

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF SIGNAL HILL, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2009



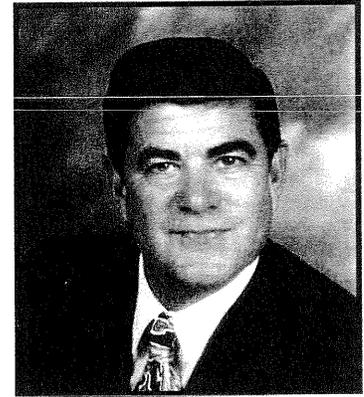
Prepared by
Department of Finance

Maida Alcantara
Director of Finance



Edward H. J. Wilson
Vice Mayor

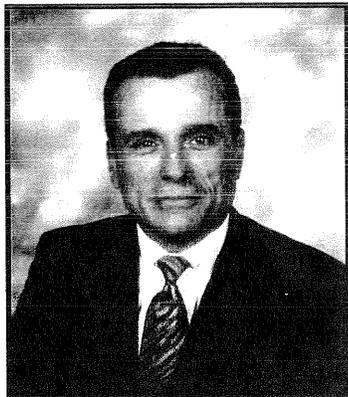
ELECTED OFFICIALS



Michael Noll
Councilmember



Ellen Ward
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, 2009

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 fiscal year ended June 30, 2009. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements in accordance with generally accepted auditing standards (GAAP) and by independent certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City of Signal Hill. 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.

The City of Signal Hill's financial statements have been audited by Diehl, Evans & Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Signal Hill for the fiscal year ended June 30, 2009 are free of material misstatement. The independent audit involved examining on test basis evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Signal Hill's financial statements for the year ended June 30, 2009 are fairly

presented in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report.

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.

Profile of the Government

The City of Signal Hill was incorporated in 1924 as a General Law City. On November 7, 2000, in a special election, the residents of Signal Hill approved a new City Charter and the City effectively made the change from a General Law City to a Charter City under the California Constitution. The City 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 107 full-time employees.

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

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

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

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

The 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 11,430. 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 and financially sound.

Local Economy

The City’s economy is dominated by auto and retail sales. Sales Tax generated accounts for 67% of total General Fund revenues. This past year’s economic downturn resulted in a \$2.1 million or a 17% decline in sales tax revenues for Fiscal Year end 2008. An additional 9% loss in sales tax revenues is projected for the current fiscal year 2009-10 budget.

Latest unemployment numbers show that the national, state, and local government unemployment rates are still on the rise with Gateway cities at 14.1%, the Los Angeles County rate at 12.6%and Long Beach at 13.9%. Comparatively, Signal Hill’s unemployment rate is 9.5%, below the State rate of 12.3% and the national rate of 10.2%.

The FY 2008-09 State of California’s significant budgetary problems has not been resolved. Redevelopment Agencies were to pay into ERAF in Fiscal Year 2008-09, prior to May 10, 2009, an aggregate amount of \$350 million, of which the Signal Hill Redevelopment Agency was to pay approximately \$1.06 million. On April 30, 2009, a California superior court held that the required payment by redevelopment agencies into ERAF in Fiscal Year 2008-09 violated the California constitution. On May 26, 2009, the

State did file a notice that it would appeal the decision of the superior court. On September 28, 2009, the State noticed its withdrawal of its appeal of California Redevelopment Association v. Genest.

The 2009 SERAF legislation mandates that redevelopment agencies in the State make deposits to the Supplemental Education Revenue Augmentation Fund (“SERAF”) that is established in each county treasury throughout the State the aggregate amounts of \$1.7 billion for Fiscal Year 2009-10 which are due prior to May 10, 2010, and \$350 million for Fiscal Year 2010-11, which are due prior to May 10, 2011. The Agency has primarily estimated that the total amount payable will be \$5.16 million in Fiscal Year 2009-10 and \$1.06 million for the following Fiscal Year 2010-11.

The Redevelopment Agency continues its revitalization efforts with the expansion of the Auto Center which started in February, 2008. This includes a proposed property acquisition program that 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. In Fiscal Year 2008, the City loaned \$10 million to the Agency 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 Agency and the City continue to attract more businesses to the City. Development of new sales tax generating businesses in the city includes a supermarket, a couple discount retail stores, a fast food restaurant, and a recycling and transfer station. These new businesses will add a more diverse distribution of revenue source that will ease the concentration of over 35% in sales tax from auto sales.

Long Term Financial Planning

The City of Signal Hill’s outlook includes an on-going challenge towards a balanced budget as the impact of the financial crisis hits home. While the City is not faced with severe cutbacks that include furloughs and layoffs, it is necessary to address additional revenue losses that may include additional State takeaways and new expenditures such as the projected PERS rate increases and the annual funding of the OPEB (other post employment benefits) liability

In light of the significant economic crisis, and the resulting shortfall in revenues, the City has implemented a city wide 2% reduction in expenditures for the next 5 years in its Fiscal Year 2009-10 budget’s 5 year projection. The 5 year projection is part of the city’s

annual budget process and provides estimates to fund balances, revenue and expenditure projections.

Several years ago, the city established the Economic Uncertainties Reserve Fund to deal with unexpected drops in local sales taxes and to help the City weather a general economic downturn. When the fund was established we did not anticipate the need to deal with the most dramatic downturn since the 1930's. In Fiscal Year 2008-09, our reserve ratio was at 50% of total expenditures. We close the fiscal year 2009 with a balance of \$4.01 million in the Economic Uncertainties Fund. This amount in addition to the unreserved, undesignated fund balance in the General Fund brings our reserve ratio versus budgeted expenditures to 36% for Fiscal Year 2009-10. This falls below the goal in our policy guidelines set by Council for budgetary and planning purposes (a minimum of six months operating expenses). A total \$1.4 million was withdrawn for the budget of Fiscal Year 2009-10 to meet the revenues shortfall. Priority is given to building these reserves to meet future obligations, commitments and economic downturns.

The City recently completed negotiations for the construction of the transfer station. When construction is completed this development could result in significant new annual revenues. A \$1.0 million advance deposit on future revenues was received.

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

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 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.

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 2008-2009; 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.

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, 2008. This was the 15th 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. Joy Getz, Accounting Manager, and Pearl Yu, Accountant for their significant roles in the report preparation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Maida Alcantara".

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, 2008

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



President

Executive Director

CITY OF SIGNAL HILL

JUNE 30, 2009

ELECTED OFFICIALS

Ellen Ward
Mayor

Edward H. J. Wilson
Vice Mayor

Michael Noll
Councilmember

Larry Forester
Councilmember

Tina L. Hansen
Councilmember

Kathleen Pacheco
City Clerk

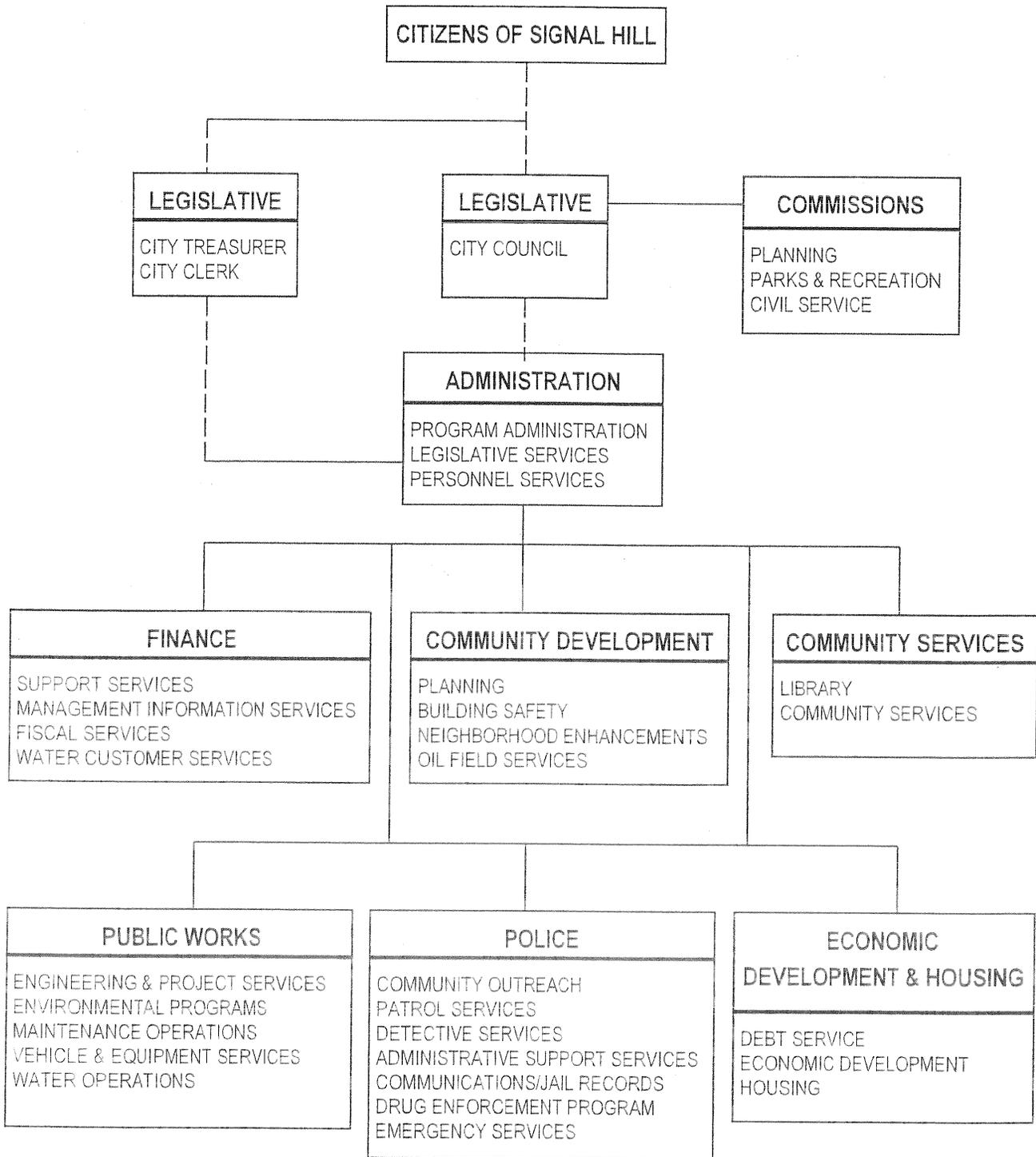
Emerson Fersch
City Treasurer

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
Tom Sonoff
Barbara Muñoz

CITY OF SIGNAL HILL ORGANIZATIONAL CHART





DIEHL, EVANS & COMPANY, LLP
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 KENNETH R. AMES, CPA
 *WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

December 18, 2009

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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 8 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", for the year ended June 30, 2009.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2009 on our consideration of the City of Signal Hill's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedule of funding progress and 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 and the schedule of funding progress which consisted principally of inquiries of management regarding the methods of measurement and presentation of this 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, 2009

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, 2009. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements.

FINANCIAL HIGHLIGHTS

- Net assets, the amount by which total assets exceed total liabilities, equal \$60,806,225. Of this amount a \$69,031,173 deficit was attributable to the redevelopment agency tax allocation bonds secured by future tax increment revenues.
- The City's total net assets increased by \$3,953,993 over last years' totals. Governmental activities contributed \$3,505,361, and business type activities contributed \$448,632.
- At the close of the current fiscal year, the City's governmental activities reported combined ending net assets of \$38,239,833, an increase of \$3,505,361 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, 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, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (continued)

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

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

Fund Financial Statements

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

Governmental funds

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

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

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 basic financial statements.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

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, 2009 total \$60,806,225. Following is a condensed version of the government-wide statement of net assets.

**Table 1
Net Assets**

	Governmental Activities 2009	Governmental Activities 2008	Business-type Activities 2009	Business-type Activities 2008	Total 2009	Total 2008
Assets:						
Current and other assets	\$ 80,663,798	\$ 79,620,254	\$ 6,193,085	\$ 5,431,609	\$ 86,856,883	\$ 85,051,863
Capital assets, net	45,402,115	44,502,932	24,969,910	25,654,918	70,372,025	70,157,850
Total Assets	<u>126,065,913</u>	<u>124,123,186</u>	<u>31,162,995</u>	<u>31,086,527</u>	<u>157,228,908</u>	<u>155,209,713</u>
Liabilities:						
Current Liabilities	11,742,980	10,794,342	546,175	594,008	12,289,155	11,388,350
Long-term Liabilities	76,083,100	78,594,372	8,050,428	8,374,759	84,133,528	86,969,131
Total Liabilities	<u>87,826,080</u>	<u>89,388,714</u>	<u>8,596,603</u>	<u>8,968,767</u>	<u>96,422,683</u>	<u>98,357,481</u>
Net assets:						
Invested in capital assets, net of related debt	45,402,115	44,502,932	17,674,066	18,009,549	63,076,181	62,512,481
Restricted	36,631,472	37,503,031	-	-	36,631,472	37,503,031
Unrestricted	<u>(43,793,754)</u>	<u>(47,271,491)</u>	<u>4,892,326</u>	<u>4,108,211</u>	<u>(38,901,428)</u>	<u>(43,163,280)</u>
Total Net Assets	<u>\$ 38,239,833</u>	<u>\$ 34,734,472</u>	<u>\$ 22,566,392</u>	<u>\$ 22,117,760</u>	<u>\$ 60,806,225</u>	<u>\$ 56,852,232</u>

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Assets (continued)

The largest portion of the City's net assets is attributable to the investment in capital assets. The majority of the liabilities are attributable to the City of Signal Hill Community Redevelopment Agency (Agency). The Agency uses the debt proceeds to finance its redevelopment projects which include land, housing, street improvements, economic development and park improvements. Once 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 \$60,806,225 as of June 30, 2009. This represents an increase of \$3,953,993 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 \$3.9 million in the fiscal year ended June 30, 2009. The increase was split between the governmental activities (\$3.5 million) and business-type activities (\$0.4 million).

The City's total revenues were \$39.0 million. A significant portion of the City's revenue came from sales and use tax, accounting for 25.6% of total revenues, local property tax accounted for 39.5%, 16.2% was received for charges for services, and 7.0% came from investment income.

The total cost of all City programs and services during fiscal year ended June 30, 2009 was \$35,007,893. Community development expenditures accounted for 25.1% of the total expenditures, 21.8% of expenditures were for police services, interest expense attributed to 10.8%, public works 16.0%, general government 10.5% and 10.2% was expended for business-type activities.

The difference between the City's total revenues and expenses, \$3,953,993, represented the increase in total net assets for 2009.

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, 2009

**Table 2
Changes in Net Assets**

	Governmental Activities 2009	Governmental Activities 2008	Business- Type Activities 2009	Business- Type Activities 2008	Total 2009	Total 2008
Revenues:						
Program revenues:						
Charges for services	\$ 3,000,558	\$ 2,677,699	\$ 3,290,582	\$ 3,352,037	\$ 6,291,140	\$ 6,029,736
Operating grants and contributions	1,187,469	805,676	-	-	1,187,469	805,676
Capital grants and contributions	1,268,221	1,230,376	-	-	1,268,221	1,230,376
General revenues:						
Property taxes	15,390,436	14,301,655	-	-	15,390,436	14,301,655
Sales taxes	9,977,851	12,162,591	-	-	9,977,851	12,162,591
Other taxes	1,957,148	1,670,322	-	-	1,957,148	1,670,322
Investment income	2,502,889	3,355,850	236,200	206,201	2,739,089	3,562,051
Unrestricted grants and contributions	136,240	195,271	-	-	136,240	195,271
Miscellaneous	14,292	13,794	-	-	14,292	13,794
Total revenues	<u>35,435,104</u>	<u>36,413,234</u>	<u>3,526,782</u>	<u>3,558,238</u>	<u>38,961,886</u>	<u>39,971,472</u>
Expenses:						
General Government	3,684,584	3,327,465	-	-	3,684,584	3,327,465
Community services	1,418,404	1,407,200	-	-	1,418,404	1,407,200
Police	7,627,496	7,662,262	-	-	7,627,496	7,662,262
Community development	8,788,023	11,578,026	-	-	8,788,023	11,578,026
Public works	5,600,231	4,585,498	-	-	5,600,231	4,585,498
Unallocated infrastructure depreciation	530,719	530,728	-	-	530,719	530,728
Interest on long-term liabilities	3,780,286	4,128,258	-	-	3,780,286	4,128,258
Water	-	-	3,578,150	3,380,193	3,578,150	3,380,193
Total Expenses	<u>31,429,743</u>	<u>33,219,437</u>	<u>3,578,150</u>	<u>3,380,193</u>	<u>35,007,893</u>	<u>36,599,630</u>
Increase in net assets						
before transfers	4,005,361	3,193,797	(51,368)	178,045	3,953,993	3,371,842
Transfers	<u>(500,000)</u>	<u>(1,150,689)</u>	<u>500,000</u>	<u>1,150,689</u>	<u>-</u>	<u>-</u>
Change in net assets	3,505,361	2,043,108	448,632	1,328,734	3,953,993	3,371,842
Net assets - beginning	<u>34,734,472</u>	<u>32,691,364</u>	<u>22,117,760</u>	<u>20,789,026</u>	<u>56,852,232</u>	<u>53,480,390</u>
Net assets - ending	<u>\$ 38,239,833</u>	<u>\$ 34,734,472</u>	<u>\$ 22,566,392</u>	<u>\$ 22,117,760</u>	<u>\$ 60,806,225</u>	<u>\$ 56,852,232</u>

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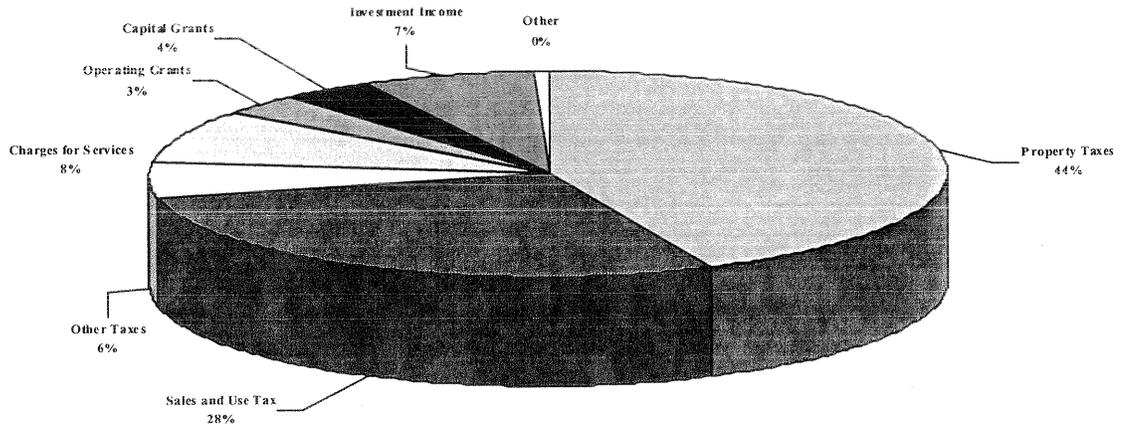
CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

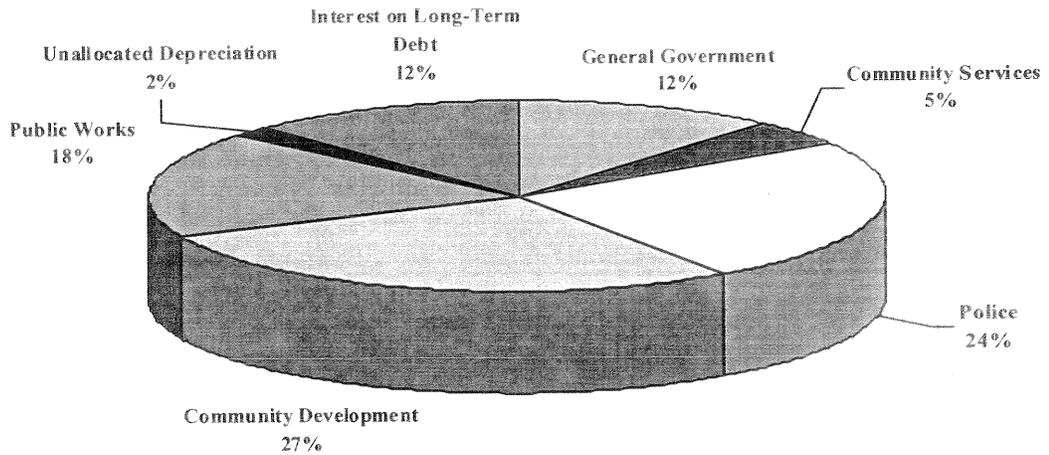
Fiscal Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues by Source – Governmental Activities
Fiscal Year 2009



Expenditures – Governmental Activities
Fiscal Year 2009



See independent auditors' report.

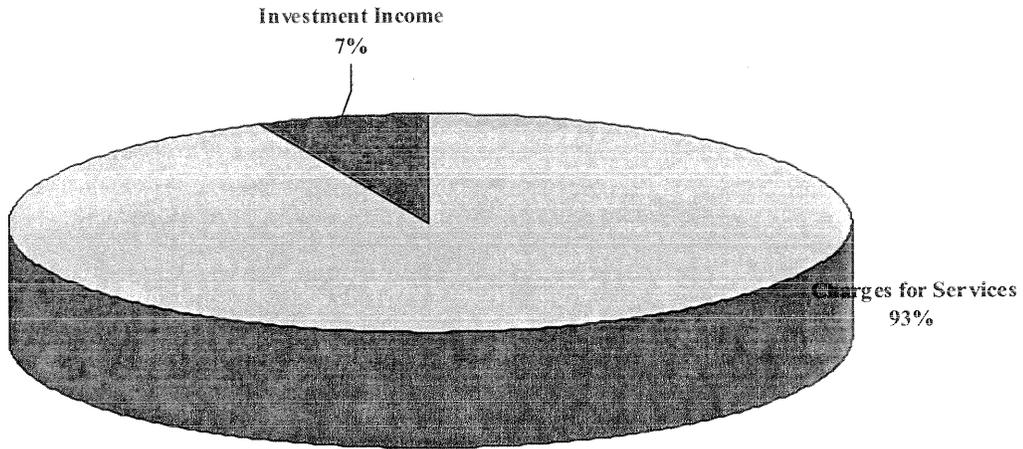
CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

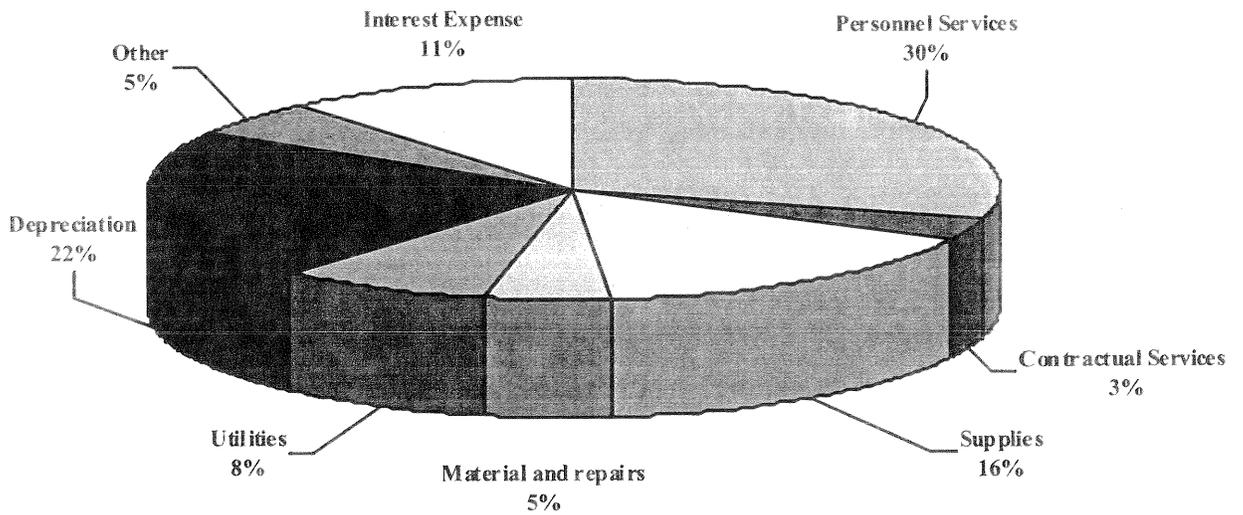
Fiscal Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues by Sources – Business-type Activities
Fiscal Year 2009



Expenses – Business-type Activities
Fiscal Year 2009



See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Assets (continued)

Governmental activities contributed to \$3,505,361 of the increase in net assets. The largest changes in revenues from the prior year were sales tax, property tax, and operating grants and contributions. Sales tax declined \$2.2 million or 18.0% due to the downturn in the State and national economy. Property taxes increased by \$1.1 million or 7.6% due to growth in the assessed valuation of property. Operating grants and contributions increased \$382 K or 47.4%. During 08-09, the City received several new grants including a \$195K grant from the MTA for street projects and a Workforce Housing grant of \$124K.

Expenses decreased \$1.8 million primarily as a result of a decrease in community development expenses. Community development expenses decreased by \$2.8 million due to lower cleanup and relocation costs. The Redevelopment Agency completed some relocations in early 2008-09. The 07-08 relocation costs were over \$4 million, but the 08-09 costs were under \$1.3 million. Public works expenses increased by \$1.0 million or 22.1% due to the increased amount of street maintenance. Street maintenance costs increased from \$375K in 07-08 to \$1,306K in 08-09.

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, 2009, the expenses exceeded revenues with the City's total business-type activities having realized an overall increase in net assets of \$448,632.

The City's enterprise operation is comprised solely of a Water Fund. Operating revenues decreased \$61,455 from the previous year. There was a water rate increase effective in January 2009, but the City has also begun a water conservation plan. Operating expenses increased \$197,957 primarily because purchased water costs increased \$100K over the prior year.

Change in net assets consisted of an increase of \$448,632 for the year as compared to last year's \$1,328,734 increase in net assets. The main reason for the increase in net assets was the \$500,000 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 \$22,566,392. This represents a 2.0% increase in net assets. The City has ample coverage to pay its water-bonded indebtedness. The City's Water Utility Debt Service Coverage is 178%. 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, 2009

Financial Analysis of the City's Major Funds

The City's major governmental funds for the fiscal year ended June 30, 2009 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 decreased by \$2,206,841 in fiscal year 08/09 and increased by \$3,045,407 in fiscal year 07/08. In fiscal year 08/09, revenues decreased by \$1.9 million, expenditures increased by \$523 K, and net transfers out increased by \$2.8 million. The primary revenue reduction was Sales Tax. Sales Tax decreased by \$2.1 million due to the downturn in the State and national economy. The largest increase in expenditures was in General Government. General Government expenditures increased by \$343K. During 08/09, the City expended \$516K to fund an OPEB trust, and this expenditure is included in General Government. Net transfer to the Capital Improvements fund increased by \$2.8 million. During 07/08, there was a net transfer into the general fund of \$395K. During 08/09, the General Fund transferred \$2.4 million to the Capital Improvements fund to cover the cost of a number of projects including \$880K for street resurfacing and \$1.1 million for the planned new police building.

Affordable Housing Special Revenue Fund

The fund balance increased by \$1,487,737 in fiscal year 08/09 and by \$1,542,793 in fiscal year 07/08. 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 increased by \$2,441,292. The increased is attributed to the excess of property tax revenues over required debt service. See note 5 for more information.

Capital Improvement Capital Project Fund

Capital expenditures within the Capital Improvement Capital Project Fund totaled \$2,784,063 for the fiscal year. Two projects were still in the early stages in 08/09. The Cherry Avenue widening project had expenditures of \$67K for preliminary engineering. The project is budgeted for over \$6 million. The new Police Building project had expenditures totaling \$1.1 million in 08/09. Construction on the new Police Building should begin during fiscal year 09/10.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

Community Redevelopment Capital Project Fund

The Community Redevelopment Capital Project Fund fund balance decreased by \$2.8 million. The decrease is largely due to the excess of expenditures over revenues. Revenues are generally investment earnings and some rental revenues. Generally money comes in when the Redevelopment Agency issues debt, and no debt was issued during fiscal year 08/09.

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 \$17.6 million. Total General Fund revenues and transfers in exceeded their adjusted budget amounts by \$221,943. Sales and use tax was the largest revenue source with nearly \$10.5 million in realized revenues. This amount was \$599,439 less than the adjusted budget. Sales tax revenue declined by \$2.1 million or 16.8% over the fiscal year 07/08 amount. The City had budgeted for a decline in sales tax, and during the mid-year budget review, the sales tax budget was reduced by over \$800K. Sales tax revenues are down in most California cities due to the slow down in the economy.

Other taxes exceeded the adjusted budget by \$362,718 because oil production taxes were about \$320K over budget. Other revenue exceeded the adjusted budget by \$258,976 because several old deposit balances were cleaned up. Most of the other revenue categories were close to their adjusted budget totals.

Interest earnings declined from the previous fiscal year. Interest income totaled \$742,467. This was a \$594,261 decrease over last fiscal year. This decrease was primarily due to lower interest rates.

General Fund expenditures totaled \$17.3 million. Expenditures were projected at \$18.5 million during the budget process. The expenditure under run from the final budget totaled \$1,162,456, or 6.3% 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 2008-09. Some of the under run in the budget was caused 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.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

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, 2009, totaled \$70,372,025, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in process.

**Table 3
Capital Assets**

	Governmental Activities 2009	Governmental Activities 2008	Business-type Activities 2009	Business-type Activities 2008	Total 2009	Total 2008
Land	\$ 27,684,367	\$ 27,673,385	\$ 4,436,916	\$ 4,436,916	\$ 32,121,283	\$ 32,110,301
Water rights	-	-	669,253	699,633	669,253	699,633
Construction in Progress	1,957,808	673,981	17,423	-	1,975,231	673,981
Buildings, equipment depreciable assets	4,978,890	4,843,797	19,846,318	20,518,369	24,825,208	25,362,166
Infrastructure	10,781,050	11,311,769	-	-	10,781,050	11,311,769
Total capital assets	\$ 45,402,115	\$ 44,502,932	\$ 24,969,910	\$ 25,654,918	\$ 70,372,025	\$ 70,157,850

During 2008-09, the main additions to governmental capital assets were the construction in progress for the pre-construction costs for the new Police building. There were no significant additions to capital assets for the water fund. For additional information see Note 3 of the Notes to Basic Financial Statements.

DEBT ADMINISTRATION

**Table 4
Debt Administration**

	Governmental Activities 2009	Governmental Activities 2008	Business-type Activities 2009	Business-type Activities 2008	Total 2009	Total 2008
Tax allocation bonds	\$ 69,031,173	\$ 71,808,028	\$ -	\$ -	\$ 69,031,173	\$ 71,808,028
Notes payable	3,865,847	3,865,847	-	-	3,865,847	3,865,847
Loans payable	2,000,000	2,000,000	302,380	377,975	2,302,380	2,377,975
Certificates of Participation	-	-	-	-	-	-
Water revenue bonds	-	-	7,680,184	7,955,099	7,680,184	7,955,099
Compensated absences	1,186,080	920,497	67,864	41,685	1,253,944	962,182
Total assets	\$ 76,083,100	\$ 78,594,372	\$ 8,050,428	\$ 8,374,759	\$ 84,133,528	\$ 86,969,131

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

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 \$69.031 million. All seven issues were rated A by Standard and Poors and Baal 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 City continues to face many challenges from the current economic crisis of both the nation and the state and its impact on the City's revenues and budget. The State of California's significant budgetary problems and resulting mandates add a serious strain to the City's already lean and conservative budget.

With the State's 2009 SERAF legislation, the Signal Hill Redevelopment Agency is required to make deposits to the Supplemental Education Revenue Augmentation Fund ("SERAF") established in each county treasury throughout the State, a total amount payable of \$5.16 million in Fiscal Year 2009-10 and an additional \$1.06 million for the following Fiscal Year 2010-11.

In July 2009, the governor signed a bill that authorized the suspension of Prop 1A. The City of Signal Hill's share is estimated to be \$350,000 for the fiscal year. This State takeaway will be repaid in 3 years at 2 % interest. Other potential losses of additional State takeaways of Prop 42 and HUTA funds are projected to be \$296,000.

The previous, current, and future raids of the City's finances jeopardize the services that the City provides to its residents. Responding to this fiscal crises requires the City not only to continue to be fiscally prudent and to manage its resources and operations diligently but also to develop other potential new revenues. There are several development projects proposed for Fiscal Year 2010-11 in the City including a supermarket, two discount retail stores, a fast food restaurant, and a transfer station. These new businesses will add a more diverse distribution of revenue source easing up the concentration of over 35% of sales tax revenues on auto sales.

The Signal Hill Redevelopment Agency will continue its expansion of the Auto Center which initially started in February, 2008. The proposed property acquisition program is nearing completion with total expense estimated at \$15-20 million.

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2009

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

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

The City's contingency reserves at the beginning of the year decreased from over 50% of General Fund expenditures in Fiscal Year 2008-09 to 36% of the Fiscal Year budget 2009-10. As a reflection of the City's commitment to provide the highest level of services to the community within the City's financial constraints and prudent management, the Economic Uncertainties Fund was set up as early as 1996 with an initial contribution of \$600,000 to the current \$4.084 million balance at the beginning of the Fiscal Year 2009-10 budget year. Other reserve funds include funding for the City's Other Post Employment Benefits for future obligations as result of the Governmental Accounting Standard Board's Pronouncement Number 45, a PERS reserve fund for future rate hikes, and several project specific funds..

The new budget includes funding for capital projects totaling \$29.48 million with over \$9.08 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 \$500,000.

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, 2009

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	\$ 51,155,489	\$ 4,819,150	\$ 55,974,639
Receivables:			
Accounts	2,521,714	464,088	2,985,802
Accrued interest	526,323	37,190	563,513
Rehabilitation loans	14,173	-	14,173
Due from other governments	109,767	-	109,767
Internal balances	16,538	(16,538)	-
Inventory	18,781	-	18,781
Deposits	95,750	-	95,750
Deferred charges	1,874,698	202,477	2,077,175
Land and improvements held for resale or lease, net	7,758,312	-	7,758,312
Restricted assets:			
Cash and investments (Note 2)	16,572,253	686,718	17,258,971
Capital assets (Note 3):			
Land	27,684,367	4,436,916	32,121,283
Construction in progress	1,957,808	17,423	1,975,231
Infrastructure, net	10,781,050	-	10,781,050
Water rights, net	-	669,253	669,253
Source of supply, net	-	11,027,029	11,027,029
Pumping plant, net	-	6,266,635	6,266,635
Transmission/distribution, net	-	839,316	839,316
Structures and improvements, net	3,412,912	858,782	4,271,694
Equipment and furniture, net	1,565,978	854,556	2,420,534
TOTAL ASSETS	<u>126,065,913</u>	<u>31,162,995</u>	<u>157,228,908</u>
LIABILITIES:			
Accounts payable	1,773,223	137,157	1,910,380
Accrued liabilities	537,627	21,722	559,349
Accrued interest payable	1,361,478	59,071	1,420,549
Owner participation agreement payable	1,079,551	-	1,079,551
Refundable deposits	6,478,553	328,225	6,806,778
Unearned revenue	512,548	-	512,548
Noncurrent liabilities (Note 4):			
Due within one year	3,203,707	401,674	3,605,381
Due in more than one year	72,879,393	7,648,754	80,528,147
TOTAL LIABILITIES	<u>87,826,080</u>	<u>8,596,603</u>	<u>96,422,683</u>
NET ASSETS:			
Invested in capital assets, net of related debt	45,402,115	17,674,066	63,076,181
Restricted for:			
Capital improvements	3,760,308	-	3,760,308
Redevelopment	22,924,913	-	22,924,913
Special purposes	2,540,524	-	2,540,524
Low and moderate income housing	7,405,727	-	7,405,727
Unrestricted	(43,793,754)	4,892,326	(38,901,428)
TOTAL NET ASSETS	<u>\$ 38,239,833</u>	<u>\$ 22,566,392</u>	<u>\$ 60,806,225</u>

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

CITY OF SIGNAL HILL

STATEMENT OF ACTIVITIES

For the year ended June 30, 2009

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,684,584	\$ 439,821	\$ -	\$ -
Community services	1,418,404	300,952	28,882	-
Police	7,627,496	639,482	116,534	-
Community development	8,788,023	558,592	291,992	1,018,349
Public works	5,600,231	1,061,711	750,061	249,872
Unallocated infrastructure depreciation	530,719	-	-	-
Interest on long-term liabilities	3,780,286	-	-	-
Total governmental activities	31,429,743	3,000,558	1,187,469	1,268,221
Business-type activity:				
Water	3,578,150	3,290,582	-	-
Total	\$ 35,007,893	\$ 6,291,140	\$ 1,187,469	\$ 1,268,221

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, as restated (Note 16)

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
\$ (3,244,763)	\$ -	\$ (3,244,763)
(1,088,570)	-	(1,088,570)
(6,871,480)	-	(6,871,480)
(6,919,090)	-	(6,919,090)
(3,538,587)	-	(3,538,587)
(530,719)	-	(530,719)
(3,780,286)	-	(3,780,286)
(25,973,495)	-	(25,973,495)
-	(287,568)	(287,568)
(25,973,495)	(287,568)	(26,261,063)
15,390,436	-	15,390,436
9,977,851	-	9,977,851
563,146	-	563,146
38,767	-	38,767
1,355,235	-	1,355,235
2,502,889	236,200	2,739,089
136,240	-	136,240
14,292	-	14,292
(500,000)	500,000	-
29,478,856	736,200	30,215,056
3,505,361	448,632	3,953,993
34,734,472	22,117,760	56,852,232
\$ 38,239,833	\$ 22,566,392	\$ 60,806,225

CITY OF SIGNAL HILL

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2009

	General	Affordable Housing Special Revenue Fund	Debt Service Fund
ASSETS			
Cash and investments	\$ 17,294,765	\$ 7,045,652	\$ 13,019,615
Restricted cash and investments	-	12	-
Accounts receivable	1,507,300	178,197	744,632
Accrued interest receivable	125,897	52,377	93,800
Due from other funds	18,345	-	-
Due from other governments	101,742	-	-
Advances to other funds	11,183,334	142,186	-
Deposits	-	-	-
Rehabilitation loans receivable	-	-	-
Land and improvements held for resale or lease, net	-	-	-
TOTAL ASSETS	\$ 30,231,383	\$ 7,418,424	\$ 13,858,047
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 506,000	\$ 8,453	\$ 791,629
Accrued liabilities	516,377	4,232	-
Deferred revenue	1,285,076	-	-
Due to other funds	-	-	-
Owner participation agreement payable	-	-	1,079,551
Refundable deposits	478,553	-	-
Advances from other funds	-	-	11,183,334
TOTAL LIABILITIES	2,786,006	12,685	13,054,514
FUND BALANCES:			
Reserved	10,000,000	7,405,739	-
Unreserved:			
General fund	17,445,377	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	803,533
TOTAL FUND BALANCES	27,445,377	7,405,739	803,533
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,231,383	\$ 7,418,424	\$ 13,858,047

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

Capital Projects Funds		Other	Total
Capital Improvement	Community Redevelopment	Governmental Funds	Governmental Funds
\$ 640,141	\$ 4,598,348	\$ 7,493,130	\$ 50,091,651
-	16,572,241	-	16,572,253
-	-	91,585	2,521,714
-	179,207	66,088	517,369
-	-	-	18,345
-	-	8,025	109,767
-	-	-	11,325,520
-	95,750	-	95,750
-	-	14,173	14,173
-	7,758,312	-	7,758,312
<u>\$ 640,141</u>	<u>\$ 29,203,858</u>	<u>\$ 7,673,001</u>	<u>\$ 89,024,854</u>

\$ 138,123	\$ 260,076	\$ 28,569	\$ 1,732,850
-	8,339	4,393	533,341
502,018	10,530	52,546	1,850,170
-	-	18,345	18,345
-	-	-	1,079,551
-	6,000,000	-	6,478,553
-	-	142,186	11,325,520
<u>640,141</u>	<u>6,278,945</u>	<u>246,039</u>	<u>23,018,330</u>

-	22,924,913	-	40,330,652
-	-	-	17,445,377
-	-	7,426,962	7,426,962
-	-	-	803,533
-	22,924,913	7,426,962	66,006,524
<u>\$ 640,141</u>	<u>\$ 29,203,858</u>	<u>\$ 7,673,001</u>	<u>\$ 89,024,854</u>

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CITY OF SIGNAL HILL

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

June 30, 2009

Fund balances - total governmental funds \$ 66,006,524

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

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

Land	\$ 27,684,367	
Construction in progress	1,957,808	
Infrastructure, net of \$11,945,305 accumulated depreciation	10,781,050	
Structures and improvements, net of \$6,576,110 accumulated depreciation	3,332,304	
Equipment, net of \$1,306,059 accumulated depreciation	854,328	
Total capital assets used in governmental activities		44,609,857

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, 2009 totaled: 1,337,622

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. 1,848,069

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, 2009 are:

Accrued interest on long-term debt		(1,361,478)
Tax allocation bonds	\$(69,650,000)	
Less: Deferred charges on refunding (amortized as interest expense)	466,341	
Less: Deferred charges for issuance costs (amortized over life of debt)	1,874,698	
Less: Issuance discounts (amortized as interest expense)	152,486	
Note payable	(3,865,847)	
Loans payable	(2,000,000)	
Compensated absences	(1,178,439)	
Total long-term liabilities		(74,200,761)

Net assets of governmental activities \$ 38,239,833

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, 2009

REVENUES:	General	Affordable	Debt
		Housing Special Revenue Fund	Service Fund
Property taxes	\$ 1,649,839	\$ 2,748,119	\$ 10,992,477
Sales and use tax	10,457,561	-	-
Other taxes	2,048,518	-	-
Licenses and permits	270,805	-	-
Intergovernmental revenues	236,706	-	-
Charges for services	1,152,611	-	-
Fines and forfeitures	259,570	-	-
Investment income	742,467	293,721	473,483
Developer fees	-	-	-
Other revenue	382,926	-	-
TOTAL REVENUES	17,201,003	3,041,840	11,465,960
EXPENDITURES:			
Current:			
General government	3,392,050	-	-
Community services	1,395,856	-	-
Police	7,337,939	-	-
Community development	977,702	187,298	1,266,607
Public works	3,914,196	-	-
Capital outlay	295,393	213,989	-
Debt service:			
Owner participation agreement	-	-	1,079,551
Principal retirement	-	-	2,845,000
Interest	-	-	4,543,426
Fiscal agent fees	-	-	19,250
TOTAL EXPENDITURES	17,313,136	401,287	9,753,834
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(112,133)	2,640,553	1,712,126
OTHER FINANCING SOURCES (USES):			
Transfers in	356,040	230,000	1,382,816
Transfers out	(2,450,748)	(1,382,816)	(653,650)
TOTAL OTHER FINANCING SOURCES (USES)	(2,094,708)	(1,152,816)	729,166
NET CHANGE IN FUND BALANCES	(2,206,841)	1,487,737	2,441,292
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR, AS RESTATED	29,652,218	5,918,002	(1,637,759)
FUND BALANCES AT END OF YEAR	\$ 27,445,377	\$ 7,405,739	\$ 803,533

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

Capital Projects Funds		Other	Total
Capital	Community	Governmental	Governmental
Improvement	Redevelopment	Funds	Funds
\$ -	\$ -	\$ -	\$ 15,390,435
-	-	-	10,457,561
-	-	437,691	2,486,209
-	-	-	270,805
124,138	-	724,712	1,085,556
-	-	2,626	1,155,237
-	-	141,646	401,216
-	1,069,094	366,363	2,945,128
-	-	744,600	744,600
-	550,115	-	933,041
<u>124,138</u>	<u>1,619,209</u>	<u>2,417,638</u>	<u>35,869,788</u>
-	-	5,488	3,397,538
-	-	16,795	1,412,651
-	-	178,279	7,516,218
-	516,283	153,363	3,101,253
-	-	50,062	3,964,258
2,784,063	4,310,534	137,944	7,741,923
-	-	-	1,079,551
-	-	-	2,845,000
-	-	-	4,543,426
-	-	-	19,250
<u>2,784,063</u>	<u>4,826,817</u>	<u>541,931</u>	<u>35,621,068</u>
<u>(2,659,925)</u>	<u>(3,207,608)</u>	<u>1,875,707</u>	<u>248,720</u>
2,659,925	423,650	76,093	5,128,524
-	-	(1,141,310)	(5,628,524)
<u>2,659,925</u>	<u>423,650</u>	<u>(1,065,217)</u>	<u>(500,000)</u>
-	(2,783,958)	810,490	(251,280)
-	25,708,871	6,616,472	66,257,804
<u>\$ -</u>	<u>\$ 22,924,913</u>	<u>\$ 7,426,962</u>	<u>\$ 66,006,524</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, 2009

Net change in fund balances - total governmental funds \$ (251,280)

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 capitalizable capital outlays (\$1,616,642) exceeded depreciation (\$754,358) in the current period: 862,284

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	\$ 2,845,000	
Amortization of issuance costs	(126,393)	
Amortization of deferred amount on refunding	(57,445)	
Amortization of bond discounts	<u>(10,700)</u>	
		2,650,462

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	\$ (39,739)	
Net change in compensated absences	<u>(264,358)</u>	
		(304,097)

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. 516,991

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. 31,001

Change in net assets of governmental activities \$ 3,505,361

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

CITY OF SIGNAL HILL

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2009

	Business-type Activity	Governmental Activity
ASSETS	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CURRENT ASSETS:		
Cash and investments	\$ 4,819,150	\$ 1,063,838
Restricted cash and investments	686,718	-
Accounts receivable	464,088	-
Accrued interest receivable	37,190	8,954
Inventory	-	18,781
TOTAL CURRENT ASSETS	6,007,146	1,091,573
NONCURRENT ASSETS:		
Deferred charges	202,477	-
Capital assets:		
Land	4,436,916	-
Construction in progress	17,423	-
Depreciable assets, net of accumulated depreciation	20,515,571	792,258
TOTAL NONCURRENT ASSETS	25,172,387	792,258
TOTAL ASSETS	31,179,533	1,883,831
LIABILITIES		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	137,157	40,373
Accrued liabilities	21,722	4,286
Accrued interest payable	59,071	-
Refundable deposits	328,225	-
Current portion of long-term liabilities	426,760	6,346
TOTAL CURRENT LIABILITIES	972,935	51,005
LONG-TERM LIABILITIES:		
Loan payable	226,785	-
Certificates payable	7,345,098	-
Compensated absences	51,785	1,295
TOTAL LONG-TERM LIABILITIES	7,623,668	1,295
TOTAL LIABILITIES	8,596,603	52,300
NET ASSETS:		
Invested in capital assets, net of related debt	17,674,066	792,258
Restricted for debt service	686,718	-
Unrestricted	4,222,146	1,039,273
TOTAL NET ASSETS	22,582,930	\$ 1,831,531
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(16,538)	
Net assets of business-type activity	\$ 22,566,392	

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, 2009

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 3,253,207	\$ 566,808
Other revenues	37,375	4,652
TOTAL OPERATING REVENUES	<u>3,290,582</u>	<u>571,460</u>
OPERATING EXPENSES:		
Personnel services	1,048,372	170,361
Contractual services	117,791	5,664
Supplies	568,947	3,885
Material and repairs	172,665	122,510
Utilities	299,189	2,648
Depreciation/amortization	776,005	278,891
Other	190,826	27,904
TOTAL OPERATING EXPENSES	<u>3,173,795</u>	<u>611,863</u>
OPERATING INCOME (LOSS)	<u>116,787</u>	<u>(40,403)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	236,200	50,700
Interest expense	(395,193)	-
Fiscal agent fees	(2,750)	-
Gain on disposal of assets	-	14,292
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(161,743)</u>	<u>64,992</u>
INCOME (LOSS) BEFORE TRANSFERS	(44,956)	24,589
TRANSFERS IN	<u>500,000</u>	<u>-</u>
CHANGE IN NET ASSETS	455,044	24,589
TOTAL NET ASSETS AT BEGINNING OF YEAR		<u>1,806,942</u>
TOTAL NET ASSETS AT END OF YEAR		<u>\$ 1,831,531</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(6,412)</u>	
Change in net assets of business-type activity	<u>\$ 448,632</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, 2009

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,342,864	\$ -
Receipts from interfund services provided	-	571,460
Payments to suppliers	(1,401,922)	(125,428)
Payments to employees	(1,018,229)	(168,407)
	<u>922,713</u>	<u>277,625</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Advance repayment from other funds	14,750	-
Cash received from other funds	500,000	-
	<u>514,750</u>	<u>-</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from disposition of capital assets	42,390	14,344
Acquisition of property, plant and equipment	(133,387)	(315,842)
Principal paid	(375,595)	-
Interest paid	(360,426)	-
Fiscal agent fees	(2,750)	-
	<u>(829,768)</u>	<u>(301,498)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	224,102	51,380
	<u>224,102</u>	<u>51,380</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	831,797	27,507
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		
	<u>4,674,071</u>	<u>1,036,331</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		
	<u>\$ 5,505,868</u>	<u>\$ 1,063,838</u>

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, 2009

	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)	\$ 116,787	\$ (40,403)
Depreciation/amortization	776,005	278,891
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	49,577	-
(Increase) decrease in inventory	-	7,481
Increase (decrease) in accounts payable	(52,505)	29,702
Increase (decrease) in accrued liabilities	3,964	729
Increase (decrease) in refundable deposits	2,706	-
Increase (decrease) in compensated absences	26,179	1,225
	<u>\$ 922,713</u>	<u>\$ 277,625</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 922,713</u>	<u>\$ 277,625</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, 2009

	<u>Special Deposit Agency Fund</u>
ASSETS:	
Cash and investments	<u>\$ 603,395</u>
LIABILITIES:	
Refundable deposits	<u>\$ 603,395</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, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity:

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

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

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

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

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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 \$16,600,202 are restricted in the Affordable Housing Special Revenue Fund and the Community Redevelopment Capital Projects Fund in accordance with bond indentures. Cash and investments totaling \$686,718 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, 2009

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 \$1,874,698 and \$202,477, respectively, net of accumulated amortization, as of June 30, 2009. The costs are amortized on a straight-line basis through 2026, respectively. Amortization expense totaled \$126,393 and \$11,681, respectively, for the year ended June 30, 2009.

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, 2009

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 2008-2009, deposits of \$264,996 were recorded as an insurance expenditure.

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

At June 30, 2009, the net asset component, invested in capital assets, net of related debt, was determined as follows:

	<u>Governmental Activities</u>	<u>Business-type Activity</u>
Capital assets, net of accumulated depreciation	\$ 45,402,115	\$ 24,969,910
Less:		
Refunding bonds, net	-	(7,680,184)
Loan payable	-	(302,378)
Add back:		
Unspent refunding bonds proceeds	-	686,718
Total	<u>\$ 45,402,115</u>	<u>\$ 17,674,066</u>

For the governmental activities, no debt relates to the capital assets reported.

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, 2009

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2009 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	\$ 55,974,639	\$ 603,395	\$ 56,578,034
Restricted cash and investments	<u>17,258,971</u>	<u>-</u>	<u>17,258,971</u>
Total Cash and Investments	<u>\$ 73,233,610</u>	<u>\$ 603,395</u>	<u>\$ 73,837,005</u>

Cash and investments at June 30, 2009 consisted of the following:

Cash on hand	\$ 3,770
Deposits with financial institutions	352,779
Investments	<u>73,480,456</u>
Total Cash and Investments	<u>\$ 73,837,005</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.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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 Treasury Obligations	5 years	None	None
United States 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, United States Treasury Obligations, United States Government Sponsored Enterprise Securities, Guaranteed Investment Contracts, Commercial Paper, Local Agency Bonds, Banker's Acceptance and Money Market Mutual Funds. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of 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, 2009

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	\$ 36,234,568	\$ -	\$ -	\$ 36,234,568
United States Government Sponsored				
Enterprise Securities:				
FHLMC	1,497,332	1,642,754	3,724,066	6,864,152
FHLB	6,056,993	4,166,907	10,062,245	20,286,145
FFCB	-	-	2,132,525	2,132,525
Corporate Notes	-	-	7,276,343	7,276,343
Held by Bond Trustee:				
Money Market Mutual Funds	5	-	-	5
United States Government Sponsored				
Enterprise Securities:				
FHLMC	686,718	-	-	686,718
	<u>\$ 44,475,616</u>	<u>\$ 5,809,661</u>	<u>\$ 23,195,179</u>	<u>\$ 73,480,456</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, 2009

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk (Continued):

Investment Type	Total as of June 30, 2009	Minimum Legal Rating	AAA	Other Ratings	Not Rated
Local Agency Investment Fund	\$ 36,234,568	N/A	\$ -	\$ -	\$ 36,234,568
United States Government Sponsored Enterprise Securities:					
FHLMC	6,864,152	N/A	6,864,152	-	-
FHLB	20,286,145	N/A	20,286,145	-	-
FFCB	2,132,525	N/A	2,132,525	-	-
Corporate Notes	7,276,343	A	1,020,915	6,255,428	-
Held by Bond Trustee:					
Money Market Mutual Funds	5	A	5	-	-
United States Government Sponsored Enterprise Securities:					
FHLMC	686,718	AAA	686,718	-	-
Total	<u>\$ 73,480,456</u>		<u>\$ 30,990,460</u>	<u>\$ 6,255,428</u>	<u>\$ 36,234,568</u>

Other ratings on Corporate Notes are as follows:

AA+	\$ 3,721,083
AA	533,210
AA-	1,008,610
A	992,525
	<u>\$ 6,255,428</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	United States Government Sponsored Enterprise Securities	\$ 6,864,152
Federal Home Loan Bank	United States Government Sponsored Enterprise Securities	20,286,145

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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, 2009, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation 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, 2009

3. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2009 was as follows:

Governmental Activities:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 27,673,385	\$ 10,982	\$ -	\$ 27,684,367
Construction in progress	<u>673,981</u>	<u>1,304,179</u>	<u>(20,352)</u>	<u>1,957,808</u>
Total capital assets, not being depreciated	<u>28,347,366</u>	<u>1,315,161</u>	<u>(20,352)</u>	<u>29,642,175</u>
Capital assets, being depreciated:				
Structures and improvements	10,072,298	86,344	(3,865)	10,154,777
Equipment and furniture	2,348,699	277,947	(392,877)	2,233,769
Vehicles and major equipment	2,144,921	273,384	(96,317)	2,321,988
Infrastructure	<u>22,726,355</u>	<u>-</u>	<u>-</u>	<u>22,726,355</u>
Total capital assets, being depreciated	<u>37,292,273</u>	<u>637,675</u>	<u>(493,059)</u>	<u>37,436,889</u>
Less accumulated depreciation for:				
Structure and improvements	(6,620,794)	(124,936)	3,865	(6,741,865)
Equipment and furniture	(1,658,011)	(106,883)	392,825	(1,372,069)
Vehicle and major equipment	(1,443,316)	(270,711)	96,317	(1,617,710)
Infrastructure	<u>(11,414,586)</u>	<u>(530,719)</u>	<u>-</u>	<u>(11,945,305)</u>
Total accumulated depreciation	<u>(21,136,707)</u>	<u>(1,033,249)</u>	<u>493,007</u>	<u>(21,676,949)</u>
Total capital assets, being depreciated, net	<u>16,155,566</u>	<u>(395,574)</u>	<u>(52)</u>	<u>15,759,940</u>
Total governmental activities capital, net	<u>\$ 44,502,932</u>	<u>\$ 919,587</u>	<u>\$ (20,404)</u>	<u>\$ 45,402,115</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

3. CAPITAL ASSETS (CONTINUED):

Capital Asset Activity (Continued):

Business-type Activity:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Capital assets, not being depreciated				
Land	\$ 4,436,916	\$ -	\$ -	\$ 4,436,916
Construction in progress	-	17,423	-	17,423
Total capital assets, not being depreciated	<u>4,436,916</u>	<u>17,423</u>	<u>-</u>	<u>4,454,339</u>
Capital assets, being depreciated:				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	12,033,851	105,604	(6,570)	12,132,885
Wells	2,031,963	-	(114,000)	1,917,963
Mains	9,897,973	-	-	9,897,973
Pumps	1,033,620	-	(73,830)	959,790
Fire hydrants	688,263	-	-	688,263
Meters	510,346	-	-	510,346
Services	1,449,220	-	-	1,449,220
Structures	1,211,958	-	-	1,211,958
Equipment and furniture	1,587,115	10,360	(112,250)	1,485,225
Total capital assets, being depreciated	<u>31,659,495</u>	<u>115,964</u>	<u>(306,650)</u>	<u>31,468,809</u>
Less accumulated depreciation/ amortization for:				
Water rights	(515,553)	(30,380)	-	(545,933)
Reservoirs and tanks	(2,161,295)	(271,122)	6,570	(2,425,847)
Wells	(640,295)	(48,210)	90,533	(597,972)
Mains	(4,083,728)	(195,491)	-	(4,279,219)
Pumps	(592,138)	(25,241)	54,907	(562,472)
Fire hydrants	(524,321)	(17,541)	-	(541,862)
Meters	(359,733)	(46,451)	-	(406,184)
Services	(581,962)	(27,942)	-	(609,904)
Structures	(327,823)	(25,353)	-	(353,176)
Equipment and furniture	(654,645)	(88,274)	112,250	(630,669)
Total accumulated depreciation	<u>(10,441,493)</u>	<u>(776,005)</u>	<u>264,260</u>	<u>(10,953,238)</u>
Total capital assets, being depreciated, net	<u>21,218,002</u>	<u>(660,041)</u>	<u>(42,390)</u>	<u>20,515,571</u>
Total business-type activity capital assets, net	<u>\$ 25,654,918</u>	<u>\$ (642,618)</u>	<u>\$ (42,390)</u>	<u>\$ 24,969,910</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

3. CAPITAL ASSETS (CONTINUED):

Depreciation/Amortization Expense:

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

Governmental activities:

General government	\$	3,472
Community services		1,347
Police		84,840
Public works		133,980
Internal service fund depreciation charged to programs		<u>278,891</u>

Allocated depreciation 502,530

Unallocated infrastructure depreciation 530,719

Total depreciation expense - governmental activities \$ 1,033,249

Business-type activity:

Water \$ 776,005

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009	Due Within One Year
Governmental activities:					
Bonds payable:					
2001 TABs	\$ 10,925,000	\$ -	(525,000)	\$ 10,400,000	\$ 540,000
2003 TABs Series A	19,070,000	-	(1,075,000)	17,995,000	1,820,000
2003 TABs Series B	675,000	-	(675,000)	-	-
2003 TABs Series C	10,750,000	-	(75,000)	10,675,000	80,000
2003 TABs Series D	2,745,000	-	(125,000)	2,620,000	130,000
2006 TABs	13,360,000	-	(205,000)	13,155,000	200,000
2007 Refunding TABs	14,970,000	-	(165,000)	14,805,000	95,000
Less deferred amounts:					
For issuance discounts	(163,186)	-	10,700	(152,486)	-
On refunding	(523,786)	-	57,445	(466,341)	-
Total bonds payable	71,808,028	-	(2,776,855)	69,031,173	2,865,000
Note payable	3,865,847	-	-	3,865,847	-
Loans payable	2,000,000	-	-	2,000,000	-
Compensated absences	920,497	729,026	(463,443)	1,186,080	338,707
Total governmental activities	<u>\$ 78,594,372</u>	<u>\$ 729,026</u>	<u>\$ (3,240,298)</u>	<u>\$ 76,083,100</u>	<u>\$ 3,203,707</u>
Business-type activity:					
2006 Water revenue refunding bonds	\$ 8,415,000	\$ -	\$ (300,000)	\$ 8,115,000	\$ 310,000
Less deferred amounts:					
For issuance discount	(9,513)	-	519	(8,994)	-
On refunding	(450,388)	-	24,567	(425,822)	-
Total refunding bonds payable	7,955,099	-	(274,914)	7,680,184	310,000
Loan payable	377,975	-	(75,595)	302,380	75,595
Compensated absences	41,685	43,577	(17,398)	67,864	16,079
Total business-type activity	<u>\$ 8,374,759</u>	<u>\$ 43,577</u>	<u>\$ (367,907)</u>	<u>\$ 8,050,428</u>	<u>\$ 401,674</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

A. 2001 Tax Allocation Bonds:

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

Principal amounts on \$13,880,000 of serial bonds mature annually each October 1, 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, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	615,000	343,143	958,143
2015 - 2019	3,420,000	1,312,960	4,732,960
2020 - 2024	4,100,000	484,725	4,584,725
Totals	<u>\$ 10,400,000</u>	<u>\$ 3,731,383</u>	<u>\$ 14,131,383</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

B. 2003 Tax Allocation Bonds - Series A:

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

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

Principal amounts on the 2003 A Bonds mature annually each October 1, 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, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,380,000	390,774	2,770,774
2015 - 2019	6,010,000	776,138	6,786,138
2020 - 2024	<u>1,680,000</u>	<u>214,527</u>	<u>1,894,527</u>
Totals	<u>\$ 17,995,000</u>	<u>\$ 3,756,434</u>	<u>\$ 21,751,434</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

C. 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 were 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 2003 B Bonds were paid in full during the fiscal year.

D. 2003 Tax Allocation Bonds - Series C:

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

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

Principal amounts on the 2003 C Bonds mature annually each October 1, 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, 2009, including interest, are as follows:

Year Ending June 30.	Principal	Interest	Total
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	90,000	440,110	530,110
2015 - 2019	3,580,000	1,963,996	5,543,996
2020 - 2024	6,680,000	769,522	7,449,522
Totals	<u>\$ 10,675,000</u>	<u>\$ 4,962,001</u>	<u>\$ 15,637,001</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

E. 2003 Tax Allocation Bonds - Series D:

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

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	115,000	121,239	236,239
2015 - 2019	435,000	518,914	953,914
2020 - 2024	425,000	401,408	826,408
2025	<u>1,120,000</u>	<u>33,488</u>	<u>1,153,488</u>
Totals	<u>\$ 2,620,000</u>	<u>\$ 1,621,753</u>	<u>\$ 4,241,753</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

F. 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.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30.	Principal	Interest	Total
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	165,000	715,011	880,011
2015 - 2016	1,025,000	3,424,240	4,449,240
2020 - 2024	1,555,000	3,043,140	4,598,140
2025 - 2026	9,610,000	863,004	10,473,004
Totals	<u>\$ 13,155,000</u>	<u>\$ 11,010,083</u>	<u>\$ 24,165,083</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

G. 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.

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, 2009, including interest, are as follows:

Year Ending June 30.	Principal	Interest	Total
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	115,000	590,404	705,404
2015 - 2019	4,950,000	2,625,518	7,575,518
2020 - 2024	9,330,000	1,022,071	10,352,071
Totals	<u>\$ 14,805,000</u>	<u>\$ 6,642,609</u>	<u>\$ 21,447,609</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

H. Note Payable:

A \$5,000,000 note payable dated October 29, 1991, resulted from the acquisition of real property held for resale by the Agency. The note bears interest at 10% per annum. Interest and principal payments are due semi-annually on July 30 and January 30 in an amount equal to the sales tax revenue received or to be received by the City from all businesses and activities conducted on the property. Payments will be made for a period of 20 years (ending December 31, 2012) or until interest and principal due on the note is paid in full. In the event that payments are insufficient to fully discharge the note in 20 years, the unpaid balance of principal and interest will be forgiven. At June 30, 2009, the outstanding balance of this note was \$3,865,847.

Based on current available information, estimated sales tax revenue will not be sufficient to pay principal and accrued interest. Based on this, the annual debt requirements at June 30, 2009 are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ -	\$ 304,314	\$ 304,314
2011	-	313,444	313,444
2012	-	322,847	322,847
2013	-	163,809	163,809
Subtotal	-	1,104,414	1,104,414
Estimated amount to be forgiven	<u>3,865,847</u>	<u>619,035</u>	<u>4,484,882</u>
Totals	<u>\$ 3,865,847</u>	<u>\$ 1,723,449</u>	<u>\$ 5,589,296</u>

I. Loans Payable:

On March 1, 2001 the Agency received a \$1,000,000 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan were used to acquire property for rehabilitation, and project sites for construction of multifamily rental housing. The loan bears simple interest at a rate of 3% per annum. The term of the loan is 10 years. Principal of \$1,000,000 and accrued interest of \$300,000 is due March 1, 2011. As of June 30, 2009, accrued unpaid interest totaled \$245,000.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

I. Loans Payable (Continued):

On July 1, 2002, the City became eligible for a \$1,000,000 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan are to be used to pay for design costs for construction of multifamily rental housing. The loan bears simple interest at a rate of 3% per annum. The term of the loan is 10 years. Principal of \$1,000,000 and accrued interest of \$300,000 is due July 2, 2011. As of June 30, 2009, accrued unpaid interest totaled \$218,986.

J. Compensated Absences:

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

K. 2006 Water Revenue Refunding Bonds:

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

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

K. 2006 Water Revenue Refunding Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	365,000	294,326	659,326
2015 - 2019	2,060,000	1,227,266	3,287,266
2020 - 2024	2,545,000	722,090	3,267,090
2025 - 2027	1,825,000	128,849	1,953,849
Totals	<u>\$ 8,115,000</u>	<u>\$ 3,687,236</u>	<u>\$ 11,802,236</u>

L. Proprietary Loan Payable:

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

The annual requirements to amortize outstanding indebtedness as of June 30, 2009, are as follows:

Year Ending June 30,	Principal
2010	\$ 75,595
2011	75,595
2012	75,595
2013	75,595
Total	<u>\$ 302,380</u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

M. Operating Lease Obligations:

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

Future minimum rental payments are due as follows:

Year Ending June 30,	
2010	\$ 224,100
2011	232,325
2012	238,200
2013	238,200
2014	238,200
2015 - 2019	1,239,031
2020 - 2024	1,312,458
2025 - 2029	1,385,967
2030 - 2034	1,466,333
2035 - 2039	1,543,386
2040 - 2044	1,625,431
2045 - 2049	1,710,408
2050 - 2054	1,788,961
2055 - 2056	<u>512,976</u>
Total	<u>\$ 13,755,976</u>

The operating lease covers three parcels of land, which are subleased to auto dealers. For the year ended June 30, 2009, the Agency received \$244,303 in rental payments to offset the Agency's lease payments to the lessor.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. LONG-TERM LIABILITIES (CONTINUED):

M. Operating Lease Obligations (Continued):

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

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

Year Ending June 30,	
2010	\$ 210,718
2011	213,831
2012	213,731
2013	213,731
2014	213,731
2015 - 2019	1,097,505
2020 - 2024	1,130,424
2025 - 2029	1,164,339
2030 - 2034	1,199,267
2035 - 2039	1,235,242
2040 - 2044	1,272,303
2045 - 2049	1,310,472
2050 - 2054	1,349,792
2055 - 2056	<u>274,807</u>
Total minimum lease payments	<u>\$ 11,099,893</u>

The operating lease covers five parcels of land, which are subleased to auto dealers. For the year ended June 30, 2009, 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, 2009

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2009, is as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	<u>\$ 18,345</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	\$ 11,183,334
Affordable Housing Special Revenue Fund	Other Governmental Funds	<u>142,186</u>
		<u>\$ 11,325,520</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, 2009 is \$142,186.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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. This advance was paid off during the year ended June 30, 2009.

Interfund Transfers:

<u>Transfer In to Fund</u>	<u>Transfers Out of Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 356,040
Affordable Housing Special Revenue Fund	Debt Service Fund	230,000
Debt Service Fund	Affordable Housing Special Revenue Fund	1,382,816
Capital Improvement Capital Projects Fund	General Fund	2,374,655
	Other Governmental Funds	285,270
Community Redevelopment Capital Projects Fund	Debt Service Fund	423,650
Other Governmental Funds	General Fund	76,093
Water Enterprise Fund	Other Governmental Funds	<u>500,000</u>
		<u>\$ 5,628,524</u>

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

6. INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

For the year ended June 30, 2009, the following funds had deficit fund balances:

Other Governmental Funds:	
Domestic Preparedness Special Revenue Fund	(10,357)
OTS Grant Special Revenue Fund	(3,131)

These deficits will be eliminated by future revenues.

Expenditures Exceeding Appropriations:

For the year ended June 30, 2009, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Major Funds:

General Fund:	
General government - Support services	\$ 355,281
Public works:	
Engineering and project services	97
Environmental programs	2,479
Capital outlay	112
Debt Service Fund:	
Debt service - Interest	734,476
Other Governmental Fund:	
HCDA Grant Special Revenue Fund:	
Community development - CDBG program	834

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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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.

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 2008-09 was 13.068% for local miscellaneous members and 34.497% 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>
2009	\$ 573,443	\$ 899,217
2008	534,457	885,071
2007	525,736	813,864

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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

a. Plan Description:

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

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

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

Tier 2 - Employees Hired On or After January 1, 2006 (1)

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

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

b. Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City Council, and/or the employee associations. The City is currently funding this OPEB obligation based on an actuarially-determined annual required contribution (ARC). For the year ended June 30, 2009, the City paid \$1,063,515 in health care costs for its retirees and their covered dependents.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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

c. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 1,063,515
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	1,063,515
Actual contributions made	<u>(1,063,515)</u>
Change in net OPEB obligation	-
Net OPEB Obligation - beginning of year	<u>-</u>
Net OPEB Obligation - end of year	<u>\$ -</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009, the first year in which GASB Statement 45 is required to be implemented, were as follows:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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

d. Funded Status and Funding Progress:

As of October 1, 2008, the first actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$13,356,267, and the actuarial value of assets was zero, resulting in an unfunded accrued actuarial liability (UAAL) of \$13,356,267. The covered payroll (annual payroll of active employees covered by the plan) was \$6,668,337 and the ratio of the UAAL to the covered payroll was 200.29%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the October 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment return/discount rate of 5.0% per annum, projected salary increases of 3.0% per annum, a general inflation rate of 3.0% per annum, and a medical trend rate of 4.0%. A level percentage of payroll method was used to allocate amortization cost by year. An amortization period of 30 years was used. Since there is the first valuation to comply with GASB 45, the City has not made an election on whether to use an open or closed amortization period.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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 6.2% by the employee and 1.5% by the City. All part-time, seasonal and temporary employees are immediately eligible to participate in the plan from the date of plan or date of employment, whichever is later, and all contributions are fully vested. For the year ended June 30, 2009, the employees contributed \$14,250 and the City contributed \$2,988 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, 2009, the employees contributed \$145,027 and the City contributed \$59,199 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 \$18,541 for the fiscal year ended June 30, 2009.

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.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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, 2009 are tabulated below followed by explanations as to the nature and purpose of each reserve.

	General Fund	Affordable Housing Special Revenue Fund	Community Redevelopment Capital Projects Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
RESERVES:			
Land held for resale	\$ -	\$ -	\$ 7,758,312
Debt service	-	12	-
Redevelopment	-	-	15,070,851
Low and moderate income housing	-	7,263,541	-
Advances	10,000,000	142,186	-
Deposits	-	-	95,750
TOTAL	<u>\$ 10,000,000</u>	<u>\$ 7,405,739</u>	<u>\$ 22,924,913</u>

- 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, 2009

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

	General Fund	Other Governmental Funds
DESIGNATIONS:		
Contingencies	\$ 5,711,292	\$ -
Equipment replacement	210,596	-
Insurance premium increases	425,650	-
Special revenue purposes	-	7,426,962
Capital improvements	1,268,469	-
Economic uncertainties	4,084,534	-
New police building	158,322	-
Library expansion	1,656,976	-
Park expansion	52,990	-
PERS reserve	1,099,715	-
Building and land acquisition	651,377	-
OPEB Reserve	1,915,558	-
NPDES Trash Reduction	209,898	-
	<u>\$ 17,445,377</u>	<u>\$ 7,426,962</u>
TOTAL DESIGNATIONS		

- A. Designated for Contingencies - This amount has been set aside for any emergencies or disasters which might occur.
- B. Designated for Equipment Replacement - These funds are designated for future purchases of equipment.
- C. Designated for Insurance Premium Increases - These funds are designated for future increases in insurance premiums.
- D. Designated for Special Revenue Purposes - These funds are designated for the specific special revenue purpose as restricted by law or administrative action.
- E. Designated for Capital Improvements - A designation for capital improvements has been set aside to provide for new capital additions as determined by the City Council.
- F. Designated for Economic Uncertainties - This amount has been set aside to compensate for fluctuations in future sales tax revenues.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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

- G. Designated for New Police Building - These funds are designated for the future police building.
- H. Designated for Library Expansion - These funds are designated for the future expansion of the City's Library building
- I. Designated for Park Expansion - These funds are designated for the future expansion of the City's park facilities.
- J. Designated for PERS Reserve - These funds are designated to pay for future PERS rate increases.
- K. Designated for Building and Land Acquisition - These funds are designated for future building and parkland acquisitions.
- L. Designated for OPEB Reserve - These funds are designated to fund future costs associated with retired employee health benefits.
- M. Designated for NPDES Trash Reduction - These funds are designated to pay future costs associated with State and Federal mandated environmental programs.

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

B. Self-insurance Programs of the Insurance Authority:

General Liability Insurance. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Insurance Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

C. Purchased Insurance:

Property Insurance. The City of Signal Hill participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City of Signal Hill property is currently insured according to a schedule of covered property submitted by City of Signal Hill to the Insurance Authority. 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 Insurance 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 Insurance Authority. Premiums are paid annually and are not subject to retroactive adjustments.

D. Adequacy of Protection:

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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.

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, 2009, the Agency received \$47,500 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 Community Redevelopment 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.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

13. OTHER INFORMATION (CONTINUED):

C. Spring Street Corridor Joint Powers Authority (Continued):

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, 2009, the amount payable to the developer, which is recorded in the Debt Service Fund, is \$1,079,551.

14. COMMITMENTS AND CONTINGENCIES:

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make Supplemental Education Revenue Augmentation Fund (SERAF) contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the California Redevelopment Association filed a class action lawsuit on behalf of all California redevelopment agencies, again challenging the SERAF obligations as unconstitutional.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

14. COMMITMENTS AND CONTINGENCIES (CONTINUED):

The Agency's estimated SERAF contributions under AB 26 4x are \$ 5.16 million for the fiscal year 2009-2010 and \$ 1.06 million for 2010-2011. It is the position of Agency officials that the SERAF contributions required by AB 26 4x are unconstitutional, and that the Agency is not obligated to make these contributions. However, if the class action lawsuit is unsuccessful, and if the Agency were required to make the SERAF contributions, Agency officials have estimated that the Agency would have sufficient funds to make the required contributions.

15. SUBSEQUENT EVENT:

On October 29, 2009, the Agency issued the 2009 Tax Allocation Parity Bonds, in the amount of \$20,655,000. The Bonds were issued to (i) finance redevelopment activities of benefit to the Signal Hill Redevelopment Project No. 1, (ii) satisfy the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds.

16. RESTATEMENT OF BEGINNING NET ASSETS/FUND BALANCES:

The beginning net assets of Governmental Activities were restated as follows:

Net assets, as previously reported	\$ 33,866,266
Restatement:	
Corrections to balance of land held for resale for properties that had been removed as of June 30, 2008, however, title had not yet transferred from the Agency	<u>868,206</u>
Net assets, as restated	<u>\$ 34,734,472</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

16. RESTATEMENT OF BEGINNING NET ASSETS/FUND BALANCES (CONTINUED):

The beginning fund balances of Governmental Funds were restated as follows:

	Community Redevelopment Capital Projects Fund <hr/>
Fund balances, as previously reported	\$ 24,840,665
Restatement:	
Corrections to balance of land held for resale for properties that had been removed as of June 30, 2008, however, title had not yet transferred from the Agency	<hr/> 868,206
Fund balances, as restated	<u>\$ 25,708,871</u>

See independent auditors' report.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SIGNAL HILL

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2009

OTHER POST-EMPLOYMENT BENEFITS PLAN

Note 8d

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
10/01/08	\$ -	\$ 13,356,267	\$ 13,356,267	0.00%	\$ 6,668,337	200.29%

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

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Property taxes	\$ 1,407,700	\$ 1,504,700	\$ 1,649,839	\$ 145,139
Sales and use tax	11,892,000	11,057,000	10,457,561	(599,439)
Other taxes	1,655,800	1,685,800	2,048,518	362,718
Licenses and permits	315,210	275,210	270,805	(4,405)
Intergovernmental revenues	134,000	219,000	236,706	17,706
Charges for services	1,202,650	1,187,650	1,152,611	(35,039)
Fines and forfeitures	254,000	254,000	259,570	5,570
Investment income	864,750	614,750	742,467	127,717
Other revenue	123,950	123,950	382,926	258,976
TOTAL REVENUES	17,850,060	16,922,060	17,201,003	278,943
EXPENDITURES:				
GENERAL GOVERNMENT:				
City Council	233,350	242,346	225,374	16,972
City Treasurer	16,300	16,372	3,865	12,507
City Clerk	158,500	166,157	158,402	7,755
Program administration	409,974	411,292	343,062	68,230
Legislative services	198,500	200,142	186,310	13,832
Personnel services	254,800	269,349	223,045	46,304
Support services	1,324,522	1,743,651	1,582,555	161,096
Management information services	166,100	174,694	151,308	23,386
Fiscal services	521,550	525,103	518,129	6,974
TOTAL GENERAL GOVERNMENT	3,283,596	3,749,106	3,392,050	357,056
COMMUNITY SERVICES:				
Library programs and services	377,100	379,933	370,165	9,768
Community support and services	392,288	393,275	343,336	49,939
Recreation	775,696	776,498	682,355	94,143
TOTAL COMMUNITY SERVICES	1,545,084	1,549,706	1,395,856	153,850
POLICE:				
Patrol services	4,419,100	4,364,539	4,211,090	153,449
Investigative services	952,300	851,709	795,830	55,879
Support services	1,303,200	1,316,389	1,287,569	28,820
Emergency and disaster services	16,950	46,950	8,417	38,533
Community outreach	95,030	83,330	70,562	12,768
Communications	662,900	555,054	542,969	12,085
Records	447,900	429,188	421,502	7,686
TOTAL POLICE	7,897,380	7,647,159	7,337,939	309,220

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Planning services	\$ 361,900	\$ 353,400	\$ 353,064	\$ 336
Neighborhood enhancement	136,600	138,202	134,562	3,640
Building and safety	374,500	363,703	347,878	15,825
Oil field services	143,950	145,819	142,198	3,621
TOTAL COMMUNITY DEVELOPMENT	<u>1,016,950</u>	<u>1,001,124</u>	<u>977,702</u>	<u>23,422</u>
PUBLIC WORKS:				
Engineering and project services	575,700	612,925	613,022	(97)
Building maintenance	588,700	588,364	479,857	108,507
Environmental programs	767,400	760,789	763,268	(2,479)
Park maintenance	796,200	803,456	725,730	77,726
Street maintenance operations	1,482,550	1,467,682	1,332,319	135,363
TOTAL PUBLIC WORKS	<u>4,210,550</u>	<u>4,233,216</u>	<u>3,914,196</u>	<u>319,020</u>
CAPITAL OUTLAY	<u>22,000</u>	<u>295,281</u>	<u>295,393</u>	<u>(112)</u>
TOTAL EXPENDITURES	<u>17,975,560</u>	<u>18,475,592</u>	<u>17,313,136</u>	<u>1,162,456</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(125,500)</u>	<u>(1,553,532)</u>	<u>(112,133)</u>	<u>1,441,399</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	402,200	413,040	356,040	(57,000)
Transfers out	(1,960,150)	(3,258,731)	(2,450,748)	807,983
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,557,950)</u>	<u>(2,845,691)</u>	<u>(2,094,708)</u>	<u>750,983</u>
NET CHANGE IN FUND BALANCE	(1,683,450)	(4,399,223)	(2,206,841)	2,192,382
FUND BALANCE AT BEGINNING OF YEAR	<u>29,652,218</u>	<u>29,652,218</u>	<u>29,652,218</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 27,968,768</u>	<u>\$ 25,252,995</u>	<u>\$ 27,445,377</u>	<u>\$ 2,192,382</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,575,000	\$ 2,575,000	\$ 2,748,119	\$ 173,119
Investment income	146,550	146,550	293,721	147,171
TOTAL REVENUES	<u>2,721,550</u>	<u>2,721,550</u>	<u>3,041,840</u>	<u>320,290</u>
EXPENDITURES:				
Community development:				
Redevelopment	267,100	271,040	187,298	83,742
Capital outlay	3,750,000	3,750,000	213,989	3,536,011
TOTAL EXPENDITURES	<u>4,017,100</u>	<u>4,021,040</u>	<u>401,287</u>	<u>3,619,753</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,295,550)</u>	<u>(1,299,490)</u>	<u>2,640,553</u>	<u>3,940,043</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	230,000	230,000	230,000	-
Transfers out	(1,382,850)	(1,382,850)	(1,382,816)	34
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,152,850)</u>	<u>(1,152,850)</u>	<u>(1,152,816)</u>	<u>34</u>
NET CHANGE IN FUND BALANCE	(2,448,400)	(2,452,340)	1,487,737	3,940,077
FUND BALANCE AT BEGINNING OF YEAR	<u>5,918,002</u>	<u>5,918,002</u>	<u>5,918,002</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,469,602</u>	<u>\$ 3,465,662</u>	<u>\$ 7,405,739</u>	<u>\$ 3,940,077</u>

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

CITY OF SIGNAL HILL

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING:

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

- 1) The annual budget is adopted by the City Council after the holding of a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- 2) Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budget was adopted for the Domestic Preparedness Grant Special Revenue Fund for the current year.
- 3) Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year.
- 4) Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level (i.e. City Council, City Treasurer, City Attorney), except as approved in advance by the City Council.
- 5) Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration in the Governmental Fund Types during the year. However, at year end all appropriations lapse. Accordingly, encumbrances are canceled and generally reappropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.
- 6) The City Council approves all significant budgetary changes.
- 7) Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in following year. For the fiscal year ended June 30, 2009, based on calculations by City management, proceeds of taxes did not exceed appropriations.

See independent auditors' report.

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OTHER MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

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

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

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CITY OF SIGNAL HILL

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

DEBT SERVICE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 10,300,000	\$ 10,300,000	\$ 10,992,477	\$ 692,477
Investment income	234,700	234,700	473,483	238,783
TOTAL REVENUES	10,534,700	10,534,700	11,465,960	931,260
EXPENDITURES:				
Community development:				
Redevelopment	1,199,300	2,262,462	1,266,607	995,855
Debt service:				
Owner participation agreement	1,340,000	1,340,000	1,079,551	260,449
Principal retirement	2,845,000	2,845,000	2,845,000	-
Interest	3,808,950	3,808,950	4,543,426	(734,476)
Fiscal agent fees	30,000	30,000	19,250	10,750
TOTAL EXPENDITURES	9,223,250	10,286,412	9,753,834	532,578
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,311,450	248,288	1,712,126	1,463,838
OTHER FINANCING SOURCES (USES):				
Transfers in	1,382,850	1,382,850	1,382,816	(34)
Transfers out	(653,650)	(653,650)	(653,650)	-
TOTAL OTHER FINANCING SOURCES (USES)	729,200	729,200	729,166	(34)
NET CHANGE IN FUND BALANCE	2,040,650	977,488	2,441,292	1,463,804
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(1,637,759)	(1,637,759)	(1,637,759)	-
FUND BALANCE AT END OF YEAR	\$ 402,891	\$ (660,271)	\$ 803,533	\$ 1,463,804

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 6,526,000	\$ 6,526,000	\$ 124,138	\$ (6,401,862)
Other revenue	1,025,000	1,025,000	-	(1,025,000)
TOTAL REVENUES	7,551,000	7,551,000	124,138	(7,426,862)
EXPENDITURES:				
Capital outlay	9,745,300	11,231,754	2,784,063	8,447,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,194,300)	(3,680,754)	(2,659,925)	1,020,829
OTHER FINANCING SOURCES:				
Transfers in	2,194,300	3,680,754	2,659,925	(1,020,829)
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

COMMUNITY REDEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 632,500	\$ 632,500	\$ 1,069,094	\$ 436,594
Other revenue	2,561,450	2,561,450	550,115	(2,011,335)
TOTAL REVENUES	3,193,950	3,193,950	1,619,209	(1,574,741)
EXPENDITURES:				
Community development:				
Redevelopment	927,464	936,726	516,283	420,443
Capital outlay	13,238,100	26,190,310	4,310,534	21,879,776
TOTAL EXPENDITURES	14,165,564	27,127,036	4,826,817	22,300,219
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,971,614)	(23,933,086)	(3,207,608)	20,725,478
OTHER FINANCING SOURCES:				
Transfers in	423,650	423,650	423,650	-
Bond proceeds	15,000,000	15,000,000	-	(15,000,000)
TOTAL OTHER FINANCING SOURCES	15,423,650	15,423,650	423,650	(15,000,000)
NET CHANGE IN FUND BALANCE	4,452,036	(8,509,436)	(2,783,958)	5,725,478
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	25,708,871	25,708,871	25,708,871	-
FUND BALANCE AT END OF YEAR	\$ 30,160,907	\$ 17,199,435	\$ 22,924,913	\$ 5,725,478

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 development block grant revenues and expenditures for rehabilitation, food distribution and capital projects.

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

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

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

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

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

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

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

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

OTHER GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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

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

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

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

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2009

	Special Revenue Funds		
	Asset Seizure	Park Development	HCDA Grant
ASSETS			
Cash and investments	\$ 18,578	\$ 2,236,894	\$ 243
Accounts receivable	-	-	-
Accrued interest receivable	146	18,572	1,400
Due from other governments	-	-	8,025
Rehabilitation loans receivable	-	-	14,173
TOTAL ASSETS	\$ 18,724	\$ 2,255,466	\$ 23,841
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 1,552
Accrued liabilities	-	-	243
Deferred revenue	-	-	15,573
Due to other funds	-	-	6,473
Advances from other funds	-	142,186	-
TOTAL LIABILITIES	-	142,186	23,841
FUND BALANCES (DEFICITS):			
Unreserved:			
Designated for special revenue purposes	18,724	2,113,280	-
Undesignated	-	-	-
TOTAL FUND BALANCES (DEFICITS)	18,724	2,113,280	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,724	\$ 2,255,466	\$ 23,841

See independent auditors' report.

Special Revenue Funds (Continued)

Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement	Water Development
\$ 153,317	\$ 193,605	\$ 393,327	\$ 180,207	\$ 1,469,726	\$ 51,472	\$ 531,455
40,469	10,750	-	-	-	3,565	-
1,349	1,349	2,895	1,506	11,641	378	8,016
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 195,135</u>	<u>\$ 205,704</u>	<u>\$ 396,222</u>	<u>\$ 181,713</u>	<u>\$ 1,481,367</u>	<u>\$ 55,415</u>	<u>\$ 539,471</u>
\$ -	\$ -	\$ 24,628	\$ -	\$ -	\$ -	\$ -
-	-	580	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	25,208	-	-	-	-
195,135	205,704	371,014	181,713	1,481,367	55,415	539,471
-	-	-	-	-	-	-
<u>195,135</u>	<u>205,704</u>	<u>371,014</u>	<u>181,713</u>	<u>1,481,367</u>	<u>55,415</u>	<u>539,471</u>
<u>\$ 195,135</u>	<u>\$ 205,704</u>	<u>\$ 396,222</u>	<u>\$ 181,713</u>	<u>\$ 1,481,367</u>	<u>\$ 55,415</u>	<u>\$ 539,471</u>

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2009

		Special Revenue Funds (Continued)		
		Traffic Impact	Proposition C	Lighting and Landscape
ASSETS				
Cash and investments		\$ 1,098,338	\$ 79,888	\$ 59,931
Accounts receivable		-	-	830
Accrued interest receivable		9,219	1,366	399
Due from other governments		-	-	-
Rehabilitation loans receivable		-	-	-
	TOTAL ASSETS	<u>\$ 1,107,557</u>	<u>\$ 81,254</u>	<u>\$ 61,160</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ -	\$ 2,389
Accrued liabilities		-	-	-
Deferred revenue		-	-	-
Due to other funds		-	-	-
Advances from other funds		-	-	-
	TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>2,389</u>
FUND BALANCES (DEFICITS):				
Unreserved:				
Designated for special revenue purposes		1,107,557	81,254	58,771
Undesignated		-	-	-
	TOTAL FUND BALANCES (DEFICITS)	<u>1,107,557</u>	<u>81,254</u>	<u>58,771</u>
	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,107,557</u>	<u>\$ 81,254</u>	<u>\$ 61,160</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Supplemental Law Enforcement	Domestic Preparedness	OTS Grant	Housing Impact	MTA-STP Grant	Total Other Governmental Funds
\$ 79,899	\$ -	\$ -	\$ 752,468	\$ 193,782	\$ 7,493,130
25,614	10,357	-	-	-	91,585
292	-	-	6,009	1,551	66,088
-	-	-	-	-	8,025
-	-	-	-	-	14,173
<u>\$ 105,805</u>	<u>\$ 10,357</u>	<u>\$ -</u>	<u>\$ 758,477</u>	<u>\$ 195,333</u>	<u>\$ 7,673,001</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,569
3,570	-	-	-	-	4,393
25,000	10,357	1,616	-	-	52,546
-	10,357	1,515	-	-	18,345
-	-	-	-	-	142,186
<u>28,570</u>	<u>20,714</u>	<u>3,131</u>	<u>-</u>	<u>-</u>	<u>246,039</u>
77,235	-	-	758,477	195,333	7,440,450
-	(10,357)	(3,131)	-	-	(13,488)
<u>77,235</u>	<u>(10,357)</u>	<u>(3,131)</u>	<u>758,477</u>	<u>195,333</u>	<u>7,426,962</u>
<u>\$ 105,805</u>	<u>\$ 10,357</u>	<u>\$ -</u>	<u>\$ 758,477</u>	<u>\$ 195,333</u>	<u>\$ 7,673,001</u>

CITY OF SIGNAL HILL

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

For the year ended June 30, 2009

	Special Revenue Funds		
	Asset Seizure	Park Development	HCDA Grant
REVENUES:			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	1,680	-	152,818
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	698	106,129	-
Developer fees	-	178,468	-
TOTAL REVENUES	2,378	284,597	152,818
EXPENDITURES:			
Current:			
General government	-	-	-
Community services	-	16,795	-
Police	-	-	-
Community development	-	-	29,790
Public works	-	-	-
Capital outlay	-	-	123,271
TOTAL EXPENDITURES	-	16,795	153,061
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,378	267,802	(243)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	243
Transfers out	-	(78,990)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(78,990)	243
NET CHANGE IN FUND BALANCES	2,378	188,812	-
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	16,346	1,924,468	-
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 18,724	\$ 2,113,280	\$ -

See independent auditors' report.

Special Revenue Funds (Continued)

Special Gas Tax	Traffic Safety	Transportation	Cable Televising	Pipeline Removal	Air Quality Improvement	Water Development
\$ -	\$ -	\$ 161,970	\$ -	\$ 99,213	\$ -	\$ -
290,543	-	-	-	-	12,966	-
-	-	2,626	-	-	-	-
-	141,646	-	-	-	-	-
7,319	8,345	16,307	8,477	65,724	2,071	46,738
-	-	-	-	-	-	181,837
<u>297,862</u>	<u>149,991</u>	<u>180,903</u>	<u>8,477</u>	<u>164,937</u>	<u>15,037</u>	<u>228,575</u>
-	-	-	-	-	2,988	-
-	-	-	-	-	-	-
-	-	123,573	-	-	-	-
-	-	-	-	-	-	-
-	-	4,857	-	-	-	-
<u>-</u>	<u>-</u>	<u>128,430</u>	<u>-</u>	<u>-</u>	<u>2,988</u>	<u>-</u>
<u>297,862</u>	<u>149,991</u>	<u>52,473</u>	<u>8,477</u>	<u>164,937</u>	<u>12,049</u>	<u>228,575</u>
-	-	-	-	-	-	-
<u>(195,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
<u>(195,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
102,862	49,991	52,473	(16,523)	164,937	12,049	(271,425)
92,273	155,713	318,541	198,236	1,316,430	43,366	810,896
<u>\$ 195,135</u>	<u>\$ 205,704</u>	<u>\$ 371,014</u>	<u>\$ 181,713</u>	<u>\$ 1,481,367</u>	<u>\$ 55,415</u>	<u>\$ 539,471</u>

(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, 2009

	Special Revenue Funds (Continued)		
	Traffic Impact	Proposition C	Lighting and Landscape
REVENUES:			
Other taxes	\$ -	\$ 122,315	\$ 54,193
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	52,179	7,457	2,175
Developer fees	32,756	-	-
TOTAL REVENUES	<u>84,935</u>	<u>129,772</u>	<u>56,368</u>
EXPENDITURES:			
Current:			
General government	-	2,500	-
Community services	-	-	-
Police	-	-	-
Community development	-	-	-
Public works	-	-	50,062
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>2,500</u>	<u>50,062</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>84,935</u>	<u>127,272</u>	<u>6,306</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(67,120)	(175,200)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(67,120)</u>	<u>(175,200)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17,815	(47,928)	6,306
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>1,089,742</u>	<u>129,182</u>	<u>52,465</u>
FUND BALANCES (DEFICITS) AT END OF YEAR	<u>\$ 1,107,557</u>	<u>\$ 81,254</u>	<u>\$ 58,771</u>

See independent auditors' report.

Special Revenue Funds (Continued)					Total Other Governmental Funds
Supplemental Law Enforcement	Domestic Preparedness	OTS Grant	Housing Impact	MTA-STP Grant	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 437,691
75,614	-	3,218	-	187,873	724,712
-	-	-	-	-	2,626
-	-	-	-	-	141,646
1,482	-	-	33,802	7,460	366,363
-	-	-	351,539	-	744,600
<u>77,096</u>	<u>-</u>	<u>3,218</u>	<u>385,341</u>	<u>195,333</u>	<u>2,417,638</u>
-	-	-	-	-	5,488
-	-	-	-	-	16,795
174,520	541	3,218	-	-	178,279
-	-	-	-	-	153,363
-	-	-	-	-	50,062
-	9,816	-	-	-	137,944
<u>174,520</u>	<u>10,357</u>	<u>3,218</u>	<u>-</u>	<u>-</u>	<u>541,931</u>
<u>(97,424)</u>	<u>(10,357)</u>	<u>-</u>	<u>385,341</u>	<u>195,333</u>	<u>1,875,707</u>
75,850	-	-	-	-	76,093
-	-	-	-	-	(1,141,310)
<u>75,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,065,217)</u>
(21,574)	(10,357)	-	385,341	195,333	810,490
98,809	-	(3,131)	373,136	-	6,616,472
<u>\$ 77,235</u>	<u>\$ (10,357)</u>	<u>\$ (3,131)</u>	<u>\$ 758,477</u>	<u>\$ 195,333</u>	<u>\$ 7,426,962</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 1,000	\$ 1,000	\$ 1,680	\$ 680
Investment income	550	550	698	148
TOTAL REVENUES	1,550	1,550	2,378	828
FUND BALANCE AT BEGINNING OF YEAR	16,346	16,346	16,346	-
FUND BALANCE AT END OF YEAR	\$ 17,896	\$ 17,896	\$ 18,724	\$ 828

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 114,500	\$ 114,500	\$ 106,129	\$ (8,371)
Developer fees	563,400	563,400	178,468	(384,932)
TOTAL REVENUES	677,900	677,900	284,597	(393,303)
EXPENDITURES:				
Community services:				
Contract services	-	38,160	16,795	21,365
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	677,900	639,740	267,802	(371,938)
OTHER FINANCING USES:				
Transfers out	(160,000)	(170,840)	(78,990)	91,850
NET CHANGE IN FUND BALANCE	517,900	468,900	188,812	(280,088)
FUND BALANCE AT BEGINNING OF YEAR	1,924,468	1,924,468	1,924,468	-
FUND BALANCE AT END OF YEAR	\$ 2,442,368	\$ 2,393,368	\$ 2,113,280	\$ (280,088)

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 695,508	\$ 718,812	\$ 152,818	\$ (565,994)
EXPENDITURES:				
Community development:				
CDBG program	28,808	28,956	29,790	(834)
Capital outlay	576,700	600,004	123,271	476,733
Debt service:				
Principal retirement	90,000	90,000	-	90,000
TOTAL EXPENDITURES	695,508	718,960	153,061	565,899
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(148)	(243)	(95)
OTHER FINANCING SOURCES:				
Transfers in	-	-	243	243
NET CHANGE IN FUND BALANCE	-	(148)	-	148
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ (148)	\$ -	\$ 148

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 2,850	\$ 2,850	\$ 290,543	\$ 287,693
Investment income	212,000	212,000	7,319	(204,681)
TOTAL REVENUES	214,850	214,850	297,862	83,012
OTHER FINANCING USES:				
Transfers out	(195,000)	(195,000)	(195,000)	-
NET CHANGE IN FUND BALANCE	19,850	19,850	102,862	83,012
FUND BALANCE AT BEGINNING OF YEAR	92,273	92,273	92,273	-
FUND BALANCE AT END OF YEAR	\$ 112,123	\$ 112,123	\$ 195,135	\$ 83,012

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 110,000	\$ 110,000	\$ 141,646	\$ 31,646
Investment income	4,300	4,300	8,345	4,045
TOTAL REVENUES	114,300	114,300	149,991	35,691
OTHER FINANCING USES:				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	14,300	14,300	49,991	35,691
FUND BALANCE AT BEGINNING OF YEAR	155,713	155,713	155,713	-
FUND BALANCE AT END OF YEAR	\$ 170,013	\$ 170,013	\$ 205,704	\$ 35,691

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 180,000	\$ 180,000	\$ 161,970	\$ (18,030)
Charges for services	1,850	1,850	2,626	776
Investment income	5,700	5,700	16,307	10,607
TOTAL REVENUES	<u>187,550</u>	<u>187,550</u>	<u>180,903</u>	<u>(6,647)</u>
EXPENDITURES:				
Community development:				
Public transportation	148,690	149,036	123,573	25,463
Capital outlay	-	4,858	4,857	1
TOTAL EXPENDITURES	<u>148,690</u>	<u>153,894</u>	<u>128,430</u>	<u>25,464</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	38,860	33,656	52,473	18,817
FUND BALANCE AT BEGINNING OF YEAR	<u>318,541</u>	<u>318,541</u>	<u>318,541</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 357,401</u>	<u>\$ 352,197</u>	<u>\$ 371,014</u>	<u>\$ 18,817</u>

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 11,000	\$ 11,000	\$ 8,477	\$ (2,523)
OTHER FINANCING USES:				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(14,000)	(14,000)	(16,523)	(2,523)
FUND BALANCE AT BEGINNING OF YEAR	198,236	198,236	198,236	-
FUND BALANCE AT END OF YEAR	<u>\$ 184,236</u>	<u>\$ 184,236</u>	<u>\$ 181,713</u>	<u>\$ (2,523)</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 100,000	\$ 100,000	\$ 99,213	\$ (787)
Investment income	72,700	72,700	65,724	(6,976)
TOTAL REVENUES	172,700	172,700	164,937	(7,763)
FUND BALANCE AT BEGINNING OF YEAR	1,316,430	1,316,430	1,316,430	-
FUND BALANCE AT END OF YEAR	\$ 1,489,130	\$ 1,489,130	\$ 1,481,367	\$ (7,763)

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 2,000	\$ 2,000	\$ 12,966	\$ 10,966
Investment income	13,500	13,500	2,071	(11,429)
TOTAL REVENUES	15,500	15,500	15,037	(463)
EXPENDITURES:				
General government:				
City Council	2,500	3,000	2,988	12
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,000	12,500	12,049	(451)
FUND BALANCE AT BEGINNING OF YEAR	43,366	43,366	43,366	-
FUND BALANCE AT END OF YEAR	\$ 56,366	\$ 55,866	\$ 55,415	\$ (451)

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 57,000	\$ 57,000	\$ 46,738	\$ (10,262)
Developer fees	636,850	636,850	181,837	(455,013)
TOTAL REVENUES	693,850	693,850	228,575	(465,275)
OTHER FINANCING USES:				
Transfers out	(500,000)	(500,000)	(500,000)	-
NET CHANGE IN FUND BALANCE	193,850	193,850	(271,425)	(465,275)
FUND BALANCE AT BEGINNING OF YEAR	810,896	810,896	810,896	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,004,746</u>	<u>\$ 1,004,746</u>	<u>\$ 539,471</u>	<u>\$ (465,275)</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 54,950	\$ 54,950	\$ 52,179	\$ (2,771)
Developer fees	148,800	148,800	32,756	(116,044)
TOTAL REVENUES	203,750	203,750	84,935	(118,815)
OTHER FINANCING USES:				
Transfers out	-	-	(67,120)	(67,120)
NET CHANGE IN FUND BALANCE	203,750	203,750	17,815	(185,935)
FUND BALANCE AT BEGINNING OF YEAR	1,089,742	1,089,742	1,089,742	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,293,492</u>	<u>\$ 1,293,492</u>	<u>\$ 1,107,557</u>	<u>\$ (185,935)</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 148,000	\$ 148,000	\$ 122,315	\$ (25,685)
Investment income	2,850	2,850	7,457	4,607
TOTAL REVENUES	150,850	150,850	129,772	(21,078)
EXPENDITURES:				
General government:				
City Council	2,500	4,500	2,500	2,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	148,350	146,350	127,272	(19,078)
OTHER FINANCING USES:				
Transfers out	(232,200)	(232,200)	(175,200)	57,000
NET CHANGE IN FUND BALANCE	(83,850)	(85,850)	(47,928)	37,922
FUND BALANCE AT BEGINNING OF YEAR	129,182	129,182	129,182	-
FUND BALANCE AT END OF YEAR	\$ 45,332	\$ 43,332	\$ 81,254	\$ 37,922

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 44,180	\$ 44,180	\$ 54,193	\$ 10,013
Investment income	2,000	2,000	2,175	175
TOTAL REVENUES	46,180	46,180	56,368	10,188
EXPENDITURES:				
Public works:				
Lighting and landscape maintenance	50,400	62,144	50,062	12,082
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,220)	(15,964)	6,306	22,270
FUND BALANCE AT BEGINNING OF YEAR	52,465	52,465	52,465	-
FUND BALANCE AT END OF YEAR	\$ 48,245	\$ 36,501	\$ 58,771	\$ 22,270

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 75,614	\$ (24,386)
Investment income	1,400	1,400	1,482	82
TOTAL REVENUES	101,400	101,400	77,096	(24,304)
EXPENDITURES:				
Police:				
Patrol services	175,850	178,009	174,520	3,489
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(74,450)	(76,609)	(97,424)	(20,815)
OTHER FINANCING SOURCES:				
Transfers in	75,850	75,850	75,850	-
NET CHANGE IN FUND BALANCE	1,400	(759)	(21,574)	(20,815)
FUND BALANCE AT BEGINNING OF YEAR	98,809	98,809	98,809	-
FUND BALANCE AT END OF YEAR	\$ 100,209	\$ 98,050	\$ 77,235	\$ (20,815)

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 4,000	\$ 4,000	\$ 3,218	\$ (782)
EXPENDITURES:				
Police:				
Patrol services	4,000	4,000	3,218	782
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(3,131)	(3,131)	(3,131)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (3,131)</u>	<u>\$ (3,131)</u>	<u>\$ (3,131)</u>	<u>\$ -</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 21,000	\$ 21,000	\$ 33,802	\$ 12,802
Developer fees	-	-	351,539	351,539
	<u>21,000</u>	<u>21,000</u>	<u>385,341</u>	<u>364,341</u>
TOTAL REVENUES	21,000	21,000	385,341	364,341
FUND BALANCE AT BEGINNING OF YEAR	<u>373,136</u>	<u>373,136</u>	<u>373,136</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 394,136</u>	<u>\$ 394,136</u>	<u>\$ 758,477</u>	<u>\$ 364,341</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

MTA-STP GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ 187,873	\$ 187,873
Investment income	-	-	7,460	7,460
TOTAL REVENUES	-	-	195,333	195,333
OTHER FINANCING USES:				
Transfers out	-	(187,873)	-	187,873
NET CHANGE IN FUND BALANCE	-	(187,873)	195,333	383,206
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ (187,873)	\$ 195,333	\$ 383,206

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, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
ASSETS:				
Cash and investments	\$ 1,235,559	\$ 789,793	\$ 1,421,957	\$ 603,395
LIABILITIES:				
Refundable deposits	\$ 1,235,559	\$ 789,793	\$ 1,421,957	\$ 603,395

See independent auditors' report.

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2009

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.	122 - 129
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	130 - 133
<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.	134 - 137
<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.	138 - 139
<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.	140 - 142

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 42,045	\$ 45,374	\$ 45,473	\$ 44,080
Restricted	149	11,460	7,155	9,206
Unrestricted	(40,183)	(44,957)	(40,035)	(31,819)
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	9,895
Unrestricted	(37,132)	(42,254)	(37,081)	(27,682)
Total primary government net assets	<u>\$ 21,520</u>	<u>\$ 30,850</u>	<u>\$ 32,355</u>	<u>\$ 41,707</u>

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

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

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

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

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

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

Source: City of Signal Hill, Finance Department

Fiscal Year		
2007	2008	2009
\$ 3,009	\$ 3,344	\$ 3,685
1,248	1,407	1,418
7,434	7,662	7,628
3,712	11,578	8,788
5,328	4,585	5,600
524	531	531
4,252	4,095	3,761
-	17	19
<u>25,507</u>	<u>33,219</u>	<u>31,430</u>
<u>3,896</u>	<u>3,380</u>	<u>3,578</u>
<u>\$ 29,403</u>	<u>\$ 36,599</u>	<u>\$ 35,008</u>
\$ 213	\$ 157	\$ 440
282	297	301
549	665	639
588	597	559
989	962	1,062
1,748	806	1,187
2,366	1,230	1,268
<u>6,735</u>	<u>4,714</u>	<u>5,456</u>
3,601	3,352	3,291
<u>\$ 10,336</u>	<u>\$ 8,066</u>	<u>\$ 8,747</u>
\$ (18,772)	\$ (28,505)	\$ (25,974)
(295)	(28)	(287)
<u>\$ (19,067)</u>	<u>\$ (28,533)</u>	<u>\$ (26,261)</u>
\$ 13,995	\$ 14,302	\$ 15,391
12,177	12,162	9,978
591	502	563
74	51	39
1,302	1,117	1,355
2,295	3,356	2,503
206	195	136
16	14	14
(660)	(1,151)	(500)
<u>29,996</u>	<u>30,548</u>	<u>29,479</u>
184	206	236
-	-	-
1	-	-
660	1,151	500
<u>845</u>	<u>1,357</u>	<u>736</u>
<u>\$ 30,841</u>	<u>\$ 31,905</u>	<u>\$ 30,215</u>
\$ 11,224	\$ 2,043	\$ 3,505
550	1,329	449
<u>\$ 11,774</u>	<u>\$ 3,372</u>	<u>\$ 3,954</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			
	2000	2001	2002	2003
General Fund				
Reserved	\$ 456	\$ 822	\$ 2,286	\$ 2,607
Unreserved	9,033	12,287	14,364	16,222
Total General Fund	<u>9,489</u>	<u>13,109</u>	<u>16,650</u>	<u>18,829</u>
All Other Governmental Funds				
Reserved	5,011	7,484	6,624	3,517
Unreserved, reported in:				
Special revenue funds	7,527	6,117	5,059	7,575
Debt service funds	180	(658)	(1,080)	(1,063)
Capital projects funds	5,690	4,447	77	456
Total All Other Governmental Funds	<u>18,408</u>	<u>17,390</u>	<u>10,680</u>	<u>10,485</u>
Total All Governmental Funds	<u>\$ 27,897</u>	<u>\$ 30,499</u>	<u>\$ 27,330</u>	<u>\$ 29,314</u>

Source: City of Signal Hill, Finance Department

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 2,349	\$ 2,289	\$ 2,290	\$ 43	\$ 10,000	\$ 10,000
18,502	18,843	21,287	26,564	19,652	17,445
<u>20,851</u>	<u>21,132</u>	<u>23,577</u>	<u>26,607</u>	<u>29,652</u>	<u>27,445</u>
3,801	4,726	4,101	20,150	30,761	30,331
11,346	6,192	9,216	10,983	6,616	7,427
176	1,603	3,688	5,904	(1,640)	804
3,102	3,144	3,693	2,312	868	-
<u>18,425</u>	<u>15,665</u>	<u>20,698</u>	<u>39,349</u>	<u>36,605</u>	<u>38,562</u>
<u>\$ 39,276</u>	<u>\$ 36,797</u>	<u>\$ 44,275</u>	<u>\$ 65,956</u>	<u>\$ 66,257</u>	<u>\$ 66,007</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			
	2000	2001	2002	2003
Revenues				
Taxes	\$ 14,793	\$ 17,484	\$ 17,826	\$ 19,650
Licenses and permits	370	407	423	426
Intergovernmental revenues	1,405	1,963	1,791	5,488
Charges for services	748	962	838	924
Fines and forfeitures	248	263	217	199
Investment income	1,539	2,533	1,589	1,109
Other	738	931	1,630	3,549
Total Revenues	<u>19,841</u>	<u>24,543</u>	<u>24,314</u>	<u>31,345</u>
Expenditures				
General government	2,296	2,728	2,793	3,073
Community services	917	903	922	1,050
Police	4,579	4,644	4,602	4,897
Community development	862	851	958	907
Public works	2,450	2,815	3,008	3,164
Capital outlay	9,907	4,513	9,713	9,468
Debt service:				
Principal retirement	1,451	1,528	1,664	1,904
Interest	4,228	3,876	3,868	3,939
Other debt service	343	1,085	2,807	1,096
Total Expenditures	<u>27,033</u>	<u>22,943</u>	<u>30,335</u>	<u>29,498</u>
Excess of revenues over/(under) expenditures	<u>(7,192)</u>	<u>1,600</u>	<u>(6,021)</u>	<u>1,847</u>
Other Financing Sources/(Uses)				
Transfers in	1,915	3,207	2,301	2,884
Transfers out	(1,915)	(3,205)	(2,301)	(2,867)
Residual equity transfers	-	-	-	-
Other	280	1,000	2,852	120
Total other financing sources	<u>280</u>	<u>1,002</u>	<u>2,852</u>	<u>137</u>
Net change in fund balances	<u>\$ (6,912)</u>	<u>\$ 2,602</u>	<u>\$ (3,169)</u>	<u>\$ 1,984</u>
Debt service as a percentage of noncapital expenditures	35.0%	35.0%	40.0%	27.8%

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

	2004	2005	2006	2007	2008	2009
\$	21,452	\$ 21,609	\$ 25,975	\$ 28,181	\$ 29,009	\$ 28,334
	421	429	348	369	278	271
	4,304	2,910	2,235	2,224	810	1,086
	1,185	1,020	1,236	1,142	1,078	1,155
	203	284	359	356	409	401
	328	1,014	1,185	2,960	3,547	2,945
	2,600	1,948	4,212	2,130	1,543	1,678
	<u>30,493</u>	<u>29,214</u>	<u>35,550</u>	<u>37,362</u>	<u>36,674</u>	<u>35,870</u>
	3,009	5,058	4,155	2,919	3,054	3,398
	1,048	1,130	1,175	1,246	1,406	1,413
	5,473	6,339	6,586	7,295	7,520	7,516
	1,108	1,123	1,187	1,198	3,323	3,101
	3,577	3,683	3,761	4,025	4,015	3,964
	5,578	7,191	2,891	3,738	8,136	7,742
	820	2,595	2,888	2,451	2,545	2,845
	2,976	3,427	3,334	3,749	4,019	4,563
	4,510	457	1,114	1,842	1,721	1,079
	<u>28,099</u>	<u>31,003</u>	<u>27,091</u>	<u>28,463</u>	<u>35,739</u>	<u>35,621</u>
	<u>2,394</u>	<u>(1,789)</u>	<u>8,459</u>	<u>8,899</u>	<u>935</u>	<u>249</u>
	3,406	2,372	2,765	5,024	13,845	5,129
	(3,406)	(3,062)	(3,746)	(5,742)	(14,996)	(5,629)
	-	-	-	-	-	-
	7,568	-	-	13,500	517	-
	<u>7,568</u>	<u>(690)</u>	<u>(981)</u>	<u>12,782</u>	<u>(634)</u>	<u>(500)</u>
\$	<u>9,962</u>	<u>(2,479)</u>	<u>7,478</u>	<u>21,681</u>	<u>301</u>	<u>(251)</u>
	31.9%	21.4%	27.9%	29.6%	23.5%	25.0%

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
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
2009	632,376	33,425	(5,680)	660,121	1,316,948	107,149	(5,636)	1,418,461

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000
L.A. Cty Flood Control Storm Drain DS 4	0.00097	0.00092	0.00066	0.00062	0.00043	0.00021	0.00002	0.00005	0.00000	0.00000
Flood Control Refunding Bonds 1993 DS	0.00079	0.00064	0.00041	0.00026	0.00004	0.00003	0.00003	0.00000	0.00000	0.00000
Co. Sanitation District No. 29 DS	0.00772	0.00968	0.00650	0.00542	0.00506	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach CCD 2002 Series A 2003	0.00000	0.00000	0.00000	0.00000	0.01171	0.01239	0.00518	0.00088	0.00265	0.00237
Long Beach CCD 2002 Series B 2005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01339	0.00780	0.00688	0.00599
Long Beach CCD Refunding Bonds 2002	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00285	0.00792	0.00670
Long Beach CCD DS 2002 Series D (2007)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00095	0.00451
Long Beach CCD DS 2008, 2008 Series A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00224
Long Beach Unif SD DS 1999 Series A	0.00763	0.00657	0.00566	0.00552	0.00511	0.00443	0.00387	0.00368	0.00330	0.00308
Long Beach Unif SD DS 1999 Series B	0.00000	0.00939	0.00687	0.00685	0.00645	0.00545	0.00479	0.00456	0.00412	0.00379
Long Beach Unif SD DS 1999 Series C	0.00000	0.00000	0.01625	0.01345	0.01190	0.00996	0.00889	0.00851	0.00772	0.00721
Long Beach Unif SD DS 1999 Series D	0.00000	0.00000	0.00000	0.00938	0.00826	0.00712	0.00615	0.00587	0.00532	0.00494
Long Beach Unif SD DS 1999 Series E	0.00000	0.00000	0.00000	0.00000	0.01114	0.01054	0.00877	0.00820	0.00751	0.00704
Long Beach Unif SD DS 1999 Series F	0.00000	0.00000	0.00000	0.00000	0.00000	0.00918	0.00829	0.00730	0.00660	0.00615
Metropolitan Water District	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430
Total Direct and Overlapping Tax Rates	1.02743	1.03731	1.04518	1.04923	1.06719	1.06603	1.06538	1.05506	1.05747	1.05832
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)	1.01988	1.02135	1.01640	1.01403	1.01261	1.00697	1.00604	1.00541	1.00450	1.00430
Total Direct Rate (4)	0.61649	0.60766	0.61633	0.63047	0.63588	0.65298	0.66056	0.67289	0.67051	0.67316

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (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	2008-09		1999-00	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum	\$ 103,036	4.96%	\$ 9,537	1.05%
PL Signal Hill, LP	37,802	1.82%	-	0.00%
LBSH Development	25,361	1.22%	17,186	1.89%
Town Center Signal Hill LLC	23,200	1.12%	-	0.00%
Arco Terminal Services Corp.	22,555	1.09%	32,996	3.63%
Home Depot	17,942	0.86%	-	0.00%
Costco Wholesale Corp.	17,763	0.85%	-	0.00%
Signal Hill Town Center LLC	17,687	0.85%	-	0.00%
MBK Aragon LLC	15,099	0.73%	-	0.00%
Long Beach Acquisition Corp.	14,576	0.70%	-	0.00%
Price Enterprises, Inc.	-	0.00%	23,616	2.60%
Price Company	-	0.00%	16,856	1.86%
Industries Cablevision	-	0.00%	14,871	1.64%
Signal Hill Company	-	0.00%	12,978	1.43%
Universal Care, Inc.	-	0.00%	8,945	0.98%
Eastman, Inc.	-	0.00%	7,265	0.80%
Memorial Health Services	-	0.00%	7,117	0.78%
	<u>\$ 295,021</u>	<u>14.19%</u>	<u>\$ 151,367</u>	<u>16.67%</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 Five Fiscal Years
(amounts expressed in thousands)

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

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 five years of data for this schedule.

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

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

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

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

CITY OF SIGNAL HILL

DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2009

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt:			
*Metropolitan Water District	\$ 137,096,151	0.085%	\$ 116,093
Long Beach CCD 2002 Series A 2003	4,645,000	4.009%	186,204
Long Beach CCD 2002 Series B 2005	60,015,000	4.009%	2,405,822
Long Beach CCD Refunding Bonds 2002 Series	22,054,898	4.009%	884,115
Long Beach CCD DS 2002 Series D (2007)	70,999,987	4.009%	2,846,177
Long Beach CCD DS 2008, 2008 Series A	48,373,981	4.009%	1,939,168
Long Beach Unified School District DS 1999 Series A	7,705,000	4.009%	308,910
Long Beach Unified School District DS 1999 Series B	690,000	4.009%	27,664
Long Beach Unified School District DS 1999 Series C	28,940,000	4.009%	1,160,266
Long Beach Unified School District DS 1999 Series D	29,705,000	4.009%	1,190,936
Long Beach Unified School District DS 1999 Series E	54,390,000	4.009%	2,180,610
Long Beach Unified School District DS 1999 Series F	48,860,000	4.009%	1,958,900
 Total Overlapping Debt			 <u>\$ 15,204,865</u>

2008/09 Assessed Valuation: \$903,657,433 After Deducting \$1,175,524,959 Redevelopment Increment.

Debt To Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	1.68%
	Total Debt	1.68%

* 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.

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		\$ 2,078,582,392
Debt limit (15% of assessed value)		311,787,359
Debt applicable to limit		-
Legal debt margin - Current Year		\$ 311,787,359

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2009	311,787,359	-	311,787,359	0.00%

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

Redevelopment Tax Allocation Bonds					
Fiscal Year	Property Tax Increment	Debt Service		Coverage	
		Principal	Interest		
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	12,935	2,545	3,412	2.17	
2009	13,741	2,845	3,939	2.03	

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
2000	9,247	12,403,030	\$ 385,053,436	\$ 31,045	5.1%
2001	9,737	12,536,598	403,518,592	32,187	5.2%
2002	9,933	12,655,506	412,753,239	32,615	6.7%
2003	10,284	12,748,533	427,549,556	33,537	6.9%
2004	10,631	12,806,778	452,200,899	35,309	6.3%
2005	10,951	12,815,345	481,123,703	37,543	5.0%
2006	11,089	12,796,978	518,757,773	40,538	4.4%
2007	11,229	12,784,612	540,510,195	42,278	4.7%
2008	11,402	N/A	N/A	N/A	6.8%
2009	11,430	N/A	N/A	N/A	10.8%

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	2008-09			1999-00*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	551	1	3.89%			
Home Depot	302	2	2.13%			
Costco	292	3	2.06%			
Universal Care	272	4	1.92%			
Telestranger Productions	230	5	1.63%			
Oil Well Service Company	225	6	1.59%			
Target	202	7	1.43%			
Home Depot	165	8	1.17%			
Crane Valves North America	143	9	1.01%			
Alliance Space Systems	129	10	0.91%			
	<u>2,511</u>		<u>17.74%</u>			

* Information not available

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

Department	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration	6.00	6.00	6.00	5.00	5.25	4.50	4.00	4.00	5.00	5.00
Finance	8.44	7.44	7.44	7.44	7.44	6.44	6.44	6.44	6.48	6.48
Community services	23.88	24.03	23.53	24.29	24.11	23.78	23.05	22.46	24.15	24.19
Police	52.45	52.17	53.38	53.28	52.18	52.18	50.40	52.40	53.88	54.40
Community development	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public works	30.00	30.48	31.00	31.00	30.42	30.92	29.00	29.00	30.00	30.00
Redevelopment	4.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00
Total	<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>	<u>128.07</u>

Source: City of Signal Hill, Finance Department

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police:				
Calls for service	7,151	8,092	6,284	6,340
Reports written	4,884	4,792	4,951	4,516
Total arrests	1,736	2,074	2,219	2,092
Hazardous traffic conditions	2,871	3,480	3,928	3,773
Parking citations	6,553	6,410	6,542	6,446
Community Development:				
Code enforcement cases	73	82	67	79
Building permits	187	193	182	154
Site plan design reviews	13	14	10	8
Water:				
Number of customers	2,846	2,890	2,856	2,908
Average daily consumption (in millions of gallons)	2.13	2.15	1.94	1.88
Number of hydrants maintained	552	473	466	467
Public Works:				
Traffic signals maintained	29	29	29	29
Street sweeping miles	3,500	3,500	6,240	6,240
Sidewalk repairs (square feet)	8,000	4,200	3,200	10,269
Curb and gutter replaced (linear feet)	400	325	170	267
Cross gutter replaced (square feet)	N/A	N/A	720	-
Engineering:				
Number of infrastructure projects administered	17	14	10	8
Plan checks completed	19	17	8	8
Number of residential refuse accounts	1,434	1,456	1,463	1,481
Community Services:				
Library items borrowed	44,024	68,321	80,266	89,059
Youth sports participants	408	5,886	7,099	9,205
After school youth programs	11,693	13,324	13,582	15,001
Facility rental bookings	265	356	523	948

N/A - Not Available

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

Source: Various City Departments

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

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

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