



**YEAR ENDED JUNE 30, 2014
COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**



STATE OF CALIFORNIA
DEPARTMENT OF STATE

I, FRANK C. JORDAN, Secretary of State of the State of California, do hereby certify that I have carefully compared the annexed copy of Certificate of Incorporation of SIGNAL HILL and Election of Officer with the certified copy of the original now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof I further certify that this authentication is in due form and by the proper officer.

IN WITNESS WHEREOF, I have hereunto set my hand and have caused the Great Seal of the State of California to be affixed hereto this 26th day of April

A. D. 1924

Frank C. Jordan
Secretary of State

By Frank H. Cory
Deputy



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF SIGNAL HILL, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2014



Prepared by
Department of Finance

Terri Marsh
Director of Finance

ELECTED OFFICIALS



Edward H.J. Wilson
Mayor



Larry Forester
Vice Mayor



Lori Y. Woods
Council Member



Tina L. Hansen
Council Member



Mike Noll
Council Member



Larry Blunden
City Treasurer



Robert Copeland
City Clerk

EXECUTIVE MANAGEMENT

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

Kenneth Farfsing
Charlie Honeycutt
David Aleshire
Pilar Alcivar McCoy
Scott Charney
Terri Marsh
Michael Langston
Stephen Myrter

CITY OF SIGNAL HILL

TABLE OF CONTENTS

For the Fiscal Year Ended June 30, 2014

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	x
Elected Officials.....	xi
City Organization Chart.....	xii
FINANCIAL SECTION:	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities.....	20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	28
Proprietary Funds:	
Statement of Net Position.....	29
Statement of Revenues, Expenses, and Changes in Net Position.....	30
Statement of Cash Flows.....	31
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	33
Statement of Changes in Net Position.....	34
Notes to Basic Financial Statements.....	35

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

For the Year Ended June 30, 2014

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress:	
Other Post–Employment Benefits Plan	93
Budgetary Comparison Schedules:	
General Fund	94
Housing Authority Special Revenue Fund	96
Notes to Required Supplemental Information	97
SUPPLEMENTARY INFORMATION:	
Other Major Governmental Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Capital Improvement Capital Projects Fund	100
Other Governmental Funds:	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	108
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Asset Seizure Special Revenue Fund	112
DOJ Grant Special Revenue Fund	113
Park Development Special Revenue Fund	114
HCDA Special Revenue Fund	115
Special Gas Tax Special Revenue Fund	116
Transportation Special Revenue Fund	117
Pipeline Removal Special Revenue Fund	118
Air Quality Improvement Special Revenue Fund	119
Water Development Special Revenue Fund	120
Traffic Impact Special Revenue Fund	121
Proposition C Special Revenue Fund	122
Lighting and Landscape Special Revenue Fund	123
Supplemental Law Enforcement Special Revenue Fund	124
Domestic Preparedness Special Revenue Fund	125
OTS Grant Special Revenue Fund	126
STC Subvention Special Revenue Fund	127
Housing Impact Special Revenue Fund	128
MTA-STD Grant Special Revenue Fund	129
Measure R Special Revenue Fund	130
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	132
Combining Statement of Changes in Fiduciary Assets and Liabilities	133

CITY OF SIGNAL HILL

TABLE OF CONTENTS
(Continued)

For the Year Ended June 30, 2014

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED):	
Description of Statistical Section Contents	135
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years.....	136
Changes in Net Position – Last Ten Fiscal Years	138
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	140
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	142
Revenue Capacity:	
Assessed Value of Taxable Property – Last Ten Fiscal Years	144
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	145
Principal Property Taxpayers – Current Year and Nine Years Ago.....	146
Property Tax Levies and Collections – Last Nine Fiscal Years	147
Debt Capacity:	
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years.....	148
Direct and Overlapping Governmental Activity Debt.....	149
Legal Debt Margin Information – Last Ten Fiscal Years	150
Pledged – Revenue Bond Coverage:	
Redevelopment Tax Allocation Bonds – Last Ten Fiscal Years.....	151
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years	152
Principal Employers – Current Year and Nine Years Ago.....	153
Operating Information:	
Full – Time Equivalent City Government Employees by Department – Last Ten Fiscal Years.....	154
Operating Indicators by Function – Last Nine Fiscal Years	155
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	156



CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

March 30, 2015

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Signal Hill (the City) for the fiscal year ended June 30, 2014. The purpose of this report is to provide the City Council, residents, general public, and interested parties with a broad financial outlook of the City, as well as to comply with state law.

The City's independent auditors, Moss, Levy Hartzheim LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Signal Hill's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

This report consists of management's representations concerning the finances of the City. It was prepared by the Finance Department with the assistance of the City's independent auditors, Moss, Levy & Hartzheim LLP, in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board. Management assumes full responsibility for the completeness and reliability of the information contained in this report. We believe the data presented conforms to governmental accounting and financial reporting standards and is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain a good understanding of the City's financial affairs have been included.

GAAP require that management provides a narrative introduction and an overview to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A immediately follows the independent auditor's report and should be read in conjunction with this transmittal letter.

Profile of the Government

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

The City of Signal Hill, encompassing 2.25 square miles, is located in the southwestern coastal area of Los Angeles County and has a population of 11,411. 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, Los Alamitos, and Carson.

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

The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. Policy-making and legislative authority are vested in a governing City Council consisting of a Mayor and four other members, all elected on a non-partisan basis. Council members serve four-year terms, with two members elected every two years. The City budgets for 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 and public health 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 Signal Hill Housing Authority and the Signal Hill Public Financing Authority. The operations of these units are included within the Basic Financial Statements of the City.

The Signal Hill Redevelopment Agency (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 was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the City. When the Agency was dissolved by the State in early 2012, the City of Signal Hill opted to become the Successor Agency to the Signal Hill Redevelopment Agency. The Successor Agency is included in the financial statements as a Private Purpose Trust Fund and is not part of the City’s government-wide statements. Additional information is found at Note 16 of the Notes to the Basic Financial Statements.

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. Upon dissolution of the Redevelopment Agency, the housing assets and functions of the dissolved agency were transferred to the Signal Hill Housing Authority. The Housing Authority is included in the financial statements as a separate Special Revenue Fund.

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

Local Economy

The Los Angeles County economy is anticipated to move forward in 2015, barring any unforeseen shocks to the national economy. The City’s retail sector continues to experience moderate growth as the region’s economy continues to slowly recover from the effects of the recession. For the City of Signal Hill, sales tax and property tax revenues together account for approximately 80% of all General Fund revenues. Housing values are slowly rebounding, and retail sales are increasing. These factors will positively impact future local revenues.

The City’s economy is dominated primarily by retail sales with 69% of all General Fund revenues coming from sales tax in FY 2013-14. A large part of the City’s sales tax revenue comes from new auto sales, and there has been an increase in auto sales with the end of the Great Recession. Pent-up demand, combined with historically low interest rates and easy credit, generated substantial sales gains in 2012, 2013, and 2014. Economists warn that there could possibly be a “new auto bubble” forming with many Americans purchasing new cars to replace the cars they held onto during the recession. This demand

could suddenly drop after all the older used cars are replaced with the recent new car sales. Consequently, the recent growth rate experienced in 2012-2014 is considered unsustainable and our sales tax forecasts have taken a more conservative approach.

In June 2014, the unemployment rate for the City was 6.5% which is slightly higher than the national unemployment rate of 6.1%. However, by December 2014, the unemployment rate for the City was 8.2%, while the national unemployment rate was 5.6%. The retail sector is highly dependent on the financial health of consumers and their perception of the direction of the local and national economy, and most economists predict that the national economy will continue to slowly improve throughout 2015.

With positive indicators such as rising consumer confidence, improvements in the housing market, and reduced rate of unemployment (nationally), the City is forecasting moderate growth in major general fund revenues such as property, sales, and other taxes for the upcoming year. Overall general fund revenues are budgeted to grow by 3% over the estimated FY 2013-14 revenues which revenue growth keeps pace with a 3% increase in expenditures.

Major Initiatives and Accomplishments

Due to the passage of AB 1x 26, the Redevelopment Agency was dissolved on February 1, 2012. Since then, the City became the Successor Agency to the Redevelopment Agency and has been winding down the redevelopment affairs. During FY 2013-14, the Successor Agency and the Oversight Board received a finding of completion (FOC) from the State of California Department of Finance dated August 7, 2013, regarding the appropriateness of the transfer of housing and non-housing assets from the former redevelopment agency. Also during FY 2013-14, the Successor Agency completed a long range property management plan which was accepted by the State Department of Finance.

Significant Community Development projects that were completed in FY 13-14 included construction of 81 Aragon townhomes by MBK Homes; construction and opening of Applebee's Grill & Bar; expansion of the Glenn E. Thomas Dodge, Chrysler and Jeep dealership's office and outdoor customer waiting area and an update to the entrance facade.

The Public Works Department was responsible for the planning, implementation, and continued management of 13 projects for a total of \$509,792 of expenditures for the capital improvement programs for FY 2013-14. Over \$452,600 of the capital program funding was allocated for street and transportation related projects with all of these funds being received through grants and dedicated transportation funds. \$55,411 was spent on Park improvements and \$1,597 was spent on city building improvements. City General fund monies of \$53,523 were used on sidewalk repairs.

The Community Services Department continues to see consistent usage throughout all of its programs and facilities. The department provided 16 Active Adult excursions for a total of 530 participants. Also, low income senior residents were provided bi-monthly food supplements and a holiday luncheon. In recreation the summer day camp programs were full during the 2013 summer with 2,430 participants at two sites. There were over 350 participants in the Youth Sports program taking part in five sports. Library programs included the Great Stuffed Animal Sleepover, Teen and Adult Summer Reading programs, and Teens Read Over Winter Break program. There were more than 38,000 visits to the library during FY 2013-14.

During FY 2013-14, the Police Department saw the creation and publication of its first biennial report as well as continued success in the deployment of a School Resource Officer at the Jessie Nelson Academy. The police department continued to work on leveraging grant funds to supplement operations. The department received a grant from the United States Department of Homeland Security to purchase \$39,000 of emergency protective gear for city employees and \$15,000 to update the surveillance cameras at the hilltop reservoir. The California Office of Traffic Safety provided a \$75,000 grant to bolster traffic safety efforts. The Department continues to benefit from the Federal Department of Justice and Community Oriented Policing grants to fund a sworn police officer position. Finally, the Department received new laptop computers, printers, and a large scale plotter for the Emergency Operations Center through the Emergency Management Performance Grant.

Long Term Financial Planning

A city's capacity to effectively deliver basic day-to-day service to its residents and businesses, fundamentally affects whether residents can live in a healthy, safe, and fulfilling manner. Local governments are at the forefront in providing these basic services – for example: establishing and governing local laws and codes, providing police service and protection to residents and businesses, assisting in a fire or medical emergency, delivering clean water, providing recreational, social, and learning opportunities for residents, assuring the safety of existing and new buildings located in the city, building and maintaining infrastructure and public buildings, activating emergency operations to provide incident command, if necessary, and maintaining local roads for the orderly movement of people and things. Therefore, how local government is funded, and how well they are funded in order to carry out this mission, is vital.

To meet these public duties, cities must manage and allocate millions of dollars each year, employ staffs, negotiate and manage contracts, and build and operate public facilities, among other obligations, and do all this within a setting that must be continually open, transparent, and accessible to the public.

Money for delivering local government services in California is raised largely through an intricate system of taxes and fees – a finance system that is complicated and unique. That unique nature of the system is due to many factors of law, history, and culture, including state constitution provisions enacted by voters that prescribe strict limits on how municipalities can raise revenues – and even how they can spend their money. In addition, recurring financial crises in the state government have had vast repercussions at the local level, further stressing municipal revenues and services.

How local governments decide to use their limited resources leads to a complicated intersection of public policy, community planning, and budgeting. The heart of the matter is, in fact, the ongoing work to balance limited revenues with public demand for costly and often vital services and facilities.

Unassigned fund balance in the General Fund and the fund balance of the Economic Uncertainties Fund equal 66% of FY 2013-14 general fund expenditures, which falls within policy guidelines set by the City Council for budgetary and planning purposes. The City's Financial Policy recommends maintaining a combined General Fund and Economic Uncertainties Fund reserve equivalent to a minimum of six months operating expenditures. These reserves would be utilized to mitigate the adverse impact of a recession, economic slowdown, or if the City loses a major sales tax provider.

Signal Hill continues to take advantage of the opportunities afforded it and to re-position itself to meet the new demands of economic uncertainty and further State takeaways and the dissolution of its Redevelopment Agency. Situated close to two major ports and adjacent to a university and an airport, it has enormous potential for success.

City management believes that the City has positioned itself to weather any unanticipated economic fluctuations through adequate reserve accumulation and continuation of the privatization of City functions such as street sweeping and park maintenance, enhanced and renewed focus on proactive economic development efforts with the completion of the long range asset management plan, and a continued focus on our human development effort to reshape and retrain our work force to meet the changing times.

The City's first strategic plan was called Signal Hill 2000. Developed in 1991, many of its goals had been accomplished. The City's second Strategic Plan covered the time period from 2006-2011. Many of the goals of the second Strategic Plan have been accomplished, including the construction of the new Signal Hill Police Station. A new five year strategic plan is currently being formulated with anticipated public input and is scheduled to be adopted before the end of 2015.

Financial and Internal Controls

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

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

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 grant expenditures exceed \$500,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance, and for FY 2013-14 did not reach the \$500,000 threshold requiring a Single Audit.

Budgetary Controls

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Signal Hill's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget policy of the City requires that: (1) a balanced budget be prepared where resources equal appropriations for all funds of the City in conformance with State constitutional limits; (2) adoption of the budget by Council resolution to take place prior to the beginning of the fiscal year in which it is to take effect; (3) the level of budgetary control (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, 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.

Spending Limitation

The City foresees no problem for several years in complying with the spending limitation under the Gann Initiative passed by the California voters in 1979 which created Article XIII B of the State Constitution. The City's independent auditors have attested to the accuracy of the computation of the spending limitations for the current period, which indicated that the City's tax proceeds are substantially under the established Gann Limit for FY 2013-14 and are not expected to reach that limit in the foreseeable future.

Independent Audit

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Signal Hill for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the 18th consecutive year that the City of Signal Hill has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Terri J. Marsh".

Terri J. Marsh
Administrative Services Officer and Finance Director



Government Finance Officers Association

**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, 2013

Executive Director/CEO

1924

2014



Members of the City Council

Mayor	Edward H.J. Wilson
Vice Mayor	Larry Forester
Councilmember	Lori Y. Woods
Councilmember	Tina L. Hansen
Councilmember	Michael J. Noll

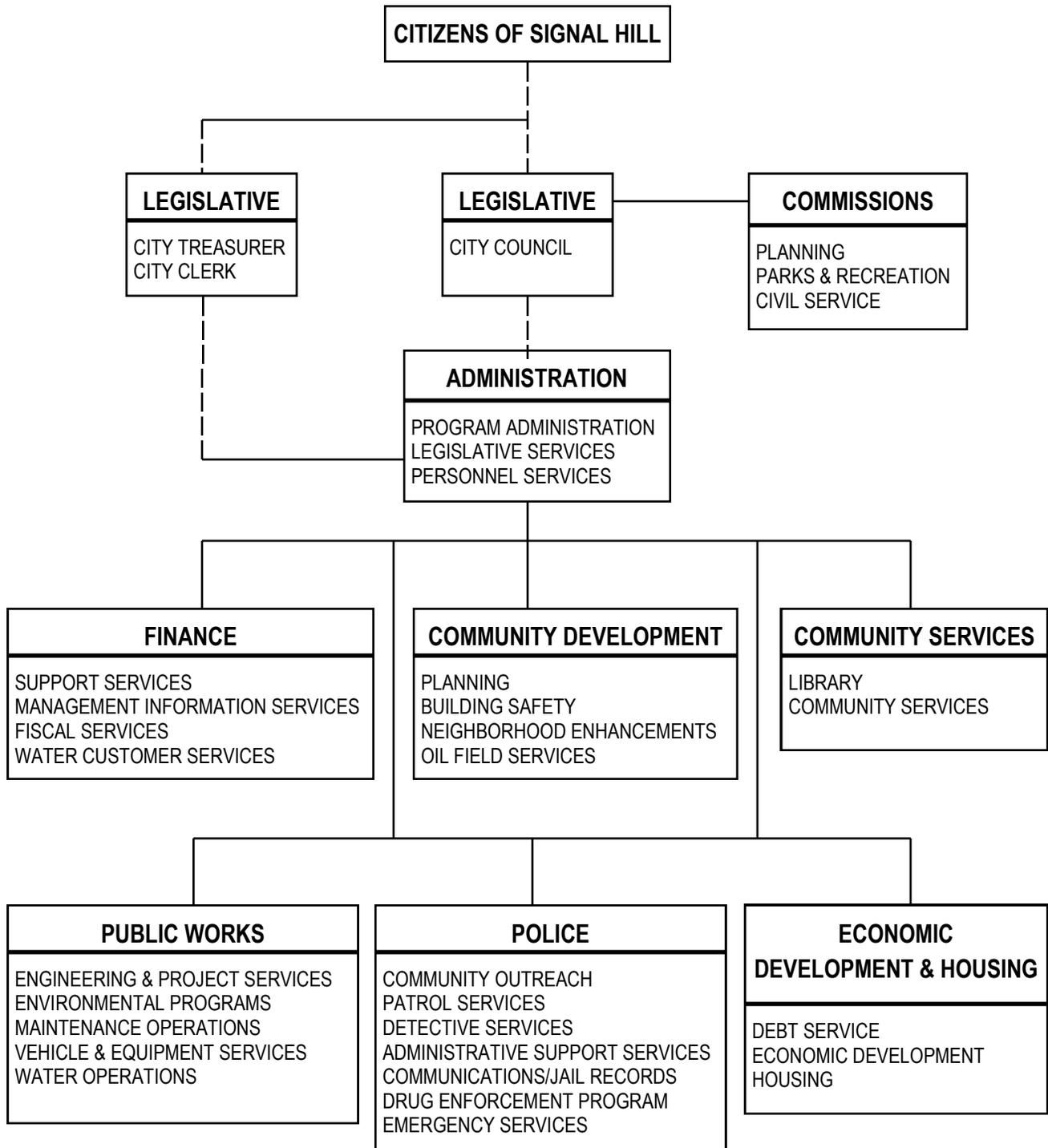
Other Elected Officials

City Treasurer	Larry Blunden
City Clerk	Robert Copeland

Executive Staff

City Manager	Ken Farfsing
Deputy City Manager	Charlie Honeycutt
City Attorney	David Aleshire
Administrative Services Officer/Finance Director	Terri Marsh
Community Development Director	Scott Charney
Community Service Director	Pilar Alcivar-McCoy
Chief of Police	Michael Langston
Public Works Director	Steve Myrter

CITY OF SIGNAL HILL ORGANIZATIONAL CHART





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California (City), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 activities, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principles

As discussed in note 1d to the basic financial statements, effective July 1, 2013, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 66, Technical Correction-2012, Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress, and Budgetary Comparison Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, supplementary information, and the statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, on our consideration of the City's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 30, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF SIGNAL HILL

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

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 (FY) ended June 30, 2014. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements.

FINANCIAL HIGHLIGHTS

The comparisons in the discussion and analysis below are between FY 2012-13 and FY 2013-14. All increases and decreases are expressed relative to FY 2012-13 amounts.

Citywide financial highlights are summarized below:

- The City's total net position (the amount by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources) equals \$115,678,810.
- The City's total net position increased by \$3,240,525 to \$115,678,810. This increase results from a \$2.9 million increase in assets and deferred outflows of resources combined with a decrease of \$300,000 in liabilities.
- At the close of the current fiscal year, the City's governmental activities reported a net position of \$95,198,384 and the City's business-type activities reported a net position of \$20,480,426.
- The net position of governmental activities increased by \$3.9 million, resulting from an increase in assets of \$4.9 million offset by an increase in liabilities of \$900,000.
- The net position of business-type activities decreased by \$700,000, resulting from a decrease in assets and deferred outflows of resources of \$2.0 million offset by a decrease in liabilities of \$1.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four required parts: The management discussion and analysis (this portion), the basic financial statements, notes to the basic financial statements, and required supplementary information. In addition to the required parts, we have included supplementary information on major funds, combining statements for other governmental funds and agency funds, and a statistical section. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements.

In the current year, the City implemented Governmental Accounting Standards Board Statement (GASBS) No. 66, No. 67, and No. 70. Implementation of these GASBS did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014. For additional information, refer to the Notes to Basic Financial Statements No. 1(D).

See independent auditors' report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The Statement of Net Position presents information on all City assets (including capital assets), liabilities (including long-term liabilities), and deferred inflows and outflows of resources; the amount by which assets and deferred outflows of resources exceed liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may be one indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information designed to show how the City's net position 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.

The government-wide financial statements can be found beginning on page 19 of this report.

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 to 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.

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (continued)

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 fund statements 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 financial requirements. 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 near-term financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found beginning on page 22 of this report.

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

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

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

The basic proprietary fund financial statements can be found beginning on page 29 of this report.

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 three Agency Funds as well as the Private-Purpose Trust Fund which accounts for the activities of the Successor Agency to the Signal Hill Redevelopment Agency. The basic fiduciary fund financial statements can be found beginning on page 33 of this report.

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 to the basic financial statements can be found beginning on page 35 of this report.

Supplementary Information

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

Optional supplementary information is presented for some major funds as well as combining and individual statements for other governmental and agency funds. This optional supplementary information can be found immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The statement of net position can serve as a useful indicator of the City's financial position. The City of Signal Hill's net assets at June 30, 2014 total \$115,678,810. Following is a condensed version of the government-wide statement of net assets. A discussion of significant changes follows the table.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 52,659,787	\$ 47,680,728	\$ 6,364,150	\$ 7,494,837	\$ 59,023,937	\$ 55,175,565
Capital assets, net	47,543,502	47,616,978	21,400,064	22,235,891	68,943,566	69,852,869
Total Assets	100,203,289	95,297,706	27,764,214	29,730,728	127,967,503	125,028,434
Deferred outflows of resources:						
Deferred amount on refunding	-	-	172,858	196,256	172,858	196,256
Liabilities:						
Current liabilities	3,853,909	2,894,812	975,253	1,851,056	4,829,162	4,745,868
Long-term liabilities	1,150,996	1,188,104	6,481,393	6,852,433	7,632,389	8,040,537
Total Liabilities	5,004,905	4,082,916	7,456,646	8,703,489	12,461,551	12,786,405
Net position:						
Net investment in capital assets	47,543,502	47,616,978	15,820,737	16,315,268	63,364,239	63,932,246
Restricted	17,064,787	10,172,012	-	671,202	17,064,787	10,843,214
Unrestricted	30,590,095	33,425,800	4,659,689	4,237,025	35,249,784	37,662,825
Total Net Position	\$ 95,198,384	\$ 91,214,790	\$ 20,480,426	\$ 21,223,495	\$ 115,678,810	\$ 112,438,285

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's total assets plus deferred outflows of resources increased by \$2.9 million (2.3%), and liabilities decreased by \$300,000 (2.5%). This resulted in a total increase of \$3.2 million (2.9%) to net position.

The largest portion of the City's net position (\$63.4 million or 54.8%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, furniture and equipment, etc.), net of related debt. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The City's restricted net position totals \$17.1 million (14.7%) of total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$35.2 million (30.5%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities – Governmental assets increased by \$4.9 million (5.2%) while liabilities increased by \$900,000 (22.6%). This resulted in a total increase in net position of \$3.9 million (4.4%). The increase in assets is due to an increase in available cash and an increase in grant receivables. These increases in assets are explained by the analysis of the changes in governmental activities which follows the Statement of Activities. The increase in liabilities is mainly due to the amount payable to the City of Long Beach as part of a tax sharing agreement which became effective in the current year.

Business-Type Activities – Business-type assets and deferred outflows of resources decreased by \$2.0 million (6.7%), and liabilities decreased by \$1.3 million (14.3%). This resulted in a decrease in net position of \$700,000 (3.5%). All categories of assets and liabilities decreased as a result of normal operations, as explained by the analysis of the changes in business-type activities.

Following is the Government-wide Statement of Activities. Discussion regarding significant revenue and expense changes follows the table.

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Table 2
Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,436,483	\$ 1,586,468	\$ 3,734,370	\$ 3,671,575	\$ 5,170,853	\$ 5,258,043
Operating grants and contributions	1,482,330	1,595,790	-	-	1,482,330	1,595,790
Capital grants and contributions	2,506,903	1,338,851	-	-	2,506,903	1,338,851
General revenues:						
Property taxes	1,700,588	2,145,730	-	-	1,700,588	2,145,730
Sales taxes	14,573,606	12,486,604	-	-	14,573,606	12,486,604
Other taxes	2,211,582	2,029,508	-	-	2,211,582	2,029,508
Investment income	850,300	647,393	53,206	24,664	903,506	672,057
Unrestricted grants and contributions	65,831	12,057	-	97,500	65,831	109,557
Miscellaneous	-	19,038	-	-	-	19,038
Total revenues	24,827,623	21,861,439	3,787,576	3,793,739	28,615,199	25,655,178
Expenses:						
General government	5,556,305	3,695,292	-	-	5,556,305	3,695,292
Community services	1,318,694	1,219,713	-	-	1,318,694	1,219,713
Police	8,220,368	7,611,314	-	-	8,220,368	7,611,314
Community development	991,954	934,858	-	-	991,954	934,858
Public works	4,141,892	4,505,929	-	-	4,141,892	4,505,929
Unallocated infrastructure depreciation	613,736	544,571	-	-	613,736	544,571
Interest on long-term liabilities	-	-	-	-	-	-
Water	-	-	4,531,725	3,991,921	4,531,725	3,991,921
Total Expenses	20,842,949	18,511,677	4,531,725	3,991,921	25,374,674	22,503,598
Increase in net position before transfers	3,984,674	3,349,762	(744,149)	(198,182)	3,240,525	3,151,580
Transfers	(1,080)	(25,257)	1,080	25,257	-	-
Change in net position before extraordinary item	3,983,594	3,324,505	(743,069)	(172,925)	3,240,525	3,151,580
Extraordinary item:						
Loss on asset transfer to Successor Agency	-	(15,571,174)	-	-	-	(15,571,174)
Change in net position	3,983,594	(12,246,669)	(743,069)	(172,925)	3,240,525	(12,419,594)
Net position - beginning	91,214,790	103,461,459	21,223,495	21,396,420	112,438,285	124,857,879
Net position - ending	<u>\$ 95,198,384</u>	<u>\$ 91,214,790</u>	<u>\$ 20,480,426</u>	<u>\$ 21,223,495</u>	<u>\$ 115,678,810</u>	<u>\$ 112,438,285</u>

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

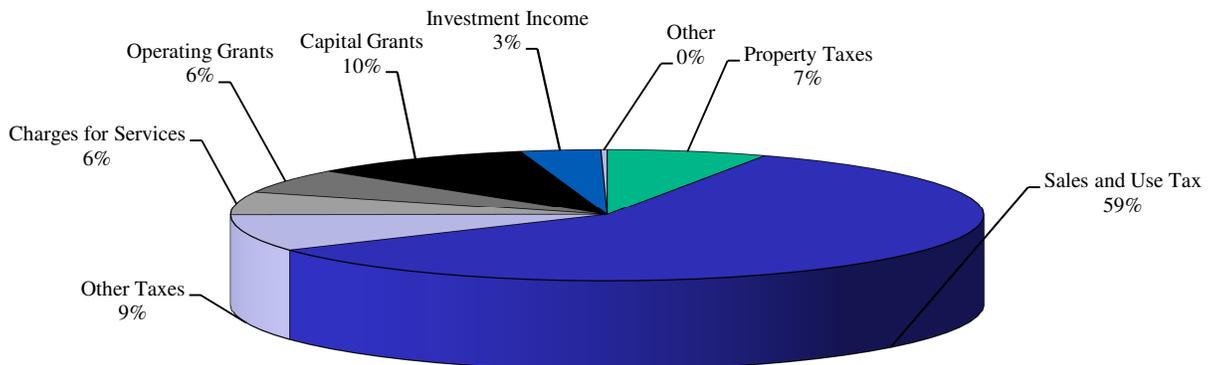
The previous table illustrates the City’s overall \$3.2 million increase in net position resulting from its program and general revenues exceeding total program expenses. This increase in net position results from normal operating activities and is approximately equal to the prior year’s increase of \$3.2 million from operating activities. The prior year’s increase from operating activities was offset by a \$15.6 million loss on a transfer of assets to the Successor Agency, resulting in an overall \$12.4 million decrease in net position.

City-wide revenues increased by \$2.9 million (11.5%) to \$28.6 million. The majority of this increase (\$2.1 million) is due to an increase in sales tax revenues, a result of an improved economy. Another \$1.2 million increase is from recognition of capital grant revenue. These increases are offset by decreased property tax revenue of \$400,000. The most significant portion of the City’s revenue came from sales and use tax, accounting for 50.9% of total revenues, 18.1% was received for charges for services, grants and contributions accounted for 13.9%, property taxes accounted for 5.9%, all other taxes accounted for 7.7% of total revenues, with investment income accounting for the remaining revenue.

The total cost of all City programs and services during fiscal year ended June 30, 2014 was \$25.4 million, an increase of \$2.8 million. Current year expenses of governmental activities totaled \$20.8 million in contrast to \$18.5 million in the prior year while expenses of business-type activities totaled \$4.5 million in contrast to \$4.0 in the prior year. Police services expenses accounted for 32.4% of the total, 16.3% of expenses were for public works, 21.9% of expenses were for general government, 17.9% was expensed for business-type water activities, with community services and community development accounting for the remaining expenses.

The following two charts show the source and use of funds for Governmental Activities with explanations following:

**Revenues by Source – Governmental Activities
Fiscal Year 2014**



See independent auditor’s report.

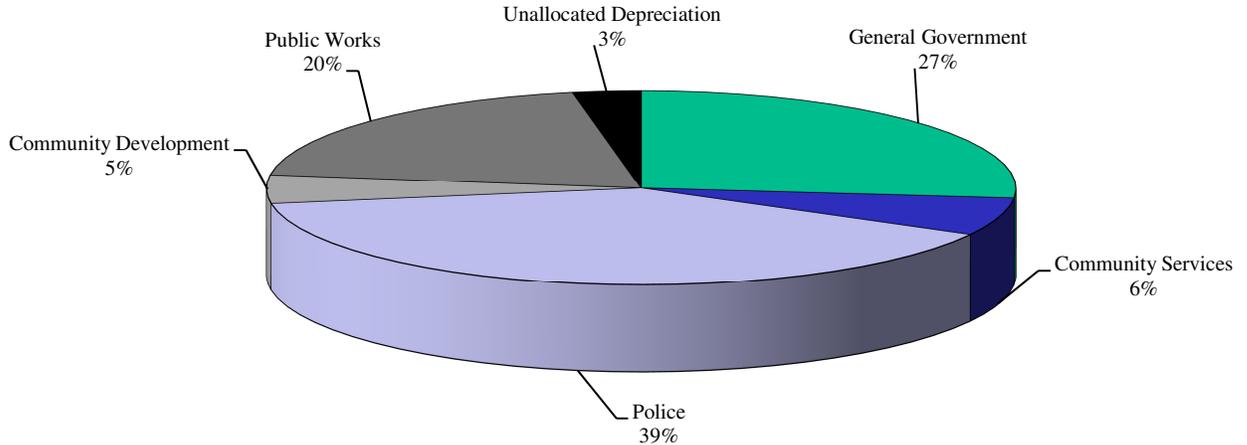
CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Expenses – Governmental Activities
Fiscal Year 2014**



Governmental activities contributed \$3.9 million to the increase in net position resulting from revenues of \$24.8 million exceeding expenses and transfers of \$20.9.

Revenues of governmental activities increased from the prior year by \$2.9 million (13.6%) with the largest changes in revenues coming from increases in sales taxes (\$2.1 million or 16.7%) and capital grants and contributions (\$1.2 million or 87.2%) offset by a decrease in property taxes (\$0.4 million or 20.7%). There were no significant variances from the prior year in the other revenue categories.

Sales tax revenues increased as a result of continued improvement in consumer spending. The City's sales tax revenues had the largest growth in the business/industry sector with continued strong revenues produced in autos/transportation, building/construction, general consumer goods, and fuel/service station sectors. Revenues from capital grants and contributions vary from year to year based on funding received from federal, state, and other local agencies; in the current year the City has recorded increased grant revenue for reimbursement due on the Cherry Avenue street project. Property taxes declined by \$400,000 or 20.7%, a continued result of not receiving redevelopment agency tax increment revenue in FY 2013-14.

Expenses of governmental activities increased by \$2.3 million (12.6%). Of this increase, \$1.8 million is due to increased general government costs, mainly a result of business development agreements which require tax sharing with businesses and neighboring cities. Additionally police services expenses increasing by \$600,000 as a result of increased personnel costs and non-capital equipment and furniture purchases for the police station.

See independent auditor's report.

CITY OF SIGNAL HILL

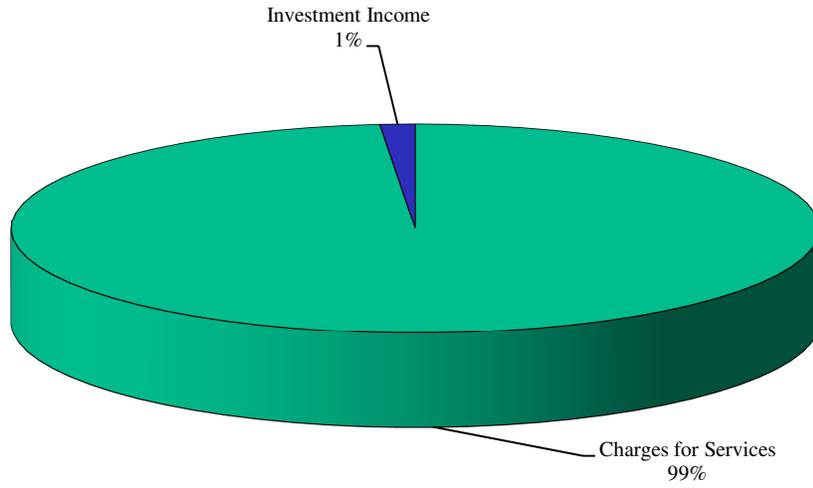
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

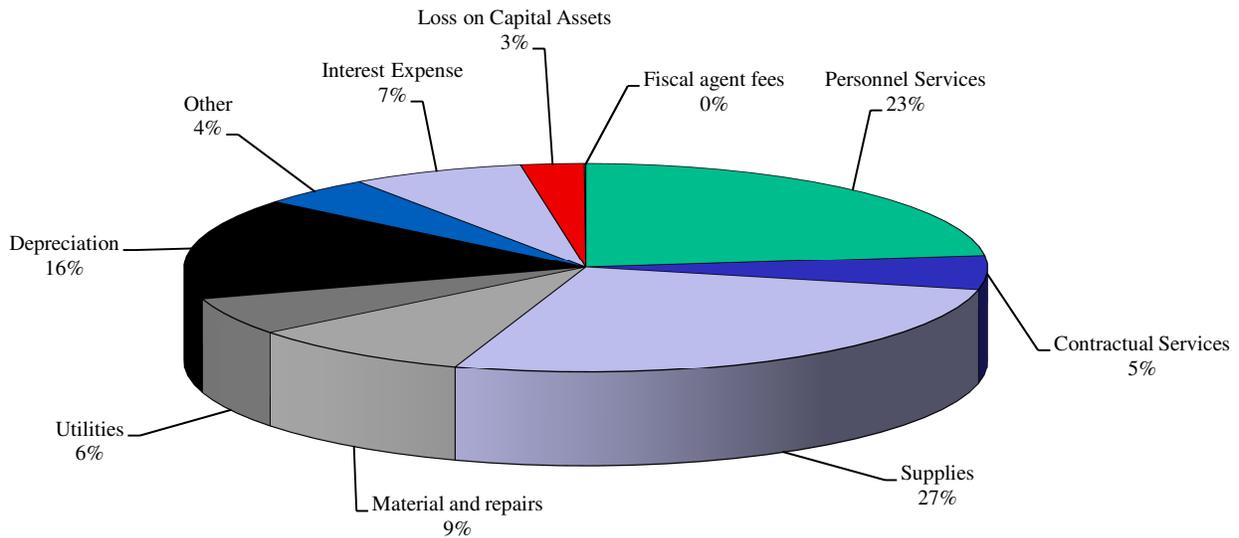
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following two charts show the source and use of funds for Business-type Activities:

**Revenues by Sources – Business-type Activities
Fiscal Year 2014**



**Expenses – Business-type Activities
Fiscal Year 2014**



See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type activities consist solely of the Water Utilities Enterprise Fund. 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. Total net assets at the end of the year were \$20,480,426 as compared to \$21,223,495 at the end of the prior year. This represents a decline in net assets of \$700,000 or 3.5%, and is a result of expenses of \$4.5 million exceeding revenues of \$3.8 million.

Revenues consist of charges for services and investment income and totaled \$3,788,000 in the current year, a decrease of only \$6,000 from the prior year's total revenue of \$3,794,000. Expenses totaled \$4,532,000 in the current year, an increase of \$540,000 from the prior year's total expense of \$3,992,000. Operating expenses increased because of an increase in the cost of water purchases as a result of purchasing more water than in the prior year and from paying higher rates. More water purchases were required as a result of both City wells being non-productive at the same time.

FUND FINANCIAL ANALYSIS

The City's major governmental funds for the fiscal year ended June 30, 2014 were the General Fund, the Housing Authority Special Revenue Fund, and the Capital Improvement Capital Projects Fund.

General Fund

The General Fund's fund balance increased by \$2.4 million in fiscal year 2013-14 as compared to a \$2.0 million decrease in fiscal year 2012-13. The prior year's decrease was due to revenues and transfers in of \$19.1 million exceeding expenditures and transfers out of \$17.3 million and a further reduction due to an extraordinary loss of \$3.8 million; the extraordinary loss was to write-down the receivable from the Successor Agency for unallowable accrued interest related to the provisions of California AB1484. The current year's \$2.4 million increase is due to revenues and transfers in of \$21.9 million exceeding expenditures and transfers out of \$19.5 million.

General fund revenues increased by \$1.9 million. This net increase is explained by increases in sales tax of \$2.1 million, investment income of \$0.8 million, and charges for services of \$0.3 million, offset by reductions in property taxes of \$0.8 million and other miscellaneous revenues of \$0.6 million.

Sales tax revenues increased as a result of continued improvement in consumer spending. The City's sales tax revenues had the largest growth in the business/industry sector with continued strong revenues produced in autos/transportation, building/construction, general consumer goods, and fuel/service station sectors. Investment income increased as a result of higher interest yields being earned on invested monies. Property taxes decreased as a result of one-time revenues received in the prior year for residual distribution of funds from the Successor Agency, property tax increment distributions to taxing entities (RPTTF), and a settlement with LA County over reductions in prior years' property taxes for PTAF.

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

FUND FINANCIAL ANALYSIS (CONTINUED)

The General Fund's operating expenditures increased by \$2.7 million while transfers out decreased by \$0.5 million. All expenditure categories had increased costs with the most significant increases being reported for general government, police, public works, and capital outlay. General government expenditures increased by \$1.7 million mainly a result of payments being made on tax sharing agreements from new business development. Police expenditures increased by \$500,000 as a result of additional personnel costs and non-capital outlay for furnishings for the police station. Public works and capital outlay expenditures each increased by \$200,000 due to work being done on capital projects.

Housing Authority Special Revenue Fund

The Fund Balance increased by \$6,182 to \$5,543,630. Revenues of \$31,600 exceeded expenditures of \$25,500.

Capital Improvement Capital Projects Fund

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$510,000 for the fiscal year. The major projects worked on in FY 13-14 were Street Improvement Projects (pavement management, Walnut/Willow signal project, and Cherry Avenue widening and signal projects). This fund has a deficit fund balance of \$2.3 million which is equal to the unavailable revenue within the deferred inflows of resources category. The deficit fund balance will be eliminated when grant monies are available to be collected.

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 totaled \$20.7 million. Total General Fund revenues were higher than the adjusted budget amount by \$3.6 million. Due to budgeting in a conservative manner, actual revenues exceeded the amount budgeted in all categories except for fines and forfeitures. The majority of the total budget to actual difference is explained by actual sales taxes and other taxes exceeding the budgeted amounts.

Sales and use tax was the largest revenue source with \$14.3 million in realized revenues, comprising 68.9% of total revenues. The sales tax revenue of \$14.3 million was \$2.7 million higher than the adjusted budget. Sales tax revenue increased by \$2.1 million or 17.5% over the fiscal year 2012-13 amount as a result of increased consumer spending, as previously noted.

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

FUND FINANCIAL ANALYSIS (CONTINUED)

General Fund expenditures totaled \$19.3 million. Expenditures were projected at \$17.8 million during the budget process and were later revised to \$20.9 million. Total expenditures were under this final budget amount by \$1.6 million (7.8%). All FY 2013-14 expenditure categories had expenditures less than the budget.

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, 2014, totaled \$68,943,566, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in process.

**Table 3
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 27,876,482	\$ 27,684,367	\$ 4,427,416	\$ 4,427,416	\$ 32,303,898	\$ 32,111,783
Water rights	-	-	517,353	547,733	517,353	547,733
Construction in progress	4,022,171	3,703,597	170,855	174,218	4,193,026	3,877,815
Buildings & equipment	6,179,791	6,267,678	16,284,440	17,086,524	22,464,231	23,354,202
Infrastructure	9,465,058	9,961,336	-	-	9,465,058	9,961,336
Total assets	<u>\$ 47,543,502</u>	<u>\$ 47,616,978</u>	<u>\$ 21,400,064</u>	<u>\$ 22,235,891</u>	<u>\$ 68,943,566</u>	<u>\$ 69,852,869</u>

During 2013-14, the major change to governmental capital assets was the demolition of the old police building, which had a depreciated value of \$250,000. There were no significant changes 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		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Water revenue bonds	\$ -	\$ -	\$ 6,423,600	\$ 6,788,081	\$ 6,423,600	\$ 6,788,081
Compensated absences	1,150,996	1,188,104	57,793	64,352	1,208,789	1,252,456
Total assets	<u>\$ 1,150,996</u>	<u>\$ 1,188,104</u>	<u>\$ 6,481,393</u>	<u>\$ 6,852,433</u>	<u>\$ 7,632,389</u>	<u>\$ 8,040,537</u>

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

Debt Administration (Continued)

The City has one issue of bonded indebtedness outstanding in its business-type fund with \$6.4 million outstanding at year-end. Payment of principal and interest on the Bonds is insured by National Public Finance Guarantee Corporation (“National”). In 2014, the City filed the following Material Event Notices on the EMMA website with respect to National’s rating:

<u>Filing Date</u>	<u>Reporting Event</u>
March 20, 2014	S&P upgrade of National rating from A to AA-
May 30, 2014	Moody’s upgrade of National rating from Baa1 to A3

The current year ratio of net revenues (water fund revenues plus developer fees recorded in the Water Development Special Revenue Fund less expenses excluding depreciation) to debt service (principal and interest payments) coverage is 64.2%. Since this ratio is less than 100%, this means that the current year’s debt service payments were funded from current year revenues plus fund reserves. The fund’s debt service coverage ratio was 996% (coverage from net revenues and available funds). The City is required by the bond covenants to maintain a coverage ratio (net revenues and available funds) of at least 125%. For additional information see Note 5 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The past several years have been difficult for the City because of the Great Recession along with the abrupt dissolution of redevelopment agencies in 2012. The City has been able to avoid the most severe repercussions through its conservative budgeting and cost containment practices. The City has survived the recent economic crises without layoffs or cutbacks to City services. The previous, current, and future raids of the City’s finances by the State jeopardize the services that the City provides to its residents. Response to these fiscal crises requires the City to not only continue to be fiscally prudent and to manage its resources and operations diligently, but also to develop other potential new revenues.

The City’s General Fund Reserve for Economic Uncertainties will continue to have a budgeted \$5.1 million fund balance in 2014-15, which along with the General Fund’s Unassigned Fund Balance of \$7.6 million is 67.3% of the 2014-15 budgeted General Fund expenditures. This is an increase from the 66% budgeted at the beginning of FY 2013-14.

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 \$5.1 million balance. 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.

See independent auditor’s report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

The Capital Projects Fund is used to account for financial resources segregated for the development, construction and improvement of City facilities. The FY 2014-15 Capital Improvements Program (CIP) includes a total of 20 projects for FY 2014-15 totaling \$1.5 million and carry-over of \$14.8 million of 2013-14 projects. The major projects planned include the widening of Cherry Avenue and the construction of the new Library in addition to smaller, but still important, projects. Funding sources for these projects include minimal contributions from the general and water funds, the use of traffic impact and park development fees, and federal, state, and local grants.

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, California 90755-3799.

See independent auditor's report.

CITY OF SIGNAL HILL
STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-Type Activities	Totals 2014
ASSETS:			
Cash and investments	\$ 32,567,423	\$ 5,163,397	\$ 37,730,820
Receivables:			
Accounts	2,304,138	528,036	2,832,174
Accrued interest	23,787	3,888	27,675
Loans	71,777	-	71,777
Due from other governments	4,542,508	-	4,542,508
From Successor Agency	8,825,434	-	8,825,434
Internal balances	2,586	(2,586)	-
Inventory	7,083	-	7,083
Prepaid items	5,292	-	5,292
Net OPEB asset	241,745	-	241,745
Land and improvements held for resale, net	4,068,014	-	4,068,014
Restricted assets:			
Cash and investments	-	671,415	671,415
Capital assets:			
Land	27,876,482	4,427,416	32,303,898
Construction in progress	4,022,171	170,855	4,193,026
Infrastructure, net	9,465,058	-	9,465,058
Water rights, net	-	517,353	517,353
Source of supply, net	-	9,454,422	9,454,422
Pumping plant, net	-	5,017,005	5,017,005
Transmission/distribution, net	-	698,772	698,772
Structures and improvements, net	4,979,133	751,360	5,730,493
Vehicles, equipment and furniture, net	1,200,658	362,881	1,563,539
Total assets	<u>100,203,289</u>	<u>27,764,214</u>	<u>127,967,503</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss amount on debt refunding	-	172,858	172,858
LIABILITIES:			
Accounts payable	908,747	537,673	1,446,420
Accrued liabilities	2,101,977	30,729	2,132,706
Accrued interest payable	-	47,838	47,838
Refundable deposits	-	359,013	359,013
Unearned revenue	843,185	-	843,185
Noncurrent liabilities			
Due within one year	457,607	421,554	879,161
Due in more than one year	693,389	6,059,839	6,753,228
Total liabilities	<u>5,004,905</u>	<u>7,456,646</u>	<u>12,461,551</u>
NET POSITION:			
Net investment in capital assets	47,543,502	15,820,737	63,364,239
Restricted for:			
Capital improvements	2,113,580	-	2,113,580
Development impact	6,322,558	-	6,322,558
Transportation	2,766,727	-	2,766,727
Public protection	252,553	-	252,553
Housing	5,609,369	-	5,609,369
Unrestricted	30,590,095	4,659,689	35,249,784
TOTAL NET POSITION	<u>\$ 95,198,384</u>	<u>\$ 20,480,426</u>	<u>\$ 115,678,810</u>

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,556,305	\$ 226,696	\$ 376,884	\$ -
Community services	1,318,694	115,325	29,400	-
Police	8,220,368	296,903	438,911	44,317
Community development	991,954	366,938	458,741	159,151
Public works	4,141,892	430,621	178,394	2,303,435
Unallocated infrastructure depreciation	613,736	-	-	-
Total governmental activities	20,842,949	1,436,483	1,482,330	2,506,903
Business-type activities:				
Water	4,531,725	3,734,370	-	-
Total business-type activities	4,531,725	3,734,370	-	-
Total	\$ 25,374,674	\$ 5,170,853	\$ 1,482,330	\$ 2,506,903

General revenues:
Taxes:
Property tax
Sales and use tax
Franchise tax
Other taxes
Investment income
Unrestricted grants and contributions
Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of fiscal year

Net position at end of fiscal year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,952,725)	\$ -	\$ (4,952,725)
(1,173,969)	-	(1,173,969)
(7,440,237)	-	(7,440,237)
(7,124)	-	(7,124)
(1,229,442)	-	(1,229,442)
(613,736)	-	(613,736)
(15,417,233)	-	(15,417,233)
-	(797,355)	(797,355)
-	(797,355)	(797,355)
(15,417,233)	(797,355)	(16,214,588)
1,700,588	-	1,700,588
14,573,606	-	14,573,606
602,702	-	602,702
1,608,880	-	1,608,880
850,300	53,206	903,506
65,831	-	65,831
(1,080)	1,080	-
19,400,827	54,286	19,455,113
3,983,594	(743,069)	3,240,525
91,214,790	21,223,495	112,438,285
<u>\$ 95,198,384</u>	<u>\$ 20,480,426</u>	<u>\$ 115,678,810</u>

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2014

	General	Housing Authority Special Revenue Fund
ASSETS:		
Cash and investments	\$ 19,348,181	\$ 391,416
Accounts receivable	2,220,500	24,000
Accrued interest receivable	14,465	410
Due from other funds	2,391,692	-
Due from other governments	1,935,742	-
Receivable from Successor Agency	7,762,272	1,063,162
Prepaid items	5,292	-
Loans receivable	-	65,739
Land and improvements held for resale, net	-	4,068,014
	<u>\$ 33,678,144</u>	<u>\$ 5,612,741</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 775,681	\$ 3,372
Accrued liabilities	2,082,716	-
Unearned revenue	843,185	-
Due to other funds	-	-
	<u>3,701,582</u>	<u>3,372</u>
 DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenues	2,008,258	65,739
 FUND BALANCES:		
Nonspendable	7,695,048	5,131,176
Restricted	-	412,454
Committed	12,662,293	-
Unassigned	7,610,963	-
	<u>27,968,304</u>	<u>5,543,630</u>
 Total fund balances	<u>27,968,304</u>	<u>5,543,630</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,678,144</u>	<u>\$ 5,612,741</u>

See accompanying notes to the basic financial statements

Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,311,323	\$ 31,050,920
-	51,178	2,295,678
-	7,841	22,716
-	-	2,391,692
2,301,592	305,174	4,542,508
-	-	8,825,434
-	-	5,292
-	6,038	71,777
-	-	4,068,014
<u>\$ 2,301,592</u>	<u>\$ 11,681,554</u>	<u>\$ 53,274,031</u>
\$ 67,005	\$ 46,588	\$ 892,646
-	15,806	2,098,522
-	-	843,185
<u>2,234,587</u>	<u>157,105</u>	<u>2,391,692</u>
<u>2,301,592</u>	<u>219,499</u>	<u>6,226,045</u>
<u>2,301,592</u>	<u>224,276</u>	<u>4,599,865</u>
-	-	12,826,224
-	11,299,208	11,711,662
-	-	12,662,293
<u>(2,301,592)</u>	<u>(61,429)</u>	<u>5,247,942</u>
<u>(2,301,592)</u>	<u>11,237,779</u>	<u>42,448,121</u>
<u>\$ 2,301,592</u>	<u>\$ 11,681,554</u>	<u>\$ 53,274,031</u>

See accompanying notes to the basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF SIGNAL HILL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2014

Fund balances - total governmental funds		\$ 42,448,121
Amounts reported for governmental activities in the Statement of Net Position 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	\$ 27,876,482	
Construction in progress	4,022,171	
Infrastructure, net of accumulated depreciation	9,465,058	
Structures and improvements, net of accumulated depreciation	4,909,312	
Vehicles, equipment and furniture, net of accumulated depreciation	761,372	
Total capital assets used in governmental activities		47,034,395
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 unavailable revenues in the funds. Those receivable at June 30, 2014 totaled:		
		4,599,865
The net OPEB asset is not an available current financial resource and therefore, it is not reported in the governmental funds.		
		241,745
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 Position.		
		2,024,192
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. The balance at June 30, 2014 is:		
Compensated absences		(1,149,934)
Net position of governmental activities		\$ 95,198,384

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL

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

For the Fiscal Year Ended June 30, 2014

	General	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund
Revenues:			
Property taxes	\$ 1,749,782	\$ -	\$ -
Sales and use tax	14,287,446	-	-
Other taxes	2,206,718	-	-
Licenses and permits	359,988	-	-
Intergovernmental revenues	96,611	-	292,585
Charges for services	826,628	-	-
Fines and forfeitures	297,675	-	-
Investment income	843,979	5,800	-
Developer fees	-	-	-
Other revenues	67,304	25,845	-
Total revenues	<u>20,736,131</u>	<u>31,645</u>	<u>292,585</u>
Expenditures:			
Current:			
General government	5,450,810	-	-
Community services	1,319,616	-	-
Police	7,614,878	-	-
Community development	815,210	4,679	-
Public works	3,850,962	-	-
Capital outlay	201,888	20,784	509,792
Total expenditures	<u>19,253,364</u>	<u>25,463</u>	<u>509,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,482,767</u>	<u>6,182</u>	<u>(217,207)</u>
Other financing sources (uses):			
Transfers in	1,166,970	-	241,991
Transfers out	(277,228)	-	(2,740,526)
Total other financing sources (uses)	<u>889,742</u>	<u>-</u>	<u>(2,498,535)</u>
Net change in fund balances	2,372,509	6,182	(2,715,742)
Fund balances at beginning of fiscal year	<u>25,595,795</u>	<u>5,537,448</u>	<u>414,150</u>
Fund balances (deficits) at end of fiscal year	<u>\$ 27,968,304</u>	<u>\$ 5,543,630</u>	<u>\$ (2,301,592)</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,749,782
-	14,287,446
617,855	2,824,573
-	359,988
904,616	1,293,812
2,193	828,821
-	297,675
84,345	934,124
20,487	20,487
-	93,149
<u>1,629,496</u>	<u>22,689,857</u>
4,945	5,455,755
-	1,319,616
532,418	8,147,296
175,074	994,963
58,986	3,909,948
136,716	869,180
<u>908,139</u>	<u>20,696,758</u>
<u>721,357</u>	<u>1,993,099</u>
2,261,211	3,670,172
<u>(653,498)</u>	<u>(3,671,252)</u>
<u>1,607,713</u>	<u>(1,080)</u>
2,329,070	1,992,019
<u>8,908,709</u>	<u>40,456,102</u>
<u>\$ 11,237,779</u>	<u>\$ 42,448,121</u>

See accompanying notes to the basic financial statements

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 Fiscal Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 1,992,019

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.

Capital outlay	\$ 1,076,254	
Depreciation expense	(914,446)	161,808
	<u> </u>	

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(287,384)

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 net OPEB asset	(110,732)	
Net change in compensated absences	34,584	(76,148)
	<u> </u>	

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. Conversely, collection of these revenues are reported in the governmental funds, but not in the Statement of Activities since they have been recognized in previous years.

2,126,283

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.

67,016

Change in net position of governmental activities \$ 3,983,594

CITY OF SIGNAL HILL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
Assets:		
Current assets:		
Cash and investments	\$ 5,163,397	\$ 1,516,503
Restricted cash and investments	671,415	-
Accounts receivable	528,036	8,460
Accrued interest receivable	3,888	1,071
Inventory	-	7,083
Total current assets	6,366,736	1,533,117
Noncurrent assets:		
Capital assets:		
Land	4,427,416	-
Construction in progress	170,855	-
Depreciable assets, net of accumulated depreciation	16,801,793	509,107
Total noncurrent assets	21,400,064	509,107
Total assets	27,766,800	2,042,224
Deferred outflows of resources:		
Deferred amount on debt refunding	172,858	-
Liabilities		
Current Liabilities:		
Accounts payable	537,673	16,101
Accrued liabilities	30,729	3,455
Accrued interest payable	47,838	-
Refundable deposits	359,013	-
Current portion of long-term liabilities		
Certificates of participation payable	379,481	-
Compensated absences	42,073	-
Total current liabilities	1,396,807	19,556
Long-term liabilities:		
Certificates of participation payable	6,044,119	-
Compensated absences	15,720	1,062
Total long-term liabilities	6,059,839	1,062
Total liabilities	7,456,646	20,618
Net position:		
Net investment in capital assets	15,820,737	509,107
Unrestricted	4,662,275	1,512,499
Total net position	20,483,012	\$ 2,021,606
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
	(2,586)	
Net position of business-type activity	\$ 20,480,426	

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2014

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Funds
Operating revenues:		
Charges for services	\$ 3,734,370	\$ 565,548
Operating expenses:		
Personnel service	1,051,002	144,429
Contractual services	241,666	10,718
Supplies	1,216,268	77,704
Material and repairs	412,681	62,146
Utilities	260,487	4,000
Depreciation/amortization	718,942	207,116
Other	205,112	5,207
Total operating expenses	4,106,158	511,320
Operating income (loss)	(371,788)	54,228
Nonoperating revenues (expenses):		
Investment income	53,206	12,956
Interest expense	(315,808)	-
Fiscal agent fees	(2,750)	-
Gain (loss) on sale of capital assets	(115,637)	8,460
Total nonoperating revenues (expenses)	(380,989)	21,416
Income (loss) before transfers	(752,777)	75,644
Transfers:		
Transfers in	1,080	-
Change in net position	(751,697)	75,644
Net position at beginning of fiscal year		1,945,962
Net position at end of fiscal year		\$ 2,021,606
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	8,628	
Change in net position of business-type activity	\$ (743,069)	

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	\$ 3,738,925	\$ -
Receipts from interfund services provided	-	557,088
Payments to suppliers	(3,216,572)	(147,069)
Payments to employees	(1,059,602)	(150,351)
	(537,249)	259,668
Cash flows from non-capital and related financing activities:		
Transfer in	1,080	-
	1,080	-
Cash flows from capital and related financing activities:		
Proceeds from disposition of capital assets	3,227	8,460
Acquisition of property, plant and equipment	(1,979)	(259,216)
Principal paid	(365,000)	-
Interest paid	(294,325)	-
Fiscal agent fees paid	(2,750)	-
	(660,827)	(250,756)
Cash flows from investing activities:		
Investment income	57,481	13,745
	57,481	13,745
Net increase (decrease) in cash and cash equivalents	(1,139,515)	22,657
Cash and cash equivalents at beginning of fiscal year	6,974,327	1,493,846
Cash and cash equivalents at end of fiscal year	\$ 5,834,812	\$ 1,516,503
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:		
Cash and investments	\$ 5,163,397	\$ 1,516,503
Restricted cash and investments	671,415	-
Cash and cash equivalents at end of fiscal year	\$ 5,834,812	\$ 1,516,503
Non-cash activities		
Amortization	\$ 519	\$ -

(Continued)

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the Fiscal Year Ended June 30, 2014

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (371,788)	\$ 54,228
Depreciation	718,942	207,116
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,475)	(8,460)
(Increase) decrease in inventory	-	13,545
Increase (decrease) in accounts payable	(880,358)	(839)
Increase (decrease) in accrued liabilities	(2,041)	(3,398)
Increase (decrease) in refundable deposits	9,030	-
Increase (decrease) in compensated absences	(6,559)	(2,524)
Total adjustments	(165,461)	205,440
Net cash provided (used) by operating activities	\$ (537,249)	\$ 259,668

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2014

	Successor Agency to the Signal Hill Redevelopment Agency Private -Purpose Trust Fund	Agency Funds
Assets:		
Cash and investments	\$ 9,060,017	\$ 3,486,291
Restricted cash and investments	13,191,601	-
Accounts receivable	5,000	-
Accrued interest receivable	4,130	-
Due from other governments	-	5,030
Capital assets:		
Nondepreciable	24,728,617	-
Depreciable assets, net of accumulated depreciation	16,967,033	-
Total assets	63,956,398	\$ 3,491,321
Deferred outflows of resources:		
Deferred amount on refunding	179,113	
Liabilities:		
Accounts payable	168,631	\$ 1,213,909
Accrued liabilities	1,730,480	-
Accrued interest payable	983,961	-
Refundable deposits	6,000,000	2,277,412
Long-term liabilities:		
Due within one year	4,831,371	-
Due in more than one year	85,624,995	-
Total liabilities	99,339,438	\$ 3,491,321
Net position (deficit):		
Unrestricted	\$ (35,203,927)	

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the Fiscal Year Ended June 30, 2014

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Fund
Additions:	
Distributions from County-administered redevelopment property tax trust fund	\$ 11,642,415
Investment earnings	273,262
Other	252,141
Total additions	12,167,818
Deductions:	
Personnel services	136,753
Contractual services	35,771
Project costs	2,877,663
Loss on disposal of capital assets	23,499
Depreciation	573,436
Interest	4,090,429
Total deductions	7,737,551
Change in net position	4,430,267
Net (deficit) at beginning of fiscal year	(39,423,821)
Prior period adjustments	(210,373)
Net (deficit) at beginning of fiscal year, as restated	(39,634,194)
Net (deficit) at end of fiscal year	\$ (35,203,927)

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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 primary government), 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 enjoys all rights and privileges pertaining to “Charter Law” cities.

The Signal Hill Public Financing Authority was formed October 15, 1996, as a joint power of authority between the City and the former Signal Hill Redevelopment Agency (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 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 Financing Authority and Housing Authority have been accounted for as “blended” component units of the City. Despite being legally separate, the 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 Financing Authority and Housing Authority are reported within the funds of the City.

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

The members of the City Council also act as the governing body of the Financing Authority and Housing Authority. The Financing Authority and Housing Authority are managed by employees of the City.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

- The City, Financing Authority, and Housing Authority are financially interdependent.
- These component units do not issue separate component unit financial statements.

B. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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 on fees and charges for services.

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, the proprietary fund, 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the private-purpose trust fund statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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 water enterprise fund and internal service fund generate revenue by 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 long-term liabilities. Claims and judgments and compensated absences are recognized as expenditures only when payment is due.

The private-purpose trust fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fiduciary funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

Property taxes, taxpayer-assessed taxes, such as sales taxes, gas taxes, transient occupancy taxes and oil production taxes, grants, and interest associated with the current fiscal period, are all considered to be susceptible to accrual and 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The City uses funds to organize and operate City accounts, 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 which are not allocated by law or contractual agreement to other funds are accounted for in this fund. Expenditures of this fund include general operating costs not paid through other funds.

The Housing Authority Special Revenue Fund is used to account for the use of property tax increment legally restricted for increasing or improving housing for low and moderate income households effective February 1, 2012.

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

Proprietary Funds:

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 related to vehicles and equipment are accumulated in this fund and charged to the user departments.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Fiduciary Funds:

The Private Purpose Trust Fund is used to account for the county-auditor controller's semi-annual property tax distributions from the Redevelopment Property Tax Trust Fund of the Successor Agency of the former Signal Hill Redevelopment Agency. These distributions pay amounts due on enforceable obligations and specified administrative costs.

The Agency Funds are 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.

D. New Accounting Pronouncements:

Implemented:

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction – 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB 68 - "*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27,*" effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - "*Government Combinations and Disposals of Government Operations,*" effective for periods beginning after December 15, 2013.
- GASB 71 - "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,*" effective for the fiscal years beginning after June 15, 2014.

E. Cash and Cash Equivalents:

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

F. Investments:

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

G. Restricted Assets:

Cash and investments totaling \$671,415 are restricted in the Water Enterprise Fund in accordance with bond indentures.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Capital Assets:

Capital assets, which include land, construction in progress, site improvements, buildings and improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Infrastructure assets consist of roads, bridges, trails, traffic signals and sewer lines. Capital assets are defined by the City as assets, with an initial cost of more than \$5,000, and a useful life that is greater than three years. Such assets are recorded at historical cost or estimated historical cost. 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. Additions to capital assets are not depreciated in the year of acquisition.

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

I. Inventory:

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

J. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The deferred loss on debt refunding is reported in the government-wide statement of net position and the proprietary fund statement of net position, and the fiduciary funds statement of net position. A deferred loss on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, sales taxes, grants, and notes receivable repayments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. 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 fiscal 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 and Water Funds.

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 fiscal 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.

L. Fund Balances:

The fund balances reported on the fund statements consist of the following categories:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Fund Balances (Continued):

Restricted - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed - This classification includes amounts that can be used only for the specific purposes determined by the City Council through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Assigned - This classification includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council assigns fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent fiscal year's appropriated budget through the fund balance policy. There were no assigned fund balances at fiscal year end.

Unassigned - This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City's minimum fund balance policy is to maintain, in reserves, six months of General Fund operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is applied first, followed by assigned fund balance, and then finally unassigned fund balance.

M. 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Claims and Judgments:

When it is probable that a claim liability has been incurred at fiscal 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, as a 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 Insurance Authority (Note 14) are recorded as insurance expenditures in the General Fund in the period to which they relate. These deposits are subject to retrospective adjustment. Favorable claims experience in prior fiscal years results in a refund of deposits from the Insurance Authority and such refunds, if any, are recorded as deposits since they will be used to offset future deposit requirements. Adverse claims experience in prior fiscal years results in the payment of additional deposits which are recorded as insurance expenditures when incurred.

O. Net Position:

Net position, reported in the government-wide and proprietary fund financial statements, is classified into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets and is, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at fiscal year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

O. Net Position (Continued):

At June 30, 2014, net investment in capital assets, was calculated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>
Capital assets, net of accumulated depreciation	\$ 47,543,502	\$ 21,400,064
Less:		
Bonds, net	-	(6,423,600)
Add back:		
Deferred amount on refunding	-	172,858
Unspent bonds proceeds - reserve funds	<u>-</u>	<u>671,415</u>
 Total	 <u>\$ 47,543,502</u>	 <u>\$ 15,820,737</u>

- Restricted net position - This component of net position consists of external constraints placed on net position by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

P. Net Position Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City’s practice to consider restricted - net position to have been depleted before unrestricted - net position is applied, however it is at the Council’s discretion.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Q. Estimates:

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

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2014 are classified in the accompanying financial statements as follows:

	Government - Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 37,730,820	\$ 12,546,308	\$ 50,277,128
Restricted cash and investments	671,415	13,191,601	13,863,016
Total Cash and Investments	<u>\$ 38,402,235</u>	<u>\$ 25,737,909</u>	<u>\$ 64,140,144</u>

Cash and investments at June 30, 2014 consisted of the following:

Cash on hand	\$ 3,570
Deposits with financial institutions	23,806,375
Investments	<u>40,330,199</u>
	<u>\$ 64,140,144</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

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

The table below identifies the investment types that are authorized 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	15%
Time Certificated Deposits	1 year	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Repurchase Agreements	N/A	20%	10%
Money Market Funds	N/A	None	None

(N/A - Not Applicable)

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

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

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to interest rate risk 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 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	Totals	Remaining Maturity (in Months)			
		12 Months Or Less	13 - 24 Months	25-60 Months	More Than 60 Months
Local Agency Investment Fund	\$ 21,378,693	\$ 21,378,693	\$ -	\$ -	\$ -
Corporate Notes	489,593	-	-	489,593	-
US Government Agency Securities	1,250,118	-	-	1,250,118	-
Negotiable Certificates of Deposits	3,348,779	-	1,063,238	2,285,541	-
Held by bond trustees:					
Money Market Mutual Funds	12,023,529	12,023,529	-	-	-
US Government Agency Securities	665,246	-	-	665,246	-
Negotiable Certificates of Deposit	250,855	250,855	-	-	-
Local Agency Bonds	923,386	923,386	-	-	-
	<u>\$ 40,330,199</u>	<u>\$ 34,576,463</u>	<u>\$ 1,063,238</u>	<u>\$ 4,690,498</u>	<u>\$ -</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. Presented below is the minimum rating 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 fiscal year end for each investment type:

Investment Type	Total as of June 30, 2014	Minimum Legal Rating	AAA	Other Ratings	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 21,378,693	N/A	\$ -	\$ -	\$ 21,378,693	\$ -
Corporate Notes	489,593	A	246,876	242,717	-	-
US Government Agency Securities	1,250,118	AAA	1,250,118	-	-	-
Negotiable Certificates of Deposits	3,348,779	N/A	3,348,779	-	-	-
Held by bond trustees:						
Money Market Mutual Funds	12,023,529	AAA	12,023,529	-	-	-
US Government Agency Securities	665,246	AAA	665,246	-	-	-
Negotiable Certificates of Deposit	250,855	N/A	-	-	250,855	-
Local Agency Bonds	923,386	N/A	-	923,386	-	-
Total	<u>\$ 40,330,199</u>		<u>\$ 17,534,548</u>	<u>\$ 1,166,103</u>	<u>\$ 21,629,548</u>	<u>\$ -</u>

(N/A - Not Applicable)

Other ratings on Corporate Notes and Local Agency Bonds are as follows:

Investment Type	Total as of June 30, 2014	AA-	A-
Corporate Notes	\$ 242,717	\$ -	\$ 242,717
Held by bond trustees:			
Local Agency Bonds	923,386	923,386	-
Total	<u>\$ 1,166,103</u>	<u>\$ 923,386</u>	<u>\$ 242,717</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk:

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond those stipulated by the California Government Code. The City did not have any investments in any one issuer that represented 5% or more of total City investments.

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 a 3rd 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 a 3rd 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 Government Code 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, 2014, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation and the remaining balances were collateralized under California Law. The local agency bonds held by bond trustee are 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 is recorded on an amortized cost basis.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

3. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

Governmental Activities:

	Balance at July 1, 2013	Additions	Deletions	Reclassification	Balance at June 30, 2014
Capital assets not being depreciated:					
Land	\$ 27,684,367	\$ 192,115	\$ -	\$ -	\$ 27,876,482
Construction in progress	3,703,597	387,165	(68,591)	-	4,022,171
Total	<u>31,387,964</u>	<u>579,280</u>	<u>(68,591)</u>	<u>-</u>	<u>31,898,653</u>
Capital assets, being depreciated:					
Infrastructure	24,031,276	44,611	-	-	24,075,887
Structures and improvements	12,498,685	-	(1,888,965)	239,104	10,848,824
Equipment and furniture	2,182,703	452,363	(622,549)	(239,104)	1,773,413
Vehicles and major equipment	2,176,075	259,216	(147,194)	-	2,288,097
Total	<u>40,888,739</u>	<u>756,190</u>	<u>(2,658,708)</u>	<u>-</u>	<u>38,986,221</u>
Less accumulated depreciation for:					
Infrastructure	(14,069,940)	(540,889)	-	-	(14,610,829)
Structures and improvements	(7,313,959)	(205,593)	1,649,861	-	(5,869,691)
Equipment and furniture	(1,474,412)	(177,902)	642,860	-	(1,009,454)
Vehicles and major equipment	(1,801,414)	(197,178)	147,194	-	(1,851,398)
Total	<u>(24,659,725)</u>	<u>(1,121,562)</u>	<u>2,439,915</u>	<u>-</u>	<u>(23,341,372)</u>
Total capital assets, being depreciated, net	<u>16,229,014</u>	<u>(365,372)</u>	<u>(218,793)</u>	<u>-</u>	<u>15,644,849</u>
Total Governmental activities capital assets, net	<u>\$ 47,616,978</u>	<u>\$ 213,908</u>	<u>\$ (287,384)</u>	<u>\$ -</u>	<u>\$ 47,543,502</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

3. CAPITAL ASSETS (CONTINUED):

Capital Asset Activity (Continued):

Business-type Activity:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets not being depreciated:				
Land	\$ 4,427,416	\$ -	\$ -	\$ 4,427,416
Construction in progress	174,218	1,979	(5,342)	170,855
Total	4,601,634	1,979	(5,342)	4,598,271
Capital assets, being depreciated				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	12,154,473	-	-	12,154,473
Wells	1,931,239	-	-	1,931,239
Mains	9,897,973	-	(4,000)	9,893,973
Pumps	1,294,228	-	-	1,294,228
Fire hydrants	687,071	-	(122,404)	564,667
Meters	510,346	-	(81,298)	429,048
Services	1,449,220	-	(5,590)	1,443,630
Structures	1,246,044	-	(2,068)	1,243,976
Equipment and furniture	1,165,152	-	(132,616)	1,032,536
Total	31,550,932	-	(347,976)	31,202,956
Less accumulated depreciation for:				
Water rights	(667,453)	(30,380)	-	(697,833)
Reservoirs and tanks	(3,522,762)	(271,918)	-	(3,794,680)
Wells	(786,226)	(50,384)	-	(836,610)
Mains	(5,061,183)	(195,410)	3,200	(5,253,393)
Pumps	(916,396)	(41,696)	13,030	(945,062)
Fire hydrants	(598,687)	(7,747)	68,221	(538,213)
Meters	(490,254)	(2,584)	64,595	(428,243)
Services	(720,668)	(27,691)	3,501	(744,858)
Structures	(464,578)	(28,673)	635	(492,616)
Equipment and furniture	(688,468)	(62,459)	81,272	(669,655)
Total	(13,916,675)	(718,942)	234,454	(14,401,163)
Total capital assets, being depreciated, net	17,634,257	(718,942)	(113,522)	16,801,793
Total Business-type activity capital assets, net	\$ 22,235,891	\$ (716,963)	\$ (118,864)	\$ 21,400,064

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

3. CAPITAL ASSETS (CONTINUED):

Depreciation/Amortization Expense:

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

Governmental activities:

General government	\$ 4,641
Community services	1,091
Police	115,807
Public works	179,171
Internal service fund depreciation charged to programs	<u>207,116</u>
Allocated depreciation	507,826
Unallocated depreciation	<u>613,736</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,121,562</u></u>

Business-type activity:

Water	<u><u>\$ 718,942</u></u>
-------	--------------------------

4. DEFERRED INFLOWS OF RESOURCES:

At June 30, 2014, deferred inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	General Fund	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Unavailable sales tax revenue	\$ 1,935,742	\$ -	\$ -	\$ -	\$ 1,935,742
Unavailable grant revenue	-	-	2,301,592	217,638	2,519,230
Unavailable revenue for long-term receivable	<u>72,516</u>	<u>65,739</u>	<u>-</u>	<u>6,638</u>	<u>144,893</u>
	<u><u>\$ 2,008,258</u></u>	<u><u>\$ 65,739</u></u>	<u><u>\$ 2,301,592</u></u>	<u><u>\$ 224,276</u></u>	<u><u>\$ 4,599,865</u></u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

5. LONG-TERM LIABILITIES:

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 1,188,104	\$ 479,633	\$ (516,741)	\$ 1,150,996	\$ 457,607
Business-Type Activities:					
2006 Water revenue refunding bonds	\$ 6,795,000	\$ -	\$ (365,000)	\$ 6,430,000	\$ 380,000
Less original issue discount	(6,919)	-	519	(6,400)	(519)
Total refunding bonds payable	6,788,081	-	(364,481)	6,423,600	379,481
Compensated absences	64,352	33,961	(40,520)	57,793	42,073
Total	\$ 6,852,433	\$ 33,961	\$ (405,001)	\$ 6,481,393	\$ 421,554

A. Compensated Absences:

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

B. 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 accounting records of the City. 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 deferred outflows of resources, is being amortized on a straight-line basis as interest expense through the year 2027.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

5. LONG-TERM LIABILITIES (CONTINUED):

B. 2006 Water Revenue Refunding Bonds (Continued):

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

The City is required by the 2006 Bond Covenant to maintain a debt service coverage ratio of at least 125%. As of and for the fiscal year ended June 30, 2014, the ratio was 996% which includes the “coverage from net revenues plus available funds” in the water enterprise fund and water development fund. Cash and investments totaling \$671,415 with fiscal agent are restricted as reserved for debt service in accordance with bond indentures.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 380,000	\$ 279,426	\$ 659,426
2016	395,000	263,433	658,433
2017	410,000	246,326	656,326
2018	430,000	228,476	658,476
2019	445,000	209,604	654,604
2020-2024	2,545,000	722,091	3,267,091
2025-2027	1,825,000	128,848	1,953,848
	<u>\$ 6,430,000</u>	<u>\$ 2,078,204</u>	<u>\$ 8,508,204</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

6. LONG-TERM RECEIVABLES:

A. Receivables from Successor Agency:

Description	General Fund	Housing Authority Special Revenue Fund
Long term loans to finance improvements and operations related to and within the former Redevelopment Agency's project areas	\$ 9,702,840	\$ -
Long-term loan to fund the Debt Service Fund to provide funding for the required payment to the County of Los Angeles Supplemental Educational Revenue Augmentation Fund	-	1,063,162
Subtotal	9,702,840	1,063,162
Reserve on long-term loans	(1,940,568)	-
Total	<u>\$ 7,762,272</u>	<u>\$ 1,063,162</u>

For further discussion of the receivables due from the Successor Agency, see Note 16J.

B. Loans Receivables:

The discontinued First Time Homebuyer Program provided downpayment assistance to first time low or moderate income homebuyers. Financial assistance was provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the properties. The second mortgage loan is due if the unit is sold or if the property no longer qualifies as the buyer's principal residence. The loans are equity participation loans if paid within the first 10 years. The principal loan amount plus a declining percentage of equity (depending on how long the home was owned) is due to the Agency at the time of sale. After 10 years, no equity is due to the Agency. After 30 years, the homebuyer has the option of repaying the principal amount in full, or amortizing the principal amount due over 10 years with an interest payment at the prime rate plus 1%. Currently, 5 loans totaling \$65,739 remain outstanding.

The discontinued Residential Rehabilitation Loan Program provided funding to Signal Hill homeowners for exterior improvements to their residences. The loans are secured by promissory notes and second deeds of trust on the property. Loans are to be repaid upon sale or transfer of the property. Currently, one loan totaling \$6,638 remains outstanding.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvements Capital Projects Fund	\$ 2,234,587
General Fund	Other Governmental Funds	<u>157,105</u>
		<u><u>\$ 2,391,692</u></u>

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

Interfund Transfers:

<u>Transfers In To</u>	<u>Transfers Out From</u>	<u>Amount</u>
General Fund	Capital Improvements Capital Projects Fund Other Governmental Funds	\$ 764,570 402,400
Capital Improvements Capital Projects Fund	General Fund Other Governmental Funds	53,523 188,468
Other Governmental Funds	General Fund Capital Improvements Capital Projects Fund Other Governmental Funds	223,705 1,975,956 61,550
Water Enterprise Fund	Other Governmental Funds	<u>1,080</u>
		<u><u>\$ 3,671,252</u></u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

Interfund Transfers (Continued):

The purposes for significant interfund transfers made during the fiscal year ended June 30, 2014 were as follows:

- The transfers into the General Fund from Other Governmental Funds related to a transfer from the Special Gas Tax Fund for street maintenance (\$190,881), a transfer from the Supplemental Law Enforcement Fund for police department equipment purchases made by the general fund (\$141,106) and a transfer from the Prop C Fund for eligible Prop C expenditures (\$70,410) incurred by the General Fund. The transfer from the Capital Projects Fund is to reimburse the General Fund for monies advanced but not needed for projects.
- The transfers into the Capital Improvement Capital Projects Fund were to cover costs of various projects.
- The transfers into Other Governmental Funds related to a transfer from the General Fund to the Supplemental Law Enforcement Fund for non-sworn personnel costs not fully funded by grant revenue (\$105,065) and a transfer from the Capital Projects Fund to reimburse for project costs which will be funded by grant monies instead of developer fees (\$1,975,956).
- The transfers into The Water Enterprise Fund related to a transfer of water impact fees from the Water Development Fund to cover the cost of Water Enterprise capital projects.

8. INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

For the year fiscal ended June 30, 2014, the following funds had deficit fund balances:

Major Governmental Fund	
Capital Improvement Capital Projects Fund	\$ 2,301,592
Other Governmental Funds	
DOJ Grants Special Revenue Fund	33,130
HCDA Grant Special Revenue Fund	13,755
Domestic Preparedness Special Revenue Fund	902
OTS Grant Special Revenue Fund	13,642

The deficits will be eliminated by revenues that were unavailable at fiscal year end since they did not meet the availability criteria required for recognition in the governmental funds.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

8. INDIVIDUAL FUND DISCLOSURES (CONTINUED):

Expenditures Exceeding Appropriations:

For the fiscal year ended June 30, 2014, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Major Funds:

General Fund:

General government - City Council	\$ 45,443
General government - City Treasurer	159
General government - Fiscal Services	3,014
Community services - Community support and services	14,864
Police - Communications	10,935
Public works- Building maintenance	3,313

Housing Authority Special Revenue Fund:

Capital outlay	20,784
----------------	--------

Other Governmental Funds:

Park Development Special Revenue Fund:

Public works - Engineering and project services	1,800
---	-------

HCDCA Grant Special Revenue Fund:

Community development - CDBG program	520
--------------------------------------	-----

Transportation Special Revenue Fund:

Community development - Public transportation	2,324
---	-------

Water Development Special Revenue Fund:

Public works - Engineering and project services	121
---	-----

Supplemental Law Enforcement Special Revenue Fund:

Police - Patrol Services	19,554
--------------------------	--------

OTS Grant Special Revenue Fund:

Police - Patrol Services	5,593
--------------------------	-------

STC Subvention Special Revenue Fund:

Police - Communication	8,613
------------------------	-------

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

June 30, 2014

9. PENSION PLAN:

Plan Description:

The City of Signal Hill participates in the Local Miscellaneous 2% at 55, 2% at 60, and 2% at 62 Risk Pools and Local Safety 3% at 50, 3% at 55, and 2.75% at 57 Risk Pools of the California Public Employees' Retirement System (PERS). During the fiscal year ended June 30, 2013, the California Public Employees' Pension Reform Act (PEPRA) went into effect. Employees hired after January 1, 2013 who are new to PERS are required to pay half of their plan's normal cost. The City is utilizing the Local Miscellaneous 2% at 60 and the Local Safety 3% at 55 Risk Pools to provide pension benefits for new employees hired between June 10, 2010 and January 1, 2013. These plans are cost-sharing, multiple-employer defined benefit pension plans 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:

Employees who were PERS members before January 1, 2013 are considered "classic" members. The City makes a portion or all of the contributions required of classic members 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>
Classic local miscellaneous members	7%
Classic local safety members	9%
New local miscellaneous members	6.25%
New local safety	12.25%

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 rates for fiscal year 2013-14 were 16.616%, 8.486%, and 6.25% for the local miscellaneous members 2% at 55 Pool, 2% at 60 Pool, and 2% at 62 Pool, respectively and 42.667%, 23.397%, and 12.25% for the local safety members 3% at 50 Pool, 3% at 55 Pool and 2.75% at 57 Pool, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by PERS.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

9. PENSION PLAN (CONTINUED):

Funding Policy (Continued):

The City's contributions to PERS for the past three fiscal years, which were equal to the required contribution each fiscal year, were as follows:

Fiscal Year Ended June 30,	Local Miscellaneous		
	2% at 55 Pool	2% at 60 Pool	2% at 62 Pool
2014	\$ 572,933	\$ 67,196	\$ 19,317
2013	546,777	52,173	1,783
2012	561,373	30,324	-

Fiscal Year Ended June 30,	Local Safety		
	3% at 50 Pool	3% at 55 Pool	2.75% at 57 Pool
2014	\$ 1,006,375	\$ 81,200	\$ 14,463
2013	1,014,708	76,030	466
2012	1,082,522	23,264	-

10. 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 three tiers as follows:

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

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

A. Plan Description (Continued):

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

- Employees with less than 5 years of service with Signal Hill, but who are vested with PERS are eligible to receive the minimum monthly premium mandated by PERS (currently \$115 monthly).
- Employees with 5-10 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee only.
- Employees with 11-15 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee only.
- Employees with over 16 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

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

- Employees with less than 11 years of service with Signal Hill, but who are vested with PERS are eligible to receive the minimum monthly premium mandated by PERS (currently \$115 monthly).
- Employees with 11-15 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 25% of the monthly benefit applicable towards the employee only.
- Employees with 16-19 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.
- Employees with over 20 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each fiscal year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for the fiscal year ended June 30, 2014 was \$663,161 and was determined as part of an actuarial valuation dated March 31, 2012.

The following table shows the components of the City's annual OPEB cost for the fiscal 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	\$ 663,161
Interest on net OPEB asset	(26,436)
Adjustment to annual required contribution	<u>21,306</u>
Annual OPEB cost (expense)	658,031
Actual contributions made	<u>(547,299)</u>
Increase (decrease) in net OPEB obligation (asset)	110,732
Net OPEB Obligation (Asset) - beginning of fiscal year	<u>(352,477)</u>
Net OPEB Obligation (Asset) - end of fiscal year	<u><u>\$ (241,745)</u></u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

C. Annual OPEB Cost and Net OPEB Obligation (Continued):

The City's annual OPEB cost, actual contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years, were as follows:

Three-Year Trend Information for PERS				
Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 663,161	\$ 783,130	118.09%	\$ (271,114)
6/30/2013	659,215	740,578	112.34%	(352,477)
6/30/2014	658,031	547,299	83.17%	(241,745)

D. Funded Status and Funding Progress:

As of March 1, 2012, the most recent actuarial valuation date, the Plan was 10.12% funded. The actuarial accrued liability for benefits was \$9,264,652, and the actuarial value of assets was \$937,194, resulting in an unfunded accrued actuarial liability (UAAL) of \$8,327,458. The covered payroll (annual payroll of active employees covered by the plan) was \$7,877,810 and the ratio of the UAAL to the covered payroll was 105.71%.

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 basic 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the March 1, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment return/discount rate of 7.5% per annum, projected salary increases of 3.0% per annum, a general inflation rate of 3.0% per annum, and a medical trend rate of 4.0%. A level percentage of payroll method was used to allocate amortization cost by year. A closed 30-year amortization period was used for the initial UAAL and an open 30-year amortization period was used for any residual UAAL.

11. 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. 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 1.3% by the City. All part-time, seasonal and temporary employees are immediately eligible to participate in the plan from the date of the plan or date of employment, whichever is later, and all contributions are fully vested. For the fiscal year ended June 30, 2014, the employees contributed \$14,679 and the City contributed \$3,078 to the Plan.

On May 15, 2001, the City Council authorized establishment of a 401(a) Defined Contribution Plan (Plan) for its management and middle management employees. The Plan is administered by ICMA. The Plan is a qualified defined contribution plan 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 Plan. Management employees are required to match the 4% City contribution with an 8% employee contribution, and middle management employees are required to match the 3.0% City contribution with a 6% employee contribution. For the fiscal year ended June 30, 2014, the employees contributed \$95,955 and the City contributed \$55,887 to the Plan.

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

12. 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 \$16,614 for the fiscal year ended June 30, 2014.

Amounts withheld by the City under this plan are deposited regularly with the International City Managers Association (ICMA) Fund for investment. 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 not the property of the City, and as such, are not subject to the claims of the City's general creditors. The City has minimal involvement in the administration of the 457 plan, and therefore, the trust plan assets and liabilities are not reported in the City's financial statements.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications as of June 30, 2014 were as follows:

	General Fund	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Totals
Nonspendable:					
Land and improvements held for resale	\$ -	\$ 4,068,014	\$ -	\$ -	\$ 4,068,014
Receivables from Successor Agency	7,689,756	1,063,162	-	-	8,752,918
Prepaid expenditures	5,292	-	-	-	5,292
Total Nonspendable	<u>7,695,048</u>	<u>5,131,176</u>	<u>-</u>	<u>-</u>	<u>12,826,224</u>
Restricted for:					
Low and moderate income housing	-	412,454	-	-	412,454
Public protection	-	-	-	252,553	252,553
Development	-	-	-	6,184,788	6,184,788
Transportation	-	-	-	2,748,287	2,748,287
Capital improvements	-	-	-	2,113,580	2,113,580
Total Restricted	<u>-</u>	<u>412,454</u>	<u>-</u>	<u>11,299,208</u>	<u>11,711,662</u>
Committed:					
Equipment replacement	247,094	-	-	-	247,094
Insurance premium increases	507,683	-	-	-	507,683
Capital improvements	1,576,626	-	-	-	1,576,626
Economic uncertainty	5,077,159	-	-	-	5,077,159
New police building	167,749	-	-	-	167,749
Library expansion	1,736,244	-	-	-	1,736,244
Park expansion	57,833	-	-	-	57,833
PERS rate increases	1,286,589	-	-	-	1,286,589
Building and land acquisition	710,840	-	-	-	710,840
OPEB future costs	1,271,276	-	-	-	1,271,276
Trash reduction	1,456	-	-	-	1,456
ABX 1 27	11,744	-	-	-	11,744
100th Anniversary	10,000	-	-	-	10,000
Total Committed	<u>12,662,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,662,293</u>
Unassigned	<u>7,610,963</u>	<u>-</u>	<u>(2,301,592)</u>	<u>(61,429)</u>	<u>5,247,942</u>
Total Fund Balances	<u>\$ 27,968,304</u>	<u>\$ 5,543,630</u>	<u>\$ (2,301,592)</u>	<u>\$ 11,237,779</u>	<u>\$ 42,448,121</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY:

A. Description of Self-Insurance Pool Pursuant Joint Powers Agreement:

The City of Signal Hill is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the 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 lines of coverage. The California JPIA 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 nine-member Executive Committee.

B. Self-insurance Programs of the Insurance Authority:

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability. In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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

Liability (Continued). (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Workers' Compensation. In the workers' compensation program, claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

C. Purchased Insurance:

Pollution Legal Liability Insurance. The City of Signal Hill participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Signal Hill. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Insurance Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Insurance Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance. The City of Signal Hill participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Signal Hill property is currently insured according to a schedule of covered property submitted by City of Signal Hill to the Authority. The City of Signal Hill currently has all-risk property insurance protection in the amount of \$49,074,818. There is a \$5,000 deductible per occurrence, except for non-emergency vehicle insurance, which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance. The City of Signal Hill purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Signal Hill property currently has earthquake protection in the amount of \$25,052,173. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

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

Special Event Tenant User Liability Insurance. The City of Signal Hill further protects against liability damages by requiring tenant users of certain properties to purchase low-cost tenant user liability insurance for certain activities on City properties. The insurance premium is paid by the tenant user and is paid to the City of Signal Hill according to a schedule. The City of Signal Hill then pays for the insurance. The insurance is arranged by the Authority.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

D. Adequacy of Protection:

During the past three fiscal (claims) years, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-2014.

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

15. OTHER INFORMATION:

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.

Developer Impact Fees:

The City charges Parks & Recreation, Public Works, and Water Development Impact Fees (fees) when new residential or commercial buildings are constructed. In fiscal year 2013-14, the City collected \$12,982 in Parks & Recreation fees, \$7,064 in Water fees, and \$441 in Traffic fees, respectively. The fees are deposited into corresponding special revenue funds, and they are used to acquire and upgrade parks, improve water systems related to new development, and to reduce traffic within the City related to new development. The State of California requires fees to be spent within five years of collection. In fiscal year 2013-2014, the City expended \$52,433 in Parks & Recreation fees and \$1,080 in Traffic fees, and earned interest of \$46,059. At June 30, 2014, the balance of fees on hand for the Parks & Recreation Impact Fund was \$3,508,182, for the Water Impact Fund was \$1,929,688, and for the Traffic Impact Fund was \$1,388,007.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency to the City of Signal Hill Redevelopment Agency (Agency) on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity with respect to the Agency assets and liabilities. Disclosures related to the capital assets and long-term liabilities reported in the Agency Private-Purpose Trust Fund are as follows:

Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Deletions	Prior Period Adjustments	Balance at June 30, 2014
Capital assets, not being depreciated					
Land	\$ 24,494,592	\$ -	\$ -	\$ -	\$ 24,494,592
Construction in progress	234,025	-	-	-	234,025
Total capital assets, not being depreciated	<u>24,728,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,728,617</u>
Capital assets, being depreciated:					
Structures and improvements	16,673,033	230,602	-	-	16,903,635
Equipment and furniture	1,096,794	21,539	(29,559)	(211,430)	877,344
Total capital assets, being depreciated	<u>17,769,827</u>	<u>252,141</u>	<u>(29,559)</u>	<u>(211,430)</u>	<u>17,780,979</u>
Less accumulated depreciation for:					
Structures and improvements	(228,123)	(422,591)	-	-	(650,714)
Equipment and furniture	(19,504)	(150,845)	6,060	1,057	(163,232)
Total accumulated depreciation	<u>(247,627)</u>	<u>(573,436)</u>	<u>6,060</u>	<u>1,057</u>	<u>(813,946)</u>
Total capital assets, being depreciated, net	<u>17,522,200</u>	<u>(321,295)</u>	<u>(23,499)</u>	<u>(210,373)</u>	<u>16,967,033</u>
Total	<u>\$ 42,250,817</u>	<u>\$ (321,295)</u>	<u>\$ (23,499)</u>	<u>\$ (210,373)</u>	<u>\$ 41,695,650</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities:

Long-term liability activity for the fiscal year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Bonds payable:					
2001 TABs	\$ 8,135,000	\$ -	\$ (615,000)	\$ 7,520,000	\$ 635,000
2003 TABs Series A	10,070,000	-	(2,380,000)	7,690,000	2,500,000
2003 TABs Series C	10,350,000	-	(90,000)	10,260,000	90,000
2003 TABs Series D	2,095,000	-	(115,000)	1,980,000	115,000
2006 TABs	12,355,000	-	(165,000)	12,190,000	165,000
2007 Refunding TABs	14,395,000	-	(115,000)	14,280,000	115,000
2009 Tax Allocation Parity Bonds	18,550,000	-	(700,000)	17,850,000	725,000
2011 Tax Allocation Parity Bonds	8,425,000	-	(420,000)	8,005,000	435,000
Less original issuance discounts	(444,014)	-	35,933	(408,081)	(35,933)
Total bonds payable	83,930,986	-	(4,564,067)	79,366,919	4,744,067
Notes payable	406,928	-	(83,483)	323,445	87,304
Advances from the City of Signal Hill	10,766,002	-	-	10,766,002	-
Total long-term liabilities	<u>\$ 95,103,916</u>	<u>\$ -</u>	<u>\$ (4,647,550)</u>	<u>\$ 90,456,366</u>	<u>\$ 4,831,371</u>

All bond payments are secured by a pledge of tax increment revenue passed-through by Los Angeles County.

A. 2001 Tax Allocation Bonds:

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

Principal amounts on \$13,880,000 of serial bonds mature annually each October 1 through 2023, and bear interest semiannually on April 1 and October 1 at rates ranging from 2.00% to 4.625%. Bonds maturing on or after October 1, 2014 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

A. 2001 Tax Allocation Bonds (Continued):

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 635,000	\$ 318,450	\$ 953,450
2016	660,000	292,220	952,220
2017	685,000	264,305	949,305
2018	710,000	234,655	944,655
2019	730,000	203,330	933,330
2020-2024	4,100,000	484,725	4,584,725
	<u>\$ 7,520,000</u>	<u>\$ 1,797,685</u>	<u>\$ 9,317,685</u>

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 deferred outflow of resources, is being amortized on a straight-line basis as interest expense on the statement of changes in fiduciary net position through the year 2016.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

B. 2003 Tax Allocation Bonds - Series A (Continued):

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 2,500,000	\$ 290,768	\$ 2,790,768
2016	2,650,000	179,549	2,829,549
2017	275,000	114,686	389,686
2018	285,000	102,224	387,224
2019	300,000	88,912	388,912
2020-2024	1,680,000	214,527	1,894,527
	<u>\$ 7,690,000</u>	<u>\$ 990,666</u>	<u>\$ 8,680,666</u>

C. 2003 Tax Allocation Bonds - Series C:

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$246,328. This difference, reported as a deferred outflow of resources, is being amortized on a straight-line basis as interest expense on the statement of changes in fiduciary net position through the year 2024.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 90,000	\$ 436,825	\$ 526,825
2016	95,000	433,355	528,355
2017	1,085,000	409,850	1,494,850
2018	1,135,000	365,450	1,500,450
2019	1,175,000	318,516	1,493,516
2020-2024	6,680,000	769,522	7,449,522
	<u>\$ 10,260,000</u>	<u>\$ 2,733,518</u>	<u>\$ 12,993,518</u>

D. 2003 Tax Allocation Bonds - Series D:

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

\$1,245,000 of 2003 D term bonds mature October 1, 2014 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, 2014 without premium.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 115,000	\$ 114,966	\$ 229,966
2016	115,000	108,089	223,089
2017	65,000	102,707	167,707
2018	70,000	98,670	168,670
2019	70,000	94,484	164,484
2020-2024	425,000	401,409	826,409
2025	1,120,000	33,488	1,153,488
	<u>\$ 1,980,000</u>	<u>\$ 953,813</u>	<u>\$ 2,933,813</u>

E. 2006 Tax Allocation Bonds:

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

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

E. 2006 Tax Allocation Bonds (Continued):

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 165,000	\$ 705,802	\$ 870,802
2016	130,000	697,570	827,570
2017	235,000	687,385	922,385
2018	235,000	673,967	908,967
2019	260,000	659,515	919,515
2020-2024	1,555,000	3,043,141	4,598,141
2025-2027	9,610,000	863,004	10,473,004
	<u>\$ 12,190,000</u>	<u>\$ 7,330,384</u>	<u>\$ 19,520,384</u>

F. 2007 Refunding Tax Allocation Bonds:

On November 15, 2007, the Agency issued the 2007 Tax Allocation Refunding Parity Bonds, Series A in the amount of \$14,970,000. The Bonds were issued to (i) refinance the Agency's outstanding 1993 Series B Tax Allocation Parity Bonds which total \$14,375,000, (ii) satisfy the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds.

The 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 deferred outflow of resources, is being amortized on a straight-line basis as interest expense on the statement of changes in fiduciary net position 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

F. 2007 Refunding Tax Allocation Bonds (Continued):

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 115,000	\$ 585,804	\$ 700,804
2016	120,000	581,104	701,104
2017	1,505,000	548,604	2,053,604
2018	1,570,000	487,104	2,057,104
2019	1,640,000	422,904	2,062,904
2020-2024	9,330,000	1,022,070	10,352,070
	<u>\$ 14,280,000</u>	<u>\$ 3,647,590</u>	<u>\$ 17,927,590</u>

G. 2009 Tax Allocation Parity Bonds:

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

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

G. 2009 Tax Allocation Parity Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 725,000	\$ 887,250	\$ 1,612,250
2016	760,000	857,550	1,617,550
2017	830,000	825,231	1,655,231
2018	865,000	786,488	1,651,488
2019	910,000	742,113	1,652,113
2020-2024	5,280,000	2,961,607	8,241,607
2025-2027	8,480,000	697,881	9,177,881
	<u>\$ 17,850,000</u>	<u>\$ 7,758,120</u>	<u>\$ 25,608,120</u>

H. 2011 Tax Allocation Parity Bonds:

On March 25, 2011, the Agency issued the 2011 Tax Allocation Parity Bonds in the amount of \$8,835,000. The proceeds were used to (i) finance redevelopment activities of benefit to the Redevelopment Project, (ii) fund the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds. The 2011 Bonds were issued at a discount of \$181,895. This discount is being amortized on a straight-line basis as interest expense through the year 2027.

Principal amounts on the 2011 Tax Allocation Parity Bonds mature annually each October 1 from 2012 through 2026, and bear interest semiannually beginning October 1, 2011 at rates ranging from 3.25% to 7.0%. The 2011 Tax Allocation Parity Bonds maturing on or after October 1, 2021 are subject to optional redemption, without premium commencing April 1, 2021.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

H. 2011 Tax Allocation Parity Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 435,000	\$ 492,666	\$ 927,666
2016	455,000	471,775	926,775
2017	500,000	447,275	947,275
2018	535,000	419,438	954,438
2019	555,000	388,769	943,769
2020-2024	3,355,000	1,358,019	4,713,019
2025-2027	2,170,000	234,500	2,404,500
	<u>\$ 8,005,000</u>	<u>\$ 3,812,442</u>	<u>\$ 11,817,442</u>

I. Notes Payable:

- 1) On December 16, 2010, the Agency issued a promissory note in the amount of \$850,000 in connection with the acquisition of land held for resale. The note bears interest at 4.5% per annum. There was a one-time principal only repayment of \$250,000 due on January 30, 2011, and quarterly interest and principal payments of \$25,100 commenced on March 15, 2011 in order to fully amortize the note by December 15, 2017. At June 30, 2014, the outstanding balance of this note was \$323,445.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

I. Notes Payable (Continued):

The annual debt requirements of this note at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 87,304	\$ 13,096	\$ 100,400
2016	91,299	9,100	100,399
2017	95,477	4,922	100,399
2018	49,365	835	50,200
	<u>\$ 323,445</u>	<u>\$ 27,953</u>	<u>\$ 351,398</u>

J. Advances from the City of Signal Hill:

The City made an advance to the Agency totaling \$10,000,000 to assist in funding the Agency’s operating budget. The former Redevelopment Agency had been accruing interest on the original advances at a rate of 10% per annum. In fiscal year 2012-13, the Department of Finance ruled that the rate for which interest was accrued on advances to the former Redevelopment Agencies could not exceed effective LAIF rates. The state of the law for calculation of interest upon reinstated former RDA/City loans remains ambiguous. At this time, the law merely states that interest upon such reinstated loans is to be recalculated ‘at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund.’ Whether this reference to the Local Agency Investment Fund (LAIF) rate refers to the actual interest rates historically earned by LAIF accounts, the current LAIF rate, or some other rate associated with LAIF has not been clarified by any binding legal authority. The approach presented in the body of this CAFR applies a most conservative LAIF rate to former RDA/City loan agreements. However, this does not preclude the Successor Agency from utilizing, or applying to the California State Department of Finance (DOF) to utilize, an interest rate calculation that is more favorable to the City when it comes time to reinstate such former RDA/City loans, so long as the calculations are consistent with the redevelopment dissolution laws and binding legal authorities.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

J. Advances from the City of Signal Hill (Continued):

In fiscal year 2012-2013, the City retroactively recalculated interest using existing LAIF rates and the balance of the advance was written down by \$3,739,561. At June 30, 2014, the advance balance was \$9,702,840 which included accrued interest of \$90,645. During fiscal year 2012-13, the City recorded a 20% reserve against this advance totaling \$1,940,568 due to the estimated collectability by the General Fund as a result of the winding down of the affairs of the former Redevelopment Agency.

On April 5, 2011, the former Signal Hill Redevelopment Agency Board approved a 5-year loan from the Affordable Housing Special Revenue Fund to the Debt Service Fund to provide funding for the required payment to the County of Los Angeles' Supplemental Educational Revenue Augmentation Fund. On February 1, 2012, the receivable side of this advance was transferred from the Affordable Housing Special Revenue Fund to the Housing Authority in its capacity as the Successor Housing Agency. The liability side of this advance was transferred from the Debt Service Fund to the Successor Agency Private-Purpose Trust Fund. No interest accrues on this loan and the loan must be repaid on or before June 30, 2016. The total loan balance at June 30, 2014 is \$1,063,162.

K. Operating Lease Obligations:

(1) The Agency is leasing land (as lessor) 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 \$238,200.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

K. Operating Lease Obligations (Continued):

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

Fiscal Year Ending June 30,	
2015	\$ 238,200
2016	246,019
2017	251,604
2018	251,604
2019	251,604
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 minimum lease payments	<u>\$ 12,584,951</u>

(2) The Agency is leasing land (as lessor) for an Auto Center under an operating lease dated December 21, 1993 and amended May 7, 1996. The term of the lease expires on December 31, 2055. The current period rental payments, which are classified as project costs, were \$213,731.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

K. Operating Lease Obligations (Continued):

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

Fiscal Year Ending June 30,	
2015	\$ 216,936
2016	220,142
2017	220,142
2018	220,142
2019	220,142
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	<u>274,807</u>
Total minimum lease payments	<u>\$ 10,034,150</u>

Beginning in fiscal year 14-15, the City's general fund will be paying the expenditures of these leases.

L. Spring Street Corridor Joint Powers Authority:

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

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

L. Spring Street Corridor Joint Powers Authority (CONTINUED):

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 expenditures are charged to the members on the basis of their pro-rata 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 sales tax generated at a site developed within the City of Signal Hill. The payments are due annually through calendar year 2015. The source of these payments is to be provided by the Signal Hill Successor Agency. The first source is available tax increment revenue which is limited based on the amount of the Signal Hill Successor Agency's annual tax increment revenue less amounts required by law to be deposited in the Signal Hill Successor Agency's Affordable Housing Special Revenue Fund. The second source is a loan from the City of Signal Hill 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. At June 30, 2014, there was no balance due under this agreement.

17. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the "Dissolution Act") and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed, and the Governor signed, AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 17, 2012, the City elected to serve as the Successor Agency of the Signal Hill Redevelopment Agency.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

17. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:
(CONTINUED):

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community did not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets were transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The Signal Hill Housing Authority elected on January 17, 2012, to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller (CAC), the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF based on the ROPS amount approved by the DOF or the amount of former tax increment revenue available after administrative costs and pass-throughs. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

17. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:
(CONTINUED):

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2014 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The former redevelopment agency (Successor Agency) was required to remit \$2,623,685 to the CAC as a result of the due diligence review.

The DOF issued a Finding of Completion on August 7, 2014 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. The Finding of Completion allowed the placement of loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. Loan repayments could begin in the 2014-15 fiscal year as governed by the criteria in the health and code safety section. The DOF will consider the enforceability of these loan agreements once repayments requests are placed on the ROPS. When the repayments begin, 20% of the repayments of the loan agreement amounts are to be allocated to the Housing Authority Special Revenue Fund. At June 30, 2014, the long-term advances to the Successor Agency totaled \$9,702,840 which included principal of \$9,612,195 and interest of \$90,645.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

18. RESTATEMENT OF NET POSITION AND FUND BALANCE:

Net position for the fiduciary fund financial statements as of July 1, 2013 was restated as follows:

	Successor Agency Signal Hill Redevelopment Agency Private-Purpose Trust Fund
Net (deficit) as previously reported as of June 30, 2013	<u>\$ (39,423,821)</u>
Reduction in net position due to overstatement of capital assets and accumulated depreciation	<u>(210,373)</u>
Net (deficit) as restated July 1, 2013	<u><u>\$ (39,634,194)</u></u>

19. SUBSEQUENT EVENTS:

In preparing these financial statements, the City's management has reviewed the results of operations for the period from June 30, 2014 through March 30, 2015, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

19. SUBSEQUENT EVENTS: (CONTINUED)

On February 1, 2015, the Successor Agency refunded the 2001 Tax Allocation Bonds and the 2003 Series A and C Tax Allocation Bonds with the \$19,990,000 2015 Subordinate Tax Allocation Refunding Bonds, Series A. Also, on February 1, 2015, the Successor Agency issued \$1,970,000 Subordinate Tax Allocation Refunding Bonds, Series B to refund the 2003 Series D Tax Allocation Bonds.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF SIGNAL HILL
SCHEDULE OF FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2014

OTHER POST-EMPLOYMENT BENEFITS PLAN

Date	Actuarial Value of Assets (a)	Entry Age Normal Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio AVA (a)/(b)	Annual Covered Payroll (c)	UAAL As a % of Payroll [(b)-(a)]/(c)
10/1/2008	\$ -	\$ 13,356,267	\$ 13,356,267	0.00%	\$ 6,668,337	200.29%
3/1/2010	532,514	9,640,527	9,108,013	5.52%	7,810,629	116.61%
3/1/2012	937,194	9,264,652	8,327,458	10.12%	7,877,810	105.71%

Please refer to Note 10 for information regarding valuation date, actuarial assumptions, and amortization methods.

CITY OF SIGNAL HILL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property taxes	\$ 1,688,590	\$ 1,688,590	1,749,782	\$ 61,192
Sales and use tax	11,548,830	11,548,830	14,287,446	2,738,616
Other taxes	1,880,000	1,880,000	2,206,718	326,718
Licenses and permits	301,410	301,410	359,988	58,578
Intergovernmental revenues	25,000	50,000	96,611	46,611
Charges for services	623,130	623,130	826,628	203,498
Fines and forfeitures	337,200	337,200	297,675	(39,525)
Investment income	689,485	689,485	843,979	154,494
Other revenue	23,600	23,600	67,304	43,704
Total revenues	17,117,245	17,142,245	20,736,131	3,593,886
Expenditures:				
Current:				
General government:				
City Council	195,740	195,740	241,183	(45,443)
City Treasurer	3,980	3,980	4,139	(159)
City Clerk	199,795	305,310	262,737	42,573
Program administration	651,380	2,551,380	2,516,239	35,141
Legislative services	241,310	251,310	246,108	5,202
Personnel services	279,360	325,210	274,186	51,024
Support services	1,450,542	1,701,140	1,118,800	582,340
Management information services	96,200	219,100	182,454	36,646
Fiscal services	601,950	601,950	604,964	(3,014)
Total general government	3,720,257	6,155,120	5,450,810	704,310
Community services:				
Library programs and services	383,020	383,020	362,649	20,371
Community support and services	423,072	423,072	437,936	(14,864)
Recreation	520,330	524,530	519,031	5,499
Total community services	1,326,422	1,330,622	1,319,616	11,006
Police:				
Community outreach	74,040	75,540	65,140	10,400
Patrol services	4,247,260	4,409,964	4,399,031	10,933
Investigative services	953,440	1,049,528	874,617	174,911
Police support services	1,368,280	1,368,280	1,271,866	96,414
Communications	634,830	634,830	645,765	(10,935)
Records	382,310	382,310	352,372	29,938
Emergency and disaster services	13,050	13,050	6,087	6,963
Total police	7,673,210	7,933,502	7,614,878	318,624

(Continued)

CITY OF SIGNAL HILL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (Continued)

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Community development:				
Planning services	\$ 280,230	\$ 285,780	\$ 270,214	\$ 15,566
Neighborhood enhancement	93,375	93,375	89,307	4,068
Building and safety	246,500	246,500	215,532	30,968
Oil field services	102,185	252,185	240,157	12,028
Total community development	<u>722,290</u>	<u>877,840</u>	<u>815,210</u>	<u>62,630</u>
Public works:				
Engineering and project services	575,870	575,870	546,910	28,960
Building maintenance	563,210	565,210	568,523	(3,313)
Environmental programs	716,510	825,510	731,752	93,758
Park maintenance	849,930	849,930	798,611	51,319
Street maintenance operations	<u>1,386,585</u>	<u>1,398,085</u>	<u>1,205,166</u>	<u>192,919</u>
Total public works	<u>4,092,105</u>	<u>4,214,605</u>	<u>3,850,962</u>	<u>363,643</u>
Capital outlay	<u>268,950</u>	<u>373,519</u>	<u>201,888</u>	<u>171,631</u>
Total expenditures	<u>17,803,234</u>	<u>20,885,208</u>	<u>19,253,364</u>	<u>1,631,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(685,989)</u>	<u>(3,742,963)</u>	<u>1,482,767</u>	<u>5,225,730</u>
Other financing sources (uses):				
Transfers In	275,881	275,881	1,166,970	891,089
Transfer Out	<u>(361,080)</u>	<u>(361,080)</u>	<u>(277,228)</u>	<u>83,852</u>
Total other financing sources (uses)	<u>(85,199)</u>	<u>(85,199)</u>	<u>889,742</u>	<u>974,941</u>
Net change in fund balance	(771,188)	(3,828,162)	2,372,509	6,200,671
Fund balance at beginning of fiscal year	<u>25,595,795</u>	<u>25,595,795</u>	<u>25,595,795</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 24,824,607</u>	<u>\$ 21,767,633</u>	<u>\$ 27,968,304</u>	<u>\$ 6,200,671</u>

See Notes to the Required Supplemental Information

CITY OF SIGNAL HILL
 BUDGETARY COMPARISON SCHEDULE
 HOUSING AUTHORITY SPECIAL REVENUE FUND
 For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance- with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 5,800	\$ 5,800
Other revenues	81,000	81,000	25,845	(55,155)
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>31,645</u>	<u>(49,355)</u>
Expenditure:				
Current:				
Community development	10,550	10,550	4,679	5,871
Capital outlay	-	-	20,784	(20,784)
Total expenditures	<u>10,550</u>	<u>10,550</u>	<u>25,463</u>	<u>(14,913)</u>
Net change in fund balance	70,450	70,450	6,182	(64,268)
Fund balance at beginning of fiscal year	<u>5,537,448</u>	<u>5,537,448</u>	<u>5,537,448</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 5,607,898</u>	<u>\$ 5,607,898</u>	<u>\$ 5,543,630</u>	<u>\$ (64,268)</u>

See Notes to the Required Supplemental Information

CITY OF SIGNAL HILL

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

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 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, 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 UASI, LA Impact, and the Homeland Security Grant Special Revenue Funds 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. However, at year end all appropriations lapse. Accordingly, encumbrances are canceled and generally re-appropriated 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, 2014, based on calculations by City management, proceeds of taxes did not exceed appropriations.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

OTHER MAJOR GOVERNMENTAL FUND

CAPITAL PROJECTS FUND

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

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES , AND CHANGES
IN FUND BLANCE - BUDGET AND ACTUAL

CAPITAL IMPROVEMENT CAPITAL PROJECT FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance-
	Original	Final		with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 292,585	\$ 112,585
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>292,585</u>	<u>112,585</u>
Expenditure:				
Capital outlay	<u>787,000</u>	<u>7,223,567</u>	<u>509,792</u>	<u>6,713,775</u>
Total expenditures	<u>787,000</u>	<u>7,223,567</u>	<u>509,792</u>	<u>6,713,775</u>
(Deficiency) of revenues (under) expenditures	<u>(607,000)</u>	<u>(7,043,567)</u>	<u>(217,207)</u>	<u>6,826,360</u>
Other financing sources (uses):				
Transfers in	607,000	657,600	241,991	(415,609)
Transfers out	<u>-</u>	<u>-</u>	<u>(2,740,526)</u>	<u>(2,740,526)</u>
Total other financing sources (uses)	<u>607,000</u>	<u>657,600</u>	<u>(2,498,535)</u>	<u>(3,156,135)</u>
Net change in fund balances	-	(6,385,967)	(2,715,742)	3,670,225
Fund balance at beginning of fiscal year	<u>414,150</u>	<u>414,150</u>	<u>414,150</u>	<u>-</u>
Fund (deficit) at end of fiscal year	<u>\$ 414,150</u>	<u>\$ (5,971,817)</u>	<u>\$ (2,301,592)</u>	<u>\$ 3,670,225</u>

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 separate funds.

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 forfeiture laws.

DOJ Grant Fund – Accounts for the receipt and disbursement of monies awarded to the City by the U.S. Department of Justice for the additional hiring and rehiring of law enforcements officers.

Park Development Fund – Accounts for revenues from residential and commercial developer 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 the receipt and disbursement 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.

Transportation Fund – As “Proposition A” increased the sales tax in Los Angeles County by one half percent (0.5%), this fund accounts for financial activity relative to the City’s share of these monies. “Proposition A” revenues are to be used for public transportation purposes.

Pipeline Removal Fund – Accounts for revenues from fees paid by franchisees for future removal costs of idle pipelines.

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 developer impact fees for water system improvements related to new development.

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

Proposition C Fund – As “Proposition C” increased the sales tax in Los Angeles County by one-half percent (0.5%), 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.

THIS PAGE INTENTIONALLY LEFT BLANK

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 related to the maintenance and upkeep of the district.

Supplemental Law Enforcement Fund – Accounts for the receipt and disbursement of monies awarded to the City under the Citizens Option for Public Safety program (otherwise known as 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 the receipt and disbursement of monies awarded by the Los Angeles County Office of Emergency Services under the Homeland Security Act.

OTS Grant Fund – Accounts for the receipt and disbursements of monies awarded to the City by the State of California Office of Traffic Safety for traffic safety equipment, public education, and checkpoint services.

STC Subvention Fund – Accounts for the receipt and disbursement of monies awarded by the California Board of State and Community Corrections for the selection and training of Police Department Corrections Personnel.

Housing Impact Fund – Accounts for the revenues collected pursuant to the agreement between the City’s Successor Agency and the Development and Disposition Agreement with 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 the receipt and disbursement 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.

Homeland Security Grant Fund – Accounts for the receipt and disbursement of monies awarded by the Los Angeles County Office of Emergency Services under the Homeland Security Act.

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

UASI Fund – Accounts for the receipt and disbursement of monies awarded to the City by the U.S. Department of Homeland Security for the Urban Areas Security Initiative grant program.

LA Impact Fund – Accounts for the receipt and disbursement of monies from the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force which is a compilation of numerous federal, state, and local law enforcement agencies in Los Angeles County.

CITY OF SIGNAL HILL
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue Funds			
Assets	Asset Seizure	DOJ Grants	Park Development	HCDA Grant
Cash and investments	\$ 241,326	\$ -	\$ 3,505,601	\$ -
Accounts receivable	-	-	-	11,129
Accrued interest receivable	230	-	2,581	600
Due from other governments	10,997	33,130	137,770	13,754
Loans receivable	-	-	-	6,038
Total assets	\$ 252,553	\$ 33,130	\$ 3,645,952	\$ 31,521
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,958
Accrued liabilities	-	4,615	-	-
Due to other funds	-	28,515	-	21,926
Total liabilities	-	33,130	-	24,884
Deferred inflows of resources:				
Unavailable revenues:	-	33,130	137,770	20,392
Fund balances (deficits):				
Restricted for:				
Public protection	252,553	-	-	-
Development	-	-	3,508,182	-
Transportation	-	-	-	-
Capital improvements	-	-	-	-
Unassigned	-	(33,130)	-	(13,755)
Total fund balances (deficits)	252,553	(33,130)	3,508,182	(13,755)
Total liabilities, deferred inflows of resources and fund balances	\$ 252,553	\$ 33,130	\$ 3,645,952	\$ 31,521

Special Revenue Funds (Continued)

Special Gas Tax	Transportation	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Proposition C	Lighting and Landscape
\$ 132,668	\$ 558,590	\$ 2,015,268	\$ 107,235	\$ 1,928,321	\$ 1,388,007	\$ 268,998	\$ 103,823
35,822	-	-	3,614	-	-	-	613
109	392	1,433	75	1,367	-	190	74
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 168,599</u>	<u>\$ 558,982</u>	<u>\$ 2,016,701</u>	<u>\$ 110,924</u>	<u>\$ 1,929,688</u>	<u>\$ 1,388,007</u>	<u>\$ 269,188</u>	<u>\$ 104,510</u>
\$ -	\$ 35,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,631
-	1,275	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	37,237	-	-	-	-	-	7,631
18,440	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,929,688	-	-	-
150,159	521,745	-	110,924	-	1,388,007	269,188	-
-	-	2,016,701	-	-	-	-	96,879
-	-	-	-	-	-	-	-
<u>150,159</u>	<u>521,745</u>	<u>2,016,701</u>	<u>110,924</u>	<u>1,929,688</u>	<u>1,388,007</u>	<u>269,188</u>	<u>96,879</u>
<u>\$ 168,599</u>	<u>\$ 558,982</u>	<u>\$ 2,016,701</u>	<u>\$ 110,924</u>	<u>\$ 1,929,688</u>	<u>\$ 1,388,007</u>	<u>\$ 269,188</u>	<u>\$ 104,510</u>

(Continued)

CITY OF SIGNAL HILL
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 (CONTINUED)
 June 30, 2014

		Special Revenue Funds (Continued)			
		Supplemental Law Enforcement	Domestic Preparedness	OTS Grant	STC Subvention
Assets					
Cash and investments	\$	7,057	\$ -	\$ -	\$ 37
Accounts receivable		-	-	-	-
Accrued interest receivable		-	-	-	-
Due from other governments		-	902	39,279	-
Loans receivable		-	-	-	-
		-	-	-	-
Total assets	\$	7,057	\$ 902	\$ 39,279	\$ 37
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$	-	\$ -	\$ -	\$ 37
Accrued liabilities		7,057	-	2,295	-
Due to other funds		-	902	36,984	-
		-	902	36,984	-
Total liabilities		7,057	902	39,279	37
Deferred inflows of resources:					
Unavailable revenues:		-	902	13,642	-
		-	902	13,642	-
Fund balances (deficits):					
Restricted for:					
Public protection		-	-	-	-
Development		-	-	-	-
Transportation		-	-	-	-
Capital improvements		-	-	-	-
Unassigned		-	(902)	(13,642)	-
		-	(902)	(13,642)	-
Total fund balances (deficits)		-	(902)	(13,642)	-
Total liabilities, deferred inflows of resources and fund balances	\$	7,057	\$ 902	\$ 39,279	\$ 37

Special Revenue Funds (Continued)						Total Other Governmental Funds
Housing Impact	MTA-STP Grant	Homeland Security Grant	Measure R	UASI Grant	LA Impact	
\$ 746,379	\$ 234,996	\$ -	\$ 73,017	\$ -	\$ -	\$ 11,311,323
-	-	-	-	-	-	51,178
539	170	-	81	-	-	7,841
-	-	-	-	35,247	34,095	305,174
-	-	-	-	-	-	6,038
<u>\$ 746,918</u>	<u>\$ 235,166</u>	<u>\$ -</u>	<u>\$ 73,098</u>	<u>\$ 35,247</u>	<u>\$ 34,095</u>	<u>\$ 11,681,554</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,588
-	-	-	-	-	564	15,806
-	-	-	-	35,247	33,531	157,105
-	-	-	-	35,247	34,095	219,499
-	-	-	-	-	-	224,276
-	-	-	-	-	-	252,553
746,918	-	-	-	-	-	6,184,788
-	235,166	-	73,098	-	-	2,748,287
-	-	-	-	-	-	2,113,580
-	-	-	-	-	-	(61,429)
<u>746,918</u>	<u>235,166</u>	<u>-</u>	<u>73,098</u>	<u>-</u>	<u>-</u>	<u>11,237,779</u>
<u>\$ 746,918</u>	<u>\$ 235,166</u>	<u>\$ -</u>	<u>\$ 73,098</u>	<u>\$ 35,247</u>	<u>\$ 34,095</u>	<u>\$ 11,681,554</u>

CITY OF SIGNAL HILL

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

For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds			
	Asset Seizure	DOJ Grants	Park Development	HCDA Grant
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	31,744	1,740	-	49,633
Charges for services	-	-	-	-
Investment income (loss)	2,667	-	29,888	-
Developer fees	-	-	12,982	-
Total revenues	<u>34,411</u>	<u>1,740</u>	<u>42,870</u>	<u>49,633</u>
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	115,344	-	-
Community development	-	-	-	9,579
Public works	-	-	1,800	-
Capital outlay	-	-	-	55,839
Total expenditures	<u>-</u>	<u>115,344</u>	<u>1,800</u>	<u>65,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,411</u>	<u>(113,604)</u>	<u>41,070</u>	<u>(15,785)</u>
Other financing sources (uses):				
Transfers in	-	157,219	2,710	2,030
Transfers out	<u>(48,600)</u>	<u>(3)</u>	<u>(52,433)</u>	<u>-</u>
Total other financing sources (uses)	<u>(48,600)</u>	<u>157,216</u>	<u>(49,723)</u>	<u>2,030</u>
Net change in fund balances	(14,189)	43,612	(8,653)	(13,755)
Fund balances (deficits) at beginning of fiscal year	<u>266,742</u>	<u>(76,742)</u>	<u>3,516,835</u>	<u>-</u>
Fund balances (deficits) at end of fiscal year	<u>\$ 252,553</u>	<u>\$ (33,130)</u>	<u>\$ 3,508,182</u>	<u>\$ (13,755)</u>

Special Revenue Funds (Continued)

Special Gas Tax	Transportation	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Proposition C	Lighting and Landscape
\$ -	\$ 190,390	\$ 97,185	\$ -	\$ -	\$ -	\$ 157,023	\$ 55,400
362,892	-	-	13,730	-	-	-	-
-	2,193	-	-	-	-	-	-
952	4,582	16,802	870	16,171	-	2,289	809
-	-	-	-	7,064	441	-	-
<u>363,844</u>	<u>197,165</u>	<u>113,987</u>	<u>14,600</u>	<u>23,235</u>	<u>441</u>	<u>159,312</u>	<u>56,209</u>
-	-	-	2,487	-	-	2,458	-
-	-	-	-	-	-	-	-
-	165,495	-	-	-	-	-	-
-	-	6,241	-	121	-	-	50,824
-	-	-	-	-	-	-	-
<u>-</u>	<u>165,495</u>	<u>6,241</u>	<u>2,487</u>	<u>121</u>	<u>-</u>	<u>2,458</u>	<u>50,824</u>
<u>363,844</u>	<u>31,670</u>	<u>107,746</u>	<u>12,113</u>	<u>23,114</u>	<u>441</u>	<u>156,854</u>	<u>5,385</u>
-	-	-	-	-	1,939,743	-	-
(228,916)	-	-	-	(1,080)	-	(70,410)	-
(228,916)	-	-	-	(1,080)	1,939,743	(70,410)	-
134,928	31,670	107,746	12,113	22,034	1,940,184	86,444	5,385
15,231	490,075	1,908,955	98,811	1,907,654	(552,177)	182,744	91,494
<u>\$ 150,159</u>	<u>\$ 521,745</u>	<u>\$ 2,016,701</u>	<u>\$ 110,924</u>	<u>\$ 1,929,688</u>	<u>\$ 1,388,007</u>	<u>\$ 269,188</u>	<u>\$ 96,879</u>

(Continued)

CITY OF SIGNAL HILL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 (CONTINUED)
 For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds (Continued)			
	Supplemental Law Enforcement	Domestic Preparedness	OTS Grant	STC Subvention
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	100,000	6,441	97,768	5,993
Charges for services	-	-	-	-
Investment income (loss)	-	-	106	(11)
Developer fees	-	-	-	-
Total revenues	<u>100,000</u>	<u>6,441</u>	<u>97,874</u>	<u>5,982</u>
Expenditures:				
Current:				
General government	-	-	-	-
Police	205,064	-	80,993	8,613
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	3,500	-	-
Total expenditures	<u>205,064</u>	<u>3,500</u>	<u>80,993</u>	<u>8,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,064)</u>	<u>2,941</u>	<u>16,881</u>	<u>(2,631)</u>
Other financing sources (uses):				
Transfers in	105,065	-	14,650	2,631
Transfers out	<u>(141,106)</u>	<u>-</u>	<u>(12,950)</u>	<u>-</u>
Total other financing sources (uses)	<u>(36,041)</u>	<u>-</u>	<u>1,700</u>	<u>2,631</u>
Net change in fund balances	(141,105)	2,941	18,581	-
Fund balances (deficits) at beginning of fiscal year	<u>141,105</u>	<u>(3,843)</u>	<u>(32,223)</u>	<u>-</u>
Fund balances (deficits) at end of fiscal year	<u>\$ -</u>	<u>\$ (902)</u>	<u>\$ (13,642)</u>	<u>\$ -</u>

Special Revenue Funds (Continued)						Total Other Governmental Funds
Housing Impact	MTA-STP Grant	Homeland Security Grant	Measure R	UASI Grant	LA Impact	
\$ -	\$ -	\$ -	\$ 117,857	\$ -	\$ -	\$ 617,855
-	-	38,554	-	77,377	118,744	904,616
-	-	-	-	-	-	2,193
6,351	2,150	-	719	-	-	84,345
-	-	-	-	-	-	20,487
<u>6,351</u>	<u>2,150</u>	<u>38,554</u>	<u>118,576</u>	<u>77,377</u>	<u>118,744</u>	<u>1,629,496</u>
-	-	-	-	-	-	4,945
-	-	-	-	-	122,404	532,418
-	-	-	-	-	-	175,074
-	-	-	-	-	-	58,986
-	-	-	-	77,377	-	136,716
-	-	-	-	77,377	122,404	908,139
<u>6,351</u>	<u>2,150</u>	<u>38,554</u>	<u>118,576</u>	<u>-</u>	<u>(3,660)</u>	<u>721,357</u>
-	-	-	33,503	-	3,660	2,261,211
-	-	-	(98,000)	-	-	(653,498)
-	-	-	(64,497)	-	3,660	1,607,713
6,351	2,150	38,554	54,079	-	-	2,329,070
<u>740,567</u>	<u>233,016</u>	<u>(38,554)</u>	<u>19,019</u>	<u>-</u>	<u>-</u>	<u>8,908,709</u>
<u>\$ 746,918</u>	<u>\$ 235,166</u>	<u>\$ -</u>	<u>\$ 73,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,237,779</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

ASSET SEIZURE SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 75,000	\$ 75,000	\$ 31,744	\$ (43,256)
Investment income	1,000	1,000	2,667	1,667
Total revenues	<u>76,000</u>	<u>76,000</u>	<u>34,411</u>	<u>(41,589)</u>
Expenditures:				
Police	<u>132,030</u>	<u>132,030</u>	<u>-</u>	<u>132,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(56,030)</u>	<u>(56,030)</u>	<u>34,411</u>	<u>90,441</u>
Other financing (uses):				
Transfers out	<u>-</u>	<u>(48,600)</u>	<u>(48,600)</u>	<u>-</u>
Total other financing (uses)	<u>-</u>	<u>(48,600)</u>	<u>(48,600)</u>	<u>-</u>
Net change in fund balance	(56,030)	(104,630)	(14,189)	90,441
Fund balance at beginning of fiscal year	<u>266,742</u>	<u>266,742</u>	<u>266,742</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 210,712</u></u>	<u><u>\$ 162,112</u></u>	<u><u>\$ 252,553</u></u>	<u><u>\$ 90,441</u></u>

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

DOJ GRANTS SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 55,000	\$ 96,500	\$ 1,740	\$ (94,760)
Expenditures:				
Police	59,890	149,990	115,344	34,646
(Deficiency) of revenues (under) expenditures	(4,890)	(53,490)	(113,604)	(60,114)
Other financing sources (uses):				
Transfers in	-	48,600	157,219	108,619
Transfers out	-	-	(3)	(3)
Total other financing sources (uses)	-	48,600	157,216	108,616
Net change in fund balance	(4,890)	(4,890)	43,612	48,502
Fund (deficit) at beginning of fiscal year	(76,742)	(76,742)	(76,742)	-
Fund (deficit) at end of fiscal year	<u>\$ (81,632)</u>	<u>\$ (81,632)</u>	<u>\$ (33,130)</u>	<u>\$ 48,502</u>

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PARK DEVELOPMENT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 16,500	\$ 16,500	\$ 29,888	\$ 13,388
Developer fees	67,400	67,400	12,982	(54,418)
Total revenues	<u>83,900</u>	<u>83,900</u>	<u>42,870</u>	<u>(41,030)</u>
Expenditures:				
Public works	-	-	1,800	(1,800)
Excess of revenues over expenditures	<u>83,900</u>	<u>83,900</u>	<u>41,070</u>	<u>(42,830)</u>
Other financing sources (uses):				
Transfers in	-	-	2,710	2,710
Transfers out	(85,000)	(125,600)	(52,433)	73,167
Total other financing sources (uses)	<u>(85,000)</u>	<u>(125,600)</u>	<u>(49,723)</u>	<u>75,877</u>
Net change in fund balance	(1,100)	(41,700)	(8,653)	33,047
Fund balance at beginning of fiscal year	<u>3,516,835</u>	<u>3,516,835</u>	<u>3,516,835</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 3,515,735</u>	<u>\$ 3,475,135</u>	<u>\$ 3,508,182</u>	<u>\$ 33,047</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

HCDA GRANT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 58,378	\$ 58,681	\$ 49,633	\$ (9,048)
Expenditures:				
Community development:	8,756	9,059	9,579	(520)
Capital outlay	49,622	78,251	55,839	22,412
Total expenditures	58,378	87,310	65,418	21,892
(Deficiency) of revenues (under) expenditures	-	(28,629)	(15,785)	12,844
Other financing sources:				
Transfers in	-	-	2,030	2,030
Net change in fund balance	-	(28,629)	(13,755)	14,874
Fund balance at beginning of fiscal year	-	-	-	-
Fund (deficit) at end of fiscal year	\$ -	\$ (28,629)	\$ (13,755)	\$ 14,874

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL GAS TAX SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental revenues	\$ 338,881	\$ 338,881	\$ 362,892	\$ 24,011
Investment income	500	500	952	452
Total revenues	<u>339,381</u>	<u>339,381</u>	<u>363,844</u>	<u>24,463</u>
Other financing (uses):				
Transfers out	<u>(340,881)</u>	<u>(340,881)</u>	<u>(228,916)</u>	<u>111,965</u>
Net change in fund balance	(1,500)	(1,500)	134,928	136,428
Fund balance at beginning of fiscal year	<u>15,231</u>	<u>15,231</u>	<u>15,231</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 13,731</u></u>	<u><u>\$ 13,731</u></u>	<u><u>\$ 150,159</u></u>	<u><u>\$ 136,428</u></u>

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSPORTATION SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 189,425	\$ 189,425	\$ 190,390	\$ 965
Charges for services	2,400	2,400	2,193	(207)
Investment income	1,900	1,900	4,582	2,682
Total revenues	<u>193,725</u>	<u>193,725</u>	<u>197,165</u>	<u>3,440</u>
Expenditures:				
Community development	<u>157,914</u>	<u>163,171</u>	<u>165,495</u>	<u>(2,324)</u>
Net change in fund balance	35,811	30,554	31,670	1,116
Fund balance at beginning of fiscal year	<u>490,075</u>	<u>490,075</u>	<u>490,075</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 525,886</u></u>	<u><u>\$ 520,629</u></u>	<u><u>\$ 521,745</u></u>	<u><u>\$ 1,116</u></u>

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PIPELINE REMOVAL SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ -	\$ -	\$ 97,185	\$ 97,185
Investment income	7,000	7,000	16,802	9,802
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>113,987</u>	<u>106,987</u>
Expenditures:				
Public works	<u>25,000</u>	<u>25,000</u>	<u>6,241</u>	<u>18,759</u>
Net change in fund balance	(18,000)	(18,000)	107,746	125,746
Fund balance at beginning of fiscal year	<u>1,908,955</u>	<u>1,908,955</u>	<u>1,908,955</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 1,890,955</u></u>	<u><u>\$ 1,890,955</u></u>	<u><u>\$ 2,016,701</u></u>	<u><u>\$ 125,746</u></u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 12,000	\$ 12,000	\$ 13,730	\$ 1,730
Investment income	400	400	870	470
Total revenues	<u>12,400</u>	<u>12,400</u>	<u>14,600</u>	<u>2,200</u>
Expenditures:				
General government:	<u>3,000</u>	<u>3,000</u>	<u>2,487</u>	<u>513</u>
Net change in fund balance	9,400	9,400	12,113	2,713
Fund balance at beginning of fiscal year	<u>98,811</u>	<u>98,811</u>	<u>98,811</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 108,211</u>	<u>\$ 108,211</u>	<u>\$ 110,924</u>	<u>\$ 2,713</u>

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
WATER DEVELOPMENT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 5,500	\$ 5,500	\$ 16,171	\$ 10,671
Developer fees	72,450	72,450	7,064	(65,386)
Total revenues	<u>77,950</u>	<u>77,950</u>	<u>23,235</u>	<u>(54,715)</u>
Expenditures:				
Public works	-	-	121	(121)
Excess of revenues over expenditures	<u>77,950</u>	<u>77,950</u>	<u>23,114</u>	<u>(54,836)</u>
Other financing (uses):				
Transfers out	(70,000)	(70,000)	(1,080)	68,920
Net change in fund balance	7,950	7,950	22,034	14,084
Fund balance at beginning of fiscal year	<u>1,907,654</u>	<u>1,907,654</u>	<u>1,907,654</u>	-
Fund balance at end of fiscal year	<u>\$ 1,915,604</u>	<u>\$ 1,915,604</u>	<u>\$ 1,929,688</u>	<u>\$ 14,084</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

TRAFFIC IMPACT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Developer fees	\$ 21,000	\$ 21,000	\$ 441	\$ (20,559)
Other financing sources:				
Transfers in	-	-	1,939,743	1,939,743
Net change in fund balance	21,000	21,000	1,940,184	1,919,184
Fund (deficit) at beginning of fiscal year	(552,177)	(552,177)	(552,177)	-
Fund balance (deficit) at end of fiscal year	<u>\$ (531,177)</u>	<u>\$ (531,177)</u>	<u>\$ 1,388,007</u>	<u>\$ 1,919,184</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

PROPOSITION C SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 157,123	\$ 157,123	\$ 157,023	\$ (100)
Investment income	500	500	2,289	1,789
Total revenues	<u>157,623</u>	<u>157,623</u>	<u>159,312</u>	<u>1,689</u>
Expenditures:				
General government	<u>2,500</u>	<u>2,500</u>	<u>2,458</u>	<u>42</u>
Excess of revenues over expenditures	<u>155,123</u>	<u>155,123</u>	<u>156,854</u>	<u>1,731</u>
Other financing (uses):				
Transfers out	<u>(85,000)</u>	<u>(85,000)</u>	<u>(70,410)</u>	<u>14,590</u>
Net change in fund balance	70,123	70,123	86,444	16,321
Fund balance at beginning of fiscal year	<u>182,744</u>	<u>182,744</u>	<u>182,744</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 252,867</u>	<u>\$ 252,867</u>	<u>\$ 269,188</u>	<u>\$ 16,321</u>

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LIGHTING AND LANDSCAPE SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 55,475	\$ 55,475	\$ 55,400	\$ (75)
Investment income	300	300	809	509
Total revenues	<u>55,775</u>	<u>55,775</u>	<u>56,209</u>	<u>434</u>
Expenditures:				
Public works	<u>65,500</u>	<u>65,500</u>	<u>50,824</u>	<u>14,676</u>
Net change in fund balance	(9,725)	(9,725)	5,385	15,110
Fund balance at beginning of fiscal year	<u>91,494</u>	<u>91,494</u>	<u>91,494</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 81,769</u></u>	<u><u>\$ 81,769</u></u>	<u><u>\$ 96,879</u></u>	<u><u>\$ 15,110</u></u>

CITY OF SIGNAL HILL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Investment income	500	500	-	(500)
Total revenues	<u>100,500</u>	<u>100,500</u>	<u>100,000</u>	<u>(500)</u>
Expenditures:				
Police	<u>185,510</u>	<u>185,510</u>	<u>205,064</u>	<u>(19,554)</u>
(Deficiency) of revenues (under) expenditures	<u>(85,010)</u>	<u>(85,010)</u>	<u>(105,064)</u>	<u>(20,054)</u>
Other financing sources (uses):				
Transfers in	77,080	77,080	105,065	27,985
Transfers out	<u>-</u>	<u>-</u>	<u>(141,106)</u>	<u>(141,106)</u>
Total other financing sources (uses)	<u>77,080</u>	<u>77,080</u>	<u>(36,041)</u>	<u>(113,121)</u>
Net change in fund balance	(7,930)	(7,930)	(141,105)	(133,175)
Fund balance at beginning of fiscal year	<u>141,105</u>	<u>141,105</u>	<u>141,105</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 133,175</u>	<u>\$ 133,175</u>	<u>\$ -</u>	<u>\$ (133,175)</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DOMESTIC PREPAREDNESS SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ 40,954	\$ 6,441	\$ (34,513)
Expenditures:				
Capital outlay	-	40,954	3,500	37,454
Net change in fund balance	-	-	2,941	2,941
Fund (deficit) at beginning of fiscal year	(3,843)	(3,843)	(3,843)	-
Fund (deficit) at end of fiscal year	<u>\$ (3,843)</u>	<u>\$ (3,843)</u>	<u>\$ (902)</u>	<u>\$ 2,941</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

OTS GRANT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ 75,400	\$ 97,768	\$ 22,368
Investment income	70	70	106	36
Total revenues	<u>70</u>	<u>75,470</u>	<u>97,874</u>	<u>22,404</u>
Expenditures:				
Police	-	75,400	80,993	(5,593)
Excess of revenues over expenditures	<u>70</u>	<u>70</u>	<u>16,881</u>	<u>16,811</u>
Other financing sources (uses):				
Transfers in	-	-	14,650	14,650
Transfers out	-	-	(12,950)	(12,950)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>1,700</u>
Net change in fund balance	70	70	18,581	18,511
Fund (deficit) at beginning of fiscal year	<u>(32,223)</u>	<u>(32,223)</u>	<u>(32,223)</u>	<u>-</u>
Fund (deficit) at end of fiscal year	<u>\$ (32,153)</u>	<u>\$ (32,153)</u>	<u>\$ (13,642)</u>	<u>\$ 18,511</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

STC SUBVENTION SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 5,993	\$ 5,993
Investment income (loss)	20	20	(11)	(31)
Total revenues	<u>20</u>	<u>20</u>	<u>5,982</u>	<u>5,962</u>
Expenditures:				
Police	<u>-</u>	<u>-</u>	<u>8,613</u>	<u>(8,613)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20</u>	<u>20</u>	<u>(2,631)</u>	<u>(2,651)</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>2,631</u>	<u>2,631</u>
Net change in fund balance	20	20	-	(20)
Fund balance at beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 20</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (20)</u></u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

HOUSING IMPACT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,800	\$ 2,800	\$ 6,351	\$ 3,551
Net change in fund balance	2,800	2,800	6,351	3,551
Fund balance at beginning of fiscal year	740,567	740,567	740,567	-
Fund balance at end of fiscal year	<u>\$ 743,367</u>	<u>\$ 743,367</u>	<u>\$ 746,918</u>	<u>\$ 3,551</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

MTA-STP GRANT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 300	\$ 300	\$ 2,150	\$ 1,850
Net change in fund balance	300	300	2,150	1,850
Fund balance at beginning of fiscal year	233,016	233,016	233,016	-
Fund balance at end of fiscal year	<u>\$ 233,316</u>	<u>\$ 233,316</u>	<u>\$ 235,166</u>	<u>\$ 1,850</u>

CITY OF SIGNAL HILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

MEASURE R SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 117,842	\$ 117,842	\$ 117,857	\$ 15
Investment income	150	150	719	569
Total revenues	<u>117,992</u>	<u>117,992</u>	<u>118,576</u>	<u>584</u>
Other financing sources (uses):				
Transfers in	-	-	33,503	33,503
Transfers out	(98,000)	(98,000)	(98,000)	-
Total other financing sources (uses)	<u>(98,000)</u>	<u>(98,000)</u>	<u>(64,497)</u>	<u>33,503</u>
Net change in fund balance	19,992	19,992	54,079	34,087
Fund balance at beginning of fiscal year	<u>-</u>	<u>-</u>	<u>19,019</u>	<u>19,019</u>
Fund balance at end of fiscal year	<u>\$ 19,992</u>	<u>\$ 19,992</u>	<u>\$ 73,098</u>	<u>\$ 53,106</u>

FIDUCIARY FUNDS

AGENCY FUNDS

Gateway IRWM Joint Power Authority Fund – Accounts for assets held by the City as an agent for the Los Angeles Gateway Regional Water Management Joint Power Authority.

Spring Street Corridor Joint Power Authority Fund – Accounts for assets held by the City as an agent for the Spring Street Corridor Joint Power Authority.

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

CITY OF SIGNAL HILL
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS

June 30, 2014

	Gateway IRWM Joint Powers Authority Fund	Spring Street Corridor Joint Powers Authority Fund	Special Deposit Agency Fund	Total
Assets:				
Cash and investments	\$ -	\$ -	\$ 3,486,291	\$ 3,486,291
Due from other governments	-	5,030	-	5,030
Total assets	\$ -	\$ 5,030	\$ 3,486,291	\$ 3,491,321
Liabilities:				
Accounts payable	\$ -	\$ 5,030	\$ 1,208,879	\$ 1,213,909
Refundable deposits	-	-	2,277,412	2,277,412
Total liabilities	\$ -	\$ 5,030	\$ 3,486,291	\$ 3,491,321

CITY OF SIGNAL HILL
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS

For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>GATEWAY IRWM JOINT POWER AUTHORITY</u>				
Assets:				
Cash and investments	\$ 1,208,002	\$ 148,394	\$ (1,356,396)	\$ -
Accounts receivable	135,605	-	(135,605)	-
Accrued interest receivable	1,463	-	(1,463)	-
Total assets	\$ 1,345,070	\$ 148,394	\$ (1,493,464)	\$ -
Liabilities:				
Accounts payable	\$ 215,630	\$ -	\$ (215,630)	\$ -
Refundable deposits	1,129,440	148,394	(1,277,834)	-
Total liabilities	\$ 1,345,070	\$ 148,394	\$ (1,493,464)	\$ -
<u>SPRING STREET CORRIDOR JOINT POWER AUTHORITY</u>				
Assets:				
Accounts receivable	\$ 1,588	\$ -	\$ (1,588)	\$ -
Due from other governments	-	5,030	-	5,030
Total assets	\$ 1,588	\$ 5,030	\$ (1,588)	\$ 5,030
Liabilities:				
Accounts payable	\$ -	\$ 5,030	\$ -	\$ 5,030
Refundable deposits	1,588	-	(1,588)	-
Total liabilities	\$ 1,588	\$ 5,030	\$ (1,588)	\$ 5,030
<u>SPECIAL DEPOSITS</u>				
Assets:				
Cash and investments	\$ 797,362	\$ 4,564,382	\$ (1,875,453)	\$ 3,486,291
Total assets	\$ 797,362	\$ 4,564,382	\$ (1,875,453)	\$ 3,486,291
Liabilities:				
Accounts payable	\$ 5,577	\$ 3,017,788	\$ (1,814,486)	\$ 1,208,879
Refundable deposits	791,785	1,546,594	(60,967)	2,277,412
Total liabilities	\$ 797,362	\$ 4,564,382	\$ (1,875,453)	\$ 3,486,291
<u>TOTAL</u>				
Assets:				
Cash and investments	\$ 2,005,364	\$ 4,712,776	\$ (3,231,849)	\$ 3,486,291
Accounts receivable	137,193	-	(137,193)	-
Accrued interest receivable	1,463	-	(1,463)	-
Due from other governments	-	5,030	-	5,030
Total assets	\$ 2,144,020	\$ 4,717,806	\$ (3,370,505)	\$ 3,491,321
Liabilities:				
Accounts payable	\$ 221,207	\$ 3,022,818	\$ (2,030,116)	\$ 1,213,909
Refundable deposits	1,922,813	1,694,988	(1,340,389)	2,277,412
Total liabilities	\$ 2,144,020	\$ 4,717,806	\$ (3,370,505)	\$ 3,491,321

THIS PAGE INTENTIONALLY LEFT BLANK

DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2014

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.	136 – 142
<u>Revenue Capacity</u> – These schedules contain 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.	144 – 147
<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	148 – 151
<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.	152 – 153
<u>Operating Information</u> – These schedules contain service and infrastructure data to help the reader how the information in the City’s financial report relates to the services the City provides and the activities it performs.	154 – 156

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

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 45,473	\$ 44,080	\$ 43,943	\$ 44,503
Restricted	7,155	9,206	32,432	37,503
Unrestricted	(40,035)	(31,819)	(43,683)	(47,272)
Total governmental activities net position	<u>\$ 12,593</u>	<u>\$ 21,467</u>	<u>\$ 32,692</u>	<u>\$ 34,734</u>
Business-type activities				
Net investment in capital assets	\$ 14,403	\$ 15,414	\$ 17,289	\$ 18,010
Restricted	2,405	689	688	
Unrestricted	2,954	4,137	2,812	4,108
Total business-type activities net position	<u>\$ 19,762</u>	<u>\$ 20,240</u>	<u>\$ 20,789</u>	<u>\$ 22,118</u>
Primary government				
Net investment in capital assets	\$ 59,876	\$ 59,494	\$ 61,232	\$ 62,513
Restricted	9,560	9,895	33,120	37,503
Unrestricted	(37,081)	(27,682)	(40,871)	(43,164)
Total primary government net position	<u>\$ 32,355</u>	<u>\$ 41,707</u>	<u>\$ 53,481</u>	<u>\$ 56,852</u>

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,					
2009	2010	2011	2012	2013	2014
\$ 45,402	\$ 46,331	\$ 59,680	\$ 57,653	\$ 47,617	\$ 47,543
36,632	56,423	47,378	10,749	10,172	17,065
(43,794)	(65,190)	(66,721)	35,059	33,426	30,590
<u>\$ 38,240</u>	<u>\$ 37,564</u>	<u>\$ 40,337</u>	<u>\$ 103,461</u>	<u>\$ 91,215</u>	<u>\$ 95,198</u>
\$ 17,674	\$ 17,341	\$ 17,076	\$ 16,792	\$ 16,315	\$ 15,821
	670	679	674	671	-
4,892	4,484	4,026	4,239	4,237	4,660
<u>\$ 22,566</u>	<u>\$ 22,495</u>	<u>\$ 21,781</u>	<u>\$ 21,705</u>	<u>\$ 21,223</u>	<u>\$ 20,481</u>
\$ 63,076	\$ 63,672	\$ 76,756	\$ 74,445	\$ 63,932	\$ 63,364
36,632	57,093	48,057	11,423	10,843	17,065
(38,902)	(60,706)	(62,695)	39,298	37,663	35,250
<u>\$ 60,806</u>	<u>\$ 60,059</u>	<u>\$ 62,118</u>	<u>\$ 125,166</u>	<u>\$ 112,438</u>	<u>\$ 115,679</u>

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

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 5,152	\$ 4,110	\$ 3,009	\$ 3,344
Community services	1,162	1,189	1,248	1,407
Police	6,599	6,630	7,434	7,662
Community development	5,940	3,877	3,712	11,578
Public works	5,636	5,915	5,328	4,585
Unallocated infrastructure depreciation	448	482	524	531
Interest on long-term liabilities	3,631	3,504	4,252	4,095
Fiscal agent fees	-	-	-	17
Total governmental activities expenses	<u>28,568</u>	<u>25,707</u>	<u>25,507</u>	<u>33,219</u>
Business-type activities - Water	3,366	4,058	3,896	3,380
Total primary government expenses	<u>\$ 31,934</u>	<u>\$ 29,765</u>	<u>\$ 29,403</u>	<u>\$ 36,599</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 164	\$ 135	\$ 213	\$ 157
Community services	268	260	282	297
Police	408	538	549	665
Community development	7	7	588	597
Public works	1,206	1,264	989	962
Operating grants	1,055	3,178	1,748	806
Capital grants and contributions	2,415	2,728	2,366	1,230
Total governmental activities program revenues	<u>5,523</u>	<u>8,110</u>	<u>6,735</u>	<u>4,714</u>
Business-type activities - Water, Charges for services	3,355	3,433	3,601	3,352
Total primary government program revenues	<u>\$ 8,878</u>	<u>\$ 11,543</u>	<u>\$ 10,336</u>	<u>\$ 8,066</u>
Net (expense)/revenue				
Governmental activities	\$ (23,045)	\$ (17,597)	\$ (18,772)	\$ (28,505)
Business-type activities	(11)	(625)	(295)	(28)
Total primary government net expenses	<u>\$ (23,056)</u>	<u>\$ (18,222)</u>	<u>\$ (19,067)</u>	<u>\$ (28,533)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 9,451	\$ 12,143	\$ 13,995	\$ 14,302
Sales and use	11,125	12,015	12,177	12,162
Franchise	462	412	591	502
Motor vehicle	952	24	74	51
Other	816	1,016	1,302	1,117
Investment income	912	1,067	2,295	3,356
Unrestricted grants and contributions	733	764	206	195
Gain (loss) on disposition of assets	-	18	16	14
Transfers	(690)	(988)	(660)	(1,151)
Extraordinary item	-	-	-	-
Total governmental activities	<u>23,761</u>	<u>26,471</u>	<u>29,996</u>	<u>30,548</u>
Business-type activities:				
Investment income	109	115	184	206
Unrestricted grants and contributions	-	-	-	-
Gain (loss) on disposition of assets	1	-	1	-
Transfers	690	988	660	1,151
Total business-type activities	<u>800</u>	<u>1,103</u>	<u>845</u>	<u>1,357</u>
Total primary government	<u>\$ 24,561</u>	<u>\$ 27,574</u>	<u>\$ 30,841</u>	<u>\$ 31,905</u>
Changes in Net Position				
Governmental activities	\$ 716	\$ 8,874	\$ 11,224	\$ 2,043
Business-type activities	789	478	550	1,329
Total primary government	<u>\$ 1,505</u>	<u>\$ 9,352</u>	<u>\$ 11,774</u>	<u>\$ 3,372</u>

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 Ending June 30,					
2009	2010	2011	2012	2013	2014
\$ 3,685	\$ 3,137	\$ 2,790	\$ 3,080	\$ 3,695	\$ 5,556
1,418	1,273	1,241	1,217	1,220	1,319
7,628	7,726	7,521	7,571	7,611	8,220
8,788	11,563	8,863	1,280	935	992
5,600	4,935	4,462	4,141	4,506	4,142
531	521	524	535	545	614
3,761	4,394	4,787	3,687	-	-
19	-	-	-	-	-
31,430	33,549	30,188	21,511	18,512	20,843
3,578	3,832	4,163	3,804	3,992	4,531
<u>\$ 35,008</u>	<u>\$ 37,381</u>	<u>\$ 34,351</u>	<u>\$ 25,315</u>	<u>\$ 22,504</u>	<u>\$ 25,374</u>
\$ 440	\$ 70	\$ 168	\$ 176	\$ 210	\$ 227
301	239	234	209	202	115
639	556	607	453	430	297
559	506	677	531	95	368
1,062	914	897	773	649	431
1,187	1,703	1,448	1,586	1,596	1,619
1,268	1,376	440	2,691	1,339	2,369
5,456	5,364	4,471	6,419	4,521	5,426
3,291	3,630	3,383	3,515	3,672	3,734
<u>\$ 8,747</u>	<u>\$ 8,994</u>	<u>\$ 7,854</u>	<u>\$ 9,934</u>	<u>\$ 8,193</u>	<u>\$ 9,160</u>
\$ (25,974)	\$ (28,185)	\$ (25,717)	\$ (15,092)	\$ (13,991)	\$ (15,417)
(287)	(202)	(780)	(289)	(320)	(797)
<u>\$ (26,261)</u>	<u>\$ (28,387)</u>	<u>\$ (26,497)</u>	<u>\$ (15,381)</u>	<u>\$ (14,311)</u>	<u>\$ (16,214)</u>
\$ 15,391	\$ 15,168	\$ 14,801	\$ 7,487	\$ 2,146	\$ 1,700
9,978	9,460	9,946	11,210	12,487	14,574
563	514	533	547	546	603
39	33	58	-	-	-
1,355	1,058	1,145	1,278	1,483	1,609
2,503	1,267	649	1,252	647	850
136	27	71	20	12	66
14	(17)	6	4	19	-
(500)	-	-	(100)	(25)	(1)
-	-	-	56,518	(15,571)	-
29,479	27,510	27,209	78,216	1,744	19,401
236	131	66	75	25	53
-	-	-	38	97	-
-	-	-	-	-	-
500	-	-	100	25	1
736	131	66	213	147	54
<u>\$ 30,215</u>	<u>\$ 27,641</u>	<u>\$ 27,275</u>	<u>\$ 78,429</u>	<u>\$ 1,891</u>	<u>\$ 19,455</u>
\$ 3,505	\$ (675)	\$ 1,492	\$ 63,124	\$ (12,247)	\$ 3,984
449	(71)	(714)	(76)	(173)	(743)
<u>\$ 3,954</u>	<u>\$ (746)</u>	<u>\$ 778</u>	<u>\$ 63,048</u>	<u>\$ (12,420)</u>	<u>\$ 3,241</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 Ending June 30,			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 2,289	\$ 2,290	\$ 43	\$ 10,000
Unreserved	18,843	21,287	26,564	19,652
Total General Fund	<u>21,132</u>	<u>23,577</u>	<u>26,607</u>	<u>29,652</u>
All Other Governmental Funds				
Reserved	4,726	4,101	20,150	30,761
Unreserved, reported in:				
Special revenue funds	6,192	9,216	10,983	6,616
Debt service funds	1,603	3,688	5,904	(1,640)
Capital projects funds	3,144	3,693	2,312	868
Total All Other Governmental Funds	<u>15,665</u>	<u>20,698</u>	<u>39,349</u>	<u>36,605</u>
Total All Governmental Funds	<u>\$ 36,797</u>	<u>\$ 44,275</u>	<u>\$ 65,956</u>	<u>\$ 66,257</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: GASB 54 was implemented in 2011, prior years have no comparable data

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,

2009	2010	2011	2012	2013	2014
\$ 10,000	\$ 10,314	\$ -	\$ -	\$ -	\$ -
17,445	14,212	-	-	-	-
<u>27,445</u>	<u>24,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30,331	49,583	-	-	-	-
7,427	8,047	-	-	-	-
804	(2,458)	-	-	-	-
-	-	-	-	-	-
<u>38,562</u>	<u>55,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 66,007</u>	<u>\$ 79,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 10,539	\$ 10,241	\$ 7,690	\$ 7,695
-	-	10,220	10,721	10,820	12,662
-	-	6,167	6,642	7,085	7,611
<u>-</u>	<u>-</u>	<u>26,926</u>	<u>27,604</u>	<u>25,595</u>	<u>27,968</u>
-	-	18,127	4,068	5,160	5,131
-	-	28,604	9,942	9,990	11,712
-	-	-	-	414	-
-	-	(5,271)	(719)	(703)	(2,363)
<u>-</u>	<u>-</u>	<u>41,460</u>	<u>13,291</u>	<u>14,861</u>	<u>14,480</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,386</u>	<u>\$ 40,895</u>	<u>\$ 40,456</u>	<u>\$ 42,448</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 Ending June 30,			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 21,609	\$ 25,975	\$ 28,181	\$ 29,009
Licenses and permits	429	348	369	278
Intergovernmental	2,910	2,235	2,224	810
Charges for services	1,020	1,236	1,142	1,078
Fines and forfeitures	284	359	356	409
Investment income	1,014	1,185	2,960	3,547
Other	1,948	4,212	2,130	1,543
Total Revenues	<u>29,214</u>	<u>35,550</u>	<u>37,362</u>	<u>36,674</u>
Expenditures				
General government	5,058	4,155	2,919	3,054
Community services	1,130	1,175	1,246	1,406
Public safety	6,339	6,586	7,295	7,520
Community development	1,123	1,187	1,198	3,323
Public works	3,683	3,761	4,025	4,015
Capital outlay	7,191	2,891	3,738	8,136
Debt Service				
Principal retirement	2,595	2,888	2,451	2,545
Interest	3,427	3,334	3,749	4,019
Other debt service	457	1,114	1,842	1,721
Total Expenditures	<u>31,003</u>	<u>27,091</u>	<u>28,463</u>	<u>35,739</u>
Excess of revenues over/(under) expenditures	<u>(1,789)</u>	<u>8,459</u>	<u>8,899</u>	<u>935</u>
Other Financing Sources/(Uses)				
Transfers in	2,372	2,765	5,024	13,845
Transfers out	(3,062)	(3,746)	(5,742)	(14,996)
Other	-	-	13,500	517
Total other financing sources	<u>(690)</u>	<u>(981)</u>	<u>12,782</u>	<u>(634)</u>
Net change in fund balances	<u>\$ (2,479)</u>	<u>\$ 7,478</u>	<u>\$ 21,681</u>	<u>\$ 301</u>
Capitalized capital outlay	<u>\$ 726</u>	<u>\$ 769</u>	<u>\$ 1,286</u>	<u>\$ 535</u>
Debt service as a percentage of noncapital expenditures	21.4%	27.9%	29.6%	23.5%

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 Ending June 30,

2009	2010	2011	2012	2013	2014
\$ 28,334	\$ 25,683	\$ 26,822	\$ 21,141	\$ 17,585	\$ 18,862
271	302	331	312	328	360
1,086	1,766	864	1,214	1,475	1,294
1,155	841	871	645	516	829
401	402	385	317	367	298
2,945	1,390	2,205	1,160	53	934
1,678	1,168	1,043	2,960	1,646	113
<u>35,870</u>	<u>31,552</u>	<u>32,521</u>	<u>27,749</u>	<u>21,970</u>	<u>22,690</u>
3,398	3,071	3,051	3,103	3,772	5,456
1,413	1,272	1,239	1,216	1,219	1,320
7,516	7,458	7,442	7,482	7,475	8,147
3,101	8,445	4,659	1,689	935	995
3,964	3,721	3,637	3,640	3,738	3,910
7,742	5,241	21,457	6,047	1,511	869
2,845	2,865	5,044	4,819	-	-
4,563	4,999	5,695	3,672	-	-
1,079	1,215	1,102	14	-	-
<u>35,621</u>	<u>38,287</u>	<u>53,326</u>	<u>31,682</u>	<u>18,650</u>	<u>20,697</u>
249	(6,735)	(20,805)	(3,933)	3,320	1,993
5,129	3,565	9,243	3,755	1,603	3,670
(5,629)	(3,565)	(9,253)	(3,855)	(1,628)	(3,671)
	20,427	9,503	(23,458)	(3,733)	-
<u>(500)</u>	<u>20,427</u>	<u>9,493</u>	<u>(23,558)</u>	<u>(3,758)</u>	<u>(1)</u>
<u>\$ (251)</u>	<u>\$ 13,692</u>	<u>\$ (11,312)</u>	<u>\$ (27,491)</u>	<u>\$ (438)</u>	<u>\$ 1,992</u>
<u>\$ 1,617</u>	<u>\$ 1,693</u>	<u>\$ 17,446</u>	<u>\$ 6,093</u>	<u>\$ 869</u>	<u>\$ 1,076</u>
25.0%	24.8%	33.0%	33.2%	0.0%	0.0%

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

Fiscal Year Ended June 30	Secured Property					Unsecured Property	Taxable Assessed Value (Note)	Total Direct Tax Rate
	Residential	Commercial	Industrial	Vacant	Others**			
2005	\$ 685,295	\$ 193,967	\$ 222,212	\$ 63,628	\$ 122,103	\$ 105,163	\$ 1,392,368	0.65248
2006	813,458	209,535	235,249	62,959	133,934	102,653	1,557,788	0.66032
2007	946,757	244,485	245,657	73,509	160,871	122,669	1,793,948	0.67271
2008	1,028,528	285,247	265,873	82,831	167,695	122,147	1,952,321	0.67048
2009	1,079,098	299,807	276,897	84,960	208,718	129,102	2,078,582	0.67314
2010	991,262	308,952	292,454	78,712	205,371	119,511	1,996,262	0.68186
2011	981,950	304,562	299,286	66,756	217,456	123,924	1,993,934	0.68693
2012	991,423	301,195	297,328	66,202	227,080	127,728	2,010,956	0.68596
2013	978,140	303,924	306,805	80,495	259,131	120,212	2,048,707	0.68639
2014	1,012,408	312,572	316,413	75,859	269,037	134,440	2,120,729	0.06530

** Includes institutional, miscellaneous, recreational, SBE Nonunitary, cross reference, and unknown property.

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.

Source: County of Los Angeles Assessor / HdL Coren & Cone

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

Agency	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
L.A. County Flood Control	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.01239	0.01857	0.01153	0.01839	0.02181	0.02392	0.02559	0.02615	0.05095	0.02241
Long Beach Unified School District	0.04667	0.04075	0.03811	0.03457	0.03220	0.08663	0.08834	0.09223	0.09394	0.07981
Metropolitan Water District	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350
Total Direct and Overlapping (2) Tax Rates	1.06603	1.06537	1.05505	1.05746	1.05831	1.11485	1.11763	1.12208	1.14839	1.10572
City's Share of 1% Levy per Prop 13 (3)	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate (4)	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370	0.00000	0.00000
Total Direct Rate (5)	0.65248	0.66032	0.67271	0.67048	0.67314	0.68186	0.68693	0.68596	0.68639	0.06530

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.
- (3) City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
- (5) Total direct rate is the weighted average of all individual direct rates applied by the City of Signal Hill in preparing the statistical section information.

Source: HdL Coren & Cone

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

Taxpayer	<u>FY 2013-14</u>		<u>FY 2004-05</u>	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum, Inc.	\$ 155,419	7.33%	\$ 22,225	1.60%
PL Signal Hill, LP	36,201	1.71%		
LBSH Development	27,051	1.28%	25,000	1.80%
Towne Center West LLC	24,747	1.17%	10,594	0.76%
Costco Wholesale Corporation	21,177	1.00%	18,074	1.30%
Tesoro Logistics Operations LLC	19,275	0.91%		
Home Depot USA, Inc.	18,069	0.85%		
Signal Hill Town Center LLC	16,254	0.77%	10,201	0.73%
Long Beach Acquisition Corp	15,520	0.73%	27,348	1.96%
VNO Trust Cherry Avenue LP	14,452	0.68%		
Arco Terminal Services Corp.			21,705	1.56%
Price Owner LLC			26,040	1.87%
Pacific Valves Crane Company			10,504	0.75%
Eastman Inc			10,457	0.75%
	<u>\$ 348,165</u>	<u>16.42%</u>	<u>\$ 182,148</u>	<u>13.08%</u>

Source: HdL Coren & Cone

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	\$ 9,129,181	\$ 8,936,641	97.89%	N/A	N/A	N/A
2006	10,461,029	10,142,108	96.95%	N/A	N/A	N/A
2007	12,440,136	12,030,441	96.71%	N/A	N/A	N/A
2008	13,236,173	12,543,164	94.76%	N/A	N/A	N/A
2009	14,076,452	13,632,388	96.85%	N/A	N/A	N/A
2010	13,851,876	13,317,121	96.14%	N/A	N/A	N/A
2011	13,970,131	13,440,041	96.21%	N/A	N/A	N/A
2012	13,836,416	13,644,860	98.62%	N/A	N/A	N/A
2013	14,251,099	14,060,300	98.66%	N/A	N/A	N/A
2014	14,251,099	14,060,300	98.66%	N/A	N/A	N/A

Note 1:

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

CITY OF SIGNAL HILL
Ratio of Outstanding Debt by Type
Last Ten 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 Bonds	Notes	Loans	Certificates of Participation	Water Revenue Bonds	Loans				
2005	\$ 64,778	\$ 4,570	\$ 2,000	\$ 8,623	\$ -	\$605	\$ 80,576	5.787%	\$ 7,412.70	\$ 265.04
2006	62,551	3,972	2,000	-	8,475	529	77,527	4.977%	7,017.92	235.22
2007	73,770	3,866	2,000	-	8,220	454	88,310	4.923%	7,941.55	255.54
2008	71,808	3,866	2,000	-	7,955	378	86,007	4.405%	7,597.79	242.24
2009	69,031	3,866	2,000	-	7,680	302	82,879	3.987%	7,277.11	238.87
2010	86,670	3,866	2,000	-	7,395	227	100,158	5.017%	8,735.98	266.50
2011	91,678	4,402	1,000	-	7,095	151	104,326	5.232%	9,374.25	267.06
2012	-	-	-	-	6,785	76	6,861	0.341%	611.61	18.50
2013	-	-	-	-	6,788	-	6,788	0.331%	594.86	19.27
2014	-	-	-	-	6,424	-	6,424	0.303%	N/A	N/A

N/A Information is not yet available.

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL
Direct and Overlapping Governmental Activity Debt
As of June 30, 2014

Overlapping Debt:	Total Debt 6/30/2014	Percent Applicable To City	City's Share of Debt 6/30/2014
310.25* Metropolitan Water District	\$ 64,271,492	0.078%	\$ 50,404
807.51 Long Beach CCD 2002 Series B 2005	15,630,000	3.926%	613,631
807.52 Long Beach CCD Ref Bonds 2002 Series C 2005	4,773,660	3.926%	187,413
807.53 Long Beach CCD DS 2002 Series D (2007)	70,076,510	3.926%	2,751,193
807.54 Long Beach CCD DS 2008, 2008 Series A	39,848,884	3.926%	1,564,461
807.55 Long Beach CCD DS 2008 Series 2009B	232,583,695	3.926%	9,131,201
807.56 Long Beach CCD DS Ref 02 12 Series A	52,785,000	3.926%	2,072,331
807.57 Long Beach USD DS 2008 Refunding Bonds	32,610,000	3.926%	1,280,427
807.58 Long Beach USD DS 2008 Series A	29,995,606	3.926%	1,177,773
807.59 Long Beach USD DS 2009 Ref Bonds Series B	24,640,000	3.926%	967,486
807.60 Long Beach USD DS 2010 Ref Bonds Series A	50,750,000	3.926%	1,992,692
807.62 Long Beach USD DS 2008 SR B-1 QSCB	72,406,000	3.926%	2,843,012
807.63 Long Beach USD DS 2011 Refunding Bonds	8,260,000	3.926%	324,328
807.64 Long Beach USD DS 2012 Ref Bonds	79,675,000	3.926%	3,128,428
807.65 Long Beach USD DS 2008 Series C	238,210,686	3.926%	9,353,310
TOTAL OVERLAPPING DEBT			<u><u>\$ 37,438,090</u></u>
2013-14 Total Assessed Valuation	\$ 2,120,728,635		
Less Incremental Value	<u>(1,396,176,155)</u>		
2013-14 Assessed Valuation	<u><u>\$ 724,552,480</u></u>		
<u>Debt to Assessed Valuation Ratios</u>			
Direct Debt		0.00%	
Overlapping Debt		5.17%	
Total Debt		5.17%	

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

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

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: 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		\$ 2,120,728,635
Debt limit (15% of assessed value)		318,109,295
Debt applicable to limit		-
Legal debt margin - Current Year		\$ 318,109,295

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2005	\$ 208,855,187	\$ -	\$ 208,855,187	0.00%
2006	233,668,165	-	233,668,165	0.00%
2007	269,092,209	-	269,092,209	0.00%
2008	292,848,134	-	292,848,134	0.00%
2009	311,787,359	-	311,787,359	0.00%
2010	299,439,266	-	299,439,266	0.00%
2011	299,090,082	-	299,090,082	0.00%
2012	301,643,348	-	301,643,348	0.00%
2013	307,306,083	-	307,306,083	0.00%
2014	318,109,295	-	318,109,295	0.00%

Source: City of Signal Hill, Finance Department

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

Fiscal Year	Pledged Tax Revenue	Debt Service (1)			Coverage
		Principal	Interest	Total	
2005	\$ 7,120	\$ 1,788	\$ 2,097	\$ 3,885	1.83
2006	8,638	1,830	2,057	3,887	2.22
2007	10,010	2,015	2,848	4,863	2.06
2008	9,027	2,247	2,586	4,833	1.87
2009	9,584	2,268	2,561	4,829	1.98
2010	9,840	3,109	3,351	6,460	1.52
2011	9,517	3,090	3,642	6,732	1.41
2012 (2)	-	-	-	-	-
2013 (2)	-	-	-	-	-
2014 (2)	-	-	-	-	-

Fiscal Year	Pledged Tax Revenue	Debt Service (1)			Coverage
		Principal	Interest	Total	
2005	\$ 1,817	\$ 502	\$ 686	\$ 1,188	1.53
2006	2,197	515	672	1,187	1.85
2007	2,549	530	656	1,186	2.15
2008	2,580	598	572	1,170	2.21
2009	2,748	597	574	1,171	2.35
2010	2,743	621	552	1,173	2.34
2011	2,677	645	528	1,173	2.28
2012 (2)	-	-	-	-	-
2013 (2)	-	-	-	-	-
2014 (2)	-	-	-	-	-

- (1) Debt service amounts are presented on a bond year basis.
(2) On February 1, 2012, the Signal Hill Redevelopment Agency was dissolved as a result of legislation enacted by the State of California. As a result, the debt associated with this schedule was transferred to a successor agency that will be handling the winding up of the signal Hill Redevelopment Agency's affairs.

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	10,870	\$ 304,010	27,968	4.2%
2006	11,047	329,595	29,836	3.8%
2007	11,120	345,578	31,077	4.0%
2008	11,320	355,042	31,364	5.9%
2009	11,389	346,963	30,465	9.2%
2010	11,465	375,823	32,780	10.1%
2011	11,129	390,639	35,101	9.8%
2012	11,218	370,946	33,067	7.4%
2013	11,411	352,235	30,868	6.0%
2014	N/A	N/A	N/A	N/A

N/A - Information is not yet available.

Source: HdL, Coren & Cone

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

Employer	2013-14			2004-05*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	428	1	5.25%			
Home Depot	375	2	4.60%			
Costco Wholesale	312	3	3.83%			
Target	218	4	2.68%			
Long Beach BMW	136	5	1.67%			
Accountable Healthcare I.P.A.	136	6	1.67%			
Mercedes-Benz of Long Beach	127	7	1.56%			
Platt Security, Inc.	122	8	1.50%			
Hof's Hut Restaurants, Inc.	114	9	1.40%			
Glenn E Thomas Company	114	10	1.40%			
	<u>2,082</u>		<u>25.56%</u>			

Information not available

Source: City of Signal Hill Business Licenses

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

Department	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration	4.50	4.00	4.00	5.00	5.00	5.00	5.00	4.73	5.73	4.73
Finance	6.44	6.44	6.44	6.48	6.48	6.48	6.48	5.91	5.98	5.98
Community Services	23.78	23.05	22.46	24.15	24.19	24.15	20.84	20.25	19.32	19.30
Police	52.18	50.40	52.40	53.88	54.40	52.40	53.37	53.40	53.40	52.89
Community Development	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.40	6.40	7.00
Public Works	30.92	29.00	29.00	30.00	30.00	30.00	30.00	30.04	30.04	30.02
Economic Development	2.00	2.00	2.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00
Total	126.82	121.89	123.30	127.51	128.07	126.04	123.69	120.74	120.87	120.92

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL
Operating Indicators by Function
Last Nine Fiscal Years

Function/Program	Fiscal Year Ending June 30,								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police									
Calls for service	7,151	8,092	6,284	6,340	6,377	6,062	6,384	6,500	6,400
Reports written	4,884	4,792	4,951	4,516	4,004	3,978	3,826	3,254	3,312
Total arrests	1,736	2,074	2,219	2,092	1,776	2,060	1,823	1,120	1,115
Hazardous traffic citations	2,871	3,480	3,928	3,773	3,445	3,229	3,758	4,359	4,278
Parking citations	6,553	6,410	6,542	6,446	5,758	4,881	4,196	4,179	4,212
Community Development									
Code enforcement cases	73	82	67	79	94	94	75	85	87
Building permits	187	193	182	154	163	193	144	175	181
Site plan design reviews	13	14	10	8	7	6	6	7	7
Water									
Number of customers	2,846	2,890	2,856	2,908	2,960	2,964	3,014	3,052	3,079
Average daily consumption (in millions of gallons)	2.13	2.15	1.94	1.88	1.76	1.74	1.75	1.82	1.80
Number of hydrants maintained	552	473	466	467	562	566	568	422	435
Public Works									
Traffic signals maintained	29	29	29	29	29	29	29	29	29
Street sweeping miles	3,500	3,500	6,240	6,240	6,240	6,240	6,240	6,240	6,240
Sidewalk repairs (square feet)	8,000	4,200	3,200	10,269	15,674	5,787	14,220	14,220	14,220
Curb & gutter replaced (linear feet)	400	325	170	267	197	522	1,388	1,388	1,388
Cross gutter replaced (square feet) replaced (square feet)	N/A	N/A	720	-	490	-	5,067	5,067	5,067
Engineering									
Number of infrastructure projects administered	17	14	10	8	8	9	4	4	4
Plan checks completed	19	17	8	8	6	10	5	5	5
Community Services									
Library items borrowed	44,024	68,321	80,266	89,059	57,847	59,359	39,972	39,972	40,001
Youth sports participants	408	5,886	7,099	9,205	6,897	7,390	8,080	8,080	8,100
After school youth programs	11,693	13,324	13,582	15,001	16,086	11,886	14,746	14,746	14,785
Facility rental bookings	265	356	523	948	813	697	748	748	750

N/A - Not Available.

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

Source: Various City Departments

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

Function/Program	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	9	9	10	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Water										
Miles of Lines & Mains	34	34	34	50	50	50	50	50	50	50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Wells	2	2	2	2	3	3	3	3	3	3
Highways and Streets										
Miles of Streets	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7
Street Trees	3,200	3,200	3,971	3,903	3,984	3,903	3,715	3,711	3,706	3,706
Recreation and Culture										
Parks	9	10	10	10	10	10	10	10	10	10
Area of Parks (Acres)	23.01	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03
Libraries	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Bandstands	1	1	1	1	1	1	1	1	1	1
Baseball Diamonds	1	1	1	1	1	1	1	1	1	1
Basketball Courts	2	2	2	2	2	2	2	2	2	2

Source: City of Signal Hill, Finance Department