COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF SIGNAL HILL

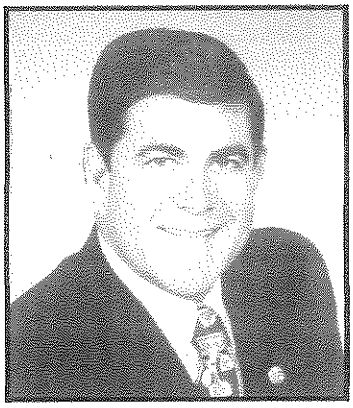
FISCAL YEAR ENDED JUNE 30, 2003

Prepared by
Department of Finance

Dennis MacArthur
Director of Finance

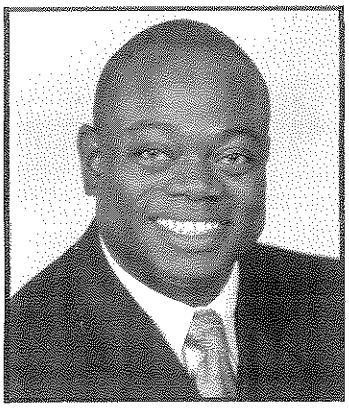
ELECTED OFFICIALS

Ellen Ward
Vice Mayor



Michael Noll
Mayor

Larry Forester
Councilmember



Edward H. J. Wilson
Councilmember

Tina L. Hansen
Councilmember

Kathleen Pacheco
City Clerk

Emerson Fersch
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	Charlie Honeycutt

CITY OF SIGNAL HILL

TABLE OF CONTENTS

June 30, 2003

	Page Number
INTRODUCTORY SECTION:	
Letter of Transmittal	i - vi
Certificate of Achievement for Excellence in Financial Reporting	vii
Certificate of Award for Outstanding Financial Reporting	viii
Elected Officials	ix
City Organization Chart	x
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16 - 17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18 - 19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22 - 23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
Statement of Net Assets	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	26
Statement of Cash Flows	27 - 28
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	29
Notes to Basic Financial Statements	31 - 72

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

June 30, 2003

	Page Number
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule:	
General Fund	75 - 76
SUPPLEMENTARY INFORMATION:	
Other Major Governmental Funds:	77
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Debt Service Fund	79
Capital Improvement Capital Projects Fund	80
Nonmajor Governmental Funds:	81 - 83
Combining Balance Sheet	84 - 89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90 - 95
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Affordable Housing Special Revenue Fund	96
Asset Seizure Special Revenue Fund	97
Park Development Special Revenue Fund	98
HCDA Grant Special Revenue Fund	99
Special Gas Tax Special Revenue Fund	100
Traffic Safety Special Revenue Fund	101
Transportation Special Revenue Fund	102
Cable Televising Special Revenue Fund	103
Pipeline Removal Special Revenue Fund	104
Air Quality Improvement Special Revenue Fund	105
Water Development Special Revenue Fund	106
Traffic Impact Special Revenue Fund	107
Proposition C Special Revenue Fund	108
Lighting and Landscape Special Revenue Fund	109
Supplemental Law Enforcement Special Revenue Fund	110
Law Enforcement Block Grant Special Revenue Fund	111
TRAP Special Revenue Fund	112
Housing Impact Special Revenue Fund	113
Community Redevelopment Capital Projects Fund	114

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

June 30, 2003

	Page Number
SUPPLEMENTARY INFORMATION (CONTINUED):	
Fiduciary Funds:	115
Schedule of Changes in Fiduciary Assets and Liabilities - Special Deposit Agency Fund	116
STATISTICAL SECTION (UNAUDITED):	
Government-wide information:	
Government-wide Expenses by Program - Current Fiscal Year	117
Government-wide Revenues by Source - Current Fiscal Year	118
Fund information:	
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 22, 2003

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, 2003 is submitted herewith. The financial statements are presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. 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 government accounting and financial reporting standards and is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain a full understanding of the City's financial affairs have been included. This annual report has been reformatted to comply with the new financial reporting model developed by Government Accounting Standards Board (GASB) Statement 34. The new financial reporting model dramatically changes the format of the City's financial statements. It is intended to improve financial reporting by including significant additional information not previously included in local government financial statements.

The Comprehensive Annual Financial Report is presented in three sections and includes the following:

Introductory Section, which includes this Letter of Transmittal, the City's organizational chart, a list of elected officials, the Government Finance Officers Association of the United States Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Award for Outstanding Financial Reporting by the California Society of Municipal Finance Officers for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002.

Basic Financial Statements and Required Supplementary Information which includes Management's Discussion and Analysis, Government-Wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements, Required Supplementary Information, Supplementary Information and the auditors' report on the financial statements and schedules.

Statistical Section, which includes selected financial and demographic information, generally presented on a multi-year basis.

PROFILE OF THE CITY OF SIGNAL HILL

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

The City was incorporated in 1924 and 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 the 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 104 full-time employees.

The City provides a full range of services including police, street maintenance, park maintenance, public improvements, planning and zoning, utilities (water), recreational activities and library services. The County of Los Angeles, through a subcontract with the City of Long Beach, provides fire protection services. The contract will terminate on November 6, 2003. Fire services will then be provided exclusively by the County of Los Angeles. 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 Basic Financial Statements of the City.

LOCAL ECONOMY

The City, with a population of 10,284, has undergone a number of dramatic changes in the past ten years. Some of this change has been through planned residential development of the hilltop, as well as development of the City's Auto Center and the Town Center West Project. The City continues to enjoy one of the highest taxable sales per capita ratios in the State with $22,100 in quarterly taxable sales per capita. This compares with $10,600 per capita for Cerritos, $2,600 per capita for Lakewood, and $2,000 per capita for Long Beach. Each of these cities is in close proximity to the City of Signal Hill.

Building permits maintained high levels with the continued development of residential homes on the hilltop. Building permits issued during the current fiscal year totaled 293, down slightly for the previous year when 300 permits were issued. The homes being constructed are currently priced from $675,000 to over $1 million and range from 2,400 to over 3,800 square feet in size.

OUTLOOK FOR THE FUTURE

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 with the formation of the Spring Street Corridor Joint Powers Authority.

City reserves and designations of the General Fund's fund balance have been increased to weather fluctuations in our sales tax receipts due to potential economic downturns. Total reserves and designations of fund balance are currently in excess of $19.011 million and represent 137% 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 $1,100,000 for the utilization of these reserves to meet our obligations under the Office Depot Owner Participation Agreement for Fiscal Year 2003-04.

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.

FINANCIAL CONTROLS

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.

FINANCIAL CONTROLS (CONTINUED)

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 2002-2003 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, 2003, 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.

OTHER INFORMATION

Cash Management

Cash temporarily idle during the year was invested primarily in the Local Agency Investment Fund. The average interest rate on investments was 2.9% for the year, down .50% (50 basis points) over last year's average rate. Most of the drop was due to the fact that we had a larger weighting of the portfolio invested in LAIF. Recent rates on investments are the lowest in 40 years. The portfolio's weighted average days to maturity are 361 days. Last year's weighted average days to maturity were 394 days.

OTHER INFORMATION (CONTINUED)

Cash Management (Continued)

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 $2.014 million. This is an increase of $15,000 or 1.0% over last year's total. The pool has been self-funded since 1987.

Spending Limitation

The City foresees no problem for several years in complying with the spending limitation under Proposition 4, the Gann Initiative, passed by the California voters in 1979. The City's accounting firm has attested to the accuracy of the computation of the spending limitations for the current period, which indicated that the City was under the calculated limit by $24,897,353.

Independent Audit

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

Awards

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, 2002. This was the 8th consecutive year that the City of Signal Hill has achieved this prestigious award.

OTHER INFORMATION (CONTINUED)

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.

The City has also been awarded the Certificate of Award for Outstanding Financial Reporting by the California Society of Municipal Finance Officers for its Comprehensive Annual Financial Report for the year ended June 30, 2002. We will submit our 2003 report to the California Society of Municipal Finance Officers as well.

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 Mark Sjoblom, Accounting Manager, Susan Olmstead-Bowen, Accountant, and Phylliss Shores, Office Services Coordinator for their significant roles in the report preparation.

Respectfully submitted,

Dennis MacLachlan

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, 2002

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

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2001-2002

Presented to the

City of Signal Hill

This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.

February 24, 2003

Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

CITY OF SIGNAL HILL

JUNE 30, 2003

ELECTED OFFICIALS

Michael J. Noll
Mayor

Ellen Ward
Vice Mayor

Larry Forester
Council Member

Tina L. Hansen
Council Member

Edward H.J. Wilson
Council Member

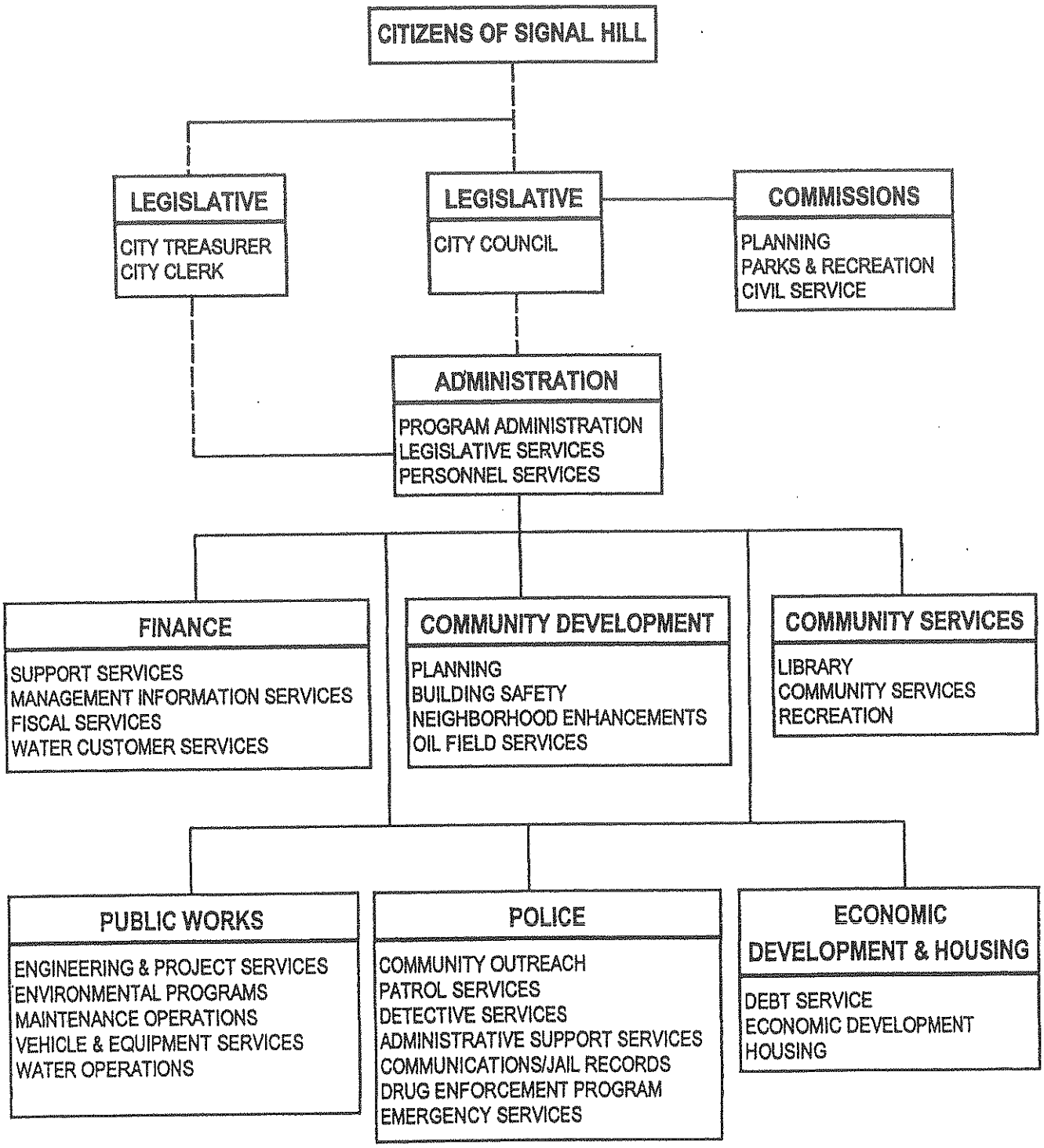
Kathleen Pacheco
City Clerk

Emerson Fersch
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	Charlie Honeycutt

CITY OF SIGNAL HILL
ORGANIZATIONAL CHART



DIEHL, EVANS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2121 ALTON PARKWAY, SUITE 100
IRVINE, CALIFORNIA 92606-4906
(949) 399-0600 • FAX (949) 399-0610
www.diehlevans.com

MICHAEL R. LUDIN, CPA
CRAIG W. SPRAKER, CPA
NITIN P. PATEL, CPA
ROBERT J. CALLANAN, CPA
*PHILIP H. HOLTKAMP, CPA
*THOMAS M. PERLOWSKI, CPA
*HARVEY J. SCHROEDER, CPA

*A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Signal Hill's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the accompanying financial statements reflect certain changes in the presentation of financial data required as a result of the Implementation of Governmental Accounting Standards Board Statement No. 34 for the year ended June 30, 2003.

OTHER OFFICES AT:

2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234

613 W. VALLEY PARKWAY, SUITE 330
ESCONDIDO, CALIFORNIA 92025-2598
(760) 741-3141 • FAX (760) 741-9890

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2003 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Signal Hill's basic financial statements. The introductory section, supplementary information section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Diehl, Evans and Company, LLP

September 12, 2003 (except for information in Note 14, as to which the date is November 20, 2003).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2003

This discussion and analysis section of the City of Signal Hill's comprehensive annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2003. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements. Previous fiscal year (Fiscal Year Ended June 30, 2002) comparable data is not available for the Fiscal Year Ended June 30, 2003 report as these statements represent the City's first statements issued pursuant to GASB 34. Comparable data will be provided in subsequent fiscal years.

FINANCIAL HIGHLIGHTS

- Net assets, the amount by which total assets exceed total liabilities, equal $20,651,134. Of this amount a $64,568,150 deficit was attributable to the redevelopment agency tax allocation bonds secured by future tax increment revenues. $28,805,443 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets increased by $5,303,593, due to the completion of projects and acquisitions of assets from developers.

- At the close of the current fiscal year, the City's governmental funds reported combined ending balances of $28,627,620, an increase of $1,297,109 in comparison to prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

See independent auditors' report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

See independent auditors' report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

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

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

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

Fiduciary funds

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

Notes to the financial statements

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

Other information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The statement of net assets can serve as a useful indicator of the city's financial position. The City of Signal Hill's net assets at June 30, 2003 total $20,651,134. Following is a condensed version of the government-wide statement of net assets. Since this is the first period in which the City of Signal Hill is reporting on the new government-wide basis, no previous year comparable data, as required by GASB 34 reporting requirements, is available. Comparable data will be provided in the Fiscal Year Ending June 30, 2004 financial report.

See independent auditors' report.

Table 1
Net Assets

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Assets:			
Current and other assets	$ 36,400,444	$ 5,641,352	$ 42,041,796
Capital assets, net	41,291,557	24,127,875	65,419,432
Total Assets	77,692,001	29,769,227	107,461,228
Liabilities:			
Current Liabilities	7,501,977	444,805	7,946,782
Long-term Liabilities	69,048,060	9,815,252	78,863,312
Total Liabilities	76,550,037	10,260,057	86,810,094
Net assets:			
Invested in capital assets, net of related debt	41,176,557	14,348,692	55,525,249
Restricted	148,808	2,108,860	2,257,668
Unrestricted	(40,183,401)	3,051,618	(37,131,783)
Total Net Assets	$ 1,141,964	$ 19,509,170	$ 20,651,134

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

Changes in net assets

The changes in net assets table illustrates the increases or decreases in net assets of the city resulting from its operating activities. The City of Signal Hill's net assets increased approximately $5.3 million in the fiscal year ended June 30, 2003. The increase was split between the governmental activities ($4.9 million) and business-type activities ($.4 million). Since this is the first period of the City of Signal Hill reporting on the new government-wide basis, no previous year comparable data, as required by GASB 34 reporting requirements is available. Comparable date will be provided in the financial report for the fiscal year ending June 30, 2004.

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

See independent auditors' report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net assets (Continued)

Table 2
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues:			
Program revenues:			
Charges for services	$ 1,850,552	$ 3,196,512	$ 5,047,064
Operating grants and contributions	905,669	-	905,669
Capital grants and contributions	5,106,762	-	5,106,762
General revenues:			
Property taxes	8,107,036	-	8,107,036
Sales taxes	10,025,102	-	10,025,102
Other taxes	1,745,603	-	1,745,603
Investment income	1,002,010	173,249	1,175,259
Unrestricted grants and contributions	624,413	1,113	625,526
Miscellaneous	25,087	-	25,087
Total revenues	29,392,234	3,370,874	32,763,108
Expenses:			
General government	3,054,371	-	3,054,371
Community services	1,065,641	-	1,065,641
Police	5,029,219	-	5,029,219
Community development	7,296,782	-	7,296,782
Public works	3,645,074	-	3,645,074
Unallocated infrastructure depreciation	444,751	-	444,751
Interest on long-term liabilities	3,967,418	-	3,967,418
Water	-	2,956,259	2,956,259
Total expenses	24,503,256	2,956,259	27,459,515
Increase in net assets before transfers	4,888,978	414,615	5,303,593
Transfers	17,000	(17,000)	-
Change in net assets	4,905,978	397,615	5,303,593
Net assets (deficit) - beginning	(3,764,014)	19,111,555	15,347,541
Net assets - ending	$ 1,141,964	$ 19,509,170	$ 20,651,134

See independent auditors' report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net assets (Continued)

The total net assets of the City were $20,651,134 as of June 30, 2003. This represents an increase of $5,303,593 over the prior year. This change is explained more fully below.

Changes in net assets. The City's total revenues were $32,763,108. A significant portion of the City's revenue came from sales and use tax, accounting for 31% of total revenues, local property tax accounted for 25%, 16% came from capital grants and contributions and 15% was received for charges for services.

The total cost of all City programs and services during fiscal year ended June 30, 2003 was $27,459,515. Community development expenditures accounted for 26% of the total expenditures, 18% of expenditures were for police services, interest expense attributed to 14%, public works 13%, general government 11% and 11% was expended for business-type activities.

The difference between the City's total revenues and expenses, $5,303,593, represented the increase in total net assets for 2003.

Governmental activities contributed to the bulk of the increase in net assets. The largest increase in revenues as compared to the prior year was attributable to property taxes. Largely as a result of the development of the hilltop and increased property values, property tax increased $1,638,013 or 25%. Sales tax increased by $153,152 or 2% over the prior year. Revenue from us of money and property decreased $586,681 or 37% due to the decline in interest rates and the spending down of redevelopment agency bond proceeds.

The City was aggressive in limiting its operating expenses for the fiscal year ended June 30, 2003. Due to the State of California budget crisis the City had to consider adjusting for flat or declining revenues for general operation.

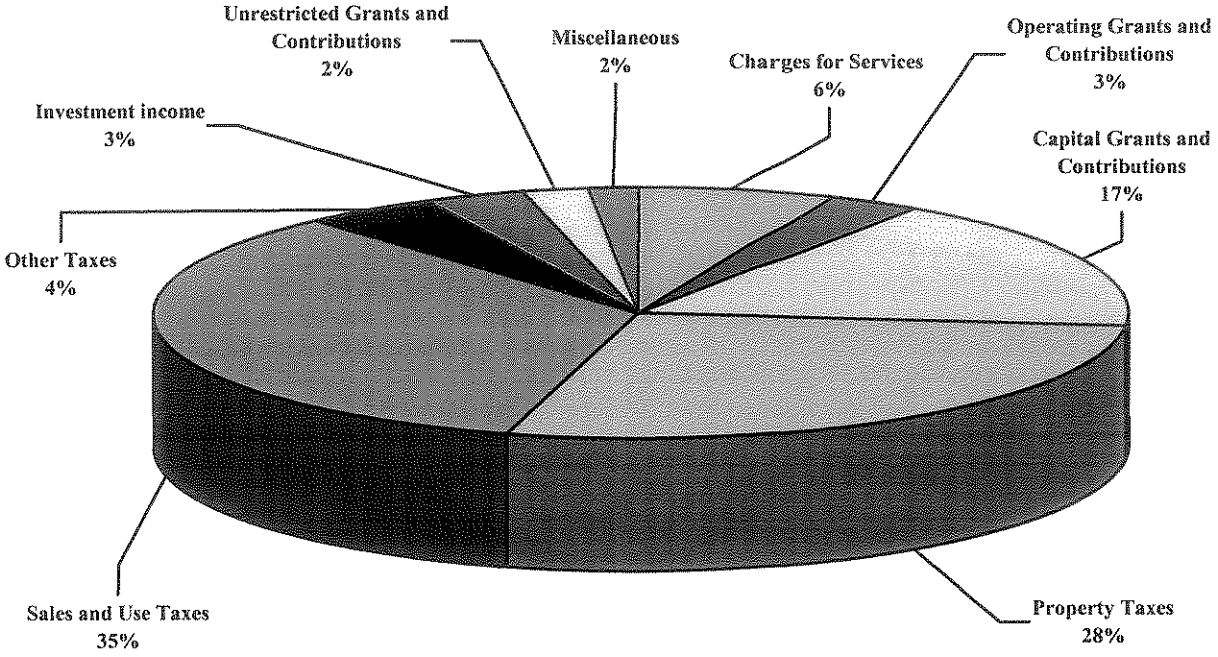
Business-type activities consist of the water utilities. The financial goal of the City's business-type activities is to operate on a more or less "break-even" basis without making significant profit or needing general tax subsidies. For fiscal year ended June 30, 2003, this goal was achieved with the City's total business-type activities having realized an overall increase in net assets of $397,615. These funds are used to pay debt or invest in capital assets.

The City's enterprise operation is comprised solely of a Water Fund. Operating revenues increased $72,647, or 2.3%, over the previous year. Operating expenses increased $128,818, or 5.6%, during the year. The increase was due to greater costs for personnel, utilities and depreciation expense. Nonoperating revenues from interest earnings decreased $10,051 due to lower investment yields while nonoperating expenses decreased $9,410.

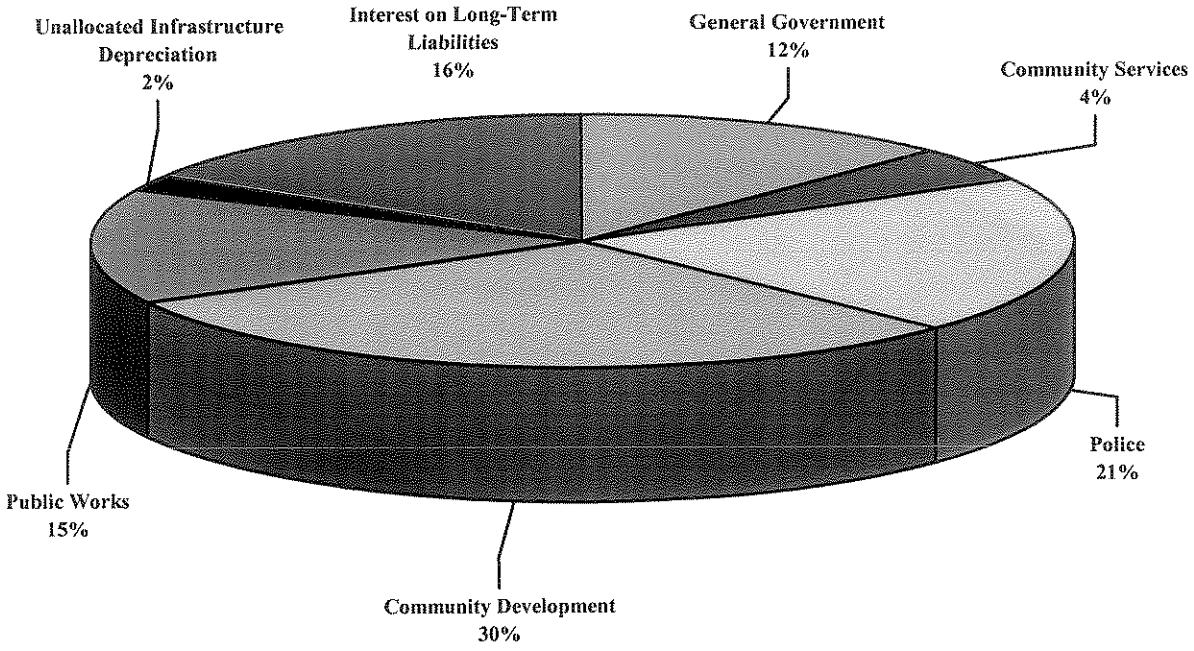
Change in net assets was $400,806 for the year as compared to last year's $473,955 change in net assets. Total net assets at the end of the year were $19,512,361, or 2% greater than last year's total. The City has ample coverage to pay its water-bonded indebtedness.

See independent auditors' report.

Revenues by Source - Governmental Activities
Fiscal Year 2003

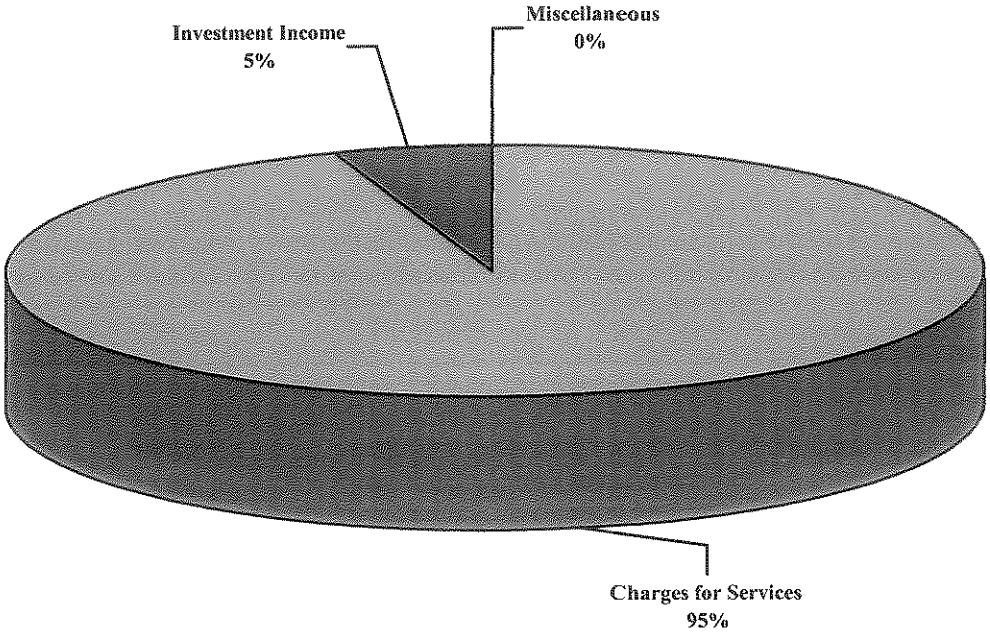


Expenditures - Governmental Activities
Fiscal Year 2003

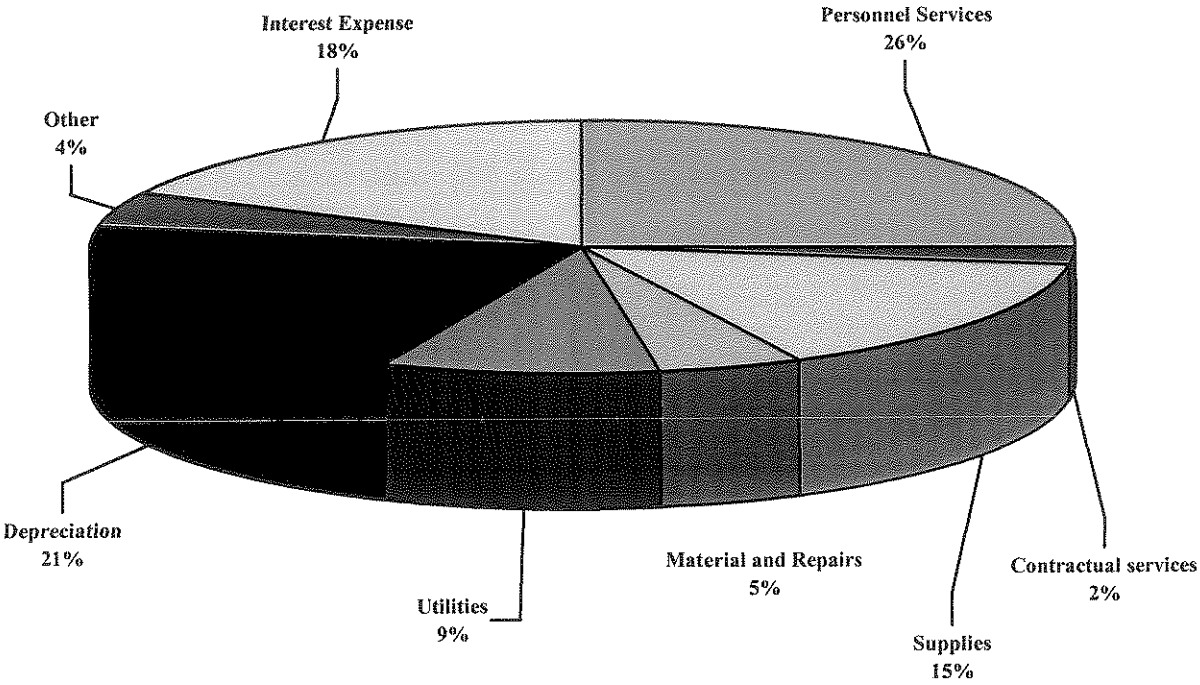


See independent auditors' report

Revenues by Source - Business-type Activities
Fiscal Year 2003



Expenditures - Business-type Activities
Fiscal Year 2003



See independent auditors' report

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Financial Analysis of the City's Funds

The analysis of the City's major funds is included in this report following the government-wide statements. The fund financial statements provide detailed information about the major City funds, not the City as a whole. The City's major funds for the fiscal year ended June 30, 2003 were the General fund, Debt Service fund and Capital Improvements Capital Projects fund.

General Fund Budgetary Highlights

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

Year-to-date revenues, including transfers-in, totaled $14.6 million representing 106% of the annual budget with 100% of the budget year completed. Total General Fund revenues and transfers in exceeded their adjusted budget amounts by $843,000. Sales tax was the largest revenue source with over $10 million in realized revenues. This amount was $575,000 more than the adjusted budget and $475,000 more than the projected amount used for the 2003-04 budget to project year end balances.

Other revenues exceeding their projections were building and safety fees for building permits, ($91,000); plan checking fees, ($88,000); interest earnings, ($61,000); franchise fee revenues, ($31,000); engineering fee revenues, ($33,000); workers' compensation refunds, ($27,000); motor vehicle in lieu taxes, ($22,000); transient occupancy taxes, ($20,000); and property transfer tax revenues, ($16,000). Almost every City revenue category exceeded their adjusted budget totals. The exceptions to this were property tax, business license tax, permits, fines & forfeitures, and community services.

Interest rates remained low throughout 2002-03; however, the City achieved satisfactory results from its investment portfolio due to the fact that the City had more funds to invest and that the market value exceeded cost by $566,171. GASB 31 requires us to adjust our investment balances to market (mark-to-market) at the end of the accounting cycle. The adjustment to market value totaled $132,400 for the General Fund. Transfers in totaled $537,000, and were at 86.9% of their budgeted totals.

General Fund Expenditures totaled $11.959 million, representing 88% of the annual adjusted budget, which totaled $13.543 million. Expenditures were projected at $12.793 million during the budget process. The expenditure under run from the projection in the budget totaled $834,154, or 7% under our projection. No departments exceeded their budget for Fiscal Year 2002-03. Last year at this time, we had a 4.5% under run. Historically, the City's expenditures will run 2-3% below the budget projection. The under runs were primarily in three departments: Police, Community Services and Public Works. The under runs by object type were as follows: salary and benefits, $258,000 and maintenance and operations, $559,600.

See independent auditors' report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

General Fund Budgetary Highlights (Continued)

During the 2002-03 fiscal year, the Police Department staff was below the projected number of patrol officers by an average of four positions each month for the entire year. These vacancies caused a favorable salary and benefits variance totaling $208,000. Likewise, vacancies in the Community Services' Kid Kamp Program caused a $63,200 favorable salary and benefits expenditure variance. The vacancies included the Kids Kamp director position and various Kids Kamp staff positions that were open for a portion of the year.

The supplies and services under runs were located within Police, ($130,905); Community Development, ($73,400); and Public Works, ($243,201). .

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2003, totaled $65,419,432, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in process.

Table 3
Capital Assets

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Land	$ 24,406,484	$ 3,237,727	$ 27,644,211
Water rights	-	1,215,186	1,215,186
Construction in Progress	5,008,113	-	5,008,113
Buildings, equipment and depreciable assets	1,765,761	19,674,962	21,440,723
Infrastructure	10,111,199	-	10,111,199
Total assets	$ 41,291,557	$ 24,127,875	$ 65,419,432

For additional information see Note 3 of the Financial Statements.

See independent auditors' report.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

Table 4
Debt Administration

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Tax allocation bonds	$ 61,115,000	$ -	$ 61,115,000
Notes payable	5,130,324	-	5,130,324
Loans payable	2,115,000	755,950	2,870,950
Certificates of Participation	-	9,023,233	9,023,233
Insurance deposits payable	15,343	1,517	16,860
Compensated absences	672,393	34,552	706,945
Total assets	$ 69,048,060	$ 9,815,252	$ 78,863,312

At year-end, the City had three issues of bonded indebtedness outstanding in its governmental funds totaling $61.115 million. All three issues were rated AAA by Standard and Poors and Aaa by Moody's. The City's bonded indebtedness per capita is $5,954 (excluding the water revenue bonds), while debt as a percent of total assessed value within the Redevelopment Project Area is 8.32%. Debt as a percent of incremental assessed value is 9.24%. The combined coverage ratio of senior lien bonds to pledge/tax revenues is 157.11%. The Agency also holds $5.130 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.

For additional information see Note 4 of the Financial Statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Due to a projected stable local economy, revenues from sales and use tax are expected to reach budgeted levels, which exceeds last years revenue by 3%.

- Due to the development of the hilltop property values within the City should continue to increase.

- State of California fiscal issues could result in a reduction in funds passed-through to the City and increased payments to the Education Revenue Augmentation Fund.

- Bonds were issued by the redevelopment agency in August and November 2003. The 2003 Tax Allocation Bonds Series A, Series B, Series C and Series D, bonds were used to fully refund 1993, Series A Tax Allocation Bonds and partially refund 1993, Series B Tax Allocation Bonds. The Agency received $3,009,021.75 from the 2003, Series B issuance for the Redevelopment Fund and $3,033,203.73 from the 2003, Series D issuance for the Housing Fund.

See independent auditors' report.

REQUESTS FOR INFORMATION

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

See independent auditors' report.

CITY OF SIGNAL HILL

STATEMENT OF NET ASSETS

June 30, 2003

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments (Note 2)	$ 29,570,948	$ 2,513,097	$ 32,084,045
Recivables:			
Accounts	1,956,110	551,207	2,507,317
Taxes	345,976	-	345,976
Accrued interest	278,011	37,717	315,728
Rehabilitation loans	17,354	-	17,354
Due from other governments	644,892	-	644,892
Internal balances	(85,309)	85,309	-
Inventory	3,843	31,713	35,556
Deferred charges	-	229,746	229,746
Land and improvements held for resale	3,516,432	-	3,516,432
Restricted assets:			
Cash and investments	152,187	2,192,563	2,344,750
Capital assets (Note 3):			
Land	24,406,484	3,237,727	27,644,211
Water rights	-	1,215,186	1,215,186
Construction in progress	5,008,113	-	5,008,113
Infrastructure, net	10,111,199	-	10,111,199
Source of supply, net	-	9,636,140	9,636,140
Pumping plant, net	-	480,100	480,100
Transmission/distribution, net	-	7,684,604	7,684,604
Depreciable structures and improvements, net	793,801	840,595	1,634,396
Depreciable equipment, net	971,960	1,033,523	2,005,483
TOTAL ASSETS	77,692,001	29,769,227	107,461,228
LIABILITIES:			
Accounts payable	901,316	46,328	947,644
Accrued liabilities	679,604	23,963	703,567
Accrued interest payable	1,107,299	83,703	1,191,002
Owner participation agreement payable	4,656,353	-	4,656,353
Refundable deposits	157,405	290,811	448,216
Noncurrent liabilities (Note 4):			
Due within one year	2,087,906	201,517	2,289,423
Due in more than one year	66,960,154	9,613,735	76,573,889
TOTAL LIABILITIES	76,550,037	10,260,057	86,810,094
NET ASSETS:			
Invested in capital assets, net of related debt	41,176,557	14,348,692	55,525,249
Restricted for:			
Debt service	148,808	2,108,860	2,257,668
Unrestricted	(40,183,401)	3,051,618	(37,131,783)
TOTAL NET ASSETS	$ 1,141,964	$ 19,509,170	$ 20,651,134

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

CITY OF SIGNAL HILL

STATEMENT OF ACTIVITIES

For the year ended June 30, 2003

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 3,054,371	$ 144,495	$ -	$ -
Community services	1,065,641	216,978	40,425	449,408
Police	5,029,219	311,670	275,032	-
Community development	7,296,782	13,292	100,256	1,127,475
Public works	3,645,074	1,164,117	489,956	3,529,879
Unallocated infrastructure depreciation	444,751	-	-	-
Interest on long-term liabilities	3,967,418	-	-	-
Total governmental activities	24,503,256	1,850,552	905,669	5,106,762
Business-type activities:				
Water	2,956,259	3,196,512	-	-
Total	$ 27,459,515	$ 5,047,064	$ 905,669	$ 5,106,762

General revenues:
- Taxes:
  - Property
  - Sales and use
  - Franchise
  - Motor vehicle in lieu
  - Other taxes
- Investment income
- Unrestricted grants and contributions
- Gain on disposition of assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets (deficit) at beginning of year

Net assets at end of year

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ (2,909,876)	$ -	$ (2,909,876)
(358,830)	-	(358,830)
(4,442,517)	-	(4,442,517)
(6,055,759)	-	(6,055,759)
1,538,878	-	1,538,878
(444,751)	-	(444,751)
(3,967,418)	-	(3,967,418)
(16,640,273)	-	(16,640,273)
-	240,253	240,253
(16,640,273)	240,253	(16,400,020)
8,107,036	-	8,107,036
10,025,102	-	10,025,102
456,173	-	456,173
607,633	-	607,633
681,797	-	681,797
1,002,010	173,249	1,175,259
624,413	1,113	625,526
25,087	-	25,087
17,000	(17,000)	-
21,546,251	157,362	21,703,613
4,905,978	397,615	5,303,593
(3,764,014)	19,111,555	15,347,541
$ 1,141,964	$ 19,509,170	$ 20,651,134

CITY OF SIGNAL HILL

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2003

	General	Debt Service Fund	Capital Projects Fund Capital Improvement
ASSETS			
Cash and investments	$ 15,136,414	$ 5,633,289	$ 507,542
Restricted cash and investments	152,023	164	-
Accounts receivable	1,804,761	-	-
Property taxes receivable	-	345,976	-
Accrued interest receivable	150,928	47,478	-
Due from other funds	28,674	181,540	-
Due from other governments	-	-	591,694
Advances to other funds	2,616,149	-	-
Rehabilitation loans receivable	-	-	-
Land held for resale	-	-	-
TOTAL ASSETS	$ 19,888,949	$ 6,208,447	$ 1,099,236
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable	$ 385,955	$ -	$ 404,673
Accrued liabilities	341,432	-	325,164
Deferred revenue	-	-	591,694
Owner participation agreement payable	-	4,656,353	-
Refundable deposits	149,855	7,550	-
Due to other funds	-	-	-
Advances from other funds	-	2,607,059	-
TOTAL LIABILITIES	877,242	7,270,962	1,321,531
FUND EQUITY:			
Reserved	2,607,059	164	-
Unreserved:			
General fund	16,404,648	-	-
Special revenue fund	-	-	-
Capital projects fund	-	-	(222,295)
Debt service fund	-	(1,062,679)	-
TOTAL FUND EQUITY (DEFICIT)	19,011,707	(1,062,515)	(222,295)
TOTAL LIABILITIES AND FUND EQUITY	$ 19,888,949	$ 6,208,447	$ 1,099,236

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

Other Governmental Funds	Total Governmental Funds
$ 7,454,327	$ 28,731,572
-	152,187
151,349	1,956,110
-	345,976
71,996	270,402
-	210,214
53,198	644,892
-	2,616,149
17,354	17,354
3,516,432	3,516,432
$ 11,264,656	$ 38,461,288
$ 25,767	$ 816,395
13,008	679,604
17,354	609,048
-	4,656,353
-	157,405
210,214	210,214
97,590	2,704,649
363,933	9,833,668
3,516,432	6,123,655
-	16,404,648
7,575,296	7,575,296
(191,005)	(413,300)
-	(1,062,679)
10,900,723	28,627,620
$ 11,264,656	$ 38,461,288

Adjmt
Prior to Imp
interim Ag.
GASB rep Advanced
to be recorded
in fund F/S.

This page intentionally left blank

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

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

Fund equity - total governmental funds		$ 28,627,620
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 24,406,484	
Construction in progress	5,008,113	
Infrastructure, net of $8,931,620 accumulated depreciation	10,111,199	
Structures and improvements, net of $5,969,145 accumulated depreciation	756,661	
Equipment, net of $1,157,562 accumulated depreciation	189,783	
Total capital assets used in governmental activities		40,472,240
Certain revenues will be collected after year-end, but are not available soon enough to pay for current-period expenditures, and therefore are reported as deferred revenue in the funds. Those revenues at June 30, 2003 are:		609,048
Internal Service funds are used by management to charge the costs of rendering motor vehicle and equipment services to City departments. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,580,007
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds. Balances at June 30, 2003 are:		
Accrued interest on long-term debt		(1,107,299)
Tax allocation bonds	$ 61,115,000	
Note payable	5,130,324	
Loans payable	2,115,000	
Insurance deposits payable	15,343	
Compensated absences	663,985	
Total long-term liabilities		(69,039,652)
Net assets of governmental activities		$ 1,141,964

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

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

	General	Debt Service Fund	Capital Improvement Capital Projects Fund
REVENUES:			
Property taxes	$ 212,791	$ 6,275,493	$ -
Sales and use tax	10,025,102	-	-
Other taxes	1,147,083	-	-
Licenses and permits	426,415	-	-
Intergovernmental revenues	778,256	36,763	4,075,842
Charges for services	922,014	-	-
Fines and forfeitures	130,759	-	-
Investment income	801,134	193,172	-
Developer fees	-	-	-
Other revenue	112,571	-	408,682
TOTAL REVENUES	14,556,125	6,505,428	4,484,524
EXPENDITURES:			
Current:			
General government	2,206,311	329,626	-
Community service	1,050,152	-	-
Police	4,645,515	-	-
Community development	778,504	-	-
Public works	3,130,869	-	-
Capital outlay	91,185	-	4,921,411
Debt service:			
Owner participation agreement	-	1,078,258	-
Principal retirement	53,254	1,796,104	-
Interest	3,481	3,925,290	-
Fiscal agent fees	-	17,367	-
TOTAL EXPENDITURES	11,959,271	7,146,645	4,921,411
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,596,854	(641,217)	(436,887)
OTHER FINANCING SOURCES (USES):			
Proceeds from debt	-	-	-
Transfers in	386,716	1,106,015	924,900
Transfers out	(621,406)	(448,018)	-
TOTAL OTHER FINANCING SOURCES (USES)	(234,690)	657,997	924,900
NET CHANGE IN FUND BALANCES	2,362,164	16,780	488,013
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	16,649,543	(1,079,295)	(710,308)
FUND BALANCES (DEFICITS) AT END OF YEAR	$ 19,011,707	$ (1,062,515)	$ (222,295)

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

Other Governmental Funds	Total Governmental Funds
$ 1,568,873	$ 8,057,157
-	10,025,102
420,304	1,567,387
-	426,415
597,349	5,488,210
1,600	923,614
67,843	198,602
297,245	1,291,551
1,125,057	1,125,057
1,902,749	2,424,002
5,981,020	31,527,097
537,444	3,073,381
-	1,050,152
251,096	4,896,611
128,470	906,974
33,061	3,163,930
5,324,003	10,336,599
-	1,078,258
55,000	1,904,358
10,152	3,938,923
-	17,367
6,339,226	30,366,553
(358,206)	1,160,544
119,565	119,565
466,027	2,883,658
(1,797,234)	(2,866,658)
(1,211,642)	136,565
(1,569,848)	1,297,109
12,470,571	27,330,511
$ 10,900,723	$ 28,627,620

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 1,297,109
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalizable capital outlays ($4,512,800) exceeded depreciation ($630,418) in the current period:		3,882,382
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount consists of:		
Proceeds from debt	$ (119,565)	
Principal repayments	1,904,358	
		1,784,793
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	(30,899)	
Change in insurance deposits	151,911	
Change in accrued interest	(28,495)	
		92,517
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. Conversely, collection of these revenues are reported in the governmental funds, but not in the statement of activities since they have been recognized in previous years.		(2,191,308)
Internal service funds are used by management to charge the costs of rendering motor vehicle and equipment services to City departments. The net revenue of the internal service fund is reported with governmental activities.		40,485
Change in net assets of governmental activities		$ 4,905,978

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

CITY OF SIGNAL HILL

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2003

ASSETS	Business-type Activities Water Enterprise Fund Current Year	Business-type Activities Water Enterprise Fund Prior Year	Governmental Activities Vehicle and Equipment Internal Service Fund
CURRENT ASSETS:			
Cash and investments	$ 2,513,097	$ 1,703,778	$ 839,376
Accounts receivable	551,207	568,861	-
Accrued interest receivable	37,717	39,030	7,609
Inventory	31,713	36,039	3,843
TOTAL CURRENT ASSETS	3,133,734	2,347,708	850,828
NONCURRENT ASSETS:			
Restricted assets:			
Cash and investments	2,192,563	2,029,983	-
Advance to other funds	88,500	103,250	-
Deferred charges	229,746	239,584	-
Capital assets, net of accumulated depreciation:			
Proprietary capital assets	30,769,169	30,356,000	2,083,544
Less allowance for depreciation	(6,641,294)	(6,016,919)	(1,264,227)
TOTAL NONCURRENT ASSETS	26,638,684	26,711,898	819,317
TOTAL ASSETS	29,772,418	29,059,606	1,670,145
LIABILITIES			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	46,328	107,116	84,921
Accrued liabilities	23,963	215,923	-
Accrued interest payable	83,703	85,221	-
Refundable deposits	290,811	283,591	-
Certificates payable (net of unamortized discount) current portion	195,000	185,000	-
TOTAL CURRENT LIABILITIES	639,805	876,851	84,921
LONG-TERM LIABILITIES:			
Insurance deposit payable	1,517	16,541	-
Loan payable	755,950		-
Certificates payable (net of unamortized discount)	8,828,233	9,023,233	-
Compensated absences	34,552	31,426	8,408
TOTAL LONG-TERM LIABILITIES	9,620,252	9,071,200	8,408
TOTAL LIABILITIES	10,260,057	9,948,051	93,329
NET ASSETS:			
Invested in capital assets, net of related debt	14,348,692	15,130,848	-
Restricted for debt service	2,108,860	1,944,762	-
Unrestricted	3,054,809	2,035,945	1,576,816
TOTAL NET ASSETS	19,512,361	$ 19,111,555	$ 1,576,816
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(3,191)		
Net assets of business-type activities	$ 19,509,170		

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

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

	Business-type Activities Water Enterprise Fund		Governmental Activities Vehicle and Equipment Internal Service Fund
	Current Year	Prior Year	
OPERATING REVENUES:			
Charges for services	$ 3,196,512	$ 3,123,865	$ 402,250
TOTAL OPERATING REVENUES	3,196,512	3,123,865	402,250
OPERATING EXPENSES:			
Personnel services	749,982	707,405	126,142
Contractual services	62,855	50,877	1,345
Supplies 341, 344 = Water Supplies.	452,760	480,466	1,956
Material and repairs	134,061	98,729	95,910
Utilities	277,847	237,217	1,701
Depreciation	624,375	586,510	190,323
Other	126,764	138,622	4,024
TOTAL OPERATING EXPENSES	2,428,644	2,299,826	421,401
OPERATING INCOME (LOSS)	767,868	824,039	(19,151)
NONOPERATING REVENUES (EXPENSES):			
Investment income	173,249	183,300	29,981
Rental income	750	450	-
Other revenue	-		1,377
Interest expense	(520,599)	(529,559)	-
Fiscal agent fees	(3,825)	(4,275)	-
Gain on disposal of assets	363		25,087
TOTAL NONOPERATING REVENUES (EXPENSES)	(350,062)	(350,084)	56,445
INCOME BEFORE TRANSFERS	417,806	473,955	37,294
TRANSFERS OUT	(17,000)	-	-
CHANGE IN NET ASSETS	400,806	473,955	37,294
TOTAL NET ASSETS AT BEGINNING OF YEAR	19,111,555	18,637,600	1,539,522
TOTAL NET ASSETS AT END OF YEAR	$ 19,512,361	$ 19,111,555	$ 1,576,816

Change in net assets - Enterprise fund	$ 400,806
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(3,191)
Change in net assets of business-type activities	$ 397,615

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

CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2003

	Business-type Activities Water Enterprise Fund		Governmental Activities
	Current Year	Prior Year	Vehicle and Equipment Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 3,214,166	$ 3,063,395	$ -
Receipts from quasi-external transactions	-	-	402,250
Other receipts	-	-	1,377
Payments to suppliers	(1,292,926)	(772,736)	(26,448)
Payments to employees	(768,769)	(704,434)	(130,979)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,152,471	1,586,225	246,200
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advance repayment from other funds	14,750	14,750	-
Transfers in	150,000	-	-
Transfers out	(167,000)	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(2,250)	14,750	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Rental receipts	750	450	
Proceeds from disposition of capital assets	363		36,067
Proceeds from loan	755,950		
Acquisition of property, plant and equipment	(408,843)	(1,115,645)	(254,885)
Principal paid	(190,000)	(180,000)	
Interest paid	(507,279)	(516,160)	
Fiscal agent fees	(3,825)	(4,275)	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(352,884)	(1,815,630)	(218,818)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	174,562	191,000	33,033
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	971,899	(23,655)	60,415
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,733,761	3,757,416	778,961
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,705,660	$ 3,733,761	$ 839,376

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

(Continued)

CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2003

	Business-type Activities Transit Enterprise Fund		Governmental Activities Vehicle and Equipment Internal Service Fund
	Current Year	Prior Year	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 767,868	$ 824,039	$ (19,151)
Depreciation	624,375	586,510	190,323
Miscellaneous receipts	-	-	1,377
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	17,654	(60,470)	-
(Increase) decrease in inventory		2,917	4,231
(Increase) decrease in deposits	-	-	-
Increase (decrease) in accounts payable	(60,788)	20,279	74,257
Increase (decrease) in accrued liabilities	(191,960)	193,658	(5,140)
Increase (decrease) in refundable deposits	7,220	(72)	-
Increase (decrease) in insurance deposit payable	(15,024)	16,541	-
Increase (decrease) in compensated absences	3,126	2,823	303
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,152,471	$ 1,586,225	$ 246,200
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Deferred charge and bond discount amortization charged to interest expense	$ 14,838	$ 14,838	$ -

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

CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

June 30, 2003

	Agency Fund
ASSETS:	
Cash and investments	$ 895,541
Restricted cash	12,406
TOTAL ASSETS	$ 907,947
LIABILITIES:	
Refundable deposits	$ 907,947

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

This page intentionally left blank

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity:

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

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

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

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

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

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

B. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year, which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures only when payment is due.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

The Internal Service Funds are 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

D. Budgets and Budgetary Accounting:

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

1) The annual budget is adopted by the City Council after the holding of a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.

2) Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budgetary comparisons are presented for the Domestic Preparedness, CALMS Police Grant and HELP Loan Special Revenue Funds since no budget was adopted for these funds.

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

4) Original appropriations are modified by supplemental appropriations and transfers among budget categories. Supplementary budgetary appropriations made in the General Fund during the year ended June 30, 2003 totaled $517,600.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Budgets and Budgetary Accounting (Continued):

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, 2003, based on calculations by City management, proceeds of taxes did not exceed appropriations.

E. Cash and Cash Equivalents:

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

F. Investments:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Restricted Assets:

Cash and investments totaling $152,023 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 4G). Cash and investments totaling $164 are restricted in the Debt Service Fund in accordance with bond indentures (see Notes 4A, 4B, 4C and 4D). Cash and investments totaling $12,406 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 $2,192,563 are restricted in the Water Enterprise Fund of this amount $718,269 represents cash and investments held by a trustee for payment of the 1996 Certificates of Participation (see Note 4K), and $1,474,294 represents a reserve for debt service if the water revenues are not sufficient to meet debt service needs.

$350,000 (610)
1,124,294 (609) Reserve for cap acq.

H. Capital Assets:

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets consist of roads, bridges, trails, traffic signals and sewer lines. Infrastructure assets under construction as of July 1, 2002 have been reported and are included in construction in progress. Capital assets are defined by the City as assets, which an initial cost of more than $5,000 and a useful life that is greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. 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 Vehicle and Equipment Internal Service Fund consists of gasoline and tires held for use in city vehicles.

J. Employee 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 as a long-term liability, 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 as a long-term liability, 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.

K. Property Taxes:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Claims and Judgments:

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

Under the City's self-insurance program, deposits to the Joint Powers Authority (Note 12) 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 2002-2003, deposits of $700,669 were recorded as an insurance expenditure.

M. Comparative Data: 605,201

Comparative total data for the prior year have been presented only for the Water Fund in the fund financial statements in order to provide an understanding of changes in the financial position and operations of this fund. Also, certain reclassifications have been made to the prior year financial data to conform with the current year's presentation.

N. Estimates:

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

2. CASH AND INVESTMENTS:

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

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, 2003, the total fair value of LAIF was $55,587,336,494. The fair value of the City's proportionate share in LAIF ($21,129,773) 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 $304,000,000 and asset-backed securities totaling $985,676,000. LAIF's, and the City's, exposure to credit, market, or legal risk is not currently available.

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.

2. CASH AND INVESTMENTS (CONTINUED):

Classification of Deposits and Investments by Credit Risk (Continued):

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.

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.

2. CASH AND INVESTMENTS (CONTINUED):

Deposits and investments were categorized as follows at June 30, 2003:

	Category 1	Category 2	Category 3	Bank Balances	Carrying Amount
Deposits:					
Demand accounts	$ 124,767	$1,165,708	$ -	$ 1,290,475	$ 1,189,411
Fiscal agent cash	-	-	312	312	312
Total Deposits	$ 124,767	$1,165,708	$ 312	$ 1,290,787	1,189,723

	Category 1	Category 2	Category 3	Not Required to be Categorized	
Investments:					
Federal Home Loan Bank Bonds	$ 7,068,304	$ -	$ -	$ -	7,068,304
FNMA Notes	5,078,796	-	-	-	5,078,796
Fiscal agent investments:					
Mutual funds	-	-	-	10,883	10,883
Federal Home Loan Bank Bonds	-	-	707,441	-	707,441
U.S. Treasury Bills	-	-	151,822	-	151,822
California Local Agency Investment Fund (LAIF)	-	-	-	21,129,773	21,129,773
Total Investments	$ 12,147,100	$ -	$ 859,263	$ 21,140,656	34,147,019
TOTAL CARRYING AMOUNT (BOOK BALANCES)					$ 35,336,742

Total cash and investments at June 30, 2003 consisted of the following:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash and investments	$ 29,570,948	$ 2,513,097	$ 895,541	$ 32,979,586
Restricted cash and investments	152,187	2,192,563	12,406	2,357,156
Total Cash and Investments	$ 29,723,135	$ 4,705,660	$ 907,947	$ 35,336,742

See independent auditors' report.

3. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2003 was as follows:

Governmental Activities:

	Balance at July 1, 2002	Additions	Deletions	Balance at June 30, 2003
Capital assets, not being depreciated:				
Land	$ 23,987,769	$ 418,715	$ -	$ 24,406,484
Construction in progress	1,155,834	4,270,994	(418,715)	5,008,113
Total capital assets, not being depreciated	25,143,603	4,689,709	(418,715)	29,414,597
Capital assets, being depreciated:				
Structures and improvements	6,899,006	5,000	-	6,904,006
Equipment and furniture (1)	1,467,263	14,885	(4,046)	1,478,102
Vehicles and major equipment	1,852,917	245,345	(323,675)	1,774,587
Infrastructure	18,813,858	231,461	(2,500)	19,042,819
Total capital assets, being depreciated	29,033,044	496,691	(330,221)	29,199,514
Less accumulated depreciation for:				
Structure and improvements	(6,067,886)	(42,319)	-	(6,110,205)
Equipment and furniture	(1,106,854)	(155,188)	4,046	(1,257,996)
Vehicle and major equipment	(1,156,945)	(178,483)	312,695	(1,022,733)
Infrastructure	(8,486,869)	(444,751)	-	(8,931,620)
Total accumulated depreciation	(16,818,554)	(820,741)	316,741	(17,322,554)
Total capital assets, being depreciated, net	12,214,490	(324,050)	(13,480)	11,876,960
Total governmental activities capital, net	$ 37,358,093	$ 4,365,659	$ (432,195)	$ 41,291,557

(1) The beginning balance of equipment and furniture has been restated by $1,827,417 as a result of a change in the City's capitalization threshold from $1,000 to $5,000.

See independent auditors' report.

3. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2003 was as follows (Continued):

Business-type Activities:

	Balance at July 1, 2002	Additions	Deletions	Balance at June 30, 2003
Capital assets, not being depreciated				
Land	$ 3,237,727	$ -	$ -	$ 3,237,727
Water rights	1,215,186	-	-	1,215,186
Construction in progress	509,617	374,509	(884,126)	-
Total capital assets, not being depreciated	4,962,530	374,509	(884,126)	4,452,913
Capital assets, being depreciated:				
Reservoirs and tanks	10,225,863	-	-	10,225,863
Wells	937,390	-	-	937,390
Mains	9,094,156	132,501	-	9,226,657
Pumps	953,070	-	-	953,070
Fire hydrants	646,686	2,660	-	649,346
Meters	433,986	20,916	-	454,902
Services	1,449,220	-	-	1,449,220
Structures	1,049,775	-	-	1,049,775
Equipment and furniture	603,324	766,709	-	1,370,033
Total capital assets, being depreciated	25,393,470	922,786	-	26,316,256
Less accumulated depreciation for:				
Reservoirs and tanks	(794,463)	(211,650)	-	(1,006,113)
Wells	(498,310)	(22,690)	-	(521,000)
Mains	(2,938,080)	(182,420)	-	(3,120,500)
Pumps	(449,740)	(23,230)	-	(472,970)
Fire hydrants	(402,760)	(23,525)	-	(426,285)
Meters	(66,296)	(45,390)	-	(111,686)
Services	(408,070)	(28,980)	-	(437,050)
Structures	(185,860)	(23,320)	-	(209,180)
Equipment and furniture	(273,340)	(63,170)	-	(336,510)
Total accumulated depreciation	(6,016,919)	(624,375)	-	(6,641,294)
Total capital assets, being depreciated, net	19,376,551	298,411	-	19,674,962
Total business-type activity capital assets, net	$ 24,339,081	$ 672,920	$ (884,126)	$ 24,127,875

See independent auditors' report.

3. CAPITAL ASSETS (CONTINUED):

Depreciation expense:

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

Governmental activities:	
General government	$ 49,908
Police	93,821
Public works	39,127
Community services	2,811
Internal service fund depreciation charged to programs	190,323
Allocated depreciation	375,990
Unallocated infrastructure depreciation	444,751
Total depreciation expense - governmental activities	$ 820,741
Business-type activity:	
Water	$ 624,375

See independent auditors' report.

4. LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2003, was as follows:

	Balance at July 1, 2002	Additions	Deletions	Balance at June 30, 2003	Due Within One Year
Governmental activities:					
1993 Tax Allocation Bonds Series A	$ 20,455,000	$ -	$ (520,000)	$ 19,935,000	$ 545,000
1993 Tax Allocation Bonds Series B	28,545,000	-	(705,000)	27,840,000	745,000
2001 Tax Allocation Bonds	13,880,000	-	(540,000)	13,340,000	455,000
Note payable	5,161,428	-	(31,104)	5,130,324	272,563
Loans payable	1,880,435	119,565	-	2,000,000	-
Section 108 loan payable	170,000	-	(55,000)	115,000	55,000
Capital lease obligations	53,254	-	(53,254)	-	-
Insurance deposits payable	167,254	-	(151,911)	15,343	15,343
Compensated absences	641,494	38,566	(7,667)	672,393	-
Total governmental activities	$ 70,953,865	$ 158,131	$ (2,063,936)	$ 69,048,060	$ 2,087,906
Business-type activity:					
Certificates payable	$ 9,330,000	$ -	$ (190,000)	$ 9,140,000	$ 200,000
Less unamortized discount	(121,767)	-	5,000	(116,767)	-
Loan payable	-	755,950	-	755,950	-
Insurance deposits payable	16,541	-	(15,024)	1,517	1,517
Compensated absences	31,426	3,126	-	34,552	-
Total business-type activity	$ 9,256,200	$ 759,076	$ (200,024)	$ 9,815,252	$ 201,517

A. 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.

4. LONG-TERM LIABILITIES (CONTINUED):

A. 1993 Tax Allocation Bonds - Series A (Continued):

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 4B).

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, 2003, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2004	$ 545,000	$ 1,069,811	$ 1,614,811
2005	575,000	1,040,411	1,615,411
2006	605,000	1,009,436	1,614,436
2007	635,000	976,410	1,611,410
2008	665,000	941,310	1,606,310
2009 - 2013	3,855,000	4,118,490	7,973,490
2014 - 1018	5,000,000	2,927,145	7,927,145
2019 - 2023	6,525,000	1,356,163	7,881,163
2024	1,530,000	42,075	1,572,075
Totals	$ 19,935,000	$ 13,481,251	$ 33,416,251

See independent auditors' report.

4. LONG-TERM LIABILITIES (CONTINUED):

B. 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 4A).

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.

4. LONG-TERM LIABILITIES (CONTINUED):

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2003, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	910,000	1,269,003	2,179,003
2009 - 2013	5,370,000	5,553,734	10,923,734
2014 - 2018	7,015,000	3,937,894	10,952,894
2019 - 2023	9,190,000	1,823,850	11,013,850
2024	2,155,000	56,569	2,211,569
Totals	$ 27,840,000	$ 18,154,382	$ 45,994,382

C. 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 and the liability for these bonds have been removed from the long-term liabilities. At June 30, 2003, $11,195,000 of the defeased 1994 Bonds remain outstanding.

4. LONG-TERM LIABILITIES (CONTINUED):

C. 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 elects 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, 2003, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	510,000	461,235	971,235
2009 - 2013	2,790,000	2,035,740	4,825,740
2014 - 2018	3,305,000	1,452,773	4,757,773
2019 - 2023	3,950,000	667,705	4,617,705
2024	880,000	20,350	900,350
Totals	$ 13,340,000	$ 6,612,898	$ 19,952,898

See independent auditors' report.

4. LONG-TERM LIABILITIES (CONTINUED):

D. 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, 2003, no additional interest was added to the principal of the loan. At June 30, 2003, the outstanding balance of this note was $5,130,324 (including accrued interest payable of $130,324).

Based on current available information, estimated sales tax revenue will be sufficient to pay principal and accrued interest. Based on this, the annual debt requirements at June 30, 2003 are as follows:

Year Ending June 30,	Principal	Interest	Total
2004	$ 272,563	$ 489,084	$ 761,647
2005	314,046	470,451	784,497
2006	360,120	447,912	808,032
2007	421,879	410,393	832,272
2008	490,714	366,527	857,241
2009 - 2013	3,271,002	897,105	4,168,107
Totals	$ 5,130,324	$ 3,081,472	$ 8,211,796

E. 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, 2003, accrued unpaid interest totaled $65,000.

4. LONG-TERM LIABILITIES (CONTINUED):

E. 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, 2003, accrued unpaid interest totaled $38,986.

F. 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 Reimbursable 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, 2003 the escrow account had a balance of $152,023. As of June 30, 2003 the outstanding loan balance was $115,000.

The annual requirements to amortize outstanding indebtedness as of June 30, 2003 are as follows:

Year Ending June 30,	Principal	Interest	Total
2004	$ 55,000	$ 6,250	$ 61,250
2005	60,000	2,145	62,145
Totals	$ 115,000	$ 8,395	$ 123,395

See independent auditors' report.

4. LONG-TERM LIABILITIES (CONTINUED):

G. 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 final payment of principal and interest totaling $56,735 was made during the year ended June 30, 2003.

H. Insurance Deposits Payable:

The City's deposits for general liability and workers' compensation insurance (as described in Notes 1L and 12) 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, 2003, the City's future liability for these retrospective insurance adjustments is as follows:

Year Ending June 30,	
2004	$ 16,860
Less: amount recorded in Enterprise (Water) Fund	(1,517)
Total	$ 15,343

I. Compensated Absences:

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

See independent auditors' report.

4. LONG-TERM LIABILITIES (CONTINUED):

J. 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%.

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, 2003.

4. LONG-TERM LIABILITIES (CONTINUED):

J. Certificates Payable (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2003, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	240,000	455,450	695,450
2009 - 2013	1,395,000	2,072,530	3,467,530
2014 - 2018	1,825,000	1,632,550	3,457,550
2019 - 2023	2,385,000	1,046,525	3,431,525
2024 - 2026	2,440,000	287,565	2,727,565
Totals	9,140,000	$ 7,425,585	$ 16,565,585
Unamortized discount (to be amortized over the remaining life of the Certificates)	(116,767)		
	$ 9,023,233		

K. 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. For the year ended June 30, 2003, the City had drawn down $755,950.

4. LONG-TERM LIABILITIES (CONTINUED):

K. Proprietary Loan Payable (Continued):

The annual requirements to amortize outstanding indebtedness as of June 30, 2003, are as follows:

Year Ending June 30,	Principal
2004	$ 75,595
2005	75,595
2006	75,595
2007	75,595
2008	75,595
2009 - 2013	377,975
Totals	$ 755,950

L. 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 $210,200.

Future minimum rental payments are due as follows:

Year Ending June 30,	
2004	$ 210,200
2005	210,200
2006	216,908
2007	221,700
2008	223,100
2009 - 2013	1,156,925
2014 - 2018	1,225,627
2019 - 2023	1,297,266
2024 - 2028	1,371,459
2029 - 2033	1,449,641
2034 - 2038	1,528,482
2039 - 2043	1,608,427
2044 - 2048	1,693,416
2049 - 2053	1,773,757
2054 - 2056	875,076
Total	$ 15,062,184

See independent auditors' report.

4. LONG-TERM LIABILITIES (CONTINUED):

L. Operating Lease Obligations (Continued):

(a). (Continued):

The operating lease covers seven parcels of land which are subleased to auto dealers. For the year ended June 30, 2003, the Agency received $382,033 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,	
2004	$ 201,462
2005	204,483
2006	207,504
2007	207,504
2008	207,504
2009 - 2013	1,059,515
2014 - 2018	1,091,094
2019 - 2023	1,123,821
2024 - 2028	1,157,536
2029 - 2033	1,192,261
2034 - 2038	1,228,026
2039 - 2043	1,264,869
2044 - 2048	1,302,816
2049 - 2053	1,341,905
2054 - 2056	545,554
Total minimum lease payments	$ 12,335,854

See independent auditors' report.

4. LONG-TERM LIABILITIES (CONTINUED):

L. 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, 2003, the Agency made rental payments which are classified as project costs, totaling $201,462 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 for part of the year, at a total monthly rental rate of $500. For the year ended June 30, 2003, the Agency received $2,500 in rental payments to offset the Agency's lease payments to lessor.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2003, is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	$ 28,674
Debt Service	Other Governmental Funds	181,540
		$ 210,214

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

See independent auditors' report.

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

Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Debt Service	$ 2,616,149
Water Enterprise	Other Governmental Funds	88,500
		$ 2,704,649

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, 2003 was $88,500.

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, 2003 was $9,090.

C. In March 2001, the City advanced the Agency $305,000 from the General Fund. The Agency used this advance to reimburse a lessee for site improvements pursuant to a lease agreement dated October 3, 2000 (see Note 13B). 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, 2003 was $137,496.

D. The City has made advances to the Agency from the General Fund totaling $2,287,612 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 $181,951 has accrued on these loans bringing the total balance due to $2,469,563 at June 30, 2003.

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

Interfund Transfers:

Transfer In to Fund	Transfers Out of Fund	Amount
General Fund	Other Governmental Funds	$ 386,716
Debt Service Fund	Other Governmental Funds	1,106,015
Capital Improvement	General Fund	604,680
	Water Fund	320,220
Other Governmental Funds	General Fund	16,726
	Debt Service Fund	448,018
	Other Governmental Funds	1,283
		$ 2,883,658

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

6. INDIVIDUAL FUND DISCLOSURES:

A. Expenditures Exceeding Appropriations:

For the year ended June 30, 2003, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

General Fund:	
General Government - Support Services	$ 21,147
Community Development - Oil field Services	378
Public Works - Refuse and recycling	2,887
Other Governmental Funds:	
Special Revenue Funds:	
Affordable Housing - Capital Outlay	2,287,527
Supplemental Law Enforcement - Police - Patrol Services	16,924
Law Enforcement Block Grant - Police - Patrol Services	1,539
TRAP - Police - Investigative Services	5,914
Capital Projects Fund:	
Community Redevelopment - Capital Outlay	737,048

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

6. INDIVIDUAL FUND DISCLOSURES (CONTINUED):

B. Deficit Fund Balances:

There are two funds with deficits, the Debt Service Fund ($1,062,515) and the Capital Improvement Capital Projects Fund ($222,295). The Debt Service Fund deficit will be eliminated in future years as increased tax increments are realized from development of the Hilltop. The Capital Improvement Capital Projects Fund deficit will be eliminated next year as deferred revenues are realized.

7. 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 is 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 is 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%

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 2002-03 was 0.0% for local miscellaneous members and 13.807% 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.

7. PENSION PLAN (CONTINUED):

Annual Pension Cost:

For fiscal year 2002-03, the City's actual and contributed pension cost was $693,636. The required contribution for fiscal year 2002-03 was determined as part of the June 30, 2000 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 27 years and 9 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.

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

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
	Miscellaneous Employees		
6/30/01	$ 264,869	100%	$ -
6/30/02	258,865	100%	-
6/30/03	271,958	100%	-
	Safety Employees		
6/30/01	$ 330,328	100%	$ -
6/30/02	257,940	100%	-
6/30/03	421,678	100%	-

See independent auditors' report.

7. 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]
6/30/00:						
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)%
6/30/02:						
Misc.	$ 16,281,059	$ 17,174,608	$ (893,549)	105.5%	$ 3,756,573	(23.786)%
Safety	22,512,012	20,050,092	2,461,920	89.1%	2,084,010	118.134%
Total	$ 38,793,071	$ 37,224,700	$ 1,568,371	96.0%	$ 5,840,583	26.853%

8. 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 $344,150 for fiscal year 2002-03, and covered 67 individuals.

9. 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, 2003, the employees contributed $9,499 and the City contributed $1,992 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, 2003, the employees contributed $12,209 and the City contributed $12,209 to the plan.

(13,950) 14,668

10. 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 $12,909 for the fiscal year ended June 30, 2003.

1.5% 14,476

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

11. RESERVES AND DESIGNATIONS OF FUND EQUITY:

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, 2003 are tabulated below followed by explanations as to the nature and purpose of each reserve.

616 448,018
606 ... 2,021,545
605 ... 137,495
2,607,058

RESERVES:	General Fund	Debt Service	Capital Projects Funds
Land and improvements held for resale or lease	$ -	$ -	$ 3,516,432
Debt service	-	164	-
Advances	2,607,059	+ 9090 -	-
TOTAL RESERVES	$ 2,607,059	$ 164	$ 3,516,432

DESIGNATIONS:		General Fund	Special Revenue Funds
Contingencies	FB 001 →	$ 6,280,379	$ -
Equipment replacement	601	496,661	-
Insurance premium increases	602	404,576	-
Continuing appropriations	604	31,841	-
Special revenue purposes		-	7,575,296
Capital improvements	603	448,167	-
Economic uncertainties	605	1,708,917	-
Obligation under owner participation agreement	606	3,706,943	-
Note repayment	607	808,833	-
Advances	608	262,654	-
Emergency Operations Center	611	1,131,440	-
Library expansion	612	372,431	-
Park expansion	614	157,640	-
Law enforcement high Technology acquisitions	613	47,165	-
PERS reserve	615	512,191	-
Building and land acquisition	616	34,810	-
TOTAL DESIGNATIONS		$ 16,404,648	$ 7,575,296

See independent auditors' report.

11. RESERVES AND DESIGNATIONS OF FUND EQUITY (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 Debt Service - This reserve represents amounts held by fiscal agents to be used for future debt service in accordance with bond indentures and similar covenants.

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

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

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

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

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

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

I. 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.

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

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

L. Designated for Note Repayment - These funds are designated for the future debt service payments related to the note payable described in Note 4D.

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

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

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

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

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

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

R. Designated for PERS Reserve - These funds are designated to pay for future PERS rate increases.

S. Designated for Building and Land Acquisition - These funds are designated for future building and parkland acquisitions.

12. 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.

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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 $30,000 of each occurrence is charged directly to the member; costs from $30,001 to $750,000 are pooled based on a member's share of costs under $30,000; costs from $750,001 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 between $2,000,000 and $50,000,000 are paid by excess insurance purchased by the Authority. Costs in excess of $50,000,000 are pooled by the members based on payroll.

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 $19,701,825. There is a $5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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 $17,229,027. 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.

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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

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.

13. OTHER INFORMATION:

A. Contingent Liabilities:

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.

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.

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 for the first component and $1,183,350 for the second component. The City will recognize the reimbursement of the improvement costs as reimbursement requests are received from the District. As of June 30, 2003, the City has paid $67,380 for the first component of the agreement with the remaining amounts to be paid to the District over the next two fiscal years. The City will pay the District $236,670 annually for the next five years for the second component of the agreement.

13. OTHER INFORMATION (CONTINUED):

B. 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, 2003, the Agency received $30,000 in rental income from the lease. 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.

C. 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.

13. OTHER INFORMATION (CONTINUED):

C. 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, 2003, the Agency made no payments pursuant to this agreement to the Authority and has accrued an additional liability of $1,078,258. As of June 30, 2003, the outstanding liability totaled $4,656,353. 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.

14. SUBSEQUENT EVENTS:

A. On August 12, 2003, the Agency issued the Signal Hill Redevelopment Project No. 1 2003 Tax Allocation Refunding Parity Bonds, Series A (2003 A Bonds) in the amount of $23,080,000 and the 2003 Taxable Tax Allocation Parity Bonds, Series B (2003 B Bonds) in the amount of $3,170,000. Proceeds of the 2003 A Bonds were used to refinance $13,580,000 of the 1993 Series A Bonds (see Note 4A) and $13,465,000 of the 1993 Series B Bonds (see Note 4B) and pay the expenses of the bond issuance. Proceeds of the 2003 B Bonds will be used to provide funds for certain redevelopment activities of the Agency and pay for the expenses of the bond issuance. The 2003 A and B Bonds were issued at discounts of $4,924 and $0, respectively.

Principal amounts on the 2003 A Bonds mature annually each October 1, from 2004 to 2023, and bear interest semiannually beginning April 1, 2004 at rates ranging from 2.0% to 5.25%. Principal amounts on the 2003 B Bonds mature annually each October 1, from 2004 to 2008, and bear interest semi-annually beginning April 1, 2004 at rates ranging from 1.45% to 4.01%.

14. SUBSEQUENT EVENTS (CONTINUED):

A. (Continued):

The 2003 A Bonds maturing on or after October 1, 2014 are subject to optional redemption, without premium commencing October 1, 2013. The 2003 Bonds are not subject to optional redemption.

B. On November 20, 2003, the Agency issued the Signal Hill Redevelopment Project No. 1 2003 Tax Allocation Parity Refunding Bonds, Series C (2003 C Bonds) in the amount of $11,130,000 and the 2003 Taxable Tax Allocation Parity Bonds, Series D (2003 D Bonds) in the amount of $3,225,000. Proceeds of the 2003 C Bonds were used to refinance $10,215,000 of the 1993 Series A term bonds due October 1, 2023 (see Note 5A) and pay the expenses of the bond issuance. Proceeds of the 2003 D Bonds will be used to provide funds for certain housing activities of the Agency and pay for the expenses of the bond issuance. The 2003 C and D Bonds were issued at net discounts of $129,813 and $15,796, respectively.

Principal amounts on the 2003 C Bonds mature annually each October 1, from 2004 to 20023, and bear interest semiannually beginning April 1, 2004 at rates ranging from 1.10% to 4.625%. $1,245,000 of 2003 D term bonds mature October 1, 2013 and bear interest semiannually at a rate of 4.93%. $1,980,000 of 2003 D term bonds mature October 1, 2024 and bear interest at a rate of 5.98%.

The 2003 D Bonds are subject to mandatory redemption without premium commencing October 1, 2004 with respect to the term bonds maturing October 1, 2024. In addition, the 2003 C Bonds maturing on or after October 1, 2014 and the 2003 D Bonds maturing October 1, 2024 are subject to optional redemption commencing October 1, 2013 without premium.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

This page intentionally left blank

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 286,300	$ 286,300	$ 212,791	$ (73,509)
Sales and use tax	9,300,000	9,450,000	10,025,102	575,102
Other taxes	1,021,000	1,021,000	1,147,083	126,083
Licenses and permits	432,305	436,805	426,415	(10,390)
Intergovernmental revenues	623,900	646,700	778,256	131,556
Charges for services	806,450	868,950	922,014	53,064
Fines and forfeitures	158,000	158,000	130,759	(27,241)
Investment income	460,500	460,500	801,134	340,634
Other revenue	27,300	50,850	112,571	61,721
TOTAL REVENUES	13,115,755	13,379,105	14,556,125	1,177,020
EXPENDITURES:				
GENERAL GOVERNMENT:				
City Council	165,500	201,400	173,504	27,896
City Treasurer	15,800	16,250	13,388	2,862
City Clerk	114,400	121,300	107,737	13,563
Program administration	323,100	302,800	297,287	5,513
Legislative services	142,750	169,950	159,404	10,546
Personnel services	256,000	276,650	257,936	18,714
Support services	652,400	567,500	588,647	(21,147)
Fiscal services	517,000	530,650	495,685	34,965
Management information services	129,000	129,000	112,723	16,277
TOTAL GENERAL GOVERNMENT	2,315,950	2,315,500	2,206,311	109,189
COMMUNITY SERVICES:				
Library programs and services	325,800	348,000	328,992	19,008
Community support and services	257,600	261,550	219,664	41,886
Recreation	632,700	669,200	501,496	167,704
TOTAL COMMUNITY SERVICES	1,216,100	1,278,750	1,050,152	228,598
POLICE:				
Patrol services	2,619,600	2,618,100	2,373,185	244,915
Investigative services	770,200	774,400	704,231	70,169
Support services	865,400	930,950	772,336	158,614
Emergency and disaster services	20,750	26,750	15,330	11,420
Community outreach	54,950	54,950	44,999	9,951
Communications	414,700	427,750	358,201	69,549
Records	387,850	404,350	377,233	27,117
TOTAL POLICE	5,133,450	5,237,250	4,645,515	591,735

(Continued)

See independent auditors' report.

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND
(Continued)

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Planning services	$ 325,700	$ 340,200	$ 281,048	$ 59,152
Neighborhood enhancement	130,250	131,900	115,679	16,221
Building and safety	377,300	384,750	280,849	103,901
Oil field services	98,800	100,550	100,928	(378)
TOTAL COMMUNITY DEVELOPMENT	932,050	957,400	778,504	178,896
PUBLIC WORKS:				
Engineering and project services	507,300	610,850	551,357	59,493
Building maintenance	353,050	354,500	351,246	3,254
Refuse and recycling	319,750	325,550	328,437	(2,887)
Sewer operations	293,900	362,350	245,423	116,927
Park maintenance	613,950	623,500	524,377	99,123
Street maintenance operations	1,204,900	1,279,550	1,130,029	149,521
TOTAL PUBLIC WORKS	3,292,850	3,556,300	3,130,869	425,431
CAPITAL OUTLAY	78,500	141,300	91,185	50,115
DEBT SERVICE:				
Principal retirement	53,254	53,254	53,254	-
Interest	3,496	3,496	3,481	15
TOTAL DEBT SERVICE	56,750	56,750	56,735	15
TOTAL EXPENDITURES	13,025,650	13,543,250	11,959,271	1,583,979
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	90,105	(164,145)	2,596,854	2,760,999
OTHER FINANCING SOURCES (USES):				
Transfers in	1,596,800	2,925,750	386,716	(2,539,034)
Transfers out	(2,817,550)	(4,972,300)	(621,406)	4,350,894
TOTAL OTHER FINANCING SOURCES (USES)	(1,220,750)	(2,046,550)	(234,690)	1,811,860
NET CHANGE IN FUND BALANCE	(1,130,645)	(2,210,695)	2,362,164	4,572,859
FUND BALANCE AT BEGINNING OF YEAR	16,649,543	16,649,543	16,649,543	-
FUND BALANCE AT END OF YEAR	$ 15,518,898	$ 14,438,848	$ 19,011,707	$ 4,572,859

See independent auditors' report.

OTHER MAJOR GOVERNMENTAL FUNDS

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 FUND

The Capital Improvement Capital Projects Fund is used to account for the acquisition or construction of major capital facilities not accounted for in other funds.

This page intentionally left blank

CITY OF SIGNAL HILL

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

DEBT SERVICE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 5,150,000	$ 5,150,000	$ 6,275,493	$ 1,125,493
Intergovernmental revenues	-	-	36,763	36,763
Investment income	-	-	193,172	193,172
TOTAL REVENUES	5,150,000	5,150,000	6,505,428	1,355,428
EXPENDITURES:				
General government:				
Program administration	100,000	325,100	329,626	(4,526)
Debt service:				
Owner participation agreement	1,185,000	1,185,000	1,078,258	106,742
Principal retirement	1,995,132	1,995,132	1,796,104	199,028
Interest	3,612,718	3,612,718	3,925,290	(312,572)
Fiscal agent fees	25,000	25,000	17,367	7,633
TOTAL EXPENDITURES	6,917,850	7,142,950	7,146,645	(3,695)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,767,850)	(1,992,950)	(641,217)	1,351,733
OTHER FINANCING SOURCES (USES):				
Transfers in	1,206,050	1,206,050	1,106,015	(100,035)
Transfers out	-	-	(448,018)	(448,018)
TOTAL OTHER FINANCING SOURCES (USES)	1,206,050	1,206,050	657,997	(548,053)
NET CHANGE IN FUND BALANCE	(561,800)	(786,900)	16,780	803,680
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(1,079,295)	(1,079,295)	(1,079,295)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	$ (1,641,095)	$ (1,866,195)	$ (1,062,515)	$ 803,680

See independent auditors' report.

CITY OF SIGNAL HILL

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

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental revenue	$ 4,283,700	$ 7,207,300	$ 4,075,842	$ (3,131,458)
Other revenue	754,200	504,200	408,682	(95,518)
TOTAL REVENUES	5,037,900	7,711,500	4,484,524	(3,226,976)
EXPENDITURES:				
Capital outlay	6,490,150	9,522,350	4,921,411	4,600,939
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,452,250)	(1,810,850)	(436,887)	1,373,963
OTHER FINANCING SOURCES:				
Transfers in	1,452,250	2,637,600	924,900	(1,712,700)
NET CHANGE IN FUND BALANCE	-	826,750	488,013	(338,737)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(710,308)	(710,308)	(710,308)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	$ (710,308)	$ 116,442	$ (222,295)	$ (338,737)

See independent auditors' report.

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.

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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.

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

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.

Office of Traffic Safety

CAPITAL PROJECTS FUND

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

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

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

130, 131, 132, 134, 139

June 30, 2003

	Special Revenue Funds		
	Affordable Housing	Asset Seizure	Park Development
ASSETS			
Cash and investments	$ 1,274,183	$ 52,267	$ 473,316
Accounts receivable	86,494	130	23,484
Accrued interest receivable	11,701	413	6,221
Due from other governments	-	-	-
Rehabilitation loans receivable	-	-	-
Land and improvements held for resale	-	-	-
TOTAL ASSETS	$ 1,372,378	$ 52,810	$ 503,021
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 2,971	$ -	$ -
Accrued liabilities	331	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	88,500
Deferred revenue	-	-	-
TOTAL LIABILITIES	3,302	-	88,500
FUND BALANCES:			
Reserved:			
Reserved for land and improvements held for resale	-	-	-
Unreserved:			
Designated for special revenue purposes	1,369,076	52,810	414,521
Undesignated for capital projects	-	-	-
TOTAL FUND BALANCES	1,369,076	52,810	414,521
TOTAL LIABILITIES AND FUND BALANCES	$ 1,372,378	$ 52,810	$ 503,021

See independent auditors' report.

Special Revenue Funds (Continued)

HCDA Grant	Special Gas Tax	Traffic Safety	Prop A Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement
$ -	$ 42,701	$ 27,500	$ 271,860	$ 320,609	$ 1,273,834	$ 23,064
-	6,978	4,906	13,096	-	70	2,134
-	777	485	2,583	3,133	12,374	192
7,019	21,212	-	-	-	-	-
17,354	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 24,373	$ 71,668	$ 32,891	$ 287,539	$ 323,742	$ 1,286,278	$ 25,390
$ 1,210	$ -	$ -	$ 15,306	$ -	$ -	$ -
2,102	-	-	4,789	-	-	-
3,707	-	-	-	-	-	-
-	-	-	-	-	-	-
17,354	-	-	-	-	-	-
24,373	-	-	20,095	-	-	-
-	-	-	-	-	-	-
-	71,668	32,891	267,444	323,742	1,286,278	25,390
-	-	-	-	-	-	-
-	71,668	32,891	267,444	323,742	1,286,278	25,390
$ 24,373	$ 71,668	$ 32,891	$ 287,539	$ 323,742	$ 1,286,278	$ 25,390

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2003

	Special Revenue Funds (Continued)		
	Water Development	Traffic Impact	Proposition C
ASSETS			
Cash and investments	$ 2,067,102	$ 1,010,290	$ 205,387
Accounts receivable	-	-	10,862
Accrued interest receivable	18,991	9,891	2,392
Due from other governments	-	-	-
Rehabilitation loans receivable	-	-	-
Land and improvements held for resale	-	-	-
TOTAL ASSETS	$ 2,086,093	$ 1,020,181	$ 218,641
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCES:			
Reserved:			
Reserved for land and improvements held for resale	-	-	-
Unreserved:			
Designated for special revenue purposes	2,086,093	1,020,181	218,641
Undesignated for capital projects	-	-	-
TOTAL FUND BALANCES	2,086,093	1,020,181	218,641
TOTAL LIABILITIES AND FUND BALANCES	$ 2,086,093	$ 1,020,181	$ 218,641

See independent auditors' report.

Special Revenue Funds (Continued)

Lighting and Landscape	Supplemental Law Enforcement	Law Enforcement Block Grant	Domestic Preparedness	CALMS Police Grant	TRAP	Brownsfield Grant
$ 32,565	$ 89,308	$ 2,602	$ 13,403	$ -	$ -	$ 1,074
1,161	-	-	-	-	-	-
315	1,040	97	27	-	-	-
-	-	-	-	-	24,967	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 34,041	$ 90,348	$ 2,699	$ 13,430	$ -	$ 24,967	$ 1,074
$ 40	$ -	$ -	$ -	$ -	$ -	$ -
1,517	-	-	-	-	-	-
-	-	-	-	-	24,967	-
9,090	-	-	-	-	-	-
-	-	-	-	-	-	-
10,647	-	-	-	-	24,967	-
-	-	-	-	-	-	-
23,394	90,348	2,699	13,430	-	-	1,074
-	-	-	-	-	-	-
23,394	90,348	2,699	13,430	-	-	1,074
$ 34,041	$ 90,348	$ 2,699	$ 13,430	$ -	$ 24,967	$ 1,074

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2003

	Special Revenue Funds (Continued)		
	Housing Impact	HELP Loan	Totals
ASSETS			
Cash and investments	$ 239,346	$ 33,916	$ 7,454,327
Accounts receivable	2,034	-	151,349
Accrued interest receivable	-	320	70,952
Due from other governments	-	-	53,198
Rehabilitation loans receivable	-	-	17,354
Land and improvements held for resale	-	-	-
TOTAL ASSETS	$ 241,380	$ 34,236	$ 7,747,180
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ -	$ -	$ 19,527
Accrued liabilities	-	-	8,739
Due to other funds	-	-	28,674
Advances from other funds	-	-	97,590
Deferred revenue	-	-	17,354
TOTAL LIABILITIES	-	-	171,884
FUND BALANCES:			
Reserved:			
Reserved for land and improvements held for resale	-	-	-
Unreserved:			
Designated for special revenue purposes	241,380	34,236	7,575,296
Undesignated for capital projects	-	-	-
TOTAL FUND BALANCES	241,380	34,236	7,575,296
TOTAL LIABILITIES AND FUND BALANCES	$ 241,380	$ 34,236	$ 7,747,180

See independent auditors' report.

Capital Projects Community Redevelopment	Total Nonmajor Governmental Funds
$ -	$ 7,454,327
-	151,349
1,044	71,996
-	53,198
-	17,354
3,516,432	3,516,432
$ 3,517,476	$ 11,264,656

$ 6,240	$ 25,767
4,269	13,008
181,540	210,214
-	97,590
-	17,354
192,049	363,933

3,516,432	3,516,432
-	7,575,296
(191,005)	(191,005)
3,325,427	10,900,723
$ 3,517,476	$ 11,264,656

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

	Special Revenue Funds		
	Affordable Housing	Asset Seizure	Park Development
REVENUES:			
Property taxes	$ 1,568,873	$ -	$ -
Other taxes	-	-	-
Intergovernmental revenues	9,191	23,351	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	37,620	1,645	27,743
Developer fees	-	-	234,294
Other revenue	1,427,080	-	-
TOTAL REVENUES	3,042,764	24,996	262,037
EXPENDITURES:			
Current:			
General government	214,774	-	-
Police	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	3,326,527	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	3,541,301	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(498,537)	24,996	262,037
OTHER FINANCING SOURCES (USES):			
Proceeds from debt	-	-	-
Transfers in	-	-	-
Transfers out	(1,018,372)	(4,383)	(303,220)
TOTAL OTHER FINANCING SOURCES (USES)	(1,018,372)	(4,383)	(303,220)
NET CHANGE IN FUND BALANCES	(1,516,909)	20,613	(41,183)
FUND BALANCES AT BEGINNING OF YEAR	2,885,985	32,197	455,704
FUND BALANCES AT END OF YEAR	$ 1,369,076	$ 52,810	$ 414,521

See independent auditors' report.

Special Revenue Funds (Continued)

HCDA Grant	Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	126,650	-	152,523	-
91,189	233,067	-	-	-	-	10,601
-	-	-	1,600	-	-	-
-	-	67,843	-	-	-	-
2	3,281	2,162	10,757	13,292	51,524	778
-	-	-	-	-	-	-
-	-	-	-	-	-	-
91,191	236,348	70,005	139,007	13,292	204,047	11,379
-	-	-	-	-	-	3,000
-	-	-	-	-	-	-
25,013	-	-	103,457	-	-	-
-	-	-	-	-	-	-
1,026	-	-	-	-	-	-
55,000	-	-	-	-	-	-
10,152	-	-	-	-	-	-
91,191	-	-	103,457	-	-	3,000
-	236,348	70,005	35,550	13,292	204,047	8,379
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(182,000)	(80,000)	-	(25,000)	(35,000)	-
-	(182,000)	(80,000)	-	(25,000)	(35,000)	-
-	54,348	(9,995)	35,550	(11,708)	169,047	8,379
-	17,320	42,886	231,894	335,450	1,117,231	17,011
$ -	$ 71,668	$ 32,891	$ 267,444	$ 323,742	$ 1,286,278	$ 25,390

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

	Special Revenue Funds (Continued)		
	Water Development	Traffic Impact	Proposition C
REVENUES:			
Property taxes	$ -	$ -	$ -
Other taxes	-	-	105,032
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	87,847	44,705	8,543
Developer fees	599,214	136,320	-
Other revenue	-	-	-
TOTAL REVENUES	687,061	181,025	113,575
EXPENDITURES:			
Current:			
General government	-	-	2,011
Police	-	-	-
Community development	-	-	-
Public works	-	1,970	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	-	1,970	2,011
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	687,061	179,055	111,564
OTHER FINANCING SOURCES (USES):			
Proceeds from debt	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(61,616)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(61,616)
NET CHANGE IN FUND BALANCES	687,061	179,055	49,948
FUND BALANCES AT BEGINNING OF YEAR	1,399,032	841,126	168,693
FUND BALANCES AT END OF YEAR	$ 2,086,093	$ 1,020,181	$ 218,641

See independent auditors' report.

Special Revenue Funds (Continued)						
Lighting and Landscape	Supplemental Law Enforcement	Law Enforcement Block Grant	Domestic Preparedness	CALMS Police Grant	TRAP	Brownfields Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -
36,099	-	-	-	-	-	-
-	100,000	11,548	13,345	15,669	89,388	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,042	3,460	(168)	85	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
37,141	103,460	11,380	13,430	15,669	89,388	-
-	-	-	-	-	-	-
-	127,774	1,539	-	15,669	106,114	-
-	-	-	-	-	-	-
31,091	-	-	-	-	-	-
-	-	12,903	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,091	127,774	14,442	-	15,669	106,114	-
6,050	(24,314)	(3,062)	13,430	-	(16,726)	-
-	-	-	-	-	-	-
-	-	1,283	-	-	16,726	-
-	-	-	-	-	-	-
-	-	1,283	-	-	16,726	-
6,050	(24,314)	(1,779)	13,430	-	-	-
17,344	114,662	4,478	-	-	-	1,074
$ 23,394	$ 90,348	$ 2,699	$ 13,430	$ -	$ -	$ 1,074

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

	Special Revenue Funds (Continued)		
	Housing Impact	HELP Loan	Totals
REVENUES:			
Property taxes	$ -	$ -	$ 1,568,873
Other taxes	-	-	420,304
Intergovernmental revenues	-	-	597,349
Charges for services	-	-	1,600
Fines and forfeitures	-	-	67,843
Investment income	9,136	(1,285)	302,169
Developer fees	155,229	-	1,125,057
Other revenue	-	-	1,427,080
TOTAL REVENUES	164,365	(1,285)	5,510,275
EXPENDITURES:			
Current:			
General government	-	-	219,785
Police	-	-	251,096
Community development	-	-	128,470
Public works	-	-	33,061
Capital outlay	-	100,966	3,441,422
Debt service:			
Principal retirement	-	-	55,000
Interest	-	-	10,152
TOTAL EXPENDITURES	-	100,966	4,138,986
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	164,365	(102,251)	1,371,289
OTHER FINANCING SOURCES (USES):			
Proceeds from debt	-	119,565	119,565
Transfers in	-	-	18,009
Transfers out	-	-	(1,709,591)
TOTAL OTHER FINANCING SOURCES (USES)	-	119,565	(1,572,017)
NET CHANGE IN FUND BALANCES	164,365	17,314	(200,728)
FUND BALANCES AT BEGINNING OF YEAR	77,015	16,922	7,776,024
FUND BALANCES AT END OF YEAR	$ 241,380	$ 34,236	$ 7,575,296

See independent auditors' report.

Capital Projects Community Redevelopment	Total Nonmajor Governmental Funds
$ -	$ 1,568,873
-	420,304
-	597,349
-	1,600
-	67,843
(4,924)	297,245
-	1,125,057
475,669	1,902,749
470,745	5,981,020
317,659	537,444
-	251,096
-	128,470
-	33,061
1,882,581	5,324,003
-	55,000
-	10,152
2,200,240	6,339,226
(1,729,495)	(358,206)
-	119,565
448,018	466,027
(87,643)	(1,797,234)
360,375	(1,211,642)
(1,369,120)	(1,569,848)
4,694,547	12,470,571
$ 3,325,427	$ 10,900,723

CITY OF SIGNAL HILL

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

AFFORDABLE HOUSING SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 1,315,200	$ 1,315,200	$ 1,568,873	$ 253,673
Intergovernmental revenues	-	-	9,191	9,191
Investment income	14,000	14,000	37,620	23,620
Other revenue	-	-	1,427,080	1,427,080
TOTAL REVENUES	1,329,200	1,329,200	3,042,764	1,713,564
EXPENDITURES:				
General government:				
Program administration	235,400	249,550	214,774	34,776
Capital outlay	950,000	1,039,000	3,326,527	(2,287,527)
TOTAL EXPENDITURES	1,185,400	1,288,550	3,541,301	(2,252,751)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	143,800	40,650	(498,537)	(539,187)
OTHER FINANCING USES:				
Transfers out	(1,118,400)	(1,118,400)	(1,018,372)	100,028
NET CHANGE IN FUND BALANCE	(974,600)	(1,077,750)	(1,516,909)	(439,159)
FUND BALANCE AT BEGINNING OF YEAR	2,885,985	2,885,985	2,885,985	-
FUND BALANCE AT END OF YEAR	$ 1,911,385	$ 1,808,235	$ 1,369,076	$ (439,159)

See independent auditors' report.

CITY OF SIGNAL HILL

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

ASSET SEIZURE SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental revenues	$ 5,000	$ 5,000	$ 23,351	$ 18,351
Investment income	700	700	1,645	945
TOTAL REVENUES	5,700	5,700	24,996	19,296
OTHER FINANCING USES:				
Transfers out	(3,100)	(4,383)	(4,383)	-
NET CHANGE IN FUND BALANCE	2,600	1,317	20,613	19,296
FUND BALANCE AT BEGINNING OF YEAR	32,197	32,197	32,197	-
FUND BALANCE AT END OF YEAR	$ 34,797	$ 33,514	$ 52,810	$ 19,296

See independent auditors' report.

CITY OF SIGNAL HILL

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

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 7,000	$ 7,000	$ 27,743	$ 20,743
Developer fees	522,000	522,000	234,294	(287,706)
TOTAL REVENUES	529,000	529,000	262,037	(266,963)
EXPENDITURES:				
Current:				
Community development	-	3,600	-	3,600
Capital outlay	-	4,000	-	4,000
TOTAL EXPENDITURES	-	7,600	-	7,600
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	529,000	521,400	262,037	(259,363)
OTHER FINANCING USES:				
Transfers out	(225,000)	(430,800)	(303,220)	127,580
NET CHANGE IN FUND BALANCE	304,000	90,600	(41,183)	(131,783)
FUND BALANCE AT BEGINNING OF YEAR	455,704	455,704	455,704	-
FUND BALANCE AT END OF YEAR	$ 759,704	$ 546,304	$ 414,521	$ (131,783)

See independent auditors' report.

CITY OF SIGNAL HILL

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

HCDA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental revenues	$ 197,899	$ 197,899	$ 91,189	$ (106,710)
Investment income	-	-	2	2
TOTAL REVENUES	197,899	197,899	91,191	(106,708)
EXPENDITURES:				
Community development:				
CDBG program	26,232	26,232	25,013	1,219
Capital outlay	106,515	106,515	1,026	105,489
Debt service:				
Principal retirement	55,000	55,000	55,000	-
Interest	10,152	10,152	10,152	-
TOTAL EXPENDITURES	197,899	197,899	91,191	106,708
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	$ -	$ -	$ -	$ -

See independent auditors' report.

CITY OF SIGNAL HILL

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

SPECIAL GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	$ 216,200	$ 216,200	$ 233,067	$ 16,867
Investment income	1,500	1,500	3,281	1,781
TOTAL REVENUES	217,700	217,700	236,348	18,648
OTHER FINANCING USES:				
Transfers out	(216,200)	(216,200)	(182,000)	34,200
NET CHANGE IN FUND BALANCE	1,500	1,500	54,348	52,848
FUND BALANCE AT BEGINNING OF YEAR	17,320	17,320	17,320	-
FUND BALANCE AT END OF YEAR	$ 18,820	$ 18,820	$ 71,668	$ 52,848

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Fines and forfeitures	$ 50,000	$ 50,000	$ 67,843	$ 17,843
Investment income	1,000	1,000	2,162	1,162
TOTAL REVENUES	51,000	51,000	70,005	19,005
OTHER FINANCING USES:				
Transfers out	(80,000)	(80,000)	(80,000)	-
NET CHANGE IN FUND BALANCE	(29,000)	(29,000)	(9,995)	19,005
FUND BALANCE AT BEGINNING OF YEAR	42,886	42,886	42,886	-
FUND BALANCE AT END OF YEAR	$ 13,886	$ 13,886	$ 32,891	$ 19,005

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRANSPORTATION SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	$ 125,000	$ 125,000	$ 126,650	$ 1,650
Charges for services	1,150	1,150	1,600	450
Investment income	6,000	6,000	10,757	4,757
TOTAL REVENUES	132,150	132,150	139,007	6,857
EXPENDITURES:				
Community development:				
Public transportation	140,465	140,765	103,457	37,308
NET CHANGE IN FUND BALANCE	(8,315)	(8,615)	35,550	44,165
FUND BALANCE AT BEGINNING OF YEAR	231,894	231,894	231,894	-
FUND BALANCE AT END OF YEAR	$ 223,579	$ 223,279	$ 267,444	$ 44,165

See independent auditors' report.

CITY OF SIGNAL HILL

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

CABLE TELEVISING SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	$ 12,000	$ 12,000	$ 13,292	$ 1,292
Other revenue	-	-	-	-
TOTAL REVENUES	12,000	12,000	13,292	1,292
OTHER FINANCING USES:				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(13,000)	(13,000)	(11,708)	1,292
FUND BALANCE AT BEGINNING OF YEAR	335,450	335,450	335,450	-
FUND BALANCE AT END OF YEAR	$ 322,450	$ 322,450	$ 323,742	$ 1,292

See independent auditors' report.

CITY OF SIGNAL HILL

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

PIPELINE REMOVAL SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	$ 137,900	$ 137,900	$ 152,523	$ 14,623
Investment income	35,000	35,000	51,524	16,524
TOTAL REVENUES	172,900	172,900	204,047	31,147
OTHER FINANCING USES:				
Transfers out	(535,000)	(745,750)	(35,000)	710,750
NET CHANGE IN FUND BALANCE	(362,100)	(572,850)	169,047	741,897
FUND BALANCE AT BEGINNING OF YEAR	1,117,231	1,117,231	1,117,231	-
FUND BALANCE AT END OF YEAR	$ 755,131	$ 544,381	$ 1,286,278	$ 741,897

See independent auditors' report.

CITY OF SIGNAL HILL

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	$ 10,000	$ 10,000	$ 10,601	$ 601
Investment income	500	500	778	278
TOTAL REVENUES	10,500	10,500	11,379	879
EXPENDITURES:				
General government:				
City Council	4,500	5,000	3,000	2,000
NET CHANGE IN FUND BALANCE	6,000	5,500	8,379	2,879
FUND BALANCE AT BEGINNING OF YEAR	17,011	17,011	17,011	-
FUND BALANCE AT END OF YEAR	$ 23,011	$ 22,511	$ 25,390	$ 2,879

See independent auditors' report.

CITY OF SIGNAL HILL

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

WATER DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	$ 50,000	$ 50,000	$ 87,847	$ 37,847
Developer fees	918,200	918,200	599,214	(318,986)
TOTAL REVENUES	968,200	968,200	687,061	(281,139)
OTHER FINANCING USES:				
Transfers out	-	(220,000)	-	220,000
NET CHANGE IN FUND BALANCE	968,200	748,200	687,061	(61,139)
FUND BALANCE AT BEGINNING OF YEAR	1,399,032	1,399,032	1,399,032	-
FUND BALANCE AT END OF YEAR	$ 2,367,232	$ 2,147,232	$ 2,086,093	$ (61,139)

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRAFFIC IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 31,500	$ 31,500	$ 44,705	$ 13,205
Developer fees	56,650	168,050	136,320	(31,730)
TOTAL REVENUES	88,150	199,550	181,025	(18,525)
EXPENDITURES:				
Public works:				
Engineering and project services	30,000	56,000	1,970	54,030
NET CHANGE IN FUND BALANCE	58,150	143,550	179,055	35,505
FUND BALANCE AT BEGINNING OF YEAR	841,126	841,126	841,126	-
FUND BALANCE AT END OF YEAR	$ 899,276	$ 984,676	$ 1,020,181	$ 35,505

See independent auditors' report.

CITY OF SIGNAL HILL

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

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Other taxes	$ 104,000	$ 104,000	$ 105,032	$ 1,032
Investment income	6,000	6,000	8,543	2,543
TOTAL REVENUES	110,000	110,000	113,575	3,575
EXPENDITURES:				
General government:				
City Council	2,050	2,050	2,011	39
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	107,950	107,950	111,564	3,614
OTHER FINANCING USES:				
Transfers out	(92,200)	(92,200)	(61,616)	30,584
NET CHANGE IN FUND BALANCE	15,750	15,750	49,948	34,198
FUND BALANCE AT BEGINNING OF YEAR	168,693	168,693	168,693	-
FUND BALANCE AT END OF YEAR	$ 184,443	$ 184,443	$ 218,641	$ 34,198

See independent auditors' report.

CITY OF SIGNAL HILL

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

LIGHTING AND LANDSCAPE SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	$ 33,000	$ 33,000	$ 36,099	$ 3,099
Investment income	500	500	1,042	542
TOTAL REVENUES	33,500	33,500	37,141	3,641
EXPENDITURES:				
Public works:				
Lighting and landscape maintenance	31,190	31,190	31,091	99
NET CHANGE IN FUND BALANCE	2,310	2,310	6,050	3,740
FUND BALANCE AT BEGINNING OF YEAR	17,344	17,344	17,344	-
FUND BALANCE AT END OF YEAR	$ 19,654	$ 19,654	$ 23,394	$ 3,740

See independent auditors' report.

CITY OF SIGNAL HILL

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

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	$ -	$ 100,000	$ 100,000	$ -
Investment income	-	-	3,460	3,460
TOTAL REVENUES	-	100,000	103,460	3,460
EXPENDITURES:				
Police:				
Patrol services	109,100	110,850	127,774	(16,924)
NET CHANGE IN FUND BALANCE	(109,100)	(10,850)	(24,314)	(13,464)
FUND BALANCE AT BEGINNING OF YEAR	114,662	114,662	114,662	-
FUND BALANCE AT END OF YEAR	$ 5,562	$ 103,812	$ 90,348	$ (13,464)

See independent auditors' report.

CITY OF SIGNAL HILL

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

LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	$ -	$ 11,548	$ 11,548	$ -
Investment income	700	700	(168)	(868)
TOTAL REVENUES	700	12,248	11,380	(868)
EXPENDITURES:				
Police:				
Patrol services	-	-	1,539	(1,539)
Capital outlay	-	19,131	12,903	6,228
TOTAL EXPENDITURES	-	19,131	14,442	4,689
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	700	(6,883)	(3,062)	3,821
OTHER FINANCING SOURCES:				
Transfers in	-	1,283	1,283	-
NET CHANGE IN FUND BALANCE	700	(5,600)	(1,779)	3,821
FUND BALANCE AT BEGINNING OF YEAR	4,478	4,478	4,478	-
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 5,178	$ (1,122)	$ 2,699	$ 3,821

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRAP SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	$ 99,750	$ 99,750	$ 89,388	$ (10,362)
EXPENDITURES:				
Police:				
Investigative services	99,750	100,200	106,114	(5,914)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(450)	(16,726)	(16,276)
OTHER FINANCING SOURCES:				
Transfers in	-	-	16,726	16,726
NET CHANGE IN FUND BALANCE	-	(450)	-	450
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE (DEFICIT) AT END OF YEAR	$ -	$ (450)	$ -	$ 450

See independent auditors' report.

CITY OF SIGNAL HILL

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

HOUSING IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	$ 1,000	$ 1,000	$ 9,136	$ 8,136
Developer fees	-	112,750	155,229	42,479
TOTAL REVENUES	1,000	113,750	164,365	50,615
FUND BALANCE AT BEGINNING OF YEAR	77,015	77,015	77,015	-
FUND BALANCE AT END OF YEAR	$ 78,015	$ 190,765	$ 241,380	$ 50,615

See independent auditors' report.

CITY OF SIGNAL HILL

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

COMMUNITY REDEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment income	$ 10,000	$ 10,000	$ (4,924)	$ (14,924)
Other revenue	363,000	363,000	475,669	112,669
TOTAL REVENUES	373,000	373,000	470,745	97,745
EXPENDITURES:				
General government:				
Program administration	187,650	261,050	159,342	101,708
Capital outlay	1,091,500	1,303,850	2,040,898	(737,048)
TOTAL EXPENDITURES	1,279,150	1,564,900	2,200,240	(635,340)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(906,150)	(1,191,900)	(1,729,495)	(537,595)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	448,018	448,018
Transfers out	(87,650)	(87,650)	(87,643)	7
TOTAL OTHER FINANCING SOURCES (USES)	(87,650)	(87,650)	360,375	448,025
NET CHANGE IN FUND BALANCE	(993,800)	(1,279,550)	(1,369,120)	(89,570)
FUND BALANCE AT BEGINNING OF YEAR	4,694,547	4,694,547	4,694,547	-
FUND BALANCE AT END OF YEAR	$ 3,700,747	$ 3,414,997	$ 3,325,427	$ (89,570)

See independent auditors' report.

FIDUCIARY FUND

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

CITY OF SIGNAL HILL

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

For the year ended June 30, 2003

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
ASSETS:				
Cash and investments	$ 851,253	$ 624,604	$ 580,316	$ 895,541
Restricted cash	12,353	60	7	12,406
TOTAL ASSETS	$ 863,606	$ 624,664	$ 580,323	$ 907,947
LIABILITIES:				
Refundable deposits	$ 863,606	$ 624,664	$ 580,323	$ 907,947

See independent auditors' report.

CITY OF SIGNAL HILL

GOVERNMENT-WIDE EXPENSES BY PROGRAM

Current Fiscal Year

Fiscal Year	General Government	Community Services	Police	Community Development	Public Works	Interest on Long-term Debt	Unallocated Infrastructure Depreciation	Water	Total
2002 - 03	$ 3,054,371	$ 1,065,641	$ 5,029,219	$ 7,296,782	$ 3,645,074	$ 3,967,418	$ 444,751	$ 2,956,259	$ 27,459,515

This is the first year of implementation of the government-wide expenses by program. Current year totals will continue to be added to this schedule until a total of ten years are listed.

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL

GOVERNMENT-WIDE REVENUES BY SOURCE

Current Fiscal Year

	Program Revenues			General Revenues			
Fiscal Year	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Earnings	Misc.	Total
2002 - 03	$ 5,047,064	$ 905,669	$ 5,106,762	$ 19,877,741	$ 1,175,259	$ 650,613	$ 32,763,108

This is the first year of implementation of the government-wide revenues by source. Current year totals will continue to be added to this schedule until a total of ten years are listed.

Source: City of Signal Hill, Finance Department

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
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
2002 - 03	3,073,381	1,050,152	4,896,611	906,974	3,163,930	10,336,599	6,938,906	-	30,366,553

(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
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
2002 - 03	19,649,646	426,415	5,488,210	923,614	198,602	1,291,551	3,549,059	31,527,097

(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
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
2002 - 03	1,009,011,632	93,600	100,945,869	1,110,051,101	1,110,051,101
2003-04	1,112,926,503	98,292	111,652,022	1,224,696,817	1,224,696,817

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)	Percentage Collected
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	101.69%
2002 - 03	287,339	212,791	74.06% (4)
2003 - 04	313,12[illegible]	256,047	81.7[illegible]%

(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 correction by Los Angeles County for overpayment in prior years.

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	Long Beach Unified School District General	Totals
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
2002 - 03	0.001033	0.000881	.005420	0.006700 .035190	1.000000	1.008614 1.049224
2003-04	0.000992	0.0108	0.005061	0.006100	1.000000	1.065802
				.042849		

Source: Los Angeles County Auditor Controller

CITY OF SIGNAL HILL

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2003

	Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
OVERLAPPING DEBT:			
Los Angeles County Detention Facilities 1987 Debt Service	$ 30,225,000	0.076%	$ 23,118
Los Angeles County Flood Control (Storm Drain Bond No. 4)	10,110,000	0.173%	17,485
Los Angeles County Flood Control Refunding Bonds 1993 Debt Service	845,000	0.173%	1,461
Los Angeles County Sanitation District No. 29 Debt Service	30,000	99.975%	29,993
* Metropolitan Water District City of Long Beach Area 1108	475,265,000	0.000%	1,764
* Central Basin Municipal Water District 1114 DS	475,265,000	0.079%	373,340
Long Beach Unified School District 1999 Series C DS	59,045,000	1.776%	1,048,506
Long Beach Unified School District 1999 Series B DS	29,230,000	1.776%	519,059
Long Beach Unified School District 1999 Series A DS	23,990,000	1.776%	426,008
Long Beach Unified School District 1999 Series D DS	40,000,000	1.776%	710,310
Long Beach Unified School District 1999 Series E DS	60,000,000	1.776%	1,065,465
Long Beach Community College District 2002 Series A 2003 DS	40,000,000	1.776%	710,207
TOTAL OVERLAPPING DEBT			$ 4,926,716

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

2002 - 03 Assessed Valuation: $448,985,955 (after deducting $661,065,146 redevelopment increment)

DEBT TO ASSESSED VALUATION RATIOS:

Direct Debt	0.00%
Overlapping Debt	1.10%
Total Debt	1.10%

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, 2003

1,224,696,817

ASSESSED VALUATION	$ 1,110,051,101
DEBT LIMIT - 15% OF ASSESSED VALUATION	$ 166,507,665
AMOUNT OF DEBT APPLICABLE TO DEBT LIMITATION:	$ 183,704,523
TOTAL BONDED DEBT	-
LEGAL DEBT MARGIN	$ 166,507,665

$ 183,704,523

Source: Auditor-Controller/Tax Division, County of Los Angeles

CITY OF SIGNAL HILL

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Square Miles (1)	Population (2)	Population Percentage Change
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%
2004	2.2	10,631	3.37%

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
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%
	89	-69.22%	32,356,053	-22.56

(1) Bank deposit information is not available.

Source: Community Development Department, City of Signal Hill

CITY OF SIGNAL HILL

SCHEDULE OF TOP 25 SALES TAX PRODUCERS

June 30, 2003

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
Boulevard Buick Pontiac GMC Truck	New Motor Vehicle Dealers
Cherry Arco Am Pm	Service Stations
Costco	Discount Department Stores
Food 4 Less	Grocery Stores Liquor
Glenn Thomas Dodge	New Motor Vehicle Dealers
Home Depot	Lumber/Building Materials
Howard's Appliances	Radio/Appliance Stores
Independent Electric Supply	Plumbing/Electric Supplies
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
Mercedes Benz of Long Beach	New Motor Vehicle Dealers
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
P F T Alexander Service	Business Services
Target Store	Discount Department Stores
Toys - R - Us	Specialty Stores

Percent of City Total Paid by Top 25 Accounts = 80.85%

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

CITY OF SIGNAL HILL

PRINCIPAL TAXPAYERS

June 30, 2003

Taxpayer	Type of Business	Number of Parcels	Assessed Valuation	Percentage of Assessed Valuation
Arco Terminal Services Corporation	Oil Storage	3	$ 27,578,226	2.5%
Long Beach Acquisition Corporation	Cable Right-of-Way	2	26,320,502	2.4%
Price Owners LLC	Real Estate Development	2	25,061,083	2.3%
LBSH Development	Office/Industrial	1	19,000,000	1.7%
Costco Wholesale Corporation	Discount Retail	5	17,745,479	1.6%
Signal Hill Petroleum	Mineral Rights	17	19,301,476	1.7%
Eastman Inc.	Business Office Products	1	11,047,428	1.0%
Town Center Signal Hill LLC	Office Buildings	2	9,817,500	0.9%
MF Salta Company, Inc.	Retail Automotive	2	7,768,020	0.7%
Worthy Brothers Development Company, Inc.	Commercial Real Estate	1	6,644,001	0.6%
	TOTAL	36	$ 170,283,715	15.3%

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

CITY OF SIGNAL HILL

MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2003

GENERAL INFORMATION:	
Date of Incorporation	1924
Form of Government	Council - Manager Charter City
POPULATION	10,631 10,284
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	32 31
Number of patrol vehicles (including 1 motorcycle)	10
MUNICIPAL WATER DEPARTMENT:	
Number of water services	2,674
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	8 6
Area of parks	23.15 17.39 acres
Number of libraries	1
Number of volumes	25,000
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	102 104
Part - time (expressed as full-time equivalents)	36 24.89

Source: City of Signal Hill, Finance Department