

# City of Signal Hill, California



Comprehensive Annual Financial Report  
Year Ended June 30, 2013



## Cover

The cover picture features the City of Signal Hill's new 21,500 square-foot state of the art Police Station and Emergency Operation Center. The building's grand opening was officially commemorated by the City's government and community leaders on January 26, 2013.

## History of Signal Hill

Signal Hill has a rich and colorful history. Most famous for the discovery of oil in 1921, and commonly known as an "oil town", the City is now a diverse community with an "oil history" and bright future.

In the 1500's, the Puva Indians used the hilltop to signal the other native tribes of Santa Catalina Island, 26 miles offshore. Because of its use as a signaling point, Spanish settlers call the hill "Loma Sental", which translates as "Signal Hill".

Signal Hill's first owner of records was Manuel Nieto, who received the land in 1784 as a grant from King Carlos III of Spain. Nieto later divided the land into six cattle and horse ranchos, two of which encompassed Signal Hill: Rancho Los Alamitos and Rancho Los Cerritos. Later purchased by New Englanders, the ranchos were used mostly for grazing and agriculture until the 1800's. A harsh winter in 1862, drought, and other financial hardships resulted in the sale of the ranchos to the Bixby family, who used the land to raise sheep.

By the turn of the 20<sup>th</sup> Century, stately mansions dotted the hilltop, as the value of the panoramic view became evident. However, by 1917, the prospect of striking oil on the hilltop surpassed the value of the view and the Union Oil Company drilled the first oil well in the area. The well failed to produce any oil and it was abandoned. Further exploration was suspended until the Royal Dutch Shell Oil Company resumed exploration and hit pay dirt on June 23, 1921. The first "gusher", at Alamitos Well #1, marked the turning point in Signal Hill's history and put the City on the map. Ultimately one of the richest oil fields in the world, it produced over 1 billion barrels of oil by 1984. The field is still active and produced over 1.6 million barrels of oil in 1994 alone.

Signal Hill, completely surrounded by the City of Long Beach, had been located in unincorporated Los Angeles County. In 1924, in order to avoid Long Beach's per-barrel tax on oil, Signal Hill's founding fathers voted for incorporation. Right from the beginning, Signal Hill proved to be a progressive city, electing Mrs. Jesse Nelson as the City's first mayor.

Oil production continued to be Signal Hill's mainstay until declining oil prices reduced production in the 1970's. In 1974, the Signal Hill Redevelopment Agency was formed and the City shifted focus from oil to economic development and diversity. Today, Signal Hill is a well balanced, financially sound, and economically diverse community with a population of over 11,000.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**CITY OF SIGNAL HILL, CALIFORNIA**  
**FISCAL YEAR ENDED JUNE 30, 2013**



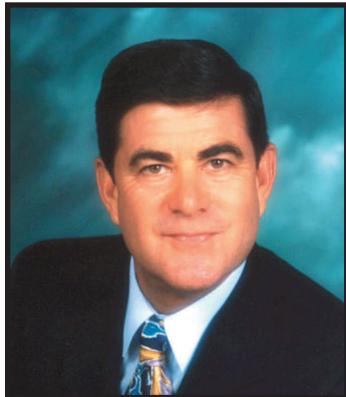
**Prepared by**  
**Department of Finance**

**Terri Marsh**  
**Director of Finance**



Edward H. J. Wilson  
Vice Mayor

#### ELECTED OFFICIALS



Michael Noll  
Mayor



Tina L. Hansen  
Council Member



Larry Forester  
Council Member



Lori Y. Woods  
Council Member

Kathleen Pacheco  
City Clerk

Emerson Fersch  
City Treasurer

#### ADMINISTRATIVE PERSONNEL

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

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

# CITY OF SIGNAL HILL

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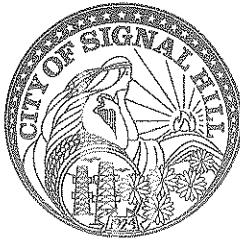
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## **INTRODUCTORY SECTION**

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## CITY OF SIGNAL HILL

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2175 Cherry Avenue • Signal Hill, California 90755-3799

December 31, 2013

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Signal Hill (the City) for the fiscal year ended June 30, 2013. The CAFR was prepared in accordance with the guidelines recommended by the Government Finance Officers Association (GFOA).

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City. It was prepared by the Finance Department with the assistance of the City's independent auditors, White Nelson Diehl Evans, LLP, in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the data presented conforms to government accounting and financial reporting standards and is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain a good understanding of the City's financial affairs have been included.

White Nelson Diehl Evans, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Signal Hill's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

### **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 11,095. It is 25 miles south of downtown Los Angeles, 8 miles northeast of the Port of Los Angeles and 5 miles northeast of the seaport terminal of Long Beach. The neighboring communities include Long Beach, Lakewood, Los Alamitos and Carson.

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

The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. Policy-making and legislative authority are vested in a governing City Council consisting of a Mayor and four other members, all elected on a non-partisan basis. Council members serve four-year terms, with two members elected every two years. The City budgets for a staff of approximately 107 full-time employees.

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

The Comprehensive Annual Financial Report includes the financial activities of the City of Signal Hill, the primary government, and its component units, which are the Signal Hill Redevelopment Agency, which was dissolved on February 1, 2012, the Signal Hill Successor Agency to the Redevelopment Agency, 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 had been 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 at that time for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the City of Signal Hill.

The City of Signal Hill opted to become the Successor Agency for the Signal Hill Redevelopment Agency with the responsibility to dissolve the Agency's operations. The City also elected to retain the housing assets and functions of the dissolved agency and transfer such housing assets and functions to the Signal Hill Housing Authority. Please see Note 16 of the Notes to the Basic Financial Statements.

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

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

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Signal Hill's financial planning and control. The budget is prepared by fund, function (e.g. public safety, and department (e.g. police). The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget policy of the City requires that: (1) a balanced budget be prepared where resources equal appropriations for all funds of the City in conformance with State constitutional limits; (2) adoption of the budget by Council resolution to take place prior to the beginning of the fiscal year in which it is to take effect; (3) the level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) be established

at the program level; (4) adjustment to the adopted budget be made only with the proper approvals; (5) encumbrances of appropriations as a budgetary control technique be utilized. Activities of the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund are included in the annual appropriated budget.

### **Economic Outlook and Condition**

Despite headwinds and unnecessary shocks created by the political discord in Washington DC, the U.S. economy managed to bounce back for 2 plus percent GDP growth in the second and third quarter of 2013. Many economist s now forecast that the nation's economic growth rate will rise to 3% in 2014, compared with a 2% average annual pace for the last four and a half years. The threat of inflation remains a distant concern, with immediate threats of price increases are on the horizon.

California added another 44,300 nonfarm jobs in November, representing an increase over the revised 30,100 jobs added in October. November's gains represent 21.8% of all jobs across the nation for the month. The latest additions to nonfarm payrolls mark a 1.6% increase over November 2012. Growth in nonfarm payroll is still trailing year-over-year growth in household employment, which came in at 1.8%. The states' unemployment rate fell to 8.5% in November, a decline of 0.2 percentage points from October. The Retail Trade industry led California's jobs gains in December adding 22,500 new positions to company payrolls, a 1.4% increase in just one month. It is important to note that these job gains are on a seasonally adjusted basis and already account for companies bringing on workers for the holiday season.

Consumer spending has recovered since the fiscal cliff's \$200 billion personal tax increase at the start of the year – with auto sales close to their long-term normal 16 million-unit annual sales in the third quarter of 2013.

The banking sector has almost returned to normal from a distress perspective and businesses are making record profits. Corporate profits today are 25% higher than they were at pre-recession peak.

The housing market continues to recover despite a modest hike in interest rates over the past 6 months. A recent string of positive national economic data has also boosted optimism that the housing market will move toward a more sustainable recovery. A stronger economy brings more jobs, which in turn equals more potential home buyers. November home prices remained essentially flat for the fifth straight month, inching up just 0.3% from October. But the median is still 19.9% higher than last year because of rapid price gains last winter and spring, driven by low supply and high demand, particularly from investors.

In November the Census Bureau of the Department of Commerce announced that the estimate of U.S. retail e-commerce sales for the third quarter of 2013 was \$67.0 billion, an increase of 3.6 percent from the second quarter of 2013. Total retail sales for the third quarter of 2013 were estimated at \$1,140.8 billion, an increase of 1.3 percent from the second quarter of 2013. The third quarter 2013 e-commerce estimate increased 17.5 percent from the third quarter of 2012 while total retail sales increased 4.7 percent in the same period. E-commerce sales in the third quarter of 2013 accounted for 5.9 percent of total sales.

The City's economy is dominated primarily by auto and retail sales. Sales Tax in the City accounts for 64% of all General Fund revenues. Economists warn that there could possibly be a "new auto bubble" forming with many Americans purchasing new cars to replace the cars they held onto during the recession. The demand could suddenly drop after all the older used cars are replaced with new car sales. Since a large part of sales tax revenue of the City comes from new auto sales, the growth rate of 12.1% is considered unsustainable and our sales tax forecasts have taken a more conservative approach.

### **Major Initiatives and Accomplishments**

The Signal Hill Redevelopment Agency was eliminated by the State of California's passage of AB 1x 26 enacted in late June 2011 and was upheld by the California Supreme Court on December 29, 2012. Redevelopment in Signal Hill was eliminated effective on February 1, 2012. The dissolution process formally began after this date with the creation of 6 month budgets called Recognized Obligation Payment Schedules ("ROPS") and the appointment of an Oversight Board to wind down the affairs of the former Signal Hill Redevelopment Agency. The Successor Agency and the Oversight Board have completed the required Due Diligence Reviews (low to moderate housing asset review and non-housing asset review.) The Successor Agency and the Oversight Board received a finding of completion (FOC) from the State of California Department of Finance August 7, 2013. It is expected that the Successor Agency will be completing a long range asset management plan in 2014.

Significant Community Development projects that were completed in FY 12-13 included construction of 54-townhomes called The Signal Hill Collection and MBK Argon townhomes also completed construction. The new Signal Hill Police opened and became operational January 2013. The project was financed from the 2009 Tax Allocation Bond proceeds.

The Public Works Department was responsible for the planning, implementation, and management of 18 projects for a total of \$7.8 million capital improvement program for fiscal year 2012-13. Over \$8.2 million of the capital program funding was allocated for street and transportation related projects with all of these funds being received through

grants and dedicated transportation funds. No City General fund monies were used. Also, a total of \$5 million was allocated from the fiscal year capital program budget for construction of the new Signal Hill Police facility and Emergency Operations Center which was completed in January of 2013.

The Community Services Department continues to see increases in usage throughout all of its programs and facilities. The department provided 21 Active Adult excursions for a total of 811 participants. Also, low income senior residents were provided bi-monthly food supplements and a holiday luncheon. In recreation the summer day camp programs were full during the 2012 summer. In response to requests from parents, a Kindergarten program was added to the Afterschool Recreation club to accommodate up to 15 children. There were over 430 participants in the Youth Sports program. In the Library new programming included the Great Stuffed Animal Sleepover, Dr. Seuss' Birthday Celebration, Teen and Adult Summer Reading programs, and "Teens Read Over Winter Break" program.

During the 2012-13 fiscal year the grand opening of the new Signal Hill Police Facility took place in January of 2013. A School Resource Officer was placed at the new Jessie Elwin Nelson Academy. The police department continued to work on leveraging grant funds to supplement operations. The department received \$128,475 from the State of California 9-1-1 Office for Communications PSAP Equipment, and \$98,000 from the Office of Traffic Safety for Traffic Safety enforcement efforts. The Department also received over \$82,000 from the United States Department of Homeland Security for additional Automated License Plate Reader (ALPR) technology and \$60,000 for a new computer network at the new police facility. Asset Forfeiture funds provided \$20,000 for scheduling software. The Department continues to benefit from the Federal Department of Justice and Community Oriented Policing grant funds to fund a sworn police officer position. Finally, command staff began training in the new emergency operations center that is incorporated in the new Police Facility.

### **Long Term Financial Planning**

A city's capacity to effectively deliver basic day-to-day service to its residents and businesses, fundamentally affects whether residents can live in a healthy, safe, and fulfilling manner. Local governments are at the forefront in providing these basic services – for example; governance and establishing local laws and codes, police services to serve and protect residents and businesses, assistance in a fire or medical emergency, delivering clean water, providing recreational, social, and learning opportunities for residents, assuring the safety of existing and new buildings located in the city, building and maintaining infrastructure and public buildings, activating emergency operations to provide incident command if necessary, and maintaining local roads for the orderly

movement of people and things. Therefore, how local government is funded, and how well they are funded in order to carry out this mission, is vital.

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

Money for delivering local government services in California is raised largely through an intricate system of taxes and fees – a finance system that is complicated and unique. That unique nature of the system is due to many factors of law, history, and culture, including state constitution provisions enacted by voters that prescribe strict limits on how municipalities can raise revenues – and even how they can spend their money. In addition, recurring financial crises in the state government have had vast repercussions at the local level, further stressing municipal revenues and services. How local governments decide to use their limited resources leads to a complicated intersection of public policy, community planning, and budgeting. The heart of the matter is in fact the ongoing work to balance limited revenues with public demand for costly and often vital services and facilities.

Unassigned fund balance in the General Fund and the fund balance of the Economic Uncertainties Fund (74% of total general fund expenditures) fall within policy guidelines set by the City Council for budgetary and planning purposes. This percentage reflects a 11% increase from the prior year's reserve ratio of 63%. The two reserve funds would be utilized to mitigate the adverse impact of a recession, economic slowdown, or if the City loses a major sales tax provider. The City's Financial Policy recommends maintaining a combined General Fund and Economic Uncertainties Fund reserve equivalent to a minimum of six months operating expenditures.

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

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

The City's first strategic plan was called Signal Hill 2000. Developed in 1991, many of its goals had been accomplished. The City's second Strategic Plan covered the time period

from 2006-2011. Many of the goals of the current Strategic Plan have been accomplished, including the construction of the new Signal Hill Police Station. A new five year strategic plan is currently being formulated with anticipated public input and is scheduled to be adopted before the end of 2014.

As part of the annual budget process a five year forecast of expenditures and revenues is presented to guide decision makers for the next five to seven years. Several major adjustments to account for the dissolution of the Redevelopment Agency and its immediate impact on the General Fund have been addressed.

### **Financial Controls**

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

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

### **Single Audit**

The City is legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments if total federal grants exceed \$500,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance and for Fiscal Year 2012-2013; and has reached the \$500,000 threshold requiring a single audit. Under the provisions of the Single Audit Act, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and to determine the adequacy of the internal control

structure, including that portion related to federal financial assistance programs, as well as to determine that the city has complied with applicable laws and regulation.

### **Budgetary Controls**

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meets its responsibility for sound financial management.

### **Spending Limitation**

The City foresees no problem for several years in complying with the spending limitation under Proposition 4, the Gann Initiative, passed by the California voters in 1979. The City's accounting firm has attested to the accuracy of the computation of the spending limitations for the current period, which indicated that the City's tax proceeds are substantially under the established Gaan Limit for FY 12-13 and are not expected to reach that limit in the foreseeable future.

### **Independent Audit**

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

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Signal Hill for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 17<sup>th</sup> consecutive year that the City of Signal Hill has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terri J. Marsh".

Terri J. Marsh  
Administrative Services Officer and Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Signal Hill  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink that reads "Jeffrey R. Green". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Green" on the bottom line.

Executive Director/CEO

CITY OF SIGNAL HILL

JUNE 30, 2013

ELECTED OFFICIALS

Michael Noll  
Mayor

Edward H.J. Wilson  
Vice Mayor

Larry Forester  
Council Member

Tina L. Hansen  
Council Member

Lori Y. Woods  
Council Member

Kathleen Pacheco  
City Clerk

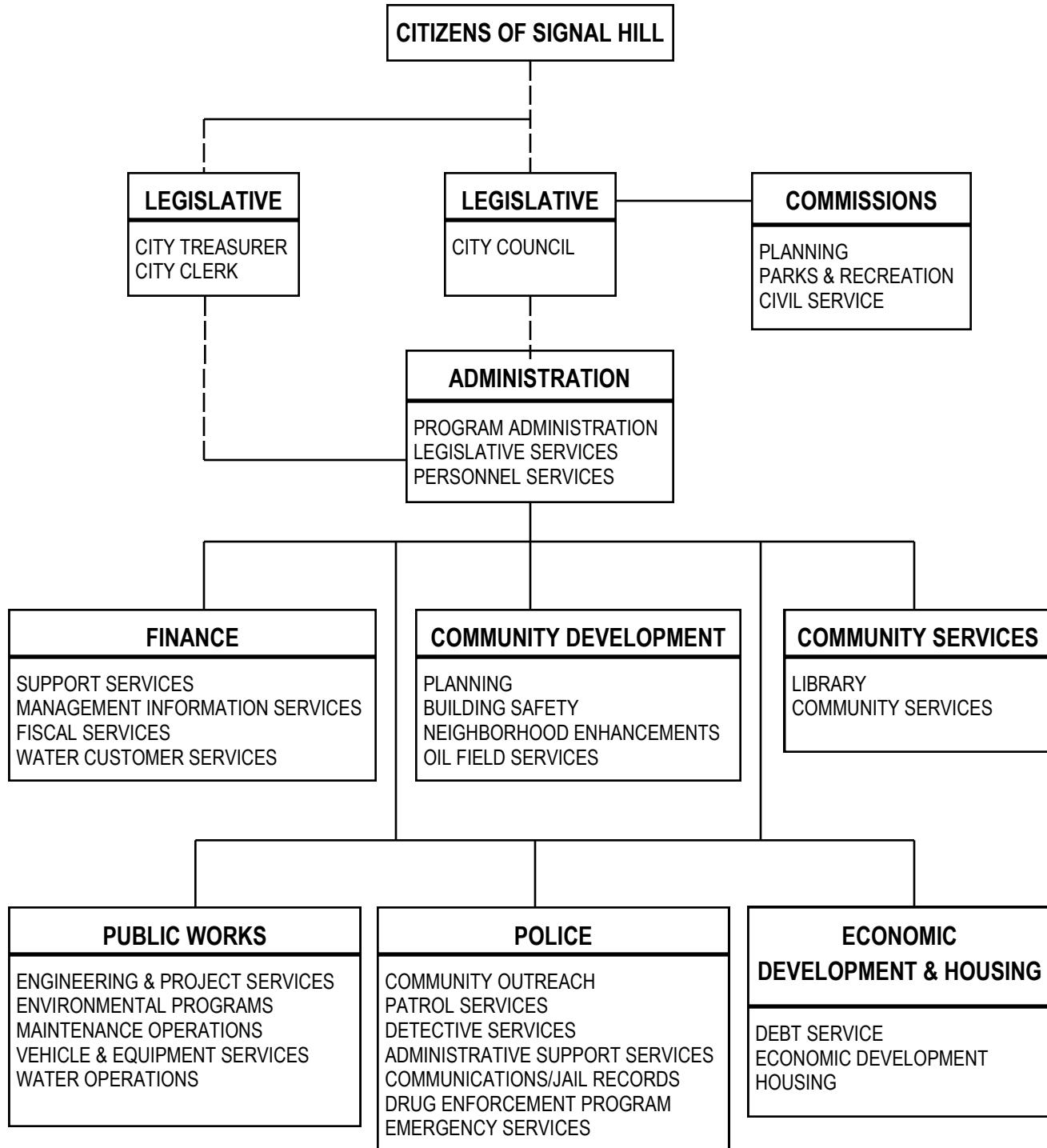
Emerson Fersch  
City Treasurer

ADMINISTRATIVE PERSONNEL

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

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

# CITY OF SIGNAL HILL ORGANIZATIONAL CHART





## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1d to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Note 1d to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in \$308,578 and \$1,964,125 reductions of previously reported net position of the business-type activity and the private purpose trust fund, respectively. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and the schedule of funding progress 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 management's discussion and analysis and the schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them. The budgetary comparison schedules have 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 budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Matters (Continued)**

### *Other Information*

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

The supplementary information, as listed in the table of contents, 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Biele Evans LLP*

Irvine, California  
December 24, 2013

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**CITY OF SIGNAL HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fiscal Year Ended June 30, 2013

This discussion and analysis section of the City of Signal Hill's comprehensive annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2013. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

The comparisons in the discussion and analysis below are between FY 2011-12 and FY 2012-13. All increases and decreases are expressed relative to FY 2011-12 amounts.

As of January 31, 2012, all Redevelopment Agencies in the State of California were dissolved. The City elected to become a Successor Agency, and with the exception of the Housing Authority Special Revenue Fund, all former Redevelopment Agency assets and debts are reported as a Successor Agency Private Purpose Trust Fund and are not reflected in the government-wide financial statements. Because FY 2011-12 included seven months of Redevelopment Agency activity and FY 2012-13 had no Redevelopment Agency activity, there are some significant variances between the FY 2011-12 and FY 2012-13 amounts.

Citywide financial highlights are summarized below:

- The City's total net position (the amount by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources) equals \$112,438,285.
- The City's total net position decreased by \$12,419,594 to \$112,438,285. This decrease results from a \$12,124,111 decrease in assets and deferred outflows of resources combined with an increase of \$295,483 in liabilities.
- At the close of the current fiscal year, the City's governmental activities reported a net position of \$91,214,790 and the City's business-type activities reported a net position of \$21,223,495.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

In the current year, the City implemented Governmental Accounting Standards Board Statement (GASBS) No. 63 and No. 65. Significant impacts of these GASBS include changing the title of the Statement of Net Assets to the Statement of Net Position, reformatting the Statement of Net Position to add separate sections for deferred inflows of resources and deferred outflows of resources, reclassifying certain liabilities as deferred inflows of resources, and reporting debt issuance costs as expenses when incurred rather than as deferred charges. For additional information, refer to the Notes to the Financial Statements Nos. 1(D), 1(J) and 18.

See independent auditors' report.

**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

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

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

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

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

See independent auditors' report.

**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Fund Financial Statements (continued)**

Governmental funds - Governmental funds are used to account for the governmental activities reported in the government-wide financial statements. Most of the City's basic services are included in governmental funds. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental funds focus on near term revenues/financial resources and expenditures, while the government-wide financial statements include both near term and long term revenues/financial resources and expenses.

The information in the governmental fund statements can be used to evaluate the City's near term financial requirements. Comparing the governmental fund statements with the government-wide financial statements can help the reader better understand the long-term impact of the City's near-term financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

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

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

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

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

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

Fiduciary funds - Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities. The City has three Agency Funds as well as the Private-Purpose Trust Fund which accounts for the activities of the Successor Agency to the Signal Hill Redevelopment Agency. The basic fiduciary fund financial statements can be found beginning on page 33 of this report.

See independent auditors' report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2013

#### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**Notes to the basic financial statements** - The notes to the basic financial statements provide additional information that is important to a full understanding of the data in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 35 of this report.

#### Other information

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

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

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The statement of net position can serve as a useful indicator of the City's financial position. The City of Signal Hill's net assets at June 30, 2013 total \$112,438,285. Following is a condensed version of the government-wide statement of net assets. A discussion of significant changes follows the table.

**Table 1**  
**Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 47,680,728	\$ 49,913,042	\$ 7,494,837	\$ 6,593,276	\$ 55,175,565	\$ 56,506,318
Capital assets, net	47,616,978	57,653,097	22,235,891	22,978,411	69,852,869	80,631,508
<b>Total Assets</b>	<b>95,297,706</b>	<b>107,566,139</b>	<b>29,730,728</b>	<b>29,571,687</b>	<b>125,028,434</b>	<b>137,137,826</b>
<b>Deferred outflows of resources:</b>						
Deferred amount on refunding	-	-	196,256	210,975	196,256	210,975
<b>Liabilities:</b>						
Current liabilities	2,894,812	2,914,086	1,851,056	1,108,594	4,745,868	4,022,680
Long-term liabilities	1,188,104	1,190,594	6,852,433	7,277,648	8,040,537	8,468,242
<b>Total Liabilities</b>	<b>4,082,916</b>	<b>4,104,680</b>	<b>8,703,489</b>	<b>8,386,242</b>	<b>12,786,405</b>	<b>12,490,922</b>
<b>Net position:</b>						
Net investment in capital assets	47,616,978	57,653,097	16,315,268	16,483,045	63,932,246	74,136,142
Restricted	10,172,012	10,748,665	671,202	674,248	10,843,214	11,422,913
Unrestricted	33,425,800	35,059,697	4,237,025	4,239,127	37,662,825	39,298,824
<b>Total Net Position</b>	<b>\$ 91,214,790</b>	<b>\$ 103,461,459</b>	<b>\$ 21,223,495</b>	<b>\$ 21,396,420</b>	<b>\$ 112,438,285</b>	<b>\$ 124,857,879</b>

See independent auditors' report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's total assets plus deferred outflows of resources decreased by \$12.1 million (8.8%), and liabilities increased by \$295,000 (2.4%). This resulted in a decrease of \$12.4 million (9.9%) to net position.

The largest portion of the City's net position (\$63.9 million or 56.9%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, furniture and equipment, etc.), net of related debt. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The City's restricted net position totals \$10.8 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 \$37.7 million (33.5%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to citizens and creditors.

**Governmental Activities** – Governmental assets decreased by \$12.3 million (11.4%) while liabilities decreased by \$22,000 (0.5%). This resulted in a decrease in net position of \$12.2 million (11.8%). The majority of the decrease in net assets is due to transferring \$9.99 million of capital assets from the City to the Successor Agency in addition to writing down \$3.74 million of receivables from the Successor Agency for unallowable accrued interest related to the provisions of California AB1484. These reductions in assets were offset by smaller increases to cash, accounts receivable, and due from other governments as a result of normal activities.

**Business-Type Activities** – Business-type assets and deferred outflows of resources increased by \$144,000 (0.48%), and liabilities increased by \$317,000 (3.8%). This resulted in a decrease in net position of \$173,000 (0.81%). The Business-type activities had no significant variances from the prior year.

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

See independent auditors' report.

**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Table 2**  
**Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,586,468	\$ 2,141,662	\$ 3,671,575	\$ 3,515,533	\$ 5,258,043	\$ 5,657,195
Operating grants and contributions	1,595,790	1,585,506	-	-	1,595,790	1,585,506
Capital grants and contributions	1,338,851	2,691,524	-	-	1,338,851	2,691,524
General revenues:						
Property taxes	2,145,730	7,486,595	-	-	2,145,730	7,486,595
Sales taxes	12,486,604	11,210,563	-	-	12,486,604	11,210,563
Other taxes	2,029,508	1,824,977	-	-	2,029,508	1,824,977
Investment income	647,393	1,251,646	24,664	75,345	672,057	1,326,991
Unrestricted grants and contributions	12,057	19,860	97,500	37,500	109,557	57,360
Miscellaneous	19,038	4,278	-	-	19,038	4,278
<b>Total revenues</b>	<b>21,861,439</b>	<b>28,216,611</b>	<b>3,793,739</b>	<b>3,628,378</b>	<b>25,655,178</b>	<b>31,844,989</b>
<b>Expenses:</b>						
General government	3,695,292	3,080,095	-	-	3,695,292	3,080,095
Community services	1,219,713	1,217,405	-	-	1,219,713	1,217,405
Police	7,611,314	7,570,820	-	-	7,611,314	7,570,820
Community development	934,858	1,280,243	-	-	934,858	1,280,243
Public works	4,505,929	4,141,226	-	-	4,505,929	4,141,226
Unallocated infrastructure depreciation	544,571	534,413	-	-	544,571	534,413
Interest on long-term liabilities	-	3,686,759	-	-	-	3,686,759
Water	-	-	3,991,921	3,782,707	3,991,921	3,782,707
<b>Total Expenses</b>	<b>18,511,677</b>	<b>21,510,961</b>	<b>3,991,921</b>	<b>3,782,707</b>	<b>22,503,598</b>	<b>25,293,668</b>
<b>Increase in net position before transfers</b>						
before transfers	3,349,762	6,705,650	(198,182)	(154,329)	3,151,580	6,551,321
Transfers	(25,257)	(100,000)	25,257	100,000	-	-
Change in net position before extraordinary item	3,324,505	6,605,650	(172,925)	(54,329)	3,151,580	6,551,321
<b>Extraordinary item:</b>						
Loss on asset transfer to Successor Agency	(15,571,174)	56,518,275	-	-	(15,571,174)	56,518,275
Change in net position	(12,246,669)	63,123,925	(172,925)	(54,329)	(12,419,594)	63,069,596
<b>Net position - beginning</b>	<b>103,461,459</b>	<b>40,337,534</b>	<b>21,396,420</b>	<b>21,450,749</b>	<b>124,857,879</b>	<b>61,788,283</b>
<b>Net position - ending</b>	<b>\$ 91,214,790</b>	<b>\$ 103,461,459</b>	<b>\$ 21,223,495</b>	<b>\$ 21,396,420</b>	<b>\$ 112,438,285</b>	<b>\$ 124,857,879</b>

See independent auditors' report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The statement of activities table illustrates the increase or decrease in net position of the City resulting from its operating activities. The City's net position decreased by \$12.4 million as a result of a \$15.6 million extraordinary loss which is offset by the City's revenues exceeding total expenses by \$3.2 million.

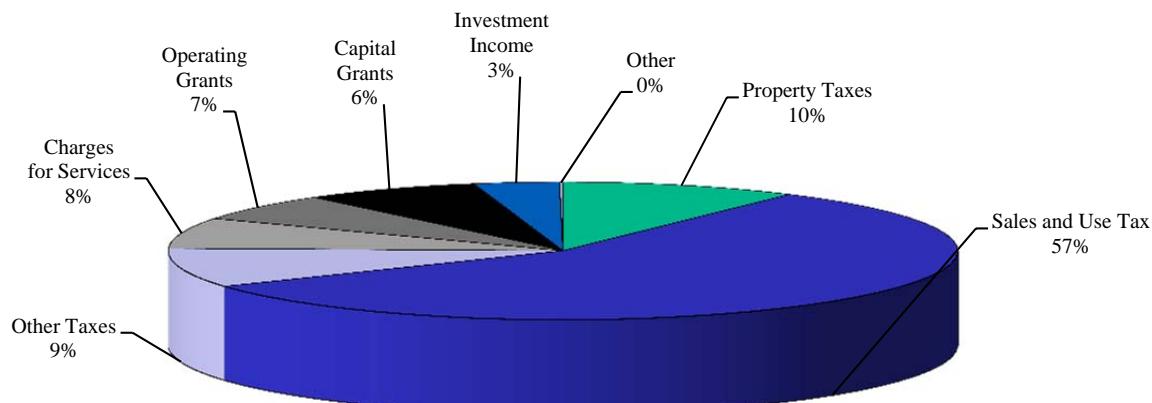
The extraordinary loss is comprised of the following one-time transactions: a \$10.0 million transfer of the police facilities to the Successor Agency, a \$3.7 million write-down of receivables from the Successor Agency for unallowable accrued interest related to the provisions of California AB1484, and a \$1.9 million write-down of receivables from the Successor Agency due to collectability concerns. More information is found in the Notes to the Financial Statements Nos. 16 and 17.

City-wide revenues decreased by \$6.2 million (19.4%) to \$25.7 million. The majority of this decrease (\$5.3 million) is due to a decline in property tax revenues, a direct result of not receiving redevelopment agency tax increment revenue in FY 2012-13. A significant portion of the City's revenue came from sales and use tax, accounting for 48.7% of total revenues, 20.5% was received for charges for services, grants and contributions accounted for 11.7%, property taxes accounted for 8.4%, and all other taxes accounted for 7.9% of total revenues.

The total cost of all City programs and services during fiscal year ended June 30, 2013 was \$22.5 million, a decrease in costs of \$2.8 million. The decline in costs is attributable to no interest expense on governmental long-term debt being paid in FY 2012-13, a direct result of transferring the debt of the redevelopment agency to the Successor Agency. Police services expenditures accounted for 33.8% of the total expenditures, 20.0% of expenditures were for public works, 16.4% of expenditures were for general government, and 17.7% was expended for business-type water activities.

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

**Revenues by Source – Governmental Activities  
Fiscal Year 2013**



See independent auditors' report.

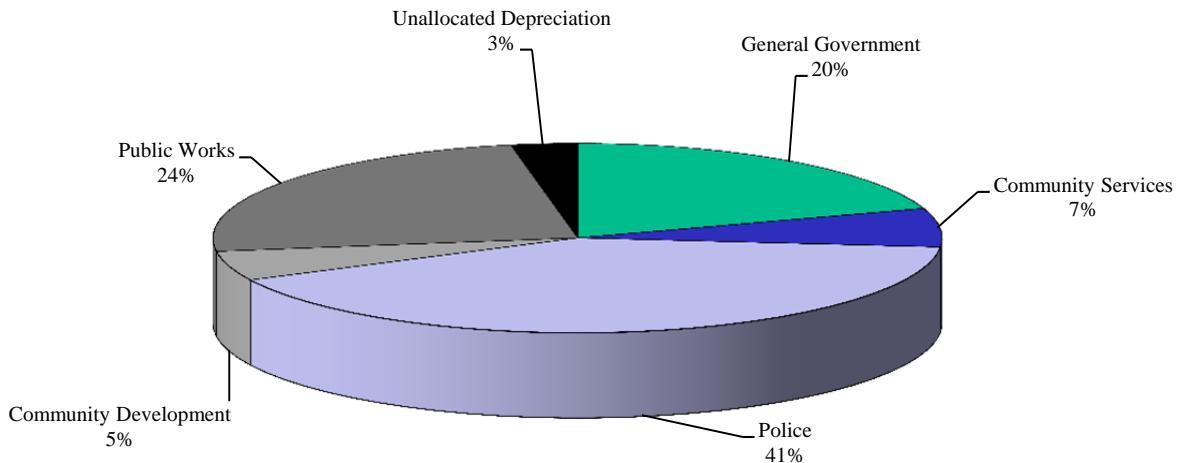
## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

##### Expenses – Governmental Activities Fiscal Year 2013



**Governmental activities** contributed \$12.2 million to the decrease in net position. The majority of this decrease is due to the \$15.6 million extraordinary loss (explained on the previous page) with the remaining change resulting from revenues exceeding expenses and transfers by \$3.3 million.

Revenues of governmental activities decreased from the prior year by \$6.4 million (22.5%) with the largest changes in revenues coming from decreases in property taxes (\$5.3 million), capital grants and contributions (\$1.3 million), charges for services (\$0.5 million), and investment income (\$0.6 million). These decreases were somewhat offset by an increase in sales tax (\$1.3 million).

Property taxes declined by \$5.3 million or 71.3%, a direct result of not receiving redevelopment agency tax increment revenue in FY 2012-13. Revenues from capital grants and contributions vary from year to year based on funding received from federal and state grants. Sales tax revenues increased as a result of continued improvement in consumer spending. The City's sales tax revenues had the largest growth in the autos/transportation and restaurants/hotels sectors with continued strong revenues produced in the business/industry, food/drugs, and fuel/service station sectors.

Expenses of governmental activities decreased by \$3.0 million (13.9%). As a result of transferring the debt of the redevelopment agency to the Successor Agency in the prior year, interest costs of the governmental activities were reduced by \$3.7 million. This was offset by an increase of \$615,000 (19.97%) in general government costs, mainly a result of increased insurance costs for general liability and workers' compensation due to a retrospective adjustment.

See independent auditors' report.

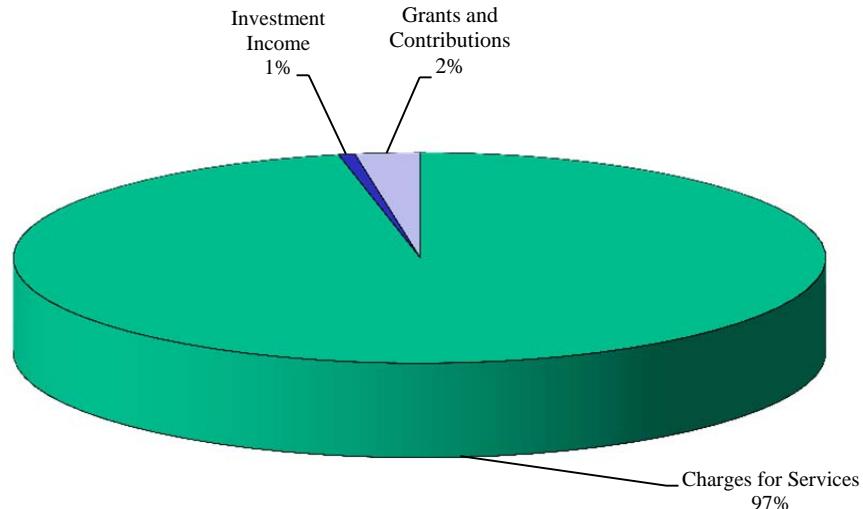
**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

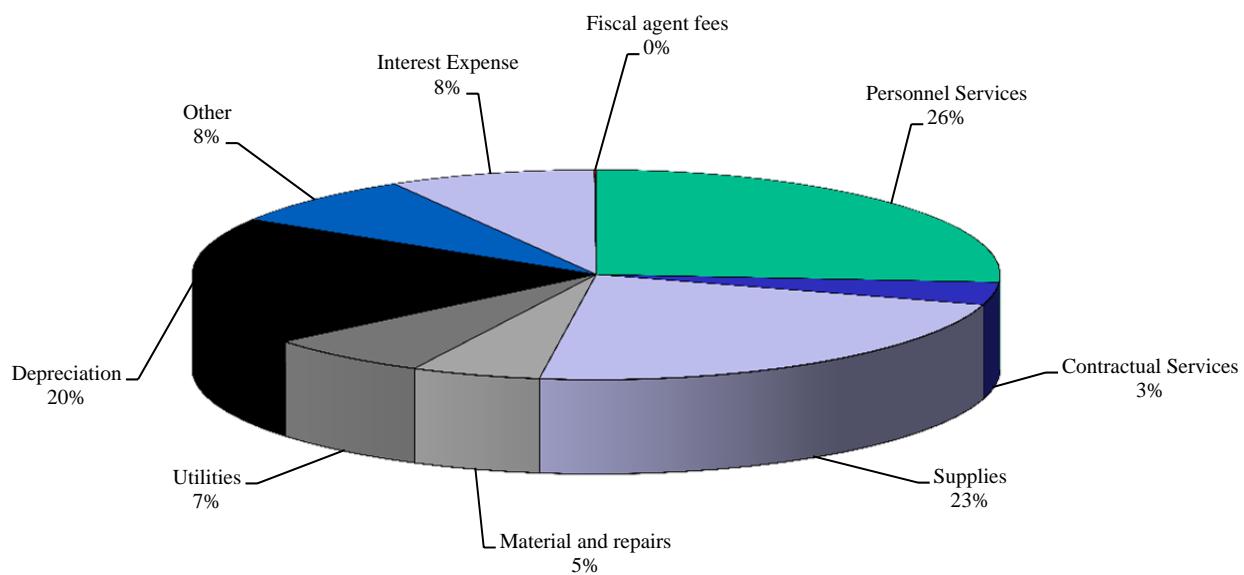
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

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

**Revenues by Sources – Business-type Activities**  
**Fiscal Year 2013**



**Expenses – Business-type Activities**  
**Fiscal Year 2013**



See independent auditors' report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Business-type activities** consist solely of the Water Utilities Enterprise Fund. The financial goal of the City's business-type activities is to operate on a more or less "break-even" basis without making significant profit or needing general tax subsidies. Total net assets at the end of the year were \$21,223,495 as compared to \$21,396,420 at the end of the prior year. This represents a decline in net assets of \$172,925 or 0.8%.

Although revenues increased by \$165,000, expenses increased by \$209,000. Total expenses of \$4.0 million exceeded revenues of \$3.8 million plus transfers of \$25,000. Operating revenues increased due to earning more for charges for services and from receiving a one-time grant. Operating expenses increased because of an increase in the cost of water purchases as a result of purchasing more water than in the prior year and from paying higher rates.

#### FUND FINANCIAL ANALYSIS

The City's major governmental funds for the fiscal year ended June 30, 2013 were the General Fund, the Housing Authority Special Revenue Fund, and the Capital Improvement Capital Projects Fund.

##### General Fund

The General Fund's fund balance decreased by \$2.0 million in fiscal year 2012-13 as compared to a \$678,000 increase in fiscal year 2011-12. The prior year's increase was due to revenues and transfers in of \$17.3 million exceeding expenditures and transfers out of \$16.6 million. In fiscal year 2012-13, revenues and transfers in of \$19.1 million exceeded expenditures and transfers out of \$17.3 million; however, this excess of revenues over expenditures was offset by an extraordinary loss of \$3.8 million. The extraordinary loss was to write-down the receivable from the Successor Agency for unallowable accrued interest related to the provisions of California AB1484. More information is found in the Notes to the Financial Statements Nos. 16 and 17.

General fund revenues increased by \$1.8 million. This net increase is explained by increases in sales tax of \$1.3 million, in property taxes of \$1.0 million, and in other line items totaling \$600,000, offset by reductions in investment income of \$950,000 and charges for services of \$130,000.

Sales tax revenues increased as a result of continued improvement in consumer spending. The City's sales tax revenues had the largest growth in the autos/transportation and restaurants/hotels sectors with continued strong revenues produced in the business/industry, food/drugs, and fuel/service station sectors. Property taxes increased mainly as a result of one-time revenues: residual distribution of funds from the Successor Agency, property tax increment distributions to taxing entities (RPTTF), and a settlement with LA County over reductions in prior years' property taxes for PTAF.

See independent auditors' report.

**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

**FUND FINANCIAL ANALYSIS (CONTINUED)**

Investment income declined as a result of the maturing of investments that were purchased at historic high return rates before the recession, and being replaced by current investments at a lower market return rate. Additionally, a total year of interest income received from the Advances to the Successor Agency was calculated at the LAIF rate (see Notes to the Financial Statements No. 16j) whereas the prior year's income was calculated at a much higher rate in accordance with the loan documents between the City and the former redevelopment agency.

The General Fund's operating expenditures increased by \$584,000. General government expenditures increased by \$669,000 mainly a result of increased insurance costs for general liability and workers' compensation due to a retrospective adjustment. This was offset by a reduction in capital outlay project costs of \$177,000.

**Housing Authority Special Revenue Fund**

The Fund Balance increased by \$183,000 to \$5,537,448. In addition to a \$77,000 gain on transferring assets to the Successor Agency of the Signal Hill Redevelopment Agency, revenues of \$111,000 exceeded expenditures of \$5,000.

**Capital Improvement Capital Projects Fund**

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$1.3 million for the fiscal year. The major projects worked on in FY 12-13 were Street Improvement Projects totaling \$1.1 million (pavement management, Walnut/Willow signal project, and Cherry Avenue widening and signal projects) and Park Improvement Projects totaling \$260,000.

**General Fund Budgetary Highlights**

The General Fund receives the most public attention since it is where local tax revenues are accounted for and where the most popular municipal services such as police and public works are funded.

Year-to-date revenues totaled \$18.8 million. Total General Fund revenues were higher than the adjusted budget amount by \$1.9 million. The majority of this budget to actual difference is explained by actual sales and property taxes exceeding the budgeted amounts.

Sales and use tax was the largest revenue source with \$12.2 million in realized revenues. This amount was \$528,000 higher than the adjusted budget. Sales tax revenue increased by \$1.3 million or 12.15% over the fiscal year 2011-12 amount as a result of increased consumer spending, as previously noted.

See independent auditors' report.

**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

**FUND FINANCIAL ANALYSIS (CONTINUED)**

Property taxes of \$2.5 million were \$1.0 million higher than the adjusted budget and were \$1.0 million higher than the prior year. In FY 2012-13 the City received \$967,000 in prior year and other miscellaneous property tax revenues (residual distribution of funds from the Successor Agency, property tax increment distributions to taxing entities (RPTTF), and a settlement with LA County over reductions in prior years' property taxes for PTAF); it is not expected that this increase in property tax revenues will continue.

General Fund expenditures totaled \$16.5 million. Expenditures were projected at \$17.3 million during the budget process and were later revised to \$17.7 million. Total expenditures were under this final budget amount by \$1.2 million (6.7%). All FY 2012-13 expenditure categories had expenditures less than the budget except for the general government category which exceeded its budget by \$339,000 (mainly a result of increased insurance costs for general liability and workers' compensation due to a retrospective adjustment). The majority of the actual expenditures which were under the budget amount occurred within the police (\$676,000 less than budget) and public works (\$548,000 less than budget) categories.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totaled \$69,852,869, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in process.

**Table 3**  
**Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 27,684,367	\$ 27,684,367	\$ 4,427,416	\$ 4,427,416	\$ 32,111,783	\$ 32,111,783
Water rights	-	-	547,733	578,113	547,733	578,113
Construction in progress	3,703,597	14,753,965	174,218	128,325	3,877,815	14,882,290
Buildings & equipment	6,267,678	4,708,858	17,086,524	17,844,557	23,354,202	22,553,415
Infrastructure	9,961,336	10,505,907	-	-	9,961,336	10,505,907
<b>Total assets</b>	<b>\$ 47,616,978</b>	<b>\$ 57,653,097</b>	<b>\$ 22,235,891</b>	<b>\$ 22,978,411</b>	<b>\$ 69,852,869</b>	<b>\$ 80,631,508</b>

During 2012-13, the major change to governmental capital assets was the transfer of buildings and equipment to the Successor Agency totaling \$9.99 million. There were no significant changes to capital assets for the water fund. For additional information see Note 3 of the Notes to Basic Financial Statements.

See independent auditors' report.

**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

**Debt Administration**

**Table 4**  
**Debt Administration**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Loans payable	\$ -	\$ -	\$ 75,595	\$ 75,595	\$ -	\$ 75,595
Water revenue bonds	-	-	6,788,081	7,137,562	6,788,081	7,137,562
Compensated absences	1,188,104	1,190,594	64,352	64,491	1,252,456	1,255,085
Total assets	<u>\$ 1,188,104</u>	<u>\$ 1,190,594</u>	<u>\$ 6,852,433</u>	<u>\$ 7,277,648</u>	<u>\$ 8,040,537</u>	<u>\$ 8,468,242</u>

The City has one issue of bonded indebtedness outstanding in its business-type fund with \$6.8 million outstanding at year-end. This bond issue is rated A+. The City's Water Utility Debt Service Coverage for the Water Revenue Bonds is 146% at June 30, 2013. This ratio is calculated by subtracting expenses (less depreciation) from revenues (including interest earnings and developer fees which are recorded in the Water Development special revenue fund) and then dividing the result by the annual debt service (principal and interest). The City is required by the bond covenants to maintain a coverage ratio of at least 125%.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City has always been very conservative in its budgeting projections, and cost containment is a practice that the City is proud of. We have survived the recent recession and economic crises without having to result in layoffs or cutbacks to City services. The slow recovery and the loss of our redevelopment agency has made us even more conservative.

With the State's dissolution of the Redevelopment Agency as of February 1, 2012, the City will continue to work on the process of dissolving the Redevelopment Agency during FY 2013-14. The previous, current, and future raids of the City's finances by the State jeopardize the services that the City provides to its residents. Response to these fiscal crises requires the City not only to continue to be fiscally prudent and to manage its resources and operations diligently but also to develop other potential new revenues.

The City's contingency reserves of the General Fund and Economic Uncertainties Fund at the beginning of the year has improved from approximately 63% of General Fund expenditures in Fiscal Year 2011-12 to its current approximate 66% for Fiscal Year budget 2012-13. As a reflection of the City's commitment to provide the highest level of services to the community within the City's financial constraints and prudent management, the Economic Uncertainties Fund was set up as early

See independent auditors' report.

**CITY OF SIGNAL HILL**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2013

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)**

as 1996 with an initial contribution of \$600,000 to the current \$5.1 million balance at the beginning of the Fiscal Year 2012-13 budget year. Other reserve funds include funding for the City's Other Post Employment Benefits for future obligations as result of the Governmental Accounting Standard Board's Pronouncement Number 45, a PERS reserve fund for future rate hikes, and several project specific funds.

The Capital Projects Fund is used to account for financial resources segregated for the development, construction and improvement of City facilities. The FY 2013-14 Capital Improvements Program (CIP) includes a total of 19 projects for FY 2013-14 totaling \$946,622 and carry-over of \$13,957,000 of 2012-13 projects for a total of \$14,903,622. The projects planned include the demolition of the old Police Facility and the construction of the new Library. A total of \$30,000 of these projects will be from the General Fund for the General Right of Way (sidewalk) repair. Almost 50% of the 2013-14 new projects or \$463,000 will be funded by grants; the other funding sources are Water Depreciation Reserves, Impact Fees, and the Capital Improvement Fund.

**REQUESTS FOR INFORMATION**

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

See independent auditors' report.

CITY OF SIGNAL HILL

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activity	Total
<b>ASSETS:</b>			
Cash and investments	\$ 29,261,509	\$ 6,303,125	\$ 35,564,634
Receivables:			
Accounts	2,752,363	523,561	3,275,924
Accrued interest	37,271	8,163	45,434
Loans	77,612	-	77,612
Due from other governments	2,273,914	-	2,273,914
From Successor Agency	8,825,434	-	8,825,434
Internal balances	11,214	(11,214)	-
Inventory	20,628	-	20,628
Prepaid expenses	292	-	292
Net OPEB asset	352,477	-	352,477
Land and improvements held for resale, net	4,068,014	-	4,068,014
Restricted assets:			
Cash and investments	-	671,202	671,202
Capital assets:			
Land	27,684,367	4,427,416	32,111,783
Construction in progress	3,703,597	174,218	3,877,815
Infrastructure, net	9,961,336	-	9,961,336
Water rights, net	-	547,733	547,733
Source of supply, net	-	9,776,724	9,776,724
Pumping plant, net	-	5,323,098	5,323,098
Transmission/distribution, net	-	728,552	728,552
Structures and improvements, net	5,184,726	781,466	5,966,192
Vehicles, equipment and furniture, net	1,082,952	476,684	1,559,636
<b>TOTAL ASSETS</b>	<b>95,297,706</b>	<b>29,730,728</b>	<b>125,028,434</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amount on refunding	-	196,256	196,256
<b>LIABILITIES:</b>			
Accounts payable	760,012	1,418,031	2,178,043
Accrued liabilities	1,111,121	32,770	1,143,891
Accrued interest payable	-	50,272	50,272
Refundable deposits	-	349,983	349,983
Unearned revenue	1,023,679	-	1,023,679
Noncurrent liabilities:			
Due within one year	274,751	383,091	657,842
Due in more than one year	913,353	6,469,342	7,382,695
<b>TOTAL LIABILITIES</b>	<b>4,082,916</b>	<b>8,703,489</b>	<b>12,786,405</b>
<b>NET POSITION:</b>			
Net investment in capital assets	47,616,978	16,315,268	63,932,246
Restricted for:			
Capital improvements	2,000,449	-	2,000,449
Development impact	6,165,056	-	6,165,056
Transportation	1,038,896	-	1,038,896
Public protection	526,337	-	526,337
Low and moderate income housing	441,274	-	441,274
Debt service	-	671,202	671,202
Unrestricted	33,425,800	4,237,025	37,662,825
<b>TOTAL NET POSITION</b>	<b>\$ 91,214,790</b>	<b>\$ 21,223,495</b>	<b>\$ 112,438,285</b>

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

CITY OF SIGNAL HILL

STATEMENT OF ACTIVITIES

For the year ended June 30, 2013

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 3,695,292	\$ 210,152	\$ -	\$ -
Community services	1,219,713	202,432	-	-
Police	7,611,314	429,586	497,243	58,485
Community development	934,858	95,179	48,074	875,348
Public works	4,505,929	649,119	1,050,473	405,018
Unallocated infrastructure depreciation	<u>544,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>18,511,677</u>	<u>1,586,468</u>	<u>1,595,790</u>	<u>1,338,851</u>
<b>Business-type activity:</b>				
Water	<u>3,991,921</u>	<u>3,671,575</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 22,503,598</u>	<u>\$ 5,258,043</u>	<u>\$ 1,595,790</u>	<u>\$ 1,338,851</u>

General revenues:

Taxes:

Property  
Sales and use  
Franchise  
Other taxes

Investment income  
Unrestricted grants and contributions  
Gain on disposal of assets  
Transfers

Total general revenues and transfers

Change in net position, before extraordinary item

Extraordinary item:

Loss on asset transfer to Successor Agency (Note 16)

Change in net position

Net position at beginning of year, as restated

Net position at end of year

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (3,485,140)	\$ -	\$ (3,485,140)
(1,017,281)	-	(1,017,281)
(6,626,000)	-	(6,626,000)
83,743	-	83,743
(2,401,319)	-	(2,401,319)
<u>(544,571)</u>	<u>-</u>	<u>(544,571)</u>
<u>(13,990,568)</u>	<u>-</u>	<u>(13,990,568)</u>
<u>-</u>	<u>(320,346)</u>	<u>(320,346)</u>
<u>(13,990,568)</u>	<u>(320,346)</u>	<u>(14,310,914)</u>

2,145,730	-	2,145,730
12,486,604	-	12,486,604
546,219	-	546,219
1,483,289	-	1,483,289
647,393	24,664	672,057
12,057	97,500	109,557
19,038	-	19,038
(25,257)	25,257	-
<u>17,315,073</u>	<u>147,421</u>	<u>17,462,494</u>
3,324,505	(172,925)	3,151,580
<u>(15,571,174)</u>	<u>-</u>	<u>(15,571,174)</u>
(12,246,669)	(172,925)	(12,419,594)
<u>103,461,459</u>	<u>21,396,420</u>	<u>124,857,879</u>
<u>\$ 91,214,790</u>	<u>\$ 21,223,495</u>	<u>\$ 112,438,285</u>

CITY OF SIGNAL HILL

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2013

		General	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 17,489,000	\$ 379,568	\$ 466,062	
Accounts receivable	2,308,006	-	108,555	
Accrued interest receivable	20,689	-	-	
Due from other funds	778,845	-	-	
Due from other governments	1,651,170	-	520,361	
Receivable from Successor Agency	7,762,272	1,063,162	-	
Prepaid expenses	292	-	-	
Advances to other funds	-	28,437	-	
Loans receivable	-	63,439	-	
Land and improvements held for resale, net		4,068,014		
<b>TOTAL ASSETS</b>	<b>\$ 30,010,274</b>	<b>\$ 5,602,620</b>	<b>\$ 1,094,978</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 530,306	\$ 1,733	\$ 160,467	
Accrued liabilities	1,089,201	-	-	
Unearned revenue	1,023,679	-	-	
Due to other funds	-	-	-	
Advances from other funds				
<b>TOTAL LIABILITIES</b>	<b>2,643,186</b>	<b>1,733</b>	<b>160,467</b>	
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues				
Unavailable revenues	<u>1,771,293</u>	<u>63,439</u>	<u>520,361</u>	
<b>FUND BALANCES:</b>				
Nonspendable	7,690,048	5,159,613	-	
Restricted	-	377,835	-	
Committed	10,820,340	-	-	
Assigned	-	-	414,150	
Unassigned	<u>7,085,407</u>	<u>-</u>	<u>-</u>	
<b>TOTAL FUND BALANCES</b>	<b>25,595,795</b>	<b>5,537,448</b>	<b>414,150</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	<b>\$ 30,010,274</b>	<b>\$ 5,602,620</b>	<b>\$ 1,094,978</b>	

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

Other Governmental Funds	Total Governmental Funds
\$ 9,433,033	\$ 27,767,663
335,802	2,752,363
14,722	35,411
-	778,845
102,383	2,273,914
-	8,825,434
-	292
-	28,437
14,173	77,612
-	4,068,014
<hr/>	<hr/>
<u>\$ 9,900,113</u>	<u>\$ 46,607,985</u>

\$ 50,566	\$ 743,072
15,067	1,104,268
-	1,023,679
778,845	778,845
28,437	28,437
<hr/>	<hr/>
<u>872,915</u>	<u>3,678,301</u>
<hr/>	<hr/>
<u>118,489</u>	<u>2,473,582</u>

-	12,849,661
9,612,248	9,990,083
-	10,820,340
-	414,150
(703,539)	6,381,868
<hr/>	<hr/>
<u>8,908,709</u>	<u>40,456,102</u>

<u>\$ 9,900,113</u>	<u>\$ 46,607,985</u>
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CITY OF SIGNAL HILL

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

June 30, 2013

Fund balances - total governmental funds	\$ 40,456,102
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Land	\$ 27,684,367
Construction in progress	3,703,597
Infrastructure, net of \$14,069,940 accumulated depreciation	9,961,336
Structures and improvements, net of \$7,121,000 accumulated depreciation	5,105,543
Vehicles, equipment and furniture, net of \$1,414,953 accumulated depreciation	705,128
Total capital assets used in governmental activities	47,159,971

Certain receivables will be collected after year-end, but are not available soon enough to pay for current-period expenditures, and therefore are offset by unavailable revenues in the funds. Those receivables at June 30, 2013 totaled:

2,473,582

The net OPEB asset is not an available current financial resource and therefore, it is not reported in the governmental funds.

352,477

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.

1,957,176

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. The balance at June 30, 2013 is:

Compensated absences (1,184,518)

Net position of governmental activities	\$ 91,214,790
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See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL

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

For the year ended June 30, 2013

	General	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund
<b>REVENUES:</b>			
Property taxes	\$ 2,507,600	\$ -	\$ -
Sales and use tax	12,156,967	- -	- -
Other taxes	2,073,783	- -	- -
Licenses and permits	327,461	- -	- -
Intergovernmental revenues	111,995	- -	611,920
Charges for services	513,057	- -	- -
Fines and forfeitures	366,712	- -	- -
Investment income (loss)	40,995	(18,585)	- -
Developer fees	- -	- -	- -
Other revenue	665,697	129,527	- -
<b>TOTAL REVENUES</b>	<b>18,764,267</b>	<b>110,942</b>	<b>611,920</b>
<b>EXPENDITURES:</b>			
Current:			
General government	3,766,714	- -	- -
Community services	1,218,702	- -	- -
Police	7,081,952	- -	- -
Community development	768,396	4,685	- -
Public works	3,670,583	- -	- -
Capital outlay	5,602	- -	1,339,338
<b>TOTAL EXPENDITURES</b>	<b>16,511,949</b>	<b>4,685</b>	<b>1,339,338</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,252,318</b>	<b>106,257</b>	<b>(727,418)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	324,383	- -	1,203,190
Transfers out	(775,036)	- -	- -
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(450,653)</b>	<b>- -</b>	<b>1,203,190</b>
<b>CHANGE IN FUND BALANCES, BEFORE EXTRAORDINARY ITEM</b>	<b>1,801,665</b>	<b>106,257</b>	<b>475,772</b>
<b>EXTRAORDINARY ITEM:</b>			
Gain (loss) on asset transfer to Successor Agency (Note 16)	(3,810,244)	77,027	- -
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,008,579)</b>	<b>183,284</b>	<b>475,772</b>
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<b>27,604,374</b>	<b>5,354,164</b>	<b>(61,622)</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 25,595,795</b>	<b>\$ 5,537,448</b>	<b>\$ 414,150</b>

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

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,507,600
-	12,156,967
847,034	2,920,817
-	327,461
750,787	1,474,702
2,965	516,022
-	366,712
30,683	53,093
850,920	850,920
-	795,224
<u>2,482,389</u>	<u>21,969,518</u>

4,947	3,771,661
-	1,218,702
393,630	7,475,582
161,711	934,792
67,777	3,738,360
165,666	1,510,606
<u>793,731</u>	<u>18,649,703</u>

<u>1,688,658</u>	<u>3,319,815</u>
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75,600	1,603,173
(853,394)	(1,628,430)
<u>(777,794)</u>	<u>(25,257)</u>

910,864	3,294,558
<u>-</u>	<u>(3,733,217)</u>

910,864	(438,659)
<u>7,997,845</u>	<u>40,894,761</u>
<u>\$ 8,908,709</u>	<u>\$ 40,456,102</u>

CITY OF SIGNAL HILL

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

For the year ended June 30, 2013

Net change in fund balances - total governmental funds	\$ (438,659)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 868,576
Depreciation expense	<u>(811,393)</u>
	57,183

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

Net change in net OPEB asset	\$ 81,363
Net change in compensated absences	<u>1,631</u>
	82,994

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.

(128,829)

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.

18,599

The Signal Hill Redevelopment Agency was dissolved as of February 1, 2012 pursuant to Assembly Bill 1x 26 and 1484. As a result, assets and liabilities of the Agency were transferred to the Successor Agency for purposes of winding down the former Redevelopment Agency affairs:

Transfer of capital assets	(9,986,201)
Write-down of Receivable from Successor Agency for unallowable accrued interest related to the provisions of California AB1484.	<u>(1,851,756)</u>

Change in net position of governmental activities	<u>\$ (12,246,669)</u>
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See independent auditors' report and notes to basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2013

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 6,303,125	\$ 1,493,846
Restricted cash and investments	671,202	-
Accounts receivable	523,561	-
Accrued interest receivable	8,163	1,860
Inventory	-	20,628
<b>TOTAL CURRENT ASSETS</b>	<b>7,506,051</b>	<b>1,516,334</b>
<b>NONCURRENT ASSETS:</b>		
Capital assets:		
Land	4,427,416	-
Construction in progress	174,218	-
Depreciable assets, net of accumulated depreciation	17,634,257	457,007
<b>TOTAL NONCURRENT ASSETS</b>	<b>22,235,891</b>	<b>457,007</b>
<b>TOTAL ASSETS</b>	<b>29,741,942</b>	<b>1,973,341</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount on refunding	<b>196,256</b>	<b>-</b>
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	1,418,031	16,940
Accrued liabilities	32,770	6,853
Accrued interest payable	50,272	-
Refundable deposits	349,983	-
Current portion of long-term liabilities	383,091	3,586
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,234,147</b>	<b>27,379</b>
<b>LONG-TERM LIABILITIES:</b>		
Certificates payable	6,423,081	-
Compensated absences	46,261	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>6,469,342</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>8,703,489</b>	<b>27,379</b>
<b>NET POSITION:</b>		
Net investment in capital assets	16,315,268	457,007
Restricted for debt service	671,202	-
Unrestricted	4,248,239	1,488,955
<b>TOTAL NET POSITION</b>	<b>21,234,709</b>	<b>\$ 1,945,962</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<b>(11,214)</b>	
Net position of business-type activity	<b>\$ 21,223,495</b>	

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

CITY OF SIGNAL HILL

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

For the year ended June 30, 2013

	Business-type Activity	Governmental Activity
	Vehicle and Water Enterprise Fund	Equipment Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 3,671,575	\$ 565,548
<b>OPERATING EXPENSES:</b>		
Personnel services	1,047,820	199,506
Contractual services	139,368	10,541
Supplies	903,372	3,885
Material and repairs	206,588	100,881
Utilities	261,989	3,837
Depreciation/amortization	793,753	221,024
Other	314,343	28,432
<b>TOTAL OPERATING EXPENSES</b>	<b>3,667,233</b>	<b>568,106</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,342</b>	<b>(2,558)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Intergovernmental revenues	97,500	-
Investment income	24,664	4,514
Interest expense	(321,533)	-
Fiscal agent fees	(2,750)	-
Gain on sale of assets	-	16,237
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(202,119)</b>	<b>20,751</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(197,777)</b>	<b>18,193</b>
<b>TRANSFERS IN</b>	<b>25,257</b>	<b>-</b>
<b>CHANGES IN NET POSITION</b>	<b>(172,520)</b>	<b>18,193</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>		<b>1,927,769</b>
<b>NET POSITION AT END OF YEAR</b>		<b>\$ 1,945,962</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		<b>(405)</b>
Change in net position of business-type activity	<b>\$ (172,925)</b>	

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

CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2013

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 3,680,837	\$ -
Receipts from interfund services provided	-	565,548
Payments to suppliers	(1,085,183)	(151,370)
Payments to employees	(1,049,200)	(199,924)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,546,454</b>	<b>214,254</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Net cash provided to other funds	25,257	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from disposition of capital assets	-	16,237
Intergovernmental grants	97,500	-
Acquisition of property, plant and equipment	(51,233)	(113,922)
Principal paid	(425,595)	-
Interest paid	(308,626)	-
Fiscal agent fees	(2,750)	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(690,704)</b>	<b>(97,685)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	35,481	7,386
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>916,488</b>	<b>123,955</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>6,057,839</b>	<b>1,369,891</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,974,327</b>	<b>\$ 1,493,846</b>

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

(Continued)

CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(CONTINUED)

For the year ended June 30, 2012

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 4,342	\$ (2,558)
Depreciation/amortization	793,753	221,024
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	3,704	-
(Increase) decrease in inventory	-	20,686
Increase (decrease) in accounts payable	740,477	(24,480)
Increase (decrease) in accrued liabilities	(1,241)	442
Increase (decrease) in refundable deposits	5,558	-
Increase (decrease) in compensated absences	(139)	(860)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,546,454</b>	<b>\$ 214,254</b>

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

CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2013

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
<b>ASSETS:</b>		
Cash and investments	\$ 9,154,138	\$ 2,005,364
Restricted cash and investments	13,770,376	-
Accounts receivable	13,308	137,193
Accrued interest receivable	10,389	1,463
Capital assets:		
Nondepreciable	24,728,617	-
Depreciable assets, net of accumulated depreciation	<u>17,522,200</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>65,199,028</u>	<u>\$ 2,144,020</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount on refunding	<u>236,559</u>	
<b>LIABILITIES:</b>		
Accounts payable	1,590,947	\$ 221,207
Accrued liabilities	1,133,708	-
Accrued interest payable	1,030,837	-
Refundable deposits	6,000,000	1,922,813
Payable to the City of Signal Hill	10,766,002	-
Long-term liabilities:		
Due within one year	4,683,483	-
Due in more than one year	<u>79,654,431</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>104,859,408</u>	<u>\$ 2,144,020</u>
<b>NET POSITION:</b>		
Held in trust	<u>\$ (39,423,821)</u>	

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

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

For the year ended June 30, 2013

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS:</b>	
Distributions from County-administered redevelopment property tax trust fund	\$ 11,597,658
Investment earnings	81,970
Debt forgiveness	3,604,521
Other	<u>213,864</u>
<b>TOTAL ADDITIONS</b>	<b><u>15,498,013</u></b>
<b>DEDUCTIONS:</b>	
Personnel services	212,964
Contractual services	178,502
Project costs	3,091,732
Payments to the County of Los Angeles	2,623,685
Depreciation	239,898
Interest	4,019,770
Amortization	<u>57,446</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>10,423,997</u></b>
<b>CHANGE IN NET POSITION, BEFORE EXTRAORDINARY ITEM</b>	<b><u>5,074,016</u></b>
<b>EXTRAORDINARY ITEM:</b>	
Gain on asset transfer from City of Signal Hill (Note 16)	<u>13,648,735</u>
<b>CHANGE IN NET POSITION</b>	<b><u>18,722,751</u></b>
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>	<b><u>(58,146,572)</u></b>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ (39,423,821)</u></b>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### A. Reporting Entity:

The reporting entity “City of Signal Hill” includes the accounts of the City of Signal Hill (the primary government), the Signal Hill Public Financing Authority (the Financing Authority), and the Signal Hill Housing Authority (the Housing Authority).

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

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

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

The City of Signal Hill is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit’s Board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Financing Authority and Housing Authority have been accounted for as “blended” component units of the City. Despite being legally separate, the Financing Authority and Housing Authority are so intertwined with the City that they are, in substance, part of the City’s operations. Accordingly, the balances and transactions of the Financing Authority and Housing Authority are reported within the funds of the City.

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

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

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

See independent auditors’ report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

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

These component units do not issue separate component unit financial statements.

B. Government-Wide and Fund Financial Statements:

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (current and long-term) are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year, 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.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The 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.

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

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.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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.

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

Proprietary Funds:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Fiduciary Funds:

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

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

D. New Accounting Pronouncements:

**Implemented:**

In fiscal year 2012-2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, "*Elements of Financial Statements*" into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In fiscal year 2012-2013, the City early implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the early implementation of this statement, unamortized bond issuance costs, which should be recognized as an expense in the period incurred, were eliminated. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard was to decrease the net position at July 1, 2012 by \$167,432 and \$1,964,125 of the business-type activity and the private purpose trust fund, respectively, which is the amount of unamortized bond issuance costs at July 1, 2012.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

**Pending Accounting Standards:**

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

- GASB 66 - "*Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62*", effective for periods beginning after December 15, 2012.
- GASB 67 - "*Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*", effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - "*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*", effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - "*Government Combinations and Disposals of Government Operations*", effective for periods beginning after December 15, 2013.
- GASB 70 - "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*", effective for the periods beginning after June 15, 2013.

E. Cash and Cash Equivalents:

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

F. Investments:

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

G. Restricted Assets:

Cash and investments totaling \$671,202 are restricted in the Water Enterprise Fund in accordance with bond indentures.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Capital Assets:

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets consist of roads, bridges, trails, traffic signals and sewer lines. Capital assets are defined by the City as assets, with an initial cost of more than \$5,000 and a useful life that is greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

I. Inventory:

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

J. Deferred Outflows/Inflows of Resources:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

K. Employee Compensated Absences:

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

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

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

L. Fund Balances:

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Fund Balances (Continued):

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

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

Assigned - This classification includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council assigns fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent 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.

M. Property Taxes:

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. 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.

O. Net Position:

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

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings 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.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

O. Net Position (Continued):

At June 30, 2013, net investment in capital assets, was determined as follows:

	Governmental Activities	Business-type Activity
Capital assets, net of accumulated depreciation	\$ 47,616,978	\$ 22,235,891
Less:		
Bonds, net	-	(6,788,081)
Add back:		
Deferred amount on refunding	-	196,256
Unspent bonds proceeds - reserve funds	-	671,202
Total	<u>\$ 47,616,978</u>	<u>\$ 16,315,268</u>

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

P. Net Position Flow Assumptions:

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Q. Estimates:

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

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2013 are classified in the accompanying financial statements as follows:

	Government- Wide Statement of <u>Net Position</u>	Fiduciary Funds Statement of <u>Net Position</u>	Total
Cash and investments	\$ 35,564,634	\$ 11,159,502	\$ 46,724,136
Restricted cash and investments	<u>671,202</u>	<u>13,770,376</u>	<u>14,441,578</u>
Total Cash and Investments	<u>\$ 36,235,836</u>	<u>\$ 24,929,878</u>	<u>\$ 61,165,714</u>

Cash and investments at June 30, 2013 consisted of the following:

Cash on hand	\$ 3,570
Deposits with financial institutions	9,771,886
Investments	<u>51,390,258</u>
Total Cash and Investments	<u>\$ 61,165,714</u>

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

See independent auditors' report.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

### 2. CASH AND INVESTMENTS (CONTINUED):

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

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

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

N/A - Not Applicable

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

See independent auditors' report.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

### 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 Bankers Acceptance which are limited to one year.

#### Disclosures Relating to Interest Rate Risk:

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

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
Local Agency Investment Fund	\$ 27,818,945	\$ -	\$ -	\$ 27,818,945
Corporate Notes	2,034,415	-	-	2,034,415
Mutual Funds	6,147,101	-	-	6,147,101
Negotiable Certificates of Deposit	500,655	-	495,312	995,967
Held by Bond Trustee:				
Money market mutual funds	12,943,256	-	-	12,943,256
Negotiable Certificates of Deposit	250,753	252,755	-	503,508
Local Agency Bonds	-	947,066	-	947,066
	<u>\$ 49,695,125</u>	<u>\$ 1,199,821</u>	<u>\$ 495,312</u>	<u>\$ 51,390,258</u>

See independent auditors' report.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

### 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, 2013	Minimum Legal Rating	AAA	Other Ratings	Not Rated	Not Required to be Rated
<b>Local Agency Investment</b>						
Fund	\$ 27,818,945	N/A	\$ -	\$ -	\$ 27,818,945	\$ -
Corporate Notes	2,034,415	A	512,085	1,522,330	-	-
Mutual Funds	6,147,101	Multiple**	6,147,101	-	-	-
<b>Negotiable Certificates</b>						
of Deposit	995,967	N/A	-	995,967	-	-
<b>Held by Bond Trustee:</b>						
Money market mutual funds	12,943,256	Multiple**	12,943,256	-	-	-
<b>Negotiable Certificates</b>						
of Deposit	503,508	N/A	-	503,508	-	-
Local Agency Bonds	<u>947,066</u>	N/A	<u>-</u>	<u>947,066</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 51,390,258</u></b>		<b><u>\$ 19,602,442</u></b>	<b><u>\$ 3,968,871</u></b>	<b><u>\$ 27,818,945</u></b>	<b><u>\$ -</u></b>

\*\* Multiple - must receive the highest ranking by not less than two nationally recognized statistical rating agencies or retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million.

N/A - Not Applicable

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

Investment Type	Total as of June 30, 2013	AA+	AA-	A	B
Corporate Notes	\$ 1,522,330	\$ 502,805	\$ 515,460	\$ 504,065	-
Negotiable Certificates of Deposit	1,499,475-	-	-	1,249,147	250,328
Held by Bond Trustee:					
Local Agency Bonds	<u>947,066</u>	<u>-</u>	<u>-</u>	<u>947,066</u>	<u>-</u>
	<b><u>\$ 3,968,871</u></b>	<b><u>\$ 502,805</u></b>	<b><u>\$ 515,460</u></b>	<b><u>\$ 1,451,131</u></b>	<b><u>\$ 250,328</u></b>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk:

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

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2013, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation and the remaining balances were collateralized under California Law. The local agency bonds held by bond trustee are uninsured, unregistered and not held in the City's name.

Investment in State Investment Pool:

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

See independent auditors' report.

**CITY OF SIGNAL HILL**

**NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2013

**3. CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2013 was as follows:

**Governmental Activities:**

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers (a)</u>	<u>Balance at June 30, 2013</u>
Capital assets, not being depreciated:					
Land	\$ 27,684,367	\$ -	\$ -	\$ -	\$ 27,684,367
Construction in progress	<u>14,753,965</u>	<u>752,752</u>	<u>(11,597,469)</u>	<u>(205,651)</u>	<u>3,703,597</u>
Total capital assets, not being depreciated	<u>42,438,332</u>	<u>752,752</u>	<u>(11,597,469)</u>	<u>(205,651)</u>	<u>31,387,964</u>
Capital assets, being depreciated:					
Structures and improvements	10,656,988	11,499,022	(5,546)	(9,651,779)	12,498,685
Equipment and furniture	2,312,232	245,594	(246,352)	(128,771)	2,182,703
Vehicles and major equipment	2,260,716	82,599	(167,240)	-	2,176,075
Infrastructure	<u>24,031,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,031,276</u>
Total capital assets, being depreciated	<u>39,261,212</u>	<u>11,827,215</u>	<u>(419,138)</u>	<u>(9,780,550)</u>	<u>40,888,739</u>
Less accumulated depreciation for:					
Structure and improvements	(7,162,485)	(157,020)	5,546	-	(7,313,959)
Equipment and furniture	(1,601,025)	(119,739)	246,352	-	(1,474,412)
Vehicles and major equipment	(1,757,568)	(211,086)	167,240	-	(1,801,414)
Infrastructure	<u>(13,525,369)</u>	<u>(544,571)</u>	<u>-</u>	<u>-</u>	<u>(14,069,940)</u>
Total accumulated depreciation	<u>(24,046,447)</u>	<u>(1,032,416)</u>	<u>419,138</u>	<u>-</u>	<u>(24,659,725)</u>
Total capital assets, being depreciated, net	<u>15,214,765</u>	<u>10,794,799</u>	<u>-</u>	<u>(9,780,550)</u>	<u>16,229,014</u>
Total governmental activities capital, net	<u>\$ 57,653,097</u>	<u>\$ 11,547,551</u>	<u>\$ (11,597,469)</u>	<u>\$ (9,986,201)</u>	<u>\$ 47,616,978</u>

(a) The transfer relates to the transfer of capital assets to the successor agency from the former redevelopment agency. The transfer of capital assets in the amount of \$9,986,201 was transferred to capital assets of the successor agency. See Notes 16 and 17 for additional information.

See independent auditors' report.

**CITY OF SIGNAL HILL**

**NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2013

**3. CAPITAL ASSETS (CONTINUED):**

**Capital Asset Activity (Continued):**

**Business-type Activity:**

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets, not being depreciated				
Land	\$ 4,427,416	\$ -	\$ -	\$ 4,427,416
Construction in progress	<u>128,325</u>	<u>45,893</u>	<u>-</u>	<u>174,218</u>
Total capital assets, not being depreciated	<u>4,555,741</u>	<u>45,893</u>	<u>-</u>	<u>4,601,634</u>
Capital assets, being depreciated:				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	12,154,473	-	-	12,154,473
Wells	1,931,239	-	-	1,931,239
Mains	9,897,973	-	-	9,897,973
Pumps	1,294,228	-	-	1,294,228
Fire hydrants	687,071	-	-	687,071
Meters	510,346	-	-	510,346
Services	1,449,220	-	-	1,449,220
Structures	1,246,044	-	-	1,246,044
Equipment and furniture	<u>1,159,812</u>	<u>5,340</u>	<u>-</u>	<u>1,165,152</u>
Total capital assets, being depreciated	<u>31,545,592</u>	<u>5,340</u>	<u>-</u>	<u>31,550,932</u>
Less accumulated depreciation/ amortization for:				
Water rights	(637,073)	(30,380)	-	(667,453)
Reservoirs and tanks	(3,250,841)	(271,921)	-	(3,522,762)
Wells	(738,056)	(48,170)	-	(786,226)
Mains	(4,865,692)	(195,491)	-	(5,061,183)
Pumps	(810,563)	(105,833)	-	(916,396)
Fire hydrants	(585,225)	(13,462)	-	(598,687)
Meters	(482,395)	(7,859)	-	(490,254)
Services	(692,977)	(27,691)	-	(720,668)
Structures	(435,864)	(28,714)	-	(464,578)
Equipment and furniture	<u>(624,236)</u>	<u>(64,232)</u>	<u>-</u>	<u>(688,468)</u>
Total accumulated depreciation	<u>(13,122,922)</u>	<u>(793,753)</u>	<u>-</u>	<u>(13,916,675)</u>
Total capital assets, being depreciated, net	<u>18,422,670</u>	<u>(788,413)</u>	<u>-</u>	<u>17,634,257</u>
Total business-type activity capital assets, net	<u>\$ 22,978,411</u>	<u>\$ (742,520)</u>	<u>\$ -</u>	<u>\$ 22,235,891</u>

See independent auditors' report.

**CITY OF SIGNAL HILL**

**NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

June 30, 2013

**3. CAPITAL ASSETS (CONTINUED):**

Depreciation/Amortization Expense:

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

Governmental activities:

General government	\$ 4,118
Community services	968
Police	102,756
Public works	158,979
Internal service fund depreciation charged to programs	<u>221,024</u>

Allocated depreciation	487,845
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Unallocated infrastructure depreciation	<u>544,571</u>
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Total depreciation expense - governmental activities	<u>\$ 1,032,416</u>
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Business-type activity:

Water	<u>\$ 793,753</u>
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**4. DEFERRED INFLOWS OF RESOURCES:**

At June 30, 2013, deferred inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	Housing		Capital			Total	
	Authority	Improvement		Other	Governmental		
		Special	Capital				
	General Fund	Revenue Fund	Projects Fund	Governmental Funds	Governmental Funds		
Unavailable property tax revenue	\$ 49,195	\$ -	\$ -	\$ -	\$ -	\$ 49,195	
Unavailable sales tax revenue	1,649,582	-	-	-	-	1,649,582	
Unavailable grant revenue	-	-	520,361	102,916	623,277		
Unavailable revenue for notes receivable	<u>72,516</u>	<u>63,439</u>	<u>-</u>	<u>15,573</u>	<u>151,528</u>		
	<u>\$ 1,771,293</u>	<u>\$ 63,439</u>	<u>\$ 520,361</u>	<u>\$ 118,489</u>	<u>\$ 2,473,582</u>		

See independent auditors' report.

**CITY OF SIGNAL HILL**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**(CONTINUED)**

June 30, 2013

**5. LONG-TERM LIABILITIES:**

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance at			Balance at			Due
	July 1,	Additions	Deletions	June 30,	2013	One	Year
	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>
<b>Governmental activities:</b>							
Compensated absences	\$ 1,190,594	\$ 401,924	\$ (404,414)	\$ 1,188,104	\$ 274,751		
<b>Business-type activity:</b>							
2006 Water revenue refunding bonds	\$ 7,145,000	\$ -	\$ (350,000)	\$ 6,795,000	\$ 365,000		
Less Issuance discount	(7,438)	-	519	(6,919)	-		
Total refunding bonds payable	7,137,562	-	(349,481)	6,788,081	365,000		
Loan payable	75,595	-	(75,595)	-	-		
Compensated absences	64,491	32,650	(32,789)	64,352	18,091		
Total business-type activity	\$ 7,277,648	\$ 32,650	\$ (457,865)	\$ 6,852,433	\$ 383,091		

**A. Compensated Absences:**

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

**B. 2006 Water Revenue Refunding Bonds:**

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

5. LONG-TERM LIABILITIES (CONTINUED):

B. 2006 Water Revenue Refunding Bonds (Continued):

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

The City is required by the 2006 Bond Covenant to maintain a debt service coverage ratio of at least 125%. As of and for the year ended June 30, 2013, the ratio was 146%.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 365,000	\$ 294,326	\$ 659,326
2015	380,000	279,426	659,426
2016	395,000	263,433	658,433
2017	410,000	246,326	656,326
2018	430,000	228,476	658,476
2019 - 2023	2,435,000	834,669	3,269,669
2024 - 2027	<u>2,380,000</u>	<u>225,874</u>	<u>2,605,874</u>
Totals	<u>\$ 6,795,000</u>	<u>\$ 2,372,530</u>	<u>\$ 9,167,530</u>

C. Proprietary Loan Payable:

On June 7, 2001, the City entered into a \$870,000 loan agreement with the Water Replenishment District of Southern California (WRD). The loan is unsecured with no interest accrual. Proceeds of the loan are to be used to reimburse the City for costs related to the design, construction, installation and other services required to install and operate wellhead treatment systems at city wells and to reduce the levels of manganese and iron in the ground water pumped from the wells. Payments are due in 10 equal annual installments starting on July 1, 2003. This loan was paid in full during the year ended June 30, 2013.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

**6. LONG-TERM RECEIVABLES:**

**A. Receivables from Successor Agency:**

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

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

**B. Loans Receivables:**

The discontinued First Time Homebuyer Program provided downpayment assistance to first time low or moderate income homebuyers. Financial assistance was provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the property. The second mortgage loan is due if the unit is sold or if the property no longer qualifies as the buyer's principal residence. The loans are equity participation loans if paid within the first 10 years. The principal loan amount plus a declining percentage of equity (depending on how long the home was owned) is due to the Agency at the time of sale. After 10 years, no equity is due the Agency. After 30 years, the homebuyer has the option of repaying the principal amount in full, or amortizing the principal amount due over 10 years with an interest payment at the prime rate plus 1%. Currently, 5 loans totaling \$63,439 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, 3 loans totaling \$14,173 remain outstanding.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

**7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

The composition of interfund balances as of June 30, 2013, is as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	<u>\$ 778,845</u>

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

Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Housing Authority Special Revenue Fund	Other Governmental Funds	<u>\$ 28,437</u>

In February 2003, the City agreed to reimburse the Agency for 50% of certain land acquisition costs associated with a low and moderate income housing project since certain parcels of land would be used to develop a City park. The Agency transferred these parcels to the City for park development in August 2003. The reimbursement amount totaled \$434,372 as of June 30, 2003. The City made an initial reimbursement payment of \$150,000 during the year ended June 30, 2004. The remainder of the reimbursement is payable in ten equal annual amounts of \$28,437 through the year ending June 30, 2014. No interest will accrue on this advance. Upon dissolution of the Agency on February 1, 2012, the receivable side of this advance was transferred to the Housing Authority in its capacity as Successor Housing Agency (see Note 16).

Interfund Transfers:

<u>Transfer In to Fund</u>	<u>Transfers Out of Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 324,383
Capital Improvement Capital Projects Fund	General Fund Other Governmental Funds	699,436 503,754
Other Governmental Funds	General Fund	75,600
Water Enterprise Fund	Other Governmental Funds	25,257
		<u>\$ 1,628,430</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

Interfund Transfers (Continued):

The purposes for significant interfund transfers made during the fiscal year ended June 30, 2013 were as follows:

- The transfers into the General Fund from Other Governmental Funds related to a transfer from the Special Gas Tax Fund for street maintenance (\$200,000), a transfer from the Asset Seizure Fund for police department equipment purchases made by the general fund (\$75,000) and a transfer from the Prop C Fund for eligible Prop C expenditures (\$49,383) incurred by the General Fund.
- The transfers into the Capital Improvement Capital Projects Fund were to cover costs of various projects.
- The transfers into Other Governmental Funds related to a transfer from the General Fund to the Supplemental Law Enforcement Fund for non-sworn personnel costs not fully funded by grant revenue (\$75,600).
- The transfers into The Water Enterprise Fund related to a transfer of water impact fees from the Water Development Fund to cover the cost of Water Enterprise capital projects.

8. INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

For the year ended June 30, 2013, the following funds had deficit fund balances:

Other Governmental Funds:

DOJ Grants Special Revenue Fund	\$ (76,742)
Traffic Impact Special Revenue Fund	(552,177)
Domestic Preparedness Special Revenue Fund	(3,843)
OTS Grant Special Revenue Fund	(32,223)
Homeland Security Grant Special Revenue Fund	(38,554)

The deficits in the DOJ Grant Special Revenue Fund, Traffic Impact Special Revenue Fund, Domestic Preparedness Special Revenue Fund will be covered by future transfers from the general fund. The deficits in the OTS Grant Special Revenue Fund and the Homeland Security Grant Special Revenue Fund will be eliminated by revenues that were deferred at year end since they did not meet the availability criteria required for recognition in the governmental funds and by transfers in from other funds.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

8. INDIVIDUAL FUND DISCLOSURES (CONTINUED):

Expenditures Exceeding Appropriations:

For the year ended June 30, 2013, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Major Funds:

General Fund:

General government - City Clerk	\$ 28,360
General government - Program administration	105,705
General government - Support services	400,252
General government - Fiscal services	39,973
Community development - Planning services	25,385
Housing Authority Special Revenue Fund	
Community development – Planning services	4,685

Other Governmental Funds:

Asset Seizure Special Revenue Fund:

Capital outlay	18,681
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DOJ Grants Special Revenue Fund:

Police - Patrol services	5,282
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Water Development Special Revenue Fund:

Public works - Contract services	21,723
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Supplemental Law Enforcement Special Revenue Fund:

Police - Patrol services	25,361
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OTS Grant Special Revenue Fund:

Police - Patrol services	63,399
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Capital outlay	7,329
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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.

See independent auditors' report.

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

#### 9. PENSION PLAN:

##### Plan Description:

The City of Signal Hill participates in the Local Miscellaneous 2% at 55, 2% at 60, and 2% at 62 Risk Pools and Local Safety 3% at 50, 3% at 55, and 2.75% at 57 Risk Pools of the California Public Employee's Retirement System (PERS). During the year ended June 30, 2013, the California Public Employees' Pension Reform Act (PEPRA) went into effect. Employees hired after January 1, 2013 who are new to PERS are required to pay half of their plan's normal cost. The City is utilizing the Local Miscellaneous 2% at 60 Risk Pool and the Local Safety 3% at 55 Risk Pool to provide pension benefits for new employees hired between June 10, 2010 and January 1, 2013. These plans are cost-sharing, multiple-employer defined benefit pension plans administered by PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street, Sacramento, California 95814.

##### Funding Policy:

Employees who were PERS members before January 1, 2013 are considered "classic" members. The City makes a portion or all of the contributions required of classic members on their behalf and for their account. The employee portion of the rates is set by statute and therefore remains unchanged from year to year. The rates are:

Category	Member Rates as a Percentage of Wages
Classic local miscellaneous members	7%
Classic local safety members	9%
New local miscellaneous members	6.25%
New local safety members	12.25%

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year 2012-13 were 15.024%, 8.311%, and 6.25% for the local miscellaneous members 2% at 55 Pool, 2% at 60 Pool, and 2% at 62 Pool, respectively and 39.314%, 22.744%, and 12.25% for the local safety members 3% at 50 Pool, 3% at 55 Pool and 2.75% at 57 Pool, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by PERS.

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

9. PENSION PLAN (CONTINUED):

Funding Policy (Continued):

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Local Miscellaneous</u>		
	<u>2% at 55 Pool</u>	<u>2% at 60 Pool</u>	<u>2% at 62 Pool</u>
2013	\$ 546,777	\$ 52,173	\$ 1,783
2012	561,373	30,324	-
2011	547,456	10,738	-

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Local Safety</u>		
	<u>3% at 50 Pool</u>	<u>3% at 55 Pool</u>	<u>2.75% at 57 Pool</u>
2013	\$ 1,014,708	\$ 76,030	\$ 466
2012	1,082,522	23,264	-
2011	925,834	1,526	-

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

A. Plan Description:

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

Retiree health care coverage is segregated into three tiers as follows:

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

A. Plan Description (Continued):

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

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

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

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for the fiscal year ended June 30, 2013 was \$663,161 and was determined as part of an actuarial valuation dated March 31, 2012.

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

Annual required contribution	\$ 663,161
Interest on net OPEB asset	(20,334)
Adjustment to annual required contribution	<u>16,388</u>
Annual OPEB cost (expense)	659,215
Actual contributions made	<u>(740,578)</u>
Change in net OPEB obligation (asset)	(81,363)
Net OPEB Obligation (Asset) - beginning of year	<u>(271,114)</u>
Net OPEB Obligation (Asset) - end of year	\$ <u>(352,477)</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

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

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

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/11	\$ 655,562	\$ 804,540	122.73 %	\$ (148,978)
6/30/12	663,161	783,130	118.09%	(271,114)
6/30/13	659,215	740,578	112.34%	(352,477)

D. Funded Status and Funding Progress:

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

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

See independent auditors' report.

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

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

##### E. Actuarial Methods and Assumptions:

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

#### 11. DEFINED CONTRIBUTION PLANS:

Effective July 3, 1999, the City began providing pension benefits for all of its part-time, seasonal and temporary employees that are not covered under PERS through the City of Signal Hill Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6.2% by the employee and 1.3% by the City. All part-time, seasonal and temporary employees are immediately eligible to participate in the plan from the date of plan or date of employment, whichever is later, and all contributions are fully vested. For the year ended June 30, 2013, the employees contributed \$14,700 and the City contributed \$3,082 to the Plan.

On May 15, 2001, the City Council authorized establishment of a 401(a) Deferred Compensation Plans for its management and middle management employees. The Plans are qualified defined contribution plans under Section 401(a) of the Internal Revenue Code. Management and middle management employees will place their City-paid contributions which total 4.0% and 3.0%, respectively, of salary into the Plans. Management employees are required to match the 4% City contribution with an 8% employee contribution, and middle management employees are required to match the 3.0% City contribution with a 6% employee contribution. For the year ended June 30, 2013, the employees contributed \$118,865 and the City contributed \$53,121 to the Plans.

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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 \$17,708 for the fiscal year ended June 30, 2013.

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

**13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:**

The various fund balance classifications as of June 30, 2013 were as follows:

	General	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds
<b>Nonspendable:</b>				
Land and improvements held for resale	\$ -	\$ 4,068,014	\$ -	\$ -
Receivables from Successor Agency	7,689,756	1,091,599	-	-
Prepaid expenses	<u>292</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>7,690,048</u></u>	<u><u>5,159,613</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Restricted for:</b>				
Low and moderate income housing	-	377,835	-	-
Public protection	-	-	-	407,847
Development	-	-	-	6,165,056
Transportation	-	-	-	1,038,896
Capital improvements	-	-	-	2,000,449
	<u><u>-</u></u>	<u><u>377,835</u></u>	<u><u>-</u></u>	<u><u>9,612,248</u></u>
<b>Assigned for:</b>				
Capital improvements	-	-	414,150	-
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>414,150</u></u>	<u><u>-</u></u>
<b>Committed for Contingencies:</b>				
Equipment replacement	145,603	-	-	-
Insurance premium increases	254,891	-	-	-
Capital improvements	590,747	-	-	-
Economic uncertainty	5,077,159	-	-	-
New police building	66,915	-	-	-
Library expansion	1,721,451	-	-	-
Park expansion	57,341	-	-	-
PERS rate increases	778,605	-	-	-
Building and land acquisition	704,794	-	-	-
OPEB future costs	1,409,722	-	-	-
Trash reduction	1,466	-	-	-
ABX 1 27	<u>11,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>10,820,340</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Unassigned</b>	<u><u>7,085,407</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(703,539)</u></u>
	<u><u>\$ 25,595,795</u></u>	<u><u>\$ 5,537,448</u></u>	<u><u>\$ 414,150</u></u>	<u><u>\$ 8,908,709</u></u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY:

A. Description of Joint Powers Insurance Authority:

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

B. Self-insurance Programs of the Insurance Authority:

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

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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

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

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

C. Purchased Insurance:

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

Property Insurance. The City of Signal Hill participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City of Signal Hill property is currently insured according to a schedule of covered property submitted by City of Signal Hill to the Insurance Authority. The City of Signal Hill currently has all-risk property insurance protection in the amount of \$47,323,462. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance. The City of Signal Hill purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. City of Signal Hill property currently has earthquake protection in the amount of \$24,406,926. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

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

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

See independent auditors' report.

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

#### 14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

##### D. Adequacy of Protection:

During the past three fiscal (claims) years, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-2013.

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

#### 15. OTHER INFORMATION:

##### Contingent Liabilities:

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

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

#### 16. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency to the City of Signal Hill Redevelopment Agency 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:

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

**16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):**

**Capital Assets:**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Deletions	Transfers (a)	Balance at June 30, 2013
Capital assets, not being depreciated:					
Land	\$ 24,494,592	\$ -	\$ -	\$ -	\$ 24,494,592
Construction in progress	- -	8,009,922	(7,981,548)	205,651	234,025
Total capital assets, not being depreciated	<u>24,494,592</u>	<u>8,009,922</u>	<u>(7,981,548)</u>	<u>205,651</u>	<u>24,728,617</u>
Capital assets, being depreciated:					
Structures and improvements	- -	7,021,254	- -	9,651,779	16,673,033
Equipment and furniture	<u>7,729</u>	<u>960,294</u>	- -	128,771	1,096,794
Total capital assets, being depreciated	<u>7,729</u>	<u>7,981,548</u>	- -	<u>9,780,550</u>	<u>17,769,827</u>
Less accumulated depreciation for:					
Structure and improvements	- -	(228,123)	- -	- -	(228,123)
Equipment and furniture	<u>(7,729)</u>	<u>(11,775)</u>	- -	- -	(19,504)
Total accumulated depreciation	<u>(7,729)</u>	<u>(239,898)</u>	- -	- -	(247,627)
Total capital assets, being depreciated, net	<u>- -</u>	<u>7,741,650</u>	- -	<u>9,780,550</u>	<u>17,522,200</u>
Total governmental activities capital, net	<u>\$ 24,494,592</u>	<u>\$ 15,751,572</u>	<u>\$ (7,981,548)</u>	<u>\$ 9,986,201</u>	<u>\$ 42,250,817</u>

(a) The transfer relates to the transfer of capital assets from the former redevelopment agency. See Note 17 for additional information.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

**16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):**

**Long-Term Liabilities:**

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance at			Balance at	Due	
	July 1,	Additions	Deletions	June 30, 2013	Within One Year	
	<u>2012</u>					
<b>Bonds payable:</b>						
2001 TAB	\$ 8,730,000	\$ -	\$ (595,000)	\$ 8,135,000	\$ 615,000	
2003 TABs Series A	12,355,000	- -	(2,285,000)	10,070,000	2,380,000	
2003 TABs Series C	10,435,000	- -	(85,000)	10,350,000	90,000	
2003 TABs Series D	2,205,000	- -	(110,000)	2,095,000	115,000	
2006 TABs	12,515,000	- -	(160,000)	12,355,000	165,000	
2007 Refunding TABs	14,505,000	- -	(110,000)	14,395,000	115,000	
2009 Tax Allocation Parity Bonds	19,230,000	- -	(680,000)	18,550,000	700,000	
2011 Tax Allocation Parity Bonds	8,835,000	- -	(410,000)	8,425,000	420,000	
Less issuance discounts	<u>(479,947)</u>	<u>- -</u>	<u>35,933</u>	<u>(444,014)</u>	<u>- -</u>	
Total bonds payable	88,330,053	- -	(4,399,067)	83,930,986	4,600,000	
Notes payable	<u>4,278,923</u>	<u>- -</u>	<u>(3,871,995)</u>	<u>406,928</u>	<u>83,483</u>	
<b>Total long-term liabilities</b>	<b><u>\$ 92,608,976</u></b>	<b><u>\$ - -</u></b>	<b><u>\$ (8,271,062)</u></b>	<b><u>\$ 84,337,914</u></b>	<b><u>\$ 4,683,483</u></b>	

**A. 2001 Tax Allocation Bonds:**

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

Principal amounts on \$13,880,000 of serial bonds mature annually each October 1 through 2023, and bear interest semiannually on April 1 and October 1 at rates ranging from 2.00% to 4.625%. Bonds maturing on or after October 1, 2013 are subject to optional redemption on any date on or after October 1, 2012 at a price equal to the principal amount plus accrued interest to the date of redemption, without premium.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

A. 2001 Tax Allocation Bonds (Continued):

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are Baa2 and BBB, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 615,000	\$ 343,143	\$ 958,143
2015	635,000	318,450	953,450
2016	660,000	292,220	952,220
2017	685,000	264,305	949,305
2018	710,000	234,655	944,655
2019 - 2023	3,950,000	647,355	4,597,355
2024	<u>880,000</u>	<u>40,700</u>	<u>920,700</u>
Totals	<u><u>\$ 8,135,000</u></u>	<u><u>\$ 2,140,828</u></u>	<u><u>\$ 10,275,828</u></u>

B. 2003 Tax Allocation Bonds - Series A:

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$532,056. This difference, reported as a deferred outflow of resources, is being amortized on a straight-line basis as amortization expense on the statement of changes in fiduciary net position through the year 2016.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

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

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, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 2,380,000	\$ 390,774	\$ 2,770,774
2015	2,500,000	290,768	2,790,768
2016	2,650,000	179,549	2,829,549
2017	275,000	114,686	389,686
2018	285,000	102,224	387,224
2019 - 2023	1,615,000	294,314	1,909,314
2024	<u>365,000</u>	<u>9,125</u>	<u>374,125</u>
Totals	<u>\$ 10,070,000</u>	<u>\$ 1,381,440</u>	<u>\$ 11,451,440</u>

C. 2003 Tax Allocation Bonds - Series C:

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are Baa2 and BBB, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 90,000	\$ 440,110	\$ 530,110
2015	90,000	436,825	526,825
2016	95,000	433,355	528,355
2017	1,085,000	409,850	1,494,850
2018	1,135,000	365,450	1,500,450
2019 - 2023	6,400,000	1,055,300	7,455,300
2024	<u>1,455,000</u>	<u>32,738</u>	<u>1,487,738</u>
Totals	<u>\$ 10,350,000</u>	<u>\$ 3,173,628</u>	<u>\$ 13,523,628</u>

D. 2003 Tax Allocation Bonds - Series D:

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are Baa2 and BBB, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 115,000	\$ 121,239	\$ 236,239
2015	115,000	114,966	229,966
2016	115,000	108,089	223,089
2017	65,000	102,707	167,707
2018	70,000	98,670	168,670
2019 - 2023	400,000	426,076	826,076
2024 - 2025	<u>1,215,000</u>	<u>103,305</u>	<u>1,318,305</u>
Totals	<u>\$ 2,095,000</u>	<u>\$ 1,075,052</u>	<u>\$ 3,170,052</u>

E. 2006 Tax Allocation Bonds:

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

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

The 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.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

E. 2006 Tax Allocation Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 165,000	\$ 715,011	\$ 880,011
2015	165,000	705,802	870,802
2016	130,000	697,570	827,570
2017	235,000	687,385	922,385
2018	235,000	673,967	908,967
2019 - 2023	1,465,000	3,131,310	4,596,310
2024 - 2027	<u>9,960,000</u>	<u>1,434,350</u>	<u>11,394,350</u>
Totals	<u>\$ 12,355,000</u>	<u>\$ 8,045,395</u>	<u>\$ 20,400,395</u>

F. 2007 Refunding Tax Allocation Bonds:

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$15,811. This difference, reported as a deferred outflow of resources, is being amortized on a straight-line basis as amortization expense on the statement of changes in fiduciary net position through the year 2024.

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

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.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

F. 2007 Refunding Tax Allocation Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 115,000	\$ 590,404	\$ 705,404
2015	115,000	585,804	700,804
2016	120,000	581,104	701,104
2017	1,505,000	548,604	2,053,604
2018	1,570,000	487,104	2,057,104
2019 - 2023	8,940,000	1,401,329	10,341,329
2024	<u>2,030,000</u>	<u>43,645</u>	<u>2,073,645</u>
Totals	<u>\$ 14,395,000</u>	<u>\$ 4,237,994</u>	<u>\$ 18,632,994</u>

G. 2009 Tax Allocation Parity Bonds:

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

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

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

G. 2009 Tax Allocation Parity Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 700,000	\$ 915,750	\$ 1,615,750
2015	725,000	887,250	1,612,250
2016	760,000	857,550	1,617,550
2017	830,000	825,231	1,655,231
2018	865,000	786,488	1,651,488
2019 - 2023	5,025,000	3,220,688	8,245,688
2024 - 2027	<u>9,645,000</u>	<u>1,180,913</u>	<u>10,825,913</u>
Totals	<u>\$ 18,550,000</u>	<u>\$ 8,673,870</u>	<u>\$ 27,223,870</u>

H. 2011 Tax Allocation Parity Bonds:

On March 25, 2011, the Agency issued the 2011 Tax Allocation Parity Bonds in the amount of \$8,835,000. The proceeds will be 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.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

**16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):**

**H. 2011 Tax Allocation Parity Bonds (Continued):**

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 420,000	\$ 510,581	\$ 930,581
2015	435,000	492,666	927,666
2016	455,000	471,775	926,775
2017	500,000	447,275	947,275
2018	535,000	419,438	954,438
2019 - 2023	3,150,000	1,568,288	4,718,288
2024 - 2027	<u>2,930,000</u>	<u>413,000</u>	<u>3,343,000</u>
Totals	<u><u>\$ 8,425,000</u></u>	<u><u>\$ 4,323,023</u></u>	<u><u>\$ 12,748,023</u></u>

**I. Notes Payable:**

- 1) On December 16, 2010, the Agency issued a promissory note in the amount of \$850,000 in connection with the acquisition of land held for resale. The note bears interest at 4.5% per annum. There was a one-time principal only repayment of \$250,000 due on January 30, 2011, and quarterly interest and principal payments of \$25,100 commenced on March 15, 2011 in order to fully amortize the note by December 15, 2017. At June 30, 2013, the outstanding balance of this note was \$406,928.

The annual debt requirements of this note at June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 83,483	\$ 16,916	\$ 100,399
2015	87,304	13,096	100,400
2016	91,299	9,100	100,399
2017	95,477	4,922	100,399
2018	<u>49,365</u>	<u>835</u>	<u>50,200</u>
Totals	<u><u>\$ 406,928</u></u>	<u><u>\$ 44,869</u></u>	<u><u>\$ 451,797</u></u>

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

I. Notes Payable (Continued):

- 2) A \$5,000,000 note payable dated October 29, 1991, resulted from the acquisition of real property held for resale by the Agency. The note bears interest at 10% per annum. Interest and principal payments are due semi-annually on July 30 and January 30 in an amount equal to the sales tax revenue received or to be received by the City from all businesses and activities conducted on the property. Payments will be made for a period of 20 years (ending December 31, 2012) or until interest and principal due on the note is paid in full. In the event that payments are insufficient to fully discharge the note in 20 years, the unpaid balance of principal and interest will be forgiven. On December 31, 2012, the outstanding balance of \$3,604,521 on this note was forgiven.

J. Advances from the City of Signal Hill:

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

The City retroactively recalculated interest using existing LAIF rates. As a result, the balance of the advance was written down by \$3,739,561. The write down has been reported as an extraordinary item. At June 30, 2013, the advance balance was \$9,702,840 which included accrued interest of \$90,645. During fiscal year 2012-13, the City recorded a 20% reserve against this advance totaling \$1,940,568 due to the estimated collectability by the General Fund as a result of the winding down of the affairs of the former Redevelopment Agency. The principal portion of the City's reserve is also reported as part of the extraordinary item in the amount of \$1,922,439 and the interest portion reduced the amount of unavailable revenues reported as deferred inflows of resources in the General Fund in the amount of \$18,129.

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CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

On April 5, 2011, the former Signal Hill Redevelopment Agency Board approved a 5-year loan from the Affordable Housing Special Revenue Fund to the Debt Service Fund to provide funding for the required payment to the County of Los Angeles' Supplemental Educational Revenue Augmentation Fund. On February 1, 2012, the receivable side of this advance was transferred from the Affordable Housing Special Revenue Fund to the Housing Authority in its capacity as the Successor Housing Agency. The liability side of this advance was transferred from the Debt Service Fund to the Successor Agency Private-Purpose Trust Fund. No interest accrues on this loan and the loan must be repaid on or before June 30, 2016. The total loan balance at June 30, 2013 is \$1,063,162.

K. Operating Lease Obligations:

(1) The Agency is leasing land used for an Auto Center under an operating lease dated June 30, 1988. The term of the lease expires November 30, 2055. The current period rental payments, which are classified as project costs, were \$237,800.

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

Year Ending June 30,	
2014	\$ 238,200
2015	238,200
2016	246,019
2017	251,604
2018	251,604
2019 - 2023	1,297,266
2024 - 2028	1,371,459
2029 - 2033	1,449,641
2034 - 2038	1,528,482
2039 - 2043	1,608,427
2044 - 2048	1,693,416
2049 - 2053	1,773,757
2054 - 2056	<u>875,076</u>
Total	<u>\$ 12,823,151</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

K. Operating Lease Obligations (Continued):

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

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

Year Ending <u>June 30,</u>	
2014	\$ 213,731
2015	216,937
2016	220,142
2017	220,142
2018	220,142
2019 - 2023	1,123,821
2024 - 2028	1,157,536
2029 - 2033	1,192,261
2034 - 2038	1,228,026
2039 - 2043	1,264,869
2044 - 2048	1,302,816
2049 - 2053	1,341,905
2054 - 2055	<u>545,554</u>
Total minimum lease payments	<u>\$ 10,247,882</u>

L. Spring Street Corridor Joint Powers Authority:

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

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

Pursuant to an Owner Participation and Implementation Agreement (OPIA) dated September 19, 1996, the Authority is required to pay a developer a formulated amount based on the sales tax generated at a site developed within the City of Signal Hill. The payments are due annually through the calendar year 2015. The source of these payments is to be provided by the 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, 2013, there was no balance due under this agreement.

17. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

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

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

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

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

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

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

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

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

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

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

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The former redevelopment agency (Successor Agency) was required to remit \$2,623,685 to the CAC as a result of the due diligence review.

The DOF issued a Finding of Completion on August 7, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. The Finding of Completion allowed the placement of loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. Loan repayments could begin in the 2014-15 fiscal year as governed by the criteria in the health and code safety section. The DOF will consider the enforceability of these loan agreements once repayments requests are placed on the ROPS. When the repayments begin, 20% of the repayments of the loan agreement amounts are to be allocated to the Housing Authority Special Revenue Fund. At June 30, 2013, the long-term advances to the Successor Agency totaled \$9,702,840 which included principal of \$9,612,195 and interest of \$90,645.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency. The State Controller's completed its review on December 21, 2012 and identified several unallowable transfers of assets that occurred during the audit between the former RDA, the City and or other public agencies. The assets have since been transferred back to the Successor Agency

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

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

18. RESTATEMENT OF NET POSITION AND FUND BALANCE:

Net position for the government-wide financial statements as of July 1, 2012 was restated as follows:

	<u>Business-type Activities</u>
Net position (deficit) as previously reported as of June 30, 2012	\$ 21,704,998
Reduction in net position to remove unamortized bond issuance costs in accordance with the implementation of GASB Statement 65.	<u>(308,578)</u>
Net position as restated July 1, 2012	<u>\$ 21,396,420</u>

Net position for the proprietary fund financial statements as of July 1, 2012 was restated as follows:

	<u>Water Enterprise Fund</u>
Net position as previously reported as of June 30, 2012	\$ 21,704,998
Reduction in net position to remove unamortized bond issuance costs in accordance with the implementation of GASB Statement 65.	<u>(308,578)</u>
Net position as restated July 1, 2012	<u>\$ 21,396,420</u>

See independent auditors' report.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

18. RESTATEMENT OF NET POSITION AND FUND BALANCE (CONTINUED):

Net position for the fiduciary fund financial statements as of July 1, 2012 was restated as follows:

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose <u>Trust Fund</u>
Net position as previously reported as of June 30, 2012	\$ (56,182,447)
Reduction in net position to remove unamortized bond issuance costs in accordance with the implementation of GASB Statement 65.	<u>(1,964,125)</u>
Net position as restated July 1, 2012	<u>\$ (58,146,572)</u>

19. SUBSEQUENT EVENTS:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 24, 2013, the date the financial statements were available to be issued.

See independent auditors' report.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SIGNAL HILL

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2013

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age	Unfunded		Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
			Actuarial Accrued Liability (b)	Actuarial Accrued Liability (b) - (a)			
10/01/08	\$ -	\$ 13,356,267	\$ 13,356,267		0.00%	\$ 6,668,337	200.29%
03/01/10	532,514	9,640,527	9,108,013		5.52%	7,810,629	116.61%
03/01/12	937,194	9,264,652	8,327,458		10.12%	7,877,810	105.71%

See independent auditors' report.

CITY OF SIGNAL HILL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 1,498,300	\$ 1,498,300	\$ 2,507,600	\$ 1,009,300
Sales and use tax	11,629,284	11,629,284	12,156,967	527,683
Other taxes	1,915,000	1,915,000	2,073,783	158,783
Licenses and permits	296,510	296,510	327,461	30,951
Intergovernmental revenues	126,444	126,444	111,995	(14,449)
Charges for services	496,725	496,725	513,057	16,332
Fines and forfeitures	257,400	257,400	366,712	109,312
Investment income	314,500	314,500	40,995	(273,505)
Other revenue	267,532	267,532	665,697	398,165
<b>TOTAL REVENUES</b>	<b>16,801,695</b>	<b>16,801,695</b>	<b>18,764,267</b>	<b>1,962,572</b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
City Council	193,120	193,620	186,867	6,753
City Treasurer	3,935	3,935	3,900	35
City Clerk	159,585	159,585	187,945	(28,360)
Program administration	449,900	449,900	555,605	(105,705)
Legislative services	186,250	231,750	210,926	20,824
Personnel services	272,540	288,740	237,878	50,862
Support services	1,350,160	1,350,160	1,600,412	(250,252)
Management information services	164,200	192,500	185,458	7,042
Fiscal services	551,750	557,750	597,723	(39,973)
<b>TOTAL GENERAL GOVERNMENT</b>	<b>3,331,440</b>	<b>3,427,940</b>	<b>3,766,714</b>	<b>(338,774)</b>
<b>COMMUNITY SERVICES:</b>				
Library programs and services	392,870	405,326	343,457	61,869
Community support and services	411,165	417,415	393,156	24,259
Recreation	495,330	498,130	482,089	16,041
<b>TOTAL COMMUNITY SERVICES</b>	<b>1,299,365</b>	<b>1,320,871</b>	<b>1,218,702</b>	<b>102,169</b>
<b>POLICE:</b>				
Patrol services	4,224,150	4,228,884	3,995,733	233,151
Investigative services	1,078,840	1,083,190	912,613	170,577
Support services	1,287,930	1,312,580	1,256,551	56,029
Emergency and disaster services	13,050	13,050	586	12,464
Community outreach	78,750	78,750	61,122	17,628
Communications	597,900	605,900	533,672	72,228
Records	431,940	435,440	321,675	113,765
<b>TOTAL POLICE</b>	<b>7,712,560</b>	<b>7,757,794</b>	<b>7,081,952</b>	<b>675,842</b>

See independent auditors' report.

(Continued)

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

(Continued)

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES (CONTINUED):</b>					
COMMUNITY DEVELOPMENT:					
Planning services	\$ 277,540	\$ 310,540	\$ 335,925	\$ (25,385)	
Neighborhood enhancement	103,165	124,465	112,470	11,995	
Building and safety	253,185	368,185	199,722	168,463	
Oil field services	107,235	144,735	120,279	24,456	
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>741,125</b>	<b>947,925</b>	<b>768,396</b>	<b>179,529</b>	
PUBLIC WORKS:					
Engineering and project services	587,260	588,960	504,992	83,968	
Building maintenance	552,150	563,850	538,767	25,083	
Environmental programs	844,235	876,235	719,289	156,946	
Park maintenance	833,130	846,430	774,520	71,910	
Street maintenance operations	1,342,745	1,343,545	1,133,015	210,530	
<b>TOTAL PUBLIC WORKS</b>	<b>4,159,520</b>	<b>4,219,020</b>	<b>3,670,583</b>	<b>548,437</b>	
<b>CAPITAL OUTLAY</b>	<b>10,000</b>	<b>19,219</b>	<b>5,602</b>	<b>13,617</b>	
<b>TOTAL EXPENDITURES</b>	<b>17,254,010</b>	<b>17,692,769</b>	<b>16,511,949</b>	<b>1,180,820</b>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(452,315)</b>	<b>(891,074)</b>	<b>2,252,318</b>	<b>3,143,392</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	460,000	460,000	324,383	(135,617)	
Transfers out	(470,660)	(445,660)	(775,036)	(329,376)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,660)</b>	<b>14,340</b>	<b>(450,653)</b>	<b>(464,993)</b>	
<b>NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEM</b>	<b>(462,975)</b>	<b>(876,734)</b>	<b>1,801,665</b>	<b>2,678,399</b>	
<b>EXTRAORDINARY ITEM:</b>					
Gain (loss) on assets transfer to Successor Agency	-	-	(3,810,244)	(3,810,244)	
<b>NET CHANGE IN FUND BALANCE</b>	<b>(462,975)</b>	<b>(876,734)</b>	<b>(2,008,579)</b>	<b>(1,131,845)</b>	
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>27,604,374</b>	<b>27,604,374</b>	<b>27,604,374</b>	<b>-</b>	
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 27,141,399</b>	<b>\$ 26,727,640</b>	<b>\$ 25,595,795</b>	<b>\$ (1,131,845)</b>	

See independent auditors' report.

CITY OF SIGNAL HILL  
 BUDGETARY COMPARISON SCHEDULE  
 HOUSING AUTHORITY SPECIAL REVENUE FUND  
 For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (18,585)	\$ (18,585)
Other revenue	-	-	129,527	129,527
<b>TOTAL REVENUES</b>	-	-	110,942	110,942
<b>EXPENDITURES:</b>				
Community development:				
Planning services	-	-	4,685	(4,685)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	106,257	106,257
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	750,000	-	(750,000)
<b>CHANGE IN FUND BALANCE, BEFORE EXTRAORDINARY ITEM</b>	-	750,000	106,257	(643,743)
<b>EXTRAORDINARY ITEM:</b>				
Gain on asset transfer to Successor Agency	-	-	77,027	77,027
<b>NET CHANGE IN FUND BALANCE</b>	-	750,000	183,284	(566,716)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>5,354,164</u>	<u>5,354,164</u>	<u>5,354,164</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 5,354,164</u>	<u>\$ 6,104,164</u>	<u>\$ 5,537,448</u>	<u>\$ (566,716)</u>

See independent auditors' report.

## CITY OF SIGNAL HILL

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

#### 1. BUDGETS AND BUDGETARY ACCOUNTING:

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

- 1) The annual budget is adopted by the City Council after the holding of a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- 2) Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budget was adopted for the Domestic Preparedness, STC Subvention, MTA-STP Grant, and the Homeland Security Grant Special Revenue Funds for the current year.
- 3) Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year.
- 4) Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level (i.e. City Council, City Treasurer, City Attorney), except as approved in advance by the City Council.
- 5) Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration in the Governmental Fund Types during the year. However, at year end all appropriations lapse. Accordingly, encumbrances are canceled and generally reappropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.
- 6) The City Council approves all significant budgetary changes.
- 7) Under Article XIIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in following year. For the fiscal year ended June 30, 2013, based on calculations by City management, proceeds of taxes did not exceed appropriations.

See independent auditors' report.

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## **SUPPLEMENTARY INFORMATION**

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## **OTHER MAJOR GOVERNMENTAL FUND**

### **CAPITAL PROJECTS FUNDS**

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

CITY OF SIGNAL HILL

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

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenue	\$ 6,104,500	\$ 6,104,500	\$ 306,246	\$ (5,798,254)
EXPENDITURES:				
Capital outlay	<u>7,489,000</u>	<u>7,741,810</u>	<u>1,339,338</u>	<u>6,402,472</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,384,500)	(1,637,310)	(1,033,092)	604,218
OTHER FINANCING SOURCES:				
Transfers in	<u>1,384,500</u>	<u>1,405,510</u>	<u>1,203,190</u>	<u>(202,320)</u>
NET CHANGE IN FUND BALANCE	-	(231,800)	170,098	401,898
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>(61,622)</u>	<u>(61,622)</u>	<u>(61,622)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (61,622)</u>	<u>\$ (293,422)</u>	<u>\$ 108,476</u>	<u>\$ 401,898</u>

See independent auditors' report.

## **OTHER GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

DOJ Grants Fund - Accounts for receipts and disbursements of moneys awarded to the City by the U.S. Department of Justice for the additional hiring and rehiring of law enforcement officers.

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

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

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

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

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

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

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## **OTHER GOVERNMENTAL FUNDS (CONTINUED)**

### **SPECIAL REVENUE FUNDS (CONTINUED)**

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

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

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

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

STC Subvention Fund - Accounts for receipts and disbursements of monies awarded by the California Board of State and Community Corrections for the selection and training of Police Department Corrections Personnel.

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

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

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

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

CITY OF SIGNAL HILL  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2013

<u>Special Revenue Funds</u>						
	Asset Seizure	DOJ Grants	Park Development	HCDA Grant		
<b>ASSETS</b>						
Cash and investments	\$ 242,552	\$ 2	\$ 3,540,141	\$ -		
Accounts receivable	23,847	25,012	-	-		
Accrued interest receivable	343	1	5,131	1,400		
Due from other governments	-	27,253	-	20,299		
Loans receivable	-	-	-	14,173		
<b>TOTAL ASSETS</b>	<b><u>\$ 266,742</u></b>	<b><u>\$ 52,268</u></b>	<b><u>\$ 3,545,272</u></b>	<b><u>\$ 35,872</u></b>		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 7,151		
Accrued liabilities	-	4,063	-	-		
Due to other funds	-	97,694	-	13,148		
Advances from other funds	-	-	28,437	-		
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>101,757</u></b>	<b><u>28,437</u></b>	<b><u>20,299</u></b>		
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenues	-	27,253	-	15,573		
<b>FUND BALANCES (DEFICITS):</b>						
Restricted for:						
Public protection	266,742	-	-	-		
Development	-	-	3,516,835	-		
Transportation	-	-	-	-		
Capital improvements	-	-	-	-		
Unassigned	-	(76,742)	-	-		
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>266,742</u></b>	<b><u>(76,742)</u></b>	<b><u>3,516,835</u></b>	<b><u>-</u></b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 266,742</u></b>	<b><u>\$ 52,268</u></b>	<b><u>\$ 3,545,272</u></b>	<b><u>\$ 35,872</u></b>		

See independent auditors' report.

**Special Revenue Funds (Continued)**

Special Gas Tax	Transportation	Pipeline Removal	Quality Improvement	Water Development	Traffic Impact	Proposition C
\$ -	\$ 502,605	\$ 1,906,442	\$ 95,173	\$ 1,916,550	\$ -	\$ 168,616
45,110	16,763	-	3,515	-	-	13,919
221	682	2,513	123	2,594	-	209
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>\$ 45,331</b>	<b>\$ 520,050</b>	<b>\$ 1,908,955</b>	<b>\$ 98,811</b>	<b>\$ 1,919,144</b>	<b>\$ -</b>	<b>\$ 182,744</b>
<hr/>						
\$ -	\$ 29,007	\$ -	\$ -	\$ 11,490	\$ -	\$ -
-	968	-	-	-	-	-
30,100	-	-	-	-	552,177	-
-	-	-	-	-	-	-
<b>30,100</b>	<b>29,975</b>	<b>-</b>	<b>-</b>	<b>11,490</b>	<b>552,177</b>	<b>-</b>
<hr/>						
-	-	-	-	-	-	-
15,231	490,075	-	98,811	1,907,654	-	182,744
-	-	1,908,955	-	-	-	-
-	-	-	-	-	(552,177)	-
<b>15,231</b>	<b>490,075</b>	<b>1,908,955</b>	<b>98,811</b>	<b>1,907,654</b>	<b>(552,177)</b>	<b>182,744</b>
<hr/>						
<b>\$ 45,331</b>	<b>\$ 520,050</b>	<b>\$ 1,908,955</b>	<b>\$ 98,811</b>	<b>\$ 1,919,144</b>	<b>\$ -</b>	<b>\$ 182,744</b>

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2013

	Special Revenue Funds (Continued)			
	Lighting and Landscape	Supplemental Law Enforcement	Domestic Preparedness	OTS Grant
<b>ASSETS</b>				
Cash and investments	\$ 92,746	\$ 136,486	\$ -	\$ 12,907
Accounts receivable	1,131	10,357	-	22,705
Accrued interest receivable	123	141	-	19
Due from other governments	-	-	-	16,277
Loans receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 94,000</b>	<b>\$ 146,984</b>	<b>\$ -</b>	<b>\$ 51,908</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,506	\$ -	\$ 412	\$ -
Accrued liabilities	-	5,879	-	4,157
Due to other funds	-	-	1,582	45,590
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,506</b>	<b>5,879</b>	<b>1,994</b>	<b>49,747</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues	-	-	1,849	34,384
<b>FUND BALANCES (DEFICITS):</b>				
Restricted for:				
Public protection	-	141,105	-	-
Development	-	-	-	-
Transportation	-	-	-	-
Capital improvements	91,494	-	-	-
Unassigned	-	-	(3,843)	(32,223)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>91,494</b>	<b>141,105</b>	<b>(3,843)</b>	<b>(32,223)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 94,000</b>	<b>\$ 146,984</b>	<b>\$ -</b>	<b>\$ 51,908</b>

See independent auditors' report.

**Special Revenue Funds (Continued)**

<b>STC Subvention</b>	<b>Housing Impact</b>	<b>MTA-STP Grant</b>	<b>Homeland Security Grant</b>	<b>Measure R</b>	<b>Total Other Governmental Funds</b>
\$ 860	\$ 739,573	\$ 70,010	\$ -	\$ 8,370	\$ 9,433,033
-	-	162,912	-	10,531	335,802
16	994	94	-	118	14,722
-	-	-	38,554	-	102,383
-	-	-	-	-	14,173
<b><u>\$ 876</u></b>	<b><u>\$ 740,567</u></b>	<b><u>\$ 233,016</u></b>	<b><u>\$ 38,554</u></b>	<b><u>\$ 19,019</u></b>	<b><u>\$ 9,900,113</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,566
-	-	-	-	-	15,067
-	-	-	38,554	-	778,845
-	-	-	-	-	28,437
<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>38,554</u></b>	<b><u>-</u></b>	<b><u>872,915</u></b>
<b><u>876</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>38,554</u></b>	<b><u>-</u></b>	<b><u>118,489</u></b>
-	-	-	-	-	407,847
-	740,567	-	-	-	6,165,056
-	-	233,016	-	19,019	1,038,896
-	-	-	-	-	2,000,449
-	-	-	(38,554)	-	(703,539)
<b><u>-</u></b>	<b><u>740,567</u></b>	<b><u>233,016</u></b>	<b><u>(38,554)</u></b>	<b><u>19,019</u></b>	<b><u>8,908,709</u></b>
<b><u>\$ 876</u></b>	<b><u>\$ 740,567</u></b>	<b><u>\$ 233,016</u></b>	<b><u>\$ 38,554</u></b>	<b><u>\$ 19,019</u></b>	<b><u>\$ 9,900,113</u></b>

CITY OF SIGNAL HILL

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

For the year ended June 30, 2013

	Special Revenue Funds			
	Asset Seizure	DOJ Grants	Park Development	HCDA Grant
<b>REVENUES:</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	130,748	103,506	-	34,353
Charges for services	-	-	-	-
Investment income (loss)	1,079	(22)	15,361	-
Developer fees	-	-	79,145	-
<b>TOTAL REVENUES</b>	<b>131,827</b>	<b>103,484</b>	<b>94,506</b>	<b>34,353</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Police	-	119,282	-	-
Community development	-	-	-	12,982
Public works	-	-	-	-
Capital outlay	18,681	11,455	-	21,371
<b>TOTAL EXPENDITURES</b>	<b>18,681</b>	<b>130,737</b>	<b>-</b>	<b>34,353</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>113,146</b>	<b>(27,253)</b>	<b>94,506</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(75,000)	-	(259,254)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(75,000)</b>	<b>-</b>	<b>(259,254)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>38,146</b>	<b>(27,253)</b>	<b>(164,748)</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
AT BEGINNING OF YEAR	<u>228,596</u>	<u>(49,489)</u>	<u>3,681,583</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
AT END OF YEAR	<u>\$ 266,742</u>	<u>\$ (76,742)</u>	<u>\$ 3,516,835</u>	<u>\$ -</u>

See independent auditors' report.

**Special Revenue Funds (Continued)**

Special Gas Tax	Transportation	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Proposition C
\$ 263,208	\$ 177,162	\$ 95,573	\$ -	\$ -	\$ -	\$ 146,339
-	-	-	13,425	-	-	-
-	2,965	-	-	-	-	-
244	1,624	5,857	296	6,990	(4,731)	642
-	-	-	-	741,442	30,333	-
<b>263,452</b>	<b>181,751</b>	<b>101,430</b>	<b>13,721</b>	<b>748,432</b>	<b>25,602</b>	<b>146,981</b>
-	-	-	2,489	-	-	2,458
-	-	-	-	-	-	-
-	148,729	-	-	-	-	-
-	-	2,232	-	21,723	-	-
-	-	-	-	-	-	-
<b>-</b>	<b>148,729</b>	<b>2,232</b>	<b>2,489</b>	<b>21,723</b>	<b>-</b>	<b>2,458</b>
<b>263,452</b>	<b>33,022</b>	<b>99,198</b>	<b>11,232</b>	<b>726,709</b>	<b>25,602</b>	<b>144,523</b>
<b>(350,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,257)</b>	<b>-</b>	<b>(49,383)</b>
<b>(350,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,257)</b>	<b>-</b>	<b>(49,383)</b>
<b>(86,548)</b>	<b>33,022</b>	<b>99,198</b>	<b>11,232</b>	<b>701,452</b>	<b>25,602</b>	<b>95,140</b>
<b>101,779</b>	<b>457,053</b>	<b>1,809,757</b>	<b>87,579</b>	<b>1,206,202</b>	<b>(577,779)</b>	<b>87,604</b>
<b>\$ 15,231</b>	<b>\$ 490,075</b>	<b>\$ 1,908,955</b>	<b>\$ 98,811</b>	<b>\$ 1,907,654</b>	<b>\$ (552,177)</b>	<b>\$ 182,744</b>

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2013

	Special Revenue Funds (Continued)			
	Lighting and Landscape	Supplemental Law Enforcement	Domestic Preparedness	OTS Grant
<b>REVENUES:</b>				
Other taxes	\$ 54,670	\$ -	\$ -	\$ -
Intergovernmental revenues	-	162,840	9,791	64,838
Charges for services	-	-	-	-
Investment income (loss)	288	446	-	39
Developer fees	-	-	-	-
<b>TOTAL REVENUES</b>	<b>54,958</b>	<b>163,286</b>	<b>9,791</b>	<b>64,877</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Police	-	201,021	-	63,399
Community development	-	-	-	-
Public works	43,822	-	-	-
Capital outlay	-	-	9,791	7,329
<b>TOTAL EXPENDITURES</b>	<b>43,822</b>	<b>201,021</b>	<b>9,791</b>	<b>70,728</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,136</b>	<b>(37,735)</b>	<b>-</b>	<b>(5,851)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	75,600	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>75,600</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>11,136</b>	<b>37,865</b>	<b>-</b>	<b>(5,851)</b>
<b>FUND BALANCES (DEFICITS)</b>				
AT BEGINNING OF YEAR	80,358	103,240	(3,843)	(26,372)
<b>FUND BALANCES (DEFICITS)</b>				
AT END OF YEAR	<b>\$ 91,494</b>	<b>\$ 141,105</b>	<b>\$ (3,843)</b>	<b>\$ (32,223)</b>

See independent auditors' report.

Special Revenue Funds (Continued)

STC Subvention	Housing Impact	MTA-STP Grant	Homeland Security Grant	Measure R	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 110,082	\$ 847,034
9,889	-	162,912	58,485	-	750,787
-	-	-	-	-	2,965
39	2,078	216	-	237	30,683
-	-	-	-	-	850,920
<b>9,928</b>	<b>2,078</b>	<b>163,128</b>	<b>58,485</b>	<b>110,319</b>	<b>2,482,389</b>
<hr/>					
-	-	-	-	-	4,947
9,928	-	-	-	-	393,630
-	-	-	-	-	161,711
-	-	-	-	-	67,777
-	-	-	97,039	-	165,666
<b>9,928</b>	<b>-</b>	<b>-</b>	<b>97,039</b>	<b>-</b>	<b>793,731</b>
<hr/>					
-	2,078	163,128	(38,554)	110,319	1,688,658
<hr/>					
-	-	-	-	-	75,600
-	-	-	-	(94,500)	(853,394)
<hr/>					
-	-	-	-	(94,500)	(777,794)
-	2,078	163,128	(38,554)	15,819	910,864
<hr/>					
-	738,489	69,888	-	3,200	7,997,845
<hr/>					
<b>\$ -</b>	<b>\$ 740,567</b>	<b>\$ 233,016</b>	<b>\$ (38,554)</b>	<b>\$ 19,019</b>	<b>\$ 8,908,709</b>

CITY OF SIGNAL HILL

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

ASSET SEIZURE SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 50,000	\$ 50,000	\$ 130,748	\$ 80,748
Investment income	-	-	1,079	1,079
<b>TOTAL REVENUES</b>	<b>50,000</b>	<b>50,000</b>	<b>131,827</b>	<b>81,827</b>
EXPENDITURES:				
Capital outlay	-	-	18,681	(18,681)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>50,000</b>	<b>50,000</b>	<b>113,146</b>	<b>63,146</b>
OTHER FINANCING USES:				
Transfers out	(75,000)	(75,000)	(75,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>38,146</b>	<b>63,146</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>228,596</b>	<b>228,596</b>	<b>228,596</b>	<b>-                   </b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 203,596</b>	<b>\$ 203,596</b>	<b>\$ 266,742</b>	<b>\$ 63,146</b>

See independent auditors' report.

CITY OF SIGNAL HILL

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

DOJ GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 65,600	\$ 65,600	\$ 103,506	\$ 37,906
Investment income (loss)	300	300	(22)	(322)
<b>TOTAL REVENUES</b>	<b>65,900</b>	<b>65,900</b>	<b>103,484</b>	<b>37,584</b>
EXPENDITURES:				
Police:				
Patrol services	114,000	114,000	119,282	(5,282)
Capital outlay	-	11,455	11,455	-
<b>TOTAL EXPENDITURES</b>	<b>114,000</b>	<b>125,455</b>	<b>130,737</b>	<b>(5,282)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(48,100)</b>	<b>(59,555)</b>	<b>(27,253)</b>	<b>32,302</b>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(49,489)	(49,489)	(49,489)	-
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ (97,589)</b>	<b>\$ (109,044)</b>	<b>\$ (76,742)</b>	<b>\$ 32,302</b>

See independent auditors' report.

CITY OF SIGNAL HILL

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

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	\$ 20,000	\$ 20,000	\$ 15,361	\$ (4,639)
Developer fees	<u>570,019</u>	<u>570,019</u>	<u>79,145</u>	<u>(490,874)</u>
<b>TOTAL REVENUES</b>	<b>590,019</b>	<b>590,019</b>	<b>94,506</b>	<b>(495,513)</b>
OTHER FINANCING USES:				
Transfers out	<u>(320,000)</u>	<u>(341,010)</u>	<u>(259,254)</u>	<u>81,756</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>270,019</b>	<b>249,009</b>	<b>(164,748)</b>	<b>(413,757)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b><u>3,681,583</u></b>	<b><u>3,681,583</u></b>	<b><u>3,681,583</u></b>	<b><u>-</u></b>
<b>FUND BALANCE AT END OF YEAR</b>	<b><u>\$ 3,951,602</u></b>	<b><u>\$ 3,930,592</u></b>	<b><u>\$ 3,516,835</u></b>	<b><u>\$ (413,757)</u></b>

See independent auditors' report.

CITY OF SIGNAL HILL

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

HCDA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 136,550	\$ 136,550	\$ 34,353	\$ (102,197)
EXPENDITURES:				
Community development:				
CDBG program	12,982	12,982	12,982	-
Capital outlay	50,000	50,000	21,371	28,629
TOTAL EXPENDITURES	<u>62,982</u>	<u>62,982</u>	<u>34,353</u>	<u>28,629</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	73,568	73,568	-	(73,568)
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ 73,568</u>	<u>\$ 73,568</u>	<u>\$ -</u>	<u>\$ (73,568)</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

SPECIAL GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	\$ 304,257	\$ 304,257	\$ 263,208	\$ (41,049)
Investment income	<u>2,000</u>	<u>2,000</u>	<u>244</u>	<u>(1,756)</u>
<b>TOTAL REVENUES</b>	<b>306,257</b>	<b>306,257</b>	<b>263,452</b>	<b>(42,805)</b>
OTHER FINANCING USES:				
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(43,743)</b>	<b>(43,743)</b>	<b>(86,548)</b>	<b>(42,805)</b>
FUND BALANCE AT BEGINNING OF YEAR	<u>101,779</u>	<u>101,779</u>	<u>101,779</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<b><u>\$ 58,036</u></b>	<b><u>\$ 58,036</u></b>	<b><u>\$ 15,231</u></b>	<b><u>\$ (42,805)</u></b>

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRANSPORTATION SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	\$ 164,000	\$ 164,000	\$ 177,162	\$ 13,162
Charges for services	3,700	3,700	2,965	(735)
Investment income	<u>3,000</u>	<u>3,000</u>	1,624	(1,376)
	170,700	170,700	181,751	11,051
EXPENDITURES:				
Community development:				
Public transportation	<u>156,674</u>	<u>156,674</u>	148,729	7,945
	14,026	14,026	33,022	18,996
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(50,000)	(50,000)	-	50,000
NET CHANGE IN FUND BALANCE	(35,974)	(35,974)	33,022	68,996
FUND BALANCE AT BEGINNING OF YEAR	<u>457,053</u>	<u>457,053</u>	457,053	-
FUND BALANCE AT END OF YEAR	<u>\$ 421,079</u>	<u>\$ 421,079</u>	\$ 490,075	\$ 68,996

See independent auditors' report.

CITY OF SIGNAL HILL

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

PIPELINE REMOVAL SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	\$ 100,000	\$ 100,000	\$ 95,573	\$ (4,427)
Investment income	<u>20,000</u>	<u>20,000</u>	<u>5,857</u>	<u>(14,143)</u>
TOTAL REVENUES	120,000	120,000	101,430	(18,570)
EXPENDITURES:				
Public works:				
Contract services	<u>-</u>	<u>7,000</u>	<u>2,232</u>	<u>4,768</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	120,000	113,000	99,198	(13,802)
FUND BALANCE AT BEGINNING OF YEAR	<u>1,809,757</u>	<u>1,809,757</u>	<u>1,809,757</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,929,757</u>	<u>\$ 1,922,757</u>	<u>\$ 1,908,955</u>	<u>\$ (13,802)</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
<b>REVENUES:</b>					
Intergovernmental revenues	\$ 12,000	\$ 12,000	\$ 13,425	\$ 1,425	
Investment income	<u>1,000</u>	<u>1,000</u>	<u>296</u>	<u>(704)</u>	
<b>TOTAL REVENUES</b>	<b>13,000</b>	<b>13,000</b>	<b>13,721</b>		<b>721</b>
<b>EXPENDITURES:</b>					
General government:					
City Council	3,000	3,000	2,489	511	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,000</b>	<b>10,000</b>	<b>11,232</b>		<b>1,232</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>87,579</b>	<b>87,579</b>	<b>87,579</b>		<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b><u>\$ 97,579</u></b>	<b><u>\$ 97,579</u></b>	<b><u>\$ 98,811</u></b>	<b><u>\$ 1,232</u></b>	

See independent auditors' report.

CITY OF SIGNAL HILL

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

WATER DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	\$ 5,000	\$ 5,000	\$ 6,990	\$ 1,990
Developer fees	<u>462,192</u>	<u>462,192</u>	<u>741,442</u>	<u>279,250</u>
 TOTAL REVENUES	 467,192	 467,192	 748,432	 281,240
EXPENDITURES:				
Public works:				
Contract services	- -	- -	21,723	(21,723)
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 467,192	 467,192	 726,709	 259,517
OTHER FINANCING USES:				
Transfers out	(130,000)	(130,000)	(25,257)	104,743
 NET CHANGE IN FUND BALANCE	 337,192	 337,192	 701,452	 364,260
FUND BALANCE AT BEGINNING OF YEAR	1,206,202	1,206,202	1,206,202	- -
FUND BALANCE AT END OF YEAR	<u>\$ 1,543,394</u>	<u>\$ 1,543,394</u>	<u>\$ 1,907,654</u>	<u>\$ 364,260</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

TRAFFIC IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income (loss)	\$ 11,000	\$ 11,000	\$ (4,731)	\$ (15,731)
Developer fees	<u>38,031</u>	<u>38,031</u>	<u>30,333</u>	<u>(7,698)</u>
TOTAL REVENUES	49,031	49,031	25,602	(23,429)
OTHER FINANCING USES:				
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCE	(350,969)	(350,969)	25,602	376,571
FUND BALANCE (DEFICIT)				
AT BEGINNING OF YEAR	<u>(577,779)</u>	<u>(577,779)</u>	<u>(577,779)</u>	<u>-</u>
FUND BALANCE (DEFICIT)				
AT END OF YEAR	<u>\$ (928,748)</u>	<u>\$ (928,748)</u>	<u>\$ (552,177)</u>	<u>\$ 376,571</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Other taxes	\$ 136,000	\$ 136,000	\$ 146,339	\$ 10,339
Investment income	1,000	1,000	642	(358)
<b>TOTAL REVENUES</b>	<b>137,000</b>	<b>137,000</b>	<b>146,981</b>	<b>9,981</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	4,500	4,500	2,458	2,042
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>132,500</b>	<b>132,500</b>	<b>144,523</b>	<b>12,023</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(85,000)	(85,000)	(49,383)	35,617
<b>NET CHANGE IN FUND BALANCE</b>	<b>47,500</b>	<b>47,500</b>	<b>95,140</b>	<b>47,640</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>87,604</b>	<b>87,604</b>	<b>87,604</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 135,104</b>	<b>\$ 135,104</b>	<b>\$ 182,744</b>	<b>\$ 47,640</b>

See independent auditors' report.

CITY OF SIGNAL HILL

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
  
LIGHTING AND LANDSCAPE SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget  Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Other taxes	\$ 54,388	\$ 54,388	\$ 54,670	\$ 282
Investment income	<u>1,000</u>	<u>1,000</u>	<u>288</u>	<u>(712)</u>
<b>TOTAL REVENUES</b>	<b>55,388</b>	<b>55,388</b>	<b>54,958</b>	<b>(430)</b>
<b>EXPENDITURES:</b>				
Public works:				
Lighting and landscape maintenance	54,388	54,388	43,822	10,566
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,000</b>	<b>1,000</b>	<b>11,136</b>	<b>10,136</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>80,358</b>	<b>80,358</b>	<b>80,358</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 81,358</b>	<b>\$ 81,358</b>	<b>\$ 91,494</b>	<b>\$ 10,136</b>

See independent auditors' report.

CITY OF SIGNAL HILL

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

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 162,840	\$ 62,840
Investment income	-	-	446	446
<b>TOTAL REVENUES</b>	<b>100,000</b>	<b>100,000</b>	<b>163,286</b>	<b>63,286</b>
<b>EXPENDITURES:</b>				
Police:				
Patrol services	175,660	175,660	201,021	(25,361)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(75,660)</b>	<b>(75,660)</b>	<b>(37,735)</b>	<b>37,925</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	75,660	75,660	75,600	(60)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>37,865</b>	<b>37,865</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>103,240</b>	<b>103,240</b>	<b>103,240</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 103,240</b>	<b>\$ 103,240</b>	<b>\$ 141,105</b>	<b>\$ 37,865</b>

See independent auditors' report.

## CITY OF SIGNAL HILL

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

## OTS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Positive (Negative)	Variance with Final Budget
	Original	Final	Actual		
<b>REVENUES:</b>					
Intergovernmental revenues	\$ 4,000	\$ 4,000	\$ 64,838	\$ 60,838	
Investment income	-	-	39	39	
<b>TOTAL REVENUES</b>	<b>4,000</b>	<b>4,000</b>	<b>64,877</b>	<b>60,877</b>	
<b>EXPENDITURES:</b>					
Police:					
Patrol services	-	-	63,399	(63,399)	
Capital outlay	-	-	7,329	(7,329)	
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>70,728</b>	<b>(70,728)</b>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,000</b>	<b>4,000</b>	<b>(5,851)</b>	<b>(9,851)</b>	
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>(26,372)</b>	<b>(26,372)</b>	<b>(26,372)</b>	<b>-</b>	
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ (22,372)</b>	<b>\$ (22,372)</b>	<b>\$ (32,223)</b>	<b>\$ (9,851)</b>	

See independent auditors' report.

CITY OF SIGNAL HILL

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

HOUSING IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts					Variance with Final Budget
	Original	Final	Actual	Positive (Negative)		
REVENUES:						
Investment income	\$ 1,000	\$ 1,000	\$ 2,078	\$ 1,078		
FUND BALANCE AT BEGINNING OF YEAR	<u>738,489</u>	<u>738,489</u>	<u>738,489</u>			<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 739,489</u>	<u>\$ 739,489</u>	<u>\$ 740,567</u>			<u>\$ 1,078</u>

See independent auditors' report.

CITY OF SIGNAL HILL

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

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other taxes	\$ 102,000	\$ 102,000	\$ 110,082	\$ 8,082
Investment income	<u>1,000</u>	<u>1,000</u>	<u>237</u>	<u>(763)</u>
<b>TOTAL REVENUES</b>	<b>103,000</b>	<b>103,000</b>	<b>110,319</b>	<b>7,319</b>
OTHER FINANCING USES:				
Transfers out	<u>(94,500)</u>	<u>(94,500)</u>	<u>(94,500)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>8,500</b>	<b>8,500</b>	<b>15,819</b>	<b>7,319</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b><u>3,200</u></b>	<b><u>3,200</u></b>	<b><u>3,200</u></b>	<b><u>-</u></b>
<b>FUND BALANCE AT END OF YEAR</b>	<b><u>\$ 11,700</u></b>	<b><u>\$ 11,700</u></b>	<b><u>\$ 19,019</u></b>	<b><u>\$ 7,319</u></b>

See independent auditors' report.

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**FIDUCIARY FUNDS  
AGENCY FUNDS**

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

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

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

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

June 30, 2013

	Gateway IRWM Joint Powers Authority Fund	Spring Street Corridor Joint Powers Authority Fund	Special Deposit Agency Fund	Total
<b>ASSETS:</b>				
Cash and investments	\$ 1,208,002	\$ -	\$ 797,362	\$ 2,005,364
Accounts receivable	135,605	1,588	-	137,193
Accrued interest receivable	<u>1,463</u>	<u>-</u>	<u>-</u>	<u>1,463</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,345,070</u></b>	<b><u>\$ 1,588</u></b>	<b><u>\$ 797,362</u></b>	<b><u>\$ 2,144,020</u></b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 215,630	\$ -	\$ 5,577	\$ 221,207
Refundable deposits	<u>1,129,440</u>	<u>1,588</u>	<u>791,785</u>	<u>1,922,813</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,345,070</u></b>	<b><u>\$ 1,588</u></b>	<b><u>\$ 797,362</u></b>	<b><u>\$ 2,144,020</u></b>

See independent auditor's report.

CITY OF SIGNAL HILL

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

For the year ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>GATEWAY IRWM JOINT POWERS AUTHORITY</b>				
ASSETS:				
Cash and investments	\$ 853,754	\$ 1,507,343	\$ (1,153,095)	\$ 1,208,002
Accounts receivable	-	135,605	-	135,605
Accrued interest receivable	2,146	1,463	(2,146)	1,463
TOTAL ASSETS	<u>\$ 855,900</u>	<u>\$ 1,644,411</u>	<u>\$ (1,155,241)</u>	<u>\$ 1,345,070</u>
LIABILITIES:				
Accounts payable	\$ 173,655	\$ 849,398	\$ (807,423)	\$ 215,630
Refundable deposits	682,245	1,451,843	(1,004,648)	1,129,440
TOTAL LIABILITIES	<u>\$ 855,900</u>	<u>\$ 2,301,241</u>	<u>\$ (1,812,071)</u>	<u>\$ 1,345,070</u>
<b>SPRING STREET CORRIDOR JOINT POWERS AUTHORITY</b>				
ASSETS:				
Cash and investments	\$ 1,507	\$ 1,594	\$ (3,101)	\$ -
Accounts receivable	-	1,588	-	1,588
Accrued interest receivable	6	-	(6)	-
TOTAL ASSETS	<u>\$ 1,513</u>	<u>\$ 3,182</u>	<u>\$ (3,107)</u>	<u>\$ 1,588</u>
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Refundable deposits	1,513	3,176	(3,101)	1,588
TOTAL LIABILITIES	<u>\$ 1,513</u>	<u>\$ 3,176</u>	<u>\$ (3,101)</u>	<u>\$ 1,588</u>
<b>SPECIAL DEPOSIT</b>				
ASSETS:				
Cash and investments	<u>\$ 943,466</u>	<u>\$ 387,889</u>	<u>\$ (533,993)</u>	<u>\$ 797,362</u>
LIABILITIES:				
Accounts payable	\$ 11,348	\$ 287,343	\$ (293,114)	\$ 5,577
Refundable deposits	932,118	388,997	(529,330)	791,785
TOTAL LIABILITIES	<u>\$ 943,466</u>	<u>\$ 676,340</u>	<u>\$ (822,444)</u>	<u>\$ 797,362</u>
<b>TOTAL</b>				
ASSETS:				
Cash and investments	\$ 1,798,727	\$ 1,896,826	\$ (1,690,189)	\$ 2,005,364
Accounts receivable	-	137,193	-	137,193
Accrued interest receivable	2,152	1,463	(2,152)	1,463
TOTAL ASSETS	<u>\$ 1,800,879</u>	<u>\$ 2,035,482</u>	<u>\$ (1,692,341)</u>	<u>\$ 2,144,020</u>
LIABILITIES:				
Accounts payable	\$ 185,003	\$ 1,136,741	\$ (1,100,537)	\$ 221,207
Refundable deposits	1,615,876	1,844,016	(1,537,079)	1,922,813
TOTAL LIABILITIES	<u>\$ 1,800,879</u>	<u>\$ 2,980,757</u>	<u>\$ (2,637,616)</u>	<u>\$ 2,144,020</u>

See independent auditors' report.

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## **STATISTICAL SECTION**

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## DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2013

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

### Contents:

### Pages

<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	134 - 141
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	142 - 145
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	146 - 149
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	150 - 151
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	152 - 154

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

	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Governmental activities				
Net investment in capital assets	\$ 45,374	\$ 45,473	\$ 44,080	\$ 43,943
Restricted	11,460	7,155	9,206	32,432
Unrestricted	<u>(44,957)</u>	<u>(40,035)</u>	<u>(31,819)</u>	<u>(43,683)</u>
Total governmental activities net position	<u><u>\$ 11,877</u></u>	<u><u>\$ 12,593</u></u>	<u><u>\$ 21,467</u></u>	<u><u>\$ 32,692</u></u>
Business-type activities				
Net investment in capital assets	\$ 14,021	\$ 14,403	\$ 15,414	\$ 17,289
Restricted	2,249	2,405	689	688
Unrestricted	<u>2,703</u>	<u>2,954</u>	<u>4,137</u>	<u>2,812</u>
Total business-type activities net position	<u><u>\$ 18,973</u></u>	<u><u>\$ 19,762</u></u>	<u><u>\$ 20,240</u></u>	<u><u>\$ 20,789</u></u>
Primary government				
Net investment in capital assets	\$ 59,395	\$ 59,876	\$ 59,494	\$ 61,232
Restricted	13,709	9,560	9,895	33,120
Unrestricted	<u>(42,254)</u>	<u>(37,081)</u>	<u>(27,682)</u>	<u>(40,871)</u>
Total primary government net position	<u><u>\$ 30,850</u></u>	<u><u>\$ 32,355</u></u>	<u><u>\$ 41,707</u></u>	<u><u>\$ 53,481</u></u>

Source: City of Signal Hill, Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 44,503	\$ 45,402	\$ 46,331	\$ 59,680	\$ 57,653	\$ 47,617
37,503	36,632	56,423	47,378	10,749	10,172
(47,272)	(43,794)	(65,190)	(66,721)	35,059	33,426
<u>\$ 34,734</u>	<u>\$ 38,240</u>	<u>\$ 37,564</u>	<u>\$ 40,337</u>	<u>\$ 103,461</u>	<u>\$ 91,215</u>
\$ 18,010	\$ 17,674	\$ 17,341	\$ 17,076	\$ 16,792	\$ 16,315
-	-	670	679	674	671
4,108	4,892	4,484	4,026	4,239	4,237
<u>\$ 22,118</u>	<u>\$ 22,566</u>	<u>\$ 22,495</u>	<u>\$ 21,781</u>	<u>\$ 21,705</u>	<u>\$ 21,223</u>
\$ 62,513	\$ 63,076	\$ 63,672	\$ 76,756	\$ 74,445	\$ 63,932
37,503	36,632	57,093	48,057	11,423	10,843
(43,164)	(38,902)	(60,706)	(62,695)	39,298	37,663
<u>\$ 56,852</u>	<u>\$ 60,806</u>	<u>\$ 60,059</u>	<u>\$ 62,118</u>	<u>\$ 125,166</u>	<u>\$ 112,438</u>

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

	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,176	\$ 5,152	\$ 4,110	\$ 3,009
Community services	1,149	1,162	1,189	1,248
Police	5,733	6,599	6,630	7,434
Community development	3,340	5,940	3,877	3,712
Public works	5,866	5,636	5,915	5,328
Unallocated infrastructure depreciation	446	448	482	524
Interest on long-term liabilities	3,565	3,631	3,504	4,252
Fiscal agent fees	-	-	-	-
Total governmental activities expenses	<u>23,275</u>	<u>28,568</u>	<u>25,707</u>	<u>25,507</u>
Business-type activities - Water	3,861	3,366	4,058	3,896
Total primary government expenses	<u><u>\$ 27,136</u></u>	<u><u>\$ 31,934</u></u>	<u><u>\$ 29,765</u></u>	<u><u>\$ 29,403</u></u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	\$ 215	\$ 164	\$ 135	\$ 213
Community services	266	268	260	282
Police	330	408	538	549
Community development	1	7	7	588
Public works	1,361	1,206	1,264	989
Operating grants and contributions	1,041	1,055	3,178	1,748
Capital grants and contributions	7,063	2,415	2,728	2,366
Total governmental activities program revenues	<u>10,277</u>	<u>5,523</u>	<u>8,110</u>	<u>6,735</u>
Business-type activities:				
Charges for services - water	3,296	3,355	3,433	3,601
Total primary government program revenues	<u><u>\$ 13,573</u></u>	<u><u>\$ 8,878</u></u>	<u><u>\$ 11,543</u></u>	<u><u>\$ 10,336</u></u>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (12,998)	\$ (23,045)	\$ (17,597)	\$ (18,772)
Business-type activities	(565)	(11)	(625)	(295)
Total primary government net expenses	<u><u>\$ (13,563)</u></u>	<u><u>\$ (23,056)</u></u>	<u><u>\$ (18,222)</u></u>	<u><u>\$ (19,067)</u></u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property	\$ 9,243	\$ 9,451	\$ 12,143	\$ 13,995
Sales and use	10,598	11,125	12,015	12,177
Franchise	455	462	412	591
Motor vehicle	490	952	24	74
Other	769	816	1,016	1,302
Investment income	385	912	1,067	2,295
Unrestricted grants and contributions	905	733	764	206
Gain on disposition of assets	19	-	18	16
Transfers	-	(690)	(988)	(660)
Extraordinary item	-	-	-	-
Total governmental activities	<u>22,864</u>	<u>23,761</u>	<u>26,471</u>	<u>29,996</u>
Business-type activities				
Investment income	29	109	115	184
Unrestricted grants and contributions	-	-	-	-
Gain (loss) on disposition of assets	-	1	-	1
Transfers	-	690	988	660
Total business-type activities	<u>29</u>	<u>800</u>	<u>1,103</u>	<u>845</u>
Total primary government	<u><u>\$ 22,893</u></u>	<u><u>\$ 24,561</u></u>	<u><u>\$ 27,574</u></u>	<u><u>\$ 30,841</u></u>
<b>Changes in Net Position</b>				
Governmental activities	\$ 9,866	\$ 716	\$ 8,874	\$ 11,224
Business-type activities	(536)	789	478	550
Total primary government	<u><u>\$ 9,330</u></u>	<u><u>\$ 1,505</u></u>	<u><u>\$ 9,352</u></u>	<u><u>\$ 11,774</u></u>

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

Source: City of Signal Hill, Finance Department

Fiscal Year

	2008	2009	2010	2011	2012	2013
\$	3,344	\$ 3,685	\$ 3,137	\$ 2,790	\$ 3,080	\$ 3,695
1,407	1,418	1,273	1,241	1,217	1,220	
7,662	7,628	7,726	7,521	7,571	7,611	
11,578	8,788	11,563	8,863	1,280	935	
4,585	5,600	4,935	4,462	4,141	4,506	
531	531	521	524	535	545	
4,095	3,761	4,394	4,787	3,687	-	
17	19	-	-	-	-	
<b>33,219</b>	<b>31,430</b>	<b>33,549</b>	<b>30,188</b>	<b>21,511</b>	<b>18,512</b>	
3,380	3,578	3,832	4,163	3,804	3,992	
<b>\$ 36,599</b>	<b>\$ 35,008</b>	<b>\$ 37,381</b>	<b>\$ 34,351</b>	<b>\$ 25,315</b>	<b>\$ 22,504</b>	

\$	157	\$ 440	\$ 70	\$ 168	\$ 176	\$ 210
297	301	239	234	209	202	
665	639	556	607	453	430	
597	559	506	677	531	95	
962	1,062	914	897	773	649	
806	1,187	1,703	1,448	1,586	1,596	
1,230	1,268	1,376	440	2,691	1,339	
4,714	5,456	5,364	4,471	6,419	4,521	
<b>3,352</b>	<b>3,291</b>	<b>3,630</b>	<b>3,383</b>	<b>3,515</b>	<b>3,672</b>	
<b>\$ 8,066</b>	<b>\$ 8,747</b>	<b>\$ 8,994</b>	<b>\$ 7,854</b>	<b>\$ 9,934</b>	<b>\$ 8,193</b>	
<b>\$ (28,505)</b>	<b>\$ (25,974)</b>	<b>\$ (28,185)</b>	<b>\$ (25,717)</b>	<b>\$ (15,092)</b>	<b>\$ (13,991)</b>	
<b>(28)</b>	<b>(287)</b>	<b>(202)</b>	<b>(780)</b>	<b>(289)</b>	<b>(320)</b>	
<b><u>\$ (28,533)</u></b>	<b><u>\$ (26,261)</u></b>	<b><u>\$ (28,387)</u></b>	<b><u>\$ (26,497)</u></b>	<b><u>\$ (15,381)</u></b>	<b><u>\$ (14,311)</u></b>	

\$	14,302	\$ 15,391	\$ 15,168	\$ 14,801	\$ 7,487	\$ 2,146
12,162	9,978	9,460	9,946	11,210	12,487	
502	563	514	533	547	546	
51	39	33	58	-	-	
1,117	1,355	1,058	1,145	1,278	1,483	
3,356	2,503	1,267	649	1,252	647	
195	136	27	71	20	12	
14	14	(17)	6	4	19	
(1,151)	(500)	-	-	(100)	(25)	
-	-	-	-	56,518	(15,571)	
<b>30,548</b>	<b>29,479</b>	<b>27,510</b>	<b>27,209</b>	<b>78,216</b>	<b>1,744</b>	
206	236	131	66	75	25	
-	-	-	-	38	97	
-	-	-	-	-	-	
<b>1,151</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>25</b>	
<b>1,357</b>	<b>736</b>	<b>131</b>	<b>66</b>	<b>213</b>	<b>147</b>	
<b>\$ 31,905</b>	<b>\$ 30,215</b>	<b>\$ 27,641</b>	<b>\$ 27,275</b>	<b>\$ 78,429</b>	<b>\$ 1,891</b>	
<b>\$ 2,043</b>	<b>\$ 3,505</b>	<b>\$ (675)</b>	<b>\$ 1,492</b>	<b>\$ 63,124</b>	<b>\$ (12,247)</b>	
<b>1,329</b>	<b>449</b>	<b>(71)</b>	<b>(714)</b>	<b>(76)</b>	<b>(173)</b>	
<b><u>\$ 3,372</u></b>	<b><u>\$ 3,954</u></b>	<b><u>\$ (746)</u></b>	<b><u>\$ 778</u></b>	<b><u>\$ 63,048</u></b>	<b><u>\$ (12,420)</u></b>	

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

	Fiscal Year			
	2004	2005	2006	2007
<b>General Fund</b>				
Reserved	\$ 2,349	\$ 2,289	\$ 2,290	\$ 43
Unreserved	18,502	18,843	21,287	26,564
Total General Fund	<u>20,851</u>	<u>21,132</u>	<u>23,577</u>	<u>26,607</u>
<b>All Other Governmental Funds</b>				
Reserved	3,801	4,726	4,101	20,150
Unreserved, reported in:				
Special revenue funds	11,346	6,192	9,216	10,983
Debt service funds	176	1,603	3,688	5,904
Capital projects funds	3,102	3,144	3,693	2,312
Total All Other Governmental Funds	<u>18,425</u>	<u>15,665</u>	<u>20,698</u>	<u>39,349</u>
Total All Governmental Funds	<u><u>\$ 39,276</u></u>	<u><u>\$ 36,797</u></u>	<u><u>\$ 44,275</u></u>	<u><u>\$ 65,956</u></u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Total All Governmental Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Source: City of Signal Hill, Finance Department

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 10,000	\$ 10,000	\$ 10,314	\$ -	\$ -	\$ -
19,652	17,445	14,212	-	-	-
<u>29,652</u>	<u>27,445</u>	<u>24,526</u>	<u>-</u>	<u>-</u>	<u>-</u>
30,761	30,331	49,583	-	-	-
6,616	7,427	8,047	-	-	-
(1,640)	804	(2,458)	-	-	-
868	-	-	-	-	-
<u>36,605</u>	<u>38,562</u>	<u>55,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 66,257</u>	<u>\$ 66,007</u>	<u>\$ 79,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 10,539	\$ 10,241	\$ 7,690
-	-	-	10,220	10,721	10,820
-	-	-	6,167	6,642	7,085
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,926</u>	<u>\$ 27,604</u>	<u>\$ 25,595</u>
\$ -	\$ -	\$ -	\$ 18,127	\$ 4,068	\$ 5,160
-	-	-	28,604	9,942	9,990
-	-	-	-	-	414
-	-	-	(5,271)	(719)	(703)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,460</u>	<u>\$ 13,291</u>	<u>\$ 14,861</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,386</u>	<u>\$ 40,895</u>	<u>\$ 40,456</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues</b>				
Taxes	\$ 21,452	\$ 21,609	\$ 25,975	\$ 28,181
Licenses and permits	421	429	348	369
Intergovernmental revenues	4,304	2,910	2,235	2,224
Charges for services	1,185	1,020	1,236	1,142
Fines and forfeitures	203	284	359	356
Investment income	328	1,014	1,185	2,960
Other	2,600	1,948	4,212	2,130
<b>Total Revenues</b>	<b><u>30,493</u></b>	<b><u>29,214</u></b>	<b><u>35,550</u></b>	<b><u>37,362</u></b>
<b>Expenditures</b>				
General government	3,009	5,058	4,155	2,919
Community services	1,048	1,130	1,175	1,246
Public safety	5,473	6,339	6,586	7,295
Community development	1,108	1,123	1,187	1,198
Public works	3,577	3,683	3,761	4,025
Capital outlay	5,578	7,191	2,891	3,738
Debt service:				
Principal retirement	820	2,595	2,888	2,451
Interest	2,976	3,427	3,334	3,749
Other debt service	4,510	457	1,114	1,842
<b>Total Expenditures</b>	<b><u>28,099</u></b>	<b><u>31,003</u></b>	<b><u>27,091</u></b>	<b><u>28,463</u></b>
Excess of revenues over/(under) expenditures	<b><u>2,394</u></b>	<b><u>(1,789)</u></b>	<b><u>8,459</u></b>	<b><u>8,899</u></b>
<b>Other Financing Sources/(Uses)</b>				
Transfers in	3,406	2,372	2,765	5,024
Transfers out	(3,406)	(3,062)	(3,746)	(5,742)
Other	7,568	-	-	13,500
<b>Total other financing sources</b>	<b><u>7,568</u></b>	<b><u>(690)</u></b>	<b><u>(981)</u></b>	<b><u>12,782</u></b>
Net change in fund balances	<b><u>\$ 9,962</u></b>	<b><u>\$ (2,479)</u></b>	<b><u>\$ 7,478</u></b>	<b><u>\$ 21,681</u></b>
Capitalized capital outlay	<b><u>\$ 2,023</u></b>	<b><u>\$ 726</u></b>	<b><u>\$ 769</u></b>	<b><u>\$ 1,286</u></b>
Debt service as a percentage of noncapital expenditures	31.9%	21.4%	27.9%	29.6%

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

Source: City of Signal Hill, Finance Department

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 29,009	\$ 28,334	\$ 25,683	\$ 26,823	\$ 21,141	\$ 17,585
278	271	302	331	312	328
810	1,086	1,766	864	1,214	1,475
1,078	1,155	841	870	645	516
409	401	400	385	317	367
3,547	2,945	1,392	2,205	1,160	53
1,543	1,678	1,168	1,043	2,960	1,646
<u>36,674</u>	<u>35,870</u>	<u>31,552</u>	<u>32,521</u>	<u>27,749</u>	<u>21,970</u>
3,054	3,398	3,070	3,051	3,103	3,772
1,406	1,413	1,272	1,239	1,216	1,219
7,520	7,516	7,458	7,442	7,482	7,475
3,323	3,101	8,446	4,659	1,689	935
4,015	3,964	3,721	3,637	3,640	3,738
8,136	7,742	5,241	21,457	6,047	1,511
2,545	2,845	2,865	5,044	4,819	-
4,019	4,563	4,999	5,695	3,672	-
1,721	1,079	1,215	1,102	14	-
<u>35,739</u>	<u>35,621</u>	<u>38,287</u>	<u>53,326</u>	<u>31,682</u>	<u>18,650</u>
<u>935</u>	<u>249</u>	<u>(6,735)</u>	<u>(20,805)</u>	<u>(3,933)</u>	<u>3,320</u>
13,845	5,129	3,565	9,243	3,755	1,603
(14,996)	(5,629)	(3,565)	(9,253)	(3,855)	(1,628)
<u>517</u>	<u>-</u>	<u>20,427</u>	<u>9,503</u>	<u>(23,458)</u>	<u>(3,733)</u>
<u>(634)</u>	<u>(500)</u>	<u>20,427</u>	<u>9,493</u>	<u>(23,558)</u>	<u>(3,758)</u>
<u>\$ 301</u>	<u>\$ (251)</u>	<u>\$ 13,692</u>	<u>\$ (11,312)</u>	<u>\$ (27,491)</u>	<u>\$ (438)</u>
<u>\$ 535</u>	<u>\$ 1,617</u>	<u>\$ 1,693</u>	<u>\$ 17,446</u>	<u>\$ 6,093</u>	<u>\$ 869</u>
23.5%	25.0%	24.8%	33.0%	33.2%	0.0%

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

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2004	\$ 381,532	\$ 37,819	\$ (5,292)	\$ 414,059	\$ 731,513	\$ 83,675	\$ (4,550)	\$ 810,638	0.63524
2005	421,446	34,542	(5,453)	450,535	865,759	81,094	(5,019)	941,834	0.65248
2006	474,373	30,102	(5,450)	499,025	980,644	83,292	(5,173)	1,058,763	0.66032
2007	537,818	29,189	(5,418)	561,589	1,133,343	104,301	(5,285)	1,232,359	0.67271
2008	596,300	30,591	(5,550)	621,341	1,233,718	102,845	(5,583)	1,330,980	0.67048
2009	632,376	33,425	(5,680)	660,121	1,316,948	107,149	(5,636)	1,418,461	0.67381
2010	587,320	31,265	(5,793)	612,792	1,289,275	99,941	(5,746)	1,383,470	0.68186
2011	572,596	33,227	(5,786)	600,037	1,297,258	102,457	(5,818)	1,393,897	0.68693
2012	577,970	35,699	(5,716)	607,953	1,305,257	103,603	(5,858)	1,403,002	0.68596
2013	586,974	33,333	(5,646)	614,661	1,341,521	98,286	(5,761)	1,434,046	0.68639

Note:

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

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

Agency	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Basic Levy (1)</b>	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	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
L.A. County Flood Control	0.00046	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
L.A. County Sanitation	0.00506	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.01171	0.01239	0.01857	0.01153	0.01839	0.02181	0.02392	0.02559	0.02615	0.05095
Long Beach Unified School District	0.04285	0.04667	0.04075	0.03811	0.03457	0.03220	0.08663	0.08834	0.09223	0.09394
Metropolitan Water District	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350
<b>Total Direct and Overlapping (2)</b>										
Tax Rates	<b>1.06717</b>	<b>1.06603</b>	<b>1.06537</b>	<b>1.05505</b>	<b>1.05746</b>	<b>1.05831</b>	<b>1.11485</b>	<b>1.11763</b>	<b>1.12208</b>	<b>1.14839</b>
<b>City's Share of 1% Levy per Prop 13 (3)</b>	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06770	0.06777
<b>General Obligation Debt Rate</b>										
<b>Redevelopment Rate (4)</b>	1.01261	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370	0.00000
<b>Total Direct Rate (5)</b>	0.63524	0.65248	0.66032	0.67271	0.67048	0.67314	0.68186	0.68693	0.68596	0.68639

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.
- (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.

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

Taxpayer	2012-13		2003-04	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum, Inc.	\$ 149,481	7.43%	\$ 21,134	1.90%
PL Signal Hill, LP	41,297	2.05%	-	0.00%
LBSH Development	26,521	1.32%	19,000	1.71%
Towne Center West LLC	24,261	1.21%	10,110	0.91%
Costco Wholesale Corp.	20,689	1.03%	18,291	1.65%
Tesoro Logistics Operations	19,942	0.99%	-	0.00%
Home Depot USA, Inc.	18,119	0.90%	-	0.00%
Long Beach Acquisition Corp (Charter Com.)	15,224	0.76%	26,847	2.42%
VNO Trust Cherry Avenue LP	14,169	0.70%	-	0.00%
Signal Hill Town Center LLC	13,690	0.68%	-	0.00%
Arco Terminal Services Corp.	-	0.00%	21,769	1.96%
Pacific of Constanzo-Glendora	-	0.00%	-	0.00%
Price Owner LLC	-	0.00%	25,562	2.30%
Price Enterprises, Inc.	-	0.00%	-	0.00%
MCC Pacific Valves	-	0.00%	10,074	0.91%
Hilltop LLC	-	0.00%	12,533	1.13%
Eastman Inc	-	0.00%	11,661	1.05%
	<b>\$ 343,393</b>	<b>17.08%</b>	<b>\$ 176,981</b>	<b>15.94%</b>

Note:

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

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

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

Notes:

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

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

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

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percent of Assessed Valuation	Per Capita	Percent of Personal Income				
	Redevelopment		Certificates of Participation	Water Revenue										
	Tax Allocation Bonds	Notes		Bonds	Revenue	Loans								
2004	\$ 67,000	\$ 4,820	\$ 2,060	\$ 8,828	\$ -	\$ 680	\$ 83,388	6.809%	\$ 7,843.85	N/A				
2005	64,778	4,570	2,000	8,623	-	605	80,576	5.787%	7,357.87	N/A				
2006	62,551	3,972	2,000	-	8,475	529	77,527	4.977%	6,991.34	N/A				
2007	73,770	3,866	2,000	-	8,220	454	88,310	4.923%	7,864.46	N/A				
2008	71,808	3,866	2,000	-	7,955	378	86,007	4.405%	7,543.15	N/A				
2009	69,031	3,866	2,000	-	7,680	302	82,879	3.987%	7,251.01	N/A				
2010	86,670	3,866	2,000	-	7,395	227	100,158	5.017%	8,735.98	N/A				
2011	91,678	4,402	1,000	-	7,095	151	104,326	5.232%	9,422.51	N/A				
2012	-	-	-	-	6,785	76	6,861	0.341%	616.50	N/A				
2013	-	-	-	-	6,461	-	6,461	0.315%	575.95	N/A				

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

**CITY OF SIGNAL HILL**  
**Direct and Overlapping Bonded Debt**  
**As of June 30, 2013**

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
<b>Overlapping Debt:</b>			
310.25 *Metropolitan Water District	\$ 79,696,126	0.078%	\$ 62,055
807.50 Long Beach CCD 2002 Series A 2003	17,180,000	4.024%	691,255
807.51 Long Beach CCD 2002 Series B 2005	47,699,898	4.024%	1,919,254
807.52 Long Beach CCD Refunding Bonds 2002 Series C	70,741,407	4.024%	2,846,353
807.53 Long Beach CCD DS 2002 Series D (2007)	47,537,904	4.024%	1,912,736
807.54 Long Beach CCD DS 2008, 2008 Series A	237,003,695	4.024%	9,536,086
807.55 Long Beach CCD DS 2008, 2009 Series B	29,995,606	4.024%	1,207,063
883.56 Long Beach Unified School District DS 1999 Series G	35,900,000	4.024%	1,444,664
883.57 Long Beach Unified School District 2008 Refunding Bonds	202,945,000	4.024%	8,166,776
883.58 Long Beach Unified School District DS 2008 Series A	24,640,000	4.024%	991,546
883.59 Long Beach Unified School District DS 2009 Refunding Bonds Series B	51,720,000	4.024%	2,081,281
883.60 Long Beach Unified School District DS 2010 Refunding Bonds Series A	72,406,000	4.024%	2,913,713
883.62 Long Beach Unified School District DS 2008 Series B-1 QSCB	9,750,000	4.024%	392,353
883.63 Long Beach Unified School District 2011 Refunding Bonds	80,905,000	4.024%	3,255,724
883.64 Long Beach Unified School District 2012 Refunding Bonds	53,020,686	4.024%	<u>2,133,623</u>
<b>Total Overlapping Debt</b>			<b><u>\$ 39,554,482</u></b>

2012/13 Assessed Valuation: \$687,291,590 After Deducting \$1,361,415,628 Incremental Value.

Debt To Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	5.76%
Total Debt	5.76%

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

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

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

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

Source: HdL Coren & Cone, Los Angeles County Assessor Combined 2012/13 Lien Date Tax Rolls

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

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 2,048,707,218
Debt limit (15% of assessed value)	307,306,083
Debt applicable to limit	-
Legal debt margin - Current Year	<u><u>\$ 307,306,083</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2004	\$ 183,704,523	\$ -	\$ 183,704,523	0.00%
2005	208,855,187	-	208,855,187	0.00%
2006	233,668,165	-	233,668,165	0.00%
2007	269,092,209	-	269,092,209	0.00%
2008	292,848,134	-	292,848,134	0.00%
2009	311,787,359	-	311,787,359	0.00%
2010	299,439,266	-	299,439,266	0.00%
2011	299,090,082	-	299,090,082	0.00%
2012	301,643,348	-	301,643,348	0.00%
2013	307,306,083	-	307,306,083	0.00%

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

Fiscal Year	Non-Housing Component					Coverage
	Pledged Tax Revenues	Principal	Interest	Total		
2004	\$ 7,009	\$ 1,779	\$ 2,113	\$ 3,892	1.80	
2005	7,120	1,788	2,097	3,885	1.83	
2006	8,638	1,830	2,057	3,887	2.22	
2007	10,010	2,015	2,848	4,863	2.06	
2008	9,027	2,247	2,586	4,833	1.87	
2009	9,584	2,268	2,561	4,829	1.98	
2010	9,840	3,109	3,351	6,460	1.52	
2011	9,517	3,090	3,642	6,732	1.41	
2012 (2)	-	-	-	-	-	
2013 (2)	-	-	-	-	-	

Fiscal Year	Low Income Housing Component					Coverage
	Pledged Tax Revenues	Principal	Interest	Total		
2004	\$ 1,787	\$ 506	\$ 679	\$ 1,185	1.51	
2005	1,817	502	686	1,188	1.53	
2006	2,197	515	672	1,187	1.85	
2007	2,549	530	656	1,186	2.15	
2008	2,580	598	572	1,170	2.21	
2009	2,748	597	574	1,171	2.35	
2010	2,743	621	552	1,173	2.34	
2011	2,677	645	528	1,173	2.28	
2012 (2)	-	-	-	-	-	
2013 (2)	-	-	-	-	-	

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

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

Calendar Year	City Population	Los Angeles-Long Beach-Santa Ana Area			Unemployment Rate
		Area Population	Personal Income	Per Capita Personal Income	
2004	10,631	12,806,778	\$ 452,200,899	35,309	6.3%
2005	10,951	12,761,175	496,601,674	38,915	5.0%
2006	11,089	12,713,660	536,330,465	42,185	4.4%
2007	11,229	12,692,603	555,946,310	43,801	4.7%
2008	11,402	12,768,395	568,434,957	44,519	6.7%
2009	11,430	12,847,797	550,831,747	42,874	11.1%
2010	11,465	12,844,371	550,282,932	42,842	11.7%
2011	11,072	12,944,801	575,044,998	44,423	11.7%
2012	11,129	13,052,921	604,831,837	46,337	10.3%
2013	11,218	N/A	N/A	N/A	9.2%

N/A - Not Available

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

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

Employer	2012-13			2003-04*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	433	1	5.29%			
Home Depot	326	2	3.98%			
Costco Wholesale	218	3	2.66%			
Target	212	4	2.59%			
Bear Tracks, Inc.	146	5	1.78%			
Crane Valves North America	130	6	1.59%			
Platt Security Inc.	129	7	1.58%			
Long Beach BMW	124	8	1.52%			
Accountable Healthcare I.P.A.	122	9	1.49%			
Accentcare of California, Inc.	109	10	1.33%			
	<b><u>1,949</u></b>		<b><u>23.82%</u></b>			

\* Information not available

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

Department	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration	5.25	4.50	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	7.44	6.44	6.44	6.44	6.48	6.48	6.48	6.48	6.48	6.00
Community services	24.11	23.78	23.05	22.46	24.15	24.19	24.15	20.84	20.84	19.32
Police	52.18	52.18	50.40	52.40	53.88	54.40	54.40	53.37	53.40	53.40
Community development	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public works	30.42	30.92	29.00	29.00	30.00	30.00	30.00	30.00	30.00	30.00
Redevelopment	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>128.40</b>	<b>126.82</b>	<b>121.89</b>	<b>123.30</b>	<b>127.51</b>	<b>128.07</b>	<b>128.03</b>	<b>123.69</b>	<b>123.72</b>	<b>121.72</b>

Source: City of Signal Hill, Finance Department

**CITY OF SIGNAL HILL**  
**Operation Indicators by Function**  
**Last Eight Fiscal Years**

Function/Program	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police:</b>								
Calls for service	7,151	8,092	6,284	6,340	6,377	6,062	6,384	6,500
Reports written	4,884	4,792	4,951	4,516	4,004	3,978	3,826	3,254
Total arrests	1,736	2,074	2,219	2,092	1,776	2,060	1,823	1,120
Hazardous traffic conditions	2,871	3,480	3,928	3,773	3,445	3,229	3,758	4,359
Parking citations	6,553	6,410	6,542	6,446	5,758	4,881	4,196	4,179
<b>Community Development:</b>								
Code enforcement cases	73	82	67	79	94	94	75	85
Building permits	187	193	182	154	163	193	144	175
Site plan design reviews	13	14	10	8	7	6	6	7
<b>Water:</b>								
Number of customers	2,846	2,890	2,856	2,908	2,960	2,964	3,014	3,052
Average daily consumption (in millions of gallons)	2.13	2.15	1.94	1.88	1.88	1.74	1.75	1.82
Number of hydrants maintained	552	473	466	467	562	174	568	422
<b>Public Works:</b>								
Traffic signals maintained	29	29	29	29	29	29	29	29
Street sweeping miles	3,500	3,500	6,240	6,240	6,240	6,240	6,240	6,240
Sidewalk repairs (square feet)	8,000	4,200	3,200	10,269	15,674	5,787	14,220	14,220
Curb and gutter replaced (linear feet)	400	325	170	267	197	522	1,388	1,388
Cross gutter replaced (square feet)	N/A	N/A	720	-	490	-	5,067	5,067
<b>Engineering:</b>								
Number of infrastructure projects administered	17	14	10	8	8	9	4	4
Plan checks completed	19	17	8	8	6	10	5	5
<b>Community Services:</b>								
Library items borrowed	44,024	68,321	80,266	89,059	57,847	59,359	39,972	39,972
Youth sports participants	408	5,886	7,099	9,205	6,897	7,390	8,080	8,080
After school youth programs	11,693	13,324	13,582	15,001	16,086	11,886	14,746	14,746
Facility rental bookings	265	356	523	948	813	697	748	748

N/A - Not Available

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

Source: Various City Departments

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety:</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	10	9	9	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Miles of Lines and Mains	34	34	34	34	50	50	50	50	50	50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Wells	2	2	2	2	2	3	3	3	3	3
<b>Highways and Streets:</b>										
Miles of Streets	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7
Street Trees	3,200	3,200	3,200	3,971	3,903	3,984	3,903	3,715	3,711	3,706
<b>Recreation and Culture:</b>										
Parks	8	9	10	10	10	10	10	10	10	10
Area of Parks (Acres)	22.51	23.01	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03
Libraries	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Bandstands	1	1	1	1	1	1	1	1	1	1
Baseball Diamonds	1	1	1	1	1	1	1	1	1	1
Basketball Courts	2	2	2	2	2	2	2	2	2	2

Source: City of Signal Hill, Finance Department