	Land	Structures and Improvements	Equipment and Furniture	Computer Software	Total
BALANCE AT BEGINNING OF YEAR	$ 799,935	$ 6,712,197	$ 2,839,626	$ 172,503	$ 10,524,261
Additions	-	8,609	182,925	7,150	198,684
Deletions	-	-	(32,785)	-	(32,785)
BALANCE AT END OF YEAR	$ 799,935	$ 6,720,806	$ 2,989,766	$ 179,653	$ 10,690,160

CITY OF SIGNAL HILL

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

As of June 30, 2002

Function	Land	Structures and Improvements	Equipment and Furniture	Computer Software	Total
General government	$ 258,753	$ 3,207,811	$ 825,348	$ 123,628	$ 4,415,540
Community services	379,926	1,513,600	197,303	852	2,091,681
Police	94,092	1,149,564	1,254,191	50,960	2,548,807
Community development	37,637	462,702	69,989	-	570,328
Public works	29,527	387,129	642,935	4,213	1,063,804
Total	$ 799,935	$ 6,720,806	$ 2,989,766	$ 179,653	$ 10,690,160

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the year ended June 30, 2002

Function	General Fixed Assets June 30, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
General government	$ 4,406,980	$ 41,345	$ (32,785)	$ 4,415,540
Community services	2,090,831	850	-	2,091,681
Police	2,408,165	140,642	-	2,548,807
Community development	568,986	1,342	-	570,328
Public works	1,049,299	14,505	-	1,063,804
Total	$ 10,524,261	$ 198,684	$ (32,785)	$ 10,690,160

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for debt payable from future resources including liabilities for tax allocation bonds, notes payable, capital lease obligations, and compensated absences.

CITY OF SIGNAL HILL

COMPARATIVE SCHEDULE OF GENERAL LONG - TERM DEBT

June 30, 2002 and 2001

	2002	2001
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG - TERM DEBT:		
Amount available in general fund	$ 170,000	$ 225,000
Amount available in debt service fund	279	477,536
Amount to be provided	70,775,481	68,462,171
TOTAL AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG - TERM DEBT	$ 70,945,760	$ 69,164,707
GENERAL LONG - TERM DEBT PAYABLE:		
1993 Tax Allocation Bonds - Series A	$ 20,455,000	$ 20,950,000
1993 Tax Allocation Bonds - Series B	28,545,000	29,220,000
1994 Tax Allocation Bonds	-	11,645,000
2001 Tax Allocation Bonds	13,880,000	-
Note payable	5,161,428	5,335,235
Loans payable	1,880,435	1,000,000
Section 108 loan payable	170,000	225,000
Capital lease obligation	53,254	103,240
Insurance deposits payable (1)	167,254	70,703
Compensated absences	633,389	615,529
TOTAL GENERAL LONG - TERM DEBT PAYABLE	$ 70,945,760	$ 69,164,707

(1) The balance of insurance deposits payable at June 30, 2001 has been added to record the actual liability as of that date.

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CITY OF SIGNAL HILL

SCHEDULE OF EXPENDITURES BY FUNCTION
GOVERNMENTAL FUNDS (1)

Last Ten Fiscal Years

Fiscal Year	General Government	Community Services	Public Safety	Community Development	Public Works	Capital Outlay	Debt Service	Other Expenditures	Totals
1992 - 93	$ 3,290,767	$ 753,522	$ 3,542,820	$ 1,002,301	$ 2,822,185	$ 4,507,565	$ 4,306,692	$ 697,086	$ 20,922,938
1993 - 94	3,282,700	751,460	3,541,198	754,532	2,663,755	5,547,687	5,613,081	250,550	22,404,963
1994 - 95	3,162,304	818,046	3,645,714	1,098,265	2,276,801	2,999,867	6,836,022	250,610	21,087,629
1995 - 96	2,840,844	620,206	3,882,489	817,755	2,288,904	4,240,978	5,436,689	2,389,296	22,517,161
1996 - 97	4,171,390	690,422	4,196,670	820,447	2,359,535	1,465,215	5,421,075	122,304	19,247,058
1997 - 98	4,696,039	845,401	4,317,519	820,519	2,409,436	597,465	5,489,390	-	19,175,769
1998 - 99	4,426,665	884,914	4,283,581	971,494	2,375,819	2,499,431	6,722,618	-	22,164,522
1999 - 00	2,296,278	917,112	4,579,256	861,668	2,449,971	9,906,527	6,022,200	-	27,033,012
2000 - 01	2,728,159	903,323	4,643,217	851,243	2,815,385	4,705,979	6,489,210	-	23,136,516
2001 - 02	2,792,867	921,505	4,602,092	958,144	3,008,394	9,713,178	8,338,780	-	30,334,960

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL

SCHEDULE OF REVENUES BY SOURCE
GOVERNMENTAL FUNDS (1)

Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter - governmental Revenue	Charges for Services	Fines and Forfeitures	Revenue from Use of Money and Property	Other	Totals
1992 - 93	$ 13,330,177	$ 232,794	$ 575,017	$ 1,268,605	$ 106,129	$ 1,649,335	$ 1,818,483	$ 18,980,540
1993 - 94	13,865,731	287,326	810,677	1,292,549	124,087	1,400,680	1,373,333	19,154,383
1994 - 95	13,435,397	258,404	668,022	956,260	129,483	2,239,522	1,639,518	19,326,606
1995 - 96	13,494,095	268,846	484,843	829,037	128,977	2,000,085	679,018	17,884,901
1996 - 97	14,106,905	264,834	676,403	743,465	165,147	1,724,899	846,269	18,527,922
1997 - 98	15,100,454	306,442	611,015	445,958	165,233	1,751,717	1,093,321	19,474,140
1998 - 99	15,016,452	269,622	1,251,450	643,617	259,263	1,551,976	768,646	19,761,026
1999 - 00	14,993,610	369,620	1,204,532	748,340	248,455	1,538,532	738,240	19,841,329
2000 - 01	17,483,740	407,317	1,963,407	962,261	263,477	2,533,429	930,545	24,544,176
2001 - 02	17,825,440	423,378	1,790,498	838,333	217,413	1,588,691	1,630,313	24,314,066

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Secured	Public Utility	Unsecured	Total Assessed Valuation	Estimated Full Market Valuation
1992 - 93	$ 805,929,624	$ 263,580	$ 76,255,961	$ 882,449,165	$ 882,449,165
1993 - 94	882,869,736	355,420	79,429,998	962,655,154	962,655,154
1994 - 95	880,299,825	355,420	98,115,509	978,770,754	978,770,754
1995 - 96	862,909,684	355,420	74,202,933	937,468,037	937,468,037
1996 - 97	852,525,730	30,620	72,766,494	925,322,844	925,322,844
1997 - 98	832,760,880	33,560	77,256,093	910,050,533	910,050,533
1998 - 99	818,592,740	33,560	83,282,260	901,908,560	901,908,560
1999 - 00	818,420,969	33,560	89,723,728	908,178,257	908,178,257
2000 - 01	857,751,475	33,560	95,071,289	952,856,324	952,856,324
2001 - 02	931,080,736	33,560	97,951,740	1,029,066,036	1,029,066,036

Source: HdL Coren & Cone

CITY OF SIGNAL HILL

PROPERTY TAX LEVIES AND TAX COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Tax Levy (1)	Tax Collections (2) (3) (4)	Percentage Collected
1992 - 93	$ 147,365	$ 139,784	94.86%
1993 - 94	187,318	182,481	97.42%
1994 - 95	219,846	220,283	100.20%
1995 - 96	267,751	216,915	81.01%
1996 - 97	258,988	251,851	97.24%
1997 - 98	245,781	226,626	92.21%
1998 - 99	243,390	231,290	95.03%
1999 - 00	244,674	239,934	98.06%
2000 - 01	261,007	244,011	93.49%
2001 - 02	276,768	281,436 251,249	101.69%
2002 - 03	287,339	212,791.	74.06% (4)

(1) Includes secured, unsecured and supplemental rolls for the General Fund.

(2) Delinquent taxes are generally collected in the subsequent year.

(3) Excludes penalties, interest and homeowners subvention amounts.

(4) Tax collection percentage is low due to a correction by LA County for over payment in prior year.

Sources: City of Signal Hill, Finance Department
County of Los Angeles, Auditor Controller's Office Property Tax Administration Cost Report

CITY OF SIGNAL HILL

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(per $100 of assessed value)

Last Ten Fiscal Years

Fiscal Year	County	LA County Flood Control District	County Sanitation District #29	Metropolitan Water District	General	Totals
1992 - 93	0.001409	0.003397	0.006001	0.008900	1.000000	1.019707
1993 - 94	0.001713	0.004212	0.006564	0.008900	1.000000	1.021389
1994 - 95	0.001993	0.006041	0.009692	0.008900	1.000000	1.026626
1995 - 96	0.001814	0.000963	0.008434	0.008900	1.000000	1.020111
1996 - 97	0.001604	0.001991	0.004207	0.008900	1.000000	1.016702
1997 - 98	0.001584	0.002197	0.008540	0.008900	1.000000	1.021221
1998 - 99	0.001451	0.001953	0.010117	0.008900	1.000000	1.022421
1999 - 00	0.001422	0.001765	0.007724	0.008900	1.000000	1.019811
2000 - 01	0.001314	0.001552	0.009680	0.008800	1.000000	1.021346
2001 - 02	0.001128	0.000473	0.006502	0.007700	1.000000	1.015803

Source: Los Angeles County Auditor Controller

CITY OF SIGNAL HILL

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2002

	Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
OVERLAPPING DEBT:			
Los Angeles County Detention Facilities 1987 Debt Service	$ 36,505,000	0.078%	$ 28,486
Los Angeles County Flood Control (Storm Drain Bond No. 4)	13,720,000	0.079%	10,868
Los Angeles County Flood Control Refunding Bonds 1993 Debt Service	16,975,000	0.079%	13,447
Los Angeles County Sanitation District No. 29 Debt Service	60,000	99.931%	59,958
* Metropolitan Water District City of Long Beach Area 1108	503,075,000	0.000%	2,004
* Central Basin Municipal Water District 1114 DS	503,075,000	0.083%	417,657
Long Beach Unified School District 1999 Series C DS	60,000,000	1.801%	1,080,623
Long Beach Unified School District 1999 Series B DS	29,695,000	1.793%	532,316
Long Beach Unified School District 1999 Series A DS	24,400,000	1.793%	437,397
TOTAL OVERLAPPING DEBT			$ 2,582,756

* These funds are a portion of a lager agency, and are responsible for debt in areas outside the City.

2001 - 02 Assessed Valuation: $433,421,300 (after deducting $595,644,736 redevelopment increment)

DEBT TO ASSESSED VALUATION RATIOS:

Direct Debt	0.00%
Overlapping Debt	0.60%
Total Debt	0.60%

Source: HdL Coren & Cone, Los Angeles County Assessor Combined 2001/02 Lien Date Tax Rolls

CITY OF SIGNAL HILL

SCHEDULE OF LEGAL DEBT MARGIN

June 30, 2002 3

	$1,110,051,101
ASSESSED VALUATION	$ 1,029,066,036
DEBT LIMIT - 15% OF ASSESSED VALUATION	$ 154,359,905
AMOUNT OF DEBT APPLICABLE TO DEBT LIMITATION:	$166,507,665
TOTAL BONDED DEBT	-
LEGAL DEBT MARGIN	$ 154,359,905
	$ 166,507,665

Auditor-Controller / Tax Division, County of Los Angeles.

Source: ~~City of Signal Hill, Finance Department~~

CITY OF SIGNAL HILL

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Square Miles (1)	Population (2)	Population Percentage Change
1993	2.2	8,661	2.72%
1994	2.2	8,808	1.70%
1995	2.2	8,667	-1.60%
1996	2.2	8,776	1.26%
1997	2.2	8,864	1.00%
1998	2.2	9,008	1.62%
1999	2.2	9,133	1.39%
2000	2.2	9,247	1.25%
2001	2.2	9,737	5.30%
2002	2.2	9,933	2.01%
2003	2.2	10,284	3.53%

Sources: (1) Department of Community Development, City of Signal Hill
(2) State Department of Finance

CITY OF SIGNAL HILL

SCHEDULE OF CONSTRUCTION ACTIVITY (1)

Last Ten Fiscal Years

Fiscal Year	Building Permits Issued	Percentage Change	Estimated Valuation	Percentage Change
1992 - 93	196	-36.36%	$ 4,461,358	-86.53%
1993 - 94	343	75.00%	8,727,508	95.62%
1994 - 95	195	-43.15%	4,395,802	-49.63%
1995 - 96	207	6.15%	5,351,240	21.74%
1996 - 97	186	-10.14%	3,587,953	-32.95%
1997 - 98	197	5.91%	3,229,232	-10.00%
1998 - 99	172	-12.69%	6,673,437	111.38%
1999 - 00	276	60.47%	21,005,895	214.77%
2000 - 01	326	18.12%	22,483,088	7.03%
2001 - 02	300	-7.98%	34,631,160	54.03%
2002 - 03	293	-2.33%	41,782,331	20.65%

(1) Bank deposit information is not available.

Deposit
Bank infor not available

Source: Community Development Department, City of Signal Hill

CITY OF SIGNAL HILL

SCHEDULE OF TOP 25 SALES TAX PRODUCERS

June 30, 2002

Taxpayer	Type of Business
A & A Ready Mixed Concrete	Contractors
A L L Roofing Material Long Beach	Lumber/Building Materials
Altair Gases and Equipment	Drugs/Chemicals
Black Gold Pump & Supply	Pertroleum Prod/Equipment
Boulevard Buick Pontiac GMC Truck	New Motor Vehicle Dealers
Cherry Arco Am Pm	Service Stations
Costco	Discount Department Stores
Costco	Discount Department Stores
Food 4 Less	Grocery Stores Liquor
Gaines Electric Supply Company	Contractors
Glenn Thomas Dodge	New Motor Vehicle Dealers
Home Depot	Lumber/Building Materials
Howards Appliances	Radio/Appliance Stores
Long Beach BMW	New Motor Vehicle Dealers
Long Beach Chrysler Jeep	New Motor Vehicle Dealers
Long Beach Honda Mazda	New Motor Vehicle Dealers
Macro Pro	Business Services
Nissan of Long Beach	New Motor Vehicle Dealers
Office Depot	Office Supplies/Furniture
Office Depot Business Services	Office Supplies/Furniture
Officemax	Office Supplies/Furniture
P B I Market Equipment	Farm Products/Equipment
Petsmart	Specialty Stores
Target Store	Discount Department Stores
Toys - R - Us	Specialty Stores

Percent of City Total Paid by Top 25 Accounts = 82.29%

HDL

Source: Hinderliter, de Llamas & Associates, State Board of Equalization

CITY OF SIGNAL HILL

PRINCIPAL TAXPAYERS

June 30, 2002

Taxpayer	Type of Business	Number of Parcels	Assessed Valuation	Percentage of Assessed Valuation
Arco Terminal Services Corporation	Oil Storage	9	$ 28,317,495	2.8%
Price Owners LLC	Real Estate Development	2	24,569,690	2.4%
Signal Hill Petroleum	Mineral Rights	15	19,269,589	1.9%
Price Company	Discount Retail	4	17,259,872	1.7%
Long Beach Signal Hill Business	Office/Industrial	1	17,186,000	1.7%
Long Beach Acquisition Corporation	Cable Right-of-Way	2	15,495,518	1.5%
MCC Pacific Valves	Manufacturer	3	10,231,616	1.0%
Eastman Inc.	Business Office Products	1	8,607,221	0.8%
MF Salta Company, Inc.	Retail Automotive	2	7,615,707	0.7%
Town Center Signal Hill LLC	Office Buildings	2	7,580,000	0.7%
	TOTAL	41	$ 156,132,708	16.4%

HdL

Source: HdL Coren & Cone, Los Angeles County Assessor 2001/02 Combined Tax Rolls

CITY OF SIGNAL HILL

MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2002 3

GENERAL INFORMATION:	
Date of Incorporation	1924
Form of Government	Council - Manager Charter City
POPULATION	10,284 ~~9,933~~
AREA - Land	Square Miles: 2.2 Acres: 1,408
FIRE PROTECTION:	
Number of stations	1
Number of fire hydrants	459
(The City of Signal Hill receives fire protection from the County of Los Angeles, through a subcontract with the City of Long Beach).	
POLICE PROTECTION:	
Number of stations	1
Number of cells	8
Number of police and officers	31
Number of patrol vehicles (including 1 motorcycle)	10
MUNICIPAL WATER DEPARTMENT:	
Number of water services	2,624 ~~2,461~~
Miles of lines and mains	34
Number of reservoirs	3 - 7.5 million gallons
Number of wells	2
Annual gallons supplied	729 million gallons
PUBLIC SERVICE:	
Miles of streets	35.7
Miles of sewers	33
Number of sewer stations	3
Number of street trees	3,200
Number of vehicles maintained	76
RECREATION AND CULTURE:	
Number of parks	6 ~~5~~
Area of parks	17.39 ~~13.65~~ acres
Number of libraries	1
Number of volumes	26,000 ~~1~~
Number of community centers	1
Number of bandstands	1
Number of baseball diamonds	1
Number of basketball courts	2
NUMBER OF CITY EMPLOYEES:	
Full - time	104 ~~105~~
Part - time	36

Source: City of Signal Hill, Finance Department