

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF SIGNAL HILL, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2008



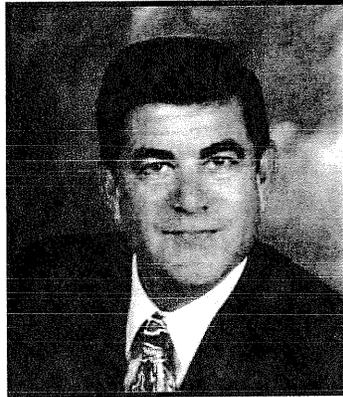
Prepared by
Department of Finance

Maida Alcantara
Director of Finance



Edward H. J. Wilson
Councilmember

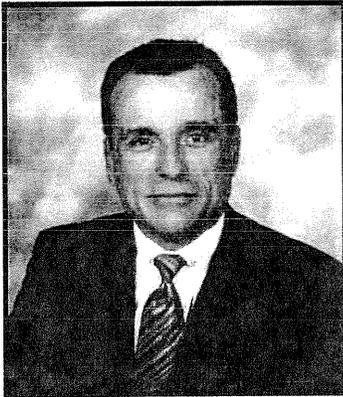
ELECTED OFFICIALS



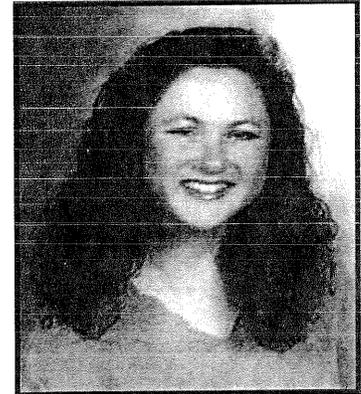
Michael Noll
Mayor



Ellen Ward
Vice Mayor



Larry Forester
Councilmember



Tina L. Hansen
Councilmember

Kathleen Pacheco
City Clerk

Emerson Fersch
City Treasurer

ADMINISTRATIVE PERSONNEL

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

- Kenneth Farfsing
- Charlie Honeycutt
- David Aleshire
- Kathy Sorensen
- Gary Jones
- Maida Alcantara
- Thomas Sonoff
- Barbara Muñoz

CITY OF SIGNAL HILL

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CITY OF SIGNAL HILL

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CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

December 31, 2008

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

We proudly present to you the Comprehensive Annual Financial Report (CAFR) of the City of Signal Hill (the City) for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City. It was prepared by the Finance Department with the assistance of the City's independent auditors, Diehl, Evans and Company, LLP, in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures in this report. We believe the data presented conforms to government accounting and financial reporting standards and is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain a good understanding of the City's financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) require that management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Signal Hill's MD&A can be found immediately following the report of the independent auditors.

The financial reporting entity includes all the funds of the primary government (The City of Signal Hill), as well as all of its component units.

THE REPORTING ENTITY

The Primary Government

The City was incorporated in 1924 as a General Law City. On November 7, 2000, in a special election, the residents of Signal Hill approved a new City Charter and the City effectively made the change from a General Law City to a Charter City under the California Constitution. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City Council is composed of a Mayor and four members elected bi-annually at large to four-year alternating terms. The City employs a staff of approximately 109 full-time employees.

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

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

The City of Signal Hill Redevelopment Agency

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

The Signal Hill Public Financing Authority

The Authority is a joint powers authority formed under the Joint Exercise of Powers Law of the State of California, Section 6502 of Title 1, Division 7, Chapter 5 of the

Government Code of the State of California (the "Joint Exercise of Powers Act") between the City and the Agency on October 15, 1996 for the purpose of establishing a vehicle which may reduce local borrowing costs and promote the greater use of existing and new financial instruments and mechanisms. The Authority's Board of Directors is the Signal Hill City Council.

THE 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 and has a population of 11,402. It is 25 miles south of downtown Los Angeles, 8 miles northeast of the Port of Los Angeles and 5 miles northeast of the seaport terminal of Long Beach. The neighboring communities include Long Beach, Lakewood, Cypress and Carson.

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

FINANCIAL CONDITION AND SIGNAL HILL TODAY

The City's economy is dominated primarily by auto and retail sales. Although, the City continues to enjoy one of the highest taxable sales per capita ratios in the State, economic downturns affect us proportionately. In anticipation of the economic slowdown and the State's fiscal crisis during the budget process, caution was exercised in revenue estimates and in expenditure priorities.

The FY 2008-09 State of California's significant budgetary problems has not been resolved. This year's ERAF \$1.06 million "take away" of property tax increment from the Signal Hill Redevelopment Agency will reduce the money available for redevelopment projects.

The City's Redevelopment Agency approved further expansion of the Auto Center in February, 2008. The proposed property acquisition program would add approximately 15 acres to the Auto Center. Many of these parcels are vacant and blighted with a history of soil contamination, abandoned oil wells, historic petroleum tank farm issues and lack of infrastructure, including streets and utilities. The expense of this expansion program is estimated at \$15-\$20 million. The City loaned \$10 million to the Agency principally for

the Agency's property acquisition program to be repaid by the Agency from tax increment received by the Agency in accordance to agreed terms.

The Public Works Department is currently managing a \$2.3 million street improvement program focusing on the North end and Westside neighborhood areas with one project in the central area. Other capital projects include the construction of the new Police facility. In FY 2008, it was proposed that the Agency will undertake the financing of this project with a new bond issue sometime during 2009. Park projects include the Signal Hill Park restrooms and the Signal Hill Park shelter roof.

The Community Services Department continues to see increases in usages throughout all of its programs and facilities. One of the most notable changes has been in the Youth Sports program where participation increased 19% during the year. Library circulation was another success with total circulation increasing by 17% from 68,321 to 80,266. The bi-weekly food distribution program continues to be very popular and much needed for our low income seniors, registration for this program increased by 50%.

Significant development projects completed during the fiscal year include a new 29,000 square foot light industrial building on Palm Drive valued at \$1.5 million, and the A & A Ready Mixed Concrete batch plant valued at \$1.2 million located in the new General Industrial Specific Plan in the Westside area. The City approved a 6,260 square foot light industrial building for the General Industrial Specific Plan area and began environmental review for a proposed 68,000 square foot EDCO recycling and transfer station. Approved residential subdivision projects are on hold including Aragon's 81 townhouses, and Pacific Walk's 54 townhouses, both in the Pacific Coast Highway Specific Plan. The City also approved plans for additional commercial space in the Town Center including a proposed 3,590 square foot U.S. Bank and a 14,000 square foot Fresh & Easy grocery store. Projects in the Signal Hill Gateway Shopping center include a 15,000 square foot Petco, an 11,000 square foot Party City, a 2,400 square foot Jack in the Box that is now under construction.

During 2008, the Police Department's Traffic Unit, consisting of two specially trained officers, completed its first full year of commercial vehicle traffic enforcement. The amount of commercial vehicle traffic entering the City has steadily increased along with the City's population. Enforcement of commercial vehicle traffic helps to ensure the continued safety of both vehicular and pedestrian traffic. Commercial enforcement includes, but is not limited to, commercial vehicle inspections for proper driver's license, vehicle registration, log books, vehicle placards identifying vehicle contents, weight restrictions, etc. 150 commercial vehicle citations were issued during the past year for a variety of violations including overweight vehicles, unsafe loads, improper registration,

etc. In addition, the two traffic officers participated in a variety of commercial vehicle safety checkpoints in conjunction with other law enforcement agencies.

Phase I design of the Well No. 9 budgeted at \$500,000 is underway. The completion of the Gundry Reservoir in late 2007 and the consequential increase in groundwater availability significantly reduced water purchases in Fiscal Year 2008.

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.

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

City reserves and designations of the General Fund's fund balance have increased by \$3.04 million or 11% during fiscal year 2008. Priority is given to building these reserves to meet future obligations, commitments and economic downturns.

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

FINANCIAL CONTROLS

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

The Finance Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss,

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

Single Audit

The City is legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments if total federal grants exceed \$500,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance and for Fiscal Year 2007-2008; however, it did not reach the \$500,000 threshold requiring a single audit and, as a result, is not required to undergo a Single Audit. Under the provisions of the Single Audit Act, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the city has complied with applicable laws and regulation.

Budgetary Controls

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 meet 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 4.12% for the year, down .61% (61 basis points) over last year's average rate of 4.78%, reflecting the start of a downward trend in interest rates. In recognition of the trend, the City reduced its weight of its securities by .85% in the Local Agency Investment Fund (LAIF - a State pool), increased its investments to various government securities by 1.74% that earn more than the LAIF rate, and increased holdings of Commercial Paper and Corporate Notes by 7.26%. The portfolio's weighted average days to maturity are 540 days. Last year's weighted average days to maturity were 546 days.

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

Risk Management

The City of Signal Hill Risk Management Program includes a balanced approach of risk retention, transfer, reduction, financing through participation in a joint powers insurance authority, third party claims administration and other miscellaneous insurance. Additionally, the program includes employee injury reviews and retention of a safety consultant through the joint powers insurance authority to review all safety procedures and perform site audits of all City facilities, operations, procedures and equipment use. The City continues to maintain an equity interest in the joint powers insurance authority. The California Joint Powers Insurance Authority's operations have 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 \$33.9 million. The City is well under its spending limitation and is not expected to reach that limit in the foreseeable future.

Independent Audit

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

Awards

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, 2007. This was the 13th consecutive year that the City of Signal Hill has achieved this prestigious award.

Acknowledgments

The Finance Department, wishes to extend our appreciation to the City Council, City Manager and the various other departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year. 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 Mike Matsumoto of Government Services Inc. and Joy Getz, Accounting Manager for their significant roles in the report preparation.

Respectfully submitted,



Maida Alcantara

Administrative Service Officer and Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Signal Hill
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF SIGNAL HILL

JUNE 30, 2008

ELECTED OFFICIALS

Michael Noll
Mayor

Ellen Ward
Vice Mayor

Tina L. Hansen
Councilmember

Larry Forester
Councilmember

Edward H.J. Wilson
Councilmember

Kathleen Pacheco
City Clerk

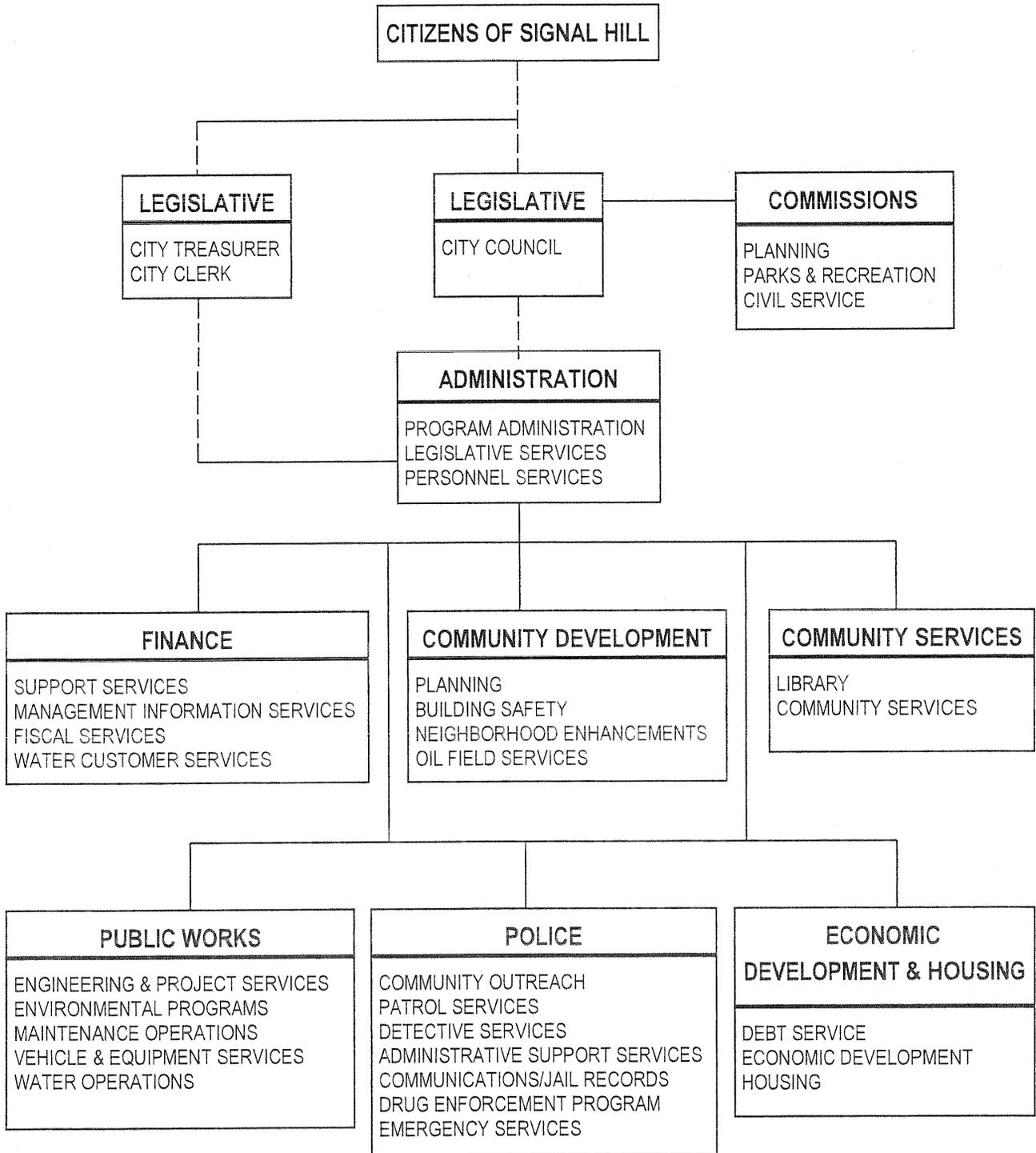
Emerson Fersch
City Treasurer

ADMINISTRATIVE PERSONNEL

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

Kenneth Farfsing
Charlie Honeycutt
David Aleshire
Kathy Sorensen
Gary Jones
Maida Alcantara
Tom Sonoff
Barbara Munoz

CITY OF SIGNAL HILL ORGANIZATIONAL CHART





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

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

5 CORPORATE PARK, SUITE 100
 IRVINE, CALIFORNIA 92606-5165
 (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
 KENNETH R. AMES, CPA
 *WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

December 11, 2008

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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2008 on our consideration of the City of Signal Hill's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, 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. The budgetary comparison information 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.

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

CITY OF SIGNAL HILL

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2008

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, 2008. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements.

FINANCIAL HIGHLIGHTS

- Net assets, the amount by which total assets exceed total liabilities, equal \$55,984,026. Of this amount a \$71,808,028 deficit was attributable to the redevelopment agency tax allocation bonds secured by future tax increment revenues.
- The City's total net assets increased by \$4,045,371 over last years' totals. Governmental activities contributed \$2,716,637, and business type activities contributed \$1,328,734.
- At the close of the current fiscal year, the City's governmental activities reported combined ending balances of \$33,866,266, an increase of \$2,716,637 in comparison to the 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 Basic 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, and personnel), police, community development, public works and community services. The City's business-type activities are limited to water utilities. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are self-supporting through user fees and charges.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

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. 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.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (continued)

Proprietary funds

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

Enterprise funds

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

Internal service funds

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

Fiduciary funds

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

Notes to the basic financial statements

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

Other information

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

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (continued)

Other information (continued)

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The statement of net assets can serve as a useful indicator of the City's financial position. The City of Signal Hill's net assets at June 30, 2008 total \$55,984,026. Following is a condensed version of the government-wide statement of net assets.

**Table 1
Net Assets**

	Governmental Activities 2008	Governmental Activities 2007	Business-type Activities 2008	Business-type Activities 2007	Total 2008	Total 2007
Assets:						
Current and other assets	\$ 74,716,041	\$ 71,227,062	\$ 5,431,609	\$ 4,711,104	\$ 80,147,650	\$ 75,938,166
Capital assets, net	44,502,932	44,648,808	25,654,918	25,274,399	70,157,850	69,923,207
Total Assets	119,218,973	115,875,870	31,086,527	29,985,503	150,305,500	145,861,373
Liabilities:						
Current Liabilities	6,758,335	4,292,197	594,008	487,426	7,352,343	4,779,623
Long-term Liabilities	78,594,372	80,434,044	8,374,759	8,709,051	86,969,131	89,143,095
Total Liabilities	85,352,707	84,726,241	8,968,767	9,196,477	94,321,474	93,922,718
Net assets:						
Invested in capital assets, net of related debt	44,502,932	43,943,488	18,009,549	17,288,774	62,512,481	61,232,262
Restricted	36,634,825	30,888,999	-	687,958	36,634,825	31,576,957
Unrestricted	(47,271,491)	(43,682,858)	4,108,211	2,812,294	(43,163,280)	(40,870,564)
Total Net Assets	\$ 33,866,266	\$ 31,149,629	\$ 22,117,760	\$ 20,789,026	\$ 55,984,026	\$ 51,938,655

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Assets (continued)

The largest portion of the City's net assets is attributable to the investment in capital assets. The majority of the liabilities are attributable to the City of Signal Hill Community Redevelopment Agency (the 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 total net assets of the City were \$55,984,026 as of June 30, 2008. This represents an increase of \$4,045,371 over the prior year. This change is explained more fully below.

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 \$4.0 million in the fiscal year ended June 30, 2008. The increase was split between the governmental activities (\$2.7 million) and business-type activities (\$1.3 million).

The City's total revenues were \$44.0 million. A significant portion of the City's revenue came from sales and use tax, accounting for 27.6% of total revenues, local property tax accounted for 32.5%, 13.7% was received for charges for services, and 11.0% came from operating grants and contributions.

The total cost of all City programs and services during fiscal year ended June 30, 2008 was \$39,962,108. Community development expenditures accounted for 37.4% of the total expenditures, 19.2% of expenditures were for police services, interest expense attributed to 10.3%, public works 11.5%, general government 8.3% and 8.5% was expended for business-type activities.

The difference between the City's total revenues and expenses, \$4,045,371, represented the increase in total net assets for 2008.

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.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

**Table 2
Changes in Net Assets**

	Governmental Activities 2008	Governmental Activities 2007	Business-type Activities 2008	Business-type Activities 2007	Total 2008	Total 2007
Revenues:						
Program revenues:						
Charges for services	\$ 2,677,699	\$ 2,620,344	\$ 3,352,037	\$ 3,600,727	\$ 6,029,736	\$ 6,221,071
Operating grants and contributions	4,841,683	1,747,904	-	-	4,841,683	1,747,904
Capital grants and contributions	1,230,376	2,365,899	-	-	1,230,376	2,365,899
General revenues:						
Property taxes	14,301,655	13,995,172	-	-	14,301,655	13,995,172
Sales taxes	12,162,591	12,177,226	-	-	12,162,591	12,177,226
Other taxes	1,670,322	1,967,062	-	-	1,670,322	1,967,062
Investment income	3,355,850	2,295,291	206,201	183,507	3,562,051	2,478,798
Unrestricted grants and contributions	195,271	206,363	-	-	195,271	206,363
Miscellaneous	13,794	15,662	-	514	13,794	16,176
Total revenues	<u>40,449,241</u>	<u>37,390,923</u>	<u>3,558,238</u>	<u>3,784,748</u>	<u>44,007,479</u>	<u>41,175,671</u>
Expenses:						
General Government	3,344,190	3,009,161	-	-	3,344,190	3,009,161
Community services	1,407,200	1,248,187	-	-	1,407,200	1,248,187
Police	7,662,262	7,433,669	-	-	7,662,262	7,433,669
Community development	14,940,504	5,253,551	-	-	14,940,504	5,253,551
Public works	4,585,498	5,328,138	-	-	4,585,498	5,328,138
Unallocated infrastructure depreciation	530,728	523,594	-	-	530,728	523,594
Interest on long-term liabilities	4,111,533	4,251,612	-	-	4,111,533	4,251,612
Water	-	-	3,380,193	3,895,839	3,380,193	3,895,839
Total Expenses	<u>36,581,915</u>	<u>27,047,912</u>	<u>3,380,193</u>	<u>3,895,839</u>	<u>39,962,108</u>	<u>30,943,751</u>
Increase in net assets						
before transfers	3,867,326	10,343,011	178,045	(111,091)	4,045,371	10,231,920
Transfers	<u>(1,150,689)</u>	<u>(660,372)</u>	<u>1,150,689</u>	<u>660,372</u>	<u>-</u>	<u>-</u>
Change in net assets	2,716,637	9,682,639	1,328,734	549,281	4,045,371	10,231,920
Net assets - beginning	<u>31,149,629</u>	<u>21,466,990</u>	<u>20,789,026</u>	<u>20,239,745</u>	<u>51,938,655</u>	<u>41,706,735</u>
Net assets - ending	<u>\$ 33,866,266</u>	<u>\$ 31,149,629</u>	<u>\$ 22,117,760</u>	<u>\$ 20,789,026</u>	<u>\$ 55,984,026</u>	<u>\$ 51,938,655</u>

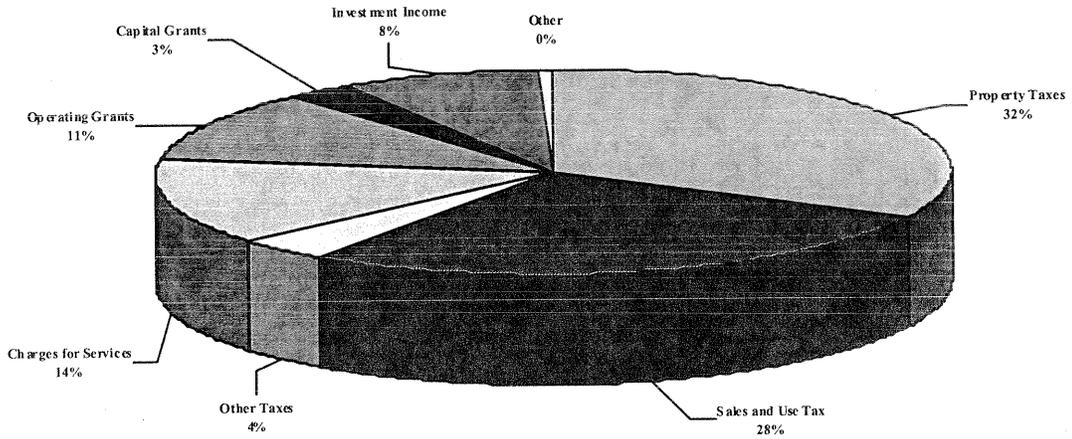
See independent auditors' report.

CITY OF SIGNAL HILL

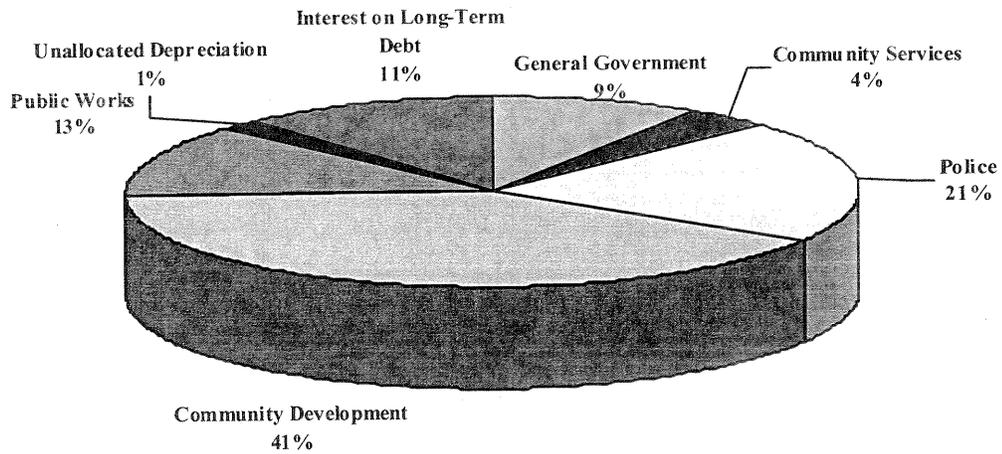
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

Revenues by Source – Governmental Activities
Fiscal Year 2008



Expenditures – Governmental Activities
Fiscal Year 2008



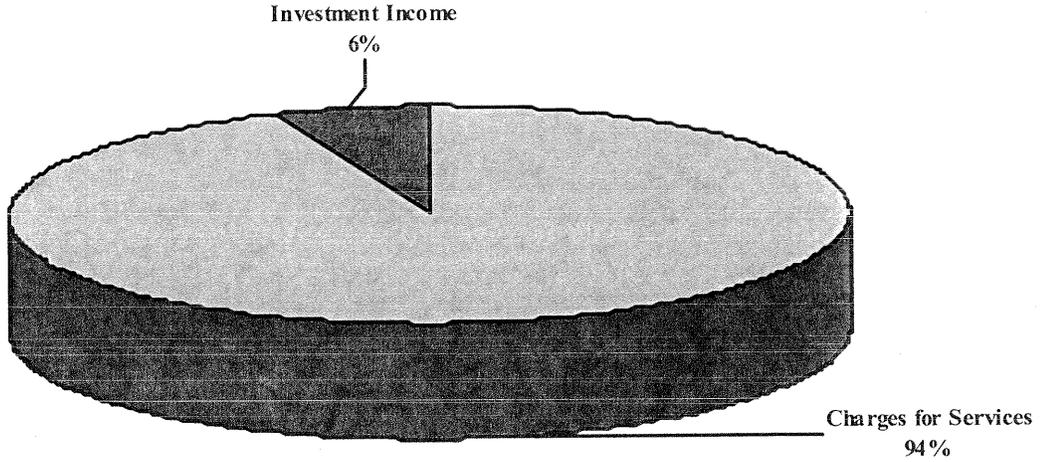
See independent auditors' report.

CITY OF SIGNAL HILL

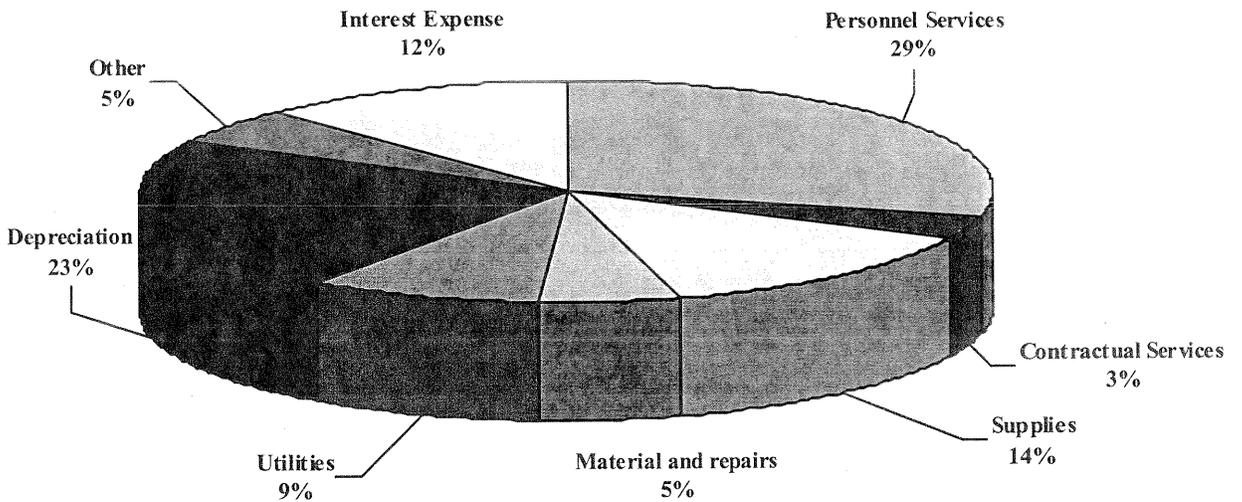
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

Revenues by Sources – Business-type Activities
Fiscal Year 2008



Expenditures – Business-type Activities
Fiscal Year 2008



See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Assets (continued)

Governmental activities contributed to \$2,716,637 of the increase in net assets. The largest changes in revenues from the prior year were operating grants and contributions, capital grants and contributions, and investment income. Operating grants and contributions increased \$3.1 million. The large increase is due to \$4.3 million in revenues related to land sales to developers. Capital grants declined by \$1.1 million because fiscal year 06/07 included some one time grants and because impact fee revenues declined due to a reduction in building permits. Investment income increased by \$1.1 million over the prior year because of larger balances available for investment.

Expenses increased \$9.5 million primarily as a result of an increase in community development expenses. Community development expenses increased by \$9.6 million primarily due to \$9.9 million of land acquisition costs.

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, 2008, the expenses exceeded revenues with the City's total business-type activities having realized an overall increase in net assets of \$1,328,734.

The City's enterprise operation is comprised solely of a Water Fund. Operating revenues decreased \$226,510 from the previous year. The City completed the Gundry Reservoir roof replacement project in 06-07; therefore, the City was able to significantly reduce the amount of water purchases. The main reason for the decline is that fiscal year 06-07 revenue included a \$248,000 refund related to 05-06 water purchases. Operating expenses decreased \$515,646 because water purchases declined by about 60% or \$600,000 due to the use of groundwater.

Change in net assets consisted of an increase of \$1,328,734 for the year as compared to last year's \$549,281 increase in net assets. The main reason for the increase in net assets was the \$1,150,689 transfer in. This balance came from Water Development Fees, which are collected on new development and are used to pay for the expansion of the City's water distribution system. Total net assets at the end of the year were \$22,117,760. This represents a 6.4% increase in net assets. The City has ample coverage to pay its water-bonded indebtedness. The City's Water Utility Debt Service Coverage is 220%. This ratio is calculated by subtracting expenses (less depreciation) from revenues (including interest earnings and developer fees which are recorded in the Water Development special revenue fund) and then dividing the result by the annual debt service (principal and interest). The City is required by the bond covenants to maintain a coverage ratio of at least 125%.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

Financial Analysis of the City's Major Funds

The City's major governmental funds for the fiscal year ended June 30, 2008 were the General Fund, Affordable Housing Special Revenue Fund, Debt Service Fund, Capital Improvements Capital Projects Fund, and Community Redevelopment Capital Projects Fund.

General Fund

The General Fund fund balance increased by \$3,045,407 in fiscal year 07/08 and by \$3,029,626 in fiscal year 06/07. Revenues increased by \$200K, expenditures increased by \$1.26 million, and net transfers increased by \$1.1 million. The majority of increases in revenues can be attributed to a \$600,000 increase in Sales Tax revenues. Police and general government expenditures increased by \$600,000 and \$500,000 respectively. Net transfers included a one-time transfer from the Capital Projects fund of \$870,000.

Affordable Housing Special Revenue Fund

The fund balance increased by \$1,542,793 in fiscal year 07/08 and by \$1,130,505 in fiscal year 06/07. The increase in fund balance was due to the lack of current projects. The City is working on developing future affordable housing projects.

Debt Service Fund

The Debt Service Fund fund balance decreased by \$7,542,192. The decrease is attributed to the \$10 million transfer to the Community Redevelopment capital projects fund. See Note 5 for more information.

Capital Improvement Capital Project Fund

Capital expenditures within the Capital Improvement Capital Project Fund totaled \$903,787 for the fiscal year. Two projects were still in the early stages in 07/08. The Cherry Avenue widening project had expenditures of \$150,000 for preliminary engineering. The project is budgeted for over \$6 million. The new Police Building project had expenditures totaling \$343,000 in 07/08. Construction on the new Police Building should begin during fiscal year 08/09.

Community Redevelopment Capital Project Fund

The Community Redevelopment Capital Project Fund fund balance increased by \$4.9 million. The increase is largely due to the \$10.0 million transfer from the Debt Service fund. Expenditures included \$2.9 million for the cost of land sold, \$4.0 million in relocation costs, and \$3.0 million expended in the early phase of property acquisition.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

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 \$20.4 million. Total General Fund revenues and transfers in exceeded their adjusted budget amounts by \$1,045,866. Sales and use tax was the largest revenue source with nearly \$12.6 million in realized revenues. This amount was \$388,135 more than the adjusted budget.

Other revenues exceeding their adjusted budgets were investment earnings (\$288,728 over budget) and other revenue (\$218,604 over budget). Most of the City's revenue categories exceeded their adjusted budget totals. One exception to this was licenses and permits, which were \$42,393 below budget. We are starting to see a slowing in the housing sector.

Interest earnings declined from the previous fiscal year. Interest income totaled \$1,336,728. This was a \$318,181 decrease over last fiscal year. This decrease, as compared to the overall increase in governmental activities investment income, was primarily due to the decrease in cash and investment balances in the General Fund.

General Fund expenditures totaled \$16.79 million. Expenditures were projected at \$18.22 million during the budget process. The expenditure under run from the final budget totaled \$1,425,243, or 7.8% under our projection. Historically, the City's expenditures will run 3% below the final budget projection. All departments came in under their budgets for fiscal year 2007-08. Approximately half of the under run in the budget was caused primarily by vacant positions within the Police and other departments. The recruitment for police officer is a long process because of the intense screening and testing that occurs. The rest of the under run occurred within the maintenance and operations categories. All departments under ran their budgets.

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, 2008, totaled \$70,157,850, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in process.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (continued)

**Table 3
Capital Assets
(Net of Accumulated Depreciation)**

	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
	2008	2007	2008	2007		
Land	\$ 27,673,385	\$ 27,673,385	\$ 4,436,916	\$ 4,436,916	\$32,110,301	\$32,110,301
Water rights	-	-	699,633	730,013	699,633	730,013
Construction in Progress	673,981	383,181	-	234,380	673,981	617,561
Buildings, equipment depreciable assets	4,843,797	4,749,745	20,518,369	19,873,090	25,362,166	24,622,835
Infrastructure	11,311,769	11,842,497	-	-	11,311,769	11,842,497
Total	\$ 44,502,932	\$ 44,648,808	\$25,654,918	\$25,274,399	\$70,157,850	\$69,923,207

During 2007-08, the main additions to governmental capital assets were the construction in progress for the pre-construction costs for Cherry Avenue widening and the new Police building. The main addition to capital assets for the water fund was the development of well number nine. For additional information see Note 3 of the Notes to Basic Financial Statements.

Debt Administration

**Table 4
Debt Administration**

	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
	2008	2007	2008	2007		
Tax allocation bonds	\$ 71,808,028	\$ 73,769,567	\$ -	\$ -	\$ 71,808,028	\$ 73,769,567
Notes payable	3,865,847	3,865,847	-	-	3,865,847	3,865,847
Loans payable	2,000,000	2,000,000	377,975	453,570	2,377,975	2,453,570
Water revenue bonds	-	-	7,955,099	8,220,013	7,955,099	8,220,013
Compensated absences	920,497	798,630	41,685	35,468	962,182	834,098
Total	78,594,372	80,434,044	8,374,759	8,709,051	86,969,131	89,143,095

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

At year-end, the City had seven issues of bonded indebtedness outstanding in its governmental funds totaling \$71.808 million. All seven issues were rated AAA by Standard and Poors and Aaa by Moody's. The City's Redevelopment Agency has not entered into any tax sharing agreements with other governmental agencies/districts concerning its Redevelopment Projects; however, the Redevelopment Agency is required to make statutory pass through payments.

For additional information see Note 4 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The development of the fiscal year 2008-09 budget was challenging with major uncertainties concerning the impact of the State's economic and budgetary deficit, the overall national economic outlook, the mortgage crisis, recession and inflation. In anticipation of a decline in revenues, we projected a negative revenues growth rate for the fiscal year. Recognizing the need for expenditure priorities, expenditures were 'capped' at last year's levels for all non-salary objects of expenditures.

Since the adoption of the fiscal year 2008-09 budget, the extent of the dire economic condition of the nation, the state, and the City has worsened. The State of California has not solved its fiscal issues and is in worse shape than it has ever been. This fiscal year, the State will take away from the Signal Hill Redevelopment Agency a total of \$1.06 million in agency tax increment for the education revenue augmentation fund (ERAF). Auto sales are projected to plummet down by as much as 33%; taxable sales for all businesses in Signal Hill are down by 7.6% during the second quarter of 2008 and 5.2% down for the third quarter of 2008 as compared to the same quarters of 2007. Property taxes budgeted at a modest 2% growth for fiscal year 2009 may remain flat in 2010.

The City's contingency reserves at the beginning of the year were over 50% of General Fund expenditures. Fund balances in eleven special reserve funds have steadily grown during the past 5 years. As a reflection of the City's commitment to provide the highest level of services to the community within the City's financial constraints and prudent management, these reserves have been a priority. These funds include funding for the City's Other Post Employment Benefits for future obligations as result of the Governmental Accounting Standard Board's Pronouncement Number 45, a PERS reserve fund for future rate hikes, and several project specific funds. If necessary, the Economic Uncertainties Fund will meet any unexpected budget shortfall.

The new budget includes funding for capital projects totaling \$25.8 million with over \$8.1 million funded by grants. The major project will be the construction of the new police facility funded by the Signal Hill Redevelopment Agency up to \$15 million. The Capital Improvement Reserve Fund's portion of these projects is \$1.02 million.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2008

REQUESTS FOR INFORMATION

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

See independent auditors' report.

CITY OF SIGNAL HILL

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	\$ 47,105,872	\$ 3,986,366	\$ 51,092,238
Receivables:			
Accounts	3,098,723	513,664	3,612,387
Accrued interest	620,692	25,092	645,784
Rehabilitation loans	14,174	-	14,174
Due from other governments	648,365	-	648,365
Internal balances	(4,624)	4,624	-
Inventory	26,262	-	26,262
Deposits	150,000	-	150,000
Deferred charges	2,001,091	214,158	2,215,249
Land and improvements held for resale or lease, net	927,177	-	927,177
Restricted assets:			
Cash and investments (Note 2)	20,128,309	687,705	20,816,014
Capital assets (Note 3):			
Land	27,673,385	4,436,916	32,110,301
Construction in progress	673,981	-	673,981
Infrastructure, net	11,311,769	-	11,311,769
Water rights, net	-	699,633	699,633
Source of supply, net	-	11,264,224	11,264,224
Pumping plant, net	-	6,570,282	6,570,282
Transmission/distribution, net	-	867,258	867,258
Structures and improvements, net	3,451,504	884,135	4,335,639
Equipment and furniture, net	1,392,293	932,470	2,324,763
TOTAL ASSETS	<u>119,218,973</u>	<u>31,086,527</u>	<u>150,305,500</u>
LIABILITIES:			
Accounts payable	1,712,746	189,661	1,902,407
Accrued liabilities	30,656	17,758	48,414
Accrued interest payable	1,321,739	61,071	1,382,810
Owner participation agreement payable	1,282,062	-	1,282,062
Refundable deposits	2,395,602	325,518	2,721,120
Unearned revenue	15,530	-	15,530
Noncurrent liabilities (Note 4):			
Due within one year	3,129,106	390,616	3,519,722
Due in more than one year	75,465,266	7,984,143	83,449,409
TOTAL LIABILITIES	<u>85,352,707</u>	<u>8,968,767</u>	<u>94,321,474</u>
NET ASSETS:			
Invested in capital assets, net of related debt	44,502,932	18,009,549	62,512,481
Restricted for:			
Capital improvements	3,825,106	-	3,825,106
Redevelopment	24,840,665	-	24,840,665
Special purposes	2,051,066	-	2,051,066
Low and moderate income housing	5,917,988	-	5,917,988
Unrestricted	(47,271,491)	4,108,211	(43,163,280)
TOTAL NET ASSETS	<u>\$ 33,866,266</u>	<u>\$ 22,117,760</u>	<u>\$ 55,984,026</u>

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

CITY OF SIGNAL HILL

STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,327,465	\$ 157,190	\$ -	\$ -
Community services	1,407,200	296,946	24,313	-
Police	7,662,262	664,653	234,884	-
Community development	14,940,504	597,013	4,090,890	845,185
Public works	4,585,498	961,897	491,596	385,191
Unallocated infrastructure depreciation	530,728	-	-	-
Interest on long-term liabilities	4,128,258	-	-	-
Total governmental activities	36,581,915	2,677,699	4,841,683	1,230,376
Business-type activity:				
Water	3,380,193	3,352,037	-	-
Total	\$ 39,962,108	\$ 6,029,736	\$ 4,841,683	\$ 1,230,376

General revenues:

Taxes:

Property

Sales and use

Franchise

Motor vehicle

Other taxes

Investment income

Unrestricted grants and contributions

Gain on disposal of assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activity	Total
\$ (3,170,275)	\$ -	\$ (3,170,275)
(1,085,941)	-	(1,085,941)
(6,762,725)	-	(6,762,725)
(9,407,416)	-	(9,407,416)
(2,746,814)	-	(2,746,814)
(530,728)	-	(530,728)
(4,128,258)	-	(4,128,258)
(27,832,157)	-	(27,832,157)
-	(28,156)	(28,156)
(27,832,157)	(28,156)	(27,860,313)
14,301,655	-	14,301,655
12,162,591	-	12,162,591
502,126	-	502,126
50,604	-	50,604
1,117,592	-	1,117,592
3,355,850	206,201	3,562,051
195,271	-	195,271
13,794	-	13,794
(1,150,689)	1,150,689	-
30,548,794	1,356,890	31,905,684
2,716,637	1,328,734	4,045,371
31,149,629	20,789,026	51,938,655
\$ 33,866,266	\$ 22,117,760	\$ 55,984,026

CITY OF SIGNAL HILL

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2008

	General	Affordable Housing Special Revenue Fund	Debt Service Fund
ASSETS			
Cash and investments	\$ 18,341,896	\$ 5,506,430	\$ 9,811,044
Restricted cash and investments	-	14	2,063
Accounts receivable	1,873,609	212,187	880,592
Accrued interest receivable	168,392	43,973	87,502
Due from other funds	126,133	-	-
Due from other governments	581,452	-	-
Advances to other funds	10,166,667	170,623	-
Deposits	-	-	-
Rehabilitation loans receivable	-	-	-
Land and improvements held for resale or lease, net	-	-	-
TOTAL ASSETS	\$ 31,258,149	\$ 5,933,227	\$ 10,781,201
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 410,224	\$ 13,264	\$ 970,231
Accrued liabilities	15,979	1,961	-
Deferred revenue	748,119	-	-
Due to other funds	-	-	-
Owner participation agreement payable	-	-	1,282,062
Refundable deposits	431,609	-	-
Advances from other funds	-	-	10,166,667
TOTAL LIABILITIES	1,605,931	15,225	12,418,960
FUND BALANCES (DEFICIT):			
Reserved	10,000,000	5,918,002	2,063
Unreserved:			
General fund	19,652,218	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	(1,639,822)
TOTAL FUND BALANCES (DEFICIT)	29,652,218	5,918,002	(1,637,759)
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,258,149	\$ 5,933,227	\$ 10,781,201

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

Capital Projects Funds		Other	Total
Capital Improvement	Community Redevelopment	Governmental Funds	Governmental Funds
\$ 105,253	\$ 5,601,498	\$ 6,703,420	\$ 46,069,541
-	20,126,232	-	20,128,309
-	-	132,335	3,098,723
-	234,503	76,688	611,058
-	-	-	126,133
57,403	-	9,510	648,365
-	-	-	10,337,290
-	150,000	-	150,000
-	-	14,174	14,174
-	927,177	-	927,177
<u>\$ 162,656</u>	<u>\$ 27,039,410</u>	<u>\$ 6,936,127</u>	<u>\$ 82,110,770</u>

\$ 36,199	\$ 214,009	\$ 58,148	\$ 1,702,075
-	5,213	3,946	27,099
53,808	15,530	18,704	836,161
72,649	-	53,484	126,133
-	-	-	1,282,062
-	1,963,993	-	2,395,602
-	-	185,373	10,352,040
<u>162,656</u>	<u>2,198,745</u>	<u>319,655</u>	<u>16,721,172</u>

-	24,840,665	-	40,760,730
-	-	-	19,652,218
-	-	6,616,472	6,616,472
-	-	-	(1,639,822)
<u>-</u>	<u>24,840,665</u>	<u>6,616,472</u>	<u>65,389,598</u>
<u>\$ 162,656</u>	<u>\$ 27,039,410</u>	<u>\$ 6,936,127</u>	<u>\$ 82,110,770</u>

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CITY OF SIGNAL HILL

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

June 30, 2008

Fund balances - total governmental funds \$ 65,389,598

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

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

Land	\$ 27,673,385	
Construction in progress	673,981	
Infrastructure, net of \$11,414,586 accumulated depreciation	11,311,769	
Structures and improvements, net of \$6,456,847 accumulated depreciation	3,407,681	
Equipment, net of \$1,524,131 accumulated depreciation	<u>680,757</u>	
Total capital assets used in governmental activities		43,747,573

Certain receivables will be collected after year-end, but are not available soon enough to pay for current-period expenditures, and therefore are offset by deferred revenue in the funds. Those receivables at June 30, 2008 totaled: 820,631

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. 1,817,068

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Related deferred charges are not recorded as assets under the modified accrual basis of accounting. Interest on long-term debt is not accrued in governmental funds. Balances at June 30, 2008 are:

Accrued interest on long-term debt		(1,321,739)
Tax allocation bonds	\$(72,495,000)	
Less: Deferred charges on refunding (amortized as interest expense)	523,786	
Less: Deferred charges for issuance costs (amortized over life of debt)	2,001,091	
Less: Issuance discounts (amortized as interest expense)	163,186	
Note payable	(3,865,848)	
Loans payable	(2,000,000)	
Compensated absences	<u>(914,080)</u>	
Total long-term liabilities		<u>(76,586,865)</u>

Net assets of governmental activities \$ 33,866,266

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, 2008

	General	Affordable Housing Special Revenue Fund	Debt Service Fund
REVENUES:			
Property taxes	\$ 1,402,361	\$ 2,579,860	\$ 10,319,434
Sales and use tax	12,567,135	-	-
Other taxes	1,667,577	-	-
Licenses and permits	278,317	-	-
Intergovernmental revenues	206,885	-	-
Charges for services	1,075,766	-	-
Fines and forfeitures	260,858	-	-
Investment income	1,336,728	250,012	428,581
Developer fees	-	-	-
Sale of land held for resale	-	-	-
Other revenue	326,504	-	298
TOTAL REVENUES	<u>19,122,131</u>	<u>2,829,872</u>	<u>10,748,313</u>
EXPENDITURES:			
Current:			
General government	3,049,178	-	-
Community services	1,356,284	-	-
Police	7,339,992	-	-
Community development	961,090	130,816	1,625,548
Public works	3,976,963	-	-
Capital outlay	106,535	53,455	-
Debt service:			
Owner participation agreement	-	-	1,282,062
Principal retirement	-	-	2,545,000
Interest	-	-	4,018,707
Bond issuance costs	-	-	422,221
Fiscal agent fees	-	-	16,725
TOTAL EXPENDITURES	<u>16,790,042</u>	<u>184,271</u>	<u>9,910,263</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,332,089</u>	<u>2,645,601</u>	<u>838,050</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,261,571	230,000	1,332,808
Transfers out	(548,253)	(1,332,808)	(10,230,000)
Refunding bonds issued	-	-	14,970,000
Bond discount	-	-	(62,239)
Payment to refunding escrow agent	-	-	(14,390,811)
TOTAL OTHER FINANCING SOURCES (USES)	<u>713,318</u>	<u>(1,102,808)</u>	<u>(8,380,242)</u>
NET CHANGE IN FUND BALANCES	3,045,407	1,542,793	(7,542,192)
FUND BALANCES AT BEGINNING OF YEAR	<u>26,606,811</u>	<u>4,375,209</u>	<u>5,904,433</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 29,652,218</u>	<u>\$ 5,918,002</u>	<u>\$ (1,637,759)</u>

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

Capital Projects Funds		Other	Total
Capital	Community	Governmental	Governmental
Improvement	Redevelopment	Funds	Funds
\$ -	\$ -	\$ -	\$ 14,301,655
-	-	-	12,567,135
-	-	472,165	2,139,742
-	-	-	278,317
103,165	-	499,815	809,865
-	-	2,482	1,078,248
-	-	148,372	409,230
-	1,074,337	457,154	3,546,812
-	-	631,909	631,909
-	4,036,006	-	4,036,006
-	584,580	-	911,382
<u>103,165</u>	<u>5,694,923</u>	<u>2,211,897</u>	<u>40,710,301</u>
-	-	4,946	3,054,124
-	-	49,840	1,406,124
-	-	179,801	7,519,793
-	425,785	180,095	3,323,334
-	-	37,842	4,014,805
903,787	10,421,067	12,925	11,497,769
-	-	-	1,282,062
-	-	-	2,545,000
-	-	-	4,018,707
-	-	-	422,221
-	-	-	16,725
<u>903,787</u>	<u>10,846,852</u>	<u>465,449</u>	<u>39,100,664</u>
<u>(800,622)</u>	<u>(5,151,929)</u>	<u>1,746,448</u>	<u>1,609,637</u>
895,911	10,046,570	78,461	13,845,321
(869,351)	-	(2,015,598)	(14,996,010)
-	-	-	14,970,000
-	-	-	(62,239)
-	-	-	(14,390,811)
<u>26,560</u>	<u>10,046,570</u>	<u>(1,937,137)</u>	<u>(633,739)</u>
(774,062)	4,894,641	(190,689)	975,898
<u>774,062</u>	<u>19,946,024</u>	<u>6,807,161</u>	<u>64,413,700</u>
<u>\$ -</u>	<u>\$ 24,840,665</u>	<u>\$ 6,616,472</u>	<u>\$ 65,389,598</u>

CITY OF SIGNAL HILL

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

For the year ended June 30, 2008

Net change in fund balances - total governmental funds \$ 975,898

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$731,134) exceeded capitalizable capital outlays (\$535,219) in the current period: (195,915)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items are as follows:

Principal payments	\$ 2,545,000	
Payment to advance refunding escrow	14,390,811	
Issuance of refunding bonds	(14,970,000)	
Costs of issuance of new debt	422,221	
Discount on new debt	62,239	
Amortization of issuance costs	(117,551)	
Amortization of deferred amount on refunding	(57,114)	
Amortization of bond discounts	(9,397)	
		2,266,209

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.

Net change in accrued interest	\$ 91,236	
Net change in compensated absences	(121,257)	
		(30,021)

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. (334,724)

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. 35,190

Change in net assets of governmental activities \$ 2,716,637

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

CITY OF SIGNAL HILL

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2008

	Business-type Activity	Governmental Activity
ASSETS	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CURRENT ASSETS:		
Cash and investments	\$ 3,986,366	\$ 1,036,331
Restricted cash and investments	687,705	-
Accounts receivable	513,664	-
Accrued interest receivable	25,092	9,634
Inventory	-	26,262
TOTAL CURRENT ASSETS	5,212,827	1,072,227
NONCURRENT ASSETS:		
Advance to other funds	14,750	-
Deferred charges	214,158	-
Capital assets:		
Land	4,436,916	-
Construction in progress	-	-
Depreciable assets, net of accumulated depreciation	21,218,002	755,359
TOTAL NONCURRENT ASSETS	25,883,826	755,359
TOTAL ASSETS	31,096,653	1,827,586
LIABILITIES		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	189,661	10,671
Accrued liabilities	17,758	3,557
Accrued interest payable	61,071	-
Refundable deposits	325,518	-
Current portion of long-term liabilities	390,616	4,270
TOTAL CURRENT LIABILITIES	984,624	18,498
LONG-TERM LIABILITIES:		
Loan payable	302,380	-
Certificates payable	7,655,099	-
Compensated absences	26,664	2,146
TOTAL LONG-TERM LIABILITIES	7,984,143	2,146
TOTAL LIABILITIES	8,968,767	20,644
NET ASSETS:		
Invested in capital assets, net of related debt	18,009,549	755,359
Restricted for debt service	687,705	-
Unrestricted	3,430,632	1,051,583
TOTAL NET ASSETS	22,127,886	\$ 1,806,942
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(10,126)	
Net assets of business-type activity	\$ 22,117,760	

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

CITY OF SIGNAL HILL

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

For the year ended June 30, 2008

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 3,351,704	\$ 533,208
Other revenues	334	-
TOTAL OPERATING REVENUES	<u>3,352,038</u>	<u>533,208</u>
OPERATING EXPENSES:		
Personnel services	976,330	196,165
Contractual services	110,226	3,921
Supplies	465,595	3,732
Material and repairs	171,197	95,754
Utilities	301,621	2,640
Depreciation/amortization	770,171	254,471
Other	167,900	22,001
TOTAL OPERATING EXPENSES	<u>2,963,040</u>	<u>578,684</u>
OPERATING INCOME (LOSS)	<u>388,998</u>	<u>(45,476)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	206,201	59,870
Interest expense	(407,402)	-
Fiscal agent fees	(2,750)	-
Gain on disposal of assets	-	13,794
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(203,951)</u>	<u>73,664</u>
INCOME BEFORE TRANSFERS	185,047	28,188
TRANSFERS IN	<u>1,150,689</u>	<u>-</u>
CHANGE IN NET ASSETS	1,335,736	28,188
TOTAL NET ASSETS AT BEGINNING OF YEAR		<u>1,778,754</u>
TOTAL NET ASSETS AT END OF YEAR		<u>\$ 1,806,942</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(7,002)</u>	
Change in net assets of business-type activity	<u>\$ 1,328,734</u>	

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

CITY OF SIGNAL HILL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2008

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,347,479	\$ -
Receipts from interfund services provided	-	533,208
Payments to suppliers	(1,128,846)	(128,950)
Payments to employees	(952,355)	(191,998)
	1,266,278	212,260
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Advance repayment from other funds	14,750	-
Cash received from other funds	1,150,689	-
	1,165,439	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from disposition of capital assets	-	15,465
Acquisition of property, plant and equipment	(1,150,690)	(306,181)
Principal paid	(365,595)	-
Interest paid	(372,226)	-
Fiscal agent fees	(2,750)	-
	(1,891,261)	(290,716)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	213,631	61,449
	213,631	61,449
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	754,087	(17,007)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		
	3,919,984	1,053,338
CASH AND CASH EQUIVALENTS - END OF YEAR		
	\$ 4,674,071	\$ 1,036,331

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, 2008

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
RECONCILIATION OF OPERATING (INCOME) LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 388,998	\$ (45,476)
Depreciation/amortization	770,171	254,471
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(7,281)	-
(Increase) decrease in inventory	-	(6,831)
Increase (decrease) in accounts payable	87,693	5,929
Increase (decrease) in accrued liabilities	17,758	3,557
Increase (decrease) in refundable deposits	2,722	-
Increase (decrease) in compensated absences	6,217	610
	<u>\$ 1,266,278</u>	<u>\$ 212,260</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,266,278</u>	<u>\$ 212,260</u>

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

CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND

June 30, 2008

	<u>Special Deposit Agency Fund</u>
ASSETS:	
Cash and investments	<u>\$ 1,235,559</u>
LIABILITIES:	
Refundable deposits	<u>\$ 1,235,559</u>

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

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

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

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

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

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

B. Government-Wide and Fund Financial Statements:

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

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

D. Cash and Cash Equivalents:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Investments:

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

F. Restricted Assets:

Cash and investments totaling \$20,128,309 are restricted in the Affordable Housing Special Revenue Fund, the Debt Service Fund and the Community Redevelopment Capital Projects Fund in accordance with bond indentures. Cash and investments totaling \$687,705 are restricted in the Water Enterprise Fund in accordance with bond indentures.

G. Capital Assets:

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets consist of roads, bridges, trails, traffic signals and sewer lines. Capital assets are defined by the City as assets, 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/amortized using the straight-line method over the following estimated useful lives:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Inventory:

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

I. Employee Compensated Absences:

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

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

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

J. Deferred Charges:

Deferred bond issue costs related to governmental and business-type activities were \$2,001,091 and \$214,158, respectively, net of accumulated amortization, as of June 30, 2008. The costs are amortized on a straight-line basis through 2026, respectively. Amortization expense totaled \$117,551 and \$11,681, respectively, for the year ended June 30, 2008.

K. Property Taxes:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

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 2007-2008, deposits of \$318,742 were recorded as an insurance expenditure.

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

At June 30, 2008, the net asset component, invested in capital assets, net of related debt, was determined as follows:

	Governmental <u>Activities</u>	Business-type <u>Activity</u>
Capital assets, net of accumulated depreciation	\$ 44,502,932	\$ 25,654,918
Less:		
Refunding bonds, net	-	(7,955,099)
Loan payable	-	(377,975)
Add back:		
Unspent refunding bonds proceeds	-	<u>687,705</u>
Total	<u>\$ 44,502,932</u>	<u>\$ 18,009,549</u>

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.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2008 are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets	Total
Cash and investments	\$ 51,092,238	\$ 1,235,559	\$ 52,327,797
Restricted cash and investments	<u>20,816,014</u>	<u>-</u>	<u>20,816,014</u>
Total Cash and Investments	<u>\$ 71,908,252</u>	<u>\$ 1,235,559</u>	<u>\$ 73,143,811</u>

Cash and investments at June 30, 2008 consisted of the following:

Cash on hand	\$ 3,825
Deposits with financial institutions	116,365
Investments	<u>73,023,621</u>
Total Cash and Investments	<u>\$ 73,143,811</u>

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
United States (U.S.) Treasury Obligations	5 years	None	None
U.S. Government Sponsored			
Enterprise Securities	5 years	None	40%
Banker's Acceptances	180 days	40%	10%
Time Certificate of Deposits	1 year	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	2%	None
Medium-Term Corporate Notes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

N/A - Not Applicable

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

Investments Authorized by Debt Agreements:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk:

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

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
Local Agency Investment Fund	\$ 33,399,342	\$ -	\$ -	\$ 33,399,342
U.S. Government Sponsored Enterprise Securities:				
FHLMC	1,445,763	1,515,556	5,153,570	8,114,889
FHLB	-	6,095,312	13,776,004	19,871,316
FFCB	-	-	2,035,877	2,035,877
Commercial Paper	3,311,536	-	-	3,311,536
Corporate Notes	-	-	5,587,902	5,587,902
Held by Bond Trustee:				
Money Market Mutual Funds	24,040	-	-	24,040
U.S. Government Sponsored Enterprise Securities:				
FHLMC	678,719	-	-	678,719
	<u>\$ 38,859,400</u>	<u>\$ 7,610,868</u>	<u>\$ 26,553,353</u>	<u>\$ 73,023,621</u>

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating as required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year end for each investment type:

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk (Continued):

Investment Type	Total as of June 30, 2008	Minimum Legal Rating	AAA	Other Ratings	Not Rated
Local Agency Investment Fund	\$ 33,399,342	N/A	\$ -	\$ -	\$ 33,399,342
U.S. Government Sponsored					
Enterprise Securities:					
FHLMC	8,114,889	N/A	8,114,889	-	-
FHLB	19,871,316	N/A	19,871,316	-	-
FFCB	2,035,877	N/A	2,035,877	-	-
Commercial Paper	3,311,536	A	3,311,536	-	-
Corporate Notes	5,587,902	A	3,645,702	1,942,200	-
Held by Bond Trustee:					
Money Market Mutual Funds	24,040	A	24,040	-	-
U.S. Government Sponsored					
Enterprise Securities:					
FHLMC	<u>678,719</u>	AAA	<u>678,719</u>	-	-
Total	<u>\$ 73,023,621</u>		<u>\$ 37,682,079</u>	<u>\$ 1,942,200</u>	<u>\$ 33,399,342</u>

Other ratings on Corporate Notes are as follows:

AA	\$ 968,310
A+	487,335
A	<u>486,555</u>
	<u>\$ 1,942,200</u>

N/A - Not Applicable

Concentration of Credit Risk:

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$ 8,114,889
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	19,871,316

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2008, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$100,000 and the remaining balances were collateralized under California Law. The FHLMC investment held by bond trustee is uninsured, unregistered and not held in the City's name.

Investment in State Investment Pool:

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

3. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2008 was as follows:

Governmental Activities:

	<u>Balance at</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 27,673,385	\$ -	\$ -	\$ 27,673,385
Construction in progress	<u>383,181</u>	<u>515,961</u>	<u>(225,161)</u>	<u>673,981</u>
 Total capital assets, not being depreciated	 <u>28,056,566</u>	 <u>515,961</u>	 <u>(225,161)</u>	 <u>28,347,366</u>
 Capital assets, being depreciated:				
Structures and improvements	9,847,137	225,161	-	10,072,298
Equipment and furniture	2,323,686	25,013	-	2,348,699
Vehicles and major equipment	2,006,810	300,426	(162,315)	2,144,921
Infrastructure	<u>22,726,355</u>	<u>-</u>	<u>-</u>	<u>22,726,355</u>
 Total capital assets, being depreciated	 <u>36,903,988</u>	 <u>550,600</u>	 <u>(162,315)</u>	 <u>37,292,273</u>
 Less accumulated depreciation for:				
Structure and improvements	(6,502,910)	(117,884)	-	(6,620,794)
Equipment and furniture	(1,566,218)	(91,793)	-	(1,658,011)
Vehicle and major equipment	(1,358,760)	(245,200)	160,644	(1,443,316)
Infrastructure	<u>(10,883,858)</u>	<u>(530,728)</u>	<u>-</u>	<u>(11,414,586)</u>
 Total accumulated depreciation	 <u>(20,311,746)</u>	 <u>(985,605)</u>	 <u>160,644</u>	 <u>(21,136,707)</u>
 Total capital assets, being depreciated, net	 <u>16,592,242</u>	 <u>(435,005)</u>	 <u>(1,671)</u>	 <u>16,155,566</u>
 Total governmental activities capital, net	 <u>\$ 44,648,808</u>	 <u>\$ 80,956</u>	 <u>\$ (226,832)</u>	 <u>\$ 44,502,932</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

3. CAPITAL ASSETS (CONTINUED):

Capital Asset Activity (Continued):

Business-type Activity:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Capital assets, not being depreciated				
Land	\$ 4,436,916	\$ -	\$ -	\$ 4,436,916
Construction in progress	234,380	1,150,690	(1,385,070)	-
Total capital assets, not being depreciated	<u>4,671,296</u>	<u>1,150,690</u>	<u>(1,385,070)</u>	<u>4,436,916</u>
Capital assets, being depreciated:				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	11,905,537	128,314	-	12,033,851
Wells	937,390	1,094,573	-	2,031,963
Mains	9,897,973	-	-	9,897,973
Pumps	1,033,620	-	-	1,033,620
Fire hydrants	688,263	-	-	688,263
Meters	510,346	-	-	510,346
Services	1,449,220	-	-	1,449,220
Structures	1,049,775	162,183	-	1,211,958
Equipment and furniture	1,587,115	-	-	1,587,115
Total capital assets, being depreciated	<u>30,274,425</u>	<u>1,385,070</u>	<u>-</u>	<u>31,659,495</u>
Less accumulated depreciation/ amortization for:				
Water rights	(485,173)	(30,380)	-	(515,553)
Reservoirs and tanks	(1,892,813)	(268,482)	-	(2,161,295)
Wells	(605,767)	(34,528)	-	(640,295)
Mains	(3,888,237)	(195,491)	-	(4,083,728)
Pumps	(566,897)	(25,241)	-	(592,138)
Fire hydrants	(504,241)	(20,080)	-	(524,321)
Meters	(307,750)	(51,983)	-	(359,733)
Services	(552,978)	(28,984)	-	(581,962)
Structures	(302,470)	(25,353)	-	(327,823)
Equipment and furniture	(564,996)	(89,649)	-	(654,645)
Total accumulated depreciation	<u>(9,671,322)</u>	<u>(770,171)</u>	<u>-</u>	<u>(10,441,493)</u>
Total capital assets, being depreciated, net	<u>20,603,103</u>	<u>614,899</u>	<u>-</u>	<u>21,218,002</u>
Total business-type activity capital assets, net	<u>\$ 25,274,399</u>	<u>\$ 1,765,589</u>	<u>\$(1,385,070)</u>	<u>\$ 25,654,918</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

3. CAPITAL ASSETS (CONTINUED):

Depreciation/Amortization Expense:

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

Governmental activities:	
General government	\$ 2,503
Community services	377
Police	74,576
Public works	122,950
Internal service fund depreciation charged to programs	<u>254,471</u>
Allocated depreciation	454,877
Unallocated infrastructure depreciation	<u>530,728</u>
Total depreciation expense - governmental activities	<u>\$ 985,605</u>
Business-type activity:	
Water	<u>\$ 770,171</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008	Due Within One Year
Governmental activities:					
Bonds payable:					
1993 TABs Series B	\$ 14,375,000	\$ -	\$(14,375,000)	\$ -	\$ -
2001 TABs	11,435,000	-	(510,000)	10,925,000	525,000
2003 TABs Series A	20,120,000	-	(1,050,000)	19,070,000	1,075,000
2003 TABs Series B	1,325,000	-	(650,000)	675,000	675,000
2003 TABs Series C	10,825,000	-	(75,000)	10,750,000	75,000
2003 TABs Series D	2,865,000	-	(120,000)	2,745,000	125,000
2006 TABs	13,500,000	-	(140,000)	13,360,000	205,000
2007 Refunding TABs	-	14,970,000	-	14,970,000	165,000
Less deferred amounts:					
For issuance discounts	(110,344)	(62,239)	9,397	(163,186)	-
On refunding	(565,089)	(15,811)	57,114	(523,786)	-
Total bonds payable	73,769,567	14,891,950	(16,853,489)	71,808,028	2,845,000
Note payable	3,865,847	-	-	3,865,847	-
Loans payable	2,000,000	-	-	2,000,000	-
Compensated absences	798,630	565,569	(443,702)	920,497	284,106
 Total governmental activities	 <u>\$ 80,434,044</u>	 <u>\$ 15,457,519</u>	 <u>\$(17,297,191)</u>	 <u>\$ 78,594,372</u>	 <u>\$ 3,129,106</u>
Business-type activity:					
2006 Water revenue refunding bonds	\$ 8,705,000	\$ -	\$ (290,000)	\$ 8,415,000	\$ 300,000
Less deferred amounts:					
For issuance discount	(10,032)	-	519	(9,513)	519
On refunding	(474,955)	-	24,567	(450,388)	24,567
Total refunding bonds payable	8,220,013	-	(264,914)	7,955,099	325,086
Loan payable	453,570	-	(75,595)	377,975	75,595
Compensated absences	35,468	28,288	(22,071)	41,685	15,021
 Total business-type activity	 <u>\$ 8,709,051</u>	 <u>\$ 28,288</u>	 <u>\$ (362,580)</u>	 <u>\$ 8,374,759</u>	 <u>\$ 415,702</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

A. 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.

On August 28, 2003, \$13,465,000 of the 1993 Series B Bonds were advance refunded with proceeds from the Agency's 2003 Tax Allocation Parity Refunding Bonds, Series A. As a result, this portion of the 1993 Series B Bonds are considered to be defeased and the liability for this portion has been removed from the long-term liabilities. These defeased 1993 Series B Bonds were retired as of June 30, 2004.

The remaining 1993 Series B Bonds are term bonds in the amount of \$14,375,000 which mature on October 1, 2023 and bear interest semiannually at a rate of 5.25%. The term bonds are subject to optional redemption at a price equal to the principal amounts, plus accrued interest to the redemption date. On November 15, 2007, these term bonds were advance refunded with proceeds from the Agency's 2007 Tax Allocation Refunding Parity Bonds, Series A.

B. 2001 Tax Allocation Bonds:

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

B. 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 from MBIA Insurance Corporation. Since the date of purchase, MBIA's rating by Moody's Investors Services has been downgraded from "Aaa" to "Baa1".

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 525,000	\$ 445,185	\$ 970,185
2010	540,000	427,605	967,605
2011	555,000	408,574	963,574
2012	575,000	388,085	963,085
2013	595,000	366,291	961,291
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	<u>\$ 10,925,000</u>	<u>\$ 4,176,568</u>	<u>\$ 15,101,568</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

C. 2003 Tax Allocation Bonds - Series A:

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

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

Principal amounts on the 2003 A Bonds mature annually each October 1, from 2004 to 2023, and bear interest semiannually beginning April 1, 2004 at rates ranging from 2.0% to 5.25%. The 2003 A Bonds maturing on or after October 1, 2014 are subject to optional redemption, without premium commencing October 1, 2013.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 1,075,000	\$ 737,205	\$ 1,812,205
2010	1,820,000	695,124	2,515,124
2011	1,875,000	633,839	2,508,839
2012	1,945,000	563,386	2,508,386
2013	2,285,000	482,646	2,767,646
2014 - 2018	8,090,000	1,078,000	9,168,000
2019 - 2023	1,615,000	294,314	1,909,314
2024	<u>365,000</u>	<u>9,125</u>	<u>374,125</u>
Totals	<u>\$ 19,070,000</u>	<u>\$ 4,493,639</u>	<u>\$ 23,563,639</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

D. 2003 Tax Allocation Bonds - Series B:

On August 28, 2003, the Agency issued the Signal Hill Redevelopment Project No. 1 2003 Taxable Tax Allocation Parity Bonds, Series B (2003 B Bonds) in the amount of \$3,170,000. 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.

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%. The 2003 Bonds are not subject to optional redemption.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ <u>675,000</u>	\$ <u>13,534</u>	\$ <u>688,534</u>

E. 2003 Tax Allocation Bonds - Series C:

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

E. 2003 Tax Allocation Bonds - Series C (Continued):

Principal amounts on the 2003 C Bonds mature annually each October 1, from 2004 to 2023, and bear interest semiannually beginning April 1, 2004 at rates ranging from 1.10% to 4.625%. The 2003 C Bonds maturing on or after October 1, 2014 are subject to optional redemption commencing October 1, 2013 without premium.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 75,000	\$ 452,589	\$ 527,589
2010	80,000	450,705	530,705
2011	80,000	448,465	528,465
2012	80,000	445,985	525,985
2013	85,000	443,218	528,218
2014 - 2018	2,495,000	2,085,590	4,580,590
2019 - 2023	6,400,000	1,055,300	7,455,300
2024	<u>1,455,000</u>	<u>32,738</u>	<u>1,487,738</u>
Totals	<u>\$ 10,750,000</u>	<u>\$ 5,414,590</u>	<u>\$ 16,164,590</u>

F. 2003 Tax Allocation Bonds - Series D:

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

F. 2003 Tax Allocation Bonds - Series D (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 125,000	\$ 153,037	\$ 278,037
2010	130,000	146,752	276,752
2011	140,000	140,096	280,096
2012	145,000	133,071	278,071
2013	110,000	126,785	236,785
2014 - 2018	480,000	545,669	1,025,669
2019 - 2023	400,000	426,075	826,075
2024 - 2025	<u>1,215,000</u>	<u>103,305</u>	<u>1,318,305</u>
Totals	<u>\$ 2,745,000</u>	<u>\$ 1,774,790</u>	<u>\$ 4,519,790</u>

G. 2006 Tax Allocation Bonds:

On September 7, 2006, the Agency issued the 2006 Taxable Tax Allocation Parity Bonds, Series A in the amount of \$13,500,000. Proceeds of the 2006 Taxable Tax Allocation Parity Bonds will be used to (i) finance redevelopment activities of the Agency within or of benefit to the Redevelopment Project, (ii) satisfy the Reserve Requirement for the Bonds and (iii) provide for the cost of issuing the Bonds. The Agency anticipates using the proceeds to fund the costs of infrastructure improvements as well as offsite improvements for commercial development and for land acquisition associated with the City's Auto Center.

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

G. 2006 Tax Allocation Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

Year Ending June 30.	Principal	Interest	Total
2009	\$ 205,000	\$ 769,984	\$ 974,984
2010	200,000	758,682	958,682
2011	215,000	747,102	962,102
2012	225,000	734,824	959,824
2013	160,000	724,080	884,080
2014 - 2018	930,000	3,479,735	4,409,735
2019 - 2023	1,465,000	3,131,310	4,596,310
2024 - 2026	<u>9,960,000</u>	<u>1,434,350</u>	<u>11,394,350</u>
Totals	<u>\$ 13,360,000</u>	<u>\$ 11,780,067</u>	<u>\$ 25,140,067</u>

H. 2007 Refunding Tax Allocation Bonds:

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

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

H. 2007 Refunding Tax Allocation Bonds (Continued):

Under the terms of the issue, the maximum annual debt service amount of \$2,073,645 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 from MBIA Insurance Corporation. Since the date of purchase, MBIA's rating by Moody's Investors Services has been downgraded from "Aaa" to "Baa1".

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 165,000	\$ 612,404	\$ 777,404
2010	95,000	607,204	702,204
2011	100,000	603,304	703,304
2012	105,000	599,204	704,204
2013	110,000	594,904	704,904
2014 - 2018	3,425,000	2,793,019	6,218,019
2019 - 2023	8,940,000	1,401,329	10,341,329
2024 - 2024	<u>2,030,000</u>	<u>43,645</u>	<u>2,073,645</u>
Totals	<u>\$ 14,970,000</u>	<u>\$ 7,255,013</u>	<u>\$ 22,225,013</u>

I. Note Payable:

A \$5,000,000 note payable dated October 29, 1991, resulted from the acquisition of real property held for resale by the Agency. The note bears interest at 10% per annum. Interest and principal payments are due semi-annually on July 30 and January 30 in an amount equal to the sales tax revenue received or to be received by the City from all businesses and activities conducted on the property. Payments will be made for a period of 20 years (ending December 31, 2012) or until interest and principal due on the note is paid in full. In the event that payments are insufficient to fully discharge the note in 20 years, the unpaid balance of principal and interest will be forgiven. At June 30, 2008, the outstanding balance of this note was \$3,865,847.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

I. Note Payable (Continued):

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, 2008 are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ -	\$ 295,450	\$ 295,450
2010	-	304,314	304,314
2011	-	313,444	313,444
2012	-	322,847	322,847
2013	-	163,809	163,809
Subtotal	-	1,399,864	1,399,864
Estimated amount to be forgiven	3,865,847	619,035	4,484,882
Totals	<u>\$ 3,865,847</u>	<u>\$ 2,018,899</u>	<u>\$ 5,884,746</u>

J. Loans Payable:

On March 1, 2001 the Agency received a \$1,000,000 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan were used to acquire property for rehabilitation, and project sites for construction of multifamily rental housing. The loan bears simple interest at a rate of 3% per annum. The term of the loan is 10 years. Principal of \$1,000,000 and accrued interest of \$300,000 is due March 1, 2011. As of June 30, 2008, accrued unpaid interest totaled \$215,000.

On July 1, 2002, the City became eligible for a \$1,000,000 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan are to be used to pay for design costs for construction of multifamily rental housing. The loan bears simple interest at a rate of 3% per annum. The term of the loan is 10 years. Principal of \$1,000,000 and accrued interest of \$300,000 is due July 2, 2011. As of June 30, 2008, accrued unpaid interest totaled \$188,986.

K. Compensated Absences:

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

L. 2006 Water Revenue Refunding Bonds:

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

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

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 300,000	\$ 360,426	\$ 660,426
2010	310,000	348,226	658,226
2011	325,000	335,526	660,526
2012	335,000	322,327	657,327
2013	350,000	308,626	658,626
2014 - 2018	1,980,000	1,311,988	3,291,988
2019 - 2023	2,435,000	834,669	3,269,669
2024 - 2027	<u>2,380,000</u>	<u>225,874</u>	<u>2,605,874</u>
Totals	<u>\$ 8,415,000</u>	<u>\$ 4,047,662</u>	<u>\$ 12,462,662</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

M. Proprietary Loan Payable:

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

The annual requirements to amortize outstanding indebtedness as of June 30, 2008, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>
2009	\$ 75,595
2010	75,595
2011	75,595
2012	75,595
2013	<u>75,595</u>
Total	<u>\$ 377,975</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

N. Operating Lease Obligations:

(1). The Agency is leasing land used for an Auto Center under an operating lease dated June 30, 1988. The term of the lease expires November 30, 2055. The current period rental payments, which are classified as project costs, were \$223,100.

Future minimum rental payments are due as follows:

Year Ending June 30,	
2009	\$ 224,100
2010	224,100
2011	232,325
2012	238,200
2013	238,200
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	<u>875,076</u>
Total	<u>\$ 13,980,076</u>

The operating lease covers three parcels of land, which are subleased to auto dealers. For the year ended June 30, 2008, the Agency received \$246,268 in rental payments to offset the Agency's lease payments to the lessor.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

N. Operating Lease Obligations (Continued):

(2). The Agency is leasing land for an Auto Center under an operating lease dated December 21, 1993 and amended May 7, 1996. The term of the lease expires December 31, 2055. The current period rental payments, which are classified as project costs, were \$207,504.

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

Year Ending <u>June 30,</u>	
2009	\$ 207,504
2010	210,718
2011	213,831
2012	213,731
2013	213,731
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 - 2055	<u>545,554</u>
Total minimum lease payments	<u>\$ 11,307,397</u>

The operating lease covers five parcels of land, which are subleased to auto dealers. For the year ended June 30, 2008, the Agency received \$258,312 in rental payments to offset the Agency's lease payments to lessor.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2008, is as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Improvement Capital Projects Fund	\$ 72,649
	Other Governmental Funds	<u>53,484</u>
		<u>\$ 126,133</u>

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

Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 10,166,667
Affordable Housing Special Revenue	Other Governmental Funds	170,623
Water Enterprise	Other Governmental Funds	<u>14,750</u>
		<u>\$ 10,352,040</u>

A. On March 18, 2008, the City made an advance of \$10,000,000 to the Agency from the General Fund to provide financial assistance for the Agency's property acquisition program related to Phase II of the Signal Hill Automotive Center. The advance bears interest at a rate of 10% compounded annually. Repayment of the advance and accrued unpaid interest is to commence no later than October 2, 2017. Currently, there is no set payment schedule.

B. In February 2003, the City agreed to reimburse the Agency for 50% of certain land acquisition costs associated with a low and moderate income housing project since certain parcels of land would be used to develop a City park. The Agency transferred these parcels to the City for park development in August 2003. The reimbursement amount totaled \$434,372 as of June 30, 2003. The City made an initial reimbursement payment of \$150,000 during the year ended June 30, 2004. The remainder of the reimbursement is payable in ten equal annual amounts of \$28,437 through the year ending June 30, 2014. No interest will accrue on this advance. The balance due from the City of Signal Hill as of June 30, 2008 is \$170,623.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

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

Advances From/To Other Funds (Continued):

C. 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, 2008 was \$14,750.

Interfund Transfers:

<u>Transfer In to Fund</u>	<u>Transfers Out of Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Capital Projects Fund	\$ 869,351
	Other Governmental Funds	392,220
Affordable Housing Special Revenue Fund	Debt Service Fund	230,000
Debt Service Fund	Affordable Housing Special Revenue Fund	1,332,808
Capital Improvement Capital Projects Fund	General Fund	474,667
	Other Governmental Funds	421,244
Community Redevelopment Capital Projects Fund	Debt Service Fund	10,000,000
	Other Governmental Funds	46,570
Other Governmental Funds	General Fund	73,586
	Other Governmental Funds	4,875
Water Enterprise Fund	Other Governmental Funds	<u>1,150,689</u>
		<u>\$ 14,996,010</u>

Transfers provided funding for capital projects, debt service, traffic signal and street maintenance, and police activities related to traffic safety. The transfer from the Debt Service Fund to the Community Redevelopment Capital Projects Fund specifically provided funding for the acquisition of property related to Phase II of the Signal Hill Automotive Center.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

6. INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

For the year ended June 30, 2008, the Debt Service Fund and the OTS Grant Special Revenue Other Governmental Fund had deficit fund balances of \$1,637,759 and \$3,131, respectively. These deficits will be eliminated by future tax increment revenues and future revenues, respectively.

Expenditures Exceeding Appropriations:

For the year ended June 30, 2008, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Debt Service Fund:	
Community Development - Redevelopment	\$ 229,447
Community Redevelopment Capital Projects Fund:	
Capital outlay	1,193,479
Other Governmental Special Revenue Funds:	
Transportation - Community Development - Public Transportation	3,680
Proposition C - General Government - City Council	408

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.

7. PENSION PLAN:

Plan Description:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

7. PENSION PLAN (CONTINUED):

Funding Policy:

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

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

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-08 was 12.699% for local miscellaneous members and 33.954% for local safety members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS. The City's contributions to CalPERS for the past three years, which were equal to the required contribution each year, were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Local Miscellaneous</u>	<u>Local Safety</u>
2008	\$ 534,457	\$ 885,071
2007	525,736	813,864
2006	497,134	729,551

8. POST-EMPLOYMENT 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 \$519,617 for fiscal year 2007-08, and covered 70 individuals.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

9. DEFINED CONTRIBUTION PLANS:

Effective July 3, 1999, the City began providing pension benefits for all of its part-time, seasonal and temporary employees that are not covered under PERS through the City of Signal Hill Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6.20% by the employee and 1.3% 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, 2008, the employees contributed \$13,831 and the City contributed \$2,900 to the Plan.

On May 15, 2001, the City Council authorized establishment of a 401(a) Deferred Compensation Plans for its management and middle management employees. The Plans are qualified defined contribution plans under Section 401(a) of the Internal Revenue Code. Management and middle management employees will place their City-paid contributions which total 4.0% and 3.0%, respectively, of salary into the Plans. Management employees are required to match the 4% City contribution with a 8% employee contribution, and middle management employees are required to match the 3.0% City contribution with a 6% employee contribution. For the year ended June 30, 2008, the employees contributed \$153,627 and the City contributed \$48,330 to the Plans.

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

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 4% of management's compensation and up to 3% of middle management's compensation. Total matching contributions made by the City totaled \$12,843 for the fiscal year ended June 30, 2008.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

10. DEFERRED COMPENSATION (CONTINUED):

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

11. RESERVES AND DESIGNATIONS OF FUND BALANCES:

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

The City's reserves at June 30, 2008 are tabulated below followed by explanations as to the nature and purpose of each reserve.

	General Fund	Affordable Housing Special Revenue Fund	Debt Service Fund	Community Redevelopment Capital Projects Fund
RESERVES:				
Land held for resale	\$ -	\$ -	\$ -	\$ 927,177
Debt service	-	14	2,063	-
Redevelopment	-	-	-	23,763,488
Low and moderate income housing	-	5,747,365	-	-
Advances	10,000,000	170,623	-	-
Deposits	-	-	-	150,000
TOTAL	<u>\$ 10,000,000</u>	<u>\$ 5,918,002</u>	<u>\$ 2,063</u>	<u>\$ 24,840,665</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

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

DESIGNATIONS:	General Fund	Other Governmental Funds
Contingencies	\$ 6,607,588	\$ -
Equipment replacement	219,725	-
Insurance premium increases	410,688	-
Special revenue purposes	-	6,616,472
Capital improvements	2,075,704	-
Economic uncertainties	4,084,534	-
New police building	1,204,461	-
Library expansion	1,581,047	-
Park expansion	51,126	-
PERS reserve	724,485	-
Building and land acquisition	628,479	-
OPEB Reserve	1,843,833	-
NPDES Trash Reduction	220,548	-
TOTAL DESIGNATIONS	\$ 19,652,218	\$ 6,616,472

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY:

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

A. Description of Joint Powers Insurance Authority:

The City of Signal Hill is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

B. Self-insurance Programs of the Insurance Authority:

General Liability Insurance. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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

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

C. Purchased Insurance:

Property Insurance. The City of Signal Hill participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Signal Hill property is currently insured according to a schedule of covered property submitted by City of Signal Hill to the Authority. City of Signal Hill property currently has all-risk property insurance protection in the amount of \$32,090,038. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance. The City of Signal Hill purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Signal Hill property currently has earthquake protection in the amount of \$23,638,543. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

D. Adequacy of Protection:

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

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

13. OTHER INFORMATION:

A. Contingent Liabilities:

Litigation:

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

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 \$1,135,172 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, 2008, the City has paid the first component of the agreement in full. Also, as of June 30, 2008, the City paid \$1,135,172 to the District pursuant to the second component of the agreement leaving an outstanding balance of \$-0-.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

13. OTHER INFORMATION (CONTINUED):

B. Land and Improvements Held for Resale or Lease:

The Agency is leasing land to a few auto dealerships in the Auto Center under operating leases with terms that vary from month-to-month. During the year ended June 30, 2008, the Agency received \$80,000 in rental income from these leases. The Agency intends to sell this land as part of its overall redevelopment plan for the Auto Center upon termination of the leases. The land is recorded in the Capital Projects Fund at its acquisition cost of \$927,177.

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.

Pursuant to an Owner Participation and Implementation Agreement (OPIA) dated September 19, 1996, the Authority is required to pay a developer a formulated amount based on the sales tax generated at a site developed within the City of Signal Hill. The payments are due annually through the calendar year 2015. The source of these payments is to be provided by the Agency. The first source is available tax increment revenue which is limited based on the amount of the Agency's annual tax increment revenue less amounts required by law to be deposited in the Agency's Affordable Housing Special Revenue Fund. The second source is a loan from the City which would be made from the City's share of sales tax revenue generated from the developed site. No other sources of funds are available for payments. For the year ended June 30, 2008, the amount payable to the developer is \$1,282,062.

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES

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CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,285,400	\$ 1,338,000	\$ 1,402,361	\$ 64,361
Sales and use tax	11,985,000	12,179,000	12,567,135	388,135
Other taxes	1,405,800	1,692,000	1,667,577	(24,423)
Licenses and permits	360,710	320,710	278,317	(42,393)
Intergovernmental revenues	209,300	152,300	206,885	54,585
Charges for services	1,248,000	1,128,000	1,075,766	(52,234)
Fines and forfeitures	235,500	235,500	260,858	25,358
Investment income	1,023,000	1,048,000	1,336,728	288,728
Other revenue	107,900	107,900	326,504	218,604
TOTAL REVENUES	17,860,610	18,201,410	19,122,131	920,721
EXPENDITURES:				
GENERAL GOVERNMENT:				
City Council	260,440	272,990	231,594	41,396
City Treasurer	16,100	16,100	13,272	2,828
City Clerk	105,100	133,660	112,367	21,293
Program administration	447,200	449,491	449,491	-
Legislative services	272,450	240,646	199,783	40,863
Personnel services	266,600	320,979	247,369	73,610
Support services	1,130,700	1,149,700	1,078,324	71,376
Management information services	162,500	162,500	150,970	11,530
Fiscal services	587,450	576,938	566,008	10,930
TOTAL GENERAL GOVERNMENT	3,248,540	3,323,004	3,049,178	273,826
COMMUNITY SERVICES:				
Library programs and services	368,750	373,750	370,151	3,599
Community support and services	352,300	355,300	323,091	32,209
Recreation	745,300	748,200	663,042	85,158
TOTAL COMMUNITY SERVICES	1,466,350	1,477,250	1,356,284	120,966
POLICE:				
Patrol services	4,294,250	4,314,900	4,062,748	252,152
Investigative services	894,200	894,200	889,386	4,814
Support services	1,245,300	1,286,923	1,281,483	5,440
Emergency and disaster services	47,300	48,100	41,124	6,976
Community outreach	40,000	60,600	43,639	16,961
Communications	637,650	663,200	601,164	62,036
Records	386,450	456,000	420,448	35,552
TOTAL POLICE	7,545,150	7,723,923	7,339,992	383,931

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

(Continued)

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND
(Continued)

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Planning services	\$ 419,300	\$ 404,856	\$ 354,195	\$ 50,661
Neighborhood enhancement	166,700	155,327	155,327	-
Building and safety	426,650	420,008	314,541	105,467
Oil field services	134,900	137,027	137,027	-
TOTAL COMMUNITY DEVELOPMENT	<u>1,147,550</u>	<u>1,117,218</u>	<u>961,090</u>	<u>156,128</u>
PUBLIC WORKS:				
Engineering and project services	585,700	587,680	498,368	89,312
Building maintenance	497,150	505,398	468,200	37,198
Environmental programs	700,700	729,148	684,860	44,288
Sewer operations	228,600	228,600	228,569	31
Park maintenance	723,050	757,297	707,496	49,801
Street maintenance operations	1,445,650	1,470,145	1,389,470	80,675
TOTAL PUBLIC WORKS	<u>4,180,850</u>	<u>4,278,268</u>	<u>3,976,963</u>	<u>301,305</u>
CAPITAL OUTLAY	<u>48,950</u>	<u>295,622</u>	<u>106,535</u>	<u>189,087</u>
TOTAL EXPENDITURES	<u>17,637,390</u>	<u>18,215,285</u>	<u>16,790,042</u>	<u>1,425,243</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>223,220</u>	<u>(13,875)</u>	<u>2,332,089</u>	<u>2,345,964</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	396,950	1,136,426	1,261,571	125,145
Transfers out	<u>(2,115,954)</u>	<u>(2,237,354)</u>	<u>(548,253)</u>	<u>1,689,101</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,719,004)</u>	<u>(1,100,928)</u>	<u>713,318</u>	<u>1,814,246</u>
NET CHANGE IN FUND BALANCE	(1,495,784)	(1,114,803)	3,045,407	4,160,210
FUND BALANCE AT BEGINNING OF YEAR	<u>26,606,811</u>	<u>26,606,811</u>	<u>26,606,811</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 25,111,027</u>	<u>\$ 25,492,008</u>	<u>\$ 29,652,218</u>	<u>\$ 4,160,210</u>

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

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

AFFORDABLE HOUSING SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,387,000	\$ 2,530,000	\$ 2,579,860	\$ 49,860
Investment income	127,000	127,000	250,012	123,012
TOTAL REVENUES	2,514,000	2,657,000	2,829,872	172,872
EXPENDITURES:				
Community development:				
Redevelopment	151,550	204,620	130,816	73,804
Capital outlay	50,000	55,000	53,455	1,545
TOTAL EXPENDITURES	201,550	259,620	184,271	75,349
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,312,450	2,397,380	2,645,601	248,221
OTHER FINANCING SOURCES (USES):				
Transfers in	230,000	230,000	230,000	-
Transfers out	(1,377,550)	(1,377,550)	(1,332,808)	44,742
TOTAL OTHER FINANCING SOURCES (USES)	(1,147,550)	(1,147,550)	(1,102,808)	44,742
NET CHANGE IN FUND BALANCE	1,164,900	1,249,830	1,542,793	292,963
FUND BALANCE AT BEGINNING OF YEAR	4,375,209	4,375,209	4,375,209	-
FUND BALANCE AT END OF YEAR	\$ 5,540,109	\$ 5,625,039	\$ 5,918,002	\$ 292,963

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

CITY OF SIGNAL HILL

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2008

1. BUDGETS AND BUDGETARY ACCOUNTING:

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

- 1) The annual budget is adopted by the City Council after the holding of a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- 2) Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budgetary comparison is presented in the other supplemental information for the Law Enforcement Block Grant, the Domestic Preparedness Grant, the Brownfields Grant and the HELP Loan Special Revenue Funds since no budgets were 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) Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level (i.e. City Council, City Treasurer, City Attorney), except as approved in advance by the City Council.
- 5) Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration in the Governmental Fund Types during the year. However, at year end all appropriations lapse. Accordingly, encumbrances are canceled and generally reappropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.
- 6) The City Council approves all significant budgetary changes.
- 7) Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in following year. For the fiscal year ended June 30, 2007, based on calculations by City management, proceeds of taxes did not exceed appropriations.

See independent auditors' report.

OTHER MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

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

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

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CITY OF SIGNAL HILL

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

DEBT SERVICE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 9,370,000	\$ 10,120,000	\$ 10,319,434	\$ 199,434
Investment income	260,900	260,900	428,581	167,681
Other revenues	-	-	298	298
TOTAL REVENUES	9,630,900	10,380,900	10,748,313	367,413
EXPENDITURES:				
Community development:				
Redevelopment	165,550	1,396,101	1,625,548	(229,447)
Debt service:				
Owner participation agreement	1,256,500	1,256,500	1,282,062	(25,562)
Principal retirement	3,348,700	2,545,000	2,545,000	-
Interest	4,162,250	4,255,361	4,018,707	236,654
Bond issuance costs	-	302,089	422,221	(120,132)
Fiscal agent fees	30,100	30,100	16,725	13,375
TOTAL EXPENDITURES	8,963,100	9,785,151	9,910,263	(125,112)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	667,800	595,749	838,050	242,301
OTHER FINANCING SOURCES (USES):				
Transfers in	1,377,550	1,377,550	1,332,808	(44,742)
Transfers out	(417,350)	(10,417,350)	(10,230,000)	187,350
Refunding bonds issued	-	14,970,000	14,970,000	-
Bond discount	-	-	(62,239)	(62,239)
Payment to refunding escrow agent	-	(14,390,811)	(14,390,811)	-
TOTAL OTHER FINANCING SOURCES (USES)	960,200	(8,460,611)	(8,380,242)	80,369
NET CHANGE IN FUND BALANCE	1,628,000	(7,864,862)	(7,542,192)	322,670
FUND BALANCE AT BEGINNING OF YEAR	5,904,433	5,904,433	5,904,433	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 7,532,433	\$ (1,960,429)	\$ (1,637,759)	\$ 322,670

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 6,134,000	\$ 6,335,275	\$ 103,165	\$ (6,232,110)
Other revenue	1,000,000	1,012,500	-	(1,012,500)
TOTAL REVENUES	7,134,000	7,347,775	103,165	(7,244,610)
EXPENDITURES:				
Capital outlay	9,406,710	9,810,116	903,787	8,906,329
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,272,710)	(2,462,341)	(800,622)	1,661,719
OTHER FINANCING SOURCES (USES):				
Transfers in	2,272,710	2,658,814	895,911	(1,762,903)
Transfers out	-	(718,000)	(869,351)	(151,351)
TOTAL OTHER FINANCING SOURCES (USES)	2,272,710	1,940,814	26,560	(1,914,254)
NET CHANGE IN FUND BALANCE	-	(521,527)	(774,062)	(252,535)
FUND BALANCE AT BEGINNING OF YEAR	774,062	774,062	774,062	-
FUND BALANCE AT END OF YEAR	\$ 774,062	\$ 252,535	\$ -	\$ (252,535)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 202,300	\$ 202,300	\$ 1,074,337	\$ 872,037
Sale of land held for resale	-	-	4,036,006	4,036,006
Other revenue	561,450	561,450	584,580	23,130
TOTAL REVENUES	763,750	763,750	5,694,923	4,931,173
EXPENDITURES:				
Community development:				
Redevelopment	318,000	463,051	425,785	37,266
Capital outlay	433,300	9,227,588	10,421,067	(1,193,479)
TOTAL EXPENDITURES	751,300	9,690,639	10,846,852	(1,156,213)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,450	(8,926,889)	(5,151,929)	3,774,960
OTHER FINANCING SOURCES (USES):				
Transfers in	187,350	11,050,350	10,046,570	(1,003,780)
Transfers out	-	(863,000)	-	863,000
TOTAL OTHER FINANCING SOURCES (USES)	187,350	10,187,350	10,046,570	(140,780)
NET CHANGE IN FUND BALANCE	199,800	1,260,461	4,894,641	3,634,180
FUND BALANCE AT BEGINNING OF YEAR	19,946,024	19,946,024	19,946,024	-
FUND BALANCE AT END OF YEAR	\$ 20,145,824	\$ 21,206,485	\$ 24,840,665	\$ 3,634,180

See independent auditors' report.

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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.

OTHER GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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.

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

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

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

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

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

CITY OF SIGNAL HILL
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2008

		Special Revenue Funds	
		Asset Seizure	Park Development
ASSETS			
Cash and investments		\$ 16,108	\$ 2,104,948
Accounts receivable		-	-
Accrued interest receivable		238	19,499
Due from other governments		-	-
Rehabilitation loans receivable		-	-
		-	-
TOTAL ASSETS		\$ 16,346	\$ 2,124,447
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ -	\$ 14,606
Accrued liabilities		-	-
Deferred revenue		-	-
Due to other funds		-	-
Advances from other funds		-	185,373
		-	185,373
TOTAL LIABILITIES		-	199,979
FUND BALANCES (DEFICIT):			
Unreserved:			
Designated for special revenue purposes		16,346	1,924,468
Undesignated		-	-
		-	-
TOTAL FUND BALANCES (DEFICIT)		16,346	1,924,468
TOTAL LIABILITIES AND FUND BALANCES		\$ 16,346	\$ 2,124,447

See independent auditors' report.

Special Revenue Funds (Continued)

HCDA Grant	Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement
\$ -	\$ 23,154	\$ 141,975	\$ 356,480	\$ 196,168	\$ 1,304,464	\$ 39,481
-	68,204	12,456	-	-	-	3,505
1,400	915	1,282	3,164	2,068	11,966	380
6,379	-	-	-	-	-	-
14,174	-	-	-	-	-	-
<u>\$ 21,953</u>	<u>\$ 92,273</u>	<u>\$ 155,713</u>	<u>\$ 359,644</u>	<u>\$ 198,236</u>	<u>\$ 1,316,430</u>	<u>\$ 43,366</u>
\$ 2,391	\$ -	\$ -	\$ 40,536	\$ -	\$ -	\$ -
208	-	-	567	-	-	-
15,573	-	-	-	-	-	-
3,781	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>21,953</u>	<u>-</u>	<u>-</u>	<u>41,103</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	92,273	155,713	318,541	198,236	1,316,430	43,366
-	-	-	-	-	-	-
<u>-</u>	<u>92,273</u>	<u>155,713</u>	<u>318,541</u>	<u>198,236</u>	<u>1,316,430</u>	<u>43,366</u>
<u>\$ 21,953</u>	<u>\$ 92,273</u>	<u>\$ 155,713</u>	<u>\$ 359,644</u>	<u>\$ 198,236</u>	<u>\$ 1,316,430</u>	<u>\$ 43,366</u>

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2008

		<u>Special Revenue Funds (Continued)</u>	
		<u>Water Development</u>	<u>Traffic Impact</u>
ASSETS			
Cash and investments		\$ 792,467	\$ 1,078,891
Accounts receivable		-	-
Accrued interest receivable		18,429	10,851
Due from other governments		-	-
Rehabilitation loans receivable		-	-
		<hr/>	<hr/>
TOTAL ASSETS		<u>\$ 810,896</u>	<u>\$ 1,089,742</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ -	\$ -
Accrued liabilities		-	-
Deferred revenue		-	-
Due to other funds		-	-
Advances from other funds		-	-
		<hr/>	<hr/>
TOTAL LIABILITIES		-	-
FUND BALANCES (DEFICIT):			
Unreserved:			
Designated for special revenue purposes		810,896	1,089,742
Undesignated		-	-
		<hr/>	<hr/>
TOTAL FUND BALANCES (DEFICIT)		<u>810,896</u>	<u>1,089,742</u>
		<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 810,896</u>	<u>\$ 1,089,742</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition C	Lighting and Landscape	Supplemental Law Enforcement	Law Enforcement Block Grant	Domestic Preparedness	OTS Grant	TRAP
\$ 127,326	\$ 51,018	\$ 101,245	\$ -	\$ -	\$ -	\$ -
-	1,598	-	-	-	-	-
1,856	464	735	-	-	-	-
-	-	-	-	-	3,131	-
-	-	-	-	-	-	-
<u>\$ 129,182</u>	<u>\$ 53,080</u>	<u>\$ 101,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,131</u>	<u>\$ -</u>
\$ -	\$ 615	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,171	-	-	-	-
-	-	-	-	-	3,131	-
-	-	-	-	-	3,131	-
-	-	-	-	-	-	-
-	615	3,171	-	-	6,262	-
129,182	52,465	98,809	-	-	-	-
-	-	-	-	-	(3,131)	-
129,182	52,465	98,809	-	-	(3,131)	-
<u>\$ 129,182</u>	<u>\$ 53,080</u>	<u>\$ 101,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,131</u>	<u>\$ -</u>

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2008

		<u>Special Revenue Funds (Continued)</u>	
		<u>Brownsfield Grant</u>	<u>Housing Impact</u>
	ASSETS		
Cash and investments		\$ -	\$ 369,695
Accounts receivable		46,572	-
Accrued interest receivable		-	3,441
Due from other governments		-	-
Rehabilitation loans receivable		-	-
		<hr/>	<hr/>
	TOTAL ASSETS	<u>\$ 46,572</u>	<u>\$ 373,136</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ -	\$ -
Accrued liabilities		-	-
Deferred revenue		-	-
Due to other funds		46,572	-
Advances from other funds		-	-
		<hr/>	<hr/>
	TOTAL LIABILITIES	<u>46,572</u>	<u>-</u>
FUND BALANCES (DEFICIT):			
Unreserved:			
Designated for special revenue purposes		-	373,136
Undesignated		-	-
		<hr/>	<hr/>
	TOTAL FUND BALANCES (DEFICIT)	<u>-</u>	<u>373,136</u>
	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,572</u>	<u>\$ 373,136</u>

See independent auditors' report.

Special Revenue Funds (Continued)		Total Other Governmental Funds
HELP Loan		
\$ -	\$ 6,703,420	
-	132,335	
-	76,688	
-	9,510	
-	14,174	
<u>\$ -</u>	<u>\$ 6,936,127</u>	
\$ -	\$ 58,148	
-	3,946	
-	18,704	
-	53,484	
-	185,373	
<u>-</u>	<u>319,655</u>	
-	6,619,603	
-	(3,131)	
<u>-</u>	<u>6,616,472</u>	
<u>\$ -</u>	<u>\$ 6,936,127</u>	

CITY OF SIGNAL HILL

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

For the year ended June 30, 2008

	Special Revenue Funds	
	Asset Seizure	Park Development
REVENUES:		
Other taxes	\$ -	\$ -
Intergovernmental revenues	336	-
Charges for services	-	-
Fines and forfeitures	-	-
Investment income	1,440	114,077
Developer fees	-	333,328
TOTAL REVENUES	1,776	447,405
EXPENDITURES:		
Current:		
General government	-	-
Community services	-	49,840
Police	-	-
Community development	-	-
Public works	-	-
Capital outlay	-	-
TOTAL EXPENDITURES	-	49,840
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,776	397,565
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	-	(1,234)
TOTAL OTHER FINANCING SOURCES (USES)	-	(1,234)
NET CHANGE IN FUND BALANCES	1,776	396,331
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	14,570	1,528,137
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 16,346	\$ 1,924,468

See independent auditors' report.

Special Revenue Funds (Continued)

HCDA Grant	Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement
\$ -	\$ -	\$ -	\$ 177,126	\$ -	\$ 107,956	\$ -
38,988	207,449	-	-	-	-	13,573
-	-	-	2,482	-	-	-
-	-	148,372	-	-	-	-
-	8,801	7,476	19,124	12,433	69,498	2,323
-	-	-	-	-	-	-
<u>38,988</u>	<u>216,250</u>	<u>155,848</u>	<u>198,732</u>	<u>12,433</u>	<u>177,454</u>	<u>15,896</u>
-	-	-	-	-	-	2,488
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,198	-	-	149,599	-	-	-
-	-	-	-	-	4,043	-
12,925	-	-	-	-	-	-
<u>43,123</u>	<u>-</u>	<u>-</u>	<u>149,599</u>	<u>-</u>	<u>4,043</u>	<u>2,488</u>
<u>(4,135)</u>	<u>216,250</u>	<u>155,848</u>	<u>49,133</u>	<u>12,433</u>	<u>173,411</u>	<u>13,408</u>
4,135	-	-	9,591	-	-	-
-	(287,993)	(95,000)	-	(25,000)	-	-
<u>4,135</u>	<u>(287,993)</u>	<u>(95,000)</u>	<u>9,591</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
-	(71,743)	60,848	58,724	(12,567)	173,411	13,408
-	164,016	94,865	259,817	210,803	1,143,019	29,958
<u>\$ -</u>	<u>\$ 92,273</u>	<u>\$ 155,713</u>	<u>\$ 318,541</u>	<u>\$ 198,236</u>	<u>\$ 1,316,430</u>	<u>\$ 43,366</u>

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2008

	Special Revenue Funds (Continued)	
	Water Development	Traffic Impact
REVENUES:		
Other taxes	\$ -	\$ -
Intergovernmental revenues	-	-
Charges for services	-	-
Fines and forfeitures	-	-
Investment income	111,230	67,460
Developer fees	261,469	37,112
TOTAL REVENUES	<u>372,699</u>	<u>104,572</u>
EXPENDITURES:		
Current:		
General government	-	-
Community services	-	-
Police	-	-
Community development	-	-
Public works	-	-
Capital outlay	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>372,699</u>	<u>104,572</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	(1,150,689)	(148,705)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,150,689)</u>	<u>(148,705)</u>
NET CHANGE IN FUND BALANCES	(777,990)	(44,133)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	<u>1,588,886</u>	<u>1,133,875</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 810,896</u>	<u>\$ 1,089,742</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition C	Lighting and Landscape	Supplemental Law Enforcement	Law Enforcement Block Grant	Domestic Preparedness	OTS Grant	TRAP
\$ 145,248	\$ 41,835	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	100,000	-	73,951	18,946	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,812	2,633	4,922	9	327	-	-
-	-	-	-	-	-	-
<u>160,060</u>	<u>44,468</u>	<u>104,922</u>	<u>9</u>	<u>74,278</u>	<u>18,946</u>	<u>-</u>
2,458	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	166,613	-	-	12,199	989
-	-	-	-	-	-	-
-	33,799	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,458</u>	<u>33,799</u>	<u>166,613</u>	<u>-</u>	<u>-</u>	<u>12,199</u>	<u>989</u>
157,602	10,669	(61,691)	9	74,278	6,747	(989)
408	-	58,850	-	-	4,874	603
(234,052)	-	-	(9)	(26,340)	-	-
<u>(233,644)</u>	<u>-</u>	<u>58,850</u>	<u>(9)</u>	<u>(26,340)</u>	<u>4,874</u>	<u>603</u>
(76,042)	10,669	(2,841)	-	47,938	11,621	(386)
205,224	41,796	101,650	-	(47,938)	(14,752)	386
<u>\$ 129,182</u>	<u>\$ 52,465</u>	<u>\$ 98,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,131)</u>	<u>\$ -</u>

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2008

	<u>Special Revenue Funds (Continued)</u>	
	<u>Brownfields Grant</u>	<u>Housing Impact</u>
REVENUES:		
Other taxes	\$ -	\$ -
Intergovernmental revenues	46,572	-
Charges for services	-	-
Fines and forfeitures	-	-
Investment income	-	20,589
Developer fees	-	-
	<hr/>	<hr/>
TOTAL REVENUES	46,572	20,589
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
General government	-	-
Community services	-	-
Police	-	-
Community development	-	-
Public works	-	-
Capital outlay	-	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	-	-
	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	46,572	20,589
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	(46,576)	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(46,576)	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(4)	20,589
	<hr/>	<hr/>
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	4	352,547
	<hr/>	<hr/>
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ -	\$ 373,136
	<hr/> <hr/>	<hr/> <hr/>

See independent auditors' report.

Special Revenue Funds (Continued)	Total Other Governmental Funds
HELP Loan	
\$ -	\$ 472,165
-	499,815
-	2,482
-	148,372
-	457,154
-	631,909
-	<u>2,211,897</u>
-	4,946
-	49,840
-	179,801
298	180,095
-	37,842
-	12,925
<u>298</u>	<u>465,449</u>
<u>(298)</u>	<u>1,746,448</u>
-	78,461
-	(2,015,598)
-	<u>(1,937,137)</u>
(298)	(190,689)
<u>298</u>	<u>6,807,161</u>
<u>\$ -</u>	<u>\$ 6,616,472</u>

CITY OF SIGNAL HILL

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

ASSET SEIZURE SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 1,000	\$ 1,000	\$ 336	\$ (664)
Investment income	250	250	1,440	1,190
TOTAL REVENUES	1,250	1,250	1,776	526
FUND BALANCE AT BEGINNING OF YEAR	14,570	14,570	14,570	-
FUND BALANCE AT END OF YEAR	<u>\$ 15,820</u>	<u>\$ 15,820</u>	<u>\$ 16,346</u>	<u>\$ 526</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 89,000	\$ 89,000	\$ 114,077	\$ 25,077
Developer fees	678,800	678,800	333,328	(345,472)
TOTAL REVENUES	767,800	767,800	447,405	(320,395)
EXPENDITURES:				
Community services:				
Contract services	85,000	88,000	49,840	38,160
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	682,800	679,800	397,565	(282,235)
OTHER FINANCING USES:				
Transfers out	(75,000)	(87,500)	(1,234)	86,266
NET CHANGE IN FUND BALANCE	607,800	592,300	396,331	(195,969)
FUND BALANCE AT BEGINNING OF YEAR	1,528,137	1,528,137	1,528,137	-
FUND BALANCE AT END OF YEAR	\$ 2,135,937	\$ 2,120,437	\$ 1,924,468	\$ (195,969)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 211,722	\$ 211,722	\$ 38,988	\$ (172,734)
EXPENDITURES:				
Community development:				
CDBG program	30,732	30,732	30,198	534
Capital outlay	180,990	180,990	12,925	168,065
TOTAL EXPENDITURES	211,722	211,722	43,123	168,599
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(4,135)	(4,135)
OTHER FINANCING SOURCES:				
Transfers in	-	-	4,135	4,135
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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 206,400	\$ 206,400	\$ 207,449	\$ 1,049
Investment income	2,500	2,500	8,801	6,301
TOTAL REVENUES	208,900	208,900	216,250	7,350
OTHER FINANCING USES:				
Transfers out	(199,750)	(287,000)	(287,993)	(993)
NET CHANGE IN FUND BALANCE	9,150	(78,100)	(71,743)	6,357
FUND BALANCE AT BEGINNING OF YEAR	164,016	164,016	164,016	-
FUND BALANCE AT END OF YEAR	\$ 173,166	\$ 85,916	\$ 92,273	\$ 6,357

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 95,000	\$ 95,000	\$ 148,372	\$ 53,372
Investment income	2,500	2,500	7,476	4,976
TOTAL REVENUES	97,500	97,500	155,848	58,348
OTHER FINANCING USES:				
Transfers out	(95,000)	(95,000)	(95,000)	-
NET CHANGE IN FUND BALANCE	2,500	2,500	60,848	58,348
FUND BALANCE AT BEGINNING OF YEAR	94,865	94,865	94,865	-
FUND BALANCE AT END OF YEAR	<u>\$ 97,365</u>	<u>\$ 97,365</u>	<u>\$ 155,713</u>	<u>\$ 58,348</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 177,000	\$ 177,000	\$ 177,126	\$ 126
Charges for services	1,300	1,300	2,482	1,182
Investment income	5,000	5,000	19,124	14,124
TOTAL REVENUES	183,300	183,300	198,732	15,432
EXPENDITURES:				
Community development:				
Public transportation	139,525	145,919	149,599	(3,680)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	43,775	37,381	49,133	11,752
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	9,591	9,591
Transfers out	(30,000)	(30,000)	-	30,000
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	(30,000)	9,591	39,591
NET CHANGE IN FUND BALANCE	13,775	7,381	58,724	51,343
FUND BALANCE AT BEGINNING OF YEAR	259,817	259,817	259,817	-
FUND BALANCE AT END OF YEAR	\$ 273,592	\$ 267,198	\$ 318,541	\$ 51,343

See independent auditors' report.

CITY OF SIGNAL HILL

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

CABLE TELEVISIONING SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 12,200	\$ 12,200	\$ 12,433	\$ 233
OTHER FINANCING USES:				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(12,800)	(12,800)	(12,567)	233
FUND BALANCE AT BEGINNING OF YEAR	210,803	210,803	210,803	-
FUND BALANCE AT END OF YEAR	<u>\$ 198,003</u>	<u>\$ 198,003</u>	<u>\$ 198,236</u>	<u>\$ 233</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 98,100	\$ 98,100	\$ 107,956	\$ 9,856
Investment income	57,000	57,000	69,498	12,498
TOTAL REVENUES	155,100	155,100	177,454	22,354
EXPENDITURES:				
Public works:				
Contract services	-	4,043	4,043	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	155,100	151,057	173,411	22,354
FUND BALANCE AT BEGINNING OF YEAR	1,143,019	1,143,019	1,143,019	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,298,119</u>	<u>\$ 1,294,076</u>	<u>\$ 1,316,430</u>	<u>\$ 22,354</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 13,000	\$ 13,000	\$ 13,573	\$ 573
Investment income	1,000	1,000	2,323	1,323
TOTAL REVENUES	14,000	14,000	15,896	1,896
EXPENDITURES:				
General government:				
City Council	2,600	2,600	2,488	112
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,400	11,400	13,408	2,008
FUND BALANCE AT BEGINNING OF YEAR	29,958	29,958	29,958	-
FUND BALANCE AT END OF YEAR	\$ 41,358	\$ 41,358	\$ 43,366	\$ 2,008

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 50,000	\$ 50,000	\$ 111,230	\$ 61,230
Developer fees	451,350	451,350	261,469	(189,881)
TOTAL REVENUES	501,350	501,350	372,699	(128,651)
OTHER FINANCING USES:				
Transfers out	(1,024,000)	(1,231,000)	(1,150,689)	80,311
NET CHANGE IN FUND BALANCE	(522,650)	(729,650)	(777,990)	(48,340)
FUND BALANCE AT BEGINNING OF YEAR	1,588,886	1,588,886	1,588,886	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,066,236</u>	<u>\$ 859,236</u>	<u>\$ 810,896</u>	<u>\$ (48,340)</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 48,000	\$ 48,000	\$ 67,460	\$ 19,460
Developer fees	35,800	35,800	37,112	1,312
TOTAL REVENUES	83,800	83,800	104,572	20,772
OTHER FINANCING USES:				
Transfers out	(105,000)	(105,000)	(148,705)	(43,705)
NET CHANGE IN FUND BALANCE	(21,200)	(21,200)	(44,133)	(22,933)
FUND BALANCE AT BEGINNING OF YEAR	1,133,875	1,133,875	1,133,875	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,112,675</u>	<u>\$ 1,112,675</u>	<u>\$ 1,089,742</u>	<u>\$ (22,933)</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 146,000	\$ 146,000	\$ 145,248	\$ (752)
Investment income	2,500	2,500	14,812	12,312
TOTAL REVENUES	148,500	148,500	160,060	11,560
EXPENDITURES:				
General government:				
City Council	1,700	2,050	2,458	(408)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	146,800	146,450	157,602	11,152
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	408	408
Transfers out	(140,006)	(260,262)	(234,052)	26,210
TOTAL OTHER FINANCING SOURCES (USES)	(140,006)	(260,262)	(233,644)	26,618
NET CHANGE IN FUND BALANCE	6,794	(113,812)	(76,042)	37,770
FUND BALANCE AT BEGINNING OF YEAR	205,224	205,224	205,224	-
FUND BALANCE AT END OF YEAR	\$ 212,018	\$ 91,412	\$ 129,182	\$ 37,770

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 42,750	\$ 42,750	\$ 41,835	\$ (915)
Investment income	750	750	2,633	1,883
TOTAL REVENUES	43,500	43,500	44,468	968
EXPENDITURES:				
Public works:				
Lighting and landscape maintenance	61,300	61,300	33,799	27,501
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,800)	(17,800)	10,669	28,469
FUND BALANCE AT BEGINNING OF YEAR	41,796	41,796	41,796	-
FUND BALANCE AT END OF YEAR	\$ 23,996	\$ 23,996	\$ 52,465	\$ 28,469

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Investment income	4,800	4,800	4,922	122
TOTAL REVENUES	104,800	104,800	104,922	122
EXPENDITURES:				
Police:				
Patrol services	158,650	166,613	166,613	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,850)	(61,813)	(61,691)	122
OTHER FINANCING SOURCES:				
Transfers in	58,850	58,850	58,850	-
NET CHANGE IN FUND BALANCE	5,000	(2,963)	(2,841)	122
FUND BALANCE AT BEGINNING OF YEAR	101,650	101,650	101,650	-
FUND BALANCE AT END OF YEAR	<u>\$ 106,650</u>	<u>\$ 98,687</u>	<u>\$ 98,809</u>	<u>\$ 122</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

OTS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ 18,946	\$ 18,946
EXPENDITURES:				
Police:				
Patrol services	-	12,199	12,199	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(12,199)	6,747	18,946
OTHER FINANCING SOURCES:				
Transfers in	-	-	4,874	4,874
NET CHANGE IN FUND BALANCE	-	(12,199)	11,621	23,820
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(14,752)	(14,752)	(14,752)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (14,752)</u>	<u>\$ (26,951)</u>	<u>\$ (3,131)</u>	<u>\$ 23,820</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Police:				
Investigative services	\$ -	\$ 989	\$ 989	\$ -
OTHER FINANCING SOURCES:				
Transfers in	-	-	603	603
NET CHANGE IN FUND BALANCE	-	(989)	(386)	603
FUND BALANCE AT BEGINNING OF YEAR	386	386	386	-
FUND BALANCE AT END OF YEAR	<u>\$ 386</u>	<u>\$ (603)</u>	<u>\$ -</u>	<u>\$ 603</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 20,000	\$ 20,000	\$ 20,589	\$ 589
FUND BALANCE AT BEGINNING OF YEAR	<u>352,547</u>	<u>352,547</u>	<u>352,547</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 372,547</u>	<u>\$ 372,547</u>	<u>\$ 373,136</u>	<u>\$ 589</u>

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, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS:				
Cash and investments	<u>\$ 1,095,934</u>	<u>\$ 868,860</u>	<u>\$ 729,235</u>	<u>\$ 1,235,559</u>
LIABILITIES:				
Refundable deposits	<u>\$ 1,095,934</u>	<u>\$ 868,860</u>	<u>\$ 729,235</u>	<u>\$ 1,235,559</u>

See independent auditors' report.

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2008

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	120 - 127
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	128 - 131
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	132 - 135
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	136 - 137
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	138 - 140

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 42,045	\$ 45,374	\$ 45,473	\$ 44,080
Restricted	149	11,460	7,155	8,983
Unrestricted	(40,183)	(44,957)	(40,035)	(31,596)
Total governmental activities net assets	<u>\$ 2,011</u>	<u>\$ 11,877</u>	<u>\$ 12,593</u>	<u>\$ 21,467</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 14,349	\$ 14,021	\$ 14,403	\$ 15,414
Restricted	2,109	2,249	2,405	689
Unrestricted	3,051	2,703	2,954	4,137
Total business-type activities net assets	<u>\$ 19,509</u>	<u>\$ 18,973</u>	<u>\$ 19,762</u>	<u>\$ 20,240</u>
Primary government				
Invested in capital assets, net of related debt	\$ 56,394	\$ 59,395	\$ 59,876	\$ 59,494
Restricted	2,258	13,709	9,560	9,672
Unrestricted	(37,132)	(42,254)	(37,081)	(27,459)
Total primary government net assets	<u>\$ 21,520</u>	<u>\$ 30,850</u>	<u>\$ 32,355</u>	<u>\$ 41,707</u>

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

Fiscal Year	
2007	2008
\$ 44,649	\$ 44,503
30,890	36,635
<u>(44,389)</u>	<u>(47,272)</u>
<u>\$ 31,150</u>	<u>\$ 33,866</u>
\$ 17,289	\$ 18,010
688	-
<u>2,812</u>	<u>4,108</u>
<u>\$ 20,789</u>	<u>\$ 22,118</u>
\$ 61,938	\$ 62,513
31,578	36,635
<u>(41,577)</u>	<u>(43,164)</u>
<u>\$ 51,939</u>	<u>\$ 55,984</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 3,054	\$ 3,176	\$ 5,152	\$ 4,110
Community services	1,066	1,149	1,162	1,189
Police	5,029	5,733	6,599	6,631
Community development	6,428	3,340	5,940	3,877
Public works	3,645	5,866	5,636	5,915
Unallocated infrastructure depreciation	445	446	448	482
Interest on long-term liabilities	3,967	3,565	3,631	3,503
Fiscal agent fees	-	-	-	-
Total governmental activities expenses	<u>23,634</u>	<u>23,275</u>	<u>28,568</u>	<u>25,707</u>
Business-type activities - Water	2,956	3,861	3,366	4,058
Total primary government expenses	<u>\$ 26,590</u>	<u>\$ 27,136</u>	<u>\$ 31,934</u>	<u>\$ 29,765</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 144	\$ 215	\$ 164	\$ 135
Community services	217	266	268	260
Police	312	330	408	538
Community development	13	1	7	7
Public works	1,164	1,361	1,206	1,264
Operating grants and contributions	906	1,041	1,055	3,178
Capital grants and contributions	5,107	7,063	2,415	2,728
Total governmental activities program revenues	<u>7,863</u>	<u>10,277</u>	<u>5,523</u>	<u>8,110</u>
Business-type activities:				
Charges for services - water	3,196	3,296	3,355	3,433
Total primary government program revenues	<u>\$ 11,059</u>	<u>\$ 13,573</u>	<u>\$ 8,878</u>	<u>\$ 11,543</u>
Net (expense)/revenue				
Governmental activities	\$ (15,771)	\$ (12,998)	\$ (23,045)	\$ (17,597)
Business-type activities	240	(565)	(11)	(625)
Total primary government net expenses	<u>\$ (15,531)</u>	<u>\$ (13,563)</u>	<u>\$ (23,056)</u>	<u>\$ (18,222)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property	\$ 8,107	\$ 9,243	\$ 9,451	\$ 11,393
Sales and use	10,025	10,598	11,125	12,015
Franchise	456	455	462	412
Motor vehicle	608	490	952	774
Other	682	769	816	1,016
Investment income	1,002	385	912	1,067
Unrestricted grants and contributions	624	905	733	764
Gain on disposition of assets	25	19	-	18
Transfers	17	-	(690)	(988)
Total governmental activities	<u>21,546</u>	<u>22,864</u>	<u>23,761</u>	<u>26,471</u>
Business-type activities				
Investment income	173	29	109	115
Unrestricted grants and contributions	1	-	-	-
Gain on disposition of assets	-	-	1	-
Transfers	(17)	-	690	988
Total business-type activities	<u>157</u>	<u>29</u>	<u>800</u>	<u>1,103</u>
Total primary government	<u>\$ 21,703</u>	<u>\$ 22,893</u>	<u>\$ 24,561</u>	<u>\$ 27,574</u>
Changes in Net Assets				
Governmental activities	\$ 5,775	\$ 9,866	\$ 716	\$ 8,874
Business-type activities	397	(536)	789	478
Total primary government	<u>\$ 6,172</u>	<u>\$ 9,330</u>	<u>\$ 1,505</u>	<u>\$ 9,352</u>

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

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

Source: City of Signal Hill, Finance Department

Fiscal Year	
2007	2008
\$ 3,009	\$ 3,327
1,248	1,407
7,434	7,662
5,254	14,941
5,328	4,585
523	531
4,252	4,112
-	17
<u>27,048</u>	<u>36,582</u>
<u>3,896</u>	<u>3,380</u>
<u>\$ 30,944</u>	<u>\$ 39,962</u>

\$ 213	\$ 157
282	297
549	665
588	597
989	962
1,748	4,842
2,366	1,230
<u>6,735</u>	<u>8,750</u>
<u>3,601</u>	<u>3,352</u>
<u>\$ 10,336</u>	<u>\$ 12,102</u>

\$ (20,313)	\$ (27,832)
(295)	(28)
<u>\$ (20,608)</u>	<u>\$ (27,860)</u>

\$ 13,995	\$ 14,302
12,177	12,162
591	502
74	51
1,302	1,118
2,295	3,356
206	195
16	14
(660)	(1,151)
<u>29,996</u>	<u>30,549</u>

183	206
-	-
1	-
660	1,151
<u>844</u>	<u>1,357</u>
<u>\$ 30,840</u>	<u>\$ 31,906</u>

\$ 9,683	\$ 2,717
549	1,329
<u>\$ 10,232</u>	<u>\$ 4,046</u>

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

	Fiscal Year			
	1999	2000	2001	2002
General Fund				
Reserved	\$ 433	\$ 456	\$ 822	\$ 2,286
Unreserved	7,732	9,033	12,287	14,364
Total General Fund	<u>8,165</u>	<u>9,489</u>	<u>13,109</u>	<u>16,650</u>
All Other Governmental Funds				
Reserved	9,401	5,011	7,484	6,624
Unreserved, reported in:				
Special revenue funds	8,684	7,527	6,117	5,059
Debt service funds	730	180	(658)	(1,080)
Capital projects funds	7,829	5,690	4,447	77
Total All Other Governmental Funds	<u>26,644</u>	<u>18,408</u>	<u>17,390</u>	<u>10,680</u>
Total All Governmental Funds	<u>\$ 34,809</u>	<u>\$ 27,897</u>	<u>\$ 30,499</u>	<u>\$ 27,330</u>

Source: City of Signal Hill, Finance Department

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 2,607	\$ 2,349	\$ 2,289	\$ 2,290	\$ 43	\$ 10,000
16,222	18,502	18,843	21,287	26,564	19,652
18,829	20,851	21,132	23,577	26,607	29,652
3,517	3,801	4,726	4,101	20,150	30,761
7,575	11,346	6,192	9,216	10,983	6,616
(1,063)	176	1,603	3,688	5,904	(1,640)
456	3,102	3,144	3,693	770	-
10,485	18,425	15,665	20,698	37,807	35,737
<u>\$ 29,314</u>	<u>\$ 39,276</u>	<u>\$ 36,797</u>	<u>\$ 44,275</u>	<u>\$ 64,414</u>	<u>\$ 65,389</u>

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

	Fiscal Year			
	1999	2000	2001	2002
Revenues				
Taxes	\$ 15,016	\$ 14,793	\$ 17,484	\$ 17,826
Licenses and permits	270	370	407	423
Intergovernmental revenues	1,251	1,405	1,963	1,791
Charges for services	644	748	962	838
Fines and forfeitures	259	248	263	217
Investment income	1,552	1,539	2,533	1,589
Other	770	738	931	1,630
Total Revenues	19,762	19,841	24,543	24,314
Expenditures				
General government	4,465	2,296	2,728	2,793
Community services	886	917	903	922
Police	4,345	4,579	4,644	4,602
Community development	973	862	851	958
Public works	2,387	2,450	2,815	3,008
Capital outlay	2,442	9,907	4,513	9,713
Debt service:				
Principal retirement	1,191	1,451	1,528	1,664
Interest	4,385	4,228	3,876	3,868
Other debt service	1,090	343	1,085	2,807
Total Expenditures	22,164	27,033	22,943	30,335
Excess of revenues over/(under) expenditures	(2,402)	(7,192)	1,600	(6,021)
Other Financing Sources/(Uses)				
Transfers in	2,520	1,915	3,207	2,301
Transfers out	(2,507)	(1,915)	(3,205)	(2,301)
Residual equity transfers	(35)	-	-	-
Other	-	280	1,000	2,852
Total other financing sources	(22)	280	1,002	2,852
Net change in fund balances	\$ (2,424)	\$ (6,912)	\$ 2,602	\$ (3,169)
Debt service as a percentage of noncapital expenditures	34.0%	35.0%	35.0%	40.0%

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

Fiscal Year

	2003	2004	2005	2006	2007	2008
\$	19,650	\$ 21,452	\$ 21,609	\$ 25,225	\$ 28,181	\$ 29,009
	426	421	429	348	369	278
	5,488	4,304	2,910	2,985	2,224	810
	924	1,185	1,020	1,236	1,142	1,078
	199	203	284	359	356	409
	1,109	328	1,014	1,185	2,960	3,547
	3,549	2,600	1,948	4,212	2,130	5,579
	<u>31,345</u>	<u>30,493</u>	<u>29,214</u>	<u>35,550</u>	<u>37,362</u>	<u>40,710</u>
	3,073	3,009	5,058	4,155	2,919	3,054
	1,050	1,048	1,130	1,175	1,246	1,406
	4,897	5,473	6,339	6,586	7,295	7,520
	907	1,108	1,123	1,187	1,198	3,323
	3,164	3,577	3,683	3,761	4,025	4,015
	9,468	5,578	7,191	2,891	5,280	11,498
	1,904	820	2,595	2,888	2,451	2,545
	3,939	2,976	3,427	3,334	3,749	4,019
	1,096	4,510	457	1,114	1,842	1,721
	<u>29,498</u>	<u>28,099</u>	<u>31,003</u>	<u>27,091</u>	<u>30,005</u>	<u>39,101</u>
	<u>1,847</u>	<u>2,394</u>	<u>(1,789)</u>	<u>8,459</u>	<u>7,357</u>	<u>1,609</u>
	2,884	3,406	2,372	2,765	5,024	13,845
	(2,867)	(3,406)	(3,062)	(3,746)	(5,742)	(14,996)
	-	-	-	-	-	-
	120	7,568	-	-	13,500	517
	<u>137</u>	<u>7,568</u>	<u>(690)</u>	<u>(981)</u>	<u>12,782</u>	<u>(634)</u>
\$	<u>1,984</u>	<u>\$ 9,962</u>	<u>\$ (2,479)</u>	<u>\$ 7,478</u>	<u>\$ 20,139</u>	<u>\$ 975</u>
	27.8%	31.9%	21.4%	27.9%	28.0%	21.5%

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

Fiscal Year Ended June 30	City				Redevelopment Agency			
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
1999	\$ 285,504	\$ 30,738	\$ (5,161)	\$ 311,081	\$ 533,122	\$ 61,890	\$ (4,185)	\$ 590,827
2000	291,099	27,080	(5,196)	312,983	527,355	72,011	(4,171)	595,195
2001	310,487	31,799	(5,211)	337,075	547,298	72,621	(4,138)	615,781
2002	333,659	31,904	(5,264)	360,299	597,456	75,582	(4,270)	668,768
2003	348,170	32,980	(5,287)	375,863	660,935	77,624	(4,371)	734,188
2004	381,532	37,819	(5,292)	414,059	731,513	83,675	(4,550)	810,638
2005	421,446	34,542	(5,453)	450,535	865,759	81,094	(5,019)	941,834
2006	474,373	30,102	(5,450)	499,025	980,644	83,292	(5,173)	1,058,763
2007	537,818	29,189	(5,418)	561,589	1,133,343	104,301	(5,285)	1,232,359
2008	596,300	30,591	(5,550)	621,341	1,233,718	102,845	(5,583)	1,330,980

Note:

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

CITY OF SIGNAL HILL
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Detention Facilities 1987 DS	0.00145	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000
L.A. Cty Flood Control Storm Drain DS 4	0.00050	0.00097	0.00092	0.00066	0.00062	0.00043	0.00021	0.00002	0.00005	0.00000
Flood Control Refunding Bonds 1993 DS	0.00145	0.00079	0.00064	0.00041	0.00026	0.00004	0.00003	0.00003	0.00000	0.00000
Co. Sanitation District No. 29 DS	0.01012	0.00772	0.00968	0.00650	0.00542	0.00506	0.00000	0.00000	0.00000	0.00000
City of Long Beach Area 1108	0.00890	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450
Central Basin MWD 1114	0.00890	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450
Long Beach CCD DS 2002 S-A 2003	0.00000	0.00000	0.00000	0.00000	0.00000	0.01171	0.01239	0.00518	0.00088	0.00265
Long Beach CCD DS 2002 Series B 2005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01339	0.00780	0.00688
Long Beach CCD DS REF BD 02 S-C 05	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00285	0.00792
Long Beach CCD DS 2002 Series D 2007	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00095
Long Beach Unif SD DS 1999 Series A	0.00000	0.00763	0.00657	0.00566	0.00552	0.00511	0.00443	0.00387	0.00368	0.00330
Long Beach Unif SD DS 1999 Series B	0.00000	0.00000	0.00939	0.00687	0.00685	0.00645	0.00545	0.00479	0.00456	0.00412
Long Beach Unif SD DS 1999 Series C	0.00000	0.00000	0.00000	0.01625	0.01345	0.01190	0.00996	0.00889	0.00851	0.00772
Long Beach Unif SD DS 1999 Series D	0.00000	0.00000	0.00000	0.00000	0.00938	0.00826	0.00712	0.00615	0.00587	0.00532
Long Beach Unif SD DS 1999 Series E	0.00000	0.00000	0.00000	0.00000	0.00000	0.01114	0.01054	0.00877	0.00820	0.00751
Long Beach Unif SD DS 1999 Series F	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00918	0.00829	0.00730	0.00660
Total Direct and Overlapping Tax Rates	<u>1.03132</u>	<u>1.03633</u>	<u>1.04611</u>	<u>1.05288</u>	<u>1.05593</u>	<u>1.07329</u>	<u>1.07183</u>	<u>1.07058</u>	<u>1.05976</u>	<u>1.06197</u>
City's Share of 1% Levy per Prop 13 (2)	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777
General Obligation Debt Rate										
Redevelopment Rate (3)	1.02242	1.01988	1.02135	1.01640	1.01403	1.01261	1.00697	1.00604	1.00541	1.00450
Total Direct Rate (4)	0.61708	0.61649	0.60766	0.61633	0.63047	0.63588	0.65298	0.66056	0.67289	0.67051

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any over approved bonds.
- (2) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City.
- (3) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.
- (4) Total Direct Rate is the weighted average of all individual direct rates applied by the City of Signal Hill in preparing the statistical section information.

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

Taxpayer	2007-08		1998-99	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum	\$ 84,104	4.31%	\$ 9,640	1.07%
PL Signal Hill	37,061	1.90%	-	0.00%
LBSH Development	24,863	1.27%	17,186	1.91%
Arco Terminal Services Corp.	20,822	1.07%	42,490	4.71%
Costco Wholesale Corp.	19,568	1.00%	-	0.00%
Home Depot	17,814	0.91%	-	0.00%
Town Center Signal Hill LLC	17,340	0.89%	-	0.00%
Long Beach Acquisition Corp.	14,299	0.73%	-	0.00%
Vno Cherry Avenue Ltd.	13,283	0.68%	-	0.00%
PS Business Parks	10,781	0.55%	-	0.00%
Price Enterprises, Inc.	-	0.00%	39,665	4.40%
Cablevision Industries	-	0.00%	14,871	1.65%
Signal Hill Company	-	0.00%	14,235	1.58%
Memorial Health Services	-	0.00%	8,891	0.99%
M.F. Salta Company, Inc.	-	0.00%	6,734	0.75%
Mitchell Land and Improvement Company	-	0.00%	6,209	0.69%
Toys R Us, Inc.	-	0.00%	5,749	0.64%
	<u>\$ 259,935</u>	<u>13.31%</u>	<u>\$ 165,670</u>	<u>18.37%</u>

Note:

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

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

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

Note:

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

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

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

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

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

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

CITY OF SIGNAL HILL

DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2008

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Direct Debt:			
Water Enterprise debt	\$ 7,655,099	100.000%	\$ 7,655,099
Water Loan Payable	302,380	100.000%	302,380
Total Direct Debt			<u>7,957,479</u>
Overlapping Debt:			
*Metropolitan Water District	\$ 150,054,336	0.087%	130,804
Long Beach CCD DS 2002 S-A 2003	5,695,000	4.047%	230,480
Long Beach CCD DS 2002 Series B 2005	60,415,000	4.047%	2,445,032
Long Beach CCD DS REF BD 02 S-C 05	25,024,898	4.047%	1,012,773
Long Beach CCD DS 2002 Series D 2007	70,999,987	4.047%	2,873,413
Long Beach Unified School District DS 1999 Series A	21,525,000	4.048%	871,245
Long Beach Unified School District DS 1999 Series B	26,465,000	4.048%	1,071,196
Long Beach Unified School District DS 1999 Series C	53,590,000	4.048%	2,169,107
Long Beach Unified School District DS 1999 Series D	36,680,000	4.048%	1,484,658
Long Beach Unified School District DS 1999 Series E	55,690,000	4.048%	2,254,106
Long Beach Unified School District DS 1999 Series F	47,815,000	4.048%	1,935,358
Total Overlapping Debt			<u>16,478,174</u>
Total Direct and Overlapping Debt			<u>\$ 24,435,653</u>

2007/08 Assessed Valuation: \$825,750,303 After Deducting Redevelopment Increment.

Debt To Assessed Valuation Ratios:	Direct Debt	0.960%
	Overlapping Debt	2.000%
	Total Debt	2.960%

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

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

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

Source: HdL Coren & Cone, Los Angeles County Assessor Combined 2007/08 Lien Date Tax Rolls

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

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 1,952,320,891
Debt limit (15% of assessed value)	292,848,134
Debt applicable to limit	-
Legal debt margin - Current Year	\$ 292,848,134

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
1999	\$ 135,286,284	\$ -	\$ 135,286,284	0.00%
2000	136,226,739	-	136,226,739	0.00%
2001	142,928,449	-	142,928,449	0.00%
2002	154,359,905	-	154,359,905	0.00%
2003	166,507,665	-	166,507,665	0.00%
2004	183,704,523	-	183,704,523	0.00%
2005	208,855,187	-	208,855,187	0.00%
2006	233,668,165	-	233,668,165	0.00%
2007	269,092,209	-	269,092,209	0.00%
2008	292,848,134	-	292,848,134	0.00%

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

Fiscal Year	Redevelopment Tax Allocation Bonds			
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
1999	\$ 5,635	\$ 1,150	\$ 3,712	1.16
2000	5,505	1,245	3,646	1.13
2001	5,914	1,315	3,577	1.21
2002	6,188	1,385	3,327	1.31
2003	7,844	1,765	3,096	1.61
2004	8,936	455	1,719	4.11
2005	9,085	2,285	2,806	1.78
2006	10,985	2,290	2,756	2.18
2007	12,747	2,451	3,749	2.06
2008	12,899	2,545	3,267	2.22

Source: City of Signal Hill, Finance Department

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

Calendar Year	City Population	Los Angeles-Long Beach-Santa Ana Area			
		Area Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1999	9,133	12,253,223	\$ 360,275,382	\$ 29,402	5.1%
2000	9,247	12,403,036	385,053,436	31,045	5.1%
2001	9,737	12,550,438	403,518,592	32,152	5.2%
2002	9,933	12,691,583	412,753,239	32,522	6.7%
2003	10,284	12,816,963	427,041,303	33,318	6.9%
2004	10,631	12,899,425	453,901,804	35,188	6.3%
2005	10,951	12,933,839	475,262,940	36,746	5.0%
2006	11,089	12,866,834	513,123,392	39,880	4.4%
2007	11,229	N/A	N/A	N/A	4.7%
2008	11,402	N/A	N/A	N/A	6.6%

N/A - Not Available

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

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

Employer	2007-08			1998-99*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	745	1	8.50%			
Home Depot	335	2	3.82%			
Costco	315	3	3.59%			
Target	231	4	2.63%			
Oil Well Service Company	225	5	2.57%			
Crane Valves North America	148	6	1.69%			
Long Beach BMW	135	7	1.54%			
Alliance Spacesystems	129	8	1.47%			
Platt Security	122	9	1.39%			
Mercedes Benz of Long Beach	122	10	1.39%			
	<u>2,507</u>		<u>28.60%</u>			

* Information not available

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

Department	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Administration	6.00	6.00	6.00	6.00	5.00	5.25	4.50	4.00	4.00	5.00
Finance	8.44	8.44	7.44	7.44	7.44	7.44	6.44	6.44	6.44	6.48
Community services	23.15	23.88	24.03	23.53	24.29	24.11	23.78	23.05	22.46	24.15
Police	50.45	52.45	52.17	53.38	53.28	52.18	52.18	50.40	52.40	53.88
Community development	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public works	30.00	30.00	30.48	31.00	31.00	30.42	30.92	29.00	29.00	30.00
Redevelopment	4.00	4.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Total	<u>129.04</u>	<u>131.77</u>	<u>130.12</u>	<u>130.35</u>	<u>130.01</u>	<u>128.40</u>	<u>126.82</u>	<u>121.89</u>	<u>123.30</u>	<u>127.51</u>

Source: City of Signal Hill, Finance Department

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

Function/Program	Fiscal Year		
	2006	2007	2008
Police			
Calls for service	7,151	8,092	6,284
Reports written	4,884	4,792	4,951
Total arrests	1,736	2,074	2,219
Hazardous traffic conditions	2,871	3,480	3,928
Parking citations	6,553	6,410	6,542
Community Development			
Code enforcement cases	26	30	67
Building permits	187	193	182
Site plan design reviews	13	14	10
Water			
Number of customers	2,846	2,890	2,856
Average daily consumption (in millions of gallons)	2.13	2.15	1.94
Number of hydrants maintained	552	473	466
Public Works			
Traffic signals maintained	29	29	29
Street sweeping miles	3,500	3,500	6,240
Sidewalk repairs (square feet)	8,000	4,200	3,200
Curb and gutter replaced (linear feet)	400	325	170
Cross gutter replaced (square feet)	N/A	N/A	720
Engineering			
Number of infrastructure projects administered	17	14	10
Plan checks completed	19	17	8
Number of residential refuse accounts	1,434	1,456	1,463
Community Services			
Library items borrowed	44,024	68,321	80,266
Youth sports participants	408	5,886	7,099
Summer youth programs	11,693	13,324	13,582
Facility rental permits	265	356	523

N/A - Not Available

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

Source: Various City Departments

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

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

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