

Annual Comprehensive Financial Report



FISCAL YEAR JUNE 30, 2023
CITY OF SIGNAL HILL, CALIFORNIA



This page is intentionally left blank

CITY OF SIGNAL HILL, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

Prepared by:
Department of Finance

Sharon del Rosario
Administrative Services Officer/Finance Director

This page is intentionally left blank

City of Signal Hill

Annual Comprehensive Financial Report For the Year Ended June 30, 2023

TABLE OF CONTENTS

INTRODUCTORY SECTION:

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	xiii
Elected Officials	xiv
City Organization Chart	xv

FINANCIAL SECTION:

Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	23
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
Statement of Net Position	29
Statement of Revenues, Expenses, and Changes in Net Position	30
Statement of Cash Flows	31
Fiduciary Funds:	
Statement of Fiduciary Net Position	33
Statement of Changes in Fiduciary Net Position	34
Notes to Basic Financial Statements	35
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	86
Housing Authority Special Revenue Fund	88
Capital Grants Special Revenue Fund	89
Notes To Required Supplementary Information	90
Schedule of Proportionate Share of the Net Pension Liability – Miscellaneous	91
Schedule of Contributions – Miscellaneous	92
Schedule of Proportionate Share of the Net Pension Liability – Safety	93
Schedule of Contributions – Safety	94
Schedule of Changes in the Net OPEB Liability and Related Ratios	95

City of Signal Hill

Annual Comprehensive Financial Report For the Year Ended June 30, 2023

TABLE OF CONTENTS, (Continued)

Supplementary Information:

Other Governmental Funds:

Description of Other Governmental Funds 96

Combining Balance Sheet 98

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .. 103

Schedule of Revenues, Expenditures, and Changes in Fund Balance –

Budget and Actual:

Park Development Special Revenue Fund 108

HCDA Grant Special Revenue Fund 109

Special Gas Tax Special Revenue Fund 110

Transportation Proposition A Special Revenue Fund 111

Pipeline Removal Special Revenue Fund 112

Air Quality Improvement Special Revenue Fund 113

Water Development Special Revenue Fund 114

Traffic Impact Special Revenue Fund 115

Transportation Proposition C Special Revenue Fund 116

American Rescue Plan Act Special Revenue Fund 117

Lighting and Landscape Special Revenue Fund 118

Supplemental Law Enforcement Special Revenue Fund 119

Public Safety State Resources Special Revenue Fund 120

Housing Impact Special Revenue Fund 121

MTA–STPL Grant Special Revenue Fund 122

Measure M Special Revenue Fund 123

Transportation Measure R Special Revenue Fund 124

Planning Grants Special Revenue Fund 125

RMRA (SB1) Special Revenue Fund 126

Measure W Special Revenue Fund..... 127

TDA Article III Special Revenue Fund..... 128

Prop 68 – Parks and Recreation Special Revenue Fund..... 129

STATISTICAL SECTION

Description of Statistical Section 130

Financial Trends:

Net Position by Component – Last Ten Fiscal Years 131

Changes in Net Position By Component – Last Ten Fiscal Years 133

Fund Balances of Governmental Funds – Last Ten Fiscal Years 135

Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years 137

Revenue Capacity:

Assessed Value of Taxable Property – Last Ten Fiscal Years 139

Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years 140

Principal Property Tax Payers – Current Year and Nine Years Ago 141

Property Tax Levies and Collections – Last Ten Fiscal Years 142

TABLE OF CONTENTS, (Continued)

STATISTICAL SECTION, (Continued)

Debt Capacity:

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	143
Direct and Overlapping Governmental Activity Debt	144
Legal Debt Margin Information – Last Ten Fiscal Years	145
Pledged–Revenue Bond Coverage: Redevelopment Tax Allocation Bonds – Last Fiscal Years	146

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Calendar Years	147
Principal Employers – Current Year and Nine Years Ago	148

Operating Information:

Full–Time Equivalent City Government Employees by Department – Last Ten Fiscal Years	149
Operating Indicators by Function – Last Ten Fiscal Years	150
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	151

This page is intentionally left blank

INTRODUCTORY SECTION

This page is intentionally left blank



CITY OF SIGNAL HILL

2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

December 12, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Signal Hill (City) for the fiscal year ended June 30, 2023. 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 Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, (RAMS) issued an unmodified ("clean") opinion on the City of Signal Hill's financial statements for the fiscal year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of the Annual Comprehensive Financial Report (ACFR).

This report consists of management's representations concerning the finances of the City and was prepared by the Finance Department with the assistance of the City's independent auditors in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). 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 11,431. The City 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, 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 1970s. In 1974, the Signal Hill Redevelopment Agency was formed, and the City focused on economic development and revenue 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 128 full-time equivalent positions.

The City provides a full range of municipal services, including police and public safety, street maintenance, park maintenance, public improvements, planning and zoning, water utilities, 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 care services and bus transportation throughout the City.

The ACFR 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 the improvement, rehabilitation, and redevelopment of blighted areas within the City. When the State dissolved all redevelopment agencies 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 in 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

California cities are making a strong and sustainable fiscal recovery from the pandemic recession of 2020 with a return to normalcy in most business sectors, however, there are still signs of stress in the overall economic outlook. Global economies continue to grapple with higher inflation affecting consumer spending trends, rising interest rates that are putting pressure on the housing market along with car sales and other parts of the economy, COVID variants continue to be a health concern, renewed student loan debt repayments and work stoppages from major labor strikes may also impact domestic budget spending, and the intense geo-political conflicts in Ukraine and Israel may also upset current growth patterns. Even with all this, many economic forecasts believe the US economy remains resilient with renewed consumer confidence and spending and low unemployment that has shielded the economy from recession. However, caution is advised, if the Federal Reserve keeps its benchmark interest rate elevated for a prolonged period, this may cause undue pressure on consumer spending, increase job losses, and weaken the overall economy.

Inflation continues to be one of the most challenging obstacles global economies have attempted to overcome. The Fed has taken an aggressive stance in combating inflation by raising the federal funds target rate from 0.25% in March 2022 to 5.5% in October 2023, its highest level in 22 years. The inflation rate met a 40-year high of 9.1% in 2022 but has tapered off to 3.7% in September 2023 and is still higher in comparison to the Federal Reserve's target of 2% inflation rate for the US economy. Furthermore, these actions have also impacted the housing market, which experienced a continued high growth rate (10%) through early 2022 tapering off as mortgage interest rates increase reaching 7.79% in October 2023, a two-decade high. With the number of home sales declining and the median home price increasing, many economists are mixed about the housing market outlook and continue to watch this closely. Even despite these headwinds, the US GDP rose to a robust 4.9% annualized pace for the third quarter ending September 30, 2023, buoyed by low unemployment and solid consumer spending, however, this report could give the Federal Reserve some impetus to keep interest rates high which may begin to negatively impact consumer and business spending habits bringing the economy to a precipice slowdown. UCLA Anderson Forecast foresees a weak US Economy in 2024, followed by a return to trend growth rates, albeit below trend GDP levels, in 2025.

California's economy remains stable despite the pressure from more than two years of higher than usual inflation and the jump in interest rates. Between January 2020 (just before COVID) and June 2023 prices increased by approximately 17% with food, beverages and energy and gasoline prices rising well above this. California's severe housing shortage coupled with high interest rates are driving home prices higher as well. As of September 2023, the State's unemployment rate is currently 4.7%, the second highest of any state. Job growth within California also appears to be slowing, partly due to the State's labor shortage, negative population growth, and high housing costs. If these conditions continue to persist, this may further impede the State's long-term

economic growth by causing consumers to make tradeoffs in household spending budgets. Also, the State of California continues to grapple with State budget deficits leaving uncertainty how the State Legislature plans to balance its budget and the possible impacts to local municipalities. Although there are many variables driving the local economy, most economic forecasts are predicting limited growth in the following years ahead mainly due to inflation and higher interest rates.

During the Covid-19 pandemic, it was evident that local governments, particularly general fund revenue portfolio (i.e., property tax, sales tax, transient occupancy tax, franchise fees, etc.) and the elasticity of these sources, determined a city's fiscal exposure during the economic shifts that occurred since the pandemic. As a "low property" tax city, the City's most significant revenue source for General Fund operating revenues is sales tax. Signal Hill's revenue mix has proven to be resilient, with overall sales tax revenue remaining strong, with a total point-of-sale tax revenues increasing by 8% from the previous year. The County Pool allocations experienced a decline starting in FY 2021-22 as a result of sales tax law allocations related to in-state fulfillment centers and are still down as compared to FY 2020-21 results. The City's new transaction and use tax Measure SHR generated 27.4% of the Bradley Burns amount, with general consumer goods continuing to produce the most sales tax revenue. However, according to City's industry expert, HdL, overall sales trends are forecasted to experience a dip slightly in FY 2023-24 with limited expansion anticipated in the following year.

The City's major sales tax industry groups continue to include Business and Industry, Autos and Transportation, General Consumer Goods, and Building and Construction. Two of the City's larger business groups that experienced year-over-year gains include Business and Industry (2%) and Autos and Transportation (21%). The gain in the Autos and Transportation sector was mostly attributed to the dealership changes with the overall business sector experiencing new challenges related to higher auto loan rates. The Business and Industry sector benefited from agencies with fulfillment centers where there is a shift from county-wide pools to directly to City's sales tax base for online purchases and HdL predicts modest overall growth going forward. Building and Construction has seen only modest gains largely due to the slowdown in home-improvements with conditions predicted to persist through 2023 with mild growth through FY 2023-24 followed by improvements in FY 2024-25 hopefully driven by more favorable mortgage rates. General Consumer goods year over year gain slightly contracted from the previous year mainly due to pronounced sales pullback as household finances tighten due to inflation. While consumer spending remains supportive of the economy, the outlook suggests a continued mild decline through the end of 2023 with limited growth in 2024. The Fuel and Service Stations and Restaurants and Hotel sectors year over year change was significantly different from the previous year, -13% and 7%, respectively. Fuel and Service Stations are facing upward price pressure and slowing demand and is predicted to have near zero growth rates going forward. The Restaurant and Hotel sector remains strong but may see pressure from shrinking household budgets with a flat growth rate trend going forward. Signal Hill Measure SHR transaction and sales tax revenue

continues to be the biggest contributor to an increase in overall sales tax revenue with a 5% increase over the prior year. Overall, as reported by HdL, California sales tax performance for FY 2022-23 grew modestly and lags far behind the double-digit growth seen during the pandemic recovery. Looking ahead, households face tight budgets, and various industries grapple with challenges such as labor costs, inventory issues, and competition. All eyes are on the Federal Reserve Board's upcoming decisions on interest rates which will be the main driver to shape future consumer spending and overall economic growth.

Property taxes account for the next largest revenue source for the General Fund. Local property tax revenues are driven by the value of residential and commercial property and since property tax revenue typically reflects the value of a property anywhere from 18 months to many years prior, these are less immediately responsive to economic changes than other types of taxes. Persistently high mortgage rates continue to test California's housing market as home sales fell for the fourth consecutive month in September, while the median price rose from the year-ago level for the third straight month to record its largest year-over-year gain in more than a year. In comparison, September's statewide median home price was down 1.9% from the prior month but up 3.2% from a year ago, with Los Angeles experiencing a decrease of 1.6% from the prior month but up 4% from a year ago based on HdL's property tax division. Signal Hill's home sales have slowed in the past 4 quarters, most likely due to rising interest rates and inflation, and this trend is expected to continue. The City's overall net taxable property value changed by 6.7%. It is important to point out that a large portion of Signal Hill properties are highly affected by the oil and gas assets within the City. As oil prices change the related property values also fluctuate in the same direction and a portion of the property value changes are likely related to the current price of oil. Property tax rolls are set prior to the commencement of the fiscal year, and therefore property tax revenue was conservatively projected for FY 2023-24.

The City's annual obligated costs, such as contract costs, insurance, pension obligations, and unfunded mandates, continue to rise over time and compete against other budget priorities. The largest obligated costs include pensions costs related to the CalPERS Unfunded Accrued Liability (UAL). The UAL mainly fluctuates as a result of investment returns and changes in the discount rate. CalPERS recently announced a gain of 5.8% for FY 2022-23, which is balanced by the prior year's loss of 7%. When factoring in CalPERS' discount rate of 6.8% and the 2022-23 preliminary return of 5.8%, the estimated funded status now stands at 72%. The recent gain and loss, change in the discount rate, and assumption changes have led to variable funding status, which directly impact the City's pension costs and overall budget strategies; the City will continue to monitor this issue closely.

The City has also embarked on several key studies that may affect future budgetary planning. The City is currently conducting a comprehensive fee study to review the City's overall user and regulatory fee structure, basis of fees, and cost recovery. Part of the study will also include a detailed review and in-depth analysis of the City's current development impact fees, which provide

the proportionate share of the funding for the City's capital facilities needs that can be reasonably attributed to new growth in the City. The study is expected to be completed by early 2024 in time for the next biennial budget cycle and any approved changes will be incorporated in the next budget. In addition, the City is planning to conduct a water rate study and a water master plan to review the Water Utility fund to ensure overall fiscal sustainability and prioritize water infrastructure needs and future capital improvement planning.

Earlier in 2023, the City Council authorized staff to issue a Notice of Funding Availability for up to \$10 million in affordable housing funding to develop the Orange and Walnut Bluff affordable housing sites. The City initiated a competitive process and selected National Community Renaissance (National CORE) as the City's preferred development partner. National CORE proposed a 380-unit affordable project that includes a 5,000 square foot Boys and Girls Club which would represent a \$200 million investment in the community. Additionally, National CORE will seek up to \$30 million in grant funding for related public improvements that will build out City infrastructure in that area of the community. The developer and the City will negotiate the terms of an Exclusive Negotiation Agreement that will specify the terms, conditions, and timing of the City's \$10 million funding contribution. Once constructed, the Orange and Walnut Bluff sites would be the largest affordable housing projects in the City's history and create enhanced property tax value for those sites.

The City also initiated the master planning process for the Civic Center site, which is comprised of Signal Hill Park, the Signal Hill Library, the Community Center, and City Hall. Recently, the City contracted with an architectural firm to develop three conceptual master plans based on community feedback. Given its scope and expected cost, buildout of the Civic Center Master Plan is expected to take approximately 10 years and cost up to \$80 million. The first phase of development will include a new amphitheater that will host community events, concerts, and performances; this project will be partially funded through a \$5 million grant from the California Arts Council. The City Council will provide further direction to staff regarding its preferred funding and financing options, which may require the City to consider utilizing some existing fund balance and evaluate its capacity to issue debt to construct the project over its lifetime.

FY 2023-24 Operating Budget

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 2023-24. The City's FY 2023-24 Operating Budget focuses on the continued delivery of quality core municipal services while proactively addressing safety and deferred maintenance and operational needs, while maintaining a work environment conducive to retaining and promoting a successful workforce. In developing the budget for the major general fund revenues, the City relied on an analysis of historical performance and trends, as well as industry, economist, and news reports.

The City's expenditures were developed as a conservative spending plan addressing City Council and community priorities. The City's continued operations at full capacity include the expansion of current community and recreation programs, increased public engagement through communications, committees and other city events, and plans for future economic development. The budget also reflects the utilization of government relief program funding, special revenues, and grant programs in the City's capital plan and operational expenditures.

While the budget continues to reflect tempered optimism, the current global and local economies continue to face ongoing challenges that may lead to reevaluating spending strategies. The City's future economic health will be dependent on maintaining healthy reserves through fiscally conservative budgets and policies, planning for economic development opportunities, and maintaining its strong financial position through prudent, long-range policy decisions and sound fiscal management. The City will continue to monitor key economic indicators, sources of revenue, and spending levels as part of its sound, conservative fiscal approach.

Long Term Financial Planning

The community, City Council and staff helped craft the new 2023-2028 City of Signal Hill Strategic Plan, which sets the priorities for the City. The framework of the Strategic Plan is centered on three principles that include, Vision (the ideal state of the community in the future), Mission (how we will achieve our vision), and Values (the principles by which we strive to work). The plan goals include five specific objectives: 1) Financial Stability: Ensure the City's long-term financial stability and resilience; 2) Community Safety: Maintain community safety by supporting public safety services and increasing emergency preparedness.; 3) Economic & Downtown Development: Improve the local economy, support local businesses, and create a vibrant downtown core; 4) Infrastructure: Maintain and improve the City's physical infrastructure, water system, and recreational spaces; 5) High-Functioning Government: Strengthen internal communication, recruitment, retention, systems, and processes to increase the effectiveness and efficiency of City services. The City Council and staff use the Strategic Plan as a tool to guide our actions and 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 it is 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 system’s unique nature is due to many factors of law, history, and culture, including State constitutional provisions enacted by voters that prescribe strict limits on how municipalities can raise revenues – and even how they can spend money. In addition, the State’s recurring financial crises have had vast repercussions at the local level, further stressing municipal revenues and services.

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 to take proactive local control of long-term financial planning. This tax will continue to preserve the high quality of life that the 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 provided approximately \$6.3 million in annual revenues in FY 2022-23 to help fund programs such as streets, pothole and infrastructure repair, clean public areas, 9-1-1 emergency response, and crime prevention.

The unassigned fund balance in the General Fund and the fund balance of the Economic Uncertainties Fund equal 100% of FY 2022-23 General Fund budgeted operating expenditures, which exceeds the 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 of operating expenditures. These reserves would be utilized to mitigate the adverse impact of an economic slowdown, a recession, or the loss of a major sales tax provider.

City management believes 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 workforce to meet changing demands.

Financial and Internal Controls

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

The Finance Department is responsible for establishing and maintaining an internal control structure designed to ensure 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. The internal control structure is designed to provide reasonable, but not absolute, assurance 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. Management believes 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. Throughout the course of FY 2022-23, the City expended federal funds in excess of the \$750,000 threshold, subjecting the City to Single Audit requirements. The principal federal funds expensed in FY 2022-23 encompassed Community Development Block Grant (CDBG), Active Transportation Program (ATP), and American Rescue Plan Act (ARPA). The Single Audit will commence at the completion of the ACFR.

Budgetary Controls

The City Council is required to adopt a budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City'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 adopted 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 in conformance with State constitutional limits; (2) adoption of the budget effectuated by a City 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 approved 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

Management foresees no problem for several years in complying with the spending limitation under the Gann Initiative passed by the California voters in 1979, which created Article XIII B of the State Constitution. The City's independent auditors have attested to the accuracy of the computation of the spending limitations for the current period, which indicated that the City's tax proceeds are substantially under the established Gann Limit 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 RAMS, was selected to audit the City's accounting records. The auditor's report on the basic financial statements, combined and individual fund statements, and schedules is included in the financial section of this report.

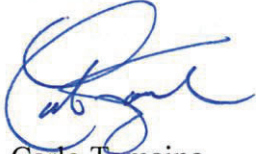
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Signal Hill for its ACFR for the fiscal year ended June 30, 2022. This was the 27th consecutive year the City of Signal Hill achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report; this report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements.

The preparation of this annual comprehensive 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 (at that time), CLA Clifton Larson Allen LLP, Certified Public Accountants. Each member of this team has our sincere appreciation. We also extend our thanks and appreciation to

the Signal Hill City Council members for their encouragement and support in conducting the City's financial operations in a responsible manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Carlo Tomaino', with a stylized, cursive script.

Carlo Tomaino
City Manager

A handwritten signature in blue ink, appearing to read 'Sharon del Rosario', with a stylized, cursive script.

Sharon del Rosario
Administrative Services Officer/
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Signal Hill
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



CITY OF SIGNAL HILL CALIFORNIA

ANNUAL BUDGET FOR FISCAL YEAR 2023-2024

ELECTED OFFICIALS



Tina L. Hansen
Mayor



Lori Y. Woods
Vice Mayor



Robert D. Copeland
Council Member



Keir Jones
Council Member



Edward H.J. Wilson
Council Member

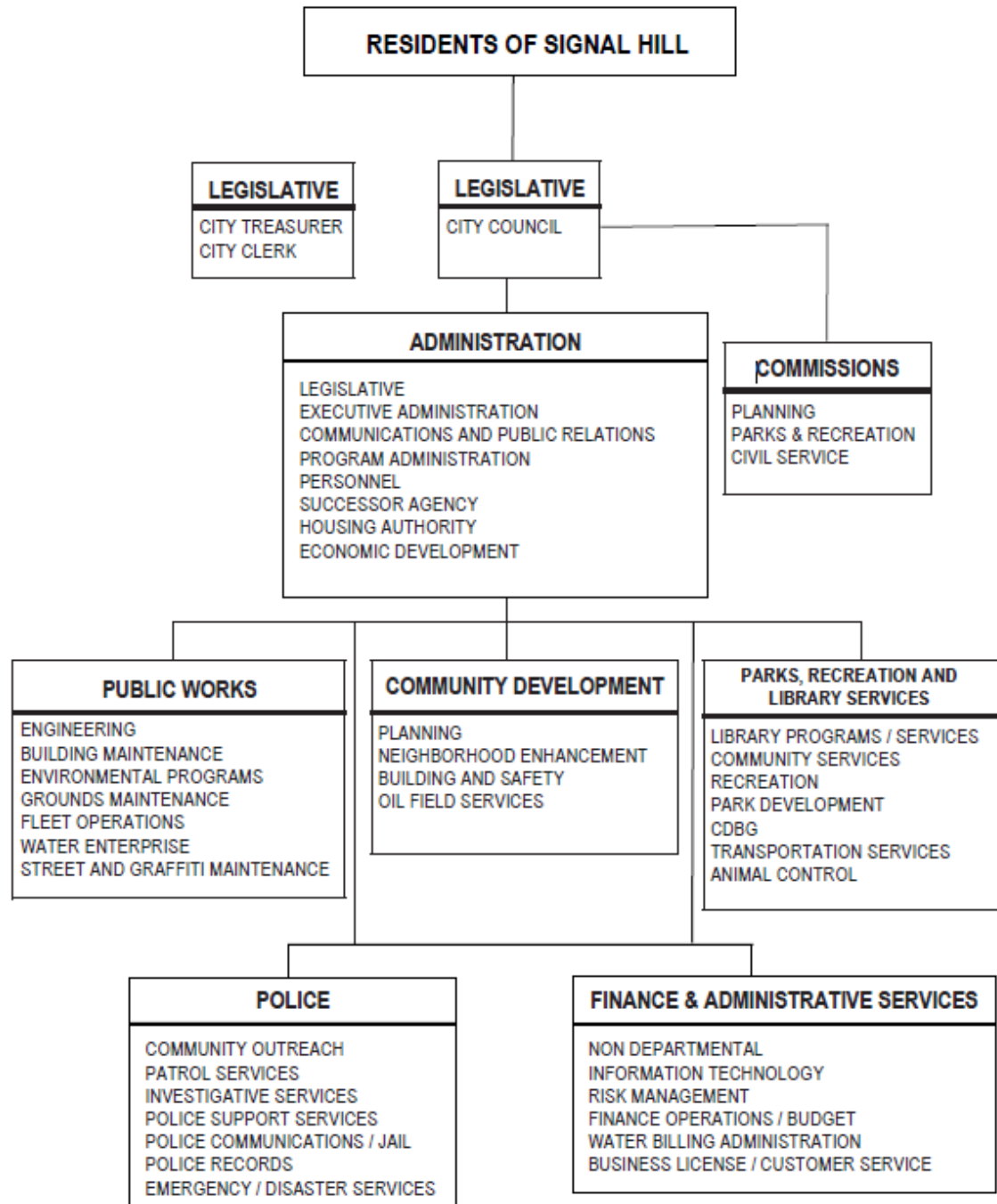


David Hopper
City Treasurer



Daritza Gonzalez
City Clerk

CITY OF SIGNAL HILL ORGANIZATIONAL CHART



This page is intentionally left blank

FINANCIAL SECTION

This page is intentionally left blank



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

Independent Auditor's Report

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Signal Hill (City), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 of the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

The City's 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, and for 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.

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required supplementary information 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.

Supplementary 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 combining and individual non-major fund financial statements and the budgetary comparison schedules for major and non-major funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the budgetary comparison schedules for non-major funds is the responsibility of management and was derived from and relates 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 combining and individual non-major fund financial statements and the budgetary comparison schedules for non-major funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, 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 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 12, 2023

This page is intentionally left blank

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

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, 2023 (FY 2022-23). 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 2021-22 and FY 2022-23. All increases and decreases are expressed relative to FY 2021-22 amounts. Financial highlights for FY 2022-23 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 \$145.9 million in FY 2021-22 and equals \$164.3 million in FY 2022-23.
- Of this amount, \$41.1 million is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors. The remaining net position is classified as net investment in capital assets of \$107.4 million and restricted of \$15.8 million.
- The City's total net position increased by \$18.4 million over FY 2021-22 and is largely attributed to revenues exceeding expenditures as reported in the statement of activities. The remainder of this report will provide a more detailed analysis of the City's net position and operating activities that contributed to this increase.
- On November 3, 2020, residents approved Signal Hill Measure R (SHR), a new three-quarter cent per dollar general transaction and use (sales) tax. The California Department of Tax and Fee Administration (CDTFA) began collecting the new tax on April 1, 2021, and the second full year results are reflected in this report.
- The net position presentation has been updated to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, effective FY 2022-23, resulting in new asset and liability categories. The objective of the new statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Throughout the fiscal year, the Federal Reserve combated high inflation by raising interest rates, leading to the City's investment portfolio reaching 98.3% of its book value. The City's policy involves holding investments until maturity to minimize risk in a fluctuating market and safeguard the overall capital. Despite a year-end unrealized loss due to market changes, the total net investment income remained positive and is discussed throughout the MD&A, with more details in Notes 1F and 2 of the City's Financial Statements.

Fund Level

- As of June 30, 2023, governmental funds report a combined fund balance of \$81.3 million, an increase of \$9.4 million from the prior year. Of this amount, \$26.8 million is available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2023, the General Fund reports an ending fund balance of \$64.6 million. Of this amount, \$27.1 million is available for spending at the City's discretion (unassigned fund balance). Cash and investments of the General Fund total \$51.1 million, which represents 79.1% of the General Fund's total \$64.6 million fund balance.
- As of June 30, 2023, the City's Water Enterprise fund reports an ending net position of \$23.6 million, an increase of \$2.0 million from the prior year. The net position is classified as net investment in capital assets of \$24.6 million and unrestricted net position of a \$1.0 million deficit. The City anticipates the additional revenue collected from Proposition 218 water rate increases in 2020, currently, in year four of five, coupled with the completion of the new Well 10 project, the unrestricted net position of the Water Enterprise fund will continue to gradually increase to a positive position.
- As of June 30, 2023, the City's Internal Service fund reports an ending net position of \$3.1 million. Of this amount, \$2.1 million is unrestricted and is available for spending at the City's discretion of which \$1.5 million provides a reserve balance for unforeseen events or emergencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are required supplementary information and are 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.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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), parks, recreation and library 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 20 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, trends including increases or decreases in net position may be one indicator of whether the financial position of the City is improving or deteriorating.

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

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.

Management's Discussion and Analysis For the Year Ended June 30, 2023

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 23.

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.

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 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 a Private-Purpose Trust Fund and a Pension 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 Pension Trust Fund is used to account for activities related to the City's other postemployment benefit (OPEB) plan and is an irrevocable trust fund. The fiduciary fund financial statements can be found beginning on page 33 of this report.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the government-wide *Statement of Net Position* as of June 30, 2022, and June 30, 2023, and is as follows:

Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Assets:						
Current and other assets	\$ 125,094,389	\$ 111,041,105	\$ 2,878,206	\$ 2,548,338	\$ 127,972,595	\$ 113,589,443
Capital assets, net	106,396,109	101,143,635	27,963,644	27,800,854	134,359,753	128,944,489
Total Assets	231,490,498	212,184,740	30,841,850	30,349,192	262,332,348	242,533,932
Deferred outflows of resources:						
Deferred amount on refunding	-	-	41,168	58,502	41,168	58,502
Deferred amounts from pension	14,409,260	5,760,306	1,204,438	515,675	15,613,698	6,275,981
Deferred amount from OPEB	1,983,256	2,479,566	214,988	268,789	2,198,244	2,748,355
Total Deferred Outflows	16,392,516	8,239,872	1,460,594	842,966	17,853,110	9,082,838
Liabilities:						
Current liabilities	13,774,948	7,479,021	1,119,875	1,182,123	14,894,823	8,661,144
Long-term liabilities	65,909,725	49,396,341	7,151,681	6,479,282	73,061,406	55,875,623
Total Liabilities	79,684,673	56,875,362	8,271,556	7,661,405	87,956,229	64,536,767
Deferred inflows of resources:						
Deferred amounts from pension	2,617,530	13,657,865	247,505	1,668,323	2,865,035	15,326,188
Deferred amount from OPEB	1,519,420	1,570,027	164,708	170,193	1,684,128	1,740,220
Deferred amounts from Leases	23,388,183	24,081,733	-	-	23,388,183	24,081,733
Total Deferred Inflows	27,525,133	39,309,625	412,213	1,838,516	27,937,346	41,148,141
Net position:						
Net investment in capital assets	82,815,477	78,459,175	24,580,013	23,726,827	107,395,490	102,186,002
Restricted	15,748,253	17,131,724	-	-	15,748,253	17,131,724
Unrestricted	42,109,478	28,648,726	(961,338)	(2,034,590)	41,148,140	26,614,136
Total Net Position	\$ 140,673,208	\$ 124,239,625	\$ 23,618,675	\$ 21,692,237	\$ 164,291,883	\$ 145,931,862

Over time, net position may serve as a useful indicator of a city's financial position. At June 30, 2023, the City's net position was \$164.3 million, an increase of \$18.4 million over the net position of \$145.9 million at June 30, 2022.

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

The largest portion of the City's net position (\$107.4 million or 65.4%) is its investment in capital assets (e.g., land, buildings, infrastructure, and equipment, right-to-use assets, etc.), net of related debt. The City uses capital assets to provide services to residents; consequently, these assets are not available for future spending. This category of net position increased mainly from the construction of ongoing, or nearly completed projects such as Discovery Well Park project, ongoing pavement management improvements, and the completion of Heritage Point Park, and the Spring Street overlay.

The City's restricted net position totals \$15.8 million (9.6% 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 \$41.1 million (25.0%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to residents and creditors.

Total net position increased by \$18.4 million from an excess of revenues over expenses. This net increase was reflected by an increase of \$14.5 and \$5.2 million in unrestricted net position and net investment in capital assets, respectively, and offset by a decrease in restricted net position of \$1.3 million. The excess of revenues over expenses will be analyzed in conjunction with the Statement of Activities.

With the implementation of GASB 96, the City was required to report long-term subscriptions in the financial statements. The following categories were added to the financial statements: intangible (right-to-use asset) subscription assets, and subscription liabilities. Additional information and discussion of these can be found in Notes 1D, 1L, and 6 of the City's Notes to the Basic Financial Statements.

Following is a summary of the government-wide *Statement of Activities* which illustrates the City's overall \$18.4 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.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Revenues:						
Program revenues:						
Charges for services	\$ 2,282,923	\$ 2,209,181	\$ 6,279,769	\$ 6,208,013	\$ 8,562,692	\$ 8,417,194
Grants and contributions:						
Operating	2,030,233	2,253,943	-	-	2,030,233	2,253,943
Capital	2,089,700	2,828,139	-	-	2,089,700	2,828,139
General revenues:						
Property taxes	2,971,818	2,618,545	-	-	2,971,818	2,618,545
Sales and use taxes	26,461,978	24,786,099	-	-	26,461,978	24,786,099
Other taxes	2,441,641	2,048,969	-	-	2,441,641	2,048,969
Investment income	2,207,630	706,816	51,416	(76,572)	2,259,046	630,244
Unrestricted grants and contributions	788,511	553,591	-	-	788,511	553,591
Total revenues	<u>41,274,434</u>	<u>38,005,283</u>	<u>6,331,185</u>	<u>6,131,441</u>	<u>47,605,619</u>	<u>44,136,724</u>
Expenses:						
General government	6,220,479	7,092,705	-	-	6,220,479	7,092,705
Parks, recreation, and library services	2,534,696	2,619,137	-	-	2,534,696	2,619,137
Police	9,014,012	11,054,042	-	-	9,014,012	11,054,042
Community development	1,257,083	1,359,366	-	-	1,257,083	1,359,366
Public works	4,750,389	4,632,836	-	-	4,750,389	4,632,836
Interest expense	494,040	492,113	-	81,540	494,040	573,653
Unallocated infrastructure depreciation	421,707	421,707	-	-	421,707	421,707
Water	-	-	4,553,192	5,665,391	4,553,192	5,665,391
Total expenses	<u>24,692,406</u>	<u>27,671,906</u>	<u>4,553,192</u>	<u>5,746,931</u>	<u>29,245,598</u>	<u>33,418,837</u>
Excess of revenues over expenses	16,582,028	10,333,377	1,777,993	384,510	18,360,021	10,717,887
Transfers	(148,445)	(707,326)	148,445	707,326	-	-
Change in net position	<u>16,433,583</u>	<u>9,626,051</u>	<u>1,926,438</u>	<u>1,091,836</u>	<u>18,360,021</u>	<u>10,717,887</u>
Net position, beginning	124,239,625	114,613,574	21,692,237	20,600,401	145,931,862	135,213,975
Net position, ending	<u>\$ 140,673,208</u>	<u>\$ 124,239,625</u>	<u>\$ 23,618,675</u>	<u>\$ 21,692,237</u>	<u>\$ 164,291,883</u>	<u>\$ 145,931,862</u>

Government-wide revenues increased by \$3.5 million (7.9%) to \$47.6 million. The majority of this increase resulted from an increase of \$1.7 million in sales and use taxes, an increase of \$1.6 million in Investment Income partially due to implementation of GASB 87 and interest income derived from the City's investment portfolio performing better as compared to prior year due to the rise in interest rates.

Operating and capital grants decreased by \$0.9 million as compared to the prior year, as the related projects were completed towards the beginning of the fiscal year. The remaining changes include all other governmental activities accounting for a net \$1.1 million increase mainly comprised of \$0.4 million increase in property tax revenue and \$0.4 million increase in other tax revenue.

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

The most significant portion of the City's revenue came from sales and use taxes, which accounted for 55.6% of total revenue. Charges for services accounted for 18.0% of total revenue. Additionally, 8.7% was received from grants and contributions, 6.2% from property taxes, 5.1% from other taxes, and the remaining 6.4% was from investment income.

Government-wide expenses of all City programs and services decreased by a net \$4.2 million (12.5%) to \$29.2 million for the fiscal year ended June 30, 2023. Governmental Activities decreased by \$3.0 million while the Business Type Activities decreased by \$1.2 million. Expenses include adjustments for depreciation, long-term debt, and pension costs. The net decrease in Government-wide expenses is spread across the City's programs with decreases in General Government by \$0.9 million, Parks, recreation, and library services by \$0.1 million, Water by \$1.2 million, Community Development and Public works both decreased by \$0.1 million each, and the largest decrease in Police by \$2 million. Interest Expense is now presented on a separate line item at \$0.6 million and is attributed to long-term debt and leases/subscription liabilities.

Police accounted for 30.8% of the total costs, General Government for 21.3%, Water for 15.3%, and Public Works for 16.2%, with Parks, Recreation, and Library Services for 8.7%, Community Development for 4.3%, Interest Expense for 2.0% and Unallocated Infrastructure Depreciation for 1.4% accounting for the remaining expenses.

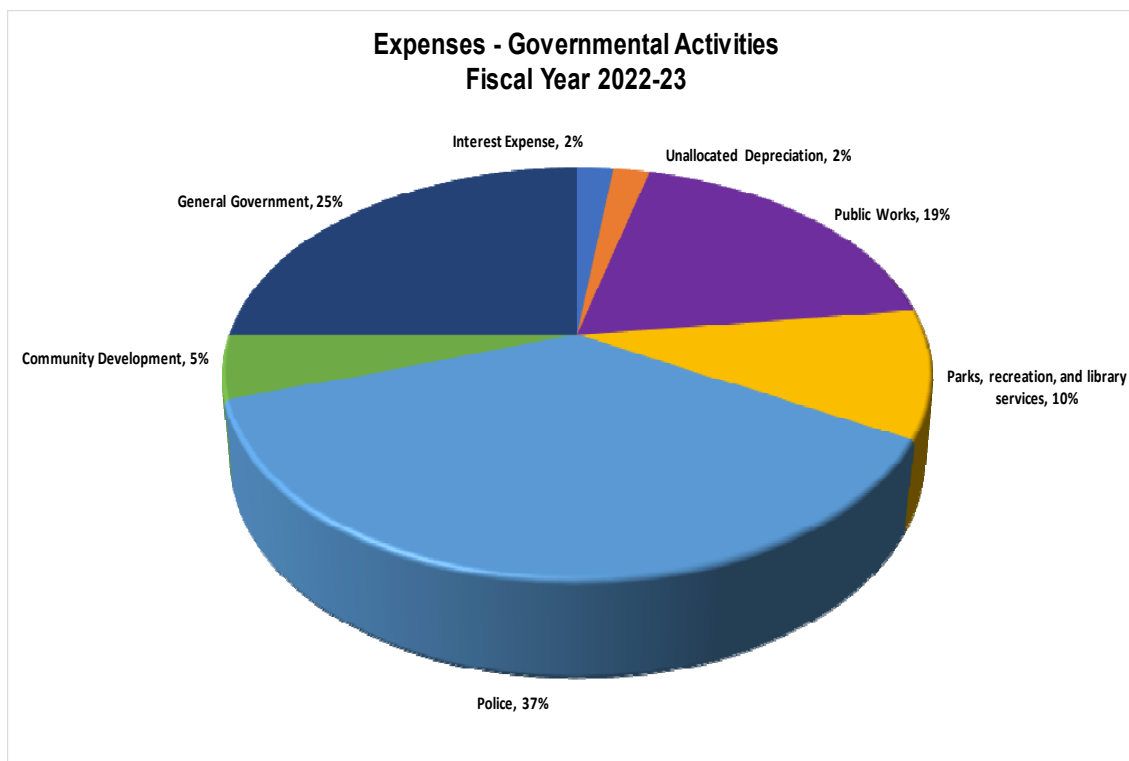
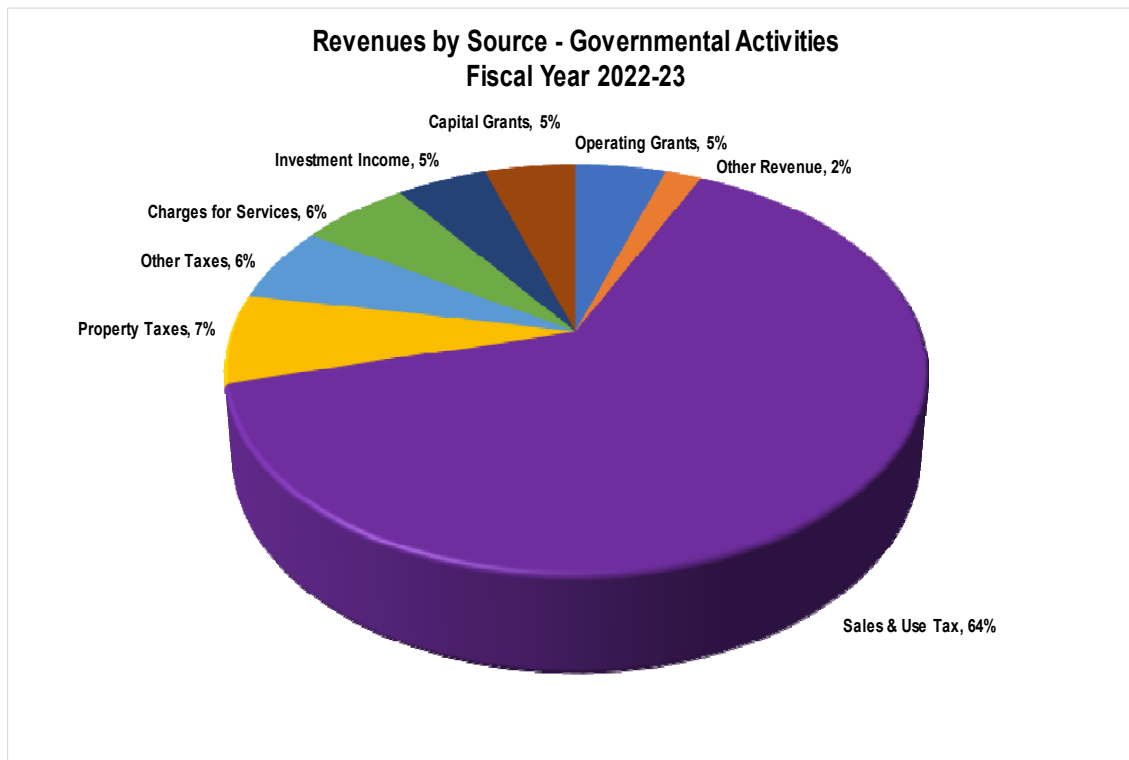
The following two charts show the source and use of funds for **Governmental Activities**:

Governmental activities contributed \$16.6 million before transfers 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 increase over the prior year of \$3.3 million (8.6%), to \$41.3 million. Approximately \$1.7 million of this increase is related to actual sales and use tax revenues higher than estimated. Interest income also increased by \$1.6 million. Property tax revenue increased by \$.4 million and other tax revenues increased by \$0.4 million, while operating and capital grants decreased by \$0.9 million.

Expenses of governmental activities decreased by a net \$3.0 million (10.8%). Expenses include adjustments for depreciation, long-term debt, and pension costs. The net decrease is spread across the City's programs with Police decreasing by \$2.0 million, General Government decreasing by \$0.9 million, Parks, recreation and Library Services decreasing by \$0.08 million, Community Development and Public Works both decreasing by \$0.01 million each. Interest and unallocated depreciation expense experienced a very negligible change.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

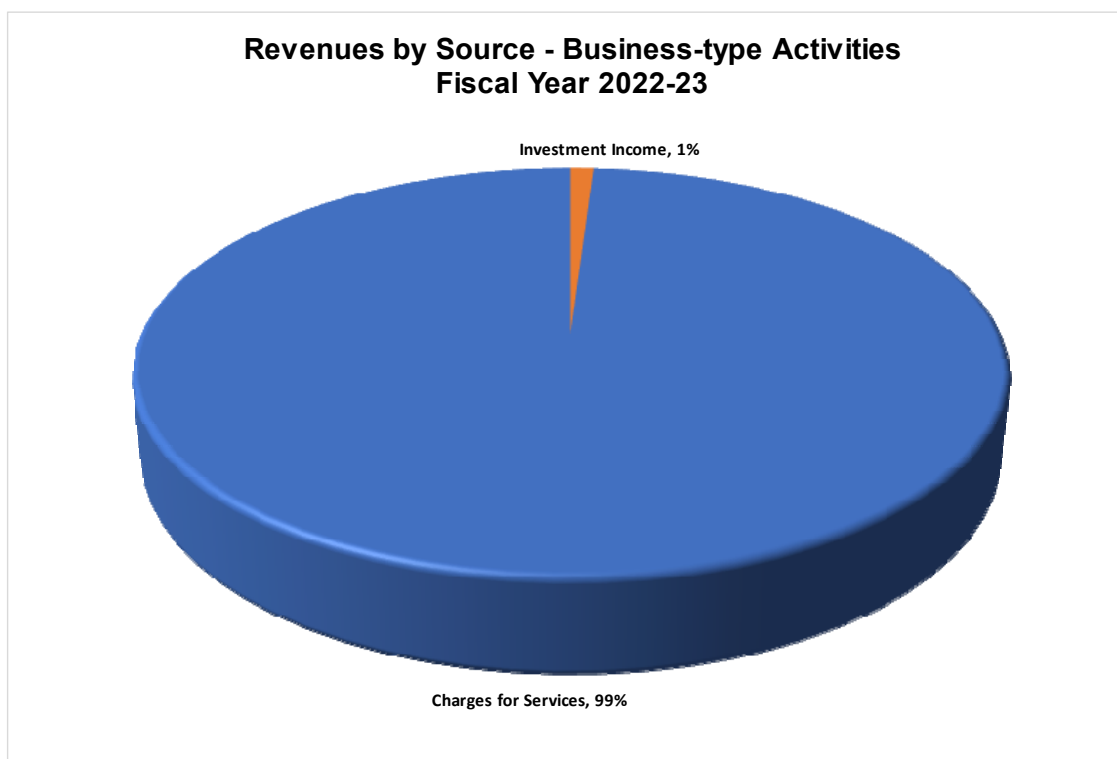


**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

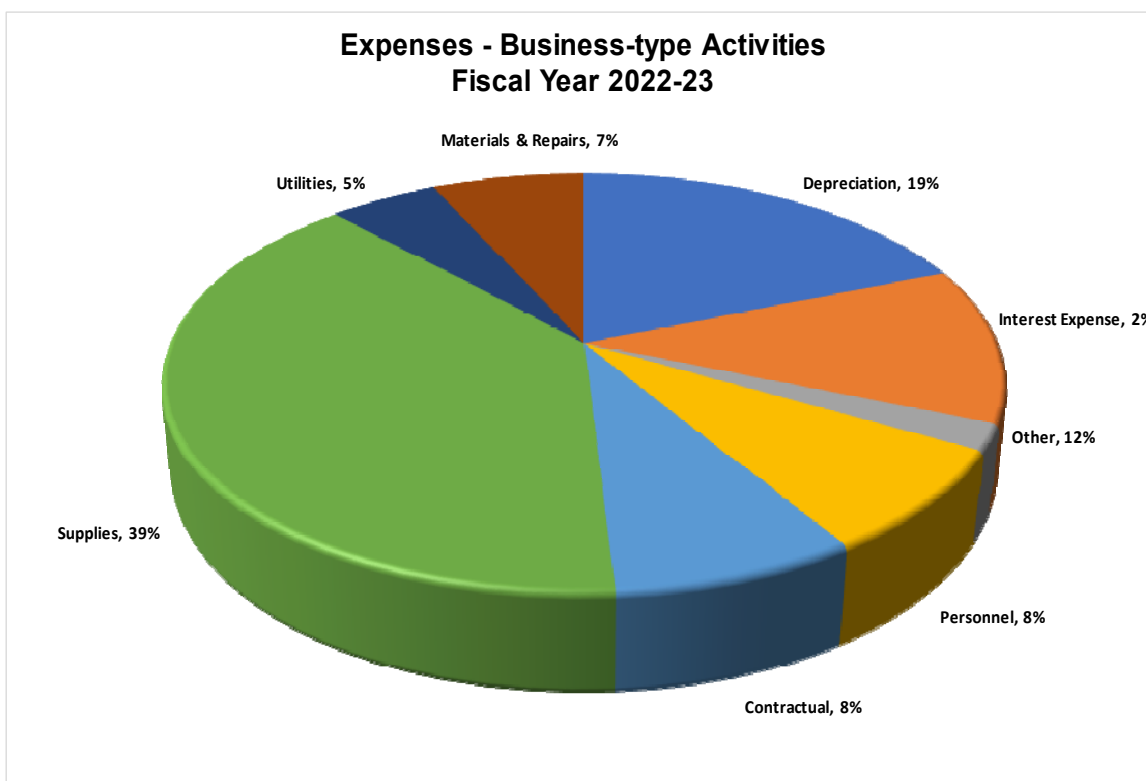
The following two charts show the source and use of funds for Business-Type Activities:

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 \$23.6 million as compared to \$21.6 million at the end of the prior year. This represents an increase in net position of \$1.9 million or 8.9%. The increase can largely be attributed to the advance received from the General Fund for the Gundry Reservoir Improvement Project.

Revenues of \$6.3 million consist of charges for services. This is an increase of \$0.2 million or 3.3% over the prior year's total revenue of \$6.1 million. The increase is mainly due to increased water rates as compared to the prior year. Expenses totaled \$4.6 million in the current year, a decrease of \$1.2 million over the prior year's expenses of \$5.8 million. The majority of the decrease is attributed to a reduction in the pension expense allocation and lower salary costs due to several vacant positions. For more details relating to the Water Utilities Enterprise Fund activities and water management plan please see the City's Website.



**Management's Discussion and Analysis
For the Year Ended June 30, 2023**



FUND FINANCIAL ANALYSIS

The City's major governmental funds for FY 2022-23 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 \$8.0 million in FY 2022-23. This increase resulted from revenues and transfers-in totaling \$36.7 and \$0.6 million, respectively, exceeding expenditures, net of subscription acquisition sources, totaling \$28.5 million and transfers out totaling \$0.8 million

General Fund revenues increased by a net of \$4.2 million compared to FY 2021-22. This net increase is mainly explained by a \$1.7 million increase in sales and use tax revenues and a \$1.4 million increase in investment income from the prior year. Both the Bradley Burns 1% sales tax and Measure R (SHR) sales tax total came in higher than projected by \$1.4 million. Investment Income was mostly higher to interest income derived from the City's investment portfolio performing better as compared to the prior year due to the rise in interest rates.

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

Overall, the General Fund's operating expenditures were higher than the prior year by \$3.6 million but were lower than anticipated by \$5.2 million. Operating expenditures are budgeted at full capacity and FY 22-23 operating expenditures include \$2.0 million in one-time expenditures for a special project. The total expenditures and transferred out were lower than budgeted and projected mainly due to a large number of position vacancies across all departments but most notably in the police department. When comparing this to the prior year, the position vacancy rate was also significant yielding lower than anticipated expenditure costs contributing to an overall General Fund surplus.

Housing Authority Special Revenue Fund

The Housing Authority fund balance increased by \$0.4 million to \$6.5 million as compared to the prior year's fund balance of \$6.0 million. The fund's activity consists of interest income and professional services for assistance in administering the City's housing program. Interest income increased due to the rise in interest rates yielding better than expected results as compared to the prior year. The Housing Authority also received a transfer of \$0.35 million related to the Successor Agency annual loan payment which allocates 20% of City/Agency loan to the Low/Moderate Income Housing Authority Fund (LMIHAF). The 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. The negative fund balance represents future receivables that are generally withheld from Grant funds as retentions and are considered unavailable revenue but are anticipated to be received upon the close out of the capital project. The largest grant revenues received in FY 2022-23 were from RMC and ATP, both used for capital construction projects.

Capital Improvement Capital Projects Fund

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$3.9 million for the fiscal year. The major projects worked on in FY 2022-2023 included Discovery Well Park improvements, Spring Street overlay, and various other street improvement construction projects, and sidewalk repair. 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.

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

In preparing its budget, the City attempts to estimate revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner in alignment with the City Council's expectations. As a result, the City adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and the availability of additional revenue. During the course of the year, the City Council amended the originally adopted budget by \$0.1 million excluding surplus adjustments utilizing the prior year surplus. The main reasons for the increases related to contract services and personnel adjustments.

Total General Fund revenues of \$36.7 million were \$7.0 million higher than the budgeted amount of \$29.7 million. This was mainly due to conservatively budgeting the performance of the new Signal Hill Measure R (SHR) sales tax revenue without historical data to rely on. As year two of Measure SHR progressed, the total sales tax projection was increased resulting in increasing the total revenue projection to \$33.0 million. Due to conservative budgeting of revenues, all revenue categories exceeded the budget except for Fines and Forfeitures.

Total General Fund expenditures of \$28.5 million net of subscription acquisition costs were projected at \$29.7 million, coming in \$1.2 million lower than projected. In comparison to the budget, actual expenditures were below the budget by \$5.2 million as all departments ended the year with expenditures below budget. The General fund expenditures increased from the prior year and still came in lower than budget, which is mostly due to employee position vacancies within the Police and Administration departments. Administration and the Public Works department also experienced lower use of planned contract services also contributing to lower than budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$134.3 million, net of depreciation and amortization. These assets include buildings, infrastructure, land, machinery and equipment, right-to-use assets, park facilities, vehicles, water lines, and construction in progress. FY 2022-23 had a net increase in capital assets of \$5.4 million. The increase was mainly due to the additional and ongoing projects increasing construction in progress. Additionally, Capital Assets was updated for the implementation of GASB Statement 96. For additional information see Notes IH and 3 of the Notes to Basic Financial Statements.

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Land	\$ 35,519,323	\$ 35,499,457	\$ 4,427,416	\$ 4,427,416	\$ 39,946,739	\$ 39,926,873
Water rights	-	-	243,933	274,313	243,933	274,313
Construction in progress	3,142,305	3,997,493	686,161	3,652,825	3,828,466	7,650,318
Buildings & equipment	40,827,530	36,729,140	22,552,260	19,446,300	63,379,790	56,175,440
Infrastructure	12,153,617	11,565,629	-	-	12,153,617	11,565,629
Right-to-use assets	14,753,334	13,351,916	53,874	-	14,807,208	13,351,916
Total assets	<u>\$ 106,396,109</u>	<u>\$ 101,143,635</u>	<u>\$ 27,963,644</u>	<u>\$ 27,800,854</u>	<u>\$ 134,359,753</u>	<u>\$ 128,944,489</u>

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

Debt Administration

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

	Long-term Liabilities					
	Governmental Activities		Business-Type Activities		Totals	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Water revenue bonds	\$ -	\$ -	\$ 1,708,631	\$ 2,250,686	\$ 1,708,631	\$ 2,250,686
Leave revenue bonds	7,773,965	8,447,014	-	-	7,773,965	8,447,014
Water replenishment district loan	-	-	1,500,000	1,500,000	1,500,000	1,500,000
Leases payable	13,292,629	13,535,982	-	-	13,292,629	13,535,982
Subscriptions payable	1,936,175	-	57,268	-	1,993,443	-
Net pension liability	34,003,165	17,743,002	2,955,889	1,720,555	36,959,054	19,463,557
Net OPEB liability	8,090,032	8,712,034	876,973	944,399	8,967,005	9,656,433
Compensated absences	813,759	958,309	52,920	63,642	866,679	1,021,951
Total long-term liabilities	\$ 65,909,725	\$ 49,396,341	\$ 7,151,681	\$ 6,479,282	\$ 73,061,406	\$ 55,875,623

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 \$1.7 million at year-end. The lease revenue bonds are part of the City's governmental activities, and the outstanding bond liability is \$7.8 million at year-end. The City's Water Enterprise, included in Business-Type Activities, accepted a zero-interest, \$1.5 million loan from the Water Replenishment District to partially fund the construction of the new Well No. 10. Additional information on the City's long-term obligations can be found in the following Notes to Basic Financial Statements:

- Note 1M: Employee compensated absences
- Note 6: Long-term liabilities
- Note 9: Net pension liability
- Note 10: Net OPEB liability

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Local and state economies experienced continual growth throughout FY 2022-23, with tapering in the latter months due to prolonged historically high inflation and the increased interest rates by the Federal Reserve. Cities continue to be challenged in forecasting the economy, contemplating an extreme spectrum of possibilities, and preparing their following budgets in the midst of a great deal of uncertainty. The City has been fortunate in its specific mix of business, which has been proven to be resilient in response to volatile economic changes. The recent passage of Signal Hill's Measure R (SHR), transaction and use tax has resulted in higher sales tax than expected also contributing to a strong revenue base and financial stability.

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

In developing the FY 2023-24 budget, staff utilized prior year results, current data, and industry forecasts while following the City's tradition of fiscal prudence. To deliver a balanced budget for FY 2023-24, the City utilized planned revenues and transfers that are equal to planned operating expenditures for the budget year. Most general fund revenue categories were adjusted to reflect current industry estimates based on cautious optimism, yet conservative view. The FY 2023-24 operating budget reflects General Fund estimated revenues and transfers-in totaling \$33.5 million, an increase of \$2.9 million to the adopted FY 2022-23 budgeted revenues. The increase can mainly be attributed to an increase in sales and use tax. FY 2022-23 marked the second year the City received a full year of the resident approved Signal Hill Measure R (SHR) tax, a new three-quarter cent per dollar general transaction and use (sales) tax. The tax generated a higher revenue than initially anticipated, and the data was used to calibrate FY 2023-24 budget.

The City's expenditures were developed as a conservative spending plan addressing City Council and community priorities while focusing on continuing operations at full capacity, addressing deferred maintenance and operational needs, and delivering quality core municipal services with a skilled and talented workforce. The FY 2023-24 operating budget reflects General Fund appropriated expenditures and net transfers-out totaling \$35.9 million, an increase of \$2.5 million to the adopted FY 2022-23 budget. The increase in expenditures is mainly due to an increase in personnel enhancements and related benefits and rising obligated costs. The City always attempts to maximize grants and awarded funding from federal, state, and local sources such as the utilization of the American Rescue Plan Act (ARPA) federal funds of \$2.5 million to address water utility infrastructure improvements.

If the economy stabilizes, with Measure SHR and the City's existing revenue base, the City is poised to continue to fund community priorities, including maintaining local streets and fixing potholes; maintaining sidewalks, street trees, storm drains, parks and recreation facilities, other infrastructure and plan for future economic development; preparing for natural disasters and public health emergencies; cleaning and maintaining public areas and removing 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; expanding public engagement and providing crime prevention and investigation services.

The economic impact of the previous several years has placed tremendous fiscal pressure on local governments but has also 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 while identifying and developing new opportunities.

City of Signal Hill

Management's Discussion and Analysis For the Year Ended June 30, 2023

While it appears that the City will continue to be presented with challenges and opportunities in the years ahead resulting from the short- and long-term economic impacts of the coronavirus pandemic, 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, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 77,731,638	\$ 5,793,545	\$ 83,525,183
Receivables:			
Accounts	527,606	970,990	1,498,596
Accrued interest	473,869	-	473,869
Due from other governments	6,092,208	-	6,092,208
Leases	24,374,960	-	24,374,960
Loans	1,685,069	-	1,685,069
From Successor Agency	9,192,507	-	9,192,507
Internal balances	3,886,387	(3,886,387)	-
Prepaid items	88,971	-	88,971
Land and improvements held for resale, net	1,040,642	-	1,040,642
Restricted Assets:			
Cash and investments	532	58	590
Capital assets, not being depreciated	38,661,628	5,113,577	43,775,205
Capital assets, being depreciated and amortized,			
Net of accumulated depreciation and amortization	67,734,481	22,850,067	90,584,548
Total Assets	<u>231,490,498</u>	<u>30,841,850</u>	<u>262,332,348</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss amount on debt refunding	-	41,168	41,168
Pension related	14,409,260	1,204,438	15,613,698
OPEB related	1,983,256	214,988	2,198,244
Total Deferred Outflows of Resources	<u>16,392,516</u>	<u>1,460,594</u>	<u>17,853,110</u>
LIABILITIES			
Accounts payable	1,945,935	641,897	2,587,832
Accrued liabilities	1,907,417	57,937	1,965,354
Accrued interest payable	50,658	58,473	109,131
Deposits payable	470,330	361,568	831,898
Unearned revenue	9,400,608	-	9,400,608
Noncurrent liabilities:			
Due within one year	1,515,506	603,905	2,119,411
Due in more than one year:			
Other	22,301,022	2,714,914	25,015,936
Net pension liability	34,003,165	2,955,889	36,959,054
Net OPEB liability	8,090,032	876,973	8,967,005
Total Liabilities	<u>79,684,673</u>	<u>8,271,556</u>	<u>87,956,229</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	2,617,530	247,505	2,865,035
OPEB related	1,519,420	164,708	1,684,128
Lease related	23,388,183	-	23,388,183
Total Deferred Inflows of Resources	<u>27,525,133</u>	<u>412,213</u>	<u>27,937,346</u>
NET POSITION			
Net investment in capital assets	82,815,477	24,580,013	107,395,490
Restricted for:			
Capital improvements	3,109,563	-	3,109,563
Development impact	2,883,193	-	2,883,193
Transportation	4,754,906	-	4,754,906
Housing	5,000,591	-	5,000,591
Unrestricted	42,109,478	(961,338)	41,148,140
Total Net Position	<u>\$ 140,673,208</u>	<u>\$ 23,618,675</u>	<u>\$ 164,291,883</u>

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Activities For the Year Ended June 30, 2023

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 6,220,479	\$ 69,319	\$ 143,084	\$ -
Parks, recreation, and library services	2,534,696	172,913	-	-
Police	9,014,012	192,424	313,765	-
Community development	1,257,083	637,076	437,328	185,000
Public works	4,750,389	1,211,191	1,136,056	1,904,700
Unallocated infrastructure depreciation	421,707	-	-	-
Interest on long-term liabilities	494,040	-	-	-
Total Governmental Activities	24,692,406	2,282,923	2,030,233	2,089,700
BUSINESS-TYPE ACTIVITIES				
Water	4,553,192	6,279,769	-	-
Total Business-Type Activities	4,553,192	6,279,769	-	-
Total	<u>\$ 29,245,598</u>	<u>\$ 8,562,692</u>	<u>\$ 2,030,233</u>	<u>\$ 2,089,700</u>

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 - Beginning of Year

NET POSITION, END OF YEAR

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (6,008,076)	\$ -	\$ (6,008,076)
(2,361,783)	-	(2,361,783)
(8,507,823)	-	(8,507,823)
2,321	-	2,321
(498,442)	-	(498,442)
(421,707)	-	(421,707)
(494,040)	-	(494,040)
(18,289,550)	-	(18,289,550)
-	1,726,577	1,726,577
-	1,726,577	1,726,577
(18,289,550)	1,726,577	(16,562,973)
2,971,818	-	2,971,818
1,073,024	-	1,073,024
605,679	-	605,679
330,085	-	330,085
12,057	-	12,057
420,796	-	420,796
26,461,978	-	26,461,978
2,207,630	51,416	2,259,046
788,511	-	788,511
34,871,578	51,416	34,922,994
(148,445)	148,445	-
16,433,583	1,926,438	18,360,021
124,239,625	21,692,237	145,931,862
\$ 140,673,208	\$ 23,618,675	\$ 164,291,883

City of Signal Hill

Balance Sheet Governmental Funds June 30, 2023

	General	Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund
ASSETS			
Cash and investments	\$ 51,078,579	\$ 5,822,618	\$ 4,843,814
Receivables:			
Accounts	507,142	-	-
Interest	473,269	-	-
Due from other governments	5,252,815	-	401,818
Leases	24,374,960	-	-
Loans	-	1,679,031	-
Receivable due from Successor Agency	9,192,507	-	-
Prepaid items	65,587	-	-
Due from other funds	326,940	-	-
Advances to other funds	3,893,291	-	-
Land and improvements held for resale	425,001	615,641	-
Restricted assets:			
Cash and investments	523	-	-
Total assets	<u>\$ 95,590,614</u>	<u>\$ 8,117,290</u>	<u>\$ 5,245,632</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,146,205	\$ 957	\$ -
Accrued liabilities	1,896,610	-	-
Deposits payable	470,330	-	-
Unearned revenue	6,904	-	5,245,632
Due to other funds	-	-	-
Advances from other funds	-	1,640,690	-
Total liabilities	<u>3,520,049</u>	<u>1,641,647</u>	<u>5,245,632</u>
Deferred inflows of resources:			
Unavailable revenues	27,490,830	-	201,682
Total deferred inflows of resources	<u>27,490,830</u>	<u>-</u>	<u>201,682</u>
Fund balances (deficits):			
Nonspendable	10,460,516	-	-
Restricted	-	6,475,643	-
Committed	26,947,980	-	-
Unassigned	27,171,239	-	(201,682)
Total Fund Balances (Deficits)	<u>64,579,735</u>	<u>6,475,643</u>	<u>(201,682)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 95,590,614</u>	<u>\$ 8,117,290</u>	<u>\$ 5,245,632</u>

The accompanying notes are an integral part of these financial statements.

Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 995,210	\$ 12,687,262	\$ 75,427,483
17,863	-	525,005
-	600	473,869
-	437,575	6,092,208
-	-	24,374,960
-	6,038	1,685,069
-	-	9,192,507
-	-	65,587
-	-	326,940
-	1,633,786	5,527,077
-	-	1,040,642
-	9	532
<u>\$ 1,013,073</u>	<u>\$ 14,765,270</u>	<u>\$ 124,731,879</u>

\$ 613,071	\$ 19,603	\$ 1,779,836
-	6,561	1,903,171
-	-	470,330
-	4,148,072	9,400,608
-	326,940	326,940
-	-	1,640,690
<u>613,071</u>	<u>4,501,176</u>	<u>15,521,575</u>

-	185,600	27,878,112
-	185,600	27,878,112

-	-	10,460,516
400,002	10,263,494	17,139,139
-	-	26,947,980
-	(185,000)	26,784,557
<u>400,002</u>	<u>10,078,494</u>	<u>81,332,192</u>

<u>\$ 1,013,073</u>	<u>\$ 14,765,270</u>	<u>\$ 124,731,879</u>
---------------------	----------------------	-----------------------

This page is intentionally left blank

City of Signal Hill

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Fund Balances - Total Governmental Funds \$ 81,332,192

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	\$ 35,519,323	
Construction in progress	3,029,681	
Infrastructure, net of \$19,026,795 accumulated depreciation	12,153,617	
Structures and improvements, net of \$13,195,151 accumulated depreciation	37,376,642	
Vehicles, equipment and furniture, net of \$2,112,860 accumulated depreciation	<u>2,422,020</u>	
Total Capital Assets Used in Governmental Activities		90,501,283

Right-to-use assets used in governmental activities are not current
financial resources and therefore are not reported in the funds. Related
long-term lease and subscription liabilities are not due and payable in the current
period; therefore, they are not reported in the funds. These items consist of:

Right-to-use assets, net of \$1,179,896 accumulated amortization	14,753,334	
Lease liability	(13,292,629)	
Subscription liability	<u>(1,936,175)</u>	
		(475,470)

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.

4,489,929

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

3,101,436

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 outflows of resources - pension	14,349,961	
Deferred outflows of resources - OPEB	1,956,877	
Deferred inflows of resources - pension	(2,605,344)	
Deferred inflows of resources - OPEB	<u>(1,499,210)</u>	
		12,202,284

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	(50,658)	
Revenue bonds payable	(7,773,965)	
Compensated absences	(813,759)	
Net pension liability	(33,857,636)	
Net OPEB liability	<u>(7,982,428)</u>	
		(50,478,446)

Net Position of Governmental Activities \$ 140,673,208

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2023

	General	Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund
REVENUES			
Property taxes	\$ 2,695,267	\$ -	\$ -
Sales and use tax	26,461,978	-	-
Other taxes	2,162,564	-	-
Licenses and permits	809,142	-	-
Intergovernmental revenues	93,174	-	2,817,566
Charges for services	1,591,146	-	-
Fines and forfeitures	149,165	-	-
Investment income	2,001,124	85,414	-
Other revenue	789,007	-	-
Total Revenues	<u>36,752,567</u>	<u>85,414</u>	<u>2,817,566</u>
EXPENDITURES			
Current:			
General government	6,061,039	-	-
Parks, recreation, and library services	2,284,949	-	-
Police	10,069,114	-	-
Community development	1,127,609	1,025	-
Public works	5,207,956	-	-
Capital outlay	4,359,394	-	-
Debt service:			
Principal	1,152,352	-	-
Interest	486,131	-	-
Total Expenditures	<u>30,748,544</u>	<u>1,025</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,004,023</u>	<u>84,389</u>	<u>2,817,566</u>
OTHER FINANCING SOURCES (USES)			
Subscription acquisition	2,195,174	-	-
Transfers in	615,464	347,958	2,900
Transfers out	(817,960)	-	(1,564,422)
Total Other Financing Sources (Uses)	<u>1,992,678</u>	<u>347,958</u>	<u>(1,561,522)</u>
Net Changes in Fund Balances	7,996,701	432,347	1,256,044
Fund Balances (Deficit), Beginning	<u>56,583,034</u>	<u>6,043,296</u>	<u>(1,457,726)</u>
Fund Balances (Deficit), Ending	<u>\$ 64,579,735</u>	<u>\$ 6,475,643</u>	<u>\$ (201,682)</u>

The accompanying notes are an integral part of these financial statements.

Capital Improvement Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,695,267
-	-	26,461,978
-	364,807	2,527,371
-	-	809,142
-	2,336,089	5,246,829
-	102	1,591,248
-	-	149,165
-	131,376	2,217,914
-	-	789,007
-	2,832,374	42,487,921
-	-	6,061,039
-	-	2,284,949
-	250,218	10,319,332
-	202,517	1,331,151
-	41,215	5,249,171
3,895,666	-	8,255,060
-	-	1,152,352
-	-	486,131
3,895,666	493,950	35,139,185
(3,895,666)	2,338,424	7,348,736
-	-	2,195,174
3,895,666	-	4,861,988
-	(2,628,051)	(5,010,433)
3,895,666	(2,628,051)	2,046,729
-	(289,627)	9,395,465
400,002	10,368,121	71,936,727
\$ 400,002	\$ 10,078,494	\$ 81,332,192

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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 9,395,465

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense and right to use assets are amortized over their lease and subscription term:

Capital outlay	\$ 7,598,950	
Depreciation expense	(1,652,449)	
Amortization expense	(793,756)	
		5,152,745

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

SBITA acquisition	(2,195,174)	
Repayment of revenue bonds	650,000	
Repayment of subscription liability	258,999	
Repayment of lease liability	243,353	
		(1,042,822)

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

Net change in compensated absences	135,769	
Net change in accrued interest payable	(30,958)	
Amortization of bond premium	23,049	
		127,860

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. Conversely, collection of these revenues are reported in the governmental funds, but not in the Statement of Activities since they have been recognized in previous years. (1,238,174)

Internal service funds are used by management to charge the costs of rendering motor vehicle and equipment services to City departments. The net revenue of the internal service fund is reported with governmental activities. 465,033

Pension expense reported in the governmental funds includes the employer contributions made to the City's pension plan. In the Statement of Activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. 3,399,522

OPEB expense reported in the governmental funds includes the employer contributions 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. 173,954

Change in Net Position of Governmental Activities \$ 16,433,583

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Net Position Proprietary Funds June 30, 2023

	Business-Type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
ASSETS		
Current Assets:		
Cash and investments	\$ 5,793,545	\$ 2,304,155
Accounts receivable, net	970,990	2,601
Prepaid items	-	23,384
Total Current Assets	6,764,535	2,330,140
Noncurrent assets:		
Restricted cash and investments	58	-
Capital assets:		
Land	4,427,416	-
Construction in progress	686,161	112,624
Depreciable assets, net of accumulated depreciation	22,850,067	1,028,868
Total Noncurrent Assets	27,963,702	1,141,492
Total Assets	34,728,237	3,471,632
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss amount on debt refunding	41,168	-
Pension related	1,204,438	59,299
OPEB related	214,988	26,379
Total Deferred Outflows of Resources	1,460,594	85,678
LIABILITIES		
Current Liabilities:		
Accounts payable	641,897	166,099
Accrued liabilities	57,937	4,246
Accrued interest payable	58,473	-
Deposits payable	361,568	-
Advances from other funds	3,886,387	-
Current portion of long-term liabilities	603,905	-
Total Current Liabilities	5,610,167	170,345
Non-Current Liabilities:		
Long-term liabilities, net of current portion	2,714,914	-
Net pension liability	2,955,889	145,529
Net OPEB liability	876,973	107,604
Total Long-term Liabilities	6,547,776	253,133
Total Liabilities	12,157,943	423,478
DEFERRED INFLOWS OF RESOURCES		
Pension related	247,505	12,186
OPEB related	164,708	20,210
Total Deferred Inflows of Resources	412,213	32,396
NET POSITION		
Net investment in capital assets	24,580,013	1,027,258
Unrestricted	(961,338)	2,074,178
Total Net Position	23,618,675	\$ 3,101,436
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	-	
Net Position of Business-Type Activity	\$ 23,618,675	

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2023

	Business-Type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 6,218,378	\$ 874,391
Other operating revenues	61,391	2,783
Total Operating Revenues	<u>6,279,769</u>	<u>877,174</u>
OPERATING EXPENSES		
Personnel services	362,425	154,715
Contractual services	364,252	17,973
Supplies	1,721,056	58,813
Material and repairs	328,877	93,646
Utilities	209,344	313
Depreciation/amortization	855,411	183,669
Other	535,369	21,310
Total Operating Expenses	<u>4,376,734</u>	<u>530,439</u>
OPERATING INCOME	<u>1,903,035</u>	<u>346,735</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	51,416	24,687
Interest expense	(82,847)	-
Total Nonoperating Revenues (Expenses)	<u>(31,431)</u>	<u>24,687</u>
Income Before Transfers	1,871,604	371,422
TRANSFERS		
Transfers in	<u>148,445</u>	<u>-</u>
Changes in Net Position	2,020,049	371,422
Net position, beginning of year	<u>21,598,626</u>	<u>2,730,014</u>
Net position, end of year	<u>\$ 23,618,675</u>	<u>\$ 3,101,436</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>\$ (93,611)</u>	
Change in Net Position of Business-Type Activity	<u>\$ 1,926,438</u>	

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

	Business-Type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,301,572	\$ -
Receipts from interfund services provided	-	875,274
Payments to suppliers	(3,158,124)	(19,687)
Payments to employees	(1,208,567)	(191,199)
Net Cash Provided for Operating Activities	<u>1,934,881</u>	<u>664,388</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from other funds	<u>1,919,462</u>	<u>-</u>
Net Cash Provided for Noncapital and Related Financing Activities	<u>1,919,462</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition/construction of capital assets	(1,018,201)	(283,398)
Principal paid	(432,732)	-
Interest paid	(102,589)	-
Net Cash Used for Capital and Related Financing Activities	<u>(1,553,522)</u>	<u>(283,398)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>51,416</u>	<u>24,687</u>
Net Cash Provided for Investing Activities	<u>51,416</u>	<u>24,687</u>
Net increase in cash and cash equivalents	2,352,237	405,677
Cash and cash equivalents, beginning of year	<u>3,441,366</u>	<u>1,898,478</u>
Cash and cash equivalents, end of year	<u>\$ 5,793,603</u>	<u>\$ 2,304,155</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION		
Cash and investments	\$ 5,793,545	\$ 2,304,155
Restricted cash and investments	58	-
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 5,793,603</u>	<u>\$ 2,304,155</u>

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Cash Flows, (Continued) Proprietary Funds For the Year Ended June 30, 2023

	Business-Type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FOR OPERATING ACTIVITIES		
Operating income	\$ 1,903,035	\$ 346,735
Depreciation/amortization	855,411	183,669
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in assets:		
Accounts receivable, net	21,803	(1,900)
Prepaid items	-	36,726
Escrow deposits	135,938	-
Deferred outflows of resources	(634,962)	(29,721)
Increase (decrease) in liabilities:		
Accounts payable	(133,404)	135,642
Accrued liabilities	57,937	4,246
Refundable deposits	(1,760)	-
Compensated absences	(10,722)	(8,781)
Deferred inflows of resources	(1,426,303)	(62,822)
Net pension liability	1,235,334	68,867
Net OPEB liability	(67,426)	(8,273)
Net Cash Provided by Operating Activities	<u>\$ 1,934,881</u>	<u>\$ 664,388</u>

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2023

	Successor Agency to the Signal Hill Redevelopment Agency to the Private-Purpose Trust Fund	Other Postemployment Benefit Trust Fund
ASSETS		
Cash and investments	\$ 6,512,242	\$ 3,746,570
Restricted cash and investments	8,003,633	-
Accounts receivable	-	-
Capital assets:		
Land	10,956,485	-
Total Assets	<u>25,472,360</u>	<u>3,746,570</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss amount on debt refunding	<u>429,025</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>429,025</u>	<u>-</u>
LIABILITIES		
Accounts payable	2,813,678	-
Accrued liabilities	1,297,029	-
Accrued interest payable	353,658	-
Long-term liabilities:		
Due within one year	6,400,000	-
Due in more than one year	21,498,224	-
Payable to the City of Signal Hill	9,192,507	-
Total Liabilities	<u>41,555,096</u>	<u>-</u>
NET POSITION (DEFICIT)		
Held in Trust	(15,653,711)	-
Restricted for OPEB Trust	-	3,746,570
Total Net Position	<u>\$ (15,653,711)</u>	<u>\$ 3,746,570</u>

The accompanying notes are an integral part of these financial statements.

City of Signal Hill

Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Year Ended June 30, 2023

	Successor Agency to the Signal Hill Redevelopment Agency to the Private-Purpose Trust Fund	Other Postemployment Benefit Trust Fund
ADDITIONS		
Distributions from County-administered Redevelopment Property Tax Trust Fund	\$ 13,290,768	\$ -
Contributions - employer	-	880,746
Contributions - employee	-	69,558
Investment earnings	113,528	337,516
Total Additions	<u>13,404,296</u>	<u>1,287,820</u>
DEDUCTIONS		
Personnel services	331,614	807,014
Contractual services	13,465	-
Project costs	2,715,473	-
Interest	1,288,801	-
Administrative expenses	-	10,893
Total Deductions	<u>4,349,353</u>	<u>817,907</u>
Change in Net Position	9,054,943	469,913
Net Position (Deficit), Beginning of Year	<u>(24,708,654)</u>	<u>3,276,657</u>
Net Position (Deficit), End of Year	<u>\$ (15,653,711)</u>	<u>\$ 3,746,570</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

This page is intentionally left blank

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The reporting entity City of Signal Hill (the City) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

A) Reporting Entity, (Continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Under the economic resources measurement focus, all assets, 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

Private purpose trust and pension (and other employee benefit) trust fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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% 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.

The City reports the following major enterprise fund:

The Water Enterprise 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

Additionally, the City reports the following fund types:

Proprietary Funds

The Vehicle and Equipment 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 Successor Agency to the Signal Hill Redevelopment Agency 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 Other Postemployment Benefit Trust Fund is used to account for resources that are held in an irrevocable trust for the benefit of participants in the City's other postemployment benefit plan.

D) Implementation of New Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 96 – Subscription Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The City adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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 (loss) reported for that fiscal year. As of June 30, 2023, a decrease in fair value of \$819,492 was recognized. Investment income (loss) 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.

H) Capital Assets

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets, and leased 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 to 50 years
Structures and improvements - other than Water Enterprise	5 to 40 years
Water rights	40 years
Equipment and furniture	3 to 20 years
Vehicle and major equipment	3 to 15 years
Infrastructure	40 to 90 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I) Prepaid Items

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses during the periods benefited.

J) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The categories of deferred outflows of resources reported in the statement of net position relate to pensions and other postemployment benefits which are more fully discussed in Notes 9, and 10. The business-type activities, water enterprise fund, and successor agency to the Signal Hill Redevelopment Agency private-purpose trust fund statements of net position also report a deferred loss amount on debt refunding which is more fully discussed in Notes 6F and 17.

In addition to liabilities, the statement of net position and the governmental fund balance sheet include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The categories of deferred inflows of resources reported in the government-wide and proprietary funds statements of net position related to pensions and other postemployment benefits are more fully discussed in Notes 9, and 10. The governmental activities statement of net position and the general fund balance sheet also report a deferred inflow of resources related to unavailable revenues which is more fully discussed in Note 4.

K) Leases

Lessee

The City is a lessee for noncancellable leases of land and improvements. The City recognizes a lease liability and an intangible right-to-use asset (lease asset) in the governmental activities in the government-wide statement of net position. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K) Leases, (Continued)

Lessor

The City is a lessor for noncancellable leases of land and improvements. The City recognizes a lease receivable and a deferred inflow of resources in the statement of net position and in the governmental fund balance sheet. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

L) Subscriptions

Lessee

The City is a lessee for noncancellable subscriptions. The City recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the governmental activities in the government-wide statement of net position. At the commencement of a lease, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

M) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

M) Employee Compensated Absences, (Continued)

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.

N) 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. Pension liabilities are primarily liquidated from the General Fund. Investments are reported at fair value.

O) 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. OPEB liabilities are primarily liquidated from the General Fund. Investments are reported at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

P) 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.

Q) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**R) Claims and Judgments**

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

Under the City's self-insurance program, deposits to the Joint Powers 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.

S) 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, 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, 2023, net investment in capital assets, was determined as follows:

	Governmental Activities	Business-Type Activity
Capital assets, net of accumulated depreciation and amortization	\$ 106,396,109	\$ 27,963,644
Less:		
Bonds, net of unamortized premiums and discounts	(7,773,965)	(1,708,631)
Leases payable	(13,292,629)	-
Subscriptions payable	(1,936,175)	(57,268)
Loan payable	-	(1,500,000)
Accounts payable related to capital assets	(573,090)	(139,348)
Retentions payable related to capital assets	(149,797)	(19,552)
Add Back:		
Unamortized deferred loss amount on debt refunding	-	41,168
Bond proceeds not available for capital purposes	145,024	-
Total	<u>\$ 82,815,477</u>	<u>\$ 24,580,013</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

S) Net Position

- 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. All restricted net position is expendable.
- 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."

T) 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.

U) 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.

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 2 CASH AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2023 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	\$ 83,525,183	\$ 10,258,812	\$ 93,783,995
Restricted cash and investment	590	8,003,633	8,004,223
Total Cash and Investments	<u>\$ 83,525,773</u>	<u>\$ 18,262,445</u>	<u>\$ 101,788,218</u>

Cash and investments at June 30, 2023 consisted of the following:

Cash on hand	\$ 8,350
Deposits with financial institutions	5,593,177
Investments	96,186,691
Total Cash and Investments	<u>\$ 101,788,218</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 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%
Municipal Obligations	5 years	30%	5%
Supranationals	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million
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

NOTE 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	Total	Remaining Maturity (in Months)		
		12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	\$ 59,448,514	\$ 59,448,514	\$ -	\$ -
US Government Agency Securities	10,654,077	985,724	1,954,029	7,714,324
Domestic Certificates of Deposit	9,417,043	1,950,560	1,418,869	6,047,614
Money Market Mutual Funds	5,759,454	5,759,454	-	-
Municipal Obligations	460,101	-	-	460,101
Supranationals	2,443,279	492,588	-	1,950,691.00
Held by Trustees:				
Money Market Mutual Funds	8,004,223	8,004,223	-	-
Total	<u>\$ 96,186,691</u>	<u>\$ 76,641,063</u>	<u>\$ 3,372,898</u>	<u>\$ 16,172,730</u>

Notes to Basic Financial Statements
June 30, 2023

NOTE 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, 2023	Minimum Legal Rating	AAA	AA+	Not Rated
Local Agency Investment Fund	\$ 59,448,514	N/A	\$ -	\$ -	\$ 59,448,514
US Government Agency Securities	10,654,077	AA	918,299	9,735,778	-
Domestic Certificates of Deposit	9,417,043	N/A	-	-	9,417,043
Money Market Mutual Funds	5,759,454	AAA	-	-	5,759,454
Municipal Obligations	460,101	A	-	460,101	-
Supranationals	2,443,279	AA	2,443,279	-	-
Held by Trustees:					
Money Market Mutual Funds	8,004,223	AAA	-	-	8,004,223
Total	<u>\$ 96,186,691</u>		<u>\$ 3,361,578</u>	<u>\$ 10,195,879</u>	<u>\$ 82,629,234</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 had investments in Federal Home Loan Bank that represented 6.67% or more of total City's investments. All others issuers were individually less than 5% of the 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, 2023, 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

Notes to Basic Financial Statements June 30, 2023

NOTE 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 accounting principles generally accepted in the United States of America. 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, which includes a negative \$819,492 fair value adjustment recognized as of June 30, 2023:

	Total	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
U.S. Government Agency Securities	\$ 10,654,077	\$ -	\$ 10,654,077	\$ -
Municipal Bonds	460,101	-	460,101	-
Supranationals	2,443,279	-	2,443,279	-
	<u>13,557,457</u>	<u>\$ -</u>	<u>\$ 13,557,457</u>	<u>\$ -</u>
Local Agency Investment Fund*	59,448,514			
Domestic Certificates of Deposit*	9,417,043			
Money Market Mutual Funds*	5,759,454			
Held by Trustees:				
Money Market Mutual Funds*	8,004,223			
Total	<u>\$ 96,186,691</u>			

* Not subject to fair value measurement hierarchy.

The annual money-weighted rate of return on fiduciary OPEB plan investments (calculated as the internal rate of return on plan investments, net of plan investment expense) for the year ended June 30, 2023 was a negative 10.10%. The annual money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Notes to Basic Financial Statements
June 30, 2023

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 35,499,457	\$ 19,866	\$ -	\$ 35,519,323
Construction in progress	3,997,493	3,868,576	(4,723,764)	3,142,305
Total capital assets, not being depreciated	39,496,950	3,888,442	(4,723,764)	38,661,628
Capital assets, being depreciated and amortized:				
Structure and improvements	47,299,148	3,272,645	-	50,571,793
Equipment and furniture	3,134,679	2,011,471	(245,015)	4,901,135
Vehicles and major equipment	3,029,777	228,685	-	3,258,462
Right-to-use lease assets	13,751,032	-	-	13,751,032
Right-to-use subscription assets	-	2,195,174	-	2,195,174
Infrastructure	30,170,717	1,009,695	-	31,180,412
Total capital assets, being depreciated	97,385,353	8,717,670	(245,015)	105,858,008
Less accumulated depreciation and amortization for:				
Structure and improvements	(12,042,641)	(1,152,510)	-	(13,195,151)
Equipment and furniture	(2,538,102)	(89,177)	245,015	(2,382,264)
Vehicles and major equipment	(2,153,721)	(172,724)	-	(2,326,445)
Right-to-use lease assets	(399,116)	(400,200)	-	(799,316)
Right-to-use subscription assets	-	(393,556)	-	(393,556)
Infrastructure	(18,605,088)	(421,707)	-	(19,026,795)
Total accumulated depreciation and amortization	(35,738,668)	(2,629,874)	245,015	(38,123,527)
Total capital assets, being depreciated and amortized, net	61,646,685	6,087,796	-	67,734,481
Total capital assets, net	\$ 101,143,635	\$ 9,976,238	\$ (4,723,764)	\$ 106,396,109

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 3 CAPITAL ASSETS, (Continued)

Business-Type Activities:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 4,427,416	\$ -	\$ -	\$ 4,427,416
Construction in progress	3,652,825	948,363	(3,915,027)	686,161
Total capital assets, not being depreciated	8,080,241	948,363	(3,915,027)	5,113,577
Capital assets, being depreciated and amortized:				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	12,174,543	-	-	12,174,543
Wells	11,028,480	3,915,027	-	14,943,507
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
Right-to-use subscription assets	-	69,838	-	69,838
Equipment and furniture	1,137,472	-	-	1,137,472
Total capital assets, being depreciated	40,515,382	3,984,865	-	44,500,247
Less accumulated depreciation and amortization for:				
Water rights	(940,873)	(30,380)	-	(971,253)
Reservoirs and tanks	(5,958,831)	(264,214)	-	(6,223,045)
Wells	(2,105,671)	(267,462)	-	(2,373,133)
Mains	(6,804,135)	(188,208)	-	(6,992,343)
Pumps	(1,237,147)	(27,665)	-	(1,264,812)
Fire hydrants	(560,916)	(731)	-	(561,647)
Meters	(429,048)	-	-	(429,048)
Services	(965,378)	(27,579)	-	(992,957)
Structures	(721,959)	(28,673)	-	(750,632)
Right-to-use subscription assets	-	(15,964)	-	(15,964)
Equipment and furniture	(1,070,811)	(4,535)	-	(1,075,346)
Total accumulated depreciation and amortization	(20,794,769)	(855,411)	-	(21,650,180)
Total capital assets, being depreciated and amortized, net	19,720,613	3,129,454	-	22,850,067
Total capital assets, net	\$ 27,800,854	\$ 4,077,817	\$ (3,915,027)	\$ 27,963,644

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 3 CAPITAL ASSETS, (Continued)

Depreciation/Amortization Expense

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

Governmental Activities:

General government	\$ 50,484
Parks, recreation, and library services	604,043
Police	534,741
Public works	41,474
Internal service fund depreciation charges to programs	183,669
Allocated depreciation	1,414,411
Unallocated infrastructure depreciation	421,707
Total depreciation expense	1,836,118
Unallocated lease/subscription assets amortization	793,756
Total depreciation and amortization expense - governmental activities	<u>\$ 2,629,874</u>

Business-Type Activity:

Water	<u>\$ 855,411</u>
-------	-------------------

NOTE 4 UNAVAILABLE REVENUES

At June 30, 2023, deferred inflows of resources - unavailable revenues, reported in the governmental fund financial statements, consisted of the following:

	General Fund	Capital Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Unavailable lease revenue	\$ 23,388,183	\$ -	\$ -	\$ 23,388,183
Unavailable grant revenue	-	201,682	185,000	386,682
Unavailable interest long-term notes receivable	4,102,647	-	600	4,103,247
Total	<u>\$ 27,490,830</u>	<u>\$ 201,682</u>	<u>\$ 185,600</u>	<u>\$ 27,878,112</u>

NOTE 5 LONG-TERM RECEIVABLES

A) Receivable from Successor Agency

<u>Description</u>	<u>General Fund</u>
Long-term loans to finance improvements and operations related to and within the former Redevelopment Agency's project areas	<u>\$ 9,192,507</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 City at the time of sale. After 10 years, no equity is due the City. 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, three 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.

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, 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, 2023 was \$9,340,365 (including accrued interest of \$1,749,675). The City also set up an allowance for doubtful accounts, on this loan of \$ 7,699,675.

Notes to Basic Financial Statements
June 30, 2023

NOTE 5 LONG-TERM RECEIVABLES, (Continued)

C) Leases Receivables

The City, acting as lessor, leases land and improvements under five long-term, noncancellable lease agreements. The leases expire at various dates through November 30, 2055. The net present values of the leases receivable were determined using discount rates of either 1.198% or 2.046%. Rent payments ranging from \$5,523 to \$20,525, are received monthly. During the year ended June 30, 2023, the City recognized \$976,729 and \$500,072 in lease revenue and interest revenue respectively, pursuant to these lease agreements.

The leases provide for increases in future minimum monthly rent payments, subject to certain stated increases.

NOTE 6 LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
Governmental activities:					
Other debt:					
2018 Library Lease Revenue Bonds	\$ 8,205,000	\$ -	\$ (650,000)	\$ 7,555,000	\$ 660,000
Plus 2018 Original Issue Premium	242,014	-	(23,049)	218,965	-
Total Library Lease Revenue Bonds	8,447,014	-	(673,049)	7,773,965	660,000
Other long-term liabilities:					
Leases payable	13,535,982	-	(243,353)	13,292,629	223,668
Subscriptions payable	-	2,195,174	(258,999)	1,936,175	224,958
Compensated absences	958,309	627,460	(772,010)	813,759	406,880
Total Governmental-Type Activity	<u>\$ 22,941,305</u>	<u>\$ 2,822,634</u>	<u>\$ (1,947,411)</u>	<u>\$ 23,816,528</u>	<u>\$ 1,515,506</u>
Business-Type activity:					
Other debt:					
2016 Water Revenue Refunding Bonds	\$ 2,075,000	\$ -	\$ (490,000)	\$ 1,585,000	\$ 510,000
Plus 2016 Original Issue Premium	175,686	-	(52,055)	123,631	-
Total Refunding Bonds Payable	2,250,686	-	(542,055)	1,708,631	510,000
Other long-term liabilities:					
WRD loan - direct borrowing	1,500,000	-	-	1,500,000	50,000
Subscriptions payable	-	69,838	(12,570)	57,268	17,445
Compensated absences	63,642	55,001	(65,723)	52,920	26,460
Total Business-Type Activity	<u>\$ 3,814,328</u>	<u>\$ 124,839</u>	<u>\$ (620,348)</u>	<u>\$ 3,318,819</u>	<u>\$ 603,905</u>

Notes to Basic Financial Statements
June 30, 2023**NOTE 6 LONG-TERM LIABILITIES, (Continued)****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, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 660,000	\$ 214,350	\$ 874,350
2025	680,000	198,425	878,425
2026	700,000	181,175	881,175
2027	715,000	163,488	878,488
2028	740,000	143,450	883,450
2029-2033	4,060,000	351,849	4,411,849
Total	<u>\$ 7,555,000</u>	<u>\$ 1,252,737</u>	<u>\$ 8,807,737</u>

B) Leases Payable

The City leases land and improvements for various terms under two long-term, noncancelable lease agreements. The leases expire at various dates through December 31, 2055. The net present values of the leases payable were determined using a discount rate of 2.046%. Monthly lease payments total \$41,129. The leases provide for increases in future minimum monthly rental payments subject to stated increases.

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 223,668	\$ 269,878	\$ 493,546
2025	231,703	265,244	496,947
2026	248,441	260,365	508,806
2027	259,707	255,141	514,848
2028	265,071	249,777	514,848
2029-2033	1,479,430	1,162,473	2,641,903
2034-2038	1,759,318	997,189	2,756,507
2039-2043	2,071,346	801,935	2,873,281
2044-2048	2,423,595	572,637	2,996,232
2049-2053	2,810,177	305,494	3,115,671
2054-2056	1,520,173	39,890	1,560,063
Total	<u>\$ 13,292,629</u>	<u>\$ 5,180,023</u>	<u>\$ 18,472,652</u>

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 6 LONG-TERM LIABILITIES, (Continued)

C) Subscriptions Payable

The City has subscriptions for various terms under long-term, noncancelable subscription agreements. The subscriptions expire at various dates through December 31, 2029. The net present values of the leases payable were determined using discount rates ranging from 1.7100% - 3.1440%. Monthly or annual subscription payments range from \$1,232 - \$333,489. The subscription provide for increases in future minimum monthly rental payments subject to stated increases.

Total future minimum lease payments under subscription agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 224,958	\$ 6,732	\$ 231,690
2025	364,816	99,730	464,546
2026	344,729	41,118	385,847
2027	332,778	30,973	363,751
2028	326,692	21,030	347,722
2029	342,202	10,759	352,961
Total	<u>\$ 1,936,175</u>	<u>\$ 210,342</u>	<u>\$ 2,146,517</u>

D) Compensated Absences

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

E) WRD Loan Payable

During the current fiscal year, the City obtained a 10-year, zero-interest, note in the amount of \$1,500,000 from the Water Replenishment District. Principal in the amount of \$150,000 is due annually. The proceeds from the note are being used to construct a new water well. Loan repayments will not begin until the project is complete. As of June 30, 2023, the project has not been completed. The note contains a provision that in event of default, outstanding amounts become due immediately if the City is unable to make payment.

F) 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.

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 6 LONG-TERM LIABILITIES, (Continued)

F) 2016 Water Revenue Refunding Bonds, (Continued)

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, 2023, 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, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 510,000	\$ 63,200	\$ 573,200
2025	530,000	42,800	572,800
2026	545,000	10,900	555,900
Total	<u>\$ 1,585,000</u>	<u>\$ 116,900</u>	<u>\$ 1,701,900</u>

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023, is as follows:

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 326,940
		<u>\$ 326,940</u>

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

Advances To/From Other Funds

Advances receivable and payable balances at June 30, 2023, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Enterprise Fund	\$ 3,886,387
General Fund	Housing Authority Special Revenue Fund	6,904
Other governmental funds	Housing Authority Special Revenue Fund	1,633,786
		<u>\$ 5,527,077</u>

Notes to Basic Financial Statements
June 30, 2023

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, (Continued)
Advances To/From Other Funds, (Continued)

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 \$6,904 to the General Fund, \$861,802 to the Park Development Special Revenue Fund, \$741,381 to the Water Development Special Revenue Fund, and \$30,603 to the Traffic Impact Special Revenue Fund and are a liability of the Housing Authority to the other funds as of year-end. The Housing Authority will repay as it obtains repayment from the developer.

In fiscal year 2022-2023, the City entered into an interfund agreement with the Water Fund for \$1,900,000 for the purpose of financing the Gundry Reservoir Improvement Project.

Interfund Transfers

<u>Transfer In to Fund</u>	<u>Transfers Out of Fund</u>	<u>Amount</u>
General Fund	Capital Grants Special Revenue Fund	\$ 2,904 (a)
	Other governmental funds	612,560 (b)
Housing Authority Special Revenue Fund	General Fund	347,958 (c)
Capital Grants Special Revenue Fund	General Fund	2,900 (a)
Capital Improvement Capital Projects Fund	General Fund	446,433 (a)
	Capital Grants Special Revenue Fund	1,561,518 (a)
	Other governmental funds	1,887,715 (a)
Water Enterprise Fund	General Fund	20,669 (b)
	Other governmental funds	127,776 (b)
Total		<u>\$ 5,010,433</u>

The purposes for significant interfund transfers made during the fiscal year ended June 30, 2023 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.

(c) To transfer the Housing Authority's 20% share of the Successor Agency's loan payment to the general fund as required by state law.

NOTE 8 INDIVIDUAL FUND DISCLOSURES

Expenditures Exceeding Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Special revenue fund	
Supplemental Law Enforcement	\$ 2,137

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.

Deficit Fund Balance

The Capital Grants Special Revenue Fund and the Prop 68 – Parks and Recreation Special Revenue Fund have deficit fund balances of \$201,682 and \$185,000, respectively at year-end which will be eliminated upon the recognition of unavailable revenues related to amounts due from other governments.

NOTE 9 DEFINED BENEFIT PENSION PLANS

A) General Information about the Pension Plans Plan Descriptions

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in six rate plans (three miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

NOTE 9 DEFINED BENEFIT PENSION PLANS, (Continued)

A) General Information about the Pension Plans Plan Descriptions, (Continued)

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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect for the current year are summarized as follows:

	Miscellaneous		
	Prior to June 10, 2010	On or After June 10, 2010 and Prior to January 1, 2013	On or After January 1, 2013
Hire Date			
Benefit Formula	2%@55	2%@55	2%@55
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	1.42% to 2.42%	1.09% to 2.42%	1.00% to 2.50%
Required Employee Contribution Rates	7%	7%	6.75%
Required Employer Contribution Rates:			
Normal Cost Rate	10.870%	9.120%	7.470%
Payment of Unfunded Liability	\$ 1,122,598	\$ 19,905	\$ 11,355
Safety			
	Prior to June 10, 2010	On or After June 10, 2010 and Prior to January 1, 2013	On or After January 1, 2013
Hire Date			
Benefit Formula	3%@50	3%@55	2.7%@57
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	50-55	50-63	50-57
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%	13.75%
Required Employer Contribution Rates:			
Normal Cost Rate	25.640%	23.680%	13.660%
Payment of Unfunded Liability	\$ 1,448,766	\$ 11,531	\$ 10,820

NOTE 9 DEFINED BENEFIT PENSION PLANS, (Continued)**A) General Information about the Pension Plans Plan Descriptions, (Continued)****Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employer 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 contribution requirements are classified as plan member contributions. For the year ended June 30, 2023, the City made contributions totaling \$3,724,031 (\$1,626,403 Miscellaneous Plan and \$2,097,628 Safety Plan).

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

As of June 30, 2022, 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	\$ 16,286,350
Safety	20,672,704
Total Net Pension Liability	<u>\$ 36,959,054</u>

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2021	0.41623%	0.32940%	0.74563%
Proportion - June 30, 2022	0.34806%	0.30084%	0.64890%
Change - Increase (Decrease)	-0.06817%	-0.02856%	-0.09673%

Notes to Basic Financial Statements
June 30, 2023

NOTE 9 DEFINED BENEFIT PENSION PLANS, (Continued)

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

For the measurement period ended June 30, 2022, the City recognized pension credit of \$579,344 (\$557,748 Miscellaneous Plan and \$21,597 Safety Plan). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,724,031	\$ -
Differences between expected and actual experience	1,182,630	(443,541)
Changes in assumptions	3,753,311	-
Change in employer's proportion	705,990	-
Differences between the employer's contributions and the Employer's proportionate share of contributions	-	(2,421,494)
Net differences between projected and actual earnings on Plan investments	6,247,736	-
Total	<u>\$ 15,613,698</u>	<u>\$ (2,865,035)</u>

The \$3,724,031 (\$1,626,403 Miscellaneous Plan and \$2,097,628 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, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 2,210,687
2025	1,883,362
2026	1,114,547
2027	3,816,036
2028	-
Thereafter	-

Notes to Basic Financial Statements
June 30, 2023

NOTE 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, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

All other actuarial assumptions used in the June 30, 2021, 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.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

NOTE 9 DEFINED BENEFIT PENSION PLANS, (Continued)

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

Subsequent Events, (Continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

NOTE 9 DEFINED BENEFIT PENSION PLANS, (Continued)**B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, (Continued)****Long-Term Expected Rate of Return, (Continued)**

The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
Global equity - cap-weighted	30%	4.45%
Global equity non cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100.00%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

NOTE 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 current rate higher or lower:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	5.90%	5.90%	
Net Pension Liability	\$ 24,479,713	\$ 30,004,111	\$ 54,483,824
Current Discount Rate	6.90%	6.90%	
Net Pension Liability	\$ 16,286,350	\$ 20,672,704	\$ 36,959,054
1% Increase	7.90%	7.90%	
Net Pension Liability	\$ 9,545,246	\$ 13,046,387	\$ 22,591,633

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, 2023, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN**A) Plan Description**

In addition to providing pension benefits, the City provides certain health care benefits 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. The City has established a single-employer OPEB trust to accumulate assets to assist with the payment of future benefits under the OPEB Plan. The OPEB Trust is reported as a fiduciary fund of the City. A separate stand-alone financial report is not issued for this OPEB plan.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN, (Continued)

A) Plan Description, (Continued)

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.

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 \$149 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 \$149 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.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN, (Continued)

A) Plan Description, (Continued)

- 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.

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, 2023:

Inactive employees or beneficiaries currently receiving benefit payments	92
Inactive employees entitled to but not yet receiving benefit payments	3
Active Plan members	91
Total	<u>186</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. Contributions are not determined actuarially. For Non-POA (Police Officers Association Union) fulltime employees, including all directors and managers in the City, the City contributes 1% of gross wages to the OPEB trust. For Safety employees, who are not in a management position, the City contributes a flat \$675 per calendar year to the trust. Non-POA employees contribute 1% of gross wages to the OPEB trust. POA employees contribute a flat \$625 per calendar year to the OPEB trust. Employee contributions are not portable should an employee leave City employment. For the fiscal year ended June 30, 2023, the measurement period, the City contributed \$880,746 (retirement premiums paid on a pay-as-you-go basis of \$659,041, contributions to the OPEB trust of \$70,885, an estimated implicit rate subsidy of \$147,973, plus nontrust administrative expenses of \$2,847) and City employees contributed \$69,558 to the OPEB trust.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN, (Continued)

D) Net OPEB Liability

Actuarial Assumptions

For the measurement period ended June 30, 2023 (the measurement date), the total OPEB liability was determined by an actuarial accounting valuation performed as of June 30, 2021, rolled forward to June 30, 2022 using standard update procedures. The June 30, 2023 total OPEB liability was based on the following actuarial methods and assumptions:

Inflation	2.50%
Salary Increase	2.75%
Investment Rate of Return	5.75%
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 changes in health care finance and/or delivery which will bring increases in health care costs more close in line with general inflation. The actuary does not believe it is reasonable to project historical trend vs. inflation difference 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 2019.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN, (Continued)**D) Net OPEB Liability, (Continued)****Changes in Assumptions**

For the measurement period ended June 30, 2023, the changes in assumptions were made related to a decrease in the discount rate to be updated due to investment policy changes.

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
Global equity	60.0%	4.56%
Fixed income	38.0%	0.78%
Cash	2.0%	-0.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. 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.

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN, (Continued)

E) Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	<u>\$ 12,933,090</u>	<u>\$ 3,276,657</u>	<u>\$ 9,656,433</u>
Changes in the Fiscal Year:			
Service Cost	220,191	-	220,191
Interest on the total OPEB liability	701,238	-	701,238
Changes of assumptions	(333,930)	-	(333,930)
Contribution from the employer	-	880,746	(880,746)
Contribution from the employees	-	69,558	(69,558)
Net investment income	-	337,516	(337,516)
Benefit payments	(807,014)	(807,014)	-
Administrative expenses	<u>-</u>	<u>(10,893)</u>	<u>10,893</u>
Net Changes	<u>(219,515)</u>	<u>469,913</u>	<u>(689,428)</u>
Balance at June 30, 2023	<u><u>\$ 12,713,575</u></u>	<u><u>\$ 3,746,570</u></u>	<u><u>\$ 8,967,005</u></u>

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 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Net OPEB liability	<u>\$ 10,395,534</u>	<u>\$ 8,967,005</u>	<u>\$ 7,764,929</u>
	1% Decrease 3.00%	Health-Care Cost Trend Rate 4.00%	1% Increase 5.00%
Net OPEB liability	<u>\$ 8,274,583</u>	<u>\$ 8,967,005</u>	<u>\$ 9,606,537</u>

Notes to Basic Financial Statements
June 30, 2023

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN, (Continued)**F) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$685,337. At June 30, 2023, 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	\$ 97,614	\$ (1,059,336)
Changes of assumptions	1,991,750	(624,792)
Net differences between projected and actual earnings on Plan investments	108,880	-
Total	<u>\$ 2,198,244</u>	<u>\$ (1,684,128)</u>

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

Year Ending June 30,	Deferred Inflows/Outflows of Resources
2024	\$ 7,992
2025	14,651
2026	122,660
2027	38,332
2028	202,403
Thereafter	128,078

NOTE 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. Contributions of \$8,113 were made to these plans during the current fiscal year.

NOTE 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 \$52,968 for the fiscal year ended June 30, 2023.

Amounts withheld by the City under this plan are deposited regularly with the Voya Financial 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.

The remainder of this page is left intentionally blank

Notes to Basic Financial Statements
June 30, 2023

NOTE 13 GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The various fund balance classifications as of June 30, 2023 were as follows:

	General	Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds
Nonspendable:					
Receivable due from Successor Agency, net of unavailable interest revenue	\$ 5,089,860	\$ -	\$ -	\$ -	\$ -
Prepaid items	65,587	-	-	-	-
Leases receivable, net of unavailable revenues	986,777	-	-	-	-
Advances to other funds	3,893,291	-	-	-	-
Land and improvements held for resale, net	425,001	-	-	-	-
Total	<u>10,460,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:					
Low and moderate income housing	-	6,475,643	-	-	-
Development	-	-	-	-	2,799,027
Transportation	-	-	-	-	4,754,906
Capital improvements	-	-	-	400,002	2,709,561
Housing	-	-	-	-	-
Total	<u>-</u>	<u>6,475,643</u>	<u>-</u>	<u>400,002</u>	<u>10,263,494</u>
Committed for:					
Debt service	1,581,093	-	-	-	-
Economic uncertainty	5,173,093	-	-	-	-
Building and land acquisition	2,957,325	-	-	-	-
Equipment replacement	43,748	-	-	-	-
Capital improvements	4,529,885	-	-	-	-
Insurance premium increases	828,372	-	-	-	-
CalPERS rate increases	3,237,225	-	-	-	-
OPEB future costs	1,521,444	-	-	-	-
Park expansion	741,121	-	-	-	-
Police radio/system reserve	1,312,518	-	-	-	-
Police - general reserve	66,336	-	-	-	-
Library expansion	2,624,322	-	-	-	-
100th anniversary	100,019	-	-	-	-
General Plan	340,573	-	-	-	-
Economic development	1,208,150	-	-	-	-
Workforce Innovation	681,300	-	-	-	-
NPDES issues	1,456	-	-	-	-
Total	<u>26,947,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>27,171,239</u>	<u>-</u>	<u>(201,682)</u>	<u>-</u>	<u>(185,000)</u>
Total	<u>\$ 64,579,735</u>	<u>\$ 6,475,643</u>	<u>\$ (201,682)</u>	<u>\$ 400,002</u>	<u>\$ 10,078,494</u>

NOTE 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 (JPJA or Authority). The Authority is composed of 124 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 JPJA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors (the Board). 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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 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 \$50 million per occurrence. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the Authority's website: <https://cjpia.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.

NOTE 14 CALIFORNIA JOINT POWERS INSURANCE AUTHORITY, (Continued)

B) Primary Self-insurance Programs of the Insurance Authority, (Continued)

(2) The first layer of losses includes incurred costs up to \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2022-23 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.

C) Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the 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 \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

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 \$89,969,188. There is a \$10,000 deductible per occurrence except for nonemergency 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 \$59,489,335. 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.

NOTE 14 CALIFORNIA JOINT POWERS INSURANCE AUTHORITY, (Continued)

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 2022-23.

NOTE 15 OTHER INFORMATION

Contingent Liabilities

Litigation

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

Grant Audit Contingencies

Under the terms of certain grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

Developer Impact Fees

The City charges Parks Development, Traffic Impact, and Water Development Impact Fees (fees) when new residential or commercial buildings are constructed. In fiscal year 2022-23, 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 2022-23, the City expended \$272,413 in parks development fees, \$79,920 in traffic impact fees and \$0 in water development fees. At June 30, 2023, the fund balances for the Parks Development Impact Fund was \$965,608, for the, Traffic Impact Fund was \$841,952 and for the Water Development Impact Fund was \$241,053.

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 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, 2023, the City abated local sales tax totaling \$2,974,092.

NOTE 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, 2023 was as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 10,956,485	\$ -	\$ -	\$ 10,956,485

City of Signal Hill

Notes to Basic Financial Statements June 30, 2023

NOTE 17 SUCCESSOR AGENCY DISCLOSURES, (Continued)

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
Other debt:					
Bonds payable:					
2006 TABs	\$ 10,285,000	\$ -	\$ (325,000)	\$ 9,960,000	\$ 350,000
2011 Tax Allocation Parity Bonds	3,640,000	-	(710,000)	2,930,000	760,000
2015 Refunding TABs Series A	4,765,000	-	(2,330,000)	2,435,000	2,435,000
2015 Refunding TABs Series B	1,230,000	-	(110,000)	1,120,000	110,000
2017 Refunding TABs	13,085,000	-	(2,610,000)	10,475,000	2,745,000
Less Original Issuance Discounts	(56,083)	-	14,495	(41,588)	-
Add Premium on Bonds	1,614,524	-	(594,712)	1,019,812	-
Total Bonds Payable	34,563,441	-	(6,665,217)	27,898,224	6,400,000
Direct borrowings:					
Loan payable to the City of Signal Hill	10,779,585	152,712	(1,739,790)	9,192,507	-
Total Long-Term Liabilities	\$ 45,343,026	\$ 152,712	\$ (8,405,007)	\$ 37,090,731	\$ 6,400,000

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, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 350,000	\$ 571,346	\$ 921,346
2025	3,025,000	472,813	3,497,813
2026	3,195,000	291,220	3,486,220
2027	3,390,000	98,971	3,488,971
Totals	\$ 9,960,000	\$ 1,434,350	\$ 11,394,350

NOTE 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 lessor 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, 2023, this reserve requirement was met.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 760,000	\$ 178,500	\$ 938,500
2025	675,000	128,275	803,275
2026	725,000	79,275	804,275
2027	770,000	26,950	796,950
Totals	<u>\$ 2,930,000</u>	<u>\$ 413,000</u>	<u>\$ 3,343,000</u>

NOTE 17 SUCCESSOR AGENCY DISCLOSURES, (Continued)

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 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.

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, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,435,000	\$ 60,875	\$ 2,495,875
Totals	\$ 2,435,000	\$ 60,875	\$ 2,495,875

NOTE 17 SUCCESSOR AGENCY DISCLOSURES, (Continued)

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 refinance the Agency's outstanding 2003 D Bonds in the amount of \$1,980,000, 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.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 110,000	\$ 33,213	\$ 143,213
2025	1,010,000	15,781	1,025,781
Totals	<u>\$ 1,120,000</u>	<u>\$ 48,994</u>	<u>\$ 1,168,994</u>

NOTE 17 SUCCESSOR AGENCY DISCLOSURES, (Continued)**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, 2023, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,745,000	\$ 402,725	\$ 3,147,725
2025	1,920,000	305,300	2,225,300
2026	2,840,000	212,500	3,052,500
2027	2,970,000	74,250	3,044,250
Totals	<u>\$ 10,475,000</u>	<u>\$ 994,775</u>	<u>\$ 11,469,775</u>

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, 2023, including \$4,102,108 of accrued interest, is \$9,192,507.

NOTE 17 SUCCESSOR AGENCY DISCLOSURES, (Continued)

G) 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 pro rata share of land in the Corridor. Financial statements can be obtained from the City of Signal Hill's Finance Department located at City Hall.

H) 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, 2023, there was \$1,297,029 due under this agreement, which is reported as a current liability.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Signal Hill

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 2,263,075	\$ 2,263,075	\$ 2,695,267	\$ 432,192
Sales and use tax	22,102,745	22,102,745	26,461,978	4,359,233
Other taxes	1,607,758	1,607,758	2,162,564	554,806
Licenses and permits	777,698	777,698	809,142	31,444
Intergovernmental revenues	59,392	59,392	93,174	33,782
Charges for services	1,187,726	1,298,301	1,591,146	292,845
Fines and forfeitures	220,000	220,000	149,165	(70,835)
Investment income (loss)	1,060,829	1,060,829	2,001,124	940,295
Other revenue	304,711	304,711	789,007	484,296
Total Revenues	29,583,934	29,694,509	36,752,567	7,058,058
EXPENDITURES				
General government:				
City Council	277,426	287,291	248,089	39,202
City Treasurer	8,190	8,190	5,365	2,825
City Clerk	254,224	254,224	163,172	91,052
Economic development	991,096	991,096	376,592	614,504
Executive administration	999,267	999,267	869,163	130,104
Communication/ public relations	305,625	305,625	248,932	56,693
Personnel services	585,508	585,508	503,406	82,102
Support services	2,389,552	3,111,884	2,699,685	412,199
Management information services	100,310	100,310	59,488	40,822
Fiscal services	938,192	938,192	887,147	51,045
Total General Government	6,849,390	7,581,587	6,061,039	1,520,548
Parks, recreation, and library services:				
Library programs and services	703,512	777,512	665,548	111,964
Community support and services	1,087,829	1,087,829	894,495	193,334
Recreation	804,060	804,060	724,906	79,154
Total Parks, Recreation, and Library Services	2,595,401	2,669,401	2,284,949	384,452
Police:				
Community outreach	47,858	47,858	37,762	10,096
Patrol services	6,362,502	6,404,022	5,404,602	999,420
Investigative services	1,460,697	1,470,361	1,417,751	52,610
Police support services	2,152,081	2,154,980	1,791,618	363,362
Communications	1,099,877	1,102,293	939,650	162,643
Records	506,900	506,900	472,947	33,953
Emergency and disaster services	60,917	60,917	4,784	56,133
Total Police	11,690,832	11,747,331	10,069,114	1,678,217

City of Signal Hill

Budgetary Comparison Schedule, (Continued)

General Fund

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Community development:				
Planning services	\$ 638,310	\$ 728,310	\$ 522,242	\$ 206,068
Neighborhood enhancement	208,351	208,351	149,235	59,116
Building and safety	282,579	364,885	280,002	84,883
Oil field services	198,351	198,351	176,130	22,221
Total Community Development	1,327,591	1,499,897	1,127,609	372,288
Public works:				
Engineering and project services	1,133,707	1,187,849	960,466	227,383
Building maintenance	1,154,924	1,146,796	1,116,634	30,162
Environmental programs	756,182	756,182	552,488	203,694
Park maintenance	1,241,128	1,338,331	1,126,297	212,034
Street maintenance operations	1,620,833	1,620,833	1,452,071	168,762
Total Public Works	5,906,774	6,049,991	5,207,956	842,035
Capital outlay	2,252,822	4,799,496	4,359,394	440,102
Debt service	1,638,483	1,638,483	1,638,483	-
Total Expenditures	32,261,293	35,986,186	30,748,544	5,237,642
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,677,359)	(6,291,677)	6,004,023	12,295,700
OTHER FINANCING SOURCES (USES)				
Subscription acquisition	-	2,195,174	2,195,174	-
Transfers in	979,980	979,980	615,464	(364,516)
Transfers out	(1,203,990)	(1,203,990)	(817,960)	386,030
Total Other Financing Sources (Uses)	(224,010)	1,971,164	1,992,678	21,514
Net Change in Fund Balance	(2,901,369)	(4,320,513)	7,996,701	12,317,214
Fund Balances, Beginning	56,583,034	56,583,034	56,583,034	-
Fund Balances, Ending	\$ 53,681,665	\$ 52,262,521	\$ 64,579,735	\$ 12,317,214

City of Signal Hill

Budgetary Comparison Schedule Housing Authority Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	\$ 38,670	\$ 38,670	\$ 85,414	\$ 46,744
Total Revenues	38,670	38,670	85,414	46,744
EXPENDITURES				
Community development	7,000	7,000	1,025	5,975
Total Expenditures	7,000	7,000	1,025	5,975
Excess of Revenues Over Expenditures	31,670	31,670	84,389	52,719
OTHER FINANCING SOURCES (USES)				
Transfers in	235,000	235,000	347,958	112,958
Total Other Financing Sources (Uses)	235,000	235,000	347,958	112,958
Net Change in Fund Balance	266,670	266,670	432,347	165,677
Fund Balances, Beginning	6,043,296	6,043,296	6,043,296	-
Fund Balances, Ending	\$ 6,309,966	\$ 6,309,966	\$ 6,475,643	\$ 165,677

City of Signal Hill

Budgetary Comparison Schedule Capital Grants Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 2,229,286	\$ 2,229,286	\$ 2,817,566	\$ 588,280
Total Revenues	2,229,286	2,229,286	2,817,566	588,280
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,900	2,900
Transfers out	(1,329,286)	(1,329,286)	(1,564,422)	(235,136)
Total Other Financing Sources (Uses)	(1,329,286)	(1,329,286)	(1,561,522)	(232,236)
Net Change in Fund Balance	900,000	900,000	1,256,044	356,044
Fund Balances (Deficit), Beginning	(1,457,726)	(1,457,726)	(1,457,726)	-
Fund Balances (Deficit), Ending	\$ (557,726)	\$ (557,726)	\$ (201,682)	\$ 356,044

NOTE 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. 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, and the Civic Center 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 XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, or returned to the taxpayers through revised tax rates or revised fee schedules. Or an excess in one year may be offset against a deficit in following year.

City of Signal Hill

Schedule of Proportionate Share of the Net Pension Liability - Miscellaneous Last Ten Fiscal Years*

Measurement Period	Plan's Proportion of the Net Pension Liability	Plan's Proportionate Share of the Net Pension Liability	Plan's Covered Payroll	Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	Plan's Proportionate Share of Aggregate Employer Contributions
June 30, 2014	0.13408%	\$ 8,343,258	\$ 4,623,297	180.46%	79.79%	\$ 890,524
June 30, 2015	0.12534%	8,603,439	4,171,972	206.22%	79.72%	1,169,609
June 30, 2016	0.31694%	11,009,933	4,769,466	230.84%	75.87%	1,233,606
June 30, 2017	0.32027%	12,625,288	4,782,533	263.99%	73.31%	1,377,053
June 30, 2018	0.32748%	12,213,091	4,746,775	257.29%	75.26%	1,452,707
June 30, 2019	0.32748%	13,113,924	4,924,328	266.31%	75.26%	1,621,472
June 30, 2020	0.33135%	13,976,419	4,955,620	282.03%	74.36%	1,810,932
June 30, 2021	0.41623%	7,903,332	4,799,168	164.68%	86.12%	1,928,023
June 30, 2022	0.34806%	16,286,350	5,200,981	313.14%	72.90%	2,272,895

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

City of Signal Hill

Schedule of Contributions - Miscellaneous Last Ten Fiscal Years*

Fiscal Year Ended	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 673,607	\$ (673,607)	\$ -	\$ 4,171,972	16.15%
June 30, 2016	913,915	(913,915)	-	4,769,466	19.16%
June 30, 2017	1,001,003	(1,001,003)	-	4,782,533	20.93%
June 30, 2018	1,095,591	(1,095,591)	-	4,746,775	23.08%
June 30, 2019	1,268,784	(1,268,784)	-	4,924,328	25.77%
June 30, 2020	1,442,517	(1,442,517)	-	4,955,620	29.11%
June 30, 2021	1,284,614	(1,284,614)	-	4,799,168	26.77%
June 30, 2022	1,482,465	(1,482,465)	-	5,200,981	28.50%
June 30, 2023	1,626,403	(1,626,403)	-	5,612,123	28.98%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 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 in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Signal Hill

Schedule of Proportionate Share of the Net Pension Liability - Safety Last Ten Fiscal Years*

Measurement Period	Plan's Proportion of the Net Pension Liability	Plan's Proportionate Share of the Net Pension Liability	Plan's Covered Payroll	Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	Plan's Proportionate Share of Aggregate Employer Contributions
June 30, 2014	0.16671%	\$ 10,373,619	\$ 3,002,188	345.54%	77.88%	\$ 1,034,283
June 30, 2015	0.16949%	11,633,599	3,095,462	375.83%	75.88%	1,244,854
June 30, 2016	0.27528%	14,257,433	3,120,311	456.92%	72.69%	1,243,621
June 30, 2017	0.26478%	15,821,202	3,397,367	465.69%	73.31%	1,330,746
June 30, 2018	0.26514%	15,557,284	2,752,971	565.11%	75.26%	1,740,418
June 30, 2019	0.26113%	16,301,080	3,319,213	491.11%	75.26%	1,880,463
June 30, 2020	0.26785%	17,844,795	3,407,054	523.76%	71.00%	2,261,312
June 30, 2021	0.32940%	11,560,225	3,480,836	332.11%	81.71%	2,759,489
June 30, 2022	0.30084%	20,672,704	3,694,080	559.62%	69.41%	3,128,829

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

City of Signal Hill

Schedule of Contributions - Safety Last Ten Fiscal Years*

Fiscal Year Ended	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 1,197,783	\$ (1,197,783)	\$ -	\$ 3,095,462	38.69%
June 30, 2016	1,407,461	(1,407,461)	-	3,120,311	45.11%
June 30, 2017	1,531,100	(1,531,100)	-	3,397,367	45.07%
June 30, 2018	1,677,943	(1,677,943)	-	2,752,971	60.95%
June 30, 2019	1,372,345	(1,372,345)	-	3,319,213	41.35%
June 30, 2020	1,614,253	(1,614,253)	-	3,407,054	47.38%
June 30, 2021	1,753,821	(1,753,821)	-	3,480,836	50.39%
June 30, 2022	1,932,188	(1,932,188)	-	3,694,088	52.30%
June 30, 2023	2,097,628	(2,097,628)	-	3,296,621	63.63%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 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 in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Signal Hill

Schedule of Changes in the Net OPEB Liability and Related Ratios Last Ten Fiscal Years*

Fiscal Year End	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Total OPEB liability:								
Service cost	\$ 220,191	\$ 293,500	\$ 270,003	\$ 78,454	\$ 76,354	\$ 88,947	\$ 86,566	\$ 84,249
Interest on total OPEB liability	701,238	819,177	814,641	693,993	689,655	724,953	719,524	732,333
Changes of assumptions	(333,930)	(494,340)	350,078	3,078,833	-	-	-	-
Experience gains/(losses)	-	(1,239,101)	-	171,290	-	(633,287)	-	-
Investment gains/(losses)	-	-	-	-	5,035	(5,035)	-	-
Benefit payments, including refunds and the implied subsidy benefit payments	(807,014)	(798,430)	(1,049,577)	(1,040,518)	(705,652)	(729,067)	(718,446)	(697,696)
Net Change in Total OPEB Liability	(219,515)	(1,419,194)	385,145	2,982,052	65,392	(553,489)	87,644	118,886
Total OPEB Liability, Beginning of Year	12,933,090	14,352,284	13,967,139	10,985,087	10,919,695	11,473,184	11,385,540	11,266,654
Total OPEB Liability, End of Year (a)	12,713,575	12,933,090	14,352,284	13,967,139	10,985,087	10,919,695	11,473,184	11,385,540
Plan fiduciary net position:								
Contributions - employer	880,746	872,192	1,184,870	1,251,150	705,652	729,067	718,446	847,696
Contributions - employees	69,558	70,110	65,478	336,878	-	-	-	-
Net investment income (loss)	337,516	(496,520)	642,090	186,488	135,298	125,181	154,005	(31,941)
Administrative expenses	(10,893)	(4,495)	(18,569)	(15,198)	(12,204)	(11,911)	(11,107)	(3,818)
Benefit payments, including refunds and the implied subsidy benefit payments	(807,014)	(798,430)	(1,049,577)	(1,040,518)	(705,652)	(729,067)	(718,446)	(697,696)
Other miscellaneous income (expense)	-	-	-	-	(2)	-	-	-
Net Change in Plan Fiduciary Net Position	469,913	(357,143)	824,292	718,800	123,092	113,270	142,898	114,241
Plan Fiduciary Net Position, - Beginning of Year	3,276,657	3,633,800	2,809,508	2,090,708	1,967,616	1,854,346	1,711,448	1,597,207
Plan Fiduciary Net Position, End of Year (b)	3,746,570	3,276,657	3,633,800	2,809,508	2,090,708	1,967,616	1,854,346	1,711,448
Net OPEB Liability- Ending (a)-(b)	\$ 8,967,005	\$ 9,656,433	\$ 10,718,484	\$ 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	29.47%	25.34%	25.32%	20.12%	19.03%	18.02%	16.16%	15.03%
Covered - employee payroll	\$ 8,619,268	\$ 8,352,829	\$ 7,873,764	\$ 8,223,691	\$ 8,137,547	\$ 7,960,934	\$ 7,997,352	\$ 7,783,311
Net OPEB liability as percentage of covered - employee payroll	104.03%	115.61%	136.13%	135.68%	109.30%	112.45%	120.28%	124.29%

Notes to Schedule:
Contributions are not based on a measure of pay. Therefore, covered - employee payroll is used.

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.

FYE June 30, 2021 - Investment rate of return/discount rate was lowered from 6.00% to 5.75%

FYE June 30, 2022 - Investment rate of return/discount rate was lowered from 5.75% to 5.50%

FYE June 30, 2023 - Discount rate was increased due to investment policy change to 5.75%.

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

SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Signal Hill

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 0.5%, this fund accounts for financial activity relative to the City's share of these monies. "Proposition A" revenues are to be used for public transportation purposes.

Pipeline Removal Fund - Accounts for revenues from fees paid by franchisees 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 0.5%, this fund accounts for financial activity relative to the City's share of these monies. "Proposition C" revenues are to be used for public transportation purposes.

American Rescue Plan Act Fund - Accounts for the receipt and use of federal funding pursuant to the American Rescue Plan Act.

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

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

This page is intentionally left blank

City of Signal Hill

Other Governmental Funds Special Revenue Funds, (Continued)

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 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 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.

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.

Measure W Fund - Accounts for the City's share of the California parcel tax increase of \$0.025 per square foot of impermeable property for funding projects in accordance with the expenditure plan pursuant to the Los Angeles Region, Safe, Clean Water Program. projects.

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

TDA Article III Fund - The TDA Article III Fund receives the City's share of Transportation Development Act (TDA) Article III monies remitted by the Los Angeles County Metropolitan Transportation Authority. Funds are allocated annually on a per capita basis and may be used or placed on reserve to fund eligible projects.

Prop 68 – Parks and Recreation Fund - Prop 68 (the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018) authorized \$4 billion in general obligation bonds for state and local parks, environmental protection projects, water infrastructure projects, and flood protection projects. These funds will be distributed through grant programs administered by a number of agencies and organizations, including the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy and the Ocean Protection Council.

City of Signal Hill

Combining Balance Sheet Other Governmental Funds June 30, 2023

	Special Revenue Funds				
	Asset Seizure	Park Development	HCDA Grant	Special Gas Tax	Transportation Proposition A
ASSETS					
Cash and investments	\$ -	\$ 965,608	\$ -	\$ 1,226,571	\$ 896,508
Receivables:					
Interest receivable	-	-	600	-	-
Due from other governments	-	-	72,651	56,252	-
Loans	-	-	6,038	-	-
Advances to other funds	-	861,802	-	-	-
Restricted assets:					
Cash and investments	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,827,410</u>	<u>\$ 79,289</u>	<u>\$ 1,282,823</u>	<u>\$ 896,508</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 1,239	\$ -	\$ 11,963
Accrued liabilities	-	-	-	-	1,046
Unearned revenues	-	861,802	-	-	-
Due to other funds	-	-	71,413	-	-
Total liabilities	<u>-</u>	<u>861,802</u>	<u>72,652</u>	<u>-</u>	<u>13,009</u>
Deferred inflows of resources:					
Unavailable revenues	-	-	600	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>-</u>
Fund Balances (deficits):					
Restricted for:					
Development impact	-	965,608	-	-	-
Transportation	-	-	-	1,282,823	883,499
Capital improvements	-	-	6,037	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>965,608</u>	<u>6,037</u>	<u>1,282,823</u>	<u>883,499</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 1,827,410</u>	<u>\$ 79,289</u>	<u>\$ 1,282,823</u>	<u>\$ 896,508</u>

Special Revenue Funds						
Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	American Rescue Plan Act	Lighting and Landscape
\$ 2,302,018	\$ 119,676	\$ 241,053	\$ 841,952	\$ 530,392	\$ 2,514,286	\$ 97,227
-	-	-	-	-	-	-
-	3,868	-	-	-	-	856
-	-	-	-	-	-	-
-	-	741,381	30,603	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,302,018</u>	<u>\$ 123,544</u>	<u>\$ 982,434</u>	<u>\$ 872,555</u>	<u>\$ 530,392</u>	<u>\$ 2,514,286</u>	<u>\$ 98,083</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,316
-	-	-	-	-	-	341
-	-	741,381	30,603	-	2,514,286	-
-	-	-	-	-	-	-
-	-	741,381	30,603	-	2,514,286	6,657
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	241,053	841,952	-	-	-
-	123,544	-	-	530,392	-	-
2,302,018	-	-	-	-	-	91,426
-	-	-	-	-	-	-
<u>2,302,018</u>	<u>123,544</u>	<u>241,053</u>	<u>841,952</u>	<u>530,392</u>	<u>-</u>	<u>91,426</u>
<u>\$ 2,302,018</u>	<u>\$ 123,544</u>	<u>\$ 982,434</u>	<u>\$ 872,555</u>	<u>\$ 530,392</u>	<u>\$ 2,514,286</u>	<u>\$ 98,083</u>

City of Signal Hill

Combining Balance Sheet, (Continued) Other Governmental Funds June 30, 2023

	Special Revenue Funds				
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant	Measure M
ASSETS					
Cash and investments	\$ 2,839	\$ -	\$ 750,414	\$ 301,846	\$ 676,894
Receivables:					
Interest receivable	-	-	-	-	-
Due from other governments	-	7,201	-	-	-
Loans	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted assets:					
Cash and investments	-	-	-	-	-
Total assets	<u>\$ 2,839</u>	<u>\$ 7,201</u>	<u>\$ 750,414</u>	<u>\$ 301,846</u>	<u>\$ 676,894</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 85	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	2,754	2,420	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	4,781	-	-	-
Total liabilities	<u>2,839</u>	<u>7,201</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Development impact	-	-	750,414	-	-
Transportation	-	-	-	301,846	676,894
Capital improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>750,414</u>	<u>301,846</u>	<u>676,894</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,839</u>	<u>\$ 7,201</u>	<u>\$ 750,414</u>	<u>\$ 301,846</u>	<u>\$ 676,894</u>

Special Revenue Funds						
Transportation Measure R	Planning Grants	RMRA (SB1)	Measure W	Civic Center Phase II	TDA Article III Fund	Prop 68 - Parks and Recreation
\$ 243,425	\$ -	\$ 666,482	\$ 310,071	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	65,000	46,001	-	-	746	185,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	9	-	-
<u>\$ 243,425</u>	<u>\$ 65,000</u>	<u>\$ 712,483</u>	<u>\$ 310,071</u>	<u>\$ 9</u>	<u>\$ 746</u>	<u>\$ 185,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	65,000	-	-	-	746	185,000
-	65,000	-	-	-	746	185,000
-	-	-	-	-	-	185,000
-	-	-	-	-	-	185,000
-	-	-	-	-	-	-
243,425	-	712,483	-	-	-	-
-	-	-	310,071	9	-	-
-	-	-	-	-	-	(185,000)
243,425	-	712,483	310,071	9	-	(185,000)
<u>\$ 243,425</u>	<u>\$ 65,000</u>	<u>\$ 712,483</u>	<u>\$ 310,071</u>	<u>\$ 9</u>	<u>\$ 746</u>	<u>\$ 185,000</u>

This page is intentionally left blank

City of Signal Hill

Combining Balance Sheet, (Continued) Other Governmental Funds June 30, 2023

	Total Other Governmental Funds
ASSETS	
Cash and investments	\$ 12,687,262
Receivables:	
Interest receivable	600
Due from other governments	437,575
Loans	6,038
Advances to other funds	1,633,786
Restricted assets:	
Cash and investments	9
Total assets	<u>\$ 14,765,270</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 19,603
Accrued liabilities	6,561
Unearned revenues	4,148,072
Due to other funds	<u>326,940</u>
Total liabilities	<u>4,501,176</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenues	<u>185,600</u>
Total deferred inflows of resources	<u>185,600</u>
FUND BALANCES	
Restricted for:	
Development impact	2,799,027
Transportation	4,754,906
Capital improvements	2,709,561
Unassigned	<u>(185,000)</u>
Total fund balances	<u>10,078,494</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,765,270</u>

City of Signal Hill

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Other Governmental Funds For the Year Ended June 30, 2023

	Special Revenue Funds				
	Asset Seizure	Park Development	HCDA Grant	Special Gas Tax	Transportation Proposition A
REVENUES					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	189,668	301,621	305,349
Charges for services	-	-	-	-	102
Investment income	-	14,106	-	15,870	9,698
Total revenues	-	14,106	189,668	317,491	315,149
EXPENDITURES					
Current:					
Police	-	-	-	-	-
Community development	-	-	16,516	-	186,001
Public works	-	-	-	-	-
Total expenditures	-	-	16,516	-	186,001
Excess of revenues over (under) expenditures	-	14,106	173,152	317,491	129,148
OTHER FINANCING SOURCES (USES)					
Transfers out	(203,780)	(272,413)	(72,320)	(250,000)	-
Total other financing sources (uses)	(203,780)	(272,413)	(72,320)	(250,000)	-
Net change in fund balances	(203,780)	(258,307)	100,832	67,491	129,148
Fund balance (deficit), beginning	203,780	1,223,915	(94,795)	1,215,332	754,351
Fund balance (deficit), ending	\$ -	\$ 965,608	\$ 6,037	\$ 1,282,823	\$ 883,499

Special Revenue Funds						
Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	American Rescue Plan Act	Lighting and Landscape
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,684
-	15,309	-	-	253,279	127,776	-
-	-	-	-	-	-	-
27,332	881	2,645	10,580	9,698	-	880
27,332	16,190	2,645	10,580	262,977	127,776	85,564
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	41,215
-	-	-	-	-	-	41,215
27,332	16,190	2,645	10,580	262,977	127,776	44,349
(37,919)	-	-	(79,920)	(424,400)	(127,776)	-
(37,919)	-	-	(79,920)	(424,400)	(127,776)	-
(10,587)	16,190	2,645	(69,340)	(161,423)	-	44,349
2,312,605	107,354	238,408	911,292	691,815	-	47,077
\$ 2,302,018	\$ 123,544	\$ 241,053	\$ 841,952	\$ 530,392	\$ -	\$ 91,426

City of Signal Hill

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Other Governmental Funds, (Continued) For the Year Ended June 30, 2023

	Special Revenue Funds				
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant	Measure M
REVENUES					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	165,271	84,947	-	-	214,822
Charges for services	-	-	-	-	-
Investment income	-	-	8,817	3,527	7,935
Total revenues	165,271	84,947	8,817	3,527	222,757
EXPENDITURES					
Current:					
Police	165,271	84,947	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Total expenditures	165,271	84,947	-	-	-
Excess of revenues over (under) expenditures	-	-	8,817	3,527	222,757
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	(125,132)
Total other financing sources (uses)	-	-	-	-	(125,132)
Net change in fund balances	-	-	8,817	3,527	97,625
Fund balance (deficit), beginning	-	-	741,597	298,319	579,269
Fund balance (deficit), ending	\$ -	\$ -	\$ 750,414	\$ 301,846	\$ 676,894

Special Revenue Funds						
Transportation Measure R	Planning Grants	RMRA (SB1)	Measure W	Civic Center Phase II	TDA Article III Fund	Prop 68 - Parks and Recreation
\$ -	\$ -	\$ -	\$ 280,123	\$ -	\$ -	\$ -
189,904	208,091	262,521	-	-	17,531	-
-	-	-	-	-	-	-
8,817	-	7,054	3,527	9	-	-
198,721	208,091	269,575	283,650	9	17,531	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
198,721	208,091	269,575	283,650	9	17,531	-
(645,510)	-	(98,209)	(88,141)	-	(17,531)	(185,000)
(645,510)	-	(98,209)	(88,141)	-	(17,531)	(185,000)
(446,789)	208,091	171,366	195,509	9	-	(185,000)
690,214	(208,091)	541,117	114,562	-	-	-
\$ 243,425	\$ -	\$ 712,483	\$ 310,071	\$ 9	\$ -	\$ (185,000)

City of Signal Hill

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Other Governmental Funds, (Continued) For the Year Ended June 30, 2023

	Total Other Governmental Funds
REVENUES	
Other taxes	\$ 364,807
Intergovernmental revenues	2,336,089
Charges for services	102
Investment income	131,376
	<hr/>
Total revenues	2,832,374
	<hr/>
EXPENDITURES	
Current:	
Police	250,218
Community development	202,517
Public works	41,215
	<hr/>
Total expenditures	493,950
	<hr/>
Excess of revenues over (under) expenditures	2,338,424
	<hr/>
OTHER FINANCING SOURCES (USES)	
Transfers out	(2,628,051)
	<hr/>
Total other financing sources (uses)	(2,628,051)
	<hr/>
Net change in fund balances	(289,627)
	<hr/>
Fund balance (deficit), beginning	10,368,121
	<hr/>
Fund balance (deficit), ending	\$ 10,078,494

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 269,869	\$ 269,869	\$ -	\$ (269,869)
Investment income	6,016	6,016	14,106	8,090
Total Revenues	275,885	275,885	14,106	(261,779)
OTHER FINANCING SOURCES (USES)				
Transfers out	(200,000)	(390,000)	(272,413)	117,587
Total Other Financing Sources (Uses)	(200,000)	(390,000)	(272,413)	117,587
Net Change in Fund Balance	75,885	(114,115)	(258,307)	(144,192)
Fund Balances, Beginning	1,223,915	1,223,915	1,223,915	-
Fund Balances, Ending	\$ 1,299,800	\$ 1,109,800	\$ 965,608	\$ (144,192)

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, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenues	\$ 107,502	\$ 107,502	\$ 189,668	\$ 82,166
Total Revenues	107,502	107,502	189,668	82,166
EXPENDITURES				
Current:				
Community development	21,500	21,500	16,516	4,984
Total Expenditures	21,500	21,500	16,516	4,984
Excess of Revenues Over (Under) Expenditures	86,002	86,002	173,152	87,150
OTHER FINANCING SOURCES (USES)				
Transfers out	(86,002)	(86,002)	(72,320)	13,682
Total Other Financing Sources (Uses)	(86,002)	(86,002)	(72,320)	13,682
Net Change in Fund Balance	-	-	100,832	100,832
Fund Balances (Deficit), Beginning	(94,795)	(94,795)	(94,795)	-
Fund Balances (Deficit), Ending	\$ (94,795)	\$ (94,795)	\$ 6,037	\$ 100,832

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 341,275	\$ 341,275	\$ 301,621	\$ (39,654)
Investment income	5,531	5,531	15,870	10,339
Total Revenues	346,806	346,806	317,491	(29,315)
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	(250,000)	(250,000)	(250,000)	-
Net Change in Fund Balance	96,806	96,806	67,491	(29,315)
Fund Balances, Beginning	1,215,332	1,215,332	1,215,332	-
Fund Balances, Ending	<u>\$ 1,312,138</u>	<u>\$ 1,312,138</u>	<u>\$ 1,282,823</u>	<u>\$ (29,315)</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, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenues	\$ 283,417	\$ 283,417	\$ 305,349	\$ 21,932
Charges for services	-	-	102	102
Investment income	3,046	3,046	9,698	6,652
Total Revenues	286,463	286,463	315,149	28,686
EXPENDITURES				
Current:				
Community development	227,877	231,668	186,001	45,667
Total Expenditures	227,877	231,668	186,001	45,667
Net Change in Fund Balance	58,586	54,795	129,148	74,353
Fund Balances, Beginning	754,351	754,351	754,351	-
Fund Balances, Ending	\$ 812,937	\$ 809,146	\$ 883,499	\$ 74,353

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 11,649	\$ 11,649	\$ 27,332	\$ 15,683
Total Revenues	11,649	11,649	27,332	15,683
OTHER FINANCING SOURCES (USES)				
Transfers out	(67,452)	(67,452)	(37,919)	29,533
Net Change in Fund Balance	(55,803)	(55,803)	(10,587)	45,216
Fund Balances, Beginning	2,312,605	2,312,605	2,312,605	-
Fund Balances, Ending	<u>\$ 2,256,802</u>	<u>\$ 2,256,802</u>	<u>\$ 2,302,018</u>	<u>\$ 45,216</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 15,000	\$ 15,000	\$ 15,309	\$ 309
Investment income	556	556	881	325
Total Revenues	15,556	15,556	16,190	634
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,453)	(4,453)	-	4,453
Total Other Financing Sources (Uses)	(4,453)	(4,453)	-	4,453
Net Change in Fund Balance	11,103	11,103	16,190	5,087
Fund Balances, Beginning	107,354	107,354	107,354	-
Fund Balances, Ending	\$ 118,457	\$ 118,457	\$ 123,544	\$ 5,087

City of Signal Hill

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Water Development Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 1,369,588	\$ 1,369,588	\$ -	\$ (1,369,588)
Investment income	1,164	1,164	2,645	1,481
Total Revenues	1,370,752	1,370,752	2,645	(1,368,107)
Net Change in Fund Balance	1,370,752	1,370,752	2,645	(1,368,107)
Fund Balances, Beginning	238,408	238,408	238,408	-
Fund Balances, Ending	\$ 1,609,160	\$ 1,609,160	\$ 241,053	\$ (1,368,107)

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 288,010	\$ 288,010	\$ -	\$ (288,010)
Investment income	4,454	4,454	10,580	6,126
Total Revenues	292,464	292,464	10,580	(281,884)
OTHER FINANCING SOURCES (USES)				
Transfers out	(293,763)	(293,763)	(79,920)	213,843
Net Change in Fund Balance	(1,299)	(1,299)	(69,340)	(68,041)
Fund Balances, Beginning	911,292	911,292	911,292	-
Fund Balances, Ending	<u>\$ 909,993</u>	<u>\$ 909,993</u>	<u>\$ 841,952</u>	<u>\$ (68,041)</u>

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, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenues	\$ 235,087	\$ 235,087	\$ 253,279	\$ 18,192
Investment income	2,081	2,081	9,698	7,617
Total Revenues	237,168	237,168	262,977	25,809
EXPENDITURES				
Public works	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	-	5,000
Excess of Revenues Over (Under) Expenditures	232,168	232,168	262,977	30,809
OTHER FINANCING SOURCES (USES)				
Transfers out	(430,056)	(430,056)	(424,400)	5,656
Total Other Financing Sources (Uses)	(430,056)	(430,056)	(424,400)	5,656
Net Change in Fund Balance	(197,888)	(197,888)	(161,423)	36,465
Fund Balances, Beginning	691,815	691,815	691,815	-
Fund Balances, Ending	\$ 493,927	\$ 493,927	\$ 530,392	\$ 36,465

City of Signal Hill

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual American Rescue Plan Act Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,366,073	\$ 1,366,073	\$ 127,776	\$ (1,238,297)
Total Revenues	1,366,073	1,366,073	127,776	(1,238,297)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,025,717)	(2,025,717)	(127,776)	1,897,941
Net Change in Fund Balance	(659,644)	(659,644)	-	659,644
Fund Balances, Beginning	-	-	-	-
Fund Balances (Deficit), Ending	\$ (659,644)	\$ (659,644)	\$ -	\$ 659,644

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other taxes	\$ 58,667	\$ 84,682	\$ 84,684	\$ 2
Investment income	186	186	880	694
Total Revenues	58,853	84,868	85,564	696
EXPENDITURES				
Current:				
Public works	54,673	84,676	41,215	43,461
Total Expenditures	54,673	84,676	41,215	43,461
Excess of Revenues Over (Under) Expenditures	4,180	192	44,349	44,157
Fund Balances, Beginning	47,077	47,077	47,077	-
Fund Balances, Ending	\$ 51,257	\$ 47,269	\$ 91,426	\$ 44,157

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 163,134	\$ 163,134	\$ 165,271	\$ 2,137
Total Revenues	163,134	163,134	165,271	2,137
EXPENDITURES				
Current:				
Police	163,134	163,134	165,271	(2,137)
Total Expenditures	163,134	163,134	165,271	(2,137)
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 60,000	\$ 114,800	\$ 84,947	\$ (29,853)
Total Revenues	60,000	114,800	84,947	(29,853)
EXPENDITURES				
Current:				
Police	60,000	114,800	84,947	29,853
Total Expenditures	60,000	114,800	84,947	29,853
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

City of Signal Hill

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Housing Impact Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 3,821	\$ 3,821	\$ 8,817	\$ 4,996
Total Revenues	3,821	3,821	8,817	4,996
Fund Balances, Beginning	741,597	741,597	741,597	-
Fund Balances, Ending	<u>\$ 745,418</u>	<u>\$ 745,418</u>	<u>\$ 750,414</u>	<u>\$ 4,996</u>

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 34,680	\$ 34,680	\$ -	\$ (34,680)
Investment income	1,526	1,526	3,527	2,001
Total Revenues	36,206	36,206	3,527	(32,679)
OTHER FINANCING SOURCES (USES)				
Transfers out	(288,255)	(288,255)	-	288,255
Net Change in Fund Balance	(252,049)	(252,049)	3,527	255,576
Fund Balances, Beginning	298,319	298,319	298,319	-
Fund Balances, Ending	<u>\$ 46,270</u>	<u>\$ 46,270</u>	<u>\$ 301,846</u>	<u>\$ 255,576</u>

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 199,824	\$ 199,824	\$ 214,822	\$ 14,998
Investment income	827	827	7,935	7,108
Total Revenues	200,651	200,651	222,757	22,106
OTHER FINANCING SOURCES (USES)				
Transfers out	(365,227)	(365,227)	(125,132)	240,095
Net Change in Fund Balance	(164,576)	(164,576)	97,625	262,201
Fund Balances, Beginning	579,269	579,269	579,269	-
Fund Balances, Ending	<u>\$ 414,693</u>	<u>\$ 414,693</u>	<u>\$ 676,894</u>	<u>\$ 262,201</u>

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 176,316	\$ 176,316	\$ 189,904	\$ 13,588
Investment income	3,102	3,102	8,817	5,715
Total Revenues	179,418	179,418	198,721	19,303
OTHER FINANCING SOURCES (USES)				
Transfers out	(445,461)	(445,461)	(645,510)	(200,049)
Net Change in Fund Balance	(266,043)	(266,043)	(446,789)	(180,746)
Fund Balances, Beginning	690,214	690,214	690,214	-
Fund Balances, Ending	<u>\$ 424,171</u>	<u>\$ 424,171</u>	<u>\$ 243,425</u>	<u>\$ (180,746)</u>

City of Signal Hill

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Planning Grants Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 50,890	\$ 50,890	\$ 208,091	\$ 157,201
Total Revenues	50,890	50,890	208,091	157,201
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,890)	(50,890)	-	50,890
Net Change in Fund Balance	-	-	208,091	208,091
Fund Balances (Deficit), Beginning	(208,091)	(208,091)	(208,091)	-
Fund Balances, Ending	\$ (208,091)	\$ (208,091)	\$ -	\$ 208,091

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 264,806	\$ 264,806	\$ 262,521	\$ (2,285)
Investment income	3,032	3,032	7,054	4,022
Total Revenues	267,838	267,838	269,575	1,737
OTHER FINANCING SOURCES (USES)				
Transfers out	(216,300)	(216,300)	(98,209)	118,091
Net Change in Fund Balance	51,538	51,538	171,366	119,828
Fund Balances, Beginning	541,117	541,117	541,117	-
Fund Balances, Ending	<u>\$ 592,655</u>	<u>\$ 592,655</u>	<u>\$ 712,483</u>	<u>\$ 119,828</u>

City of Signal Hill

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Measure W Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other taxes	\$ 280,000	\$ 280,000	\$ 280,123	\$ 123
Investment income	-	-	3,527	3,527
Total Revenues	280,000	280,000	283,650	3,650
OTHER FINANCING SOURCES (USES)				
Transfers out	(321,709)	(321,709)	(88,141)	233,568
Net Change in Fund Balance	(41,709)	(41,709)	195,509	237,218
Fund Balances, Beginning	114,562	114,562	114,562	-
Fund Balances, Ending	<u>\$ 72,853</u>	<u>\$ 72,853</u>	<u>\$ 310,071</u>	<u>\$ 237,218</u>

City of Signal Hill

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual TDA Article III Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 10,945	\$ 10,945	\$ 17,531	\$ 6,586
Investment income	33	33	-	(33)
Total Revenues	10,978	10,978	17,531	6,553
OTHER FINANCING SOURCES (USES)				
Transfers out	(17,603)	(17,603)	(17,531)	72
Net Change in Fund Balance	(6,625)	(6,625)	-	6,625
Fund Balances, Beginning	-	-	-	-
Fund Balances (Deficit), Ending	\$ (6,625)	\$ (6,625)	\$ -	\$ 6,625

City of Signal Hill

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Prop 68 – Parks and Recreation Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 185,000	\$ 185,000	\$ -	\$ (185,000)
Total Revenues	185,000	185,000	-	(185,000)
OTHER FINANCING SOURCES (USES)				
Transfers out	(185,000)	(185,000)	(185,000)	-
Net Change in Fund Balance	-	-	(185,000)	(185,000)
Fund Balances, Beginning	-	-	-	-
Fund Balances (Deficit), Ending	\$ -	\$ -	\$ (185,000)	\$ (185,000)

STATISTICAL SECTION

This page intentionally left blank

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	Page
Financial Trends	131-138
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	139-141
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	142-145
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.	
Demographic and Economic Information	146-147
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	148-151
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.	

City of Signal Hill

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	2014	2015	2016	2017
Governmental Activities:				
Net investment in capital assets	\$ 47,543	\$ 48,407	\$ 67,914	\$ 73,428
Restricted	16,927	17,086	23,481	19,781
Unrestricted	30,728	13,095	7,115	13,113
Total governmental activities net position	<u>\$ 95,198</u>	<u>\$ 78,588</u>	<u>\$ 98,510</u>	<u>\$ 106,322</u>
Business-type Activities:				
Net investment in capital assets	\$ 15,821	\$ 16,003	\$ 18,952	\$ 23,636
Unrestricted	4,660	3,110	1,958	(2,316)
Total business-type activities net position	<u>\$ 20,481</u>	<u>\$ 19,113</u>	<u>\$ 20,910</u>	<u>\$ 21,320</u>
Primary Government:				
Net investment in capital assets	\$ 63,364	\$ 64,410	\$ 86,866	\$ 97,064
Restricted	16,927	17,086	23,481	19,781
Unrestricted	35,388	16,205	9,073	10,797
Total primary government net position	<u>\$ 115,679</u>	<u>\$ 97,701</u>	<u>\$ 119,420</u>	<u>\$ 127,642</u>

Source: City of Signal Hill, Finance Department

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 83,153	\$ 104,567	\$ 77,654	\$ 76,772	\$ 78,459	\$ 82,815
19,552	18,360	16,784	17,427	17,132	15,748
11,950	3,243	14,553	20,414	28,649	42,110
<u>\$ 114,655</u>	<u>\$ 126,170</u>	<u>\$ 108,991</u>	<u>\$ 114,613</u>	<u>\$ 124,240</u>	<u>\$ 140,673</u>
\$ 23,536	\$ 23,331	\$ 22,655	\$ 22,684	\$ 23,727	\$ 24,580
(2,572)	(2,751)	(2,342)	(2,083)	(2,034)	(961)
<u>\$ 20,964</u>	<u>\$ 20,580</u>	<u>\$ 20,313</u>	<u>\$ 20,601</u>	<u>\$ 21,693</u>	<u>\$ 23,619</u>
\$ 106,689	\$ 127,898	\$ 100,309	\$ 99,456	\$ 102,186	\$ 107,395
19,552	18,360	16,784	17,427	17,132	15,748
9,378	492	12,211	18,331	26,615	41,149
<u>\$ 135,619</u>	<u>\$ 146,750</u>	<u>\$ 129,304</u>	<u>\$ 135,214</u>	<u>\$ 145,933</u>	<u>\$ 164,292</u>

City of Signal Hill

Changes in Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting) (Amounts Expressed in Thousands)

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 5,556	\$ 4,149	\$ 3,843	\$ 4,633
Parks, recreation, and library services	1,319	1,251	1,505	1,362
Police	8,220	8,254	9,350	9,576
Community development	992	942	868	858
Public works	4,142	4,369	4,256	4,605
Unallocated infrastructure depreciation	614	551	551	645
Interest on long-term debt	-	-	-	-
Total governmental activities expenses	20,843	19,516	20,373	21,679
Business-type activities - water	4,531	4,424	4,145	5,312
Total primary government expenses	<u>\$ 25,374</u>	<u>\$ 23,940</u>	<u>\$ 24,518</u>	<u>\$ 26,991</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 227	\$ 201	\$ 175	\$ 178
Parks, recreation, and library services	115	192	212	191
Police	297	282	270	288
Community development	368	537	584	514
Public works	431	437	422	461
Operating grants	1,619	1,339	9,313	850
Capital grants and contributions	2,369	2,433	2,020	9,188
Total governmental activities program revenues	5,426	5,421	12,996	11,670
Business-type activities:				
Charges for services	3,734	3,760	3,400	3,785
Capital grants and contributions	-	-	999	1,927
Total business-type activities program revenues	3,734	3,760	4,399	5,712
Total primary government program revenues	<u>\$ 9,160</u>	<u>\$ 9,181</u>	<u>\$ 17,395</u>	<u>\$ 17,382</u>
Net (Expense)/ Revenue				
Governmental activities	\$ (15,417)	\$ (14,095)	(7,377)	\$ (10,009)
Business-type activities	(797)	(664)	254	400
Total primary government net expenses	<u>\$ (16,214)</u>	<u>\$ (14,759)</u>	<u>\$ (7,123)</u>	<u>\$ (9,609)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	\$ 1,700	\$ 1,797	\$ 1,916	\$ 1,802
Franchise	603	773	549	735
Other	1,609	1,462	1,459	874
Intergovernmental - sales and use tax	14,574	11,567	14,588	14,597
Investment income	850	787	955	442
Unrestricted grants and contributions	66	2,048	46	311
Gain (loss) on disposition of assets	-	-	-	14
Transfers	(1)	(426)	(1,679)	-
Extraordinary item	-	-	-	-
Total governmental activities	19,401	18,008	17,834	18,775
Business-type activities:				
Investment income (loss)	53	51	21	10
Transfers	1	426	1,679	-
Total business-type activities	54	477	1,700	10
Total primary government	<u>\$ 19,455</u>	<u>\$ 18,485</u>	<u>\$ 19,534</u>	<u>\$ 18,785</u>
Change in net position				
Governmental activities	\$ 3,984	\$ 3,913	\$ 10,457	\$ 8,766
Business-type activities	(743)	(187)	1,954	410
Total primary government	<u>\$ 3,241</u>	<u>\$ 3,726</u>	<u>\$ 12,411</u>	<u>\$ 9,176</u>

Fiscal Year Ending June 30,					
2018	2019	2020	2021	2022	2023
\$ 5,146	\$ 4,074	\$ 5,787	\$ 6,045	\$ 7,093	\$ 6,221
1,596	1,991	1,757	1,996	2,619	2,535
10,564	11,504	11,817	11,009	11,054	9,014
963	1,434	989	1,270	1,359	1,257
4,927	4,433	4,787	4,859	4,633	4,750
639	401	394	394	422	422
93.00	221.00	219.00	217.00	492.00	494
23,928	24,058	25,750	25,790	27,672	24,693
4,846	5,056	4,665	5,263	5,747	4,553
\$ 28,774	\$ 29,114	\$ 30,415	\$ 31,053	\$ 33,419	\$ 29,246
\$ 216	\$ 331	\$ 402	\$ 90	\$ 79	\$ 69
203	173	118	85	135	173
250	252	255	169	179	193
567	430	418	553	601	637
790	703	824	1,006	1,215	1,211
1,199	2,349	1,524	1,819	2,254	2,030
4,586	10,219	730	938	2,828	2,090
7,811	14,457	4,271	4,660	7,291	6,403
4,420	4,335	4,574	5,548	6,208	6,280
42	239	114	-	-	-
4,462	4,574	4,688	5,548	6,208	6,280
\$ 12,273	\$ 19,031	\$ 8,959	\$ 10,208	\$ 13,499	\$ 12,683
\$ (16,117)	\$ (9,601)	\$ (21,479)	\$ (21,130)	\$ (20,381)	\$ (18,290)
(384)	(482)	23	285	461	1,727
\$ (16,501)	\$ (10,083)	\$ (21,456)	\$ (20,845)	\$ (19,920)	\$ (16,563)
\$ 2,248	\$ 2,189	\$ 2,330	\$ 2,801	\$ 2,619	\$ 2,972
487	901	887	982	975	1,073
926	1,053	836	920	1,074	1,369
14,484	15,789	16,834	20,268	24,786	26,462
961	1,788	1,977	1,346	707	2,208
456	94	183	435	553	789
-	-	-	-	-	-
-	(30)	354	-	(707)	(148)
4,369	-	-	-	-	-
23,931	21,784	23,401	26,752	30,007	34,725
28	68	64	3	(76)	51
-	30	(354)	-	707	148
28	98	(290)	3	631	199
\$ 23,959	\$ 21,882	\$ 23,111	\$ 26,755	\$ 30,638	\$ 34,924
\$ 7,814	\$ 12,183	\$ 1,922	\$ 5,622	\$ 9,626	\$ 16,434
(356)	(384)	(267)	288	1,092	1,926
\$ 7,458	\$ 11,799	\$ 1,655	\$ 5,910	\$ 10,718	\$ 18,360

City of Signal Hill

Fund Balances of Governmental Funds Last Ten Fiscal Years (Accrual Basis of Accounting) (Amounts Expressed in Thousands)

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 7,695	\$ 7,768	\$ 8,430	\$ 12,126
Restricted	-	13	13	13
Committed	12,662	20,588	14,160	20,630
Unassigned	7,611	1,278	12,227	2,226
Total General Fund	27,968	29,647	34,830	34,995
All Other Governmental Funds				
Nonspendable	5,131	4,414	4,129	347
Restricted	11,712	12,574	19,360	19,762
Unassigned	(2,363)	(3,193)	(2,555)	(891)
Total All other Governmental Fund	14,480	13,795	20,934	19,218
Total All Governmental Funds	\$ 42,448	\$ 43,442	\$ 55,764	\$ 54,213

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,					
2018	2019	2020	2021	2022	2023
\$ 14,722	\$ 11,955	\$ 11,892	\$ 2,717	\$ 3,132	\$ 10,461
-	-	-	-	-	-
16,553	15,330	16,209	24,953	30,349	26,948
9,159	10,586	14,151	20,356	23,102	27,171
40,434	37,871	42,252	48,026	56,583	64,580
-	-	-	-	-	-
28,136	18,359	16,783	17,427	17,114	17,139
(2,294)	(4,259)	-	(37)	(1,760)	(387)
25,842	14,100	16,783	17,390	15,354	16,752
\$ 66,276	\$ 51,971	\$ 59,035	\$ 65,416	\$ 71,937	\$ 81,332

City of Signal Hill

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Accrual Basis of Accounting) (Amounts Expressed in Thousands)

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 18,862	\$ 15,811	\$ 21,394	\$ 18,701
Licenses and permits	360	411	370	374
Intergovernmental	1,294	1,367	3,591	8,809
Charges for services	829	739	762	759
Fines and forfeitures	298	301	326	289
Investment income	934	826	778	830
Other	113	2,786	652	411
Total Revenues	<u>22,690</u>	<u>22,241</u>	<u>27,873</u>	<u>30,173</u>
Expenditures				
General government	5,456	4,476	3,940	4,879
Parks, recreation, and library services	1,320	1,257	1,472	1,576
Police	8,147	8,172	9,270	9,152
Community development	995	952	962	854
Public works	3,910	3,627	3,883	4,046
Capital outlay	869	2,485	3,259	7,726
Debt Service:				
Principal retirement	-	-	14	-
Interest	-	-	3	-
Other debt service	-	-	-	17
Total Expenditures	<u>20,697</u>	<u>20,969</u>	<u>22,803</u>	<u>28,250</u>
Excess of revenues over/(under) expenditures	<u>1,993</u>	<u>1,272</u>	<u>5,070</u>	<u>1,923</u>
Other Financing Sources/(Uses)				
Transfers in	3,670	1,694	1,236	1,687
Transfers out	(3,671)	(2,120)	(2,915)	(1,687)
Other	-	76	7,578	-
Total other financing sources	<u>(1)</u>	<u>(350)</u>	<u>5,899</u>	<u>-</u>
Extraordinary Item	-	-	-	-
Net change in fund balances	<u>\$ 1,992</u>	<u>\$ 922</u>	<u>\$ 10,969</u>	<u>\$ 1,923</u>
Capitalized capital outlay	<u>\$ 1,076</u>	<u>\$ 1,788</u>	<u>\$ 2,985</u>	<u>\$ 7,016</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.1%

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,					
2018	2019	2020	2021	2022	2023
\$ 19,444	\$ 19,800	\$ 20,920	\$ 24,805	\$ 29,240	\$ 31,685
429	580	635	679	763	809
5,440	9,202	6,128	2,508	3,028	5,247
1,066	1,895	1,076	1,390	2,116	1,591
312	423	328	175	144	149
1,177	1,984	1,995	1,111	224	2,218
417	78	175	435	512	789
<u>28,285</u>	<u>33,962</u>	<u>31,257</u>	<u>31,103</u>	<u>36,027</u>	<u>42,488</u>
4,409	4,715	5,291	5,741	5,591	6,061
1,592	1,727	1,574	1,378	2,019	2,285
9,412	9,514	10,056	9,346	10,245	10,320
948	1,431	1,021	1,273	1,365	1,331
4,130	4,141	4,254	4,470	4,614	5,249
11,831	22,642	2,075	2,162	4,114	8,255
16	100	109	110	335	1,152
84	244	242	240	516	486
170	16	-	-	-	-
<u>32,592</u>	<u>44,530</u>	<u>24,622</u>	<u>24,720</u>	<u>28,799</u>	<u>35,139</u>
<u>(4,307)</u>	<u>(10,568)</u>	<u>6,635</u>	<u>6,383</u>	<u>7,228</u>	<u>7,349</u>
5,383	22,854	8,391	2,768	4,933	4,862
(5,383)	(23,044)	(8,391)	(2,768)	(5,640)	(5,010)
8,986	-	-	-	-	2,195
<u>8,986</u>	<u>(190)</u>	<u>-</u>	<u>-</u>	<u>(707)</u>	<u>2,047</u>
4,369	-	-	-	-	-
<u>\$ 9,048</u>	<u>\$(10,758)</u>	<u>\$ 6,635</u>	<u>\$ 6,383</u>	<u>\$ 6,521</u>	<u>\$ 9,396</u>
<u>\$ 11,075</u>	<u>\$ 22,386</u>	<u>\$ 1,851</u>	<u>\$ 1,670</u>	<u>\$ 4,060</u>	<u>\$ 7,599</u>
1.3%	1.6%	1.5%	1.5%	3.4%	5.9%

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**			
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%
2021	1,512,648	440,103	444,367	63,714	240,713	139,651	2,841,196	0.06641%
2022	1,546,286	444,578	456,292	68,651	189,541	138,941	2,844,289	0.06641%
2023	1,646,200	478,056	486,408	74,289	257,657	138,192	3,080,802	0.06652%

** 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 (Rates Per \$100 of Taxable Value) Last Ten Fiscal Years

Agency	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	0.02241	0.04595	0.03825	0.06736	0.06760	0.06319	0.06309	0.06327	0.06035	0.05970
Long Beach Unified School District	0.07981	0.08764	0.08324	0.08539	0.14732	0.14053	0.14334	0.13363	0.12724	0.12591
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct and Overlapping (2) Tax Rates	1.10572	1.13709	1.12499	1.15625	1.21842	1.20722	1.20993	1.20040	1.19109	1.18911
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)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate (5)	0.06530	0.06542	0.06560	0.06570	0.06569	0.06625	0.06634	0.06641	0.06641	0.06652

Notes:

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

Source: HdL Coren & Cone

City of Signal Hill

Principal Property Tax Payers Current Year and Nine Years Ago (Amounts Expressed in Thousands)

Taxpayer	FY 2022-2023		FY 2013-2014	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum Inc	\$ 128,947	4.19%	\$ 155,419	7.33%
Bcore Retail Towne Center LLC	62,865	2.04%	-	0.00%
Long Beach Acquisition Corporation	47,820	1.55%	15,520	0.73%
LBSH Parcel 1 LLC	31,391	1.02%	27,051	1.28%
Towne Center West I LLC ET AL	28,716	0.93%	24,747	1.17%
G and I XI Sequoia	25,953	0.84%	-	0.00%
Costco Wholesale Corporation	25,437	0.83%	21,177	1.00%
2550 Orange Ave Development LLC	20,925	0.68%	-	0.00%
Home Depot USA INC	19,783	0.64%	18,069	0.85%
Tesoro Logistics Operations LLC	19,267	0.63%	19,275	0.91%
PL Signal Hill LP	-	0.00%	36,201	1.71%
VNO Tru Cherry Avenue LP	-	0.00%	14,452	0.68%
Signal Hill Town Center LLC	-	0.00%	16,254	0.77%
	<u>\$ 411,104</u>	<u>13.35%</u>	<u>\$ 348,165</u>	<u>16.43%</u>

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) Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
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
2021	18,599,353	13,221,476	71.09%	N/A	N/A	N/A
2022	18,537,379	13,303,458	71.77%	N/A	N/A	N/A
2023	20,125,700	14,580,521	72.45%	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

Source: County of Los Angeles Auditor-Controller

City of Signal Hill

Ratios 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 Value	Per Capita	Percent of Personal Income
	Lease Revenue Bonds	Leases and Loans	Water Revenue Bonds	Leases and Loans				
2014	\$ -	\$ -	\$ 6,424	\$ -	\$ 6,424	0.303%	\$ 563	17.95%
2015	-	65	6,044	-	6,109	0.268%	523	17.88%
2016	-	51	5,650	-	5,701	0.237%	491	17.10%
2017	-	36	4,741	-	4,777	0.197%	407	12.94%
2018	8,974	21	4,269	-	13,264	0.530%	1,125	31.74%
2019	8,851	4	3,787	-	12,642	0.489%	1,079	29.18%
2020	8,723	-	3,290	-	12,013	0.440%	1,034	25.90%
2021	8,590	-	2,778	-	11,368	0.400%	980	24.10%
2022	8,447	13,536	2,251	1,500	25,734	0.905%	2,221	55.47%
2023	7,774	15,229	1,709	1,557	26,268	0.851%	N/A	N/A

N/A Information is not yet available.

Source: City of Signal Hill, Finance Department

City of Signal Hill

Direct and Overlapping Governmental Activity Debt As of June 30, 2023

2022-23 Assessed Valuations: \$3,080,801,983		Total Debt 6/30/2023	Percent Applicable To City	Net Bonded Debt
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>				
LOS ANGELES COUNTY GENERAL FUND OBLIGATIONS		\$ 2,601,551,282	0.163%	\$ 4,240,529
LOS ANGELES COUNTY SUPERINTENDENT OF SCHOOLS AND CERTIFICATES OF PARTICIPATION		3,403,487	0.163%	5,548
CITY OF SIGNAL HILL GENERAL FUND OBLIGATIONS		22,783,804	100.000%	22,783,804
LOS ANGELES COUNTY SANITATION DISTRICT NO. 29 AUTHORITY		6,881	100.000%	6,881
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT				<u>\$ 27,036,762</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>				
METROPOLITAN WATER DISTRICT		\$ 19,215,000	0.085%	16,333
LONG BEACH COMMUNITY COLLEGE DISTRICT (debt summary)		589,058,855	3.797%	22,366,565
LONG BEACH UNIFIED SCHOOL DISTRICT (debt summary)		1,779,754,702	3.798%	67,595,084
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				<u>\$ 89,977,982</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</u>				
		26,920,000	100.000%	\$ 26,920,000
TOTAL DIRECT DEBT				22,783,804
TOTAL OVERLAPPING DEBT				<u>121,150,940</u>
COMBINED TOTAL DEBT				<u><u>\$ 143,934,744</u></u>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, non-bonded capital lease obligations, and sales tax revenue bonds. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$22,783,804)	0.74%
Total Overlapping Tax and Assessment Debt	2.92%
Total Debt	4.67%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,936,450,579)

Overlapping Tax Increment Debt	1.39%
--------------------------------	-------

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	\$ 3,080,801,983
Debt limit (15% of assessed value)	462,120,297
Debt applicable to limit	-
Legal debt margin - Current Year	<u>\$ 462,120,297</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2014	\$ 307,306,083	\$ -	\$ 307,306,083	0.00%
2015	318,109,295	-	318,109,295	0.00%
2016	342,337,382	-	342,337,382	0.00%
2017	360,297,745	-	360,297,745	0.00%
2018	360,297,745	-	364,097,801	0.00%
2019	375,091,788	-	375,091,788	0.00%
2020	387,458,342	-	387,458,342	0.00%
2021	409,292,868	-	409,292,868	0.00%
2022	426,179,253	-	426,179,253	0.00%
2023	462,120,297	-	462,120,297	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	Debt Service (1)			Coverage
		Principal	Interest	Total	
2014	\$ -	\$ -	\$ -	\$ -	\$ -
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

(1) Debt service amounts are presented on a bond year basis.

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
2013	11,411	\$ 352,235	\$ 30,868	6.0%
2014	11,415	357,826	31,347	9.0%
2015	11,673	341,699	29,273	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	11,617	463,769	39,922	11.0%
2021	11,597	471,646	40,669	4.8%
2022	11,431	463,907	40,583	3.0%
2023	N/A	N/A	N/A	N/A

N/A - Information is not yet available

Sources: City Population - State Department of Finance

City of Signal Hill

Principal Employers Current Year and Nine Years Ago

Employer	FY 2022-2023			FY 2013-2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Costco Wholesale	408	1	4.76%	312	3	3.83%
Home Depot *	377	2	4.40%	375	2	4.60%
Office Depot - Veyer, LLC	297	3	3.47%	428	1	5.25%
Target	234	4	2.73%	218	4	2.68%
Federal Express Corporation	150	5	1.75%			
Translational Pulmonary, and Immunology Research	150	6	1.75%			
Glenn E Thomas Company	130	7	1.52%	114	10	1.40%
American University of Health Sciences	130	8	1.52%			
Mercedes-Benz of Long Beach	129	9	1.51%			
In-N-Out Burgers	119	10	1.39%			
Long Beach BMW				136	5	1.67%
Accountable Healthcare I.P.A.				136	6	1.67%
Mercedes-Benz of Long Beach				127	7	1.56%
Platt Security Inc				122	8	1.50%
Hof's Hut Restaurants				114	9	1.40%
	<u>2,124</u>		<u>24.80%</u>	<u>2,082</u>		<u>25.56%</u>

Note:

* - Reported Home Depot's two locations in one total

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,									
	2014	2015	2016	2017	2018	2019	2020*	2021	2022	2023
Administration	4.73	4.73	4.73	5.00	5.75	5.80	5.80	5.80	5.80	7.50
Finance	5.98	5.98	5.98	6.80	6.75	5.80	5.80	5.80	5.80	5.80
Parks, recreation, and library services	19.30	19.53	19.53	18.60	18.60	18.60	18.50	8.80	21.60	22.50
Police	52.89	52.89	52.89	53.00	53.00	53.00	51.10	51.10	52.70	52.70
Community Development	7.00	7.00	7.00	4.00	4.00	4.00	4.00	4.00	4.20	5.70
Public Works	30.02	30.04	30.04	28.00	28.00	28.00	28.00	27.00	28.00	30.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Total	<u>120.92</u>	<u>121.17</u>	<u>121.17</u>	<u>116.40</u>	<u>117.10</u>	<u>116.20</u>	<u>114.20</u>	<u>103.50</u>	<u>119.10</u>	<u>124.20</u>

Source: City of Signal Hill, Finance Department

City of Signal Hill

Operating Indicators by Function Last Ten Fiscal Years

Function/Program	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Calls for service	6,400	9,842	9,948	8,632	9,078	8,292	8,382	8,172	8,146	10,203
Reports written	3,312	3,894	4,332	5,618	5,061	4,504	3,804	4,345	4,658	4,151
Total arrests	1,115	1,390	1,216	1,403	1,074	987	880	848	823	861
Hazardous traffic citations	4,278	2,496	1,703	3,638	3,613	4,116	3,229	2,616	2,011	2,498
Parking citations	4,212	3,866	4,628	4,222	4,092	4,444	3,737	3,293	4,786	5,165
Community Development:										
Code enforcement cases	87	77	68	67	59	48	32	41	42	198
Building permits	181	247	236	279	233	281	249	250	341	309
Site plan design reviews	7	5	6	6	5	4	3	4	5	6
Water:										
Number of customers	3,079	3,116	3,162	3,302	3,116	3,157	3,147	3,142	3,146	3,145
Average daily consumption (in millions of gallons)	1.80	1.77	1.59	1.58	1.57	1.54	1.55	1.60	1.56	1.33
Number of hydrants maintained	435	568	568	568	568	574	576	576	578	578
Public Works:										
Traffic signals maintained	29	31	31	33	18	13	33	33	33	33
Street sweeping miles	6,240	5,980	5,980	5,980	5,720	5,980	5,980	5,980	5,980	5,980
Sidewalk repairs (square feet)	14,220	6,362	4,504	1,762	8,731	1,965	2,988	2,541	3,274	3,324
Curb & gutter replaced (linear feet)	1,388	-	-	-	-	900	306	-	114	120
Cross gutter replaced (square feet)	5,067	-	-	-	-	-	2,117	-	160	80
Engineering:										
Number of infrastructure projects administered	4	3	3	10	15	17	13	11	18	23
Plan checks completed	5	8	7	39	74	92	110	115	102	115
Parks, recreation, and library services:										
Library items borrowed	40,001	39,761	38,947	29,164	26,029	20,612	35,742	6,665	36,525	45,281
Youth sports participants	8,100	5,467	5,289	6,936	6,534	5,697	4,158	144	5,670	33,180
After school youth programs	14,785	15,530	15,326	30,960	16,810	20,680	15,585	6,840	13,135	35,785
Facility rental bookings	750	681	620	251	345	176	167	-	107	84

Notes:

* 2023 included an increase in overall sports and youth programs offered.

Source: Various City Departments

City of Signal Hill

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	11
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	3,706	3,619	3,667	3,667	3,667	3,520	3,467	3,414	3,365	3,342
Recreation and Culture:										
Parks	10	10	10	10	10	10	10	10	10	11
Area of parks (acres)	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03	25.64
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	6	6	6

* 2021 Community centers was updated to include the community center at Discovery Well Park that was built in 2002

** 2021 Basketball courts was updated to include 4 half courts

Source: City of Signal Hill, Finance Department