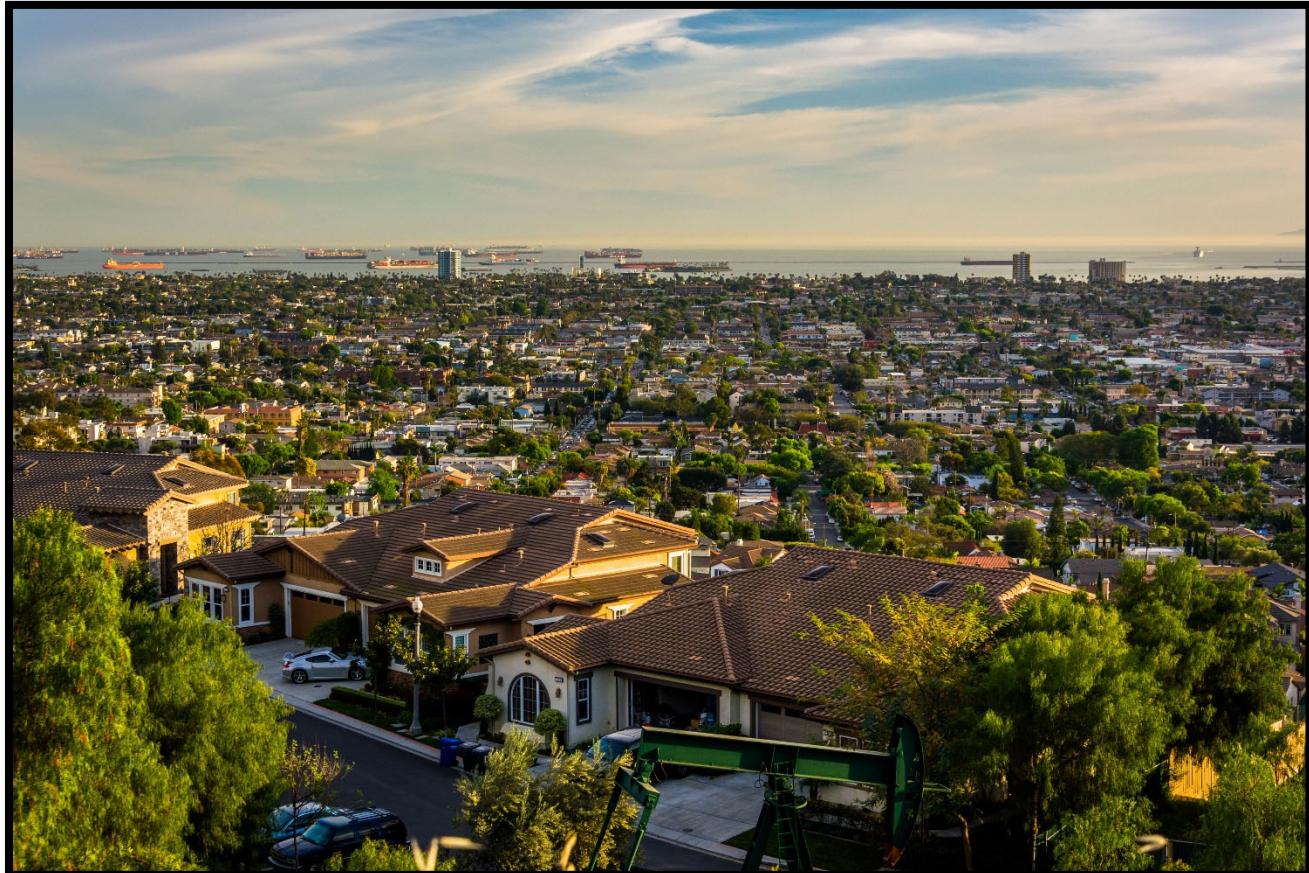


CITY OF SIGNAL HILL, CALIFORNIA

YEAR ENDED JUNE 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF SIGNAL HILL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Prepared by:
Department of Finance

Sharon del Rosario
Administrative Services Officer/Finance Director

CITY OF SIGNAL HILL, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020
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INTRODUCTORY SECTION

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CITY OF SIGNAL HILL

2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

January 12, 2021

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 (City) for the fiscal year ended June 30, 2020. 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, CLA CliftonLarsonAllen LLP formerly known as White Nelson Diehl Evans LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Signal Hill's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of the CAFR.

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, CLA CliftonLarsonAllen 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 requires that management provide 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 11,712. 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. Neighboring communities include the cities of Long Beach, Lakewood, Los Alamitos, and Carson.

Signal Hill, completely surrounded by the City of Long Beach, had historically been located in unincorporated territory. In 1924, in order to avoid Long Beach's per-barrel tax on oil, Signal Hill's founding members 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 diversification. Today, Signal Hill is a well-balanced, financially sound, and economically diverse community.

The City operates under the Council-Manager form of municipal government. The City Council is comprised of five members elected at large, on a staggered basis, for a term of four years. Policy-making and legislative authority are vested in the governing City Council, which appoints a Mayor on an annual basis in December, from among the members of the City Council. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City budgets for an authorized staff of approximately 100 full-time employees excluding part-time positions.

The City provides a full range of municipal services including police and public safety, street maintenance, park maintenance, public improvements, planning and zoning, utilities (water), recreational activities, community programming, and library services. The County of Los Angeles provides fire protection and public health services, the Sanitation District of Los Angeles County maintains and upgrades the sewer system, and the City of Long Beach provides animal services and bus transportation throughout the City.

The CAFR 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 17 of the Notes to the Basic Financial Statements.

The Signal Hill Housing Authority (Housing Authority) was formed on 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 Housing Authority. The Housing Authority is included in the financial statements as a separate Special Revenue Fund.

The Signal Hill Public Financing Authority (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 Public Financing Authority’s Board of Directors is the Signal Hill City Council. Due to the Redevelopment Dissolution Act, the use of the Public Financing Authority to assist in future financings is limited, since the former Agency, now Successor Agency, is one of the parties to the joint powers agreement forming the Public Financing Authority. The Dissolution Act contains language concerning the termination of the Successor Agency in the future that could have an impact on any new debt issued by the Public Financing Authority.

To assist in financing and refinancing City capital improvements – to be used in connection with future City financing or refinancing activities – the Signal Hill Municipal Financing Authority (Municipal Financing Authority) was formed between the City and the Agency on August 22, 2017 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”). The Municipal Financing Authority’s Board of Directors is the Signal Hill City Council.

Local Economy

The Covid-19 pandemic began to make its presence known in the United States in early 2020, with the first California case of Covid-19 reported on January 25, 2020. Since that time, Covid-19 has severely impacted business sectors across California's economy and continues to dominate the news and strongly influence the path of economic recovery.

As California and Los Angeles County have prioritized public health and battled to flatten the curve, residents and businesses have been encouraged to stay safer at home and abide by public health protocols and guidelines. The practical implementation of these protocols and guidelines have resulted in curfews, reductions in allowable occupancy, partial to full business sector closures, significantly increased online purchasing, and increased unemployment rates. However, there is strong evidence and consensus among economists that a full-recovery may be reached by the end of 2021.

The hope for a robust recovery is directly correlated to the ability to control the virus. Beacon Economics (Beacon) is predicting that U.S. GDP will grow 5 - 6% in the fourth quarter of 2020 and 4 - 5% in the first quarter of 2021. Beacon also states that the economic recovery to-date has exceeded the forecasts of most industry experts, with a solid expansion in every part of the U.S. economy except for non-residential and government. This includes industrial production, durable goods orders, and retail sales, with record increases following the record decline. As Covid-19 has permanently changed the footprint of doing business and conditions may still remain soft for the first half of 2021, the vaccine distribution supports stronger economic growth by mid-2021 and full-recovery by the end of 2021. As the overall economy improves, it is important to note that some business sectors may not recover and may be permanently changed as a result of the impacts of Covid-19.

Although Los Angeles County has been recognized as the epicenter of the global health crisis and its economy has been severely impacted, the specific economic impacts to local governments in the region has been widely varied. A city's particular general fund revenue portfolio (i.e., property tax, sales tax, transient occupancy tax, franchise fees, etc.) and the elasticity of these sources, has been seen to determine a city's fiscal exposure during the pandemic.

As a "low property" tax city, the City's most significant revenue source for General Fund operating revenues is sales tax. Although retail in general has suffered, the specific mix of businesses in Signal Hill have proven in the short-term to be pandemic-proof, with overall sales tax revenue returns coming in higher than anticipated. In addition, the City has benefited from the increase in online shopping state-wide (142.7% over the prior year). The City's allocation from the county sales tax pools for online shopping saw a 53.7% increase over the prior year.

The City's major sales tax industry groups include business and industry, autos and transportation, general consumer goods, and building and construction. Two of the largest sectors, autos and transportation and business and industry, saw an increase of 3% and 8% respectively over the prior year. The fuel and service station sector was hit the hardest with a decline of -31% over the prior year due to reduced travel and commuting during Covid-19.

Property taxes account for the next largest revenue source for the General Fund. According to the California Association of Realtors, home sales in Southern California hit a low of -12.2% over the prior year during Covid-19. This statistic is attributed to extremely low inventory combined with steady demand resulting in increased home prices, despite the Covid-19 pandemic. In addition, with interest rates at an all-time low, the total impact on property taxes will need to be carefully monitored.

Due to the unprecedented nature of the Covid-19 pandemic, the City was in uncharted territory during the year-end projections for FY 2019-20 and the development of the biennial operating budget for FY 2020-22. Based upon industry forecasts, historical and current data, and in accordance with the City's tradition of fiscal prudence, the City applied conservative budgeting principles during the budget development process for FY 2020-22. The City's FY 2020-21 Operating Budget anticipated a decline in most of the major General Fund revenues including sales tax, property tax, and other taxes for FY 2019-20 with a partial recovery in FY 2020-21. The City's expenditures were adjusted accordingly to deliver a balanced budget, relying on employee concessions, hiring freezes, operating reductions, and the use of reserves. Based on current data and projections, economists believe there may be a partial to full recovery by end of 2021 and full real recovery by the end of 2022. Staff will continue to monitor forecasts as well as actual trends and data and propose budget adjustments as appropriate as we return to the delivery of municipal services at full capacity.

Long Term Financial Planning

The community helped craft the City of Signal Hill Strategic Plan which sets the priorities for the City. The Plan includes six goals with specific objectives. The goals include: 1) Ensure long-term fiscal stability; 2) Ensure public safety is a high priority; 3) Promote a strong local economic base; 4) Maintain public infrastructure; 5) Enhance quality of life for residents; and 6) Promote a transparent and open government. The City Council and staff use the Strategic Plan as a tool to continue to improve the quality of life for the residents of Signal Hill.

A city's capacity to effectively deliver basic day-to-day services 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 to be able to carry out this mission, is vital.

To meet these public duties, cities must manage and allocate millions of dollars each year, employ staff, negotiate and manage contracts, 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.

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.

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. The 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.

To take proactive local control of long term financial planning, on November 3, 2020, the residents of Signal Hill voted in a new three quarter cent per dollar (0.75%) general transactions and use (sales) tax. This tax will continue to preserve the high quality of life that the Signal Hill community expects and deserves, supporting the ongoing provision of essential services while securing a reliable, long-term funding stream that is locally controlled, where revenue is not subject to seizure or elimination by the State. The new tax is estimated to provide approximately \$5 million in annual revenues to help fund programs such as streets, pothole and infrastructure repair, clean public areas, 9-1-1 emergency response and crime prevention.

Unassigned fund balance in the General Fund and the fund balance of the Economic Uncertainties Fund equal 84% of FY 2019-20 General Fund budgeted operating expenditures, which falls within policy guidelines of 50% as 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 loss of a major sales tax provider.

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.

Financial and Internal Controls

The Administrative Services Officer/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 fiscal operations of the City. Fiscal operations include 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 Uniform Guidance, Audits of State and Local Governments, if total federal grant expenditures exceed \$750,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance, and for FY 2019-20, it will not be subject to the requirements of a Single Audit as it did not have Federal expenditures greater than the \$750,000 threshold.

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; and (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 XIIIIB 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 2018-19 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 CLA CliftonLarsonAllen LLP, Certified Public Accountants, was selected to audit the City's accounting records. The auditor's report on the basic financial statements, 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, 2019. This was the 24th 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 preparation of this comprehensive annual financial report was made possible by the staff of the Finance Department, the City Manager's Office, and the expertise and assistance of the City's auditors, CLA CliftonLarsonAllen LLP, Certified Public Accountants. Each member of this team has our sincere appreciation. We also extend our thanks and appreciation to the members of the Signal Hill City Council for their encouragement and support in conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Hannah Shin-Heydorn
City Manager



Sharon del Rosario
Administrative Services Officer/
Finance Director

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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, 2019

Christopher P. Monill

Executive Director/CEO

ELECTED OFFICIALS



Robert D. Copeland

Mayor



Tina L. Hansen

Vice Mayor



Keir Jones

Council Member



Edward H. J. Wilson

Council Member



Lori Y. Woods

Council Member



David Hopper

City Treasurer



Carmen Brooks

City Clerk

EXECUTIVE MANAGEMENT

City Manager

Deputy City Manager

Interim City Attorney

Finance Director

Community Development Director

Community Services Director

Chief of Police

Public Works Director

Hannah Shin-Heydorn

Scott Charney

Matthew Richardson

Sharon del Rosario

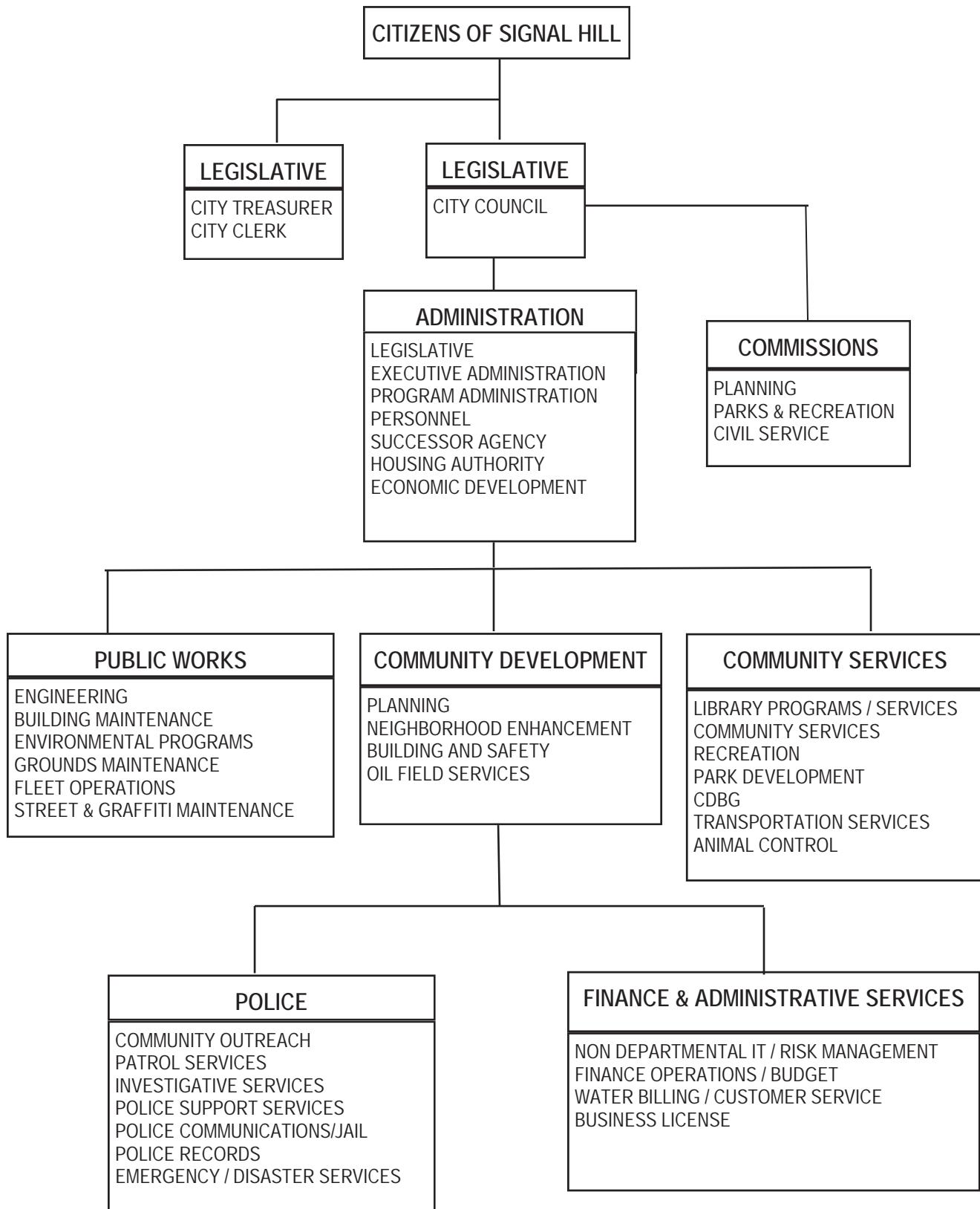
Colleen Doan

Aly Mancini

Christopher M. Nunley

Kelli Tunnicliff

CITY OF SIGNAL HILL ORGANIZATIONAL CHART



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FINANCIAL SECTION

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CLAAconnect.com

INDEPENDENT AUDITORS' 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 (the City), as of and for the year ended June 30, 2020, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 auditors consider internal control relevant to the City'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 City'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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19, the City has made restatements to beginning net position of the governmental activities and private-purpose trust fiduciary fund and to the beginning fund balance of the general and housing authority special revenue funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Budgetary Comparison Schedule - General Fund, the Budgetary Comparison Schedule - Housing Authority Special Revenue Fund, the Budgetary Comparison Schedule – Capital Grants Special Revenue Fund, the schedules of proportionate share of the net pension liability, the schedules of pension contributions, and the schedule of changes in the net OPEB liability and related ratios, identified as Required Supplementary Information (RSI) in the accompanying 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 basic financial statements. The introductory section, supplementary information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we 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 January 5, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 5, 2021

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CITY OF SIGNAL HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

As management of the City of Signal Hill (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020 (FY 2019-20). We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

The comparisons provided in this discussion and analysis are between FY 2018-19 and FY 2019-20. All increases and decreases are expressed relative to FY 2018-19 amounts. Financial highlights for FY 2019-20 are summarized below. Details related to these highlights are found in the remaining sections of this analysis.

Citywide

- 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, equaled \$146.7 million in FY 2018-19 and equals \$129.3 million in FY 2019-20. Of this amount, \$12.2 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decrease by \$17.4 million over FY 2018-19 is largely attributed to a prior period adjustment removing capital assets valued at \$21.9 million associated with a joint-entity project (Los Cerritos Channel Stormwater Project No. 90.19010) that are not owned by the City offset by revenues exceeding expenditures and net transfers. Refer to Notes to Basic Financial Statements No. 19 for additional information on the restatement of net position.
- The City's net position as of July 1, 2019, was restated and decreased by \$19.1 million to properly reflect entries from prior years, including deposits, land transfers from the Successor Agency to the City and the removal of capital assets associated with a joint-entity project (Los Cerritos Channel Stormwater Project No. 90.19010) that are not owned by the City. Refer to Notes to Basic Financial Statements No. 19 for additional information on the restatement of net position.

Fund Level

- As of June 30, 2020, governmental funds report a combined fund balance of \$59.0 million, a increase of \$6.6 million from the prior year. Of this amount, \$14.2 million is available for spending at the City's discretion (unassigned fund balance).

Total governmental fund balance was restated as of July 1, 2019, and increased by \$0.428 million to properly reflect deposits from previous years. Refer to Notes to Basic Financial Statements No. 19 for additional information on these restatements.

- As of June 30, 2020, the General Fund reports an ending fund balance of \$42.3 million. Of this amount, \$14.2 million is available for spending at the City's discretion (unassigned fund balance). Cash and investments of the General Fund total \$27.3 million, which represents 64.5% of the General Fund's total \$42.3 million fund balance.

See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

The General Fund's fund balance was restated as of July 1, 2019 and increased by \$0.428 million to properly reflect deposits from previous years. Refer to Notes to Basic Financial Statements No. 19 for additional information on these restatements.

- As of June 30, 2020, the City's Water Enterprise fund reports an ending net position of \$20.3 million, a decrease of \$0.3 million from the prior year. The net position is classified as net investment in capital assets of \$22.7 million and unrestricted net position of a deficit \$2.4 million. It is anticipated that the recently approved Prop. 218 water rate increases along with the Well 8 rehabilitation project, which will construct a new well thereby reducing overall water costs, will gradually move the Water Enterprise fund's unrestricted net position to a positive position.
- As of June 30, 2020, the City's Internal Service fund reports an ending net position of \$2.4 million. Of this amount, \$1.2 million is unrestricted and is available for spending at the City's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is required supplementary information and is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other required supplementary information immediately follows the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements and required supplementary information.

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

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

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, which requires that revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or disbursed.

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

Governmental funds. Governmental funds are used to account for the governmental activities reported in the government-wide financial statements. Most of the City's basic services are included in governmental funds. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental 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.

Fund balance is categorized into a hierarchy of five classifications: non-spendable, restricted, committed, assigned, and unassigned. These categories facilitate analysis and understanding of the City's commitment of financial resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Housing Authority Special Revenue Fund, the Capital Grants Special Revenue Fund, and the Capital Improvement Capital Projects Fund, all of which are considered to be major funds. Data from all other governmental funds is combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided as supplementary information elsewhere in this report.

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

Proprietary funds. Proprietary funds consist of both enterprise and internal service funds. When the City charges customers for a service provided – whether to outside customers or to other units of the City – these services are reported in proprietary funds. There is a direct relationship between the fees paid and the services received. Like the government-wide financial statements, the proprietary funds provide both long-term and short-term financial information utilizing the economic resources measurement focus.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

The City's enterprise fund is the same as the business-type activities reported in the government-wide statements, but the fund statements provide more detail and additional information, such as cash flows. The City has one enterprise fund for Water Utilities.

The City's internal service fund is used to report activities that primarily provide supplies and services for the City's other programs and activities. The City uses one internal service fund to account for vehicle maintenance and repair services.

The 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's Fiduciary funds consist of one Agency Fund and a Private-Purpose Trust Fund. The City is the Successor Agency to the former Redevelopment Agency; all of its assets, liabilities, and activities are recorded in the Private Purpose Trust Fund. The Successor Agency is a separate operating entity from the City.

The fiduciary fund financial statements can be found beginning on page 33 of this report.

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 as combining and individual statements for other governmental and agency funds. This optional supplementary information can be found immediately following the required supplementary information.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the government-wide *Statement of Net Position* as of June 30, 2020, and June 30, 2019, is as follows:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019-20	2018-19*	2019-20	2018-19*	2019-20	2018-19*
Assets:						
Current and other assets	\$ 71,890,227	\$ 70,774,925	\$ 1,497,685	\$ 1,740,738	\$ 73,387,912	\$ 72,515,663
Capital assets, net	85,525,036	104,301,245	26,060,397	27,007,779	111,585,433	131,309,024
Total Assets	157,415,263	175,076,170	27,558,082	28,748,517	184,973,345	203,824,687
Deferred outflows of resources:						
Deferred amount on refunding	-	-	93,170	110,504	93,170	110,504
Deferred amounts from pension	5,765,993	5,908,007	559,393	638,655	6,325,386	6,546,662
Deferred amount from OPEB	2,616,964	16,396	283,683	1,777	2,900,647	18,173
Total Deferred Outflows	8,382,957	5,924,403	936,246	750,936	9,319,203	6,675,339
Liabilities:						
Current liabilities	8,066,468	10,071,946	1,034,022	1,502,905	9,100,490	11,574,851
Long-term liabilities	46,563,991	43,155,076	6,915,252	7,160,206	53,479,243	50,315,282
Total Liabilities	54,630,459	53,227,022	7,949,274	8,663,111	62,579,733	61,890,133
Deferred inflows of resources:						
Deferred amounts from pension	1,778,055	1,162,504	189,038	208,468	1,967,093	1,370,972
Deferred amount from OPEB	398,861	441,499	43,237	47,860	442,098	489,359
Total Deferred Inflows	2,176,916	1,604,003	232,275	256,328	2,409,191	1,860,331
Net position:						
Net investment in capital assets	77,654,529	104,566,586	22,654,963	23,331,432	100,309,492	127,898,018
Restricted	16,783,639	18,360,215	-	-	16,783,639	18,360,215
Unrestricted	14,552,677	3,242,747	(2,342,184)	(2,751,418)	12,210,493	491,329
Total Net Position	\$ 108,990,845	\$ 126,169,548	\$ 20,312,779	\$ 20,580,014	\$ 129,303,624	\$ 146,749,562

* Prior year information has not been restated for prior period adjustments.

Over time, net position may serve as a useful indicator of a city's financial position. The June 30, 2019 net position of \$146.7 million was restated to \$127.6 million; refer to Notes to Basic Financial Statements No. 19 for additional information on the restatement of net position. At June 30, 2020, net position was \$129.3 million, an increase of \$1.7 million over the restated net position of \$127.6 million at June 30, 2020.

The largest portion of the City's net position (\$100.3 million or 77.8%) is its investment in capital assets (e.g., land, buildings, infrastructure, 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. This category of net position decreased by \$27.5 million, mainly due to the removal of the Los Cerritos Stormwater Channel capital asset that was associated with a joint-entity project that is not owned by the City and was reflected as prior period adjustment.

The City's restricted net position totals \$16.8 million (13% 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 \$12.2 million (9.4%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to citizens and creditors.

Total net position increased by \$1.7 million from an excess of revenues over expenses and decreased by \$19.1 million from restating the beginning position. This net decrease was reflected in the \$27.5 million decrease in net investment in capital assets and a decrease in restricted net position of

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

\$1.6 million offset by an increase in unrestricted net position of \$11.7 million. The excess of revenues over expenses will be analyzed in conjunction with the Statement of Activities.

Following is a summary of the government-wide *Statement of Activities* which illustrates the City's overall \$1.7 million increase in net position resulting from program expenses being less than total program and general revenues. A discussion regarding significant changes in revenues and expenses follows the table.

Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2019-20	2018-19*	2019-20	2018-19*	2019-20	2018-19*
Revenues:						
Program revenues:						
Charges for services	\$ 2,017,000	\$ 1,888,898	\$ 4,573,983	\$ 4,334,799	\$ 6,590,983	\$ 6,223,697
Grants and contributions:						
Operating	1,524,132	2,349,045	-	-	1,524,132	2,349,045
Capital	729,629	10,218,547	114,674	239,671	844,303	10,458,218
General revenues:						
Property taxes	2,330,347	2,188,880	-	-	2,330,347	2,188,880
Sales and use taxes	16,834,464	15,789,342	-	-	16,834,464	15,789,342
Other taxes	1,722,981	1,953,076	-	-	1,722,981	1,953,076
Investment Income	1,976,618	1,787,800	63,765	68,360	2,040,383	1,856,160
Unrestricted grants and contributions	182,910	94,455	-	-	182,910	94,455
Total revenues	27,318,081	36,270,043	4,752,422	4,642,830	32,070,503	40,912,873
Expenses:						
General government	6,006,139	4,090,332	-	-	6,006,139	4,090,332
Community services	1,756,711	1,990,401	-	-	1,756,711	1,990,401
Police	11,816,654	11,504,350	-	-	11,816,654	11,504,350
Community development	989,132	1,433,633	-	-	989,132	1,433,633
Public works	4,786,622	4,638,205	-	-	4,786,622	4,638,205
Unallocated infrastructure depreciation	394,543	400,913	-	-	394,543	400,913
Water	-	-	4,665,322	5,056,306	4,665,322	5,056,306
Total Expenses	25,749,801	24,057,834	4,665,322	5,056,306	30,415,123	29,114,140
Transfers	354,335	(29,855)	(354,335)	29,855	-	-
Change in net position	1,922,615	12,182,354	(267,235)	(383,621)	1,655,380	11,798,733
Net position - beginning	126,169,548	114,654,443	20,580,014	20,963,635	146,749,562	135,618,078
Restatement of net position	(19,101,318)	(667,249)	-	-	(19,101,318)	(667,249)
Net position - beginning, restated	107,068,230	113,987,194	20,580,014	20,963,635	127,648,244	134,950,829
Net position - ending	\$ 108,990,845	\$ 126,169,548	\$ 20,312,779	\$ 20,580,014	\$ 129,303,624	\$ 146,749,562

* Prior year information has not been restated for prior period adjustments.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

Government-wide revenues decreased by \$8.8 million (16%) to \$32.1 million. The majority of this decrease is a result of a decrease of \$10.3 million in capital grant and contribution revenues and a decrease of \$0.2 million in other taxes. This decrease is offset by \$1.0 million increase in higher sales tax revenue and \$0.6 increase in all other governmental activities revenue categories and \$0.1 million increase in water revenues.

The most significant portion of the City's revenue came from sales and use tax and accounted for 52.4% of total revenue. Charges for services accounted for 20.6% of total revenue. Additionally, 8.0% was received from grants and contributions, 7.3% from property taxes, 5.4% from other taxes, and the remaining 6.3% was from investment income.

Government-wide expenses of all City programs and services increased by a net \$1.3 million (4.5%) to \$30.4 million for the fiscal year ended June 30, 2020. The net position includes an increase of \$1.9 million in general government costs that includes a \$1.2 million higher pension expense adjustments based on the latest actuarial valuations, \$0.2 million higher OPEB expense adjustments based on the latest actuarial valuations, along with decreases of \$0.2 million in all other governmental programs and \$0.4 million in water program costs. This net increase is spread across the City's programs with general government increasing by \$1.9 million, while police increased by \$0.3 million, community services decreased by \$0.2 million, community development decreased by \$0.4 million, public works increased by \$0.1 million and water decreased by \$0.4 million.

Police costs accounted for 39% of the total costs, 16% of expenses was for public works, 20% was for general government and 15% was for water, 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**:

Governmental activities contributed \$1.9 million to the increase in net position resulting from revenues exceeding expenses. Governmental activities comprise the majority of the government-wide data, and explanations for changes in government-wide and governmental activities are often similar.

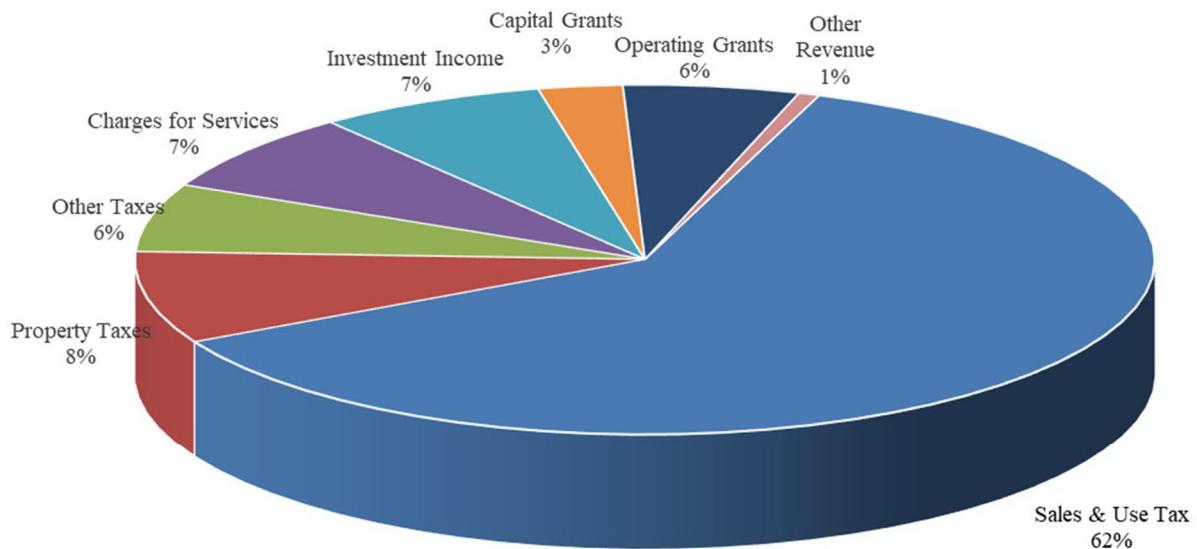
Revenues of governmental activities report a net decrease over the prior year of \$9 million (24.7%), to \$27.3 million. Approximately \$10.3 million of this decrease is the result of lower grant and contribution revenue. Sales and use tax revenue increased by \$1.0 million, all other revenues increased by \$0.1 million and interest revenue increased by \$0.2 million.

Expenses of governmental activities increased by a net \$1.7 million (7%). The net position includes increases of \$1.9 million in general government costs that includes a \$1.2 million higher pension expense adjustment based on the latest actuarial valuations, \$0.2 million higher OPEB expense adjustment based on the latest actuarial valuations, and decreases of \$0.2 million in all other governmental programs. This net increase is spread across the City's programs with general government increasing by \$1.9 million, while police increased by \$0.3 million, community services decreased by \$0.2 million, community development decreased by \$0.4 million and public works increased by \$0.1 million.

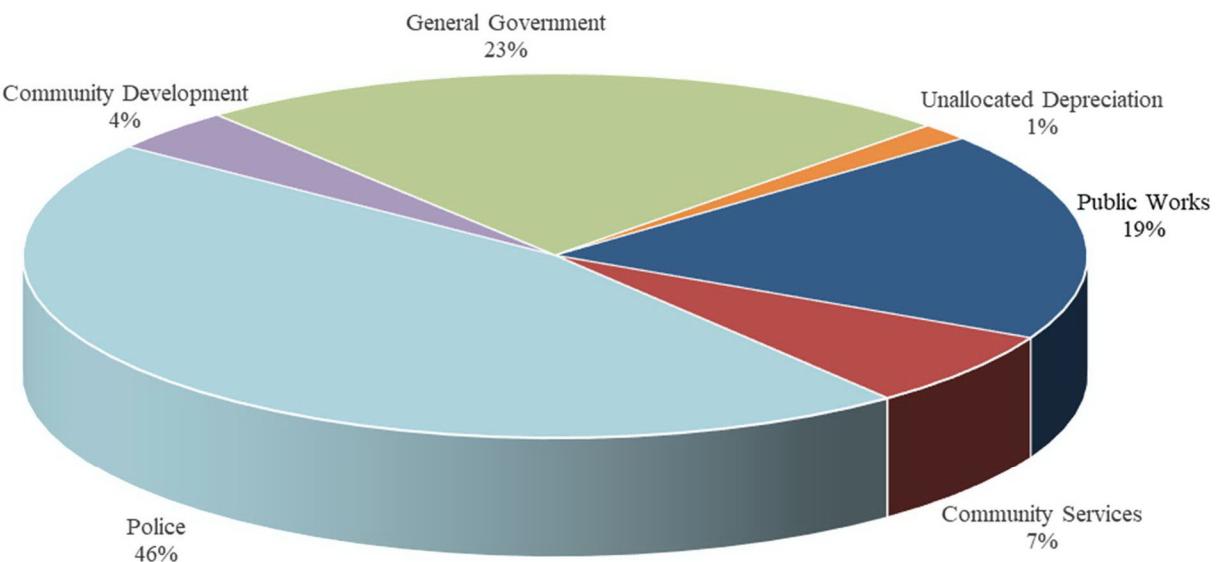
CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

Revenues by Source – Governmental Activities
Fiscal Year 2019-20



Expenses – Governmental Activities
Fiscal Year 2019-20



CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

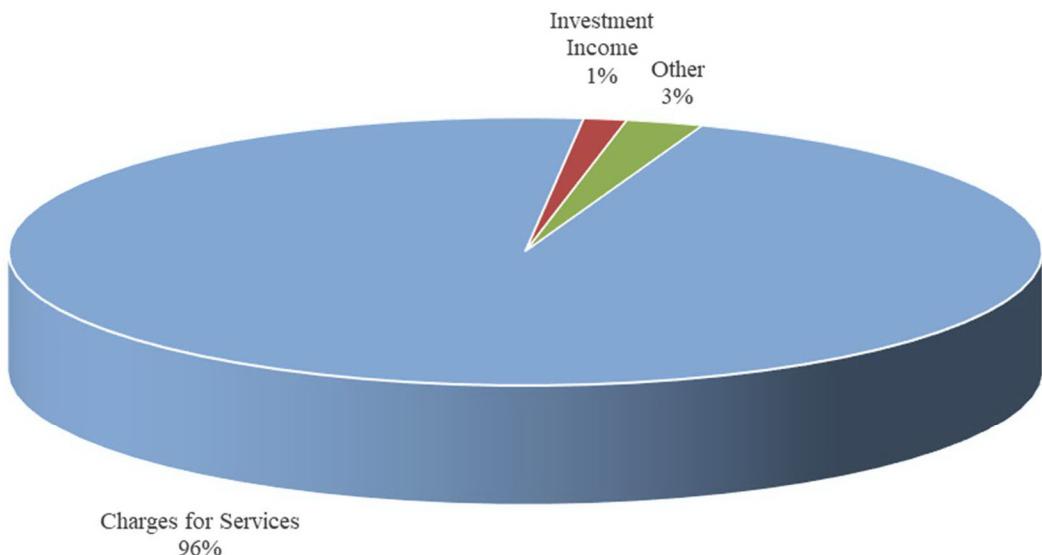
Fiscal Year Ended June 30, 2020

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

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 position at the end of the year was \$20.3 million as compared to \$20.6 million at the end of the prior year. This represents a decrease in net position of \$0.3 million or 1.3%. While revenues relatively matched expenditures, the decrease in net position is a result of a capital asset transfer to governmental activities of \$0.35 million.

Revenues of \$4.7 million consist of charges for services, grant revenue and investment income. This is an increase of \$0.1 million or 2.4% over the prior year's total revenue of \$4.6 million. The majority of the increase is due to increase of charges in services offset by a decrease in grants and contributions revenue. Expenses totaled \$4.6 million in the current year, a decrease of \$0.4 million over the prior year's total expense of \$5.0 million. The majority of the decrease is attributed to a one-time OPEB adjustment recorded in the prior year offset by increases in contractual services, supplies and material and repairs costs. For more details relating to the Water Utilities Enterprise Fund activities and water management plan please see the City's Website.

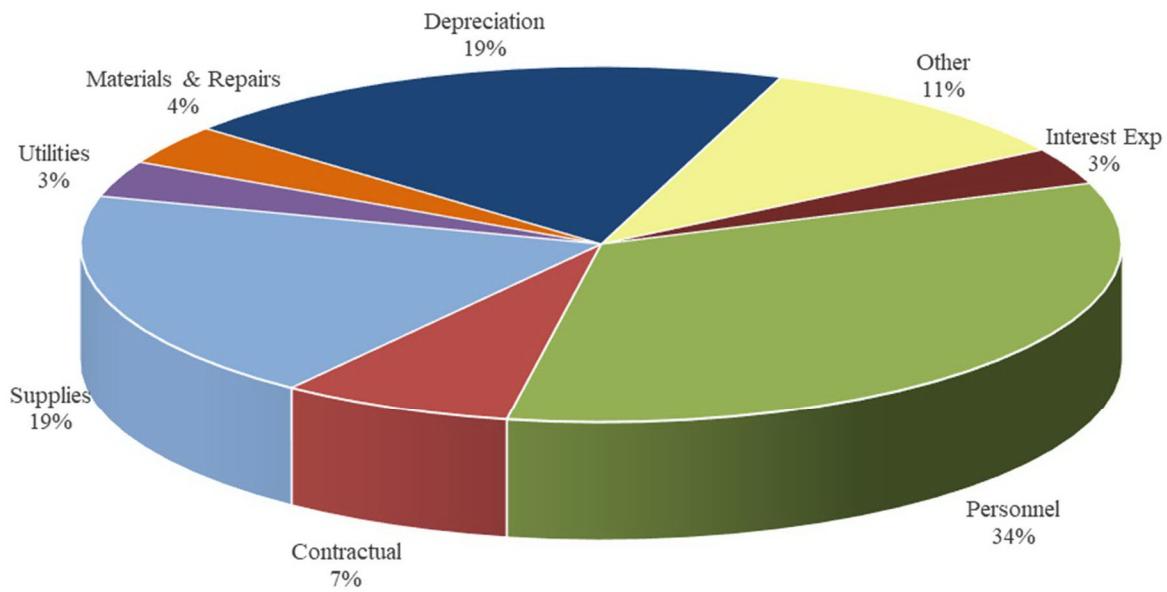
Revenues by Source – Business-type Activities
Fiscal Year 2019-20



CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

Expenses – Business-type Activities
Fiscal Year 2019-20



FUND FINANCIAL ANALYSIS

The City's major governmental funds for FY 2019-20 were the General Fund, the Housing Authority Special Revenue Fund, the Capital Grants Special Revenue Fund, and the Capital Improvement Capital Projects Fund.

General Fund

The General Fund's fund balance increased by \$4.0 million in FY 2019-20. This increase was a result of revenues totaling \$24.7 million exceeding expenditures of \$22.3 million and net transfers in of \$1.6 million.

General fund revenues increased by a net of \$1.5 million compared to FY 2018-19. This net increase is explained by a \$1.0 million increase in sales tax revenues and \$0.2 million increase in property and other revenues. Investment income increased by \$0.3 million due to older investments with higher interest rates. The decline in interest rates at year-end resulted in an unrealized fair value gain which was reported as part of investment income.

The General Fund's operating expenditures increased by \$1.1 million, mainly the result of 1) a \$0.7 million increase in personnel costs spread across all departments, and 2) a \$0.5 million increase in maintenance and operations that included Covid-19 related expenditures. The remaining costs include a reduction in capital outlay of \$0.4 million offset by an increase in debt service of \$0.3 million.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

Housing Authority Special Revenue Fund

The Housing Authority fund balance decreased by \$0.2 million to \$5.7 million as compared to the prior year's fund balance of \$5.9 million. The fund's activity consists of interest and rental income and professional services for assistance in administering the City's housing program. Fund balance is restricted for housing purposes.

Capital Grants Special Revenue Fund

The Capital Grants Special Revenue Fund is used to account for grants received from other governmental agencies for capital improvements. The majority of funds received are transferred to the Capital Improvements Capital Projects Fund for capital project funding.

Capital Improvement Capital Projects Fund

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$1.8 million for the fiscal year. The major projects worked on in FY 2019-20 included the finalization of the Los Cerritos Stormwater Channel and the Signal Hill Public Library projects and various street improvement construction projects. The restricted ending fund balance of \$0.4 million reflects an advance received for a specified construction project, all other project costs were fully funded as budgeted.

General Fund Budgetary Highlights

The General Fund often receives the most public attention since it is where local tax revenues are accounted for and where the most visible and recognizable municipal services (such as police, public works and community services) are funded.

In preparing its budgets, the City attempts to estimate revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenue. During the course of the year, the City Council amended the originally adopted budget by \$0.5 million. The main reason for the increase in budgeted appropriations was to provide for additional telecommunications expenditures, capital outlay expenditures for support services and police departments, and related Covid-19 expenditures.

Total General Fund revenues of \$24.7 million were \$3.3 million higher than the budget amount of \$21.4 million. Due to conservative budgeting of revenues, all revenue categories exceeded the budget except for intergovernmental revenues and fines and forfeitures revenue.

Total General Fund expenditures were projected at \$22.3 million. The FY 2019-20 actual expenditures were below the total budgeted amount by \$0.6 million. In FY 2019-20, all departments except for police ended the year with expenditures below budget. For additional information see Note 8 of the Notes to the Basic Financial Statements.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$111.6 million, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in progress. FY 2019-20 had a net decrease in capital assets of \$19.7 million. The decrease was mainly due to the removal of the Los Cerritos Stormwater Channel capital asset that was associated with a joint-entity project that is not owned by the City at \$21.9 million partially offset by a transfer of land of \$2.3 million from the Successor Agency in a prior year. For additional information see Note 3 and Note 19 of the Notes to Basic Financial Statements.

Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Land	\$ 34,558,469	\$ 32,218,689	\$ 4,427,416	\$ 4,427,416	\$ 38,985,885	\$ 36,646,105
Water rights	-	-	335,073	365,453	335,073	365,453
Construction in progress	620,667	27,221,425	215,560	259,741	836,227	27,481,166
Buildings & equipment	39,239,343	22,360,192	21,082,348	21,955,169	60,321,691	44,315,361
Infrastructure	11,106,557	22,500,939	-	-	11,106,557	22,500,939
Total assets	<u>\$ 85,525,036</u>	<u>\$ 104,301,245</u>	<u>\$ 26,060,397</u>	<u>\$ 27,007,779</u>	<u>\$ 111,585,433</u>	<u>\$ 131,309,024</u>

Debt Administration

Following is a summary of the City's long-term liabilities:

Long-term Liabilities

	Governmental Activities		Business-type Activities		Totals	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Water revenue bonds	\$ -	\$ -	\$ 3,289,796	\$ 3,786,851	\$ 3,289,796	\$ 3,786,851
Leave revenue bonds	8,723,112	8,851,161	-	-	8,723,112	8,851,161
Advance from general fund	-	-	2,368,534	2,492,754	2,368,534	2,492,754
Capital lease obligations	-	4,224	-	-	-	4,224
Net pension liability	26,952,209	25,325,314	2,462,795	2,445,061	29,415,004	27,770,375
OPEB liability	10,066,415	8,024,509	1,091,216	869,870	11,157,631	8,894,379
Compensated absences	822,255	949,868	71,445	58,424	893,700	1,008,292
Total long-term liabilities	<u>\$ 46,563,991</u>	<u>\$ 43,155,076</u>	<u>\$ 9,283,786</u>	<u>\$ 9,652,960</u>	<u>\$ 55,847,777</u>	<u>\$ 52,808,036</u>

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

The City has two bond issues outstanding at fiscal year-end. The water revenue bonds are part of the City's business-type activities and the outstanding bond liability is \$3.3 million at year-end. The lease revenue bonds are part of the City's governmental activities and the outstanding bond liability is \$8.7 million at year-end. Additional information on the City's long-term obligations can be found in the following Notes to Basic Financial Statements:

- Note 1k: Compensated absences
- Note 6: Bonds and capital lease obligations
- Note 7: Advance from general fund
- Note 9: Net pension liability
- Note 10: OPEB liability

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Midway through FY 2019-20, the coronavirus pandemic introduced extreme uncertainty into nearly every aspect of society, including all levels of government. As cities struggled to understand the depth and breadth of the impacts of the pandemic and respond accordingly, they were challenged by economic forecasts that spanned an extreme spectrum of possibilities. In this uncertain environment, the City's FY 2020-22 biennial budget development process relied upon a survey of industry forecasts, historical and current data, and the City's tradition of fiscal prudence.

To deliver a balanced budget for FY 2020-21, the City relied on employee concessions, hiring freezes, operating reductions, and the use of reserves to offset a projected decrease in revenues. The City's FY 2020-21 Operating Budget anticipated a decline in most of the major General Fund revenues including sales tax, property tax, and other taxes with a partial recovery in FY 2021-22. The City's expenditures were adjusted accordingly to deliver a balanced budget. Based on current data and projections, economists believe there may be a partial to full recovery by the end of 2021 and full real recovery by the end of 2022. Staff will continue to monitor forecasts as well as actual trends and data and propose budget adjustments as appropriate as we return to the delivery of municipal services at full capacity.

As a low property tax city, Signal Hill is heavily reliant on sales tax as its main source of revenue. Currently, nearly all of the sales tax generated in Signal Hill goes to Los Angeles County or the State, with a mere 1% remaining in the City. The City Council provided residents with the opportunity to decide whether or not to keep more sales tax dollars local by placing Measure R on the November 3, 2020 ballot. A majority of residents voted to preserve the quality of life Signal Hill residents and businesses deserve and expect, enacting a new $\frac{3}{4}$ cent per dollar (0.75%) general transactions and use (sales) tax that is estimated to provide approximately \$5 million in annual revenues.

If the economic recovery materializes as projected, with this new tax measure along with the City's existing revenue base, the City is poised to fully fund community priorities, including maintaining local streets and fixing potholes; maintaining sidewalks, street trees, storm drains, parks and recreation

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2020

facilities and other infrastructure; preparing for natural disasters and public health emergencies; cleaning and maintaining public areas and eliminating graffiti; maintaining 9-1-1 emergency response times; providing financial assistance to residents and local businesses during natural disasters and public health emergencies; addressing homelessness; and providing crime prevention and investigation services.

The coronavirus pandemic and its economic impacts have not only placed tremendous fiscal pressure on local governments, but has exposed the restrictive revenue options available to local governments and highlighted the importance of ongoing revenue diversification. Local governments, including Signal Hill, will be challenged to continue to seek diversification opportunities to address future economic storms. The City will seek to focus on strengthening existing revenue streams such as the Signal Hill Auto Center, while identifying and developing new opportunities.

The City will continue to be presented with challenges and opportunities resulting from the short- and long-term economic impacts of the coronavirus pandemic well into FY 2021-22. However, despite the challenges, the City's ongoing, prudent fiscal practices which include a consideration of future needs and planning, have enabled the City to achieve and maintain a positive, long-term stable financial condition. The City will continue to build on the accomplishments that have resulted in the fiscal stability of the City and will continue to deliver the services that provide a high quality of life to residents.

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.

CITY OF SIGNAL HILL

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Totals
ASSETS:			
Cash and investments	\$ 47,942,068	\$ 2,951,922	\$ 50,893,990
Receivables:			
Accounts	707,520	707,022	1,414,542
Accrued interest	252,582	-	252,582
Loans	1,739,312	-	1,739,312
Due from other governments	3,886,498	166,719	4,053,217
From Successor Agency	12,486,250	-	12,486,250
Internal balances	2,327,993	(2,327,993)	-
Inventory	17,569	-	17,569
Prepaid items	41,003	-	41,003
Land and improvements held for resale, net	1,040,642	-	1,040,642
Restricted assets:			
Cash and investments	1,448,790	15	1,448,805
Capital assets, not depreciated	35,179,136	4,642,976	39,822,112
Capital assets, depreciated, net of accumulated depreciation	50,345,900	21,417,421	71,763,321
Total assets	<u>157,415,263</u>	<u>27,558,082</u>	<u>184,973,345</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss amount on debt refunding	-	93,170	93,170
Pension related	5,765,993	559,393	6,325,386
OPEB related	2,616,964	283,683	2,900,647
Total deferred outflow of resources	<u>8,382,957</u>	<u>936,246</u>	<u>9,319,203</u>
LIABILITIES:			
Accounts payable	3,681,102	578,405	4,259,507
Accrued liabilities	1,933,535	-	1,933,535
Deposits payable	97,253	361,127	458,380
Accrued interest payable	20,092	94,490	114,582
Unearned revenue	2,334,486	-	2,334,486
Noncurrent liabilities:			
Due within one year	521,127	495,723	1,016,850
Due in more than one year:			
Other	9,024,240	2,865,518	11,889,758
Net pension liability	26,952,209	2,462,795	29,415,004
Net OPEB liability	10,066,415	1,091,216	11,157,631
Total liabilities	<u>54,630,459</u>	<u>7,949,274</u>	<u>62,579,733</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related	1,778,055	189,038	1,967,093
OPEB related	398,861	43,237	442,098
Total deferred inflow of resources	<u>2,176,916</u>	<u>232,275</u>	<u>2,409,191</u>
NET POSITION:			
Net investment in capital assets	77,654,529	22,654,963	100,309,492
Restricted for:			
Capital improvements	2,844,098	-	2,844,098
Development impact	4,421,540	-	4,421,540
Transportation	3,643,968	-	3,643,968
Public protection	205,025	-	205,025
Housing	5,669,008	-	5,669,008
Unrestricted	14,552,677	(2,342,184)	12,210,493
TOTAL NET POSITION	<u>\$ 108,990,845</u>	<u>\$ 20,312,779</u>	<u>\$ 129,303,624</u>

See accompanying notes to the basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2020

	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Expenses			
Governmental activities:			
General government	\$ 6,006,139	\$ 401,879	\$ 287,459
Community services	1,756,711	117,741	-
Police	11,816,654	255,222	246,080
Community development	989,132	418,223	337,272
Public works	4,786,622	823,935	653,321
Unallocated infrastructure depreciation	<u>394,543</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>25,749,801</u>	<u>2,017,000</u>	<u>1,524,132</u>
			729,629
Business-type activities:			
Water	<u>4,665,322</u>	<u>4,573,983</u>	<u>-</u>
Total business-type activities	<u>4,665,322</u>	<u>4,573,983</u>	<u>-</u>
Total	<u>\$ 30,415,123</u>	<u>\$ 6,590,983</u>	<u>\$ 1,524,132</u>
			\$ 844,303
General revenues:			
Taxes:			
Property tax			
Franchise tax			
Oil production tax			
Transient occupancy tax			
Motor vehicle in-lieu tax			
Public service taxes			
Intergovernmental - Unrestricted shared sales and use tax			
Investment income			
Unrestricted grants and contributions			
Total general revenues			
Transfers			
Change in net position			
Net position at beginning of fiscal year, as restated (Note 19)			
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
\$ (5,316,801)	\$ -	\$ (5,316,801)
(1,638,970)	-	(1,638,970)
(11,315,352)	-	(11,315,352)
(233,637)	-	(233,637)
(2,579,737)	-	(2,579,737)
<u>(394,543)</u>	<u>-</u>	<u>(394,543)</u>
<u>(21,479,040)</u>	<u>-</u>	<u>(21,479,040)</u>
 - 23,335	 23,335	 23,335
 - 23,335	 23,335	 23,335
<u>(21,479,040)</u>	<u>23,335</u>	<u>(21,455,705)</u>
 \$2,330,347	 -	 2,330,347
887,347	-	887,347
460,255	-	460,255
234,338	-	234,338
9,335	-	9,335
131,706	-	131,706
16,834,464	-	16,834,464
1,976,618	63,765	2,040,383
<u>182,910</u>	<u>-</u>	<u>182,910</u>
 23,047,320	 63,765	 23,111,085
 354,335	 (354,335)	 -
<u>1,922,615</u>	<u>(267,235)</u>	<u>1,655,380</u>
<u>107,068,230</u>	<u>20,580,014</u>	<u>127,648,244</u>
 <u>\$ 108,990,845</u>	 <u>\$ 20,312,779</u>	 <u>\$ 129,303,624</u>

See accompanying notes to the basic financial statements.

CITY OF SIGNAL HILL

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

		General	Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund
ASSETS				
Cash and investments		\$ 27,267,260	\$ 5,008,389	\$ 519,385
Accounts receivable		622,928	84,546	-
Accrued interest receivable		251,982	-	-
Due from other funds		1,457,106	-	-
Due from other governments		3,820,877	-	4,153
Receivable due from Successor Agency		12,486,250	-	-
Prepaid items		41,003	-	-
Loans receivable		-	1,733,275	-
Advances to other funds		2,376,022	-	-
Land and improvements held for resale, net		425,001	615,641	-
Restricted Assets:				
Cash and investments		-	-	-
TOTAL ASSETS		\$ 48,748,429	\$ 7,441,851	\$ 523,538
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ 990,464	\$ -	\$ -
Accrued liabilities		1,933,535	-	-
Deposits payable		97,253	-	-
Unearned revenue		38,956	-	523,538
Due to other funds		-	-	-
Advances from other funds		-	1,779,480	-
TOTAL LIABILITIES		3,060,208	1,779,480	523,538
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues		3,436,608	-	-
FUND BALANCES:				
Nonspendable		11,891,668	-	-
Restricted		-	5,662,371	-
Committed		16,208,656	-	-
Unassigned		14,151,289	-	-
TOTAL FUND BALANCES		42,251,613	5,662,371	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		\$ 48,748,429	\$ 7,441,851	\$ 523,538

See accompanying notes to basic financial statements.

Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,957,601	\$ 10,679,983	\$ 46,432,618
-	-	707,474
-	600	252,582
-	-	1,457,106
-	61,468	3,886,498
-	-	12,486,250
-	-	41,003
-	6,037	1,739,312
-	1,771,992	4,148,014
-	-	1,040,642
-	1,448,790	1,448,790
<u>\$ 2,957,601</u>	<u>\$ 13,968,870</u>	<u>\$ 73,640,289</u>

\$ 2,557,601	\$ 18,505	\$ 3,566,570
-	-	1,933,535
-	-	97,253
-	1,771,992	2,334,486
-	1,457,106	1,457,106
-	-	1,779,480
<u>2,557,601</u>	<u>3,247,603</u>	<u>11,168,430</u>
<u>-</u>	<u>600</u>	<u>3,437,208</u>
<u>-</u>	<u>-</u>	<u>11,891,668</u>
<u>400,000</u>	<u>10,720,667</u>	<u>16,783,038</u>
<u>-</u>	<u>-</u>	<u>16,208,656</u>
<u>-</u>	<u>-</u>	<u>14,151,289</u>
<u>400,000</u>	<u>10,720,667</u>	<u>59,034,651</u>
<u>\$ 2,957,601</u>	<u>\$ 13,968,870</u>	<u>\$ 73,640,289</u>

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CITY OF SIGNAL HILL

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

June 30, 2020

Fund balances - total governmental funds \$ 59,034,651

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

Capital assets used in governmental activities (excluding those in the internal service fund are not current financial resources and therefore are not reported in the funds. Those

assets consist of:

Land	\$ 34,558,469
Construction in progress	562,756
Infrastructure, net of \$17,789,540 accumulated depreciation	11,106,557
Structures and improvements, net of \$9,523,693 accumulated depreciation	37,459,233
Vehicles, equipment and furniture, net of \$2,391,889 accumulated depreciation	630,690
	<hr/>
Total capital assets used in governmental activities	84,317,705

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 governmental funds.

3,437,208

Internal service funds are used by management to charge the costs of rendering motor vehicle and equipment services to City departments. The asset and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position

2,329,834

Deferred outflows and inflows of resources relating to pensions and OPEB are not reported in the governmental funds because they are applicable to future periods

Deferred outflow of resources - pension	5,727,867
Deferred outflow of resources - OPEB	2,582,156
Deferred inflow of resources - pension	(1,765,171)
Deferred inflow of resources - OPEB	(393,556)
	<hr/>
	6,151,296

Long-term liabilities and related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the governmental funds

Interest payable	(20,092)
Revenue bonds payable	(8,723,112)
Compensated absences	(819,771)
Net pension liability	(26,784,351)
Net OPEB liability	(9,932,523)
	<hr/>
	(46,279,849)
	<hr/>

Net position of governmental activities

\$ 108,990,845

See accompanying notes to basic financial statements.

CITY OF SIGNAL HILL

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

For the year ended June 30, 2020

		Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund
	General		
REVENUES:			
Property taxes	\$ 2,330,347	\$ -	\$ -
Sales and use tax	16,834,464	-	-
Other taxes	1,693,086	-	-
Licenses and permits	635,289	-	-
Intergovernmental revenues	52,269	-	4,611,342
Charges for services	1,073,952	-	-
Fines and forfeitures	327,803	-	-
Investment income	1,544,511	125,045	-
Other revenue	175,293	-	-
TOTAL REVENUES	24,667,014	125,045	4,611,342
EXPENDITURES:			
Current:			
General government	5,290,638	-	-
Community services	1,573,939	-	-
Police	9,817,207	-	-
Community development	823,794	3,201	-
Public works	4,179,364	-	-
Capital outlay	312,596	-	-
Debt service:			
Principal	109,224	-	-
Interest	242,079	-	-
TOTAL EXPENDITURES	22,348,841	3,201	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,318,173	121,844	4,611,342
OTHER FINANCING SOURCES (USES):			
Transfers in	2,158,171	40,000	9,181
Transfers out	(523,278)	(400,000)	(361,342)
TOTAL OTHER FINANCING SOURCES (USES)	1,634,893	(360,000)	(352,161)
NET CHANGE IN FUND BALANCES	3,953,066	(238,156)	4,259,181
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR, AS RESTATED	38,298,547	5,900,527	(4,259,181)
FUND BALANCES AT END OF YEAR	\$ 42,251,613	\$ 5,662,371	\$ -

See accompanying notes to basic financial statements.

Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,330,347
-	-	16,834,464
-	61,628	1,754,714
-	-	635,289
-	1,464,398	6,128,009
-	1,881	1,075,833
-	-	327,803
-	325,632	1,995,188
-	-	175,293
-	1,853,539	31,256,940

-	-	5,290,638
-	-	1,573,939
-	238,814	10,056,021
-	193,523	1,020,518
-	74,414	4,253,778
1,762,177	-	2,074,773

-	-	109,224
-	-	242,079
1,762,177	506,751	24,620,970
(1,762,177)	1,346,788	6,635,970

4,756,800	1,426,481	8,390,633
(2,594,623)	(4,511,390)	(8,390,633)
2,162,177	(3,084,909)	-

400,000	(1,738,121)	6,635,970
-	12,458,788	52,398,681
\$ 400,000	\$ 10,720,667	\$ 59,034,651

CITY OF SIGNAL HILL

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

For the year ended June 30, 2020

Net change in fund balances - total governmental funds \$ 6,635,970

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

Governmental funds report capital outlays as expenditures. However, in the Statemen
of Activities, the cost of those assets is allocated over their estimated useful lives a
depreciation expense.

Capital outlay	\$ 1,497,028
Depreciation expense	(1,214,715)
Donated capital assets	<u>354,335</u>
	636,648

The issuance of long-term debt provides current financial resources to governments
funds, while repayment of the principal of long-term debt consumes the current financia
resources of the governmental funds. Issuance of debt increases long-term liabilities an
the repayment of principal reduces long-term liabilities in the statement of net position

Repayment of revenue bonds	105,000
Repayment of capital lease	<u>4,224</u>
	109,224

Some expenses reported in the Statement of Activities do not require the use o
current financial resources and, therefore, are not reported as expenditures i
governmental funds.

Net change in compensated absences	127,184
Net change in accrued interest payable	183
Amortization of bond premium	<u>23,049</u>
	150,416

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

(3,981,323)

Internal service funds are used by management to charge the costs of rendering mot
vehicle and equipment services to City departments. The net revenue of the internal
service fund is reported with governmental activities

334,227

Pension expense reported in the governmental funds includes the employer contribution
made to the City's pension plan. In the Statement of Activities, pension expense include
the change in the net pension liability and related change in pension amounts for deferred
outflows of resources and deferred inflows of resources

(2,555,849)

OPEB expense reported in the governmental funds includes the employer contribution
made to the City's OPEB plan. In the Statement of Activities, OPEB expense includes the
change in the net OPEB liability and related change in OPEB amounts for deferred
outflows of resources and deferred inflows of resources

593,302

Change in net position of governmental activitie: \$ 1,922,615

See accompanying notes to basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2020

	Business-type Activity	Governmental Activity
	Vehicle and Equipment	Internal Service Fund
	Water Enterprise Fund	
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 2,951,922	\$ 1,509,450
Restricted cash and investments	15	-
Accounts receivable, net	707,022	46
Due from other governments	166,719	-
Inventory	-	17,569
TOTAL CURRENT ASSETS	3,825,678	1,527,065
NONCURRENT ASSETS:		
Capital assets:		
Land	4,427,416	-
Construction in progress	215,560	57,911
Depreciable assets, net of accumulated depreciation	21,417,421	1,149,420
TOTAL NONCURRENT ASSETS	26,060,397	1,207,331
TOTAL ASSETS	29,886,075	2,734,396
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on debt refunding	93,170	-
Deferred outflows - pension related	559,393	38,126
Deferred outflows - OPEB related	283,683	34,808
TOTAL DEFERRED OUTFLOWS OF RESOURCES	936,246	72,934
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	578,405	114,532
Accrued interest payable	94,490	-
Refundable deposits	361,127	-
Advances from other funds	2,368,534	-
Current portion of long-term liabilities:		
Water revenue refunding bonds	460,000	-
Compensated absences	35,723	-
TOTAL CURRENT LIABILITIES	3,898,279	114,532
LONG-TERM LIABILITIES:		
Water revenue refunding bonds	2,829,796	-
Compensated absences	35,722	2,484
Net pension liability	2,462,795	167,858
Net OPEB liability	1,091,216	133,892
TOTAL LONG-TERM LIABILITIES	6,419,529	304,234
TOTAL LIABILITIES	10,317,808	418,766
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows - pension related	189,038	12,884
Deferred inflows - OPEB related	43,237	5,305
TOTAL DEFERRED INFLOWS OF RESOURCES	232,275	18,189
NET POSITION:		
Net investment in capital assets	22,654,963	1,207,331
Unrestricted	(2,382,725)	1,163,044
TOTAL NET POSITION	20,272,238	\$ 2,370,375
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	40,541	
Net position of business-type activity	\$ 20,312,779	

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 year ended June 30, 2020

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 4,505,233	\$ 608,590
Other operating revenues	68,750	158,373
TOTAL OPERATING REVENUES	4,573,983	766,963
OPERATING EXPENSES:		
Personnel services	1,560,567	134,701
Contractual services	336,692	17,257
Supplies	896,690	23,087
Material and repairs	153,730	46,093
Utilities	169,540	-
Depreciation/amortization	903,201	190,287
Other	539,574	13,417
TOTAL OPERATING EXPENSES	4,559,994	424,842
OPERATING INCOME (LOSS)	13,989	342,121
NONOPERATING REVENUES (EXPENSES):		
Investment income	63,765	34,330
Interest expense	(155,686)	-
Gain on sale of assets	-	8,134
TOTAL NONOPERATING REVENUES (EXPENSES)	(91,921)	42,464
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(77,932)	384,585
CAPITAL CONTRIBUTIONS AND TRANSFERS:		
Capital grants	114,674	-
Transfer out	(354,335)	-
CHANGES IN NET POSITION	(317,593)	384,585
NET POSITION AT BEGINNING OF YEAR	20,589,831	1,985,790
NET POSITION AT END OF YEAR	\$ 20,272,238	\$ 2,370,375
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	50,358	
Change in net position of business-type activity	\$ (267,235)	

See accompanying notes to the basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2020

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,699,716	\$ -
Receipts from interfund services provided	-	616,640
Payments to suppliers	(1,762,009)	(19,486)
Payments to employees	(1,535,163)	(156,144)
NET CASH PROVIDED BY OPERATING ACTIVITIES	402,544	441,010
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Net cash received from other funds	679,876	-
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	679,876	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	-	8,134
Capital grants	86,037	-
Acquisition of property, plant and equipment	(310,154)	(306,357)
Principal paid	(445,000)	-
Interest paid	(188,831)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(857,948)	(298,223)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	63,765	34,330
NET DECREASE IN CASH AND CASH EQUIVALENTS	288,237	177,117
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,663,700	1,332,333
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,951,937	\$ 1,509,450
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:		
Cash and investments	\$ 2,951,922	\$ 1,509,450
Restricted cash and investments	15	-
Cash and cash equivalents at end of fiscal year	<u>\$ 2,951,937</u>	<u>\$ 1,509,450</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2020

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 13,989	\$ 342,121
Depreciation/amortization	903,201	190,287
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	(69,591)	8,050
(Increase) decrease in inventory	-	5,669
(Increase) decrease in deferred outflows of resources - pensions	79,262	61,405
(Increase) decrease in deferred outflows of resources - OPEB	(281,906)	(34,590)
Increase (decrease) in accounts payable	334,217	74,699
Increase (decrease) in refundable deposits	(580)	-
Increase (decrease) in unearned revenue	(804,096)	-
Increase (decrease) in compensated absences	13,021	(429)
Increase (decrease) in deferred inflows of resources - OPEB	(4,623)	(567)
Increase (decrease) in deferred inflows of resources - pensions	(19,430)	(19,604)
Increase (decrease) in net pension liability	17,734	(213,190)
Increase (decrease) in net OPEB liability	221,346	27,159
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 402,544</u>	<u>\$ 441,010</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfer of capital assets to other funds	<u>\$ 239,671</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2020

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
ASSETS:	
Cash and investments	\$ 8,739,409
Restricted cash and investments	4,680,989
Accounts receivable	14,480
Capital assets:	
Land	<u>8,906,485</u>
TOTAL ASSETS	<u>22,341,363</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred loss amount on debt refunding	<u>1,095,034</u>
LIABILITIES:	
Accounts payable	3,160,444
Accrued liabilities	1,443,018
Accrued interest payable	578,749
Refundable deposits	90,000
Long-term liabilities:	
Due within one year	5,505,000
Due in more than one year	41,508,874
Payable to the City of Signal Hill	<u>12,486,250</u>
TOTAL LIABILITIES	<u>64,772,335</u>
NET POSITION:	
Held in trust	<u>\$ (41,335,938)</u>

See accompanying notes to the basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the year ended June 30, 2020

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Distributions from County-administered redevelopment property tax trust fund	\$ 11,147,536
Investment earnings	<u>124,968</u>
TOTAL ADDITIONS	<u>11,272,504</u>
DEDUCTIONS:	
Personnel services	240,241
Contractual services	12,255
Project costs	2,994,296
Land sale proceeds remitted to County of Los Angeles	523,505
Loss on sale of capital assets	8,109,011
Interest	<u>2,295,752</u>
TOTAL DEDUCTIONS	<u>14,175,060</u>
CHANGE IN NET POSITION	<u>(2,902,556)</u>
NET DEFICIT - BEGINNING OF YEAR, AS RESTATED (NOTE 19)	<u>(38,433,382)</u>
NET DEFICIT - END OF YEAR	<u>\$ (41,335,938)</u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

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 will enjoy 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 Signal Hill Municipal Financing Authority was formed August 22, 2017 as a joint power of authority between the Housing Authority and the City for the purpose of assisting the City and the Housing Authority with their respective financings.

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, Housing Authority, and Municipal Financing Authority have been accounted for as “blended” component units of the City. Despite being legally separate, the Financing Authority, Housing Authority, and Municipal Financing 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, Housing Authority, and Municipal Financing Authority are reported within the funds of the City. Separate financial statements of the Financing Authority, Housing Authority, and Municipal Financing Authority are not prepared.

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

- The members of the City Council also act as the governing body of the Financing Authority, Housing Authority, and Municipal Financing Authority.
- The Financing Authority, Housing Authority, and Municipal Financing Authority are managed by employees of the City. A portion of the City’s salary and overhead expenses is billed to the Authorities each year.
- The City, Financing Authority, Housing Authority, and Municipal Financing Authority are financially interdependent.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Under the economic resources measurement focus, all assets, 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 in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements imposed by the provider have been met.

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

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 which are recognized as expenditures only when payment is due.

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

Private-purpose trust fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fiduciary funds have no measurement focus but utilizes the accrual basis of accounting for reporting assets and liabilities.

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

The City reports the following major governmental funds:

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

The Housing Authority Special Revenue Fund is used to account for the activities of the Housing Authority. 20 percent of collections on the City's advances to the former redevelopment agency are to be deposited into this fund for purposes of the City's affordable housing needs.

The Capital Grants Special Revenue Fund is used to account for projects funded by various grants received from other government agencies. The majority of funds received are transferred to the Capital Improvements Capital Projects fund to finance the related capital project expenditures. The amount of activity in this fund varies from year-to-year, and this fund is consistently reported as a major governmental fund.

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

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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 used are accumulated in this fund and charged to the user departments as such vehicles and equipment are used or services rendered.

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 to pay amounts due on enforceable obligations and to pay for specified administrative costs.

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

D. New Accounting Pronouncements

Implemented

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. Paragraph 5 of this Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these statements did not impact the City.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

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:

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, GASB issued Statement No. 87 – *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In January 2020, GASB issued Statement No. 92 – *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan’s reporting period in all circumstances. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted.

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. Cash and Investments

Investments are reported in the accompanying basic financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in external pools are valued based on the stated fair value represented by the external pool.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund’s share in this pool is displayed in the accompanying financial statements as *cash and investments*.

G. Restricted Assets

Restricted assets are reported for certain cash and investments that are to be used for civic center improvement projects and for debt service.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets consist of roads, bridges, trails, traffic signals and sewer lines. 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

I. Inventory and Prepaid Items

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Governmental Funds Balance Sheet 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred loss amounts on refunding, net of accumulated amortization, are reported in the government-wide statement of net position, the Water Enterprise Fund, and the Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund. A deferred loss amount on 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.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pension and OPEB plans for differences between expected and actual experience and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension and OPEB benefits through the plans.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet 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 future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from *unavailable revenues*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for amounts which have been earned but which are not received within the City's defined availability period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pension and OPEB plans for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions resulting from changes in assumptions and changes in employer's proportion and differences between employer contributions and the proportionate share of employers contributions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the respective plans.
- Deferred inflows related to pensions and OPEB plans resulting from the net differences between projected and actual earnings on plan investments of the pension and OPEB plans fiduciary net position. These amounts are amortized over five years.

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 year end is recorded as a long-term liability of the governmental activities, as these amounts will be liquidated from future resources rather than expendable available financial resources. Compensated absences are primarily liquidated in the General Fund.

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

The City does not reimburse for unused sick pay upon an employee's separation other than for retirement. The percentage pay-off at retirement varies based on employee group agreements and/or years of service of employment. The City has an annual cash-out program ranging from 48 - 80 annual maximum hours for its employees based on tiered, years of service of employment. 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.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Signal Hill's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. OPEB

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. 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.

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 year's appropriated budget.

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.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****O. 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.

P. Claims and Judgments

When it is probable that a claim liability has been incurred at year end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program claims payable, which includes an estimate for incurred FY 20 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 period to which they relate in the General Fund. These deposits are subject to retrospective adjustment. Favorable claims experience in prior 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 years results in the payment of additional deposits which are recorded as insurance expenditures when incurred.

Q. Net Position

Net position reported in the government-wide and proprietary fund financial statements are 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, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at 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.

At June 30, 2020, net investment in capital assets, was determined as follows:

	Governmental Activities	Business-type Activity
Capital assets, net of accumulated depreciation	\$ 85,525,036	\$ 26,060,397
Less:		
Bonds, net of unamortized premiums and discounts	(8,723,112)	(3,289,796)
Accounts payable related to capital assets	(150,381)	(194,373)
Retentions payable related to capital assets	(577,604)	(14,435)
Add back:		
Unamortized deferred loss amount on debt refunding	-	93,170
Bond proceeds not available for capital purposes	145,024	-
Unspent bonds proceeds	<u>1,435,566</u>	<u>-</u>
Total	<u>\$ 77,654,529</u>	<u>\$ 22,654,963</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Q. Net Position (Continued)**

- Restricted net position - This component of net position consists of constraints placed on net position use through external constraints imposed 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.”

R. 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.

S. 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 collectability 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, 2020 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	\$ 50,893,990	\$ 8,739,409	\$ 59,633,399
Restricted cash and investments	1,448,805	4,680,989	6,129,794
Total Cash and Investments	\$ 52,342,795	\$ 13,420,398	\$ 65,763,193

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

2. CASH AND INVESTMENTS (CONTINUED)**Cash and Investments (Continued)**

Cash and investments at June 30, 2020 consisted of the following:

Cash on hand	\$ 3,350
Deposits with financial institutions	1,774,076
Investments	<u>63,985,767</u>
Total Cash and Investments	<u>\$ 65,763,193</u>

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

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

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%	10%
Time Certificate of Deposits	1 year	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Mutual Funds	N/A	20%	10%
County Pooled 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, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

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 Acceptance and Money Market Mutual Funds. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to one year.

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
Local Agency Investment Fund	\$ 40,697,298	\$ -	\$ -	\$ 40,697,298
US Government Agency Securities	3,518,199	499,993	500,038	4,518,230
Negotiable Certificates of Deposit	2,697,038	2,056,314	3,358,360	8,111,712
Money Market Mutual Funds	4,528,734	-	-	4,528,734
Held by Bond Trustee:				
Money Market Mutual Funds	6,129,793	-	-	6,129,793
	<u>\$ 57,571,062</u>	<u>\$ 2,556,307</u>	<u>\$ 3,858,398</u>	<u>\$ 63,985,767</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****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 statistical rating organization. Presented below is the minimum rating as required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year-end for each investment type:

Investment Type	Total as of June 30, 2020	Minimum Legal Ratings	AAA	AA+	Not Rated
Local Agency Investment Fund	\$ 40,697,298	N/A	\$ -	\$ -	\$ 40,697,298
US Government Agency Securities	4,518,230	AA	-	4,518,230	-
Negotiable Certificates of Deposit	8,111,712	N/A	-	-	8,111,712
Money Market Mutual Funds	4,528,734	AAA	4,528,734	-	-
Held by Bond Trustee:					
Money Market Mutual Funds	6,129,793	AAA	6,129,793	-	-
Total	<u>\$ 63,985,767</u>		<u>\$ 10,658,527</u>	<u>\$ 4,518,230</u>	<u>\$ 48,809,010</u>

N/A - Not Applicable

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City did not have any investments in any one issuer that represented 5% or more of total City's 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 an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2020, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation and the remaining balances were collateralized under California Law.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

2. CASH AND INVESTMENTS (CONTINUED)**Investment in State Investment Pool**

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

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2020:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
US Government Agency Securities	\$ -	\$ 4,518,230	\$ -	\$ 4,518,230
Negotiable Certificates of Deposit	<u>-</u>	<u>8,111,712</u>	<u>-</u>	<u>8,111,712</u>
	<u>\$ -</u>	<u>\$ 12,629,942</u>	<u>\$ -</u>	<u>12,629,942</u>
Local Agency Investment Fund*				40,697,298
Money Market Mutual Funds*				4,528,734
Held by Bond Trustee:				
Money Market Mutual Funds*				<u>6,129,793</u>
				<u>\$ 63,985,767</u>

* Not subject to fair value measurement hierarchy.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance at			Balance at June 30, 2020	
	July 1, 2019				
	<u>As Restated *</u>	<u>Additions</u>	<u>Deletions</u>		
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 34,558,469	\$ -	\$ -	\$ 34,558,469	
Construction in progress	<u>16,352,557</u>	<u>1,604,211</u>	<u>(17,336,101)</u>	<u>620,667</u>	
Total capital assets, not being depreciated	<u>50,911,026</u>	<u>1,604,211</u>	<u>(17,336,101)</u>	<u>35,179,136</u>	
Capital assets, being depreciated:					
Structure and improvements	29,963,047	17,336,101	-	47,299,148	
Equipment and furniture	3,065,843	247,152	(240,383)	3,072,612	
Vehicles and major equipment	2,749,474	306,357	-	3,055,831	
Infrastructure	<u>28,896,097</u>	<u>-</u>	<u>-</u>	<u>28,896,097</u>	
Total capital assets, being depreciated	<u>64,674,461</u>	<u>17,889,610</u>	<u>(240,383)</u>	<u>82,323,688</u>	
Less accumulated depreciation for:					
Structure and improvements	(8,987,267)	(733,919)	-	(9,721,186)	
Equipment and furniture	(2,574,150)	(97,198)	240,383	(2,430,965)	
Vehicles and major equipment	(1,856,755)	(179,342)	-	(2,036,097)	
Infrastructure	<u>(17,394,997)</u>	<u>(394,543)</u>	<u>-</u>	<u>(17,789,540)</u>	
Total accumulated depreciation	<u>(30,813,169)</u>	<u>(1,405,002)</u>	<u>240,383</u>	<u>(31,977,788)</u>	
Total capital assets, being depreciated, net	<u>33,861,292</u>	<u>16,484,608</u>	<u>-</u>	<u>50,345,900</u>	
Total governmental activities capital, net	<u>\$ 84,772,318</u>	<u>\$ 18,088,819</u>	<u>\$ (17,336,101)</u>	<u>\$ 85,525,036</u>	

* The balance at July 1, 2019 for construction in progress and infrastructure were restated by decreasing the balances \$10,868,868 and \$10,999,839, respectively, to remove capital assets related to a joint-entity project that are actually not owned by the City. Additionally, land was restated by increasing the balance by \$2,339,780 for land that was transferred from the Successor Agency, in a prior year. See Note 19 for impact of these restatements.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

3. CAPITAL ASSETS (CONTINUED)

Capital Asset Activity (Continued)

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2020</u>
Business-type Activity				
Capital assets, not being depreciated:				
Land	\$ 4,427,416	\$ -	\$ -	\$ 4,427,416
Construction in progress	259,741	310,154	(354,335)	215,560
Total capital assets, not being depreciated	<u>4,687,157</u>	<u>310,154</u>	<u>(354,335)</u>	<u>4,642,976</u>
Capital assets, being depreciated:				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	12,154,473	-	-	12,154,473
Wells	10,961,240	-	-	10,961,240
Mains	9,893,973	-	-	9,893,973
Pumps	1,384,407	-	-	1,384,407
Fire hydrants	564,667	-	-	564,667
Meters	429,048	-	-	429,048
Services	1,443,630	-	-	1,443,630
Structures	1,243,976	-	-	1,243,976
Equipment and furniture	<u>1,137,472</u>	<u>-</u>	<u>-</u>	<u>1,137,472</u>
Total capital assets, being depreciated	<u>40,428,072</u>	<u>-</u>	<u>-</u>	<u>40,428,072</u>
Less accumulated depreciation for:				
Water rights	(849,733)	(30,380)	-	(880,113)
Reservoirs and tanks	(5,152,661)	(269,890)	-	(5,422,551)
Wells	(1,296,580)	(271,709)	-	(1,568,289)
Mains	(6,231,994)	(192,601)	-	(6,424,595)
Pumps	(1,129,986)	(35,722)	-	(1,165,708)
Fire hydrants	(558,061)	(1,272)	-	(559,333)
Meters	(429,048)	-	-	(429,048)
Services	(882,641)	(27,579)	-	(910,220)
Structures	(635,940)	(28,673)	-	(664,613)
Equipment and furniture	<u>(940,806)</u>	<u>(45,375)</u>	<u>-</u>	<u>(986,181)</u>
Total accumulated depreciation	<u>(18,107,450)</u>	<u>(903,201)</u>	<u>-</u>	<u>(19,010,651)</u>
Total capital assets, being depreciated, net	<u>22,320,622</u>	<u>(903,201)</u>	<u>-</u>	<u>21,417,421</u>
Total business-type activity capital, net	<u>\$ 27,007,779</u>	<u>\$ (593,047)</u>	<u>\$ (354,335)</u>	<u>\$ 26,060,397</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****3. CAPITAL ASSETS (CONTINUED)****Depreciation/Amortization Expense**

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

Governmental activities:

General government	\$ 55,705
Community services	188,086
Police	541,767
Public works	34,614
Internal service fund depreciation charged to programs	<u>190,287</u>

Allocated depreciation	1,010,459
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Unallocated infrastructure depreciation	<u>394,543</u>
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Total depreciation expense - governmental activities	<u>\$ 1,405,002</u>
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Business-type activity:

Water	<u>\$ 903,201</u>
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4. UNAVAILABLE REVENUES

At June 30, 2020, deferred inflows of resources - unavailable revenues, reported in the governmental fund financial statements, consisted of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Unavailable interest long-term notes receivables	\$ 3,436,608	\$ 600	\$ 3,437,208
	<u>\$ 3,436,608</u>	<u>\$ 600</u>	<u>\$ 3,437,208</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

5. LONG-TERM RECEIVABLES**A. Receivable from Successor Agency**

Description	General Fund
Long-term loans to finance improvements and operations related to and within the former Redevelopment Agency's project areas	<u>\$ 12,486,250</u>

For further discussion of the receivable due from the Successor Agency, see Note 17F.

B. Loans Receivables

The discontinued First Time Homebuyer Program provided down payment 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 property. 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 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, four loans totaling \$38,341 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 \$6,037 remains outstanding.

C. Notes Receivables**Loan to Developer**

In February 2015 a loan of \$7,729,480 secured by a deed of trust on real property was provided pursuant to a disposition and development agreement with Meta Housing to provide funding for the 72-unit affordable housing development called Zinnia. The loan accrues interest at 3% interest and is repaid on each April 1st in which there was positive cash flow for the calendar year, or portion thereof, ending on the immediately preceding December 31, fifty percent (50%) of that year's net cash flow, based on the contribution of the Signal Hill Housing Authority. The first repayment shall be due on April 1st following the issuance of the first Certificate of occupancy, and the last payment shall be due on April 1st fifty-five (55) years later. The amount outstanding at June 30, 2020 was \$8,707,738 (including accrued interest of \$1,062,804). The City also set up an allowance for doubtful accounts, on this loan of \$7,012,804.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2020</u>	<u>Due Within One Year</u>
Governmental activities:					
Other debt:					
2018 library lease revenue bonds	\$ 8,540,000	\$ -	\$ (105,000)	\$ 8,435,000	\$ 110,000
Plus 2018 original issue premium	311,161	-	(23,049)	288,112	-
Total library lease revenue bonds	8,851,161	-	(128,049)	8,723,112	110,000
Direct borrowings:					
Capital lease obligations	4,224	-	(4,224)	-	-
Other long-term liabilities:					
Compensated absences	949,868	562,417	(690,030)	822,255	411,127
Total governmental-type activity	<u>\$ 9,805,253</u>	<u>\$ 562,417</u>	<u>\$ (822,303)</u>	<u>\$ 9,545,367</u>	<u>\$ 521,127</u>
Business-type activity:					
Other debt:					
2016 Water revenue refunding bonds	\$ 3,455,000	\$ -	\$ (445,000)	\$ 3,010,000	\$ 460,000
Plus 2016 original issue premium	331,851	-	(52,055)	279,796	-
Total refunding bonds payable	3,786,851	-	(497,055)	3,289,796	460,000
Other long-term liabilities:					
Compensated absences	58,424	68,102	(55,081)	71,445	35,723
Total business-type activity	<u>\$ 3,845,275</u>	<u>\$ 68,102</u>	<u>\$ (552,136)</u>	<u>\$ 3,361,241</u>	<u>\$ 495,723</u>

A. 2018 Library Lease Revenue Bonds

On January 10, 2018, the City issued \$8,640,000 2018 Library Lease Revenue Bonds to fund the construction of the City's new library. The 2018 Bonds were issued at a premium of \$345,729, which is being amortized on a straight-line basis of \$23,049 annually as interest expense through the year 2032. The 2018 bonds were issued as \$8,640,000 in serial bonds with a maturity date of December 1, 2032. These bonds carry interest at 2.0-3.5%.

There is no reserve requirement associated with this bond.

The annual requirements to amortize the outstanding 2018 bond indebtedness as of June 30, 2020, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 110,000	\$ 239,900	\$ 349,900
2022	120,000	237,600	357,600
2023	650,000	229,088	879,088
2024	660,000	214,350	874,350
2025	680,000	198,425	878,425
2026 - 2030	3,700,000	706,838	4,406,838
2030 - 2033	<u>2,515,000</u>	<u>133,125</u>	<u>2,648,125</u>
	<u>\$ 8,435,000</u>	<u>\$ 1,959,326</u>	<u>\$ 10,394,326</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

6. LONG-TERM LIABILITIES (CONTINUED)**B. Capital Leases**

Copiers: A five-year noncancelable lease was entered into for the purchase of eight copiers for various departments of the City. The value of the copiers at lease inception was \$75,557. Annual payments of principal and interest are \$17,028. The balance was paid off during the year ended June 30, 2020. The leased copiers have no net book value of the at June 30, 2020 (cost of \$75,557 less accumulated depreciation of \$75,557).

C. Compensated Absences

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

D. 2016 Water Revenue Refunding Bonds

On November 17, 2016, the City issued \$4,305,000 2016 Water Revenue Refunding Bonds to advance refund the Signal Hill Public Financing Authority's outstanding 2006 Water Revenue Refunding Bonds. The 2006 Bonds were issued at a premium of \$468,495, which is being amortized on a straight-line basis of \$52,055 annually as interest expense through the year 2026. The refunded bonds have been redeemed.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$156,004. This difference, reported as deferred outflows of resources, is being amortized on a straight-line basis of \$17,334 annually as interest expense through the fiscal year 2026.

The 2016 Bonds were issued as \$4,305,000 in serial bonds with a maturity date of November 1, 2025. These bonds carry interest at 3-5%.

The City is required by the 2016 Bond Covenant to maintain a debt service coverage ratio of at least 125%. As of the fiscal year ended June 30, 2020, this ratio was met.

There is no reserve requirement associated with this bond.

The annual requirements to amortize the outstanding 2016 bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	460,000	110,937	570,937
2022	475,000	97,138	572,138
2023	490,000	81,663	571,663
2024	510,000	63,200	573,200
2025	530,000	42,800	572,800
2026	545,000	10,900	555,900
	<u>\$ 3,010,000</u>	<u>\$ 406,638</u>	<u>\$ 3,416,638</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ 1,457,106

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

Advances To/From Other Funds

Advances receivable and payable balances at June 30, 2020, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Enterprise Fund	\$ 2,368,534
General Fund	Housing Authority Special Revenue Fund	7,488
Other Governmental Funds	Housing Authority Special Revenue Fund	<u>1,771,992</u>
		<u>\$ 4,148,014</u>

In FY 2015-16 the City entered into an interfund agreement whereby the General Fund issued a loan to the Water Fund for \$2,750,000, for the purpose of financing the construction of Well #9. Interest is based on the LAIF rate plus 1%, as determined every January. Payments are due annually on July 1, through July 2036.

In FY 2015-16, the Signal Hill Housing Authority entered into a difficult development areas agreement with Meta Housing to develop affordable housing. As this was new development, an assessment of Park In-Lieu, Traffic Impact Fees, and Water Impact Fees were estimated based on the number of units and area of the property. These fees total \$7,488 to the General Fund, \$934,704 to the Park Development Special Revenue Fund \$804,096 to the Water Development Special Revenue Fund, and \$33,192 to the Traffic Impact Special Revenue Fund and are a liability of the Housing Authority to the other funds. The Housing Authority will repay as it obtains repayment from the developer.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)****Interfund Transfers**

Transfer In to Fund	Transfers Out of Fund	Amount
General Fund	Capital Grants Special Revenue Fund	\$ 55,490 (a)
	Capital Improvement	
	Capital Projects Fund	1,594,623 (b)
	Other Governmental Funds	508,058 (b)
Housing Authority		
Special Revenue Fund	General Fund	40,000 (b)
Capital Grants Fund	General Fund	9,181 (a)
Capital Improvement		
Capital Projects Fund	General Fund	47,615 (a)
	Housing Authority Special Revenue Fund	400,000 (a)
	Capital Grants Special Revenue Fund	302,103 (a)
	Other Governmental Funds	4,007,082 (a)
Other Governmental Funds	General Fund	426,481 (b)
	Capital Improvement	
	Capital Projects Fund	1,000,000 (b)
		8,390,633
Water Enterprise Fund -		
transfer of capital assets to		
governmental activities		354,335
		<u>\$ 8,744,968</u>

The purposes for significant interfund transfers made during the fiscal year ended June 30, 2020 were as follows:

- (a) To provide funds for various capital projects in accordance with the City's capital improvement program.
- (b) To provide funds for ongoing city programs.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

8. INDIVIDUAL FUND DISCLOSURES**Expenditures Exceeding Appropriations**

For the year ended June 30, 2020, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Major Funds**General Fund:**

General government - Executive administration	\$ 160,629
General government - Personnel services	67,877
General government - Support services	16,848
Community services - Library programs and services	7,566
Police - Investigative services	159,910
Police - Police support services	136,068
Police - Records	9,991
Police - Emergency disaster services	11,578
Community development - Neighborhood enhancement	3,318

Other Governmental Funds:

Air Quality Improvement Special Revenue Fund:	
Public works	\$ 300
Lighting and Landscape Special Revenue Fund:	
Public works	3,014

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.

9. DEFINED BENEFIT PENSION PLANS**A. General Information about the Pension Plans****Plan Descriptions**

All qualified employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic Members with five years of total service are eligible to retire at age 50 and PEPRA members must be at least 52 years old to retire with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****9. DEFINED BENEFIT PENSION PLANS (CONTINUED)****A. General Information about the Pension Plans (Continued)****Benefits Provided (Continued)**

The Plans' provisions and benefits in effect at June 30, 2019, the measurement date, are summarized as follows:

	Miscellaneous			
	Prior to		On or After	
	June 10, 2010	and prior to	January 1, 2013	January 1, 2013
Hire date				
Benefit formula	2%@55		2%@60	2%@62
Benefit vesting schedule	5 years of service		5 years of service	5 years of service
Benefit payments	monthly for life		monthly for life	monthly for life
Retirement age	50 - 63		50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%		1.09% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7%		7%	6.25%
Required employer contribution rates:				
Normal cost rate		9.409%	8.099%	6.842%
Payment of unfunded liability	\$ 885,760		\$ 3,283	\$ 842
Safety				
	Prior to		On or After	
	June 10, 2010		January 1, 2013	January 1, 2013
	3%@50		3%@55	2.7%@57
Hire date				
Benefit formula	5 years of service		5 years of service	5 years of service
Benefit vesting schedule	monthly for life		monthly for life	monthly for life
Benefit payments	50 - 55		50 - 55	50 - 57
Retirement age				
Monthly benefits, as a % of eligible compensation	3.0%		2.40% to 3.00%	2.00% to 2.70%
Required employee contribution rates	9%		9%	12.25%
Required employer contribution rates:				
Normal cost rate		22.346%	20.416%	12.965%
Payment of unfunded liability	\$ 799,171		\$ 2,513	\$ 838

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. For the year ended June 30, 2020, the City made contributions totaling \$3,056,770 (\$1,442,517 Miscellaneous plan and \$1,614,253 Safety Plan).

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

9. DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the measurement date, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 13,113,924
Safety	<u>16,301,080</u>
Total Net Pension Liability	\$ 29,415,004

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2018 and 2019 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2018	0.32407%	0.26514%
Proportion - June 30, 2019	0.32748%	0.26113%
Change - Increase (Decrease)	0.00341%	-0.00401%

For the year ended June 30, 2020, the City recognized pension expense of \$5,518,794 (\$2,520,062 Miscellaneous Plan and \$2,998,732 Safety Plan). At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,442,517	\$ -
Differences between expected and actual experience	910,817	(70,570)
Change in assumptions	625,332	(221,675)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(485,075)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(229,271)</u>
Total	<u>\$ 2,978,666</u>	<u>\$ (1,006,591)</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****9. DEFINED BENEFIT PENSION PLANS (CONTINUED)****B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Safety	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,614,253	\$ -
Differences between expected and actual experience	1,064,314	-
Change in assumptions	668,153	(130,390)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(224,249)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(605,863)</u>
Total	\$ 3,346,720	\$ (960,502)

The \$3,056,770 (\$1,442,517 Miscellaneous Plan and \$1,614,253 Safety Plan) reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous		
Year Ending	June 30,	Amount
	2021	\$ 690,823
	2022	(265,105)
	2023	57,511
	2024	46,329
	2025	-
Thereafter		-
Safety		
Year Ending	June 30,	Amount
	2021	\$ 957,156
	2022	(265,028)
	2023	36,205
	2024	43,632
	2025	-
Thereafter		-

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

9. DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial calculation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019.

The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS's website under Forms and Publications.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

9. DEFINED BENEFIT PENSION PLANS (CONTINUED)**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.15% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	77.00%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period

(c) An expected inflation of 2.92% used for this period

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

9. DEFINED BENEFIT PENSION PLANS (CONTINUED)**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)****Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 20,141,153	\$ 24,411,307
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 13,113,924	\$ 16,301,080
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 7,313,444	\$ 9,651,964

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2020, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**A. Plan Description**

In addition to providing pension benefits, the City provides certain health care benefits under an agent multiple-employer OPEB plan for retired employees through the California Public Employees Medical and Hospital Care Act (PEMCHA) 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, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

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 \$139 monthly).
- Employees with 5-10 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee only.
- Employees with 11-15 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee only.
- Employees with over 16 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

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

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 \$139 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.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

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

B. Eligibility

Employees of the City are eligible for retiree health benefits if they are at least 50 years of age for classic members and at least 52 years of age for PEPRA members as of the last day of work prior to retirement and are a vested member of CalPERS. Membership in the plan consisted of the following, for the measurement period ended June 30, 2020:

Inactive employees or beneficiaries currently receiving benefit payments	96
Inactive employees entitled to but not yet receiving benefit payments	0
Active plan members	103
	<u>199</u>

C. Annual OPEB Cost and Net OPEB Liability

The obligation of the City and City employees to contribute to the plan is established and may be amended by the City Council. Employee contributions are not portable should an employee leave City employment. For the fiscal year ended June 30, 2020, the measurement period, the City contributed \$1,251,150 (retirement premiums paid of \$720,480, contributions to OPEB Trust of \$210,631, and an estimated implicit rate subsidy of \$320,039) and City employees contributed \$336,878 to the OPEB Trust. For Non-POA (Police Officers Association Union) fulltime employees, the City pays 1% of gross wages, including all Directors and Managers in the City. For Safety employees, who are not in a management position, the City pays a flat \$885 per calendar year.

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions. For the measurement period ended June 30, 2020 (the measurement date), the total OPEB liability was determined by an actuarial accounting valuation performed as of June 30, 2020. The June 30, 2020 total OPEB liability was based on the following actuarial methods and assumptions:

Inflation	2.75%
Salary increase	2.75%
Investment rate of return	6.00%
Healthcare cost trend rates	Assumed 4% per year. The long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. The actuary does not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

The mortality assumptions are based on tables created by CalPERS. CalPERS periodically study mortality for participating agencies and establish mortality tables that are modified versions of commonly used tables. The most recent studies were conducted in 2017.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

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

D. Net OPEB Liability (Continued)

Changes in assumptions. For the measurement period ended June 30, 2020, the changes in assumptions were made related to a decrease in the investment rate of return from 6.50% to 6.00% (\$0.6million), the addition of an implicit subsidy (\$-0.3million) and changes to demographic assumptions.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50%	7.5%
Fixed Income	50%	4.5%
Total	100%	

Discount rate. The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

E. Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary	Net OPEB
		Net Position	Liability (Asset)
Balance at June 30, 2019	\$ 10,985,087	\$ 2,090,708	\$ 8,894,379
<i>Changes in the fiscal year:</i>			
Service Cost	78,454	-	78,454
Interest on the Total OPEB Liability	693,993	-	693,993
Changes of Assumptions	3,078,833	-	3,078,833
Difference between Expected and Actual Experience	-	-	-
Actual Experience	171,290		171,290
Contribution from the Employer	-	1,251,150	(1,251,150)
Contribution from the Employees	-	336,878	(336,878)
Net Investment Income	-	186,488	(186,488)
Benefit Payments	(1,040,518)	(1,040,518)	-
Administrative Expenses	-	(15,198)	15,198
Net Changes	2,982,052	718,800	2,263,252
Balance at June 30, 2020	\$ 13,967,139	\$ 2,809,508	\$ 11,157,631

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)****E. Change in the Net OPEB Liability (Continued)**

There is sensitivity of the net OPEB liability due to changes in the discount rate and health-care cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current discount rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB Liability	\$ 12,583,050	\$ 11,157,631	\$ 9,941,810
		Health-care Cost	
	1% Decrease 3.00%	Trend Rate 4.00%	1% Increase 5.00%
Net OPEB Liability	\$ 10,196,736	\$ 11,157,631	\$ 12,236,131

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$574,482. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,872	\$ (417,392)
Changes of assumptions	2,747,775	-
Net differences between projected and actual earnings on plan investments	-	(24,706)
Total	\$ 2,900,647	\$ (442,098)

Amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

	Fiscal Year Ended
	June 30
2021	\$ 276,908
2022	268,286
2023	269,293
2024	270,855
2025	277,512
Thereafter	<u>1,095,695</u>
	<u><u>\$ 2,458,549</u></u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

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 and benefits depend solely on amounts contributed to the plan plus investment earnings.

On May 15, 2001, the City Council authorized establishment of a 401(a) Deferred Contribution Plans for its management and middle management employees. The Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code.

These plans were discontinued on April 30, 2016 and have not been replaced. City Council has the authority for establishing and amending the provisions of both these plans.

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 \$72,941 for the fiscal year ended June 30, 2020.

Amounts withheld by the City under this plan are deposited regularly with the International City Managers Association (ICMA) Fund for investment. Pursuant to changes in Internal Revenue Code Section 457, the City formally established a plan level trust in which all assets and income of the 457 plan were placed. The assets, all property and rights purchased with such amount, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are not the property of the City, and as such, are not subject to the claims of the City's general creditors. The City had minimal involvement in the administration of the 457 plan, and therefore, the plan assets and liabilities are not reported in the City's financial statements.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The various fund balance classifications as of June 30, 2020 were as follows:

	General	Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds
Nonspendable:					
Receivable from Successor					
Agency - principal portion	\$ 9,049,642	\$ -	\$ -	\$ -	\$ -
Prepaid expenses	41,003	-	-	-	-
Advances to other funds	2,376,022	-	-	-	-
Land and improvements held for resale, net	425,001	_____	_____	_____	_____
	<u>11,891,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:					
Low and moderate income housing	-	5,662,371	-	-	-
Public protection	-	-	-	-	205,025
Development	-	-	-	-	4,421,540
Transportation	-	-	-	-	3,643,968
Capital improvements	-	-	-	400,000	2,444,098
Housing	-	-	-	-	6,036
	<u>-</u>	<u>5,662,371</u>	<u>-</u>	<u>400,000</u>	<u>10,720,667</u>
Committed for Contingencies:					
Economic uncertainty	4,448,541	-	-	-	-
Building and land acquisition	1,879,448	-	-	-	-
Equipment replacement	522,376	-	-	-	-
Capital improvements	885,634	-	-	-	-
Insurance premium increases	409,672	-	-	-	-
CalPERS rate increases	1,887,225	-	-	-	-
OPEB future costs	1,121,444	-	-	-	-
Park expansion	57,846	-	-	-	-
Police radio reserve	417,749	-	-	-	-
Police - general reserve	66,336	-	-	-	-
Library expansion	3,678,260	-	-	-	-
100th Anniversary	50,019	-	-	-	-
General plan	110,000	-	-	-	-
Economic development	672,650	-	-	-	-
NPDES issues	1,456	-	-	-	-
	<u>16,208,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>14,151,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 42,251,613</u></u>	<u><u>\$ 5,662,371</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 400,000</u></u>	<u><u>\$ 10,720,667</u></u>

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

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

The City is a member of the California Joint Powers Insurance Authority (JPIA or Authority). The Authority is composed of 118 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 (Board). The Board operates through a nine-member Executive Committee.

B. Primary Self-insurance Programs of the Insurance Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program. Claims are pooled separately between police and general government 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpi.org/coverage/risk-sharing-pools/>.

Workers' Compensation. Claims are pooled separately between public safety (police and fire) and general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED)

C. Purchased Insurance

Pollution Legal Liability Insurance. The City participates in the pollution legal liability insurance program which is available through the Insurance Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Insurance Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Insurance Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance. The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$59,846,741. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance. The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. The City's property currently has earthquake protection in the amount of \$24,417,235. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance. The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

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.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

15. OTHER INFORMATION (CONTINUED)

Contingent Liabilities (Continued)

Developer Impact Fees - The City charges Parks Development, Traffic Impact, and Water Development Impact Fees (fees) when new residential or commercial buildings are constructed. In Fiscal Year 2019-20, the City collected Parks Development fees, Traffic impact fees, and Water Development 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 2019-20, the City expended \$ 83,699 in Parks Development fees, \$93,268 in Traffic Impact fees and no Water Development fees. At June 30, 2020, the fund balances for the Parks Development Impact Fund was \$2,064,302, for the Water Impact Fund was \$596,202, and for the Traffic Impact Fund was \$1,001,387.

16. TAX ABATEMENTS

In accordance with Chapter 3.32 of the Signal Hill Municipal Code, the City provides sales tax rebates to a local sales tax generator based on sales tax generated at a site developed within the City of Signal Hill. The City entered into an economic development agreement for sales tax rebates with a local sales tax generator in order to retain one of the City's significant tax-generating business, jobs, and occupancy of land within City boundaries. The rebates are calculated based on the total taxes generated by the business.

For the fiscal year ended June 30, 2020, the City abated local sales tax totaling \$3,235,461.

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

Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance at			Balance at June 30, 2020
	July 1, 2019 As Restated*	Additions	Deletions	
Capital assets, not being depreciated:				
Land	<u>\$ 17,440,497</u>	<u>\$</u> <u>-</u>	<u>\$ (8,534,012)</u>	<u>\$ 8,906,485</u>

* The balance at July 1, 2019 was restated by decreasing the balance by \$2,765,220 for land sold in a previous year and \$2,339,780 for land that was transferred to the City in a previous year. See Note 19 for impact of this restatement.

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Other debt:					
Bonds payable:					
2006 TABs	\$ 11,165,000	\$ -	\$ (275,000)	\$ 10,890,000	\$ 295,000
2011 Tax Allocation Parity Bonds	5,525,000	-	(590,000)	4,935,000	625,000
2015 Refunding TABs Series A	11,145,000	-	(2,040,000)	9,105,000	2,120,000
2015 Refunding TABs Series B	1,545,000	-	(105,000)	1,440,000	105,000
2017 Refunding TABs	20,190,000	-	(2,265,000)	17,925,000	2,360,000
Less original issuance discounts	(99,565)	-	14,494	(85,071)	-
Add premium on bonds	3,398,656	-	(594,711)	2,803,945	-
Total bonds payable	52,869,091	-	(5,855,217)	47,013,874	5,505,000
Direct borrowings:					
Loan payable to the City of Signal Hill	12,408,750	277,500	(200,000)	12,486,250	-
Loan payable to Signal Hill Housing Authority	1,214,626	-	(1,214,626)	-	-
Total long-term liabilities	<u>\$ 66,492,467</u>	<u>\$ 277,500</u>	<u>\$ (7,269,843)</u>	<u>\$ 59,500,124</u>	<u>\$ 5,505,000</u>

A. 2006 Tax Allocation Bonds

On September 7, 2006, the Agency issued the 2006 Taxable Tax Allocation Parity Bonds, Series A (2006 Bonds) 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 matured October 1, 2016 and bore interest payable semiannually at a rate of 5.581%. \$11,660,000 of 2006 D term bonds mature October 1, 2026 and bear interest payable semiannually at a rate of 5.839%. The 2006 Bonds are subject to mandatory redemption without premium commencing October 1, 2007 with respect to the term bonds maturing October 1, 2016 and October 1, 2017 with respect to the term bonds maturing October 1, 2026.

The 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 Baa2 and BBB, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 295,000	\$ 627,255	\$ 922,255
2022	310,000	609,592	919,592
2023	325,000	591,052	916,052
2024	350,000	571,346	921,346
2025	3,025,000	472,813	3,497,813
2026-2027	6,585,000	390,191	6,975,191
Totals	<u>\$ 10,890,000</u>	<u>\$ 3,262,249</u>	<u>\$ 14,152,249</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**B. 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.

The Successor Agency to the City of Signal Hill Redevelopment Agency is required by the 2011 Tax Allocation Parity Bonds reserve requirement to maintain reserve funds of the lesser of (1) 125% average annual debt service, (2) maximum annual debt service and (3) 10% original proceeds. As of the fiscal year ended June 30, 2020, this reserve requirement was met.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 625,000	\$ 317,881	\$ 942,881
2022	670,000	276,575	946,575
2023	710,000	229,951	939,951
2024	760,000	178,500	938,500
2025	675,000	128,275	803,275
2026-2027	1,495,000	106,225	1,601,225
 Totals	 \$ 4,935,000	 \$ 1,237,407	 \$ 6,172,407

C. 2015 Refunding Tax Allocation Bonds - Series A

On January 26, 2015, the Agency issued the 2015 Tax Allocation Refunding Bonds, Series A (2015 A Bonds) in the amount of \$19,990,000. The proceeds were used to (i) refinance the Agency's outstanding 2001 Bonds, 2003 A Bonds, and 2003 C Bonds in the amount of \$22,245,000, (ii) fund the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds. The 2015 A Bonds were issued at a premium of \$2,624,882. This premium is being amortized on a straight line basis as interest expense through the year 2024.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$644,557. 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, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**C. 2015 Refunding Tax Allocation Bonds - Series A (Continued)**

Principal amounts on the 2015 A Bonds mature annually each October 1 from 2015 through 2024, and bear interest semiannually beginning October 1, 2015 at rates ranging from 2.00% to 5.00%. The 2015 A Bonds are not subject to optional redemption before maturity. 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 Baa2 and BBB, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,120,000	\$ 402,250	\$ 2,522,250
2022	2,220,000	293,750	2,513,750
2023	2,330,000	180,000	2,510,000
2024	2,435,000	60,875	2,495,875
Totals	<u>\$ 9,105,000</u>	<u>\$ 936,875</u>	<u>\$ 10,041,875</u>

D. 2015 Refunding Tax Allocation Bonds - Series B

On January 26, 2015, the Agency issued the 2015 Tax Allocation Refunding Bonds, Series B (2015 B Bonds) in the amount of \$1,970,000. The proceeds were used to (i) refinance the Agency's outstanding 2003 D Bonds in the amount of \$1,980,000, (ii) fund the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds. The 2015 B Bonds were issued at a discount of \$26,551. This discount is being amortized on a straight line basis as interest expense through the year 2024.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$51,426. 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 2015 B Bonds mature annually each October 1 from 2015 through 2024, and bear interest semiannually beginning October 1, 2015 at rates ranging from 1.00% to 3.125%. The 2015 B Bonds are not subject to optional redemption before maturity.

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 Baa2 and BBB, respectively.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020****17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)****D. 2015 Refunding Tax Allocation Bonds - Series B (Continued)**

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 105,000	\$ 41,497	\$ 146,497
2022	105,000	39,135	144,135
2023	110,000	36,375	146,375
2024	110,000	33,213	143,213
2025	1,010,000	15,781	1,025,781
Totals	\$ 1,440,000	\$ 166,001	\$ 1,606,001

E. 2017 Refunding Tax Allocation Bonds

On December 1, 2017, the Agency issued the 2017 Tax Allocation Refunding Bonds (2017 Bonds) in the amount of \$22,580,000. The proceeds were used to (i) refinance the Agency's outstanding 2007 Refunding Tax Allocation Bonds in the amount of \$10,970,000, and the Agency's outstanding 2009 Tax Allocation Parity Bonds in the amount of \$14,670,000 (ii) fund the reserve requirement for the Bonds and (iii) provide for the costs of issuing the Bonds. The 2017 Bonds were issued at a premium of \$2,564,999. This premium is being amortized on a straight line basis as interest expense through the year 2026.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,196,102. 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 2026.

Principal amounts on the 2017 Bonds mature annually each October 1 from 2018 through 2026, and bear interest semiannually beginning April 1, 2018 at rates ranging from 3.00% to 5.00%. The 2017 Bonds are not subject to optional redemption before maturity.

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 Baa2 and BBB, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2020, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,360,000	\$ 784,850	\$ 3,144,850
2022	2,480,000	663,850	3,143,850
2023	2,610,000	536,600	3,146,600
2024	2,745,000	402,725	3,147,725
2025	1,920,000	305,300	2,225,300
2026-2027	5,810,000	286,750	6,096,750
Totals	\$ 17,925,000	\$ 2,980,075	\$ 20,905,075

CITY OF SIGNAL HILL, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2020

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

F. Loan payable to the City of Signal Hill

In 2008, the City had 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 up to the date of its dissolution.

During the fiscal year ended June 30, 2018, the DOF approved the advance from the City as an enforceable obligation of the Successor Agency based on an accrued interest rate of 3% per annum since inception. The balance as of June 30, 2020, including \$ 3,436,250 of accrued interest, is \$12,486,250.

G. Deferral payments due to Signal Hill Housing Authority

The former Redevelopment Agency had made resolutions in years prior to dissolutions to defer the payment of the 20% housing set aside as a result of having insufficient tax increment revenues to do so. During the fiscal year ended June 30, 2017, the Successor Agency submitted the support for these deferral obligations to the DOF for approval as an enforceable obligation. The DOF approved the amount of \$3,015,364 due to the Signal Hill Housing Authority which had accepted the role of the Successor Housing Agency to the former Redevelopment Agency. During the current year, the Housing Authority received additional payments of \$1,214,626 from the Successor Agency. The balance was paid off during the year ended June 30, 2020.

H. 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.

On December 21, 1995, the joint powers agreement was amended to increase its jurisdiction by including additional areas surrounding the original Spring Street Corridor Area. The operating expenses are charged to the members on the basis of their prorata share of land in the Corridor. Financial statements can be obtained from the City of Signal Hill's Finance Department located at City Hall.

I. Owner Participation and Implementation Agreement (OPIA)

Pursuant to an Owner Participation and Implementation Agreement (OPIA) dated September 19, 1996, the Agency 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 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, 2020, there was \$1,443,018 due under this agreement, which is reported as a current liability.

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

18. OPERATING LEASE OBLIGATIONS

A. The City is leasing land used for an Auto Center under an operating lease dated June 30, 1988. The term of the lease expires November 30, 2055. The current period rental payments, which are classified as project costs, were \$251,604.

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

Year Ending June 30,	
2021	\$ 260,466
2022	266,796
2023	266,796
2024	266,796
2025	266,796
2026 - 2030	1,400,475
2031 - 2035	1,483,025
2036 - 2040	1,558,290
2041 - 2045	1,642,435
2046 - 2050	1,727,400
2051 - 2055	1,804,165
2056	150,876
 Total minimum lease payments	 <u>\$ 11,094,316</u>

B. The City is leasing land for an Auto Center under an operating lease dated December 21, 1993 and amended May 7, 1996. The term of the lease expires December 31, 2055. The current period rental payments, which are classified as project costs, were \$220,142.

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

Year Ending June 30,	
2021	\$ 223,444
2022	226,745
2023	226,745
2024	226,745
2025	226,745
2026 - 2030	1,164,339
2031 - 2035	1,199,267
2036 - 2040	1,235,242
2041 - 2045	1,272,303
2046 - 2050	1,310,472
2051 - 2055	1,349,792
2056	274,807
 Total minimum lease payments	 <u>\$ 8,936,646</u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

19. RESTATEMENTS

Beginning balances of net position in the government-wide financial statements as of July 1, 2019, have been adjusted as follows:

	<u>Governmental Activities</u>
Net position as previously reported as of June 30, 2019	\$ 126,169,548
Adjustment for developer deposits returned in previous years	427,609
Increase to adjust for land transferred from the Successor Agency to the City in a prior year	2,339,780
Reduction to remove capital assets associated with a joint-entity project that are not owned by the City	<u>(21,868,707)</u>
Net position as restated July 1, 2019	<u><u>\$ 107,068,230</u></u>

Beginning fund balances in the statement of revenues, expenditure and changes in fund balances, governmental funds, as of July 1, 2019, have been adjusted as follows:

	<u>General Fund</u>
Fund balance as previously reported as of June 30, 2019	\$ 37,870,938
Adjustment for developer deposits returned in previous years	<u>427,609</u>
Fund Balance as restated July 1, 2019	<u><u>\$ 38,298,547</u></u>

CITY OF SIGNAL HILL, CALIFORNIA**Notes to Basic Financial Statements****June 30, 2020**

19. RESTATEMENTS (CONTINUED)

Beginning balances of net position in the statement of fiduciary net position, fiduciary funds, as of July 1, 2019, have been adjusted as follows:

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
Net deficit as previously reported as of June 30, 2019	\$ (39,328,382)
Increase to remove \$6,000,000 refundable deposit payable used to purchase land held for release from the Successor Agency (\$2,765,220 carrying value) in a prior year	3,234,780
Decrease for sale of land held for resale that was sold in a prior year	<u>(2,339,780)</u>
Net deficit as restated July 1, 2019	<u><u>\$ (38,433,382)</u></u>

NOTE 20 – COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The City’s operations are dependent on the ability to receive sales taxes, property taxes, transient occupancy taxes, and franchise taxes.

Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the tax bases and other areas in which the City receives revenue during fiscal year 2021. The outbreak could also have other potential impacts, including disruptions or restrictions on employees’ ability to work. As such, this may hinder the ability for the City to meet the needs of its constituents. The City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the City’s results of future operations and financial position in fiscal year 2020-21.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 2,225,150	\$ 2,225,150	\$ 2,330,347	\$ 105,197
Sales and use tax	14,700,000	14,700,000	16,834,464	2,134,464
Other taxes	1,640,000	1,640,000	1,693,086	53,086
Licenses and permits	513,340	513,340	635,289	121,949
Intergovernmental revenues	62,950	62,950	52,269	(10,681)
Charges for services	852,010	852,010	1,073,952	221,942
Fines and forfeitures	355,200	355,200	327,803	(27,397)
Investment income	1,016,284	1,041,548	1,544,511	502,963
Other revenue	15,000	15,000	175,293	160,293
TOTAL REVENUES	21,379,934	21,405,198	24,667,014	3,261,816
EXPENDITURES:				
GENERAL GOVERNMENT:				
City Council	248,590	246,590	221,092	25,498
City Treasurer	14,600	14,600	5,123	9,477
City Clerk	170,545	170,545	131,671	38,874
Economic development	675,992	703,342	660,152	43,190
Executive administration	709,919	709,919	870,548	(160,629)
Program administration	284,812	284,812	268,359	16,453
Personnel services	264,486	264,486	332,363	(67,877)
Support services	1,737,126	1,858,536	1,875,384	(16,848)
Management information services	207,170	238,170	188,503	49,667
Fiscal services	802,924	832,924	737,443	95,481
TOTAL GENERAL GOVERNMENT	5,116,164	5,323,924	5,290,638	33,286
COMMUNITY SERVICES:				
Library programs and services	467,756	467,756	475,322	(7,566)
Community support and services	753,917	753,917	656,523	97,394
Recreation	516,233	516,233	442,094	74,139
TOTAL COMMUNITY SERVICES	1,737,906	1,737,906	1,573,939	163,967
POLICE:				
Community outreach	81,992	81,992	69,003	12,989
Patrol services	5,417,110	5,417,110	5,403,791	13,319
Investigative services	1,083,269	1,083,269	1,243,179	(159,910)
Police support services	1,704,321	1,704,321	1,840,389	(136,068)
Communications	854,351	854,351	795,757	58,594
Records	384,629	384,629	394,620	(9,991)
Emergency and disaster services	58,890	58,890	70,468	(11,578)
TOTAL POLICE	9,584,562	9,584,562	9,817,207	(232,645)

(Continued)

See note to the required supplementary information.

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

(Continued)

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Planning services	\$ 434,169	\$ 434,169	\$ 348,819	\$ 85,350
Neighborhood enhancement	117,053	117,053	120,371	(3,318)
Building and safety	258,383	258,383	223,719	34,664
Oil field services	165,188	165,188	130,885	34,303
TOTAL COMMUNITY DEVELOPMENT	974,793	974,793	823,794	150,999
PUBLIC WORKS:				
Engineering and project services	838,756	838,756	739,572	99,184
Building maintenance	934,726	934,726	813,579	121,147
Environmental programs	562,828	562,828	400,633	162,195
Park maintenance	878,134	878,134	838,568	39,566
Street maintenance operations	1,657,042	1,657,042	1,387,012	270,030
TOTAL PUBLIC WORKS	4,871,486	4,871,486	4,179,364	692,122
CAPITAL OUTLAY	50,000	414,358	312,596	101,762
DEBT SERVICE	4,253	4,253	351,303	(347,050)
TOTAL EXPENDITURES	22,339,164	22,911,282	22,348,841	562,441
EXCESS OF REVENUES OVER EXPENDITURES	(959,230)	(1,506,084)	2,318,173	3,824,257
OTHER FINANCING SOURCES (USES):				
Transfers in	600,000	600,000	2,158,171	1,558,171
Transfers out	(1,494,080)	(1,494,080)	(523,278)	970,802
TOTAL OTHER FINANCING SOURCES (USES)	(894,080)	(894,080)	1,634,893	2,528,973
NET CHANGE IN FUND BALANCE	(1,853,310)	(2,400,164)	3,953,066	6,353,230
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	38,298,547	38,298,547	38,298,547	-
FUND BALANCE AT END OF YEAR	\$ 36,445,237	\$ 35,898,383	\$ 42,251,613	\$ 6,353,230

See note to the required supplementary information.

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	\$ 98,721	\$ 98,721	\$ 125,045	\$ 26,324
TOTAL REVENUES	98,721	98,721	125,045	26,324
EXPENDITURES:				
Current:				
Community development	7,500	7,500	3,201	4,299
EXCESS OF REVENUES OVER EXPENDITURES	91,221	91,221	121,844	30,623
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	40,000	40,000
Transfers out	-	-	(400,000)	(400,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(360,000)	(360,000)
NET CHANGE IN FUND BALANCE	91,221	91,221	(238,156)	(329,377)
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	5,900,527	5,900,527	5,900,527	-
FUND BALANCE AT END OF YEAR	\$ 5,991,748	\$ 5,991,748	\$ 5,662,371	\$ (329,377)

See note to the required supplementary information.

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

CAPITAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 6,216,988	\$ 6,616,987	\$ 4,611,342	\$ (2,005,645)
TOTAL REVENUES	6,216,988	6,616,987	4,611,342	(2,005,645)
OTHER FINANCING SOURCES:				
Transfers in	-	-	9,181	9,181
Transfers out	(6,216,988)	(6,216,988)	(361,342)	5,855,646
TOTAL OTHER FINANCING USES	(6,216,988)	(6,216,988)	(352,161)	5,864,827
NET CHANGE IN FUND BALANCE	-	399,999	4,259,181	3,859,182
FUND BALANCE AT BEGINNING OF YEAR	(4,259,181)	(4,259,181)	(4,259,181)	-
FUND BALANCE AT END OF YEAR	\$ (4,259,181)	\$ (3,859,182)	\$ -	\$ 3,859,182

See note to the required supplementary information.

CITY OF SIGNAL HILL, CALIFORNIA
Notes to Required Supplementary Information
June 30, 2020

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 and Special Revenue Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (US GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budgetary comparisons are presented for the Capital Projects Funds since budgets are adopted on a project basis as opposed to an annual basis. No budgets were adopted for the Assets Seizure, Water Development, Housing Impact, Planning Grants, Los Angeles Impact, and the Civic Cnter Phase II special revenue funds for the current fiscal year.
- 3) 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.
- 4) 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.
- 5) The City Council approves all significant budgetary changes.
- 6) Under Article XIIIIB 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, 2020, based on calculations by City management, proceeds of taxes did not exceed appropriations.

CITY OF SIGNAL HILL

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

	Miscellaneous Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended						
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.32748%	0.32748%	0.32027%	0.31694%	0.12534%	0.13408%
Plan's proportionate share of the net pension liability	\$ 13,113,924	\$ 12,213,091	\$ 12,625,288	\$ 11,009,993	\$ 8,603,439	\$ 8,343,258
Plan's covered payroll	\$ 4,924,328	\$ 4,746,775	\$ 4,782,533	\$ 4,769,466	\$ 4,171,972	\$ 4,623,297
Plan's proportionate share of the net pension liability as a percentage of covered payroll	266.31%	257.29%	263.99%	230.84%	206.22%	180.46%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.26%	73.31%	75.87%	79.72%	79.79%
Plan's proportionate share of aggregate employer contributions	\$ 1,621,472	\$ 1,452,707	\$ 1,377,053	\$ 1,233,606	\$ 1,169,609	\$ 890,524

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

From fiscal year June 30, 2017 to June 30, 2018:

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

From fiscal year June 30, 2018 to June 30, 2019:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

From fiscal year June 30, 2019 to June 30, 2020:

In fiscal year 2019-2020, the financial reporting discount rate was reduced from 7.375% to 7.150%. The inflation rate was reduced from 2.75% to 2.50% in fiscal year 2019-2020.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown

CITY OF SIGNAL HILL

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

	Miscellaneous Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended						
Contractually required contribution (actuarially determined)	\$ 1,442,517	\$ 1,268,784	\$ 1,095,591	\$ 1,001,003	\$ 913,915	\$ 673,607
Contributions in relation to the actuarially determined contributions	(1,442,517)	(1,268,784)	(1,095,591)	(1,001,003)	(913,915)	(673,607)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,955,620	\$ 4,924,328	\$ 4,746,775	\$ 4,782,533	\$ 4,769,466	\$ 4,171,972
Contributions as a percentage of covered payroll	29.11%	25.77%	23.08%	20.93%	19.16%	16.15%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry age (1)					
Amortization method	Fair Value	15 Year Smoothed				
Asset valuation method						Market Method
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.150% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
 (2) Depending on age, service, and type of employment
 (3) Net of pension plan investment expense, including inflation
 (4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2%@62**
 (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF SIGNAL HILL

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

	Safety Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended						
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.26113%	0.26514%	0.26478%	0.27528%	0.16949%	0.16671%
Plan's proportionate share of the net pension liability	\$ 16,301,080	\$ 15,557,284	\$ 15,821,202	\$ 14,257,433	\$ 11,633,599	\$ 10,373,619
Plan's covered payroll	\$ 3,319,213	\$ 2,752,971	\$ 3,397,367	\$ 3,120,311	\$ 3,095,462	\$ 3,002,188
Plan's proportionate share of the net pension liability as a percentage of covered payroll	491.11%	565.11%	465.69%	456.92%	375.83%	345.54%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.26%	73.31%	72.69%	75.88%	77.88%
Plan's proportionate share of aggregate employer contributions	\$ 1,880,463	\$ 1,740,418	\$ 1,330,746	\$ 1,243,621	\$ 1,244,854	\$ 1,034,283

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

From fiscal year June 30, 2018 to June 30, 2019:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

From fiscal year June 30, 2019 to June 30, 2020:

In fiscal year 2019-2020, the financial reporting discount rate was reduced from 7.375% to 7.150%. The inflation rate was reduced from 2.75% to 2.50% in fiscal year 2019-2020.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF SIGNAL HILL

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

	Safety Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended						
Contractually required contribution (actuarially determined)	\$ 1,614,253	\$ 1,372,345	\$ 1,677,943	\$ 1,531,100	\$ 1,407,461	\$ 1,197,783
Contributions in relation to the actuarially determined contributions	<u>(1,614,253)</u>	<u>(1,372,345)</u>	<u>(1,677,943)</u>	<u>(1,531,100)</u>	<u>(1,407,461)</u>	<u>(1,197,783)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 3,407,054	\$ 3,319,213	\$ 2,752,971	\$ 3,397,367	\$ 3,120,311	\$ 3,095,462
Contributions as a percentage of covered payroll	47.38%	41.35%	60.95%	45.07%	45.11%	38.69%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates						
Actuarial cost method	Entry age (1) Fair Value	Entry age (1) 15 Year Smoothed Market Method				
Amortization method						
Asset valuation method						
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.150% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
 (2) Depending on age, service, and type of employment
 (3) Net of pension plan investment expense, including inflation
 (4) 5.0 for all plans with the exception of 5.2 for Miscellaneous PEPRA 2%@62**
 (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown

CITY OF SIGNAL HILL

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Total OPEB Liability:					
Service cost	\$ 78,454	\$ 76,354	\$ 88,947	\$ 86,566	\$ 84,249
Interest on total OPEB liability	693,993	689,655	724,953	719,524	732,333
Changes of assumptions	3,078,833	-	-	-	-
Experience gains/(losses)	171,290	-	(633,287)	-	-
Investment gains/(losses)	-	5,035	(5,035)	-	-
Benefit payments, including refunds and the implied subsidy benefit payments	(1,040,518)	(705,652)	(729,067)	(718,446)	(697,696)
Net Change in Total OPEB Liability	2,982,052	65,392	(553,489)	87,644	118,886
Total OPEB Liability - Beginning of Year	10,985,087	10,919,695	11,473,184	11,385,540	11,266,654
Total OPEB Liability - End of Year (a)	13,967,139	10,985,087	10,919,695	11,473,184	11,385,540
Plan Fiduciary Net Position:					
Contributions - employer	1,251,150	705,652	729,067	718,446	847,696
Contributions - employees	336,878	-	-	-	-
Net investment income (loss)	186,488	135,298	125,181	154,005	(31,941)
Administrative expenses	(15,198)	(12,204)	(11,911)	(11,107)	(3,818)
Benefit payments, including refunds and the implied subsidy benefit payments	(1,040,518)	(705,652)	(729,067)	(718,446)	(697,696)
Other miscellaneous income (expense)	-	(2)	-	-	-
Net Change in Plan Fiduciary Net Position	718,800	123,092	113,270	142,898	114,241
Plan Fiduciary Net Position - Beginning of Year	2,090,708	1,967,616	1,854,346	1,711,448	1,597,207
Plan Fiduciary Net Position - End of Year (b)	2,809,508	2,090,708	1,967,616	1,854,346	1,711,448
Net OPEB Liability - Ending (a)-(b)	\$ 11,157,631	\$ 8,894,379	\$ 8,952,079	\$ 9,618,838	\$ 9,674,092
Plan fiduciary net position as a percentage of the total OPEB liability	20.12%	19.03%	18.02%	16.16%	15.03%
Covered - employee payroll	\$ 8,223,691	\$ 8,137,547	\$ 7,960,934	\$ 7,997,352	\$ 7,783,311
Net OPEB liability as percentage of covered - employee payroll	135.68%	109.30%	112.45%	120.28%	124.29%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

FYE June 30, 2020- Investment rate of return/discount rate was lowered from 6.50% to 6.00%, an implicit rate subsidy was added, and certain demographic assumptions were changed.

* Fiscal year 2016 was the first year of implementation; therefore, only five years are shown.

SUPPLEMENTARY INFORMATION

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OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Park Development Fund - Accounts for revenues from residential and commercial developers impact fees for park acquisition and improvement purposes.

HCDA Grant Fund - Accounts for community development block grant revenues and expenditures for rehabilitation, food distribution and capital projects.

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

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

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

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

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

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

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

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

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OTHER GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED)

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

Public Safety State Resources Fund - Accounts for funding received by the State of California Office of Traffic Safety for public safety overtime related to the enforcement of California's DUI laws.

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

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

Measure M Fund - Accounts for the financial activity relative to the City's share of the Los Angeles sales tax increase of one half percent (0.5%) for traffic improvement transportation projects in accordance with the Los Angeles County Traffic Improvement Plan. "Measure M" revenues are disbursed by the Los Angeles County Metro Transportation Authority (MTA).

Transportation 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.

Planning Grants Fund - The Planning Grants Fund was established to account for grants from external agencies to be used for planning projects.

Los Angeles Impact Fund - The Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT) grant funds provide for a compilation of numerous federal, state and local law enforcement agencies in Los Angeles county whose primary focus is to investigate major crimes, with an emphasis on dismantling mid to major level drug trafficking organizations.

RMRA (SB1) Fund - Accounts for the financial activity relative to the Road Recovery and Accountability Act that was passed on April 6, 2017, providing funding through Senate Bill 1 and the Highway Users Trust Account (HUTA) for maintenance and rehabilitation of roadways.

Civic Center Phase II Fund - Accounts for funding sources for the design and construction of the Signal Hill Public Library.

Lease Revenue Bond Capital Projects Fund - Accounts for the proceeds of the Signal Hill Municipal Financing Authority's Lease Revenue Bonds, Series 2018, and construction of the portion of the Signal Hill Library provided by the bonds. The Lease Revenue Bond Capital Projects Fund balance is restricted for specific capital project funding.

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2020

Special Revenue Funds				
	Asset Seizure	Park Development	HCDA Grant	Special Gas Tax
ASSETS				
Cash and investments	\$ 205,025	\$ 2,064,302	\$ -	\$ 1,057,225
Restricted cash and investments	-	-	-	-
Accrued interest receivable	-	-	600	-
Due from other governments	-	-	1,893	-
Loans receivable	-	-	6,037	-
Advances to other funds	-	934,704	-	-
TOTAL ASSETS	<u>\$ 205,025</u>	<u>\$ 2,999,006</u>	<u>\$ 8,530</u>	<u>\$ 1,057,225</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	934,704	-	-
Due to other funds	-	-	1,893	-
TOTAL LIABILITIES	<u>-</u>	<u>934,704</u>	<u>1,893</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	600	-
FUND BALANCES (DEFICITS):				
Restricted for:				
Public protection	205,025	-	-	-
Development impact	-	2,064,302	-	-
Transportation	-	-	-	1,057,225
Capital improvements	-	-	-	-
Housing	-	-	6,037	-
TOTAL FUND BALANCES (DEFICITS)	<u>205,025</u>	<u>2,064,302</u>	<u>6,037</u>	<u>1,057,225</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 205,025</u>	<u>\$ 2,999,006</u>	<u>\$ 8,530</u>	<u>\$ 1,057,225</u>

Special Revenue Funds (Continued)

Transportation Proposition A	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	Lighting and Landscape
\$ 505,101	\$ 2,384,197	\$ 87,351	\$ 596,202	\$ 1,001,387	\$ 515,869	\$ 54,152
-	-	-	-	-	-	-
-	-	3,691	-	-	-	1,823
-	-	-	-	-	-	-
-	-	-	804,096	33,192	-	-
<u>\$ 505,101</u>	<u>\$ 2,384,197</u>	<u>\$ 91,042</u>	<u>\$ 1,400,298</u>	<u>\$ 1,034,579</u>	<u>\$ 515,869</u>	<u>\$ 55,975</u>
<hr/>						
\$ 5,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,516
-	-	-	804,096	33,192	-	-
-	-	-	-	-	-	-
<u>5,989</u>	<u>-</u>	<u>-</u>	<u>804,096</u>	<u>33,192</u>	<u>-</u>	<u>12,516</u>
<hr/>						
-	-	-	-	-	-	-
-	-	-	596,202	1,001,387	-	-
499,112	-	91,042	-	-	515,869	-
-	2,384,197	-	-	-	-	43,459
-	-	-	-	-	-	-
<u>499,112</u>	<u>2,384,197</u>	<u>91,042</u>	<u>596,202</u>	<u>1,001,387</u>	<u>515,869</u>	<u>43,459</u>
<hr/>						
<u>\$ 505,101</u>	<u>\$ 2,384,197</u>	<u>\$ 91,042</u>	<u>\$ 1,400,298</u>	<u>\$ 1,034,579</u>	<u>\$ 515,869</u>	<u>\$ 55,975</u>

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2020

	Special Revenue Funds (Continued)			
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant
ASSETS				
Cash and investments	\$ -	\$ -	\$ 759,648	\$ 215,053
Restricted cash and investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	-	624	-	-
Loans receivable	-	-	-	-
Advances to other funds	-	-	-	-
TOTAL ASSETS	\$ -	\$ 624	\$ 759,648	\$ 215,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other funds	-	624	-	-
TOTAL LIABILITIES	-	624	-	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	-
FUND BALANCES (DEFICITS):				
Restricted for:				
Public protection	-	-	-	-
Development impact	-	-	759,648	-
Transportation	-	-	-	215,053
Capital improvements	-	-	-	-
Housing	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	759,648	215,053
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 624	\$ 759,648	\$ 215,053

Special Revenue Funds (Continued)

Measure M	Transportation Measure R	Planning Grants	Los Angeles Impact	RMRA (SB1)	Civic Center Phase II	Lease Revenue Bond Capital Projects Fund	Total Other Governmental Funds
\$ 412,000	\$ 477,894	\$ -	\$ -	\$ 344,577	\$ -	\$ -	\$ 10,679,983
-	-	-	-	-	13,170	1,435,620	1,448,790
-	-	-	-	-	-	-	600
-	-	16,909	5,332	31,196	-	-	61,468
-	-	-	-	-	-	-	6,037
-	-	-	-	-	-	-	1,771,992
\$ 412,000	\$ 477,894	\$ 16,909	\$ 5,332	\$ 375,773	\$ 13,170	\$ 1,435,620	\$ 13,968,870
<hr/>							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,505
-	-	-	-	-	-	-	1,771,992
-	-	16,909	5,332	-	13,170	1,419,178	1,457,106
-	-	16,909	5,332	-	13,170	1,419,178	3,247,603
-	-	-	-	-	-	-	600
<hr/>							
-	-	-	-	-	-	-	205,025
-	-	-	-	-	-	-	4,421,539
412,000	477,894	-	-	375,773	-	-	3,643,968
-	-	-	-	-	-	16,442	2,444,098
-	-	-	-	-	-	-	6,037
412,000	477,894	-	-	375,773	-	16,442	10,720,667
\$ 412,000	\$ 477,894	\$ 16,909	\$ 5,332	\$ 375,773	\$ 13,170	\$ 1,435,620	\$ 13,968,870

CITY OF SIGNAL HILL

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

For the year ended June 30, 2020

	Special Revenue Funds			
	Asset Seizure	Park Development	HCDA Grant	Special Gas Tax
REVENUES:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	1,024	-	9,113	272,656
Charges for services	-	-	-	-
Investment income	5,162	31,013	-	28,728
TOTAL REVENUES	6,186	31,013	9,113	301,384
EXPENDITURES:				
Current:				
Police	-	-	-	-
Community development	-	-	9,113	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	9,113	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,186	31,013	-	301,384
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,000,000	-	-
Transfers out	-	(91,783)	-	(257,774)
TOTAL OTHER FINANCING SOURCES (USES)	-	908,217	-	(257,774)
NET CHANGE IN FUND BALANCES	6,186	939,230	-	43,610
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	198,839	1,125,072	6,037	1,013,615
FUND BALANCES AT END OF YEAR	\$ 205,025	\$ 2,064,302	\$ 6,037	\$ 1,057,225

Special Revenue Funds (Continued)

Transportation Proposition A	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	Lighting and Landscape
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,628
224,398	-	14,805	-	-	186,139	-
1,881	-	-	-	-	-	-
11,764	59,512	1,987	14,961	27,133	15,094	1,259
<u>238,043</u>	<u>59,512</u>	<u>16,792</u>	<u>14,961</u>	<u>27,133</u>	<u>201,233</u>	<u>62,887</u>
 - 184,410	 - -	 - 1,300	 - -	 - -	 - -	 - -
 - -	 - -	 - -	 - -	 - -	 - -	 - -
 184,410	 - -	 1,300	 - -	 - -	 - -	 73,114
 <u>53,633</u>	 <u>59,512</u>	 <u>15,492</u>	 <u>14,961</u>	 <u>27,133</u>	 <u>201,233</u>	 <u>(10,227)</u>
 - -	 - -	 - -	 - -	 <u>(93,268)</u>	 <u>(184,058)</u>	 - -
 - -	 - -	 - -	 - -	 <u>(93,268)</u>	 <u>(184,058)</u>	 - -
 53,633	 59,512	 15,492	 14,961	 (66,135)	 17,175	 (10,227)
 <u>445,479</u>	 <u>2,324,685</u>	 <u>75,550</u>	 <u>581,241</u>	 <u>1,067,522</u>	 <u>498,694</u>	 <u>53,686</u>
 <u>\$ 499,112</u>	 <u>\$ 2,384,197</u>	 <u>\$ 91,042</u>	 <u>\$ 596,202</u>	 <u>\$ 1,001,387</u>	 <u>\$ 515,869</u>	 <u>\$ 43,459</u>

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2020

	Special Revenue Funds (Continued)			
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant
REVENUES:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	155,948	46,174	-	-
Charges for services	-	-	-	-
Investment income	-	-	18,961	5,367
TOTAL REVENUES	155,948	46,174	18,961	5,367
EXPENDITURES:				
Current:				
Police	155,948	46,174	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	155,948	46,174	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	-	18,961	5,367
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES				
	-	-	18,961	5,367
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR				
	-	-	740,687	209,686
FUND BALANCES AT END OF YEAR	\$ -	\$ -	\$ 759,648	\$ 215,053

Special Revenue Funds (Continued)

Measure M	Transportation Measure R	Planning Grants	Los Angeles Impact	RMRA (SB1)	Civic Center Phase II	Lease Revenue Bond Capital Projects Fund	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,628
156,848	139,404	16,909	36,692	204,288	-	-	1,464,398
-	-	-	-	-	-	-	1,881
8,593	12,606	-	-	9,227	148	74,117	325,632
165,441	152,010	16,909	36,692	213,515	148	74,117	1,853,539
-	-	-	36,692	-	-	-	238,814
-	-	-	-	-	-	-	193,523
-	-	-	-	-	-	-	74,414
-	-	-	-	-	-	-	-
-	-	-	36,692	-	-	-	506,751
165,441	152,010	16,909	-	213,515	148	74,117	1,346,788
-	-	-	-	-	-	426,481	1,426,481
-	(95,303)	(16,909)	-	(126,706)	(13,170)	(3,632,419)	(4,511,390)
-	(95,303)	(16,909)	-	(126,706)	(13,170)	(3,205,938)	(3,084,909)
165,441	56,707	-	-	86,809	(13,022)	(3,131,821)	(1,738,121)
246,559	421,187	-	-	288,964	13,022	3,148,263	12,458,788
\$ 412,000	\$ 477,894	\$ -	\$ -	\$ 375,773	\$ -	\$ 16,442	\$ 10,720,667

CITY OF SIGNAL HILL

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

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts		Variance with Final Budget
	Original	Final	Positive (Negative)
REVENUES:			
Charges for services	\$ 107,395	\$ 107,395	\$ (107,395)
Investment income	-	-	31,013
TOTAL REVENUES	<u>107,395</u>	<u>107,395</u>	<u>31,013</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	1,000,000
Transfers out	(225,096)	(225,096)	(91,783)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(225,096)</u>	<u>(225,096)</u>	<u>908,217</u>
NET CHANGE IN FUND BALANCE	(117,701)	(117,701)	939,230
FUND BALANCE AT BEGINNING OF YEAR	<u>1,125,072</u>	<u>1,125,072</u>	<u>1,125,072</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,007,371</u>	<u>\$ 1,007,371</u>	<u>\$ 2,064,302</u>

CITY OF SIGNAL HILL

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

HCDA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
REVENUES:					
Intergovernmental revenues	\$ 67,037	\$ 67,037	\$ 9,113	\$ (57,924)	
EXPENDITURES:					
Current:					
Community development	9,299	9,299	9,113	186	
EXCESS OF REVENUES UNDER EXPENDITURES	57,738	57,738	-	(57,738)	
OTHER FINANCING USES:					
Transfers out	(58,000)	(58,000)	-	58,000	
TOTAL OTHER FINANCING USES	(58,000)	(58,000)	-	58,000	
NET CHANGE IN FUND BALANCE	(262)	(262)	-	262	
FUND BALANCE AT BEGINNING OF YEAR	6,037	6,037	6,037	-	
FUND BALANCE AT END OF YEAR	\$ 5,775	\$ 5,775	\$ 6,037	\$ 262	

CITY OF SIGNAL HILL

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

SPECIAL GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 303,408	\$ 303,408	\$ 272,656	\$ (30,752)
Investment income	-	-	28,728	28,728
TOTAL REVENUES	303,408	303,408	301,384	(2,024)
OTHER FINANCING USES:				
Transfers out	(507,500)	(507,500)	(257,774)	249,726
NET CHANGE IN FUND BALANCE	(204,092)	(204,092)	43,610	247,702
FUND BALANCE AT BEGINNING OF YEAR	1,013,615	1,013,615	1,013,615	-
FUND BALANCE AT END OF YEAR	<u>\$ 809,523</u>	<u>\$ 809,523</u>	<u>\$ 1,057,225</u>	<u>\$ 247,702</u>

CITY OF SIGNAL HILL

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

TRANSPORTATION PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 231,156	\$ 231,156	\$ 224,398	\$ (6,758)
Charges for services	-	-	1,881	1,881
Investment income	-	-	11,764	11,764
TOTAL REVENUES	231,156	231,156	238,043	6,887
EXPENDITURES:				
Current:				
Community development	192,518	210,376	184,410	25,966
EXCESS OF REVENUES OVER EXPENDITURES	38,638	20,780	53,633	32,853
FUND BALANCE AT BEGINNING OF YEAR	445,479	445,479	445,479	-
FUND BALANCE AT END OF YEAR	\$ 484,117	\$ 466,259	\$ 499,112	\$ 32,853

CITY OF SIGNAL HILL

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

PIPELINE REMOVAL SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Investment income	\$ 26,397	\$ 26,397	\$ 59,512	\$ 33,115
FUND BALANCE AT BEGINNING OF YEAR	<u>2,324,685</u>	<u>2,324,685</u>	<u>2,324,685</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 2,351,082</u>	<u>\$ 2,351,082</u>	<u>\$ 2,384,197</u>	<u>\$ 33,115</u>

CITY OF SIGNAL HILL

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
				Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 15,100	\$ 15,100	\$ 14,805	\$ (295)
Investment income	600	600	1,987	1,387
TOTAL REVENUES	15,700	15,700	16,792	1,092
EXPENDITURES:				
Current:				
Public works	1,000	1,000	1,300	(300)
EXCESS OF REVENUES OVER EXPENDITURES	14,700	14,700	15,492	792
FUND BALANCE AT BEGINNING OF YEAR	75,550	75,550	75,550	-
FUND BALANCE AT END OF YEAR	\$ 90,250	\$ 90,250	\$ 91,042	\$ 792

CITY OF SIGNAL HILL

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

TRAFFIC IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$ 132,997	\$ 132,997	\$ -	\$ (132,997)
Investment income	5,300	5,300	27,133	21,833
TOTAL REVENUES	138,297	138,297	27,133	(111,164)
OTHER FINANCING SOURCES (USES):				
Transfers out	(393,056)	(435,306)	(93,268)	342,038
TOTAL OTHER FINANCING SOURCES (USES)	(393,056)	(435,306)	(93,268)	342,038
NET CHANGE IN FUND BALANCE	(254,759)	(297,009)	(66,135)	230,874
FUND BALANCE AT BEGINNING OF YEAR	1,067,522	1,067,522	1,067,522	-
FUND BALANCE AT END OF YEAR	\$ 812,763	\$ 770,513	\$ 1,001,387	\$ 230,874

CITY OF SIGNAL HILL

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

TRANSPORTATION PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 192,329	\$ 192,329	\$ 186,139	\$ (6,190)
Investment income	-	-	15,094	15,094
TOTAL REVENUES	192,329	192,329	201,233	8,904
EXPENDITURES:				
Capital outlay	5,000	5,000	-	5,000
EXCESS OF REVENUES OVER EXPENDITURES	187,329	187,329	201,233	13,904
OTHER FINANCING USES:				
Transfers out	(179,500)	(179,500)	(184,058)	(4,558)
NET CHANGE IN FUND BALANCE	7,829	7,829	17,175	9,346
FUND BALANCE AT BEGINNING OF YEAR	498,694	498,694	498,694	-
FUND BALANCE AT END OF YEAR	\$ 506,523	\$ 506,523	\$ 515,869	\$ 9,346

CITY OF SIGNAL HILL

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

LIGHTING AND LANDSCAPE SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
REVENUES:					
Other taxes	\$ 60,000	\$ 60,000	\$ 61,628	\$ 1,628	
Investment income	1,000	1,000	1,259	259	
TOTAL REVENUES	61,000	61,000	62,887		1,887
EXPENDITURES:					
Current:					
Public works	57,350	70,100	73,114	(3,014)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,650	(9,100)	(10,227)		(1,127)
FUND BALANCE AT BEGINNING OF YEAR	53,686	53,686	53,686		-
FUND BALANCE AT END OF YEAR	\$ 57,336	\$ 44,586	\$ 43,459		\$ (1,127)

CITY OF SIGNAL HILL

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

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
REVENUES:					
Intergovernmental revenues	\$ 145,100	\$ 145,100	\$ 155,948	\$ 10,848	
EXPENDITURES:					
Current:					
Police	262,048	262,048	155,948	106,100	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(116,948)	(116,948)	-	116,948	
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-	
FUND BALANCE AT END OF YEAR	\$ (116,948)	\$ (116,948)	\$ -	\$ 116,948	

CITY OF SIGNAL HILL

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

PUBLIC SAFETY STATE RESOURCES SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
REVENUES:					
Intergovernmental revenues	\$	-	\$ 60,000	\$ 46,174	\$ (13,826)
EXPENDITURES:					
Current:					
Police		-	60,000	46,174	13,826
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR		-	-	-	-
FUND BALANCE AT END OF YEAR	\$	-	\$ -	\$ -	\$ -

CITY OF SIGNAL HILL

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

MTA-STPL GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
REVENUES:					
Investment income	\$ 800	\$ 800	\$ 5,367	\$ 4,567	
FUND BALANCE AT BEGINNING OF YEAR	209,686	209,686	209,686		-
FUND BALANCE AT END OF YEAR	\$ 211,286	\$ 211,286	\$ 215,053		\$ 4,567

CITY OF SIGNAL HILL

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

MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 169,163	\$ 169,163	\$ 156,848	\$ (12,315)
Investment income	-	-	8,593	8,593
TOTAL REVENUES	169,163	169,163	165,441	(3,722)
FUND BALANCE AT BEGINNING OF YEAR	246,559	246,559	246,559	-
FUND BALANCE AT END OF YEAR	\$ 415,722	\$ 415,722	\$ 412,000	\$ (12,315)

CITY OF SIGNAL HILL

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

TRANSPORTATION MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 149,262	\$ 149,262	\$ 139,404	\$ (9,858)
Investment income	6,186	6,186	12,606	6,420
TOTAL REVENUES	155,448	155,448	152,010	(3,438)
OTHER FINANCING USES:				
Transfers out	(585,000)	(585,000)	(95,303)	489,697
NET CHANGE IN FUND BALANCE	(429,552)	(429,552)	56,707	489,697
FUND BALANCE AT BEGINNING OF YEAR	421,187	421,187	421,187	-
FUND BALANCE AT END OF YEAR	\$ (8,365)	\$ (8,365)	\$ 477,894	\$ 489,697

CITY OF SIGNAL HILL

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

RMRA (SB1) SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 194,465	\$ 194,465	\$ 204,288	\$ 9,823
Investment income	-	-	9,227	9,227
TOTAL REVENUES	194,465	194,465	213,515	19,050
OTHER FINANCING USES:				
Transfers out	(399,200)	(399,200)	(126,706)	272,494
NET CHANGE IN FUND BALANCE	(204,735)	(204,735)	86,809	291,544
FUND BALANCE AT BEGINNING OF YEAR	288,964	288,964	288,964	-
FUND BALANCE AT END OF YEAR	\$ 84,229	\$ 84,229	\$ 375,773	\$ 291,544

**FIDUCIARY FUNDS
AGENCY FUNDS**

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

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CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

June 30, 2020

Spring Street
Corridor
Joint Powers
Authority
Fund

ASSETS:

Due from other governments \$ -

LIABILITIES:

Due to other governments \$ -

CITY OF SIGNAL HILL

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

For the year ended June 30, 2020

	Balance	Additions	Deletions	Balance
	July 1, 2019			June 30, 2020
SPRING STREET CORRIDOR JOINT POWERS AUTHORITY				
ASSETS:				
Due from other governments	\$ -	\$ 3,739	\$ (3,739)	\$ -
LIABILITIES:				
Due to other governments	\$ -	\$ 3,739	\$ (3,739)	\$ -

STATISTICAL SECTION

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

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

Contents:

Pages

<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.	124 - 131
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	132 - 135
<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.	136 - 139
<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.	140 - 141
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	142 - 144

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,			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 59,680	\$ 57,653	\$ 47,617	\$ 47,543
Restricted	47,378	10,749	10,172	16,927
Unrestricted	(66,721)	35,059	33,426	30,728
Total governmental activities net position	<u>\$ 40,337</u>	<u>\$ 103,461</u>	<u>\$ 91,215</u>	<u>\$ 95,198</u>
Business-type activities				
Net investment in capital assets	\$ 17,076	\$ 16,792	\$ 16,315	\$ 15,821
Restricted	679	674	671	-
Unrestricted	4,026	4,239	4,237	4,660
Total business-type activities net position	<u>\$ 21,781</u>	<u>\$ 21,705</u>	<u>\$ 21,223</u>	<u>\$ 20,481</u>
Primary government				
Net investment in capital assets	\$ 76,756	\$ 74,445	\$ 63,932	\$ 63,364
Restricted	48,057	11,423	10,843	16,927
Unrestricted	(62,695)	39,298	37,663	35,388
Total primary government net position	<u>\$ 62,118</u>	<u>\$ 125,166</u>	<u>\$ 112,438</u>	<u>\$ 115,679</u>

Source: City of Signal Hill, Finance Department

2015	2016	2017	2018	2019	2020
\$ 48,407	\$ 67,914	\$ 73,428	\$ 83,153	\$ 104,567	\$ 77,655
17,086	23,481	19,781	19,552	18,360	16,784
13,095	7,115	13,113	11,950	3,243	14,553
\$ 78,588	\$ 98,510	\$ 106,322	\$ 114,654	\$ 126,170	\$ 108,991
<u>\$ 16,003</u>	<u>\$ 18,952</u>	<u>\$ 23,636</u>	<u>\$ 23,536</u>	<u>\$ 23,331</u>	<u>\$ 22,655</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,110</u>	<u>1,958</u>	<u>(2,316)</u>	<u>(2,572)</u>	<u>(2,751)</u>	<u>(2,342)</u>
<u>\$ 19,113</u>	<u>\$ 20,910</u>	<u>\$ 21,320</u>	<u>\$ 20,964</u>	<u>\$ 20,580</u>	<u>\$ 20,313</u>
<u>\$ 64,410</u>	<u>\$ 86,866</u>	<u>\$ 97,064</u>	<u>\$ 106,688</u>	<u>\$ 127,898</u>	<u>\$ 100,310</u>
<u>17,086</u>	<u>23,481</u>	<u>19,781</u>	<u>19,552</u>	<u>18,360</u>	<u>16,784</u>
<u>16,205</u>	<u>9,073</u>	<u>10,797</u>	<u>9,378</u>	<u>491</u>	<u>12,210</u>
<u>\$ 97,701</u>	<u>\$ 119,420</u>	<u>\$ 127,642</u>	<u>\$ 135,618</u>	<u>\$ 146,750</u>	<u>\$ 129,304</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,			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 2,790	\$ 3,080	\$ 3,695	\$ 5,556
Community services	1,241	1,217	1,220	1,319
Police	7,521	7,571	7,611	8,220
Community development	8,863	1,280	935	992
Public works	4,462	4,141	4,506	4,142
Unallocated infrastructure depreciation	524	535	545	614
Interest on long-term liabilities	4,787	3,687	-	-
Fiscal agent fees	-	-	-	-
Total governmental activities expenses	<u>30,188</u>	<u>21,511</u>	<u>18,512</u>	<u>20,843</u>
Business-type activities - Water	4,163	3,804	3,992	4,531
Total primary government expenses	<u>\$ 34,351</u>	<u>\$ 25,315</u>	<u>\$ 22,504</u>	<u>\$ 25,374</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 168	\$ 176	\$ 210	\$ 227
Community services	234	209	202	115
Police	607	453	430	297
Community development	677	531	95	368
Public works	897	773	649	431
Operating grants	1,448	1,586	1,596	1,619
Capital grants and contributions	440	2,691	1,339	2,369
Total governmental activities program revenues	<u>4,471</u>	<u>6,419</u>	<u>4,521</u>	<u>5,426</u>
Business-type activities - Water,				
Charges for services	3,383	3,515	3,672	3,734
Capital grants and contributions				
Total primary government program revenues	<u>\$ 7,854</u>	<u>\$ 9,934</u>	<u>\$ 8,193</u>	<u>\$ 9,160</u>
Net (expense)/revenue				
Governmental activities	\$ (25,717)	\$ (15,092)	\$ (13,991)	\$ (15,417)
Business-type activities	(780)	(289)	(320)	(797)
Total primary government net expenses	<u>\$ (26,497)</u>	<u>\$ (15,381)</u>	<u>\$ (14,311)</u>	<u>\$ (16,214)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 14,801	\$ 7,487	\$ 2,146	\$ 1,700
Franchise	533	547	546	603
Motor vehicle	58	-	-	-
Other	1,145	1,278	1,483	1,609
Intergovernmental - Sales and Use Tax	9,946	11,210	12,487	14,574
Investment income	649	1,252	647	850
Unrestricted grants and contributions	71	20	12	66
Gain (loss) on disposition of assets	6	4	19	-
Transfers	-	(100)	(25)	(1)
Restatement	-	-	-	-
Extraordinary item	-	56,518	(15,571)	-
Total governmental activities	<u>27,209</u>	<u>78,216</u>	<u>1,744</u>	<u>19,401</u>
Business-type activities:				
Investment income	66	75	25	53
Unrestricted grants and contributions	-	38	97	-
Gain (loss) on disposition of assets	-	-	-	-
Transfers		100	25	1
Total business-type activities	<u>66</u>	<u>213</u>	<u>147</u>	<u>54</u>
Total primary government	<u>\$ 27,275</u>	<u>\$ 78,429</u>	<u>\$ 1,891</u>	<u>\$ 19,455</u>
Changes in Net Position				
Governmental activities	\$ 1,492	\$ 63,124	\$ (12,247)	\$ 3,984
Business-type activities	(714)	(76)	(173)	(743)
Total primary government	<u>\$ 778</u>	<u>\$ 63,048</u>	<u>\$ (12,420)</u>	<u>\$ 3,241</u>

	2015	2016	2017	2018	2019	2020
\$ 4,149	\$ 3,843	\$ 4,633	\$ 5,239	\$ 4,090	\$ 6,006	
1,251	1,505	1,362	1,596	1,990	1,757	
8,254	9,350	9,576	10,564	11,504	11,817	
942	868	858	964	1,434	989	
4,369	4,256	4,605	4,927	4,638	4,787	
551	551	645	639	401	395	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>19,516</u>	<u>20,373</u>	<u>21,679</u>	<u>23,928</u>	<u>24,058</u>	<u>25,750</u>	
<u>4,424</u>	<u>4,145</u>	<u>5,312</u>	<u>4,846</u>	<u>5,056</u>	<u>4,665</u>	
<u>\$ 23,940</u>	<u>\$ 24,518</u>	<u>\$ 26,992</u>	<u>\$ 28,774</u>	<u>\$ 29,114</u>	<u>\$ 30,415</u>	
\$ 201	\$ 175	\$ 178	\$ 216	\$ 331	\$ 402	
192	212	191	203	173	118	
282	270	288	250	252	255	
537	584	514	567	430	418	
437	422	461	790	702	824	
1,339	9,313	850	1,199	1,808	1,524	
2,433	2,020	9,188	4,586	10,219	730	
5,421	12,996	11,671	7,812	13,915	4,271	
3,760	3,400	3,785	4,420	4,335	4,574	
999	1,927	42	240	115		
<u>\$ 9,181</u>	<u>\$ 16,396</u>	<u>\$ 17,382</u>	<u>\$ 12,273</u>	<u>\$ 18,489</u>	<u>\$ 8,959</u>	
\$ (14,095)	\$ (7,377)	\$ (10,009)	\$ (16,116)	\$ (10,143)	\$ (21,479)	
(664)	254	400	(385)	(482)	23	
<u>\$ (14,759)</u>	<u>\$ (7,123)</u>	<u>\$ (9,609)</u>	<u>\$ (16,501)</u>	<u>\$ (10,625)</u>	<u>\$ (21,456)</u>	
\$ 1,797	\$ 1,916	\$ 1,802	\$ 2,248	\$ 2,189	\$ 2,330	
773	549	735	487	901	887	
-	-	-	-	-	-	
1,462	1,459	874	926	1,594	836	
11,567	14,588	14,597	14,484	15,789	16,834	
787	955	2,940	961	1,788	1,977	
2,048	46	311	456	94	183	
-	-	14	-	-	-	
(426)	(1,679)	-	-	(30)	354	
-	-	-	3,015	-	-	
-	-	-	4,369	-	-	
<u>18,008</u>	<u>17,834</u>	<u>21,273</u>	<u>26,946</u>	<u>22,325</u>	<u>23,402</u>	
51	21	10	29	68	64	
-	-	-	-	-	-	
-	-	-	-	-	-	
426	1,679	-	-	30	(354)	
<u>477</u>	<u>1,700</u>	<u>10</u>	<u>29</u>	<u>98</u>	<u>(291)</u>	
<u>\$ 18,485</u>	<u>\$ 19,534</u>	<u>\$ 21,283</u>	<u>\$ 26,975</u>	<u>\$ 22,423</u>	<u>\$ 23,111</u>	
\$ 3,913	\$ 10,457	\$ 11,264	\$ 10,830	\$ 12,182	\$ 1,923	
(187)	1,954	410	(356)	(384)	(267)	
<u>\$ 3,726</u>	<u>\$ 12,411</u>	<u>\$ 11,674</u>	<u>\$ 10,474</u>	<u>\$ 11,799</u>	<u>\$ 1,655</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,			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 10,539	\$ 10,241	\$ 7,690	\$ 7,695
Restricted				
Committed	10,220	10,721	10,820	12,662
Unassigned	6,167	6,642	7,085	7,611
Total General Fund	<u>26,926</u>	<u>27,604</u>	<u>25,595</u>	<u>27,968</u>
All Other Governmental Funds				
Nonspendable	18,127	4,068	5,160	5,131
Restricted	28,604	9,942	9,990	11,712
Assigned	-	-	414	-
Unassigned	(5,271)	(719)	(703)	(2,363)
Total All Other Governmental Funds	<u>41,460</u>	<u>13,291</u>	<u>14,861</u>	<u>14,480</u>
Total All Governmental Funds	<u>\$ 68,386</u>	<u>\$ 40,895</u>	<u>\$ 40,456</u>	<u>\$ 42,448</u>

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

Source: City of Signal Hill, Finance Department

2015	2016	2017	2018	2019	2020
\$ 7,768	\$ 8,430	\$ 12,126	\$ 14,722	\$ 11,955	\$ 11,892
13	13	13	-	-	-
20,588	14,160	20,630	16,553	15,330	16,209
1,278	12,227	2,226	9,159	10,586	14,151
<u>29,647</u>	<u>34,830</u>	<u>34,995</u>	<u>40,435</u>	<u>37,871</u>	<u>42,252</u>
4,414	4,129	347	-	-	-
12,574	19,360	19,762	28,136	18,359	16,783
-	-	-	-	-	-
(3,193)	(2,555)	(891)	(2,295)	(4,259)	-
<u>13,795</u>	<u>20,934</u>	<u>19,218</u>	<u>25,841</u>	<u>14,100</u>	<u>16,783</u>
<u>\$ 43,442</u>	<u>\$ 55,764</u>	<u>\$ 54,213</u>	<u>\$ 66,277</u>	<u>\$ 51,971</u>	<u>\$ 59,035</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,			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 26,822	\$ 21,141	\$ 17,585	\$ 18,862
Licenses and permits	331	312	328	360
Intergovernmental	864	1,214	1,475	1,294
Charges for services	871	645	516	829
Fines and forfeitures	385	317	367	298
Investment income	2,205	1,160	53	934
Other	1,043	2,960	1,646	113
Total Revenues	<u>32,521</u>	<u>27,749</u>	<u>21,970</u>	<u>22,690</u>
Expenditures				
General government	3,051	3,103	3,772	5,456
Community services	1,239	1,216	1,219	1,320
Public safety	7,442	7,482	7,475	8,147
Community development	4,659	1,689	935	995
Public works	3,637	3,640	3,738	3,910
Capital outlay	21,457	6,047	1,511	869
Debt Service				
Principal retirement	5,044	4,819	-	-
Interest	5,695	3,672	-	-
Other debt service	1,102	14	-	-
Total Expenditures	<u>53,326</u>	<u>31,682</u>	<u>18,650</u>	<u>20,697</u>
Excess of revenues over/(under) expenditures	<u>(20,805)</u>	<u>(3,933)</u>	<u>3,320</u>	<u>1,993</u>
Other Financing Sources/(Uses)				
Transfers in	9,243	3,755	1,603	3,670
Transfers out	(9,253)	(3,855)	(1,628)	(3,671)
Other	9,503	(23,458)	(3,733)	-
Total other financing sources	<u>9,493</u>	<u>(23,558)</u>	<u>(3,758)</u>	<u>(1)</u>
Extraordinary Item				
Net change in fund balances	<u>\$ (11,312)</u>	<u>\$ (27,491)</u>	<u>\$ (438)</u>	<u>\$ 1,992</u>
Capitalized capital outlay	<u>\$ 17,446</u>	<u>\$ 6,093</u>	<u>\$ 869</u>	<u>\$ 1,076</u>
Debt service as a percentage of noncapital expenditures	33.0%	33.2%	0.0%	0.0%

Source: City of Signal Hill, Finance Department

2015	2016	2017	2018	2019	2020
\$ 15,811	\$ 21,394	\$ 18,701	\$ 19,444	\$ 19,800	\$ 20,920
411	370	374	429	580	635
1,367	3,591	8,809	5,440	9,202	6,128
739	762	759	1,066	1,895	1,076
301	326	289	312	423	328
826	778	830	1,177	1,984	1,995
2,786	652	411	417	78	175
<u>22,241</u>	<u>27,873</u>	<u>30,173</u>	<u>28,285</u>	<u>33,962</u>	<u>31,257</u>
4,476	3,940	4,879	4,409	4,715	5,291
1,257	1,472	1,576	1,592	1,727	1,574
8,172	9,270	9,152	9,412	9,514	10,056
952	962	854	948	1,431	1,021
3,627	3,883	4,046	4,130	4,141	4,254
2,485	3,259	7,726	11,831	22,642	2,075
-	14	-	16	100	105
-	3	-	84	244	242
-	-	17	170	16	4
<u>20,969</u>	<u>22,803</u>	<u>28,250</u>	<u>32,592</u>	<u>44,530</u>	<u>24,621</u>
1,272	5,070	1,923	(4,307)	(10,568)	6,636
1,694	1,236	1,687	5,383	22,854	8,391
(2,120)	(2,915)	(1,687)	(5,383)	(23,044)	(8,391)
76	7,578	-	8,986	-	-
<u>(350)</u>	<u>5,899</u>	<u>-</u>	<u>8,986</u>	<u>(190)</u>	<u>-</u>
			4,369		
\$ 922	\$ 10,969	\$ 1,923	\$ 9,048	\$ (10,758)	\$ 6,636
\$ 1,788	\$ 2,985	\$ 7,016	\$ 11,075	\$ 22,386	\$ 1,851
0.0%	0.1%	0.1%	1.3%	1.6%	1.5%

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**			
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
2015	1,085,513	319,579	337,455	74,824	326,281	138,597	2,282,249	0.06542
2016	1,141,748	327,201	347,936	101,203	354,901	128,996	2,401,985	0.06560
2017	1,197,754	341,534	362,919	106,832	289,239	129,041	2,427,319	0.06570
2018	1,288,907	351,123	374,721	84,118	265,753	135,990	2,500,612	0.06569
2019	1,342,841	384,692	395,785	63,059	254,320	142,358	2,583,055	0.06625
2020	1,433,729	405,059	417,571	59,734	268,820	143,706	2,728,619	0.06634

** 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										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
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	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
L.A. County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
Long Beach Community College District	0.02559	0.02615	0.05095	0.02241	0.04595	0.03825	0.06736	0.06760	0.06319	0.06309	
Long Beach Unified School District	0.08834	0.09223	0.09394	0.07981	0.08764	0.08324	0.08539	0.14732	0.14053	0.14334	
Metropolitan Water District	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	
Total Direct and Overlapping (2) Tax Rates	1.11763	1.12208	1.14839	1.10572	1.13709	1.12500	1.15625	1.21842	1.20722	1.20993	
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)	1.00370	1.00370	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
Total Direct Rate (5)	0.68693	0.68596	0.68639	0.06530	0.06542	0.06560	0.06570	0.06569	0.06559	0.06634	

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,
- (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
- (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
- (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
- (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	FY 2019-20		FY 2010-11	
	Taxable Assessed Value	Percent of Total City Assessed Value	Taxable Assessed Value	Percent of Total City Assessed Value
Signal Hill Petroleum Inc	\$ 160,076	6.20%	\$ 105,728	5.30%
Treetop Retreat LLC	41,153	1.59%		0.00%
Long Beach Acquisition Corporation	40,059	1.55%	14,825	0.74%
LBSH Parcel 1 LLC	29,862	1.16%	25,807	1.29%
Towne Center West I LLC ET AL	27,318	1.06%	23,608	1.18%
Bcore Retail Towne Center LLC	20,611	0.80%		0.00%
Home Depot USA INC	18,863	0.73%		0.00%
Tesoro Logistics Operations LLC	18,094	0.70%		0.00%
Executive Complex LP	16,464	0.64%		0.00%
Agree Signal Hill California LLC	15,954	0.62%		0.00%
PL Signal Hill LP		0.00%	36,916	1.85%
Arco Terminal Services Corporation		0.00%	22,146	1.11%
Costco Wholesale Corporation		0.00%	20,721	1.04%
Pacific of Costanzo-Glendora		0.00%	13,883	0.70%
VNO Tru Cherry Avenue LP		0.00%	13,787	0.69%
Signal Hill Town Center LLC		0.00%	13,690	0.69%
	\$ 388,454	15.04%	\$ 291,111	14.58%

Note:

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

Source: HdL Coren & Cone

CITY OF SIGNAL HILL
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Note (1)	
		Amount (2)	Percent of Levy		Total Collections to Date	Percent of Levy
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	14,434,912	14,434,912	100.00%	N/A	N/A	N/A
2015	15,725,976	13,453,645	85.55%	N/A	N/A	N/A
2016	16,337,411	13,950,475	85.39%	N/A	N/A	N/A
2017	16,186,271	13,397,825	82.77%	N/A	N/A	N/A
2018	16,549,362	12,488,540	75.46%	N/A	N/A	N/A
2019	17,090,273	12,720,601	74.43%	N/A	N/A	N/A
2020	18,004,292	12,183,830	67.67%	N/A	N/A	N/A

Notes:

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

(2) Taxes Levied and Collected includes amounts applicable to the City and to the Signal Hill Redevelopment Agency and its Successor Agency and the incremental revenue is presented above for comparative purposes

Fiscal Year 2017 and 2018 Taxes Levied amounts have been updated

Source: County of Los Angeles Auditor-Controller

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	Percent of Personal Income
	Lease Revenue Bonds	Redevelopment Tax Allocation Bonds	Notes	Leases & Loans	Certificates of Participation	Water Revenue Bonds	Loans		
2011	91,678	4,402	1,000	-	7,095	151	104,326	5.232%	9,374.25
2012	-	-	-	-	6,785	76	6,861	0.341%	611.61
2013	-	-	-	-	6,788	-	6,788	0.331%	594.86
2014	-	-	-	-	6,424	-	6,424	0.303%	562.77
2015	-	-	65	-	6,044	-	6,109	0.268%	523.34
2016	-	-	51	-	5,650	-	5,701	0.237%	491.08
2017	-	-	36	-	4,305	-	4,341	0.179%	369.48
2018	8,974	-	21	-	3,885	-	12,880	0.515%	1,091.99
2019	8,851	-	4	-	3,455	-	12,310	0.477%	1,051.06
2020	8,723	-	-	-	3,010	-	11,733	0.430%	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, 2020

Debt	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Direct Debt:			
260.01 SIGNAL HILL LEASE REVENUE BOND (CITY LIBRRAY)	\$ 8,723,112	100.000%	<u>\$ 8,723,112</u>
Total Direct Debt			
Overlapping Debt:			
310.25* METROPOLITAN WATER DISTRICT	\$ 18,151,752	0.077%	\$ 14,006
807.53 LONG BEACH CCD DS 2002 SERIES D 2007	12,690,914	3.916%	\$ 496,935
807.55 LONG BEACH CCD DS 2008 SERIES 2009B	15,096,105	3.916%	\$ 591,115
807.56 LONG BEACH CCD DS REF 2002 2012 SERIES S	107,883,695	3.916%	\$ 4,224,379
807.57 LONG BEACH CCD DS REF BONDS 2014 SERIES C	6,940,000	3.916%	\$ 271,748
807.58 LONG BEACH CCD DS REF BONDS 2014 SERIES E	42,430,000	3.916%	\$ 1,661,422
807.59 LONG BEACH CCD DS REF BONDS 2015 SERIES F	26,015,000	3.916%	\$ 1,018,664
807.62 LONG BEACH CCD DS 2016 SERIES B	40,590,000	3.916%	\$ 1,589,374
807.63 LONG BEACH CCD DS REF 2017 SERIES G	80,225,000	3.916%	\$ 3,141,353
807.64 LONG BEACH CCD DS 2016 SERIES C	197,415,000	3.916%	\$ 7,730,137
883.57 LONG BEACH USD DS 2008 REFUNDING BONDS	17,535,606	3.916%	\$ 686,723
883.59 LONG BEACH USD DS 2009 REF BONDS SERIES B	8,360,000	3.916%	\$ 327,391
883.6 LONG BEACH USD DS 2010 REF BONDS SERIES A	33,220,000	3.916%	\$ 1,300,950
883.62 LONG BEACH USD DS 2008 SR B-1 QSCB	72,406,000	3.916%	\$ 2,835,538
883.63 LONG BEACH USD DS 2011 REFUNDING BONDS	7,725,686	3.916%	\$ 302,551
883.64 LONG BEACH USD DS 2012 REF BONDS	79,675,000	3.916%	\$ 3,120,203
883.65 LONG BEACH USD DS 2008 SERIES C	34,010,000	3.916%	\$ 1,331,887
883.66 LONG BEACH USD DS 2008 SERIES D	249,328,410	3.916%	\$ 9,764,109
883.68 LONG BEACH USD DS 2016 REF BONDS	131,005,000	3.916%	\$ 5,130,370
883.69 LONG BEACH USD DS 2008 SERIES E	147,265,000	3.916%	\$ 5,767,139
883.7 LONG BEACH USD DS 2016 SERIES A	243,440,000	3.916%	\$ 9,533,509
883.71 LONG BEACH USD DS 2008 SERIES F MEAS K	150,000,000	3.916%	\$ 5,874,246
883.72 LONG BEACH USD DS 2016 SERIES B MEAS E	300,000,000	3.916%	<u>\$ 11,748,491</u>
Total Overlapping Debt			<u>\$ 78,462,240</u>
Total Direct and Overlapping Debt			<u>\$ 87,185,352</u>
2019-20 Total Assessed Valuation	\$ 2,728,619,123		
Less Incremental Value	(1,734,564,428)		
2019-20 Assessed Valuation	<u>\$ 994,054,695</u>		
Debt to Assessed Valuation Ratios			
Direct Debt	0.88%		
Overlapping Debt	7.89%		
Total Debt	<u>8.77%</u>		

* 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	\$ 2,728,619,123
Debt limit (15% of assessed value)	409,292,868
Debt applicable to limit	-
Legal debt margin - Current Year	<u>\$ 409,292,868</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2015	342,337,382	-	342,337,382	0.00%
2016	360,297,745	-	360,297,745	0.00%
2017	360,297,745	-	364,097,801	0.00%
2018	375,091,788	-	375,091,788	0.00%
2019	387,458,342	-	387,458,342	0.00%
2020	409,292,868	-	409,292,868	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 Revenues	Non-Housing Component			Coverage
		Principal	Interest	Total	
2011	9,517	3,090	3,642	6,732	1.41
2012 (2)	-	-	-	-	-
2013 (2)	-	-	-	-	-
2014 (2)	-	-	-	-	-
2015 (2)	-	-	-	-	-
2016 (2)	-	-	-	-	-
2017 (2)	-	-	-	-	-
2018 (2)	-	-	-	-	-
2019 (2)	-	-	-	-	-
2020 (2)	-	-	-	-	-
Low Income Housing Component					
Fiscal Year	Pledged Tax Revenues	Principal	Interest	Total	Coverage
2011	2,677	645	528	1,173	2.28
2012 (2)	-	-	-	-	-
2013 (2)	-	-	-	-	-
2014 (2)	-	-	-	-	-
2015 (2)	-	-	-	-	-
2016 (2)	-	-	-	-	-
2017 (2)	-	-	-	-	-
2018 (2)	-	-	-	-	-
2019 (2)	-	-	-	-	-
2020 (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 down 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

Calendar Year	City Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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	11,415	357,826	31,347	9.0%
2015	11,673	341,699	29,272	7.3%
2016	11,609	333,332	28,713	5.7%
2017	11,749	369,284	31,431	3.6%
2018	11,795	417,958	35,435	3.8%
2019	11,712	433,289	36,995	4.1%
2020	N/A	N/A	N/A	N/A

N/A - Information is not yet available

Sources: City Population - State Department of Finance
 Unemployment Rate - Bureau of Labor Statistics

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

Employer	2019-20		Percentage of Total City Employment	2010-11		Percentage of Total City Employment
	Employees	Rank		Employees	Rank	
Office Depot	465		6.00%	517	1	6.64%
Home Depot	332		4.28%	320	2	4.11%
Costco Wholesale	295		3.81%	215	3	2.76%
Target	207		2.67%	130	6	1.67%
Total Safety US Inc	206		2.66%			0.00%
The Palms	200		2.58%			0.00%
Long Beach BMW & LB Mini	161		2.08%	122	8	1.57%
American University of Health Sciences	150		1.94%			0.00%
Mercedes-Benz of Long Beach	132		1.70%			0.00%
Traffic Management Inc	130		1.68%			0.00%
Best Buy Stores LP				134	4	1.72%
Crane Valves North America				130	5	1.67%
Platt Security Inc				126	7	1.62%
Tsai Hsiao & Loo Dental Corp				115	9	1.48%
Oil Well Service Co				113	10	1.45%
						0.00%
	2,278		29.39%	1,922		24.69%

Source: City of Signal Hill Business Licenses, employee counts are self-reported

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

Department	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	5.00	4.73	5.73	4.73	4.73	4.73	5.00	5.75	5.80	5.80
Finance	6.48	5.91	5.98	5.98	5.98	5.98	6.80	6.75	5.80	5.80
Community Services	20.84	20.25	19.32	19.30	19.53	19.53	18.60	18.60	18.60	18.50
Police	53.37	53.40	53.40	52.89	52.89	52.89	53.00	53.00	53.00	52.10
Community Development	7.00	6.40	6.40	7.00	7.00	7.00	4.00	4.00	4.00	4.00
Public Works	30.00	30.04	30.04	30.02	30.04	30.04	28.00	28.00	28.00	28.00
Economic Development	1.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	123.69	120.74	120.87	120.92	121.16	121.16	116.40	117.10	116.20	115.20

Source:City of Signal Hill, Finance Department

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

Function/Program	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Calls for service	6,062	6,384	6,500	6,400	9,842	9,948	8,632	9,078	8,292	8,382
Reports written	3,978	3,826	3,254	3,312	3,894	4,332	5,618	5,061	4,504	3,804
Total arrests	2,060	1,823	1,120	1,115	1,390	1,216	1,403	1,074	987	880
Hazardous traffic citations	3,229	3,758	4,359	4,278	2,496	1,703	3,638	3,613	4,116	3,229
Parking citations	4,881	4,196	4,179	4,212	3,866	4,628	4,222	4,092	4,444	3,737
Community Development										
Code enforcement cases	94	75	85	87	77	68	67	59	48	32
Building permits	193	144	175	181	247	236	279	233	281	249
Site plan design reviews	6	6	7	7	5	6	6	5	4	3
Water										
Number of customers	2,964	3,014	3,052	3,079	3,116	3,162	3,302	3,116	3,157	3,147
Average daily consumption (in millions of gallons)	1.74	1.75	1.82	1.80	1.77	1.59	1.58	1.57	1.54	1.55
Number of hydrants maintained	566	568	422	435	568	568	568	568	574	576
Public Works										
Traffic signals maintained	29	29	29	29	31	31	33	18	13	33
Street sweeping miles	6,240	6,240	6,240	6,240	5,980	5,980	5,980	5,720	5,980	5,980
Sidewalk repairs (square feet)	5,787	14,220	14,220	14,220	6,362	4,504	1,762	8,731	1,965	2,988
Curb & gutter replaced (linear feet)	522	1,388	1,388	1,388	-	-	-	-	900	306
Cross gutter replaced (square feet)	-	5,067	5,067	5,067	-	-	-	-	-	2,117
Engineering										
Number of infrastructure projects administered	9	4	4	4	3	3	10	15	17	13
Plan checks completed	10	5	5	5	8	7	39	74	92	110
Community Services										
Library items borrowed	59,359	39,972	39,972	40,001	39,761	38,947	29,164	26,029	20,612	35,742
Youth sports participants	7,390	8,080	8,080	8,100	5,467	5,289	6,936	6,534	5,697	4,158
After school youth programs	11,886	14,746	14,746	14,785	15,530	15,326	30,960	16,810	20,680	15,585
Facility rental bookings	697	748	748	750	681	620	251	345	176	167

Source: Various City Departments

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	10	10	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	50	50	50	50	50	50	50	50	50	50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Wells	3	3	3	3	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	3,715	3,711	3,706	3,706	3,619	3,667	3,667	3,667	3,520	3,467
Recreation and Culture										
Parks	10	10	10	10	10	10	10	10	10	10
Area of Parks (Acres)	23.03	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