

# Comprehensive Annual Financial Report



Year Ended June 30, 2015

**Images on Cover: Cherry Avenue Widening Project was completed in FY 2014-15. It may just be a street, however, this project had a span of 20 years in the making. It took \$6.7 million in numerous Federal and State grants to make it happen. It also took the City of Signal Hill managing the project while coordinating with the City of Long Beach.**

**This project widened the segment of Cherry Avenue between 19th Street and Pacific Coast Highway and will help reduce traffic in the Southeast Area Neighborhood.**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
CITY OF SIGNAL HILL, CALIFORNIA  
FISCAL YEAR ENDED JUNE 30, 2015



Prepared by  
Department of Finance

Terri Marsh  
Director of Finance

## ELECTED OFFICIALS



Larry Forester  
Mayor



Lori Y. Woods  
Vice Mayor



Tina L. Hansen  
Council Member



Mike Noll  
Council Member



Edward H.J. Wilson  
Council Member



Larry Blunden  
City Treasurer



Robert Copeland  
City Clerk

## EXECUTIVE MANAGEMENT

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

Charlie Honeycutt  
Dan Bartelson  
David Aleshire  
Aly Mancini  
Scott Charney  
Terri Marsh  
Michael Langston  
Stephen Myrter

CITY OF SIGNAL HILL

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## CITY OF SIGNAL HILL

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2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

February 29, 2016

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, 2015. The purpose of this report is to provide the City Council, residents, general public, and interested parties with a broad financial outlook of the City, as well as to comply with state law.

The City's independent auditors, Moss, Levy Hartzheim LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Signal Hill's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

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

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



## **Profile of the Government**

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

The City of Signal Hill, encompassing 2.25 square miles, is located in the southwestern coastal area of Los Angeles County and has a population of 11,411. It is 25 miles south of downtown Los Angeles, 8 miles northeast of the Port of Los Angeles and 5 miles northeast of the seaport terminal of Long Beach. The neighboring communities include Long Beach, Lakewood, Los Alamitos, and Carson.

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

The City has a Council-Manager form of municipal government. The City Council is comprised of five members elected at large, on a staggered basis, for a term of four years. Policy-making and legislative authority are vested in the governing City Council, which appoints a Mayor on a yearly basis in March, from the members of the City Council. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City budgets for 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, the Los Angeles County Sanitation District maintains and upgrades the sewer system, and the City of Long Beach provides Animal Services and Bus Transportation throughout the City.

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

The Signal Hill Redevelopment Agency (Agency) was established on May 7, 1974 pursuant to the State of California Health and Safety Code, Section 33000, entitled “Community Redevelopment Law.” The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the City. When the Agency was dissolved by the State in early 2012, the City of Signal Hill opted to become the Successor Agency to the Signal Hill Redevelopment Agency. The Successor Agency is included in the financial statements as a Private Purpose Trust Fund and is not part of the City’s government-wide statements. Additional information is found at Note 16 of the Notes to the Basic Financial Statements.

The Signal Hill Housing Authority was formed December 12, 2000 pursuant to provisions of the California Health and Safety Code. The primary purpose of the Housing Authority is to provide suitable, safe and sanitary housing opportunities for the City’s residents. Upon dissolution of the Redevelopment Agency, the housing assets and functions of the dissolved agency were transferred to the Signal Hill Housing Authority. The Housing Authority is included in the financial statements as a separate Special Revenue Fund.

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

### **Local Economy**

The Los Angeles County economy is anticipated to move forward in 2016 barring any unforeseen shocks to the national economy. The City’s retail sector continues to experience moderate growth as the region’s economy continues to slowly recover from the effects of the recession. For the City of Signal Hill, sales tax and property tax revenues together account for approximately 63% of all General Fund operating revenues. Housing values are rebounding; the median value of a single family residence was \$495,000 (median) and \$530,000 (mean) as of June 30, 2015. Values are expected to climb 1% in 2016. Retail sales are increasing too. Retail sales have been positively impacted with the addition of gas at Costco, continued car sales, increased building activity and purchase of general consumer goods. Sales tax received for the Los Angeles County pool has also increased and include sales taxes from internet sales. These factors will positively impact future local revenues.

The City's economy is dominated primarily by retail sales with approximately 59% of all General Fund operating revenues coming from sales tax in FY 2014-15. A large part of the City's sales tax revenue comes from new auto sales, and there has been an increase in auto sales with the end of the Great Recession. Pent-up demand, combined with historically low interest rates and easy credit, generated substantial sales gains in the US with 17.5 million vehicles sold in 2015. Car sales are projected to be strong in 2016 based upon an improved labor market, low interest rates and cheap gas.

In June 2015, the unemployment rate for the City was 7.0% which is higher than the national unemployment rate of 5.3%. However, by December 2015, the unemployment rate for the City was 6.4%, while the national unemployment rate was 5.0% and the State of California's was 5.8%. The retail sector is highly dependent on the financial health of consumers and their perception of the direction of the local and national economy, and most economists predict that the national economy will continue to slowly improve throughout 2015 and 2016.

With positive indicators such as rising consumer confidence, improvements in the housing market, and reduced rate of unemployment, the City is forecasting moderate growth in major General Fund revenues such as property, sales, and other taxes for the upcoming year.

### **Major Initiatives and Accomplishments**

Due to the passage of AB1x26 and subsequent legislation AB 1484, redevelopment agencies were effectively terminated on February 1, 2012. Since then, the City became the Successor Agency to the Redevelopment Agency and has been winding down the agency. During FY 2014-15, the Successor Agency received approval of its Long Range Property Management Plan on February 20, 2015. The Long Range Property Management Plan outlines which properties will be kept for governmental purposes, which properties will be kept for future development and which properties will be marketed and sold. In FY 2014-15, the Successor Agency discussed selling property to several developers, though no deal was completed during this timeframe.

Significant Community Development projects that were completed in FY 2014-15 included the Costco gas station and final phase of development at the Gateway Center, including Chipotle, Sprint and Starbucks. Plans were approved for 25 single-family dwellings at Crescent Square and 72 affordable apartments at 1500 E. Hill Street. The State Building Codes and an Oil Code Amendment, to facilitate development on properties with abandoned oil wells, was adopted. Construction began at the new Long Beach BMW facility.

The Public Works Department was responsible for the planning, implementation, and construction management of 10 capital projects with a total capital improvement program budget for FY 2014-15 of approximately \$9.6 million. Over \$2.6 million of the capital improvement program funding was allocated for street and transportation related projects with approximately 90% of these funds being received through grants and dedicated transportation funds. A total of \$7.0 million was allocated for construction of the Well 9 Advance Water Treatment Plant. Also, during the fiscal year the Public Works Department successfully applied for and received, a total of \$14.86 million in grant funding from the State Department of Water Resources and Caltrans, to assist in funding the construction the Advance Well 9 Treatment Plant and the Los Cerritos Channel Sub-basin 4 Stormwater Capture Project, respectively.

The Community Services Department continues to see consistent usage throughout all of its programs and facilities. The Department provided 19 Active Adult excursions for a total of 716 participants. The Brown Bag Food Distribution program serves low income senior residents by provided bi-monthly food supplements and a holiday luncheon. The Brown Bag Food Distribution program also expanded its services this fiscal year by offering delivery services to those home bound. In recreation, the summer day camp programs were full during the 2015 summer with 2,489 participants at two sites. There were over 258 participants in the Youth Sports program taking part in five sports. The Signal Hill Public Library welcomed 37,745 visitors and 39,761 books, DVDs, and CDs were checked out between July 1, 2014 and June 30, 2015. The library provided 1,560 sessions of one-on-one technology assistance, held 103 story times with a total attendance of 2,882 and held 145 other programs for children, teens and adults with 2,203 attendees.

During FY 2014-15, the Police Department made many technological changes. The implementation of digital citation writers, and body worn cameras being the most visible. Less visible technology projects included the utilization of Nixle as a public notification system reverse 911 tool, and the integration of the Veoci incident management system in the Emergency Operations Center. The Police Department continued to work on leveraging grant funds to supplement operations. The Department received a \$400,000 grant from the United States Department of Homeland Security to purchase trauma emergency kits for our Police Officers, and also a helicopter downlink capability for our supervisors in the field and in the Mobile Command Vehicle. Included in the grant, was the installation of wireless IP cameras at critical infrastructure facilities throughout the city. Through the Police Department's efforts they are to receive 30 handheld, multi band radios from the Los Angeles Regional Interoperable Communications project (LA-RICS) valued at \$225,000. The Department continues to benefit from the Federal Department of Justice and Community Oriented Policing grants to fund a sworn police officer position. Finally, the Department received additional laptop computers, Emergency food and water, and personal hygiene kits for the Emergency Operations Center through the Emergency Management Performance Grant.

FY 14-15 was a busy year for the Administrative Services/Finance Department. This year brought its landmark accomplishments in the midst of numerous challenges. Despite those considerable challenges, immense progress was made with the existing staff in the department during a successful implementation of the “core” of the accounting system to Caselle. This implementation included the creation of a new Chart of Accounts that resulted in 4,000 old ledger accounts being merged or deleted if they had no purpose. Also in FY 14-15 after securing a new audit firm, the City went through the initial year with the new audit firm Moss, Levy, Hartzheim LLP CPA's, with the audit of FY 13-14.

### **Long Term Financial Planning**

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

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

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

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

Money for delivering local government services in California is raised largely through an intricate system of taxes and fees – a finance system that is complicated and unique. 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.

Unassigned fund balance in the General Fund and the fund balance of the Economic Uncertainties Fund equal 84% of FY 2014-15 General Fund expenditures, which falls within policy guidelines set by the City Council for budgetary and planning purposes. The City's Financial Policy recommends maintaining a combined General Fund and Economic Uncertainties Fund reserve equivalent to a minimum of six months operating expenditures. These reserves would be utilized to mitigate the adverse impact of a recession, economic slowdown, or if the City loses a major sales tax provider.

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

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

### **Financial and Internal Controls**

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

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

### **Single Audit**

The City is legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, if total federal grant expenditures exceed \$500,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance, and for FY 2014-15 it will be subject to the requirements of a Single Audit as it had Federal expenditures greater than the \$500,000 threshold.

### **Budgetary Controls**

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Signal Hill's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget policy of the City requires that: (1) a balanced budget be prepared where resources equal appropriations for all funds of the City in conformance with State constitutional limits; (2) adoption of the budget by Council resolution to take place prior to the beginning of the fiscal year in which it is to take effect; (3) the level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) be established at the program level; (4) adjustment to the adopted budget be made only with the proper approvals; (5) encumbrances of appropriations as a budgetary control technique be utilized. Activities of the General Fund, Special Revenue Funds, and Capital Projects Fund are included in the annual appropriated budget.

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

## **Spending Limitation**

The City foresees no problem for several years in complying with the spending limitation under the Gann Initiative passed by the California voters in 1979 which created Article XIII B of the State Constitution. The City's independent auditors have attested to the accuracy of the computation of the spending limitations for the current period, which indicated that the City's tax proceeds are substantially under the established Gann Limit for FY 2014-15 and are not expected to reach that limit in the foreseeable future.

## **Independent Audit**

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

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Signal Hill for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the 19<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 Pearl Yu - Accountant, and the consultants Christopher Woidzik of Platinum Consulting Services, and Julie Matsumoto of Government Financial Services.

Respectfully submitted,



Terri J. Marsh  
Administrative Services Officer/Finance Director



Government Finance Officers Association

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

Presented to

**City of Signal Hill  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



## Members of the City Council

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

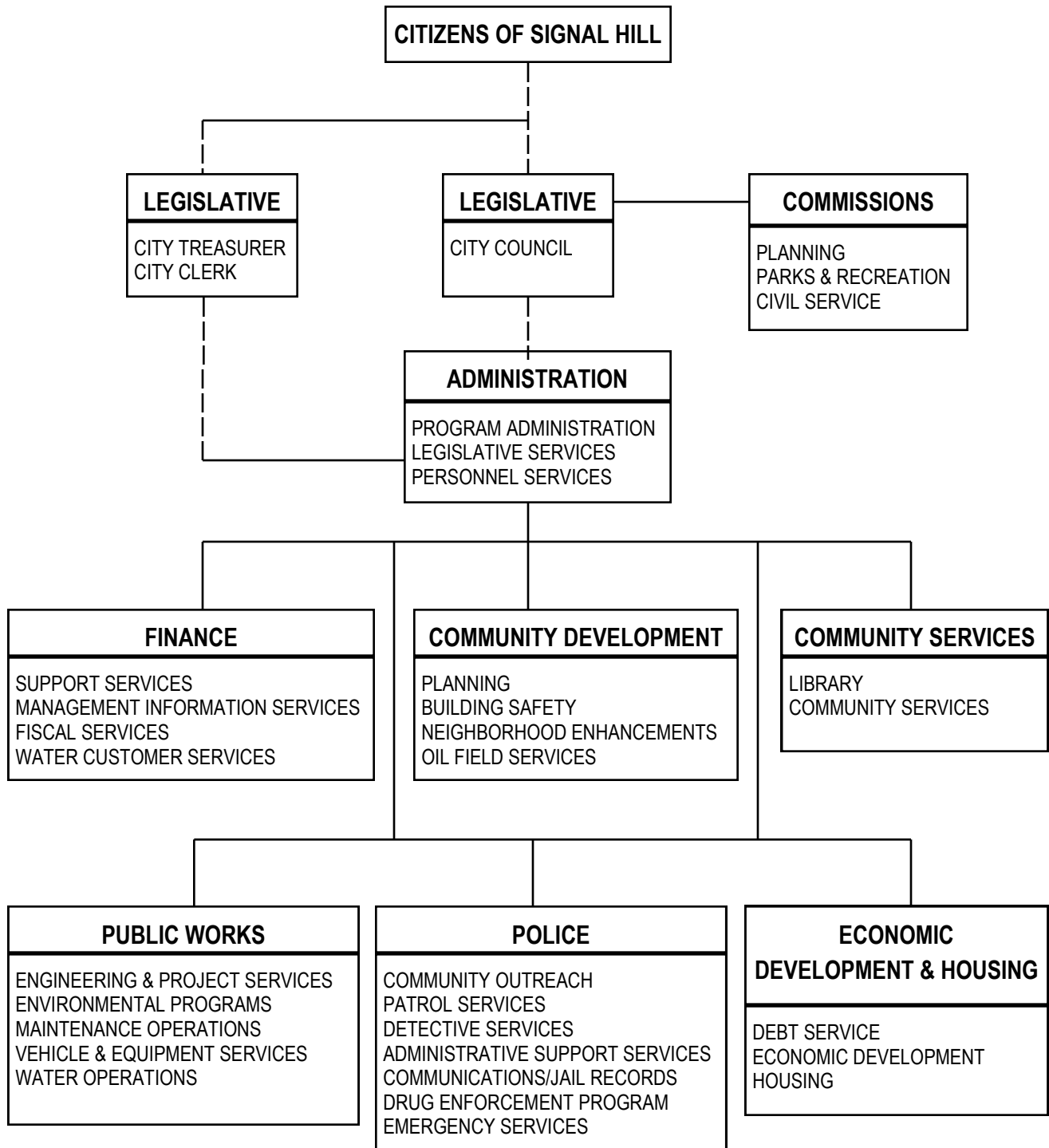
## Other Elected Officials

City Treasurer	Larry Blunden
City Clerk	Robert Copeland

## Executive Staff

City Manager	Charlie Honeycutt
Deputy City Manager	Dan Bartelson
City Attorney	David Aleshire
Administrative Services Officer/Finance Director	Terri Marsh
Community Development Director	Scott Charney
Community Service Director	Aly Mancini
Chief of Police	Michael Langston
Public Works Director	Steve Myrter

# CITY OF SIGNAL HILL ORGANIZATIONAL CHART



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MOSS, LEVY & HARTZHEIM LLP

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## **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California (City), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

### *Change in Accounting Principles*

As discussed in note 1d in the notes to the basic financial statements, effective July 1, 2014, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-18, the Budgetary Comparison Schedule – General Fund, the Budgetary Comparison Schedule - Housing Authority Special Revenue Fund, the Note to the Required Supplementary Information, the Schedule of Funding Progress – Other Post-employment Benefits Plan, the Schedules of the City's Proportionate Share of the Net Pension Liability, and the Schedules of Pension Contributions on pages 98-114 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Capital Projects Fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, and combining agency fund financial statements, and the statistical section listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Capital Projects Fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, and combining agency fund financial statements, listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting

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

The introductory and statistical sections, as listed in the table of contents, 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 February 29, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance



Moss, Levy & Hartzheim, LLP  
Culver City, California  
February 29, 2016



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

Fiscal Year Ended June 30, 2015

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, 2015 (FY 2014-15). 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 this discussion and analysis are between FY 2013-14 and FY 2014-15. All increases and decreases are expressed relative to FY 2013-14 amounts. Financial highlights of the City for the fiscal year ending June 30, 2015 are summarized below. Details related to these highlights are found in the remaining sections of this analysis.

Citywide

- The City's total net position, the amount by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources, equals \$97.7 million. This is an overall decrease of \$18.0 million from the prior fiscal year. As explained throughout the remainder of this report, the majority of this overall decrease is a result of implementing new Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71 which record the City's net pension liability.
- The City's total net position of \$97.7 million is classified as net investment in capital assets of \$64.4 million, restricted of \$17.1 million, and unrestricted of \$16.2 million. The unrestricted amount may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City's governmental activities reported a net position of \$78.6 million and the City's business-type activities reported a net position of \$19.1 million.
- The net position of governmental activities increased by \$3.9 million, resulting from revenues of \$23.8 million exceeding expenses and transfers out of \$19.9 million.
- The net position of business-type activities decreased by \$0.2 million, resulting from expenses of \$4.4 million exceeding revenues and transfers in of \$4.2 million.

Fund Level

- Governmental funds report fiscal year-end combined fund balances of \$43.4 million. Assets of \$55.5 million exceed liabilities and deferred inflows of resources of \$12.1 million.
- Total governmental fund balance of \$43.4 million is classified as nonspendable of \$12.2 million, restricted of \$12.5 million, committed of \$20.6 million, and unassigned of negative \$1.9 million.
- For FY 2014-15, General Fund expenditures totaled \$17.8 million, which represent 1394.9% of the General Fund's unassigned fund balance of \$1.3 million.
- At June 30, 2015, the cash and investments of the General Fund are \$19.6 million, which represent 66.3% of the General Fund's total fund balance of \$29.6 million.

See independent auditor's report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

The City's basic financial statements are presented in three parts: Government-wide Financial Statements, Fund Financial Statements, and Notes to Basic Financial Statements.

**Government-wide Financial Statements** - The government-wide financial statements are designed to give the reader a picture of the City from the economic resources measurement focus using the accrual basis of accounting. This broad overview is similar to the financial reporting used in private-sector business. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities of the City include general government (finance, administration, and personnel), community services, police, community development, and public works. The City's business-type activity consists of a water utility. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are primarily self-supporting through user fees and charges. The government-wide financial statements can be found beginning on page 19 of this report.

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

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

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

See independent auditor's report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

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

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

The information in the governmental fund statements can be used to evaluate the City's near term financial requirements. Comparing the governmental fund statements with the government-wide financial statements can help the reader 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.

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 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's Fiduciary funds consist of three Agency Funds and a Private-Purpose Trust Fund. The City is the Successor Agency to the former Redevelopment Agency; all of its assets, liabilities, and activities are recorded in the Private Purpose Trust Fund. The Successor Agency is a separate operating entity from the City. The basic fiduciary fund financial statements can be found beginning on page 33 of this report.

See independent auditor's report.

# CITY OF SIGNAL HILL

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Following is a condensed version of the government-wide *Statement of Net Position*. A discussion of significant changes follows the table.

#### Net Position

	Governmental Activities		Business-type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
<b>Assets:</b>						
Current and other assets	\$ 54,696,567	\$ 52,659,787	\$ 5,756,001	\$ 6,364,150	\$ 60,452,568	\$ 59,023,937
Capital assets, net	48,472,415	47,543,502	21,228,254	21,400,064	69,700,669	68,943,566
Total Assets	103,168,982	100,203,289	26,984,255	27,764,214	130,153,237	127,967,503
<b>Deferred outflows of resources:</b>						
Deferred amount on refunding	-	-	149,461	172,858	149,461	172,858
Deferred amounts from pension	1,972,958	-	103,874	-	2,076,832	-
Total Deferred Outflows	1,972,958	-	253,335	172,858	2,226,293	172,858
<b>Liabilities:</b>						
Current liabilities	3,198,835	3,853,909	766,696	975,253	3,965,531	4,829,162
Long-term liabilities	18,769,192	1,150,996	7,080,602	6,481,393	25,849,794	7,632,389
Total Liabilities	21,968,027	5,004,905	7,847,298	7,456,646	29,815,325	12,461,551
<b>Deferred inflows of resources:</b>						
Deferred amounts from pension	4,586,338	-	277,273	-	4,863,611	-
<b>Net position:</b>						
Net investment in capital assets	48,407,070	47,543,502	16,002,856	15,820,737	64,409,926	63,364,239
Restricted	17,085,291	17,064,787	-	-	17,085,291	17,064,787
Unrestricted	13,095,214	30,590,095	3,110,163	4,659,689	16,205,377	35,249,784
Total Net Position	\$ 78,587,575	\$ 95,198,384	\$ 19,113,019	\$ 20,480,426	\$ 97,700,594	\$ 115,678,810

\* Prior year information has not been restated for implementing GASB Statements No. 68 and 71 nor for other prior year restatements.

See independent auditor's report.

## **CITY OF SIGNAL HILL**

### **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2015

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

The City's net position may serve, over time, as a useful indicator of a government's financial position. At June 30, 2015, net position is \$97.7 million while a year earlier at June 30, 2014, net position was \$115.7 million. This is a total decrease in net position of \$18.0 million. This change in net position is comprised of the following:

- A restatement at July 1, 2014, to decrease net position by \$21.8 million as a result of implementing GASB Statements No. 68 and No. 71 to record the City's pension liability. Refer to Notes to Basic Financial Statements No. 1(D) and No. 16 for additional information.
- A restatement at July 1, 2014 to increase net position by \$0.1 million to reclassify deferred inflows on certain long-term loans receivable as net position. Refer to Notes to Basic Financial Statements No. 16 for additional information.
- A current year excess of revenues over expenses of \$3.7 million. This change will be analyzed in conjunction with the Statement of Activities.

The largest portion of the City's net position (\$64.4 million or 65.9%) 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 \$17.1 million (17.5%) 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 \$16.2 million (16.6%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to citizens and creditors.

During FY 2014-15, current assets increased by 2.4% or \$1.4 million over the prior year while current liabilities decreased by 17.9% or \$0.9 million; these changes are largely a result of the City's revenues exceeding expenses.

The City's long-term debt increased by \$18.2 million during FY 2014-15. Of this amount, \$18.7 million is for the City's net pension liability which was recorded as a result of implementing GASB Statements No. 68 and No. 71 (see Notes to Basic Financial Statements No. 1(D) and No. 16 for additional information); this increase is reduced by \$0.5 million for reductions to water revenue bonds and compensated absences.

The majority of the \$2.2 million in deferred outflows of resources and all of the \$4.8 million in deferred inflows of resources were created during FY 2014-15 in conjunction with the implementation of GASB Statements No. 68 and No. 71 (see Notes to Basic Financial Statements NO. 1(D) and No. 16 for additional information).

See independent auditor's report.

# CITY OF SIGNAL HILL

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Following is a summary of the government-wide *Statement of Activities*. A discussion regarding significant revenue and expense changes follows the table.

#### Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
Revenues:						
Program revenues:						
Charges for services	\$ 1,649,186	\$ 1,436,483	\$ 3,759,580	\$ 3,734,370	\$ 5,408,766	\$ 5,170,853
Grants and contributions:						
Operating	1,339,191	1,482,330	-	-	1,339,191	1,482,330
Capital	2,433,375	2,506,903	-	-	2,433,375	2,506,903
General revenues:						
Property taxes	1,797,025	1,700,588	-	-	1,797,025	1,700,588
Sales and use taxes	11,567,123	13,382,649	-	-	11,567,123	13,382,649
Other taxes	2,235,036	2,211,582	-	-	2,235,036	2,211,582
Use of money and property	787,002	850,300	50,668	53,206	837,670	903,506
Unrestricted grants and contributions	2,048,216	65,831	-	-	2,048,216	65,831
Total revenues	23,856,154	23,636,666	3,810,248	3,787,576	27,666,402	27,424,242
Expenses:						
General government	4,149,534	4,365,348	-	-	4,149,534	4,365,348
Community services	1,250,634	1,318,694	-	-	1,250,634	1,318,694
Police	8,253,955	8,220,368	-	-	8,253,955	8,220,368
Community development	942,108	991,954	-	-	942,108	991,954
Public works	4,368,958	4,141,892	-	-	4,368,958	4,141,892
Unallocated infrastructure depreciation	551,091	613,736	-	-	551,091	613,736
Water	-	-	4,423,996	4,531,725	4,423,996	4,531,725
Total Expenses	19,516,280	19,651,992	4,423,996	4,531,725	23,940,276	24,183,717
Change in net position before transfers	4,339,874	3,984,674	(613,748)	(744,149)	3,726,126	3,240,525
Transfers	(425,733)	(1,080)	425,733	1,080	-	-
Change in net position	3,914,141	3,983,594	(188,015)	(743,069)	3,726,126	3,240,525
Net position - beginning	95,198,384	91,214,790	20,480,426	21,223,495	115,678,810	112,438,285
Restatement of net position	(20,524,950)	-	(1,179,392)	-	(21,704,342)	-
Net position - beginning, restated	74,673,434	91,214,790	19,301,034	21,223,495	93,974,468	112,438,285
Net position - ending	\$ 78,587,575	\$ 95,198,384	\$ 19,113,019	\$ 20,480,426	\$ 97,700,594	\$ 115,678,810

\* Prior year information has not been restated for implementing GASB Statements No. 68 and 71 nor for other prior year restatements. Some prior year information has been reclassified to conform with current year presentation.

See independent auditor's report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

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

The previous table illustrates the City's overall \$18.0 million decrease in net position. This overall decrease is separated into a \$3.7 million increase resulting from its program and general revenues exceeding total program expenses and a \$21.7 million decrease resulting from implementing GASB Statements No. 68 and No. 71.

**Government-wide revenues** increased by \$0.2 million (0.88%) to \$27.7 million. While total revenues did not have a large overall change, the \$0.2 million increase is comprised of a reduction of net sales tax revenue of \$1.8 million which was offset by one-time revenues totaling \$2.0 million. Although retail sales have been improving, the sales tax revenue decline is due to tax-sharing agreements taking full effect in FY 2014-15. The offsetting, one-time revenues are from a \$1.2 million receipt of an insurance reimbursement, \$0.5 million additional reimbursement received for Successor Agency administrative costs, and \$0.2 million received for past years' mandated costs reimbursement.

The most significant portion of the City's revenue came from sales and use tax, accounting for 42% of total revenues, 20% was received for charges for services, grants and contributions accounted for 14%, property taxes accounted for 6%, all other taxes accounted for 8%, with miscellaneous contributions and investment income accounting for the remaining revenue.

**Government-wide expenses** of all City programs and services decreased by \$0.2 million (0.89%) to \$23.9 million during fiscal year ended June 30, 2015. This decrease in costs is due to the City's adherence to cost control measures and to reductions in the cost of water purchases. The decrease in costs was across all departments except for police which had an increase of less than half a percent and public works which had an increase of 5.5% due to doing more street-related work in FY 2014-15.

Police costs accounted for 34% of the total costs, 18% of expenses each were for public works and water services, 17% of expenses were for general government, with community services and community development accounting for the remaining expenses.

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

See independent auditor's report.



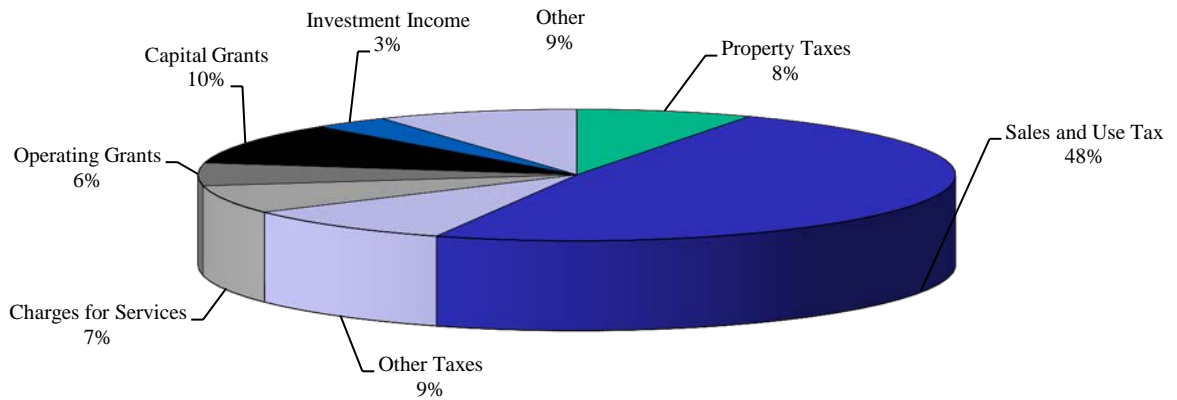
**CITY OF SIGNAL HILL**

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

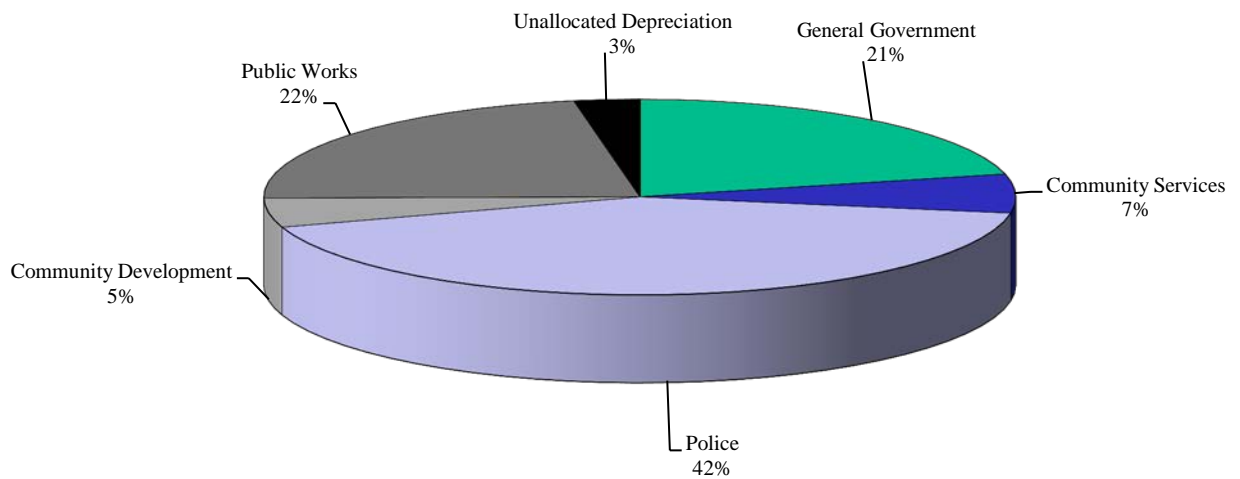
Fiscal Year Ended June 30, 2015

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

**Revenues by Source – Governmental Activities  
Fiscal Year 2015**



**Expenses – Governmental Activities  
Fiscal Year 2015**



See independent auditor's report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

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

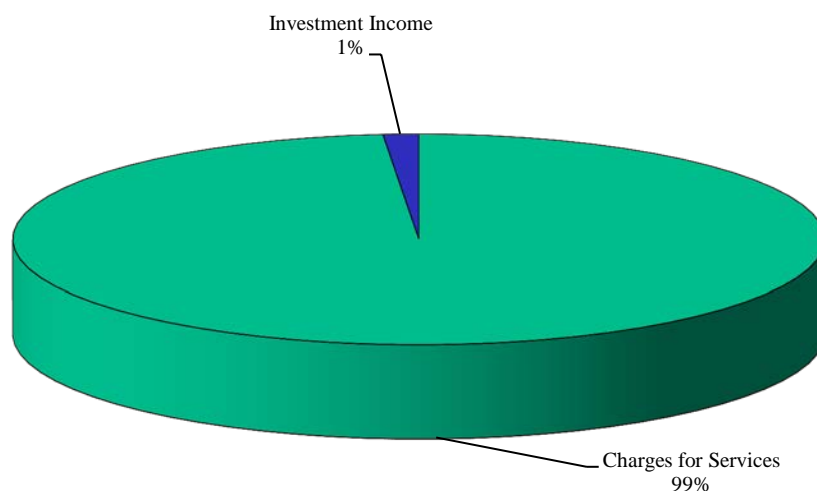
**Governmental activities** contributed \$3.9 million to the increase in net position resulting from revenues of \$23.8 million exceeding expenses and transfers of \$19.9 million. Because governmental activities comprise the majority of the government-wide data, explanations for government-wide changes are often very similar to explanations for changes in governmental activities.

Revenues of governmental activities increased from the prior year by \$0.2 million (0.93%), resulting from large, offsetting fluctuations in two areas. Despite improving retail sales, sales tax revenues declined by \$1.8 million due to tax-sharing agreements taking full effect in FY 2014-15. Miscellaneous revenues increased by \$2.0 million due to receiving one-time revenues of \$1.2 million for an insurance reimbursement, \$0.5 million additional reimbursement for Successor Agency administrative costs, and \$0.2 million received for past years' mandated costs reimbursement. There were no significant variances from the prior year in the other revenue categories.

Expenses of governmental activities decreased by \$0.1 million (0.7%). Except for police and public works, all departments had cost reductions due to the City's adherence to cost control measures. The police department had an increase of less than half a percent (\$34,000) and public works had an increase of 5.5% (\$227,000) as a result of doing more street-related work in FY 2014-15.

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

**Revenues by Sources – Business-type Activities  
Fiscal Year 2015**



See independent auditor's report.

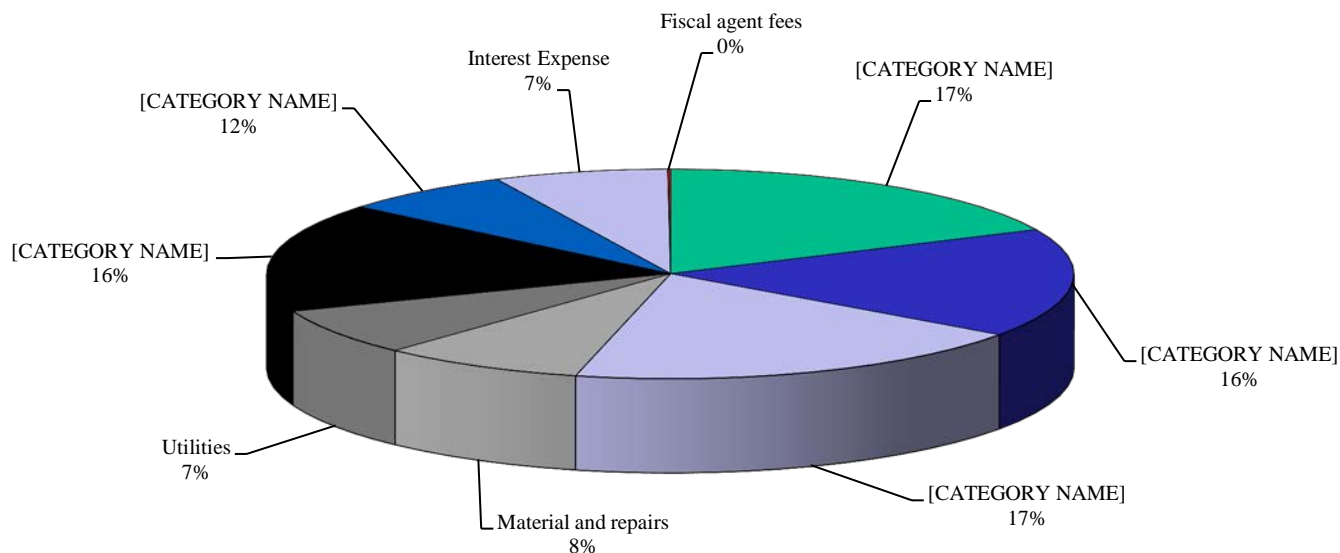
## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

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

##### Expenses – Business-type Activities Fiscal Year 2015



**Business-type activities** consist solely of the Water Utilities Enterprise Fund. The financial goal of the City's business-type activities is to operate on a more or less "break-even" basis without making significant profit or needing general tax subsidies. Total net position at the end of the year was \$19.1 million as compared to \$20.5 million at the end of the prior year. This represents a decline in net position of \$1.4 million or 6.7%. The decline in net position is a result of expenses of \$4.4 million exceeding revenues and transfers in of \$4.2 million, and from recording \$1.2 million of a prior period restatement as a result of implementing GASB Statements No. 68 and No. 71 as previously explained.

Revenues consist of charges for services and investment income and totaled \$3.8 million in the current year, equal to the prior year's total revenue of \$3.8 million. Expenses totaled \$4.4 million in the current year, a decrease of \$0.1 million from the prior year's total expense of \$4.5 million. Operating expenses decreased mainly as a result of lower water supply costs due to purchasing less water from outside sources. Fewer water purchases were required in the current year as a result of both City wells being operational for much of the year whereas both wells were non-productive at the same time in the prior year.

See independent auditor's report.

## **CITY OF SIGNAL HILL**

### **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2015

#### **FUND FINANCIAL ANALYSIS**

The City's major governmental funds for the fiscal year ended June 30, 2015 were the General Fund, the Housing Authority Special Revenue Fund, and the Capital Improvement Capital Projects Fund.

##### **General Fund**

The General Fund's fund balance increased by \$1.7 million in fiscal year 2014-15 as a result of revenues of \$19.6 million exceeding expenditures of \$17.8 million and net transfers out of \$0.1 million. Because the General Fund comprises the majority of the governmental activities data, explanations for General Fund changes are often similar to explanations for changes in governmental activities.

General fund revenues increased by a net of \$43,000. This net increase is explained by a \$1.9 million increase in other one-time revenues (previously explained as a \$1.2 million insurance receipt, a \$0.2 million receipt for prior year mandated costs, and a \$.5 million reimbursement received for administrative costs incurred for the Successor Agency), offset by a \$1.9 million decrease in sales tax (previously explained as a result of tax-sharing agreements taking full effect during the year).

The General Fund's operating expenditures decreased by \$0.3 million. Due to cost-control efforts, all departments had decreased costs, except for general government. The cost of insurance increased by \$0.4 million as a result of a retrospective methodology being newly applied by the insurance provider. This insurance increase was offset by cost control savings applied throughout the rest of the department, resulting in a net increase to general government costs of only \$0.2 million.

##### **Housing Authority Special Revenue Fund**

The Fund Balance increased by \$47,000 to \$5.6 million mainly as a result of a \$45,000 transfer in from the Housing Impact Special Revenue Fund. Revenues of \$66,000 exceeded expenditures of \$64,000.

##### **Capital Improvement Capital Projects Fund**

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$2.2 million for the fiscal year. The major projects worked on in FY 14-15 were street improvement projects (pavement management and Cherry Avenue widening) and the Community Garden and other park improvement projects. This fund has a deficit fund balance of \$3.2 million which is equal to the unavailable revenue within the deferred inflows of resources category. The deficit fund balance will be eliminated when grant monies are available to be collected.

See independent auditor's report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

#### FUND FINANCIAL ANALYSIS (CONTINUED)

##### 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.

Total General Fund revenues of \$19.6 million were higher than the adjusted budget amount of \$16.0 million by \$3.6 million. Due to budgeting in a conservative manner, actual revenues exceeded the amount budgeted in all categories except for fines and forfeitures. The majority of the total budget to actual difference is explained by actual sales taxes and other miscellaneous revenue exceeding the budgeted amounts.

Total General Fund expenditures were projected at \$18.6 million during the budget process and were later revised to \$20.1 million, largely to budget for insurance costs which were higher than originally anticipated due to a new methodology being used by the insurance provider. As a result of the City's adherence to cost containment methods, the General Fund's actual expenditures were less than the final budget amount by \$2.3 million. The following FY 2014-15 expenditure categories had expenditures greater than the final budget: general government, city council; general government, program administration; general government, fiscal services; police, police support services; police, emergency and disaster services; community development, oil field services; and capital outlay. For additional information see Note 8 of the Notes to the Basic Financial Statements.

#### 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, 2015, totaled \$69.7 million, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in process.

##### Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 30,055,223	\$ 27,876,482	\$ 4,427,416	\$ 4,427,416	\$ 34,482,639	\$ 32,303,898
Water rights	-	-	486,973	517,353	486,973	517,353
Construction in progress	2,320,215	4,022,171	544,009	170,855	2,864,224	4,193,026
Buildings & equipment	6,554,710	6,179,791	15,769,856	16,284,440	22,324,566	22,464,231
Infrastructure	9,542,267	9,465,058	-	-	9,542,267	9,465,058
Total assets	<u>\$ 48,472,415</u>	<u>\$ 47,543,502</u>	<u>\$ 21,228,254</u>	<u>\$ 21,400,064</u>	<u>\$ 69,700,669</u>	<u>\$ 68,943,566</u>

See independent auditor's report.

## CITY OF SIGNAL HILL

### MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2015

#### CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

There were no significant changes to capital assets during the fiscal year. For additional information see Note 3 of the Notes to Basic Financial Statements.

#### Debt Administration

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

	Governmental Activities		Business-type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
Water revenue bonds	\$ -	\$ -	\$ 6,044,119	\$ 6,423,600	\$ 6,044,119	\$ 6,423,600
Capital lease obligations	65,345	-	-	-	65,345	-
Compensated absences	988,161	1,150,996	35,292	57,793	1,023,453	1,208,789
Net pension liability	17,715,686	-	1,001,191	-	18,716,877	-
Total assets	<u>\$ 18,769,192</u>	<u>\$ 1,150,996</u>	<u>\$ 7,080,602</u>	<u>\$ 6,481,393</u>	<u>\$ 25,849,794</u>	<u>\$ 7,632,389</u>

\* Prior year information has not been restated for implementing GASB Statements No. 68 and 71.

The City has one issue of bonded indebtedness outstanding in its business-type fund with \$6.0 million outstanding at fiscal year-end. Payment of principal and interest on the Bonds is insured by National Public Finance Guarantee Corporation ("National"). The Bonds are rated A3 by Moody's and AA- by S&P. The current year ratio of net revenues (water fund revenues plus developer fees recorded in the Water Development Special Revenue Fund less expenses excluding depreciation) to debt service (principal and interest payments) coverage is 117.8%. Since this ratio is greater than 100%, this means that the current year's debt service payments were funded from current year revenues. For additional information on the water revenue bonds, see Note 5 of the Notes to Basic Financial Statements.

The City recorded a net pension liability during FY 2014-15 totaling \$18.7 million in accordance with GASB Statements No. 68 and No. 71. More information on this liability can be found in Notes to the Basic Financial Statements No. 9.

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

The U.S. economy has largely moved out of the shadow of the Great Recession and the Los Angeles County economy will continue to move forward during the remainder of 2015 and in 2016, barring any unforeseen shocks to the national economy. Comments from economists indicate that an increased economic stability will make the way for the fastest pace of growth anticipated since the Great Recession. Southern California is anticipated to have continued employment gains and a decline in local unemployment rates.

See independent auditor's report.

## **CITY OF SIGNAL HILL**

### **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Fiscal Year Ended June 30, 2015

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

The City continues its practice of conservative budgeting and cost containment practices. No layoffs or cutbacks to City services were experienced or are contemplated. Additionally, in spite of raids of California city finances by the State to balance budget shortfalls and the loss of monies associated with redevelopment agencies in 2012 due to State dissolution, the City has fared rather well and has not had to cut services that it provides to its residents. Response to such fiscal issues requires the City to not only continue to be fiscally prudent and to manage its resources and operations diligently, but also to develop other potential new revenues especially with present concerns that another recession could occur.

The City's General Fund Reserve for Economic Uncertainties will continue to have a budgeted \$5.1 million fund balance in FY 2015-16, which along with the General Fund's Unassigned Fund Balance of \$1.3 million is 27.8% of the FY 2015-16 budgeted General Fund operating expenditures.

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 Reserve Fund was set up as early as 1996 with an initial contribution of \$600,000 that has grown to the current \$5.1 million balance. Other material reserve funds include funding for the City's Other Post-Employment Benefits for future obligations, a CalPERS 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 2015-16 Capital Improvements Program (CIP) (adopted as part of the 2-year FY 2014-15 and 2015-16 budget) includes a total of 19 projects for FY 2015-16 totaling \$10.1 million and carry-over of \$904,000 of FY 2014-15 projects. The major projects planned include the continuation of the widening of Cherry Avenue and the Well 9 Advance Water Treatment Plant, in addition to several smaller, but still important, projects. Funding sources for these projects include minimal contributions from the General and Water Funds, the use of traffic impact and park development fees, and federal, state, and local grants. Since the time that the two-year budget was adopted, the City has approved several new projects, the majority using newly approved federal and state grant monies: a smart water meter project, the well No. 9 advance treatment project, and several storm water projects.

#### **REQUESTS FOR INFORMATION**

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

See independent auditor's report.

CITY OF SIGNAL HILL  
STATEMENT OF NET POSITION  
June 30, 2015

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS:</b>			
Cash and investments	\$ 33,917,069	\$ 4,708,284	\$ 38,625,353
Receivables:			
Accounts	2,654,385	354,482	3,008,867
Accrued interest	35,986	15,059	51,045
Loans	71,777	-	71,777
Due from other governments	5,634,721	-	5,634,721
From Successor Agency	8,036,863	-	8,036,863
Internal balances	(8,916)	8,916	-
Inventory	19,260	-	19,260
Prepaid items	5,292	-	5,292
Net OPEB asset	248,811	-	248,811
Land and improvements held for resale, net	4,068,014	-	4,068,014
Restricted assets:			
Cash and investments	13,305	669,260	682,565
Capital assets, not depreciated	32,375,438	4,971,425	37,346,863
Capital assets, depreciated, net of accumulated depreciation	16,096,977	16,256,829	32,353,806
Total assets	103,168,982	26,984,255	130,153,237
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss amount on debt refunding	-	149,461	149,461
City's pension contributions subsequent to the measurement date	1,789,614	81,776	1,871,390
Pension adjustment due to differences in proportions	183,344	22,098	205,442
Total deferred outflow of resources	1,972,958	253,335	2,226,293
<b>LIABILITIES:</b>			
Accounts payable	1,480,409	363,784	1,844,193
Accrued liabilities	879,017	5,686	884,703
Deposits payable	839,409	-	839,409
Accrued interest payable	-	45,304	45,304
Refundable deposits	-	351,922	351,922
Noncurrent liabilities			
Due within one year	486,151	416,915	903,066
Due in more than one year	18,283,041	6,663,687	24,946,728
Total liabilities	21,968,027	7,847,298	29,815,325
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Differences between projected and actual earnings on pension plan investments	4,507,945	271,443	4,779,388
Pension adjustment due to differences in proportions	78,393	5,830	84,223
Total deferred inflow of resources	4,586,338	277,273	4,863,611
<b>NET POSITION:</b>			
Net investment in capital assets	48,407,070	16,002,856	64,409,926
Restricted for:			
Capital improvements	2,191,036	-	2,191,036
Development impact	6,071,631	-	6,071,631
Transportation	2,828,349	-	2,828,349
Public protection	248,580	-	248,580
Housing	5,745,695	-	5,745,695
Unrestricted	13,095,214	3,110,163	16,205,377
TOTAL NET POSITION	\$ 78,587,575	\$ 19,113,019	\$ 97,700,594

See accompanying notes to the basic financial statements



CITY OF SIGNAL HILL  
STATEMENT OF ACTIVITIES  
Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 4,149,534	\$ 200,750	\$ 292,923	\$ -
Community services	1,250,634	192,433	-	-
Police	8,253,955	281,906	607,604	-
Community development	942,108	536,825	280,947	-
Public works	4,368,958	437,272	157,717	2,433,375
Unallocated infrastructure depreciation	551,091	-	-	-
Total governmental activities	19,516,280	1,649,186	1,339,191	2,433,375
<b>Business-type activities:</b>				
Water	4,423,996	3,759,580	-	-
Total business-type activities	4,423,996	3,759,580	-	-
Total	\$ 23,940,276	\$ 5,408,766	\$ 1,339,191	\$ 2,433,375

General revenues:

Taxes:

Property tax

Sales and use tax

Franchise tax

Other taxes

Investment income

Unrestricted grants and contributions

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of fiscal year

Prior period adjustments

Net position at beginning of fiscal year, as restated

Net position at end of fiscal year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,655,861)	\$ -	\$ (3,655,861)
(1,058,201)	-	(1,058,201)
(7,364,445)	-	(7,364,445)
(124,336)	-	(124,336)
(1,340,594)	-	(1,340,594)
(551,091)	-	(551,091)
(14,094,528)	-	(14,094,528)
-	(664,416)	(664,416)
-	(664,416)	(664,416)
(14,094,528)	(664,416)	(14,758,944)
1,797,025	-	1,797,025
11,567,123	-	11,567,123
772,819	-	772,819
1,462,217	-	1,462,217
787,002	50,668	837,670
2,048,216	-	2,048,216
(425,733)	425,733	-
18,008,669	476,401	18,485,070
3,914,141	(188,015)	3,726,126
95,198,384	20,480,426	115,678,810
(20,524,950)	(1,179,392)	(21,704,342)
74,673,434	19,301,034	93,974,468
\$ 78,587,575	\$ 19,113,019	\$ 97,700,594

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL  
BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2015

	General	Housing Authority Special Revenue Fund
	<u>General</u>	<u>Fund</u>
ASSETS:		
Cash and investments	\$ 19,581,804	\$ 1,246,099
Accounts receivable	2,621,966	28,300
Accrued interest receivable	35,386	-
Due from other funds	2,813,985	-
Due from other governments	2,132,830	-
Receivable from Successor Agency	7,762,272	274,591
Prepaid items	5,292	-
Loans receivable	-	65,739
Land and improvements held for resale, net	-	4,068,014
Restricted assets:		
Cash and investments	<u>13,305</u>	<u>-</u>
Total assets	<u><u>\$ 34,966,840</u></u>	<u><u>\$ 5,682,743</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 640,153	\$ 2,787
Accrued liabilities	875,501	-
Deposits Payable	839,409	-
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>2,355,063</u>	<u>2,787</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenues	<u>2,965,187</u>	<u>24,000</u>
FUND BALANCES:		
Nonspendable	7,767,564	4,408,344
Restricted	13,305	1,247,612
Committed	20,587,931	-
Unassigned	<u>1,277,790</u>	<u>-</u>
Total fund balances (deficit)	<u>29,646,590</u>	<u>5,655,956</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 34,966,840</u></u>	<u><u>\$ 5,682,743</u></u>

See accompanying notes to the basic financial statements

Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,340,444	\$ 32,168,347
-	4,119	2,654,385
-	600	35,986
-	-	2,813,985
3,357,945	143,946	5,634,721
-	-	8,036,863
-	-	5,292
-	6,038	71,777
-	-	4,068,014
-	-	13,305
<u>\$ 3,357,945</u>	<u>\$ 11,495,147</u>	<u>\$ 55,502,675</u>

\$ 664,173	\$ 39,291	\$ 1,346,404
-	2,715	878,216
-	-	839,409
<u>2,693,773</u>	<u>120,212</u>	<u>2,813,985</u>
<u>3,357,946</u>	<u>162,218</u>	<u>5,878,014</u>
<u>3,192,666</u>	<u>600</u>	<u>6,182,453</u>
-	6,038	12,181,946
-	11,326,291	12,587,208
-	-	20,587,931
<u>(3,192,667)</u>	<u>-</u>	<u>(1,914,877)</u>
<u>(3,192,667)</u>	<u>11,332,329</u>	<u>43,442,208</u>
<u>\$ 3,357,945</u>	<u>\$ 11,495,147</u>	<u>\$ 55,502,675</u>

See accompanying notes to the basic financial statements

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

June 30, 2015

Fund balances - total governmental funds	\$ 43,442,208
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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	\$ 30,055,223	
Construction in progress	2,320,215	
Infrastructure, net of accumulated depreciation	9,542,267	
Structures and improvements, net of accumulated depreciation	5,258,025	
Vehicles, equipment and furniture, net of accumulated depreciation	783,066	
Total capital assets used in governmental activities		47,958,796

Certain receivables will be collected after fiscal 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, 2015 totaled:	6,182,453
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The net OPEB asset is not an available current financial resource and therefore, it is not reported in the governmental funds.	248,811
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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.	1,937,676
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Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

City's pension contributions subsequent to the measurement date		1,775,963
Differences between projected and actual earnings on pension plan investments		(4,462,705)
Pension adjustment due to differences in proportions		102,240

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, 2015 is:

Capital lease obligation		(65,345)
Net pension liability		(17,548,821)
Compensated absences		(983,701)

Net position of governmental activities	\$ 78,587,575
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See accompanying notes to the basic financial statements

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

For the Fiscal Year Ended June 30, 2015

	General	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund
Revenues:			
Property taxes	\$ 1,797,025	\$ -	\$ -
Sales and use tax	11,186,100	-	-
Other taxes	2,230,337	-	-
Licenses and permits	410,549	-	-
Intergovernmental revenues	146,993	-	232,697
Charges for services	737,660	-	-
Fines and forfeitures	300,971	-	-
Investment income	730,661	55,376	-
Developer fees	-	-	-
Other revenues	2,048,216	10,485	-
Total revenues	<u>19,588,512</u>	<u>65,861</u>	<u>232,697</u>
Expenditures:			
Current:			
General government	4,473,819	-	-
Community services	1,256,380	-	-
Police	7,604,732	-	-
Community development	755,645	3,710	-
Public works	3,582,788	-	-
Capital outlay	149,959	60,564	2,231,765
Total expenditures	<u>17,823,323</u>	<u>64,274</u>	<u>2,231,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,765,189</u>	<u>1,587</u>	<u>(1,999,068)</u>
Other financing sources (uses):			
Transfers in	327,387	45,000	1,107,993
Transfers out	(489,847)	-	-
Increase in obligation under capital lease	<u>75,557</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(86,903)</u>	<u>45,000</u>	<u>1,107,993</u>
Net change in fund balances	<u>1,678,286</u>	<u>46,587</u>	<u>(891,075)</u>
Fund balances (deficit) at beginning of fiscal year	27,968,304	5,543,630	(2,301,592)
Prior period adjustments	<u>-</u>	<u>65,739</u>	<u>-</u>
Fund balances (deficit) at beginning of fiscal year, as restated	<u>27,968,304</u>	<u>5,609,369</u>	<u>(2,301,592)</u>
Fund balances (deficits) at end of fiscal year	<u>\$ 29,646,590</u>	<u>\$ 5,655,956</u>	<u>\$ (3,192,667)</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,797,025
-	11,186,100
597,427	2,827,764
-	410,549
987,463	1,367,153
1,612	739,272
-	300,971
40,295	826,332
727,357	727,357
-	2,058,701
<u>2,354,154</u>	<u>22,241,224</u>

2,488	4,476,307
-	1,256,380
567,427	8,172,159
192,575	951,930
44,686	3,627,474
42,200	2,484,488
<u>849,376</u>	<u>20,968,738</u>

<u>1,504,778</u>	<u>1,272,486</u>
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213,668	1,694,048
(1,629,934)	(2,119,781)
<u>-</u>	<u>75,557</u>

<u>(1,416,266)</u>	<u>(350,176)</u>
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<u>88,512</u>	<u>922,310</u>
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11,237,779	42,448,121
<u>6,038</u>	<u>71,777</u>

<u>11,243,817</u>	<u>42,519,898</u>
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<u>\$ 11,332,329</u>	<u>\$ 43,442,208</u>
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See accompanying notes to the basic financial statements



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

For the Fiscal Year Ended June 30, 2015

Net change in fund balances - total governmental funds	\$	922,310
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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	\$ 1,788,062		
Depreciation expense	<u>(919,781)</u>		868,281

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

(19,437)

Repayment of capital lease obligation is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position.

10,212

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	7,066		
Net change in compensated absences	<u>166,233</u>		173,299

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

1,582,588

In governmental funds, pension costs are recognized when employer contributions are made.

In the statement of activities, pension costs are recognized on the accrual basis.

This year, the difference between accrual-basis pension costs and actual employer contributions was:	266,840
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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.

110,048

Change in net position of governmental activities	\$	<u><u>3,914,141</u></u>
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See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2015

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
Assets:		
Current assets:		
Cash and investments	\$ 4,708,284	\$ 1,748,722
Restricted cash and investments	669,260	-
Accounts receivable	354,482	-
Accrued interest receivable	15,059	-
Inventory	-	19,260
Total current assets	<u>5,747,085</u>	<u>1,767,982</u>
Noncurrent assets:		
Capital assets:		
Land	4,427,416	-
Construction in progress	544,009	-
Depreciable assets, net of accumulated depreciation	16,256,829	513,619
Total noncurrent assets	<u>21,228,254</u>	<u>513,619</u>
Total assets	<u>26,975,339</u>	<u>2,281,601</u>
Deferred outflows of resources:		
Deferred amount on debt refunding	149,461	-
City's pension contributions subsequent to the measurement date	81,776	13,651
Pension adjustment due to differences in proportions	22,098	3,683
Total deferred outflows of resources	<u>253,335</u>	<u>17,334</u>
Liabilities		
Current Liabilities:		
Accounts payable	363,784	134,005
Accrued liabilities	5,686	801
Accrued interest payable	45,304	-
Refundable deposits	351,922	-
Current portion of long-term liabilities		
Water revenue refunding bonds	394,481	-
Compensated absences	22,434	-
Total current liabilities	<u>1,183,611</u>	<u>134,806</u>
Long-term liabilities:		
Water revenue refunding bonds	5,649,638	-
Compensated absences	12,858	4,460
Net pension liability	1,001,191	166,865
Total long-term liabilities	<u>6,663,687</u>	<u>171,325</u>
Total liabilities	<u>7,847,298</u>	<u>306,131</u>
Deferred inflows of resources:		
Differences between projected and actual earnings on pension plan investments	271,443	45,240
Pension adjustment due to differences in proportions	5,830	972
Total deferred inflows of resources	<u>277,273</u>	<u>46,212</u>
Net position:		
Net investment in capital assets	16,002,856	513,619
Unrestricted	3,101,247	1,432,973
Total net position	19,104,103	<u>\$ 1,946,592</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	8,916	
Net position of business-type activity	<u>\$ 19,113,019</u>	

See accompanying notes to the basic financial statements

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

For the Fiscal Year Ended June 30, 2015

	Business-type Activity	Governmental Governmental
	Water Enterprise Fund	Vehicle and Equipment Internal Service Funds
Operating revenues:		
Charges for services	\$ 3,529,276	\$ 565,548
Other	230,304	-
Total operating revenues	<u>3,759,580</u>	<u>565,548</u>
Operating expenses:		
Personnel service	761,135	124,281
Contractual services	707,202	12,843
Supplies	794,845	37,675
Materials and repairs	342,982	143,727
Utilities	300,247	4,300
Depreciation/amortization	711,118	147,176
Other	519,785	12,673
Total operating expenses	<u>4,137,314</u>	<u>482,675</u>
Operating income (loss)	<u>(377,734)</u>	<u>82,873</u>
Nonoperating revenues (expenses):		
Investment income	50,668	32,342
Interest expense	(293,455)	-
Fiscal agent fees	(4,729)	-
Gain (loss) on sale of capital assets	-	6,335
Total nonoperating revenues (expenses)	<u>(247,516)</u>	<u>38,677</u>
Income (loss) before transfers	<u>(625,250)</u>	<u>121,550</u>
Transfers:		
Transfers in	425,733	-
Change in net position	<u>(199,517)</u>	<u>121,550</u>
Net position at beginning of fiscal year	20,483,012	2,021,606
Prior period adjustments	(1,179,392)	(196,564)
Net position at beginning of fiscal year, as restated	<u>19,303,620</u>	<u>1,825,042</u>
Net position at end of fiscal year	<u>\$ 19,104,103</u>	<u>\$ 1,946,592</u>
Change in net position	\$ (199,517)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	11,502	
Change in net position of business-type activity	<u>\$ (188,015)</u>	

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2015

	Business-type Activity  Water Enterprise Fund	Governmental Activity  Vehicle and Equipment Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	\$ 3,926,043	\$ -
Receipts from interfund services provided	-	574,008
Payments to suppliers	(2,838,950)	(105,491)
Payments to employees	(813,481)	(124,358)
Net cash provided by operating activities	<u>273,612</u>	<u>344,159</u>
Cash flows from non-capital and related financing activities:		
Transfer in	<u>425,733</u>	<u>-</u>
Net cash provided by non-capital and related financing activities	<u>425,733</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Proceeds from disposition of capital assets	-	6,335
Acquisition of property, plant, and equipment	(539,308)	(151,688)
Principal paid on debt	(379,481)	-
Interest paid on debt	(272,592)	-
Fiscal agent fees paid	(4,729)	-
Net cash (used) by capital and related financing activities	<u>(1,196,110)</u>	<u>(145,353)</u>
Cash flows from investing activities:		
Investment income	<u>39,497</u>	<u>33,413</u>
Net cash provided by investing activities	<u>39,497</u>	<u>33,413</u>
Net increase (decrease) in cash and cash equivalents	(457,268)	232,219
Cash and cash equivalents at beginning of fiscal year	<u>5,834,812</u>	<u>1,516,503</u>
Cash and cash equivalents at end of fiscal year	<u><u>\$ 5,377,544</u></u>	<u><u>\$ 1,748,722</u></u>
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:		
Cash and investments	\$ 4,708,284	\$ 1,748,722
Restricted cash and investments	669,260	-
Cash and cash equivalents at end of fiscal year	<u><u>\$ 5,377,544</u></u>	<u><u>\$ 1,748,722</u></u>
Non-cash activities:		
Amortization	<u><u>\$ 519</u></u>	<u><u>\$ -</u></u>

(Continued)

See accompanying notes to the basic financial statements

## CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(CONTINUED)

For the Fiscal Year Ended June 30, 2015

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (377,734)	\$ 82,873
Depreciation	711,118	147,176
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	173,554	8,460
(Increase) decrease in inventory	-	(12,177)
(Increase) decrease in deferred outflows of resources - pensions	(103,874)	(17,334)
Increase (decrease) in accounts payable	(173,889)	117,904
Increase (decrease) in accrued liabilities	(25,043)	(2,654)
Increase (decrease) in refundable deposits	(7,091)	-
Increase (decrease) in compensated absences	(22,501)	3,398
Increase (decrease) in deferred inflows of resources - pensions	277,273	46,212
Increase (decrease) in net pension liability	(178,201)	(29,699)
Total adjustments	651,346	261,286
Net cash provided by operating activities	\$ 273,612	\$ 344,159

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2015

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
Assets:		
Cash and investments	\$ 4,290,907	\$ 3,037,125
Restricted cash and investments	10,581,825	-
Accounts receivable	7,342,143	33,698
Due from other governments	-	8,691
Capital assets:		
Nondepreciable	24,728,617	-
Depreciable assets, net of accumulated depreciation	17,048,069	-
Total assets	<u>63,991,561</u>	<u>\$ 3,079,514</u>
Deferred outflows of resources:		
Deferred loss amount on debt refunding	<u>674,150</u>	\$ -
Liabilities:		
Accounts payable	39,714	246,024
Accrued liabilities	9,128	-
Accrued interest payable	1,071,090	-
Refundable deposits	6,011,262	2,833,490
Long-term liabilities:		
Due within one year	5,328,931	-
Due in more than one year	79,898,754	-
Total liabilities	<u>92,358,879</u>	<u>\$ 3,079,514</u>
Net position (deficit):		
Unrestricted	<u>\$ (27,693,168)</u>	

See accompanying notes to the basic financial statements

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

For the Fiscal Year Ended June 30, 2015

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
Additions:	
Distributions from County-administered redevelopment property tax trust fund	\$ 12,760,548
Investment income	<u>111,143</u>
Total additions	<u>12,871,691</u>
Deductions:	
Personnel services	373,718
Contractual services	29,147
Project costs	557,844
Depreciation	567,524
Interest	3,373,916
Bond issuance expenditures	<u>458,783</u>
Total deductions	<u>5,360,932</u>
Change in net position	7,510,759
Net (deficit) at beginning of fiscal year	<u>(35,203,927)</u>
Net (deficit) at end of fiscal year	<u><u>\$ (27,693,168)</u></u>

See accompanying notes to the basic financial statements

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

##### A. Reporting Entity:

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

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

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

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

The City of Signal Hill is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit’s Board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Financing Authority and Housing Authority have been accounted for as “blended” component units of the City. Despite being legally separate, the Financing Authority and Housing Authority are so intertwined with the City that they are, in substance, part of the City’s operations. Accordingly, the balances and transactions of the Financing Authority and Housing Authority are reported within the funds of the City. Separate financial statements of the Financing Authority and Housing Authority are not prepared.

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

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



## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

##### A. Reporting Entity (Continued):

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

##### B. Government-Wide and Fund Financial Statements:

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the private-purpose trust fund statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (current and long-term) are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements imposed by the provider have been met.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 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 enterprise fund and internal service fund generate revenue by charges to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, generally only current assets and current liabilities are reported in the governmental funds. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities. Claims and judgments and compensated absences are recognized as expenditures only when payment is due.

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

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

Proprietary Funds:

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Fiduciary Funds:

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

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

D. New Accounting Pronouncements:

**Implemented:**

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Notes 9 and 16 for more details.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 Accounting and Financial Reporting for Pensions.

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

##### D. New Accounting Pronouncements (Continued):

###### Governmental Accounting Standards Board Statement No. 71 (Continued)

The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Notes 9 and 16 for more details.

###### **Pending Accounting Standards:**

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

- GASB Statement 72 – *Fair Value Measurement and Application* effective for the fiscal years beginning after June 15, 2015.
- GASB Statement 73 – *Accounting and Financial Reporting for Pension and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.
- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* effective for the fiscal years beginning after June 15, 2016.
- GASB Statement 75 – *Accounting and Financial Reporting Postemployment Benefit Plans Other Than Pension Plans* effective for the fiscal years beginning after June 15, 2016.
- GASB Statement 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* effective for the fiscal years beginning after June 15, 2015.

##### 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 Service Fund are considered to be cash and cash equivalents for purposes of the statement of cash flows.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

#### F. Investments:

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

#### G. Restricted Assets:

Cash and investments totaling \$13,305 are restricted in the General Fund for future development projects. Cash and investments totaling \$669,260 are restricted in the Water Enterprise Fund in accordance with bond indentures.

#### H. Capital Assets:

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

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

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

#### I. Inventory:

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

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

#### 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 three types of items that qualify for reporting in this category. The first item is the deferred loss on debt refunding which is reported in the government-wide statement of net position, the proprietary fund statement of net position, and the fiduciary funds statement of net position. A deferred loss on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the reclassification of current fiscal year contributions made to CalPERS that were made subsequent to the measurement date used to calculate the net pension liability, which is reported in the government-wide statement of net position, the proprietary fund statement of net position, and the fiduciary funds statement of net position. The third item is actuarial adjustments to the net pension liability due to differences in proportions as determined by CalPERS in accordance with GASB 68, which is reported in the government-wide statement of net position, the proprietary fund statement of net position, and the fiduciary funds statement of net position.

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 three types of items that qualify for reporting in this category. The first item is for unearned revenue reported only on the governmental funds balance sheet. Governmental funds report unavailable revenues from various sources if they are not available for use within 60 days of the fiscal year end. This amount is deferred and not recognized as revenue until the period that the amount becomes available. The second item is the net difference between the projected and actual earnings on the City's pension plans investments as determined by CalPERS in accordance with GASB 68, which is reported in the government-wide statement of net position, the proprietary fund statement of net position, and the fiduciary funds statement of net position. The third item is actuarial adjustments to the net pension liability due to differences in proportions as determined by CalPERS in accordance with GASB 68, which is reported in the government-wide statement of net position, the proprietary fund statement of net position, and the fiduciary funds statement of net position.

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

##### K. Employee Compensated Absences:

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

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

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

##### L. Pensions:

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

##### M. Fund Balances:

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

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

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

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



CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Fund Balances (Continued):

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

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

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

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

N. 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, while the remaining significant portion is recorded to the Successor Agency of the former Signal Hill Redevelopment Agency.

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

##### O. Claims and Judgments:

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

Under the City's self-insurance program, deposits to the Joint Powers Insurance Authority (Note 14) are recorded as insurance expenditures in the General Fund and the Water Enterprise Fund in the period to which they relate. These deposits are subject to retrospective adjustment. Favorable claims experience in prior fiscal years results in a refund of deposits from the Insurance Authority and such refunds, if any, are recorded as deposits since they will be used to offset future deposit requirements. Adverse claims experience in prior fiscal years results in the payment of additional deposits which are recorded as insurance expenditures when incurred.

##### P. Net Position:

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

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

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

#### P. Net Position (Continued):

At June 30, 2015, net investment in capital assets, was calculated as follows:

	Governmental Activities	Business-Type Activity
Capital assets, net of accumulated depreciation	\$ 48,472,415	\$ 21,228,254
Less:		
Bonds, net	-	(6,044,119)
Capital leases	(65,345)	-
Add back:		
Deferred amount on refunding	-	149,461
Unspent bonds proceeds - reserve funds	-	669,260
Total	<u>\$ 48,407,070</u>	<u>\$ 16,002,856</u>

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

#### Q. Net Position Flow Assumptions:

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

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

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

#### R. 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 affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectability of its receivables (e.g., accounts receivable, intergovernmental receivables, loans receivable, amounts due from other funds and amounts advanced to other funds), the depreciation of its capital assets and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

### 2. CASH AND INVESTMENTS:

#### Cash and Investments:

Cash and investments at June 30, 2015 are classified in the accompanying financial statements as follows:

	Government - Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 38,625,353	\$ 7,328,032	\$ 45,953,385
Restricted cash and investments	682,565	10,581,825	11,264,390
Total Cash and Investments	<u>\$ 39,307,918</u>	<u>\$ 17,909,857</u>	<u>\$ 57,217,775</u>

Cash and investments at June 30, 2015 consisted of the following:

Cash on hand	\$ 3,570
Deposits with financial institutions	9,860,953
Investments	<u>47,353,252</u>
	<u>\$ 57,217,775</u>

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored			
Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	15%
Time Certificated Deposits	1 year	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$65,000,000
Repurchase Agreements	N/A	20%	10%
Money Market Funds	N/A	None	None
(N/A - Not Applicable)			

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

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

#### Investments Authorized by Debt Agreements:

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

#### Disclosures Relating to Interest Rate Risk:

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

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

Investment Type	Totals	Remaining Maturity (in Months)		
		12 Months Or Less	13 - 24 Months	25-60 Months
Local Agency Investment Fund	\$ 30,455,324	\$ 30,455,324	\$ -	\$ -
US Government Agency Securities	995,865	-	995,865	-
Negotiable Certificates of Deposit	4,650,978	1,364,531	1,492,258	1,794,189
Held by bond trustees:				
Money Market Mutual Funds	701,435	701,435	-	-
Municipal Mutual Funds	7,576,546	7,576,546	-	-
Bank Money Market Funds	2,973,104	2,973,104	-	-
	<u>\$ 47,353,252</u>	<u>\$ 43,070,940</u>	<u>\$ 2,488,123</u>	<u>\$ 1,794,189</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of fiscal year end for each investment type:

Investment Type	Total as of June 30, 2015	Minimum Legal Rating	AAA	Other Ratings	Not Required to be Rated
Local Agency Investment Fund	\$ 30,455,324	N/A	\$ -	\$ -	\$ 30,455,324
US Government Agency Securities	995,865	AA	-	995,865	-
Negotiable Certificates of Deposit	4,650,978	N/A	-	-	4,650,978
Held by bond trustees:					
Money Market Mutual Funds	701,435	AAA	701,435	-	-
Municipal Mutual Funds	7,576,546	N/A	-	-	7,576,546
Bank Money Market Funds	2,973,104	A	-	2,973,104	-
Total	<u>\$ 47,353,252</u>		<u>\$ 701,435</u>	<u>\$ 3,968,969</u>	<u>\$ 42,682,848</u>

(N/A - Not Applicable)

Other ratings on US Government Agency Securities and Bank Money Market Funds are as follows:

Investment Type	Total as of June 30, 2015	AA-	A-
US Government Agency Securities	\$ 995,865	\$ 995,865	\$ -
Held by bond trustees:			
Bank Money Market Funds	2,973,104	-	2,973,104
Total	<u>\$ 3,968,969</u>	<u>\$ 995,865</u>	<u>\$ 2,973,104</u>

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

##### Concentration of Credit Risk:

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond those stipulated by the California Government Code. The City did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of total City investments.

##### Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of a 3rd party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of a 3rd party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool, held by a depository regulated under state law (unless so waived by the governmental unit). The fair market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California Government Code also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2015, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation and the remaining balances were collateralized under California Law. The local agency bonds held by bond trustee are uninsured, unregistered and not held in the City's name.

##### Investment in State Investment Pool:

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



CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

3. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

Governmental Activities:

	Balance at July 1, 2014	Additions	Deletions	Transfers	Balance at June 30, 2015
Capital assets not being depreciated:					
Land	\$ 27,876,482	\$ -	\$ -	\$ 2,178,741	\$ 30,055,223
Construction in progress	4,022,171	1,643,390	(16,637)	(3,328,709)	2,320,215
Total	<u>31,898,653</u>	<u>1,643,390</u>	<u>(16,637)</u>	<u>(1,149,968)</u>	<u>32,375,438</u>
Capital assets, being depreciated:					
Infrastructure	24,075,887	-	-	628,300	24,704,187
Structures and improvements	10,848,824	25,982	(16,233)	521,668	11,380,241
Equipment and furniture	1,773,413	194,247	(18,924)	-	1,948,736
Vehicles and major equipment	2,288,097	151,688	(51,814)	-	2,387,971
Total	<u>38,986,221</u>	<u>371,917</u>	<u>(86,971)</u>	<u>1,149,968</u>	<u>40,421,135</u>
Less accumulated depreciation for:					
Infrastructure	(14,610,829)	(551,091)	-	-	(15,161,920)
Structures and improvements	(5,869,691)	(205,500)	13,433	-	(6,061,758)
Equipment and furniture	(1,009,454)	(173,128)	18,924	-	(1,163,658)
Vehicles and major equipment	(1,851,398)	(137,238)	51,814	-	(1,936,822)
Total	<u>(23,341,372)</u>	<u>(1,066,957)</u>	<u>84,171</u>	<u>-</u>	<u>(24,324,158)</u>
Total capital assets, being depreciated, net	<u>15,644,849</u>	<u>(695,040)</u>	<u>(2,800)</u>	<u>1,149,968</u>	<u>16,096,977</u>
Total Governmental activities capital assets, net	<u>\$ 47,543,502</u>	<u>\$ 948,350</u>	<u>\$ (19,437)</u>	<u>\$ -</u>	<u>\$ 48,472,415</u>

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 3. CAPITAL ASSETS (CONTINUED):

## Capital Asset Activity (Continued):

## Business-type Activity:

	Balance at July 1, 2014	Additions	Deletions	Transfers	Balance at June 30, 2015
Capital assets not being depreciated:					
Land	\$ 4,427,416	\$ -	\$ -	\$ -	\$ 4,427,416
Construction in progress	170,855	454,752	-	(81,598)	544,009
Total	4,598,271	454,752	-	(81,598)	4,971,425
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	9,893,973	-	-	-	9,893,973
Pumps	1,294,228	60,261	-	29,918	1,384,407
Fire hydrants	564,667	-	-	-	564,667
Meters	429,048	-	-	-	429,048
Services	1,443,630	-	-	-	1,443,630
Structures	1,243,976	-	-	-	1,243,976
Equipment and furniture	1,032,536	24,295	-	51,680	1,108,511
Total	31,202,956	84,556	-	81,598	31,369,110
Less accumulated depreciation for:					
Water rights	(697,833)	(30,380)	-	-	(728,213)
Reservoirs and tanks	(3,794,680)	(271,918)	-	-	(4,066,598)
Wells	(836,610)	(50,384)	-	-	(886,994)
Mains	(5,253,393)	(196,969)	-	-	(5,450,362)
Pumps	(945,062)	(33,638)	-	-	(978,700)
Fire hydrants	(538,213)	(6,800)	-	-	(545,013)
Meters	(428,243)	(805)	-	-	(429,048)
Services	(744,858)	(27,467)	-	-	(772,325)
Structures	(492,616)	(28,632)	-	-	(521,248)
Equipment and furniture	(669,655)	(64,125)	-	-	(733,780)
Total	(14,401,163)	(711,118)	-	-	(15,112,281)
Total capital assets, being depreciated, net	16,801,793	(626,562)	-	81,598	16,256,829
Total Business-type activity capital assets, net	\$ 21,400,064	\$ (171,810)	\$ -	\$ -	\$ 21,228,254

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 3. CAPITAL ASSETS (CONTINUED):

Depreciation/Amortization Expense:

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

## Governmental activities:

General government	\$ 28,247
Community services	897
Police	192,586
Public works	146,960
Internal service fund depreciation charged to programs	<u>147,176</u>
Allocated depreciation	515,866
Unallocated depreciation	<u>551,091</u>
Total depreciation expense - governmental activities	<u>\$ 1,066,957</u>

## Business-type activity:

Water	<u>\$ 711,118</u>
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## 4. DEFERRED INFLOWS OF RESOURCES:

At June 30, 2015, deferred inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	General Fund	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Unavailable sales tax revenue	\$ 2,316,766	\$ -	\$ -	\$ -	\$ 2,316,766
Unavailable grant revenue	-	-	3,192,666	-	3,192,666
Unavailable other revenues	575,905	24,000	-	-	599,905
Unavailable interest from long-term receivables	<u>72,516</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>73,116</u>
	<u>\$ 2,965,187</u>	<u>\$ 24,000</u>	<u>\$ 3,192,666</u>	<u>\$ 600</u>	<u>\$ 6,182,453</u>

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 5. LONG-TERM LIABILITIES:

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Governmental Activities:						
Capital lease obligation	\$ -	\$ -	\$ 75,557	\$ (10,212)	\$ 65,345	\$ 14,200
Net pension liability	-	22,414,672	7,640,831	(12,339,817)	17,715,686	-
Compensated absences	1,150,996	-	507,702	(670,537)	988,161	471,951
Total	<u>\$ 1,150,996</u>	<u>\$ 22,414,672</u>	<u>\$ 8,224,090</u>	<u>\$ (13,020,566)</u>	<u>\$ 18,769,192</u>	<u>\$ 486,151</u>
Business-Type Activities:						
2006 Water revenue refunding bonds	\$ 6,430,000	\$ -	\$ -	\$ (380,000)	\$ 6,050,000	\$ 395,000
Less original issue discount	(6,400)	-	-	519	(5,881)	(519)
Total refunding bonds payable	6,423,600	-	-	(379,481)	6,044,119	394,481
Net pension liability	-	1,286,255	464,287	(749,351)	1,001,191	-
Compensated absences	57,793	-	29,059	(51,560)	35,292	22,434
Total	<u>\$ 6,481,393</u>	<u>\$ 1,286,255</u>	<u>\$ 493,346</u>	<u>\$ (1,180,392)</u>	<u>\$ 7,080,602</u>	<u>\$ 416,915</u>

#### A. Capital Leases:

Copiers: A five year noncancelable lease was entered into for the purchase of eight copiers for various departments of the City. The value of the copiers at lease inception was \$75,557. Annual payments of principal and interest are \$17,028. The balance at June 30, 2015 on these leases was \$65,345.

The calculation of the present value of the future lease payments is as follows:

Future minimum lease payments for the fiscal year ending June 30,	
2016	\$ 17,028
2017	17,028
2018	17,028
2019	17,028
2020	2,839
Subtotal	70,951
Less amount representing interest	(5,606)
Present value of future lease payments	<u>\$ 65,345</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

5. LONG-TERM LIABILITIES (CONTINUED):

B. Compensated Absences:

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

C. 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 of \$519 annually as interest expense through the year 2027. As a result of the advance refunding, the 1996 Certificates are considered to be defeased and the liability has been removed from the accounting records of the City. The defeased 1996 Certificates were retired on November 1, 2006.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$501,569. This difference, reported as deferred outflows of resources, is being amortized on a straight-line basis of \$23,397 annually as interest expense through the fiscal year 2027.

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

The City is required by the 2006 Bond Covenant to maintain a debt service coverage ratio of at least 125%. As of and for the fiscal year ended June 30, 2015, the ratio was 221% which includes the "coverage from net revenues plus available funds" in the Water Enterprise Fund and Water Development Special Revenue Fund. Cash and investments totaling \$669,260 with fiscal agent are restricted as reserved for debt service in accordance with bond indentures.

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 5. LONG-TERM LIABILITIES (CONTINUED):

## C. 2006 Water Revenue Refunding Bonds (Continued):

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 395,000	\$ 263,433	\$ 658,433
2017	410,000	246,326	656,326
2018	430,000	228,476	658,476
2019	445,000	209,604	654,604
2020	465,000	189,408	654,408
2021-2025	2,665,000	603,488	3,268,488
2026-2027	1,240,000	58,043	1,298,043
	<u>\$ 6,050,000</u>	<u>\$ 1,798,778</u>	<u>\$ 7,848,778</u>

## 6. LONG-TERM RECEIVABLES:

## A. Receivables from Successor Agency:

Description	General Fund	Housing Authority Special Revenue Fund
Long-term loans to finance improvements and operations related to and within the former Redevelopment Agency's project areas	\$ 9,702,840	\$ -
Long-term loan transferred to the Housing Authority representing the required payment to the County of Los Angeles Supplemental Educational Revenue Augmentation Fund	-	274,591
Subtotal	9,702,840	274,591
Reserve on long-term loans (principal and interest)	(1,940,568)	-
Total	<u>\$ 7,762,272</u>	<u>\$ 274,591</u>

For further discussion of the receivables due from the Successor Agency, see Note 17M.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 6. LONG-TERM RECEIVABLES (CONTINUED):

#### B. Loans Receivables:

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

The discontinued Residential Rehabilitation Loan Program provided funding to Signal Hill homeowners' for exterior improvements to their residences. The loans are secured by promissory notes and second deeds of trust on the property. Loans are to be repaid upon sale or transfer of the property. Currently, one loan totaling \$6,038 remains outstanding in the HCDA Special Revenue Fund.

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

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Capital Improvements	
General Fund	Capital Projects Fund	\$ 2,693,773
General Fund	Other Governmental Funds	<u>120,212</u>
		<u><u>\$ 2,813,985</u></u>

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

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

## Interfund Transfers:

<u>Transfers In To</u>	<u>Transfers Out From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 327,387
Housing Authority	Other Governmental Funds	45,000
Capital Improvements		
Capital Projects Fund	General Fund	332,558
	Other Governmental Funds	775,435
Other Governmental Funds	General Fund	157,289
	Other Governmental Funds	56,379
Water Enterprise Fund	Other Governmental Funds	<u>425,733</u>
		<u><u>\$ 2,119,781</u></u>

The purposes for significant interfund transfers made during the fiscal year ended June 30, 2015 were as follows:

- Transfers into the General Fund from Other Governmental Funds included monies for ongoing transportation expenditures from the Transportation Proposition C Fund (\$85,000), monies for traffic safety related expenditures from the Traffic Safety Fund (\$100,000) and monies from the Gas Tax Fund for reimbursement of Pavement Management expenditures (\$148,747). The transfers into the Capital Improvement Capital Projects Fund were to cover costs of various projects.
- Transfers into the Housing Authority Fund from the Other Governmental Funds were for funding costs associated with low income housing needs.
- Transfers into the Capital Improvement Capital Projects Fund from the General Fund and Other Governmental Funds was for the acquisition of equipment as well as providing funding for several projects including Cherry Avenue Widening, Community Garden, Park View, Dog Park and the Pavement Management Program.
- Transfers into Other Governmental Funds from the General Fund related to a transfer to the Supplemental Law Enforcement Fund for non-sworn personnel costs not fully funded by grant revenue (\$74,865) and other funding for law enforcement costs (\$56,379) annually available by the Other Governmental Funds.
- 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.



CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

8. INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

For the fiscal year ended June 30, 2015, the following funds had deficit fund balances:

Major Governmental Fund:

Capital Improvement Capital Projects Fund	\$ 3,192,667
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The deficit will be eliminated by revenues that were unavailable at fiscal year end since they did not meet the availability criteria required for recognition in the governmental funds.

Expenditures Exceeding Appropriations:

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Major Funds:

General Fund:

General government - City Council	\$ 1,492
General government - Program administration	40,228
General government - Fiscal Services	138,483
Police - Support services	11,325
Police - Emergency and disaster services	19,846
Community Development - Oil field services	24,798
Capital outlay	48,159

Housing Authority Special Revenue Fund:

Capital outlay	60,564
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Other Governmental Funds:

Asset Seizure Special Revenue Fund:

Police - Patrol Services	1,000
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Transportation Special Revenue Fund:

Community development - Public transportation	8,947
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Air Quality Improvement Special Revenue Fund:

General government - City Council	2,488
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Water Development Special Revenue Fund:

Public works - Engineering and project services	3,324
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Proposition C Special Revenue Fund:

Community development - Public transportation	2,458
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LA Impact Special Revenue Fund:

Police - Patrol Services	17,001
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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.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN):

#### A. General Information about the Pension Plans:

##### Plan Description:

All qualified employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. Employees hired prior to June 10, 2010 are considered classic members, employees hired on or after June 10, 2010 are considered new members, and employees hired on or after January 1, 2013 are considered Public Employee Pension Reform Act (PEPRA) members. CalPERS issues publicly available report that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

##### Benefits Provided:

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
		On or after June 10, 2010 and prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to June 10, 2010		
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-63	50-63	53-67
Monthly benefits, as a % of eligible compensation	1.43% - 2.42%	1.09%-2.42%	1.00%-2.50%
Required employee contribution rates	7.00%	7.00%	6.25%
Required employer contribution rates	17.72%	8.44%	6.25%

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED):

#### A. General Information about the Pension Plans (Continued):

##### Benefits Provided (Continued):

	Safety		
		On or after June 10, 2010 and prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to June 10, 2010		
Benefit formula	3% @ 50	3% @ 55	2.75% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.40%-3.00%	2.00% - 2.70%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates	44.95%	23.95%	12.25%

##### Contributions:

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follow:

Contributions – employer	\$ 1,924,808
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## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED):

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Classic Miscellaneous	\$ 8,307,903
New Miscellaneous	35,016
Miscellaneous PEPRA	339
Classic Safety	10,336,985
New Safety	36,585
Safety PEPRA	<u>49</u>
Total Net Pension Liability	<u>\$ 18,716,877</u>

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	<u>Classic Miscellaneous</u>	<u>New Miscellaneous</u>	<u>Miscellaneous PEPRA</u>
Proportion - June 30, 2013	0.32565%	0.00146%	0.00001%
Proportion - June 30, 2014	<u>0.33615%</u>	<u>0.00142%</u>	<u>0.00001%</u>
Change - Increase (Decrease)	<u>0.01050%</u>	<u>(0.00004%)</u>	<u>0.00000%</u>
	<u>Classic Safety</u>	<u>New Safety</u>	<u>Safety PEPRA</u>
Proportion - June 30, 2013	0.27033%	0.00101%	0.00000%
Proportion - June 30, 2014	<u>0.27558%</u>	<u>0.00098%</u>	<u>0.00000%</u>
Change - Increase (Decrease)	<u>0.00525%</u>	<u>(0.00003%)</u>	<u>0.00000%</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED):

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

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$1,598,926. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,871,390	\$ -
Net differences between projected and actual earnings on pension plan investments	-	(4,779,388)
Adjustment due to differences in proportions	205,442	(84,223)
Total	<u>\$ 2,076,832</u>	<u>\$ (4,863,611)</u>

\$1,871,390 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2016	\$ (1,151,556)
2017	(1,151,556)
2018	(1,160,213)
2019	<u>(1,194,844)</u>
Total	<u>\$ (4,658,169)</u>

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED):

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

##### Actuarial Assumptions:

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous (4)	Safety (4)
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increases	3.30% to 14.20% (1)	3.30% to 14.20% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	Data for all Funds (3)	Data for all Funds (3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report

(4) Information the same for all Miscellaneous and Safety plans

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED):

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

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED):

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

Discount Rate (Continued):

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	336.00%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	(0.55%)	(1.05%)
Total	100.00%		

(a) An expected inflation of 2.50% used for this period.

(b) An expected inflation of 3.00% used for this period.



## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED):

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	Classic Miscellaneous	New Miscellaneous	Miscellaneous PEPRA
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 13,755,899	\$ 62,387	\$ 605
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	8,307,903	35,016	339
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	3,786,583	12,300	119
	Classic Safety	New Safety	Safety PEPRA
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 16,593,562	\$ 62,958	\$ 85
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	10,336,985	36,585	49
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	5,181,835	14,855	20

## Pension Plan Fiduciary Net Position:

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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 CalPERS 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)

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

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

- Employees with less than 5 years of service with Signal Hill, but who are vested with CalPERS are eligible to receive the minimum monthly premium mandated by CalPERS (currently \$115 monthly).
- Employees with 5-10 years of CalPERS service (combined City service plus 50% credit for service with another CalPERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee only.
- Employees with 11-15 years of CalPERS service (combined City service plus 50% credit for service with another CalPERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee only.
- Employees with over 16 years of CalPERS service (combined City service plus 50% credit for service with another CalPERS 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 CalPERS are eligible to receive the minimum monthly premium mandated by CalPERS (currently \$115 monthly).
- Employees with 11-15 years of CalPERS service (combined City service plus 50% credit for service with another CalPERS agency) shall be eligible to receive 25% of the monthly benefit applicable towards the employee only.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

A. Plan Description (Continued):

- Employees with 16-19 years of CalPERS service (combined City service plus 50% credit for service with another CalPERS 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 CalPERS service (combined City service plus 50% credit for service with another CalPERS 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.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each fiscal year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for the fiscal year ended June 30, 2015 was \$741,245 and was determined as part of an actuarial valuation dated March 1, 2015.

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

Annual required contribution	\$ 741,245
Interest on net OPEB asset	(15,713)
Adjustment to annual required contribution	(14,907)
Annual OPEB cost (expense)	710,625
Actual contributions made	(717,691)
Increase (decrease) in net OPEB obligation (asset)	(7,066)
Net OPEB Obligation (Asset) - beginning of fiscal year	(241,745)
Net OPEB Obligation (Asset) - end of fiscal year	\$ (248,811)

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

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

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

Three-Year Trend Information for CalPERS				
Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of) Adjustments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 659,215	\$ 740,578	112.34%	\$ (352,477)
6/30/2014	658,031	547,299	83.17%	(241,745)
6/30/2015	710,625	717,691	100.99%	(248,811)

## D. Funded Status and Funding Progress:

As of March 1, 2015, the most recent actuarial valuation date, the Plan was 187% funded. The actuarial accrued liability for benefits was \$10,991,729, and the actuarial value of assets was \$1,353,271, resulting in an unfunded accrued actuarial liability (UAAL) of \$9,638,458. The covered payroll (annual payroll of active employees covered by the plan) was \$7,646,920 and the ratio of the UAAL to the covered payroll was 126.04%.

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

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 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, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment return/discount rate of 6.5% per annum, projected salary increases of 2.75% per annum, a general inflation rate of 2.75% 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 25-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 CalPERS through the City of Signal Hill Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan. Benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6.2% by the employee and 1.3% by the City. All part-time, seasonal and temporary employees are immediately eligible to participate in the plan from the date of the plan or date of employment, whichever is later, and all contributions are fully vested. For the fiscal year ended June 30, 2015, the employees contributed \$18,939 and the City contributed \$3,971 to the Plan.

On May 15, 2001, the City Council authorized establishment of a 401(a) Defined Contribution Plan (Plan) for its management and middle management employees. The Plan is administered by ICMA. The Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Management and middle management employees will place their City-paid contributions which total 4.0% and 3.0%, respectively, of salary into the Plan. Management employees are required to match the 4% City contribution with an 8% employee contribution, and middle management employees are required to match the 3.0% City contribution with a 6% employee contribution. For the fiscal year ended June 30, 2015, the employees contributed \$126,181 and the City contributed \$47,397 to the Plan.

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

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 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 \$7,112 for the fiscal year ended June 30, 2015.

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

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications as of June 30, 2015 were as follows:

	General Fund	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Totals
Nonspendable:					
Land and improvements held for resale	\$ -	\$ 4,068,014	\$ -	\$ -	\$ 4,068,014
Receivables from Successor Agency	7,762,272	274,591	-	-	8,036,863
Loans receivable	-	65,739	-	6,038	71,777
Prepaid expenditures	5,292	-	-	-	5,292
Total Nonspendable	<u>7,767,564</u>	<u>4,408,344</u>	<u>-</u>	<u>6,038</u>	<u>12,181,946</u>
Restricted for:					
Low and moderate income housing	-	1,247,612	-	-	1,247,612
Public protection	-	-	-	248,580	248,580
Development	13,305	-	-	6,058,326	6,071,631
Transportation	-	-	-	2,828,349	2,828,349
Capital improvements	-	-	-	2,191,036	2,191,036
Total Restricted	<u>13,305</u>	<u>1,247,612</u>	<u>-</u>	<u>11,326,291</u>	<u>12,587,208</u>
Committed:					
Equipment replacement	128,078	-	-	-	128,078
Insurance premium increases	155,972	-	-	-	155,972
Capital improvements	1,915,615	-	-	-	1,915,615
Economic uncertainty	5,081,972	-	-	-	5,081,972
New police building	7,957,613	-	-	-	7,957,613
Library expansion	1,736,622	-	-	-	1,736,622
Park expansion	57,846	-	-	-	57,846
CalPERS rate increases	1,287,225	-	-	-	1,287,225
Building and land acquisition	710,995	-	-	-	710,995
OPEB future costs	1,196,444	-	-	-	1,196,444
Trash reduction	1,456	-	-	-	1,456
100th Anniversary	20,019	-	-	-	20,019
Cable television	62,915	-	-	-	62,915
Traffic safety	275,159	-	-	-	275,159
Total Committed	<u>20,587,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,587,931</u>
Unassigned	<u>1,277,790</u>	<u>-</u>	<u>(3,192,667)</u>	<u>-</u>	<u>(1,914,877)</u>
Total Fund Balances	<u>\$ 29,646,590</u>	<u>\$ 5,655,956</u>	<u>\$ (3,192,667)</u>	<u>\$ 11,332,329</u>	<u>\$ 43,442,208</u>

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY:

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

The City of Signal Hill is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

##### B. Self-Insurance Programs of the Authority:

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. 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 general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer.



CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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

(4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For fiscal year 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation:

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For fiscal year 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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 which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Signal Hill. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance:

The City of Signal Hill participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Signal Hill property is currently insured according to a schedule of covered property submitted by the City of Signal Hill to the Authority. City of Signal Hill property currently has all-risk property insurance protection in the amount of \$50,322,077. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance:

The City of Signal Hill purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Signal Hill property currently has earthquake protection in the amount of \$25,666,561. 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 \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance:

The City of Signal Hill further protects against liability damages by requiring tenant users of certain 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 Authority.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

D. Adequacy of Protection:

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2014-15.

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

15. OTHER INFORMATION:

Contingent Liabilities:

Litigation:

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

Grant Audit Contingencies:

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

Developer Impact Fees:

The City charges Parks & Recreation, Public Works, and Water Development Impact Fees (fees) when new residential or commercial buildings are constructed. In fiscal year 2014-15, the City collected \$86,227 in Parks & Recreation fees, \$377,416 in Water fees, and \$263,714 in Traffic fees, respectively. The fees are deposited into corresponding special revenue funds, and they are used to acquire and upgrade parks, improve water systems related to new development, and to reduce traffic within the City related to new development. The State of California requires fees to be spent within five years of collection. In fiscal year 2014-15, the City expended \$274,611 in Parks & Recreation fees, \$429,057 in Water fees, and \$173,053 in Traffic fees, and earned interest of \$24,536. At June 30, 2015, the fund balances for the Parks & Recreation Impact Fund was \$3,469,129, for the Water Impact Fund was \$1,884,940, and for the Traffic Impact Fund was \$1,484,750.

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 16. RESTATEMENT OF NET POSITION AND FUND BALANCE:

The accompanying financial statements include adjustments that resulted in the restatements of beginning net position and fund balances. The following summarizes the effect of the restatements to beginning net position and fund balances as of July 1, 2014:

	Governmental Activities	Business-type Activities	Enterprise Fund	Governmental Activities - Internal Service Fund
Net position as previously reported as of June 30, 2014	\$ 95,198,384	\$ 20,480,426	\$20,480,426	\$ 2,021,606
Net pension liabilities	(22,414,672)	(1,286,255)	(1,286,255)	(214,376)
Deferred outflow of resources - City's contribution subsequent to measurement	1,817,945	106,863	106,863	17,812
Reclass long-term loans receivable from deferred inflows to fund balance:				
Housing Authority Special Revenue Fund	65,739	-	-	-
HCDA Grant Special Revenue Fund	6,038	-	-	-
Net position as restated July 1, 2014	<u>\$ 74,673,434</u>	<u>\$ 19,301,034</u>	<u>\$19,301,034</u>	<u>\$ 1,825,042</u>

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 17. SUCCESSOR AGENCY DISCLOSURES:

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

Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated				
Land	\$ 24,494,592	\$ -	\$ -	\$ 24,494,592
Construction in progress	234,025	-	-	234,025
Total capital assets, not being depreciated	24,728,617	-	-	24,728,617
Capital assets, being depreciated:				
Structures and improvements	16,903,635	636,934	-	17,540,569
Equipment and furniture	877,344	11,626	-	888,970
Total capital assets, being depreciated	17,780,979	648,560	-	18,429,539
Less accumulated depreciation for:				
Structures and improvements	(650,714)	(422,591)	-	(1,073,305)
Equipment and furniture	(163,232)	(144,933)	-	(308,165)
Total accumulated depreciation	(813,946)	(567,524)	-	(1,381,470)
Total capital assets, being depreciated, net	16,967,033	81,036	-	17,048,069
Total	\$ 41,695,650	\$ 81,036	\$ -	\$ 41,776,686

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities:

Long-term liability activity for the fiscal year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Bonds payable:					
2001 TABs	\$ 7,520,000	\$ -	\$ (7,520,000)	\$ -	\$ -
2003 TABs Series A	7,690,000	-	(7,690,000)	-	-
2003 TABs Series C	10,260,000	-	(10,260,000)	-	-
2003 TABs Series D	1,980,000	-	(1,980,000)	-	-
2006 TABs	12,190,000	-	(165,000)	12,025,000	130,000
2007 Refunding TABs	14,280,000	-	(115,000)	14,165,000	120,000
2009 Tax Allocation Parity Bonds	17,850,000	-	(725,000)	17,125,000	760,000
2011 Tax Allocation Parity Bonds	8,005,000	-	(435,000)	7,570,000	455,000
2015 Refunding TABs Series A	-	19,990,000	-	19,990,000	3,110,000
2015 Refunding TABs Series B	-	1,970,000	-	1,970,000	120,000
Less original issuance discounts	(408,081)	(26,551)	92,988	(341,644)	(35,933)
Add premium on bonds	-	2,624,882	(114,125)	2,510,757	304,334
Total bonds payable	79,366,919	24,558,331	(28,911,137)	75,014,113	4,963,401
Notes payable	323,445	-	(87,304)	236,141	91,299
Advances from the City of Signal Hill	10,766,002	-	(788,571)	9,977,431	274,231
Total long-term liabilities	<u>\$ 90,456,366</u>	<u>\$ 24,558,331</u>	<u>\$ (29,787,012)</u>	<u>\$ 85,227,685</u>	<u>\$ 5,328,931</u>

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

## A. 2001 Tax Allocation Bonds:

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

Principal amounts on \$13,880,000 of serial bonds mature annually each October 1 through 2023, and bear interest semiannually on April 1 and October 1 at rates ranging from 2.00% to 4.625%. Bonds maturing on or after October 1, 2014 are subject to optional redemption on any date on or after October 1, 2012 at a price equal to the principal amount plus accrued interest to the date of redemption, without premium.

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

##### A. 2001 Tax Allocation Bonds (Continued):

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively. The 2001 Bonds were completely refunded in the amount of \$6,885,000 by the 2015A Bonds. At June 30, 2015, the outstanding balance of the 2001 Bonds was \$0.

##### B. 2003 Tax Allocation Bonds - Series A:

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

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

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively. The 2003 A Bonds were completely refunded in the amount of \$5,190,000 by the 2015A Bonds. At June 30, 2015, the outstanding balance of the 2001 Bonds was \$0.

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

#### C. 2003 Tax Allocation Bonds - Series C:

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

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

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively. The 2003 C Bonds were completely refunded in the amount of \$10,170,000 by the 2015A Bonds. At June 30, 2015, the outstanding balance of the 2001 Bonds was \$0.

#### 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 matured October 1, 2014 and bear interest semiannually at a rate of 4.93%. \$1,980,000 of 2003 D term bonds mature October 1, 2024 and bear interest at a rate of 5.98%. The 2003 D Bonds are subject to mandatory redemption without premium commencing October 1, 2004 with respect to the term bonds maturing October 1, 2024. In addition, the 2003 D Bonds maturing October 1, 2024 are subject to optional redemption commencing October 1, 2014 without premium.



CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

The reserve requirement for these bonds is covered by a surety bond provided by National Public Finance Guarantee Corp. (National). National's current ratings by Moody's Investors Services and Standard & Poor's are B2 and AA-, respectively. The 2003 D Bonds were completely refunded in the amount of \$1,865,000 by the 2015B Bonds. At June 30, 2015, the outstanding balance of the 2001 Bonds was \$0.

E. 2006 Tax Allocation Bonds:

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

\$1,845,000 of 2006 term bonds 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 B2 and AA-, respectively.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 130,000	\$ 697,570	\$ 827,570
2017	235,000	687,385	922,385
2018	235,000	673,967	908,967
2019	260,000	659,515	919,515
2020	275,000	643,896	918,896
2021-2025	4,305,000	2,872,058	7,177,058
2026-2027	6,585,000	390,191	6,975,191
	<u>\$ 12,025,000</u>	<u>\$ 6,624,582</u>	<u>\$ 18,649,582</u>

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

## F. 2007 Refunding Tax Allocation Bonds:

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

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

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

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 120,000	\$ 581,104	\$ 701,104
2017	1,505,000	548,604	2,053,604
2018	1,570,000	487,104	2,057,104
2019	1,640,000	422,904	2,062,904
2020	1,710,000	355,904	2,065,904
2021-2024	7,620,000	666,166	8,286,166
	<u>\$ 14,165,000</u>	<u>\$ 3,061,786</u>	<u>\$ 17,226,786</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

G. 2009 Tax Allocation Parity Bonds:

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

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 760,000	\$ 857,550	\$ 1,617,550
2017	830,000	825,231	1,655,231
2018	865,000	786,488	1,651,488
2019	910,000	742,113	1,652,113
2020	955,000	695,487	1,650,487
2021-2025	7,005,000	2,648,220	9,653,220
2026-2027	5,800,000	315,781	6,115,781
	<u>\$ 17,125,000</u>	<u>\$ 6,870,870</u>	<u>\$ 23,995,870</u>

## CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

## 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

## H. 2011 Tax Allocation Parity Bonds:

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

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 455,000	\$ 471,775	\$ 926,775
2017	500,000	447,275	947,275
2018	535,000	419,438	954,438
2019	555,000	388,769	943,769
2020	590,000	355,112	945,112
2021-2025	3,440,000	1,131,182	4,571,182
2026-2027	1,495,000	106,225	1,601,225
	<u>\$ 7,570,000</u>	<u>\$ 3,319,776</u>	<u>\$ 10,889,776</u>

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

#### I. 2015 Refunding Tax Allocation Bonds – Series A:

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$644,557. This difference, reported as a deferred outflow of resources, is being amortized on a straight-line basis as interest expense on the statement of changes in fiduciary net position through the year 2024.

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

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 3,110,000	\$ 890,400	\$ 4,000,400
2017	1,860,000	721,000	2,581,000
2018	1,915,000	664,375	2,579,375
2019	1,960,000	596,450	2,556,450
2020	2,040,000	506,250	2,546,250
2021-2024	9,105,000	936,875	10,041,875
	<u>\$ 19,990,000</u>	<u>\$ 4,315,350</u>	<u>\$ 24,305,350</u>

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

#### J. 2015 Refunding Tax Allocation Bonds – Series B:

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$51,426. This difference, reported as a deferred outflow of resources, is being amortized on a straight-line basis as interest expense on the statement of changes in fiduciary net position through the year 2024.

Principal amounts on the 2015 B Bonds mature annually each October 1 from 2015 through 2024, and bear interest semiannually beginning October 1, 2015 at rates ranging from 1.00% to 3.125%. The 2015 B Bonds are not subject to optional redemption before maturity.

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 120,000	\$ 55,595	\$ 175,595
2017	100,000	47,762	147,762
2018	105,000	46,606	151,606
2019	100,000	45,200	145,200
2020	105,000	43,531	148,531
2021-2024	1,440,000	166,001	1,606,001
	<u>\$ 1,970,000</u>	<u>\$ 404,695</u>	<u>\$ 2,374,695</u>

# CITY OF SIGNAL HILL

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

#### K. Defeased Debt:

The full refunding of 2001, 2003A, and 2003C Bonds by the issuance of the 2015 A Bonds reduced the total debt service payments over the life of the 2001, 2003A, and 2003C Bonds by \$2,415,476, and obtained an economic gain (difference between net present value of the debt service payments on the old debt and new debt) of \$2,230,724.

The full refunding of 2003 D Bonds by the issuance of the 2015 B Bonds reduced the total debt service payments over the life of the 2003 D Bonds by \$329,149, and obtained an economic gain (difference between net present value of the debt service payments on the old debt and new debt) of \$269,181, plus the refunding funds on hand of \$2,518, for a net gain of \$271,699.

The total outstanding defeased debt as of June 30, 2015 is \$24,110,000.

#### L. Notes Payable:

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, 2015, the outstanding balance of this note was \$236,141.

The annual debt requirements of this note at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 91,299	\$ 9,100	\$ 100,399
2017	95,477	4,922	100,399
2018	49,365	835	50,200
	<u>\$ 236,141</u>	<u>\$ 14,857</u>	<u>\$ 250,998</u>

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

##### M. Advances from the City of Signal Hill:

In April 2008, 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.

In fiscal year 2012-13, the City retroactively recalculated interest using existing LAIF rates and the balance of the advance was written down by \$3,739,561. Accordingly, the advance balance has remained at \$9,702,840 since the dissolution of the former Redevelopment Agency in fiscal year 2011-12. The balance includes accrued interest of \$90,645 representing accumulated interest charges prior to dissolution. The City and Successor Agency have decided to stop accruing interest until the interest rate determination has been made. Additionally, during fiscal year 2012-13, the City recorded a 20% reserve against this advance totaling \$1,940,568 (\$1,922,439 principal and \$18,129 interest) due to the estimated collectability by the General Fund as a result of the winding down of the affairs of the former Redevelopment Agency.

On April 5, 2011, the former Signal Hill Redevelopment Agency Board approved a 5-year loan from the Affordable Housing Special Revenue Fund to the Debt Service Fund to provide funding for the required payment to the County of Los Angeles' Supplemental Educational Revenue Augmentation Fund. On February 1, 2012, the receivable side of this advance was transferred from the former 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, 2015 is \$274,591.



CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

N. Operating Lease Obligations:

- (1) The Agency is leasing land (as lessor) used for an Auto Center under an operating lease dated June 30, 1988. The term of the lease expires November 30, 2055. The current period rental payments, which are classified as project costs, were \$238,200.

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

Fiscal Year Ending June 30,	
2016	\$ 246,019
2017	251,604
2018	251,604
2019	251,604
2020	251,604
2021-2025	1,327,650
2026-2030	1,400,475
2031-2035	1,483,025
2036-2040	1,558,290
2041-2045	1,642,435
2046-2050	1,727,400
2051-2055	1,804,165
2056	<u>150,876</u>
Total minimum lease payments	<u>\$ 12,346,751</u>

- (2) The Agency is leasing land (as lessor) for an Auto Center under an operating lease dated December 21, 1993 and amended May 7, 1996. The term of the lease expires on December 31, 2055. The current period rental payments, which are classified as project costs, were \$216,936.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

N. Operating Lease Obligations (Continued):

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

Fiscal Year Ending June 30,	
2016	\$ 216,936
2017	220,142
2018	220,142
2019	220,142
2020	220,142
2021-2025	1,130,424
2026-2030	1,164,339
2031-2035	1,199,267
2036-2040	1,235,242
2041-2045	1,272,303
2046-2050	1,310,472
2051-2055	1,349,792
2056	<u>274,807</u>
Total minimum lease payments	<u>\$ 10,034,150</u>

O. 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 powers authority (Authority) pursuant to the California Government Code in order to develop and operate public facilities and improvements in the Spring Street Corridor Area.

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

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### 17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

##### O. Spring Street Corridor Joint Powers Authority (Continued):

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

Pursuant to an Owner Participation and Implementation Agreement (OPIA) dated September 19, 1996, the Authority is required to pay a developer a formulated amount based on sales tax generated at a site developed within the City of Signal Hill. The payments are due annually through calendar year 2015. The source of these payments is to be provided by the Signal Hill Successor Agency. The first source is available tax increment revenue which is limited based on the amount of the Signal Hill Successor Agency's annual tax increment revenue less amounts required by law to be deposited in the Signal Hill Successor Agency's Affordable Housing Special Revenue Fund. The second source is a loan from the City of Signal Hill which would be made from the City's share of sales tax revenue generated from the developed site. No other sources of funds are available for payments. At June 30, 2015, there was no balance due under this agreement.

#### 18. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

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

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

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

## CITY OF SIGNAL HILL

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

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

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

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

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

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

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

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

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

The DOF issued a Finding of Completion on August 7, 2014 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. The Finding of Completion allowed the placement of loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. Loan repayments could begin in the 2014-15 fiscal year as governed by the criteria in the health and code safety section. The DOF will consider the enforceability of these loan agreements once repayments requests are placed on the ROPS. When the repayments begin, 20% of the repayments of the loan agreement amounts are to be allocated to the Housing Authority Special Revenue Fund. At June 30, 2015, the long-term advances to the Successor Agency totaled \$9,702,840 which included principal of \$9,612,195 and interest of \$90,645.

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

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## REQUIRED SUPPLEMENTARY INFORMATION



CITY OF SIGNAL HILL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2015

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,718,458	\$ 1,718,458	\$ 1,797,025	\$ 78,567
Sales and use tax	12,275,662	9,875,662	11,186,100	1,310,438
Other taxes	2,205,000	2,205,000	2,230,337	25,337
Licenses and permits	391,410	391,410	410,549	19,139
Intergovernmental revenues	40,000	40,000	146,993	106,993
Charges for services	629,325	629,325	737,660	108,335
Fines and forfeitures	250,000	350,000	300,971	(49,029)
Investment income	700,617	720,317	730,661	10,344
Other revenue	24,500	24,500	2,048,216	2,023,716
Total revenues	18,234,972	15,954,672	19,588,512	3,633,840
Expenditures:				
Current:				
General government:				
City Council	200,630	200,630	202,122	(1,492)
City Treasurer	4,480	5,210	4,884	326
City Clerk	218,205	261,605	179,969	81,636
Program administration	666,605	726,605	766,833	(40,228)
Legislative services	366,670	371,670	359,261	12,409
Personnel services	191,260	351,540	254,949	96,591
Support services	1,779,231	2,252,181	1,662,662	589,519
Management information services	107,500	185,000	176,796	8,204
Fiscal services	671,160	727,860	866,343	(138,483)
Total general government	4,205,741	5,082,301	4,473,819	608,482
Community services:				
Library programs and services	393,725	394,225	331,536	62,689
Community support and services	496,734	502,734	467,119	35,615
Recreation	481,378	492,078	457,725	34,353
Total community services	1,371,837	1,389,037	1,256,380	132,657
Police:				
Community outreach	74,110	80,910	70,801	10,109
Patrol services	4,370,120	4,601,870	4,154,217	447,653
Investigative services	989,690	991,040	874,834	116,206
Police support services	1,402,090	1,401,990	1,413,315	(11,325)
Communications	710,920	730,025	687,969	42,056
Records	370,790	400,790	370,700	30,090
Emergency and disaster services	12,400	13,050	32,896	(19,846)
Total police	7,930,120	8,219,675	7,604,732	614,943

(Continued)

See Notes to the Required Supplemental Information

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community development:				
Planning services	\$ 295,840	\$ 295,840	\$ 272,455	\$ 23,385
Neighborhood enhancement	96,825	96,825	84,471	12,354
Building and safety	228,330	228,330	174,411	53,919
Oil field services	122,510	199,510	224,308	(24,798)
Total community development	<u>743,505</u>	<u>820,505</u>	<u>755,645</u>	<u>64,860</u>
Public works:				
Engineering and project services	592,240	615,640	502,360	113,280
Building maintenance	587,719	609,150	536,766	72,384
Environmental programs	810,980	924,370	576,427	347,943
Park maintenance	847,740	882,260	758,404	123,856
Street maintenance operations	<u>1,383,590</u>	<u>1,438,640</u>	<u>1,208,831</u>	<u>229,809</u>
Total public works	<u>4,222,269</u>	<u>4,470,060</u>	<u>3,582,788</u>	<u>887,272</u>
Capital outlay	<u>97,548</u>	<u>101,800</u>	<u>149,959</u>	<u>(48,159)</u>
Total expenditures	<u>18,571,020</u>	<u>20,083,378</u>	<u>17,823,323</u>	<u>2,260,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(336,048)</u>	<u>(4,128,706)</u>	<u>1,765,189</u>	<u>5,893,895</u>
Other financing sources (uses):				
Transfers In	333,747	333,747	327,387	(6,360)
Transfer Out	(172,710)	(560,000)	(489,847)	70,153
Increase in obligation under capital lease	<u>-</u>	<u>-</u>	<u>75,557</u>	<u>75,557</u>
Total other financing sources (uses)	<u>161,037</u>	<u>(226,253)</u>	<u>(86,903)</u>	<u>139,350</u>
Net change in fund balance	(175,011)	(4,354,959)	1,678,286	6,033,245
Fund balance at beginning of fiscal year	<u>27,968,304</u>	<u>27,968,304</u>	<u>27,968,304</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 27,793,293</u>	<u>\$ 23,613,345</u>	<u>\$ 29,646,590</u>	<u>\$ 6,033,245</u>

See Notes to the Required Supplemental Information

CITY OF SIGNAL HILL  
BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY SPECIAL REVENUE FUND  
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance- with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 54,000	\$ 54,000	\$ 55,376	\$ 1,376
Other revenues	-	-	10,485	10,485
Total revenues	54,000	54,000	65,861	11,861
Expenditure:				
Current:				
Community development	-	105,000	3,710	101,290
Capital outlay	-	-	60,564	(60,564)
Total expenditures	-	105,000	64,274	40,726
Excess(Deficiency) of revenues over (under) expenditures	54,000	(51,000)	1,587	52,587
Other financing sources:				
Transfers in	-	45,000	45,000	-
Total other financing sources	-	45,000	45,000	-
Net change in fund balance	54,000	(6,000)	46,587	52,587
Fund balance at beginning of fiscal year	5,543,630	5,543,630	5,543,630	-
Prior period adjustments	-	-	65,739	65,739
Fund balance at beginning of fiscal year, restated	5,543,630	5,543,630	5,609,369	65,739
Fund balance at end of fiscal year	\$ 5,597,630	\$ 5,537,630	\$ 5,655,956	\$ 52,587

See Notes to the Required Supplemental Information

## CITY OF SIGNAL HILL

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

#### 1. BUDGETS AND BUDGETARY ACCOUNTING:

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

- 1) The annual budget is adopted by the City Council after a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- 2) Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budgets were adopted for the Domestic Preparedness and DOJ Grants Special Revenue Funds for the current fiscal year.
- 3) Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year.
- 4) Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level (i.e. City Council, City Treasurer, City Attorney), except as approved in advance by the City Council.
- 5) Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund Types. However, at year end all appropriations lapse. Accordingly, encumbrances are canceled and generally re-appropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.
- 6) The City Council approves all significant budgetary changes.
- 7) Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, or returned to the taxpayers through revised tax rates or revised fee schedules. Or an excess in one year may be offset against a deficit in following year. For the fiscal year ended June 30, 2015, based on calculations by City management, proceeds of taxes did not exceed appropriations.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

SCHEDULE OF FUNDING PROGRESS

OTHER POST-EMPLOYMENT BENEFITS PLAN

Date	Actuarial Value of Assets (a)	Entry Age Normal Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio AVA (a)/(b)	Annual Covered Payroll (c)	UAAL As a % of Payroll [(b)-(a)]/(c)
3/1/2010	\$ 532,514	\$ 9,640,527	\$ 9,108,013	5.52%	\$ 7,810,629	116.61%
3/1/2012	937,194	9,264,652	8,327,458	10.12%	7,877,810	105.71%
3/1/2015	1,353,271	10,991,729	9,638,458	12.31%	7,646,920	126.04%

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

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Measurement Date June 30, 2014	
	<b>Classic</b>	
	<b>Miscellaneous</b>	
Proportion of the net pension liability		0.13351%
Proportionate share of the net pension liability	\$	8,307,903
Covered-employee payroll	\$	3,598,187
Proportionate Share of the net pension liability as a percentage of covered-employee payroll		230.89%
Plan's fiduciary net position	\$	32,758,617
Plan's total pension liability	\$	41,066,520
Plan fiduciary net position as a percentage of total pension liability		79.77%

**Notes to Schedule**

Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: None

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Measurement Date June 30, 2014
	<b>New</b>
	<b>Miscellaneous</b>
Proportion of the net pension liability	0.00056%
Proportionate share of the net pension liability	\$ 35,016
Covered-employee payroll	\$ 888,694
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	3.94%
Plan's fiduciary net position	\$ 171,310
Plan's total pension liability	\$ 206,326
Plan fiduciary net position as a percentage of total pension liability	83.03%

**Notes to Schedule**

Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: None

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Measurement Date June 30, 2014 <b>Miscellaneous PEPRA</b>
Proportion of the net pension liability	0.00001%
Proportionate share of the net pension liability	\$ 339
Covered-employee payroll	\$ 136,416
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	0.25%
Plan's fiduciary net position	\$ 1,663
Plan's total pension liability	\$ 2,002
Plan fiduciary net position as a percentage of total pension liability	83.07%

**Notes to Schedule**

Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: None

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.



CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Measurement Date June 30, 2014 <b>Classic Safety</b>
Proportion of the net pension liability	0.16612%
Proportionate share of the net pension liability	\$ 10,336,985
Covered-employee payroll	\$ 2,647,371
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	390.46%
Plan's fiduciary net position	\$ 36,372,184
Plan's total pension liability	\$ 46,709,169
Plan fiduciary net position as a percentage of total pension liability	77.87%

**Notes to Schedule**

Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: None

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Measurement Date June 30, 2014
	<b>New Safety</b>
Proportion of the net pension liability	0.00059%
Proportionate share of the net pension liability	\$ 36,585
Covered-employee payroll	\$ 286,967
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	12.75%
Plan's fiduciary net position	\$ 160,303
Plan's total pension liability	\$ 196,888
Plan fiduciary net position as a percentage of total pension liability	81.42%

**Notes to Schedule**

Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: None

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Measurement Date June 30, 2014 <b>Safety PEPRA</b>
Proportion of the net pension liability	0.00000%
Proportionate share of the net pension liability	\$ 49
Covered-employee payroll	\$ 67,850
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	0.07%
Plan's fiduciary net position	\$ 217
Plan's total pension liability	\$ 266
Plan fiduciary net position as a percentage of total pension liability	81.58%

**Notes to Schedule**

Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: None

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULE OF PENSION CONTRIBUTIONS**

	<b>Classic Miscellaneous</b>
	<u>Fiscal Year 2014-15 <sup>1</sup></u>
Actuarially Determined Contribution <sup>2</sup>	\$ 579,003
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>	(579,003)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll <sup>3</sup>	\$ 3,267,511
Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>	17.72%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULE OF PENSION CONTRIBUTIONS**

	New Miscellaneous Fiscal Year 2014-15 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 65,514
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>	(65,514)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll <sup>3</sup>	\$ 776,232
Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>	8.44%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULE OF PENSION CONTRIBUTIONS**

	<b>Miscellaneous PEPRA</b>
	<u>Fiscal Year 2014-15 <sup>1</sup></u>
Actuarially Determined Contribution <sup>2</sup>	\$ 29,090
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>	(29,090)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll <sup>3</sup>	\$ 465,440
Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>	6.25%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to Schedule:**

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Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULE OF PENSION CONTRIBUTIONS**

	<b>Classic Safety</b>
	Fiscal Year 2014-15 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 1,056,513
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>	(1,056,513)
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll <sup>3</sup>	\$ 2,350,418
Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>	44.95%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to Schedule:**

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Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULE OF PENSION CONTRIBUTIONS**

	<b>New Safety</b>
	<u>Fiscal Year 2014-15 <sup>1</sup></u>
Actuarially Determined Contribution <sup>2</sup>	\$ 91,754
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>	<u>(91,754)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
 Covered-Employee Payroll <sup>3</sup>	 \$ 383,106
 Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>	 23.95%

<sup>1</sup>Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup>Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup>Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to Schedule:**

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Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
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Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.



CITY OF SIGNAL HILL  
Required Supplementary Information  
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
LAST 10 FISCAL YEARS\*

**SCHEDULE OF PENSION CONTRIBUTIONS**

	<b>Safety PEPRA</b>
	Fiscal Year 2014-15 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 49,516
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>	(49,516)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll <sup>3</sup>	\$ 404,212
Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>	12.25%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

## SUPPLEMENTARY INFORMATION

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## **OTHER MAJOR GOVERNMENTAL FUND**

### **CAPITAL PROJECTS FUND**

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

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

CAPITAL IMPROVEMENT CAPITAL PROJECT FUND

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance- with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 10,500	\$ 232,697	\$ 222,197
Total revenues	-	10,500	232,697	222,197
Expenditure:				
Capital outlay	724,000	5,450,574	2,231,765	3,218,809
Total expenditures	724,000	5,450,574	2,231,765	3,218,809
(Deficiency) of revenues (under) expenditures	(724,000)	(5,440,074)	(1,999,068)	3,441,006
Other financing sources:				
Transfers in	417,500	1,077,334	1,107,993	30,659
Total other financing sources	417,500	1,077,334	1,107,993	30,659
Net change in fund balances	(306,500)	(4,362,740)	(891,075)	3,471,665
Fund (deficit) at beginning of fiscal year	(2,301,592)	(2,301,592)	(2,301,592)	-
Fund (deficit) at end of fiscal year	<u>\$ (2,608,092)</u>	<u>\$ (6,664,332)</u>	<u>\$ (3,192,667)</u>	<u>\$ 3,471,665</u>

## **OTHER GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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## **OTHER GOVERNMENTAL FUNDS**

### **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 related to the maintenance and upkeep of the district.

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

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

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

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

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

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

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



CITY OF SIGNAL HILL  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds			
	Asset Seizure	DOJ Grants	Park Development	HCDA Grant
Assets				
Cash and investments	\$ 235,140	\$ -	\$ 3,469,129	\$ -
Accounts receivable	-	-	-	404
Accrued interest receivable	-	-	-	600
Due from other governments	13,440	13,181	-	3,699
Loans receivable	-	-	-	6,038
Total assets	<u>\$ 248,580</u>	<u>\$ 13,181</u>	<u>\$ 3,469,129</u>	<u>\$ 10,741</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 855
Accrued liabilities	-	-	-	-
Due to other funds	-	13,181	-	3,248
Total liabilities	<u>-</u>	<u>13,181</u>	<u>-</u>	<u>4,103</u>
Deferred inflows of resources:				
Unavailable revenues:	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>
Fund balances:				
Restricted for:				
Public protection	248,580	-	-	-
Development	-	-	3,469,129	-
Transportation	-	-	-	-
Capital improvements	-	-	-	-
Loans receivable	-	-	-	6,038
Total fund balances	<u>248,580</u>	<u>-</u>	<u>3,469,129</u>	<u>6,038</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 248,580</u>	<u>\$ 13,181</u>	<u>\$ 3,469,129</u>	<u>\$ 10,741</u>

Special Revenue Funds (Continued)

Special Gas Tax	Transportation Proposition A	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	Lighting and Landscape
\$ 129,476	\$ 578,063	\$ 2,074,526	\$ 119,262	\$ 1,884,940	\$ 1,484,750	\$ 271,456	\$ 117,864
-	-	-	3,715	-	-	-	-
-	-	-	-	-	-	-	-
7,500	-	-	-	-	-	-	1,447
-	-	-	-	-	-	-	-
<u>\$ 136,976</u>	<u>\$ 578,063</u>	<u>\$ 2,074,526</u>	<u>\$ 122,977</u>	<u>\$ 1,884,940</u>	<u>\$ 1,484,750</u>	<u>\$ 271,456</u>	<u>\$ 119,311</u>
\$ -	\$ 35,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,801
-	118	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	35,753	-	-	-	-	-	2,801
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,884,940	-	-	-
136,976	542,310	-	122,977	-	1,484,750	271,456	-
-	-	2,074,526	-	-	-	-	116,510
-	-	-	-	-	-	-	-
<u>136,976</u>	<u>542,310</u>	<u>2,074,526</u>	<u>122,977</u>	<u>1,884,940</u>	<u>1,484,750</u>	<u>271,456</u>	<u>116,510</u>
<u>\$ 136,976</u>	<u>\$ 578,063</u>	<u>\$ 2,074,526</u>	<u>\$ 122,977</u>	<u>\$ 1,884,940</u>	<u>\$ 1,484,750</u>	<u>\$ 271,456</u>	<u>\$ 119,311</u>

(Continued)

CITY OF SIGNAL HILL  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)  
June 30, 2015

		Special Revenue Funds (Continued)			
		Supplemental	Domestic	Public Safety	Housing
		Law	Preparedness	State Resources	Impact
		Enforcement			
Assets					
Cash and investments	\$	1,701	\$ -	\$ -	\$ 704,257
Accounts receivable		-	-	-	-
Accrued interest receivable		-	-	-	-
Due from other governments		-	-	81,029	-
Loans receivable		-	-	-	-
Total assets	\$	1,701	\$ -	\$ 81,029	\$ 704,257
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$	-	\$ -	\$ -	\$ -
Accrued liabilities		1,701	-	-	-
Due to other funds		-	-	81,029	-
Total liabilities		1,701	-	81,029	-
Deferred inflows of resources:					
Unavailable revenues:		-	-	-	-
Fund balances:					
Restricted for:					
Public protection		-	-	-	-
Development		-	-	-	704,257
Transportation		-	-	-	-
Capital improvements		-	-	-	-
Loans receivable		-	-	-	-
Total fund balances		-	-	-	704,257
Total liabilities, deferred inflows of resources and fund balances	\$	1,701	\$ -	\$ 81,029	\$ 704,257

Special Revenue Funds (Continued)			Total Other Governmental Funds
MTA-STP Grant	Transportation Measure R	LA Impact	
\$ 72,834	\$ 197,046	\$ -	\$ 11,340,444
-	-	-	4,119
-	-	-	600
-	-	23,650	143,946
-	-	-	6,038
<u>\$ 72,834</u>	<u>\$ 197,046</u>	<u>\$ 23,650</u>	<u>\$ 11,495,147</u>
\$ -	\$ -	\$ -	\$ 39,291
-	-	896	2,715
-	-	22,754	120,212
-	-	23,650	162,218
-	-	-	600
-	-	-	248,580
-	-	-	6,058,326
72,834	197,046	-	2,828,349
-	-	-	2,191,036
-	-	-	6,038
<u>72,834</u>	<u>197,046</u>	<u>-</u>	<u>11,332,329</u>
<u>\$ 72,834</u>	<u>\$ 197,046</u>	<u>\$ 23,650</u>	<u>\$ 11,495,147</u>

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

For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Asset Seizure	DOJ Grants	Park Development	HCDA Grant
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	52,540	79,306	137,770	48,316
Charges for services	-	-	-	-
Investment income	866	-	11,561	-
Developer fees	-	-	86,227	-
Total revenues	53,406	79,306	235,558	48,316
Expenditures:				
Current:				
General government	-	-	-	-
Police	1,000	112,504	-	-
Community development	-	-	-	8,832
Public works	-	-	-	-
Capital outlay	-	-	-	42,200
Total expenditures	1,000	112,504	-	51,032
Excess (deficiency) of revenues over (under) expenditures	52,406	(33,198)	235,558	(2,716)
Other financing sources (uses):				
Transfers in	-	66,328	-	16,471
Transfers out	(56,379)	-	(274,611)	-
Total other financing sources (uses)	(56,379)	66,328	(274,611)	16,471
Net change in fund balances	(3,973)	33,130	(39,053)	13,755
Fund balances (deficits) at beginning of fiscal year	252,553	(33,130)	3,508,182	(13,755)
Prior period adjustments	-	-	-	6,038
Fund balances (deficits) at beginning of fiscal year, restated	252,553	(33,130)	3,508,182	(7,717)
Fund balances at end of fiscal year	\$ 248,580	\$ -	\$ 3,469,129	\$ 6,038

Special Revenue Funds (Continued)

Special Gas Tax	Transportation Proposition A	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	Lighting and Landscape
\$ -	\$ 198,394	\$ 51,702	\$ -	\$ -	\$ -	\$ 163,693	\$ 60,188
317,775	-	-	14,158	-	-	-	-
-	1,612	-	-	-	-	-	-
1,088	1,844	6,582	383	6,893	6,082	1,233	346
-	-	-	-	377,416	263,714	-	-
318,863	201,850	58,284	14,541	384,309	269,796	164,926	60,534
-	-	-	2,488	-	-	-	-
-	-	-	-	-	-	-	-
-	181,285	-	-	-	-	2,458	-
-	-	459	-	3,324	-	-	40,903
-	-	-	-	-	-	-	-
-	181,285	459	2,488	3,324	-	2,458	40,903
318,863	20,565	57,825	12,053	380,985	269,796	162,468	19,631
-	-	-	-	-	-	-	-
(332,046)	-	-	-	(425,733)	(173,053)	(160,200)	-
(332,046)	-	-	-	(425,733)	(173,053)	(160,200)	-
(13,183)	20,565	57,825	12,053	(44,748)	96,743	2,268	19,631
150,159	521,745	2,016,701	110,924	1,929,688	1,388,007	269,188	96,879
-	-	-	-	-	-	-	-
150,159	521,745	2,016,701	110,924	1,929,688	1,388,007	269,188	96,879
\$ 136,976	\$ 542,310	\$ 2,074,526	\$ 122,977	\$ 1,884,940	\$ 1,484,750	\$ 271,456	\$ 116,510

(Continued)

CITY OF SIGNAL HILL  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
 (CONTINUED)  
 For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds (Continued)		
	Supplemental Law Enforcement	Domestic Preparedness	Public Safety State Resources
Revenues:			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	106,230	-	115,491
Charges for services	-	-	-
Investment income	-	-	-
Developer fees	-	-	-
Total revenues	106,230	-	115,491
Expenditures:			
Current:			
General government	-	-	-
Police	181,095	-	107,007
Community development	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Total expenditures	181,095	-	107,007
Excess (deficiency) of revenues over (under) expenditures	(74,865)	-	8,484
Other financing sources (uses):			
Transfers in	74,865	902	5,158
Transfers out	-	-	-
Total other financing sources (uses)	74,865	902	5,158
Net change in fund balances	-	902	13,642
Fund balances (deficits) at beginning of fiscal year	-	(902)	(13,642)
Prior period adjustments	-	-	-
Fund balances (deficits) at beginning of fiscal year, restated	-	(902)	(13,642)
Fund balances at end of fiscal year	\$ -	\$ -	\$ -

Special Revenue Funds (Continued)				Total Other Governmental Funds
Housing Impact	MTA-STP Grant	Transportation Measure R	LA Impact	
\$ -	\$ -	\$ 123,450	\$ -	\$ 597,427
-	-	-	115,877	987,463
-	-	-	-	1,612
2,339	580	498	-	40,295
-	-	-	-	727,357
2,339	580	123,948	115,877	2,354,154
-	-	-	-	2,488
-	-	-	165,821	567,427
-	-	-	-	192,575
-	-	-	-	44,686
-	-	-	-	42,200
-	-	-	165,821	849,376
2,339	580	123,948	(49,944)	1,504,778
-	-	-	49,944	213,668
(45,000)	(162,912)	-	-	(1,629,934)
(45,000)	(162,912)	-	49,944	(1,416,266)
(42,661)	(162,332)	123,948	-	88,512
746,918	235,166	73,098	-	11,237,779
-	-	-	-	6,038
746,918	235,166	73,098	-	11,243,817
\$ 704,257	\$ 72,834	\$ 197,046	\$ -	\$ 11,332,329



CITY OF SIGNAL HILL  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ASSET SEIZURE SPECIAL REVENUE FUND  
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 135,000	\$ 350	\$ 52,540	\$ 52,190
Investment income	1,000	92,710	866	(91,844)
Total revenues	136,000	93,060	53,406	(39,654)
Expenditures:				
Police	148,820	-	1,000	(1,000)
Excess (deficiency) of revenues over (under) expenditures	(12,820)	93,060	52,406	(40,654)
Other financing (uses):				
Transfers out	-	-	(56,379)	(56,379)
Total other financing (uses)	-	-	(56,379)	(56,379)
Net change in fund balance	(12,820)	93,060	(3,973)	(97,033)
Fund balance at beginning of fiscal year	252,553	252,553	252,553	-
Fund balance at end of fiscal year	<u>\$ 239,733</u>	<u>\$ 345,613</u>	<u>\$ 248,580</u>	<u>\$ (97,033)</u>

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 137,770	\$ 137,770
Investment income	10,000	10,000	11,561	1,561
Developer fees	234,000	234,000	86,227	(147,773)
Total revenues	244,000	244,000	235,558	(8,442)
Other financing sources (uses):				
Transfers out	-	(586,144)	(274,611)	311,533
Total other financing sources (uses)	-	(586,144)	(274,611)	311,533
Net change in fund balance	244,000	(342,144)	(39,053)	303,091
Fund balance at beginning of fiscal year	3,508,182	3,508,182	3,508,182	-
Fund balance at end of fiscal year	<u>\$ 3,752,182</u>	<u>\$ 3,166,038</u>	<u>\$ 3,469,129</u>	<u>\$ 303,091</u>

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

HCDA GRANT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 62,118	\$ 87,118	\$ 48,316	\$ (38,802)
Expenditures:				
Current:				
Community development	8,833	8,833	8,832	1
Capital outlay	78,285	78,285	42,200	36,085
Total expenditures	87,118	87,118	51,032	36,086
(Deficiency) of revenues (under) expenditures	(25,000)	-	(2,716)	(2,716)
Other financing sources:				
Transfers in	25,000	25,000	16,471	(8,529)
Total other financing sources	25,000	25,000	16,471	(8,529)
Net change in fund balance	-	25,000	13,755	(11,245)
Fund (deficit) at beginning of fiscal year	(13,755)	(13,755)	(13,755)	-
Prior period adjustments	-	-	6,038	6,038
Fund balance (deficit) at beginning of fiscal year, restated	(13,755)	(13,755)	(7,717)	6,038
Fund balance (deficit) at end of fiscal year	\$ (13,755)	\$ 11,245	\$ 6,038	\$ (5,207)

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 328,547	\$ 328,547	\$ 317,775	\$ (10,772)
Investment income	350	350	1,088	738
Total revenues	328,897	328,897	318,863	(10,034)
Other financing (uses):				
Transfers out	(328,747)	(328,747)	(332,046)	(3,299)
Total other financing (uses)	(328,747)	(328,747)	(332,046)	(3,299)
Net change in fund balance	150	150	(13,183)	(13,333)
Fund balance at beginning of fiscal year	150,159	150,159	150,159	-
Fund balance at end of fiscal year	<u>\$ 150,309</u>	<u>\$ 150,309</u>	<u>\$ 136,976</u>	<u>\$ (13,333)</u>

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 196,434	\$ 200,734	\$ 198,394	\$ (2,340)
Charges for services	2,400	-	1,612	1,612
Investment income	1,900	-	1,844	1,844
Total revenues	200,734	200,734	201,850	1,116
Expenditures:				
Community development	162,338	172,338	181,285	(8,947)
Net change in fund balance	38,396	28,396	20,565	(7,831)
Fund balance at beginning of fiscal year	521,745	521,745	521,745	-
Fund balance at end of fiscal year	<u>\$ 560,141</u>	<u>\$ 550,141</u>	<u>\$ 542,310</u>	<u>\$ (7,831)</u>

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 6,500	\$ 6,500	\$ 51,702	\$ 45,202
Investment income	-	6,500	6,582	82
Total revenues	6,500	13,000	58,284	45,284
Expenditures:				
Public works	25,000	25,000	459	24,541
Net change in fund balance	(18,500)	(12,000)	57,825	69,825
Fund balance at beginning of fiscal year	2,016,701	2,016,701	2,016,701	-
Fund balance at end of fiscal year	\$ 1,998,201	\$ 2,004,701	\$ 2,074,526	\$ 69,825

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 14,158	\$ 14,158
Investment income	-	350	383	33
Total revenues	-	350	14,541	14,191
Expenditures:				
General government	-	-	2,488	(2,488)
Net change in fund balance	-	350	12,053	11,703
Fund balance at beginning of fiscal year	110,924	110,924	110,924	-
Fund balance at end of fiscal year	\$ 110,924	\$ 111,274	\$ 122,977	\$ 11,703

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 5,000	\$ 5,000	\$ 6,893	\$ 1,893
Developer fees	390,000	390,000	377,416	(12,584)
Total revenues	395,000	395,000	384,309	(10,691)
Expenditures:				
Public works	-	-	3,324	(3,324)
Excess of revenues over expenditures	395,000	395,000	380,985	(14,015)
Other financing (uses):				
Transfers out	(60,000)	(410,000)	(425,733)	(15,733)
Total other financing (uses)	(60,000)	(410,000)	(425,733)	(15,733)
Net change in fund balance	335,000	(15,000)	(44,748)	(29,748)
Fund balance at beginning of fiscal year	1,929,688	1,929,688	1,929,688	-
Fund balance at end of fiscal year	<u>\$ 2,264,688</u>	<u>\$ 1,914,688</u>	<u>\$ 1,884,940</u>	<u>\$ (29,748)</u>



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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 6,082	\$ 6,082
Developer fees	230,000	230,000	263,714	33,714
Total revenues	230,000	230,000	269,796	39,796
Other financing (uses):				
Transfers out	-	-	(173,053)	(173,053)
Total other financing (uses)	-	-	(173,053)	(173,053)
Net change in fund balance	230,000	230,000	96,743	(133,257)
Fund balance at beginning of fiscal year	1,388,007	1,388,007	1,388,007	-
Fund balance at end of fiscal year	<u>\$ 1,618,007</u>	<u>\$ 1,618,007</u>	<u>\$ 1,484,750</u>	<u>\$ (133,257)</u>

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 162,937	\$ -	\$ 163,693	\$ 163,693
Investment income	750	-	1,233	1,233
Total revenues	163,687	-	164,926	164,926
Expenditures:				
Community development	-	-	2,458	(2,458)
Total expenditures	-	-	2,458	(2,458)
Excess of revenues over expenditures	163,687	-	162,468	162,468
Other financing (uses):				
Transfers out	(85,000)	(85,000)	(160,200)	(75,200)
Total other financing (uses)	(85,000)	(85,000)	(160,200)	(75,200)
Net change in fund balance	78,687	(85,000)	2,268	87,268
Fund balance at beginning of fiscal year	269,188	269,188	269,188	-
Fund balance at end of fiscal year	<u>\$ 347,875</u>	<u>\$ 184,188</u>	<u>\$ 271,456</u>	<u>\$ 87,268</u>

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 56,075	\$ 56,075	\$ 60,188	\$ 4,113
Investment income	275	275	346	71
Total revenues	56,350	56,350	60,534	4,184
Expenditures:				
Public works	52,875	52,875	40,903	11,972
Net change in fund balance	3,475	3,475	19,631	16,156
Fund balance at beginning of fiscal year	96,879	96,879	96,879	-
Fund balance at end of fiscal year	\$ 100,354	\$ 100,354	\$ 116,510	\$ 16,156

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 106,230	\$ 106,230
Expenditures:				
Police	-	193,110	181,095	12,015
(Deficiency) of revenues (under) expenditures	-	(193,110)	(74,865)	118,245
Other financing sources:				
Transfers in	-	-	74,865	74,865
Total other financing sources	-	-	74,865	74,865
Net change in fund balance	-	(193,110)	-	193,110
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	\$ -	\$ (193,110)	\$ -	\$ 193,110

CITY OF SIGNAL HILL  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PUBLIC SAFETY STATE RESOURCES SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ 155,000	\$ 115,491	\$ (39,509)
Expenditures:				
Police	10,020	180,290	107,007	73,283
Excess of revenues over expenditures	(10,020)	(25,290)	8,484	33,774
Other financing sources:				
Transfers in	-	-	5,158	5,158
Total other financing sources	-	-	5,158	5,158
Net change in fund balance	(10,020)	(25,290)	13,642	38,932
Fund balance (deficit) at beginning of fiscal year	(13,642)	(13,642)	(13,642)	-
Fund balance (deficit) at end of fiscal year	<u>\$ (23,662)</u>	<u>\$ (38,932)</u>	<u>\$ -</u>	<u>\$ 38,932</u>

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,500	\$ 2,500	\$ 2,339	\$ (161)
Other financing (uses):				
Transfers out	-	(45,000)	(45,000)	-
Total other financing (uses)	-	(45,000)	(45,000)	-
Net change in fund balance	2,500	(42,500)	(42,661)	(161)
Fund balance at beginning of fiscal year	746,918	746,918	746,918	-
Fund balance at end of fiscal year	<u>\$ 749,418</u>	<u>\$ 704,418</u>	<u>\$ 704,257</u>	<u>\$ (161)</u>

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

MTA-STP GRANT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 700	\$ 700	\$ 580	\$ (120)
Total revenues	700	700	580	(120)
Other financing (uses):				
Transfers out	-	-	(162,912)	(162,912)
Total other financing (uses)	-	-	(162,912)	(162,912)
Net change in fund balance	700	700	(162,332)	(163,032)
Fund balance at beginning of fiscal year	235,166	235,166	235,166	-
Fund balance at end of fiscal year	<u>\$ 235,866</u>	<u>\$ 235,866</u>	<u>\$ 72,834</u>	<u>\$ (163,032)</u>

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

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 122,204	\$ 122,204	\$ 123,450	\$ 1,246
Investment income	200	200	498	298
Total revenues	122,404	122,404	123,948	1,544
Other financing (uses):				
Transfers out	(117,000)	(117,000)	-	117,000
Total other financing (uses)	(117,000)	(117,000)	-	117,000
Net change in fund balance	5,404	5,404	123,948	118,544
Fund balance at beginning of fiscal year	73,098	73,098	73,098	-
Fund balance at end of fiscal year	<u>\$ 78,502</u>	<u>\$ 78,502</u>	<u>\$ 197,046</u>	<u>\$ 118,544</u>



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

LA IMPACT SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ 135,000	\$ 115,877	\$ (19,123)
Expenditures:				
Police:	-	148,820	165,821	(17,001)
Total expenditures	-	148,820	165,821	(17,001)
Excess (deficiency) of revenues over (under) expenditures	-	(13,820)	(49,944)	(36,124)
Other financing sources:				
Transfers in	-	-	49,944	49,944
Total other financing sources	-	-	49,944	49,944
Net change in fund balance	-	(13,820)	-	13,820
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance (deficit) at end of fiscal year	\$ -	\$ (13,820)	\$ -	\$ 13,820

## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

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

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

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

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

June 30, 2015

	Gateway IRWM Joint Powers Authority Fund	Spring Street Corridor Joint Powers Authority Fund	Special Deposits Agency Fund	Total
Assets:				
Cash and investments	\$ 3,037,125	\$ -	\$ -	\$ 3,037,125
Accounts receivable	33,698	-	-	33,698
Due from other governments	-	8,691	-	8,691
	<u>-</u>	<u>8,691</u>	<u>-</u>	<u>8,691</u>
Total assets	<u>\$ 3,070,823</u>	<u>\$ 8,691</u>	<u>\$ -</u>	<u>\$ 3,079,514</u>
Liabilities:				
Accounts payable	\$ 237,333	\$ 8,691	\$ -	\$ 246,024
Refundable deposits	2,833,490	-	-	2,833,490
	<u>2,833,490</u>	<u>-</u>	<u>-</u>	<u>2,833,490</u>
Total liabilities	<u>\$ 3,070,823</u>	<u>\$ 8,691</u>	<u>\$ -</u>	<u>\$ 3,079,514</u>

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

For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>GATEWAY IRWM JOINT POWER AUTHORITY</u>				
Assets:				
Cash and investments	\$ -	\$ 3,284,483	\$ (247,358)	\$ 3,037,125
Accounts receivable	-	33,698	-	33,698
Total assets	<u>\$ -</u>	<u>\$ 3,318,181</u>	<u>\$ (247,358)</u>	<u>\$ 3,070,823</u>
Liabilities:				
Accounts payable	\$ -	\$ 657,278	\$ (419,945)	\$ 237,333
Refundable deposits	-	2,660,903	172,587	2,833,490
Total liabilities	<u>\$ -</u>	<u>\$ 3,318,181</u>	<u>\$ (247,358)</u>	<u>\$ 3,070,823</u>
<u>SPRING STREET CORRIDOR JOINT POWER AUTHORITY</u>				
Assets:				
Due from other governments	\$ 5,030	\$ 3,661	\$ -	\$ 8,691
Total assets	<u>\$ 5,030</u>	<u>\$ 3,661</u>	<u>\$ -</u>	<u>\$ 8,691</u>
Liabilities:				
Accounts payable	\$ 5,030	\$ 3,661	\$ -	\$ 8,691
Total liabilities	<u>\$ 5,030</u>	<u>\$ 3,661</u>	<u>\$ -</u>	<u>\$ 8,691</u>
<u>SPECIAL DEPOSITS</u>				
Assets:				
Cash and investments	\$ 3,486,291	\$ -	\$ (3,486,291)	\$ -
Total assets	<u>\$ 3,486,291</u>	<u>\$ -</u>	<u>\$ (3,486,291)</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ 1,208,879	\$ -	\$ (1,208,879)	\$ -
Refundable deposits	2,277,412	-	(2,277,412)	-
Total liabilities	<u>\$ 3,486,291</u>	<u>\$ -</u>	<u>\$ (3,486,291)</u>	<u>\$ -</u>
<u>TOTAL</u>				
Assets:				
Cash and investments	\$ 3,486,291	\$ 3,284,483	\$ (3,733,649)	\$ 3,037,125
Accounts receivable	-	33,698	-	33,698
Due from other governments	5,030	3,661	-	8,691
Total assets	<u>\$ 3,491,321</u>	<u>\$ 3,321,842</u>	<u>\$ (3,733,649)</u>	<u>\$ 3,079,514</u>
Liabilities:				
Accounts payable	\$ 1,213,909	\$ 660,939	\$ (1,628,824)	\$ 246,024
Refundable deposits	2,277,412	2,660,903	(2,104,825)	2,833,490
Total liabilities	<u>\$ 3,491,321</u>	<u>\$ 3,321,842</u>	<u>\$ (3,733,649)</u>	<u>\$ 3,079,514</u>

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## DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2015

Contents:	<u>Pages</u>
<u>Financial Trends</u> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	150 – 157
<u>Revenue Capacity</u> – These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	158 – 161
<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	162 – 165
<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.	166 – 167
<u>Operating Information</u> – These schedules contain service and infrastructure data to help the reader how the information in the City’s financial report relates to the services the City provides and the activities it performs.	168 – 170

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

	Fiscal Year Ending June 30,			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 44,080	\$ 43,943	\$ 44,503	\$ 45,402
Restricted	9,206	32,432	37,503	36,632
Unrestricted	(31,819)	(43,683)	(47,272)	(43,794)
Total governmental activities net position	<u>\$ 21,467</u>	<u>\$ 32,692</u>	<u>\$ 34,734</u>	<u>\$ 38,240</u>
Business-type activities				
Net investment in capital assets	\$ 15,414	\$ 17,289	\$ 18,010	\$ 17,674
Restricted	689	688		
Unrestricted	4,137	2,812	4,108	4,892
Total business-type activities net position	<u>\$ 20,240</u>	<u>\$ 20,789</u>	<u>\$ 22,118</u>	<u>\$ 22,566</u>
Primary government				
Net investment in capital assets	\$ 59,494	\$ 61,232	\$ 62,513	\$ 63,076
Restricted	9,895	33,120	37,503	36,632
Unrestricted	(27,682)	(40,871)	(43,164)	(38,902)
Total primary government net position	<u>\$ 41,707</u>	<u>\$ 53,481</u>	<u>\$ 56,852</u>	<u>\$ 60,806</u>

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,					
2010	2011	2012	2013	2014	2015
\$ 46,331	\$ 59,680	\$ 57,653	\$ 47,617	\$ 47,543	\$ 48,407
56,423	47,378	10,749	10,172	16,927	17,086
(65,190)	(66,721)	35,059	33,426	30,728	13,095
<u>\$ 37,564</u>	<u>\$ 40,337</u>	<u>\$103,461</u>	<u>\$ 91,215</u>	<u>\$ 95,198</u>	<u>\$ 78,588</u>
\$ 17,341	\$ 17,076	\$ 16,792	\$ 16,315	\$ 15,821	\$ 16,003
670	679	674	671	-	-
4,484	4,026	4,239	4,237	4,660	3,110
<u>\$ 22,495</u>	<u>\$ 21,781</u>	<u>\$ 21,705</u>	<u>\$ 21,223</u>	<u>\$ 20,481</u>	<u>\$ 19,113</u>
\$ 63,672	\$ 76,756	\$ 74,445	\$ 63,932	\$ 63,364	\$ 64,410
57,093	48,057	11,423	10,843	16,927	17,086
(60,706)	(62,695)	39,298	37,663	35,388	16,205
<u>\$ 60,059</u>	<u>\$ 62,118</u>	<u>\$125,166</u>	<u>\$112,438</u>	<u>\$115,679</u>	<u>\$ 97,701</u>



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

	Fiscal Year Ending June 30,			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,110	\$ 3,009	\$ 3,344	\$ 3,685
Community services	1,189	1,248	1,407	1,418
Police	6,630	7,434	7,662	7,628
Community development	3,877	3,712	11,578	8,788
Public works	5,915	5,328	4,585	5,600
Unallocated infrastructure depreciation	482	524	531	531
Interest on long-term liabilities	3,504	4,252	4,095	3,761
Fiscal agent fees	-	-	17	19
Total governmental activities expenses	25,707	25,507	33,219	31,430
Business-type activities - Water	4,058	3,896	3,380	3,578
Total primary government expenses	<u>\$ 29,765</u>	<u>\$ 29,403</u>	<u>\$ 36,599</u>	<u>\$ 35,008</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	\$ 135	\$ 213	\$ 157	\$ 440
Community services	260	282	297	301
Police	538	549	665	639
Community development	7	588	597	559
Public works	1,264	989	962	1,062
Operating grants	3,178	1,748	806	1,187
Capital grants and contributions	2,728	2,366	1,230	1,268
Total governmental activities program revenues	8,110	6,735	4,714	5,456
Business-type activities - Water, Charges for services	3,433	3,601	3,352	3,291
Total primary government program revenues	<u>\$ 11,543</u>	<u>\$ 10,336</u>	<u>\$ 8,066</u>	<u>\$ 8,747</u>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (17,597)	\$ (18,772)	\$ (28,505)	\$ (25,974)
Business-type activities	(625)	(295)	(28)	(287)
Total primary government net expenses	<u>\$ (18,222)</u>	<u>\$ (19,067)</u>	<u>\$ (28,533)</u>	<u>\$ (26,261)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property	\$ 12,143	\$ 13,995	\$ 14,302	\$ 15,391
Sales and use	12,015	12,177	12,162	9,978
Franchise	412	591	502	563
Motor vehicle	24	74	51	39
Other	1,016	1,302	1,117	1,355
Investment income	1,067	2,295	3,356	2,503
Unrestricted grants and contributions	764	206	195	136
Gain (loss) on disposition of assets	18	16	14	14
Transfers	(988)	(660)	(1,151)	(500)
Extraordinary item	-	-	-	-
Total governmental activities	26,471	29,996	30,548	29,479
Business-type activities:				
Investment income	115	184	206	236
Unrestricted grants and contributions	-	-	-	-
Gain (loss) on disposition of assets	-	1	-	-
Transfers	988	660	1,151	500
Total business-type activities	1,103	845	1,357	736
Total primary government	<u>\$ 27,574</u>	<u>\$ 30,841</u>	<u>\$ 31,905</u>	<u>\$ 30,215</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ 8,874	\$ 11,224	\$ 2,043	\$ 3,505
Business-type activities	478	550	1,329	449
Total primary government	<u>\$ 9,352</u>	<u>\$ 11,774</u>	<u>\$ 3,372</u>	<u>\$ 3,954</u>

Fiscal Year Ending June 30,					
2010	2011	2012	2013	2014	2015
\$ 3,137	\$ 2,790	\$ 3,080	\$ 3,695	\$ 5,556	\$ 4,149
1,273	1,241	1,217	1,220	1,319	1,251
7,726	7,521	7,571	7,611	8,220	8,254
11,563	8,863	1,280	935	992	942
4,935	4,462	4,141	4,506	4,142	4,369
521	524	535	545	614	551
4,394	4,787	3,687	-	-	-
-	-	-	-	-	-
33,549	30,188	21,511	18,512	20,843	19,516
3,832	4,163	3,804	3,992	4,531	4,424
<u>\$ 37,381</u>	<u>\$ 34,351</u>	<u>\$ 25,315</u>	<u>\$ 22,504</u>	<u>\$ 25,374</u>	<u>\$ 23,940</u>
\$ 70	\$ 168	\$ 176	\$ 210	\$ 227	\$ 201
239	234	209	202	115	192
556	607	453	430	297	282
506	677	531	95	368	537
914	897	773	649	431	437
1,703	1,448	1,586	1,596	1,619	1,339
1,376	440	2,691	1,339	2,369	2,433
5,364	4,471	6,419	4,521	5,426	5,421
3,630	3,383	3,515	3,672	3,734	3,760
<u>\$ 8,994</u>	<u>\$ 7,854</u>	<u>\$ 9,934</u>	<u>\$ 8,193</u>	<u>\$ 9,160</u>	<u>\$ 9,181</u>
\$ (28,185)	\$ (25,717)	\$ (15,092)	\$ (13,991)	\$ (15,417)	\$ (14,095)
(202)	(780)	(289)	(320)	(797)	(664)
<u>\$ (28,387)</u>	<u>\$ (26,497)</u>	<u>\$ (15,381)</u>	<u>\$ (14,311)</u>	<u>\$ (16,214)</u>	<u>\$ (14,759)</u>
\$ 15,168	\$ 14,801	\$ 7,487	\$ 2,146	\$ 1,700	\$ 1,797
9,460	9,946	11,210	12,487	14,574	11,567
514	533	547	546	603	773
33	58	-	-	-	-
1,058	1,145	1,278	1,483	1,609	1,462
1,267	649	1,252	647	850	787
27	71	20	12	66	2,048
(17)	6	4	19	-	-
-	-	(100)	(25)	(1)	(426)
-	-	56,518	(15,571)	-	-
27,510	27,209	78,216	1,744	19,401	18,008
131	66	75	25	53	51
-	-	38	97	-	-
-	-	-	-	-	-
-	-	100	25	1	426
131	66	213	147	54	477
<u>\$ 27,641</u>	<u>\$ 27,275</u>	<u>\$ 78,429</u>	<u>\$ 1,891</u>	<u>\$ 19,455</u>	<u>\$ 18,485</u>
\$ (675)	\$ 1,492	\$ 63,124	\$ (12,247)	\$ 3,984	\$ 3,913
(71)	(714)	(76)	(173)	(743)	(187)
<u>\$ (746)</u>	<u>\$ 778</u>	<u>\$ 63,048</u>	<u>\$ (12,420)</u>	<u>\$ 3,241</u>	<u>\$ 3,726</u>

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

	Fiscal Year Ending June 30,			
	2006	2007	2008	2009
<b>General Fund</b>				
Reserved	\$ 2,290	\$ 43	\$ 10,000	\$ 10,000
Unreserved	21,287	26,564	19,652	17,445
Total General Fund	23,577	26,607	29,652	27,445
<b>All Other Governmental Funds</b>				
Reserved	4,101	20,150	30,761	30,331
Unreserved, reported in:				
Special revenue funds	9,216	10,983	6,616	7,427
Debt service funds	3,688	5,904	(1,640)	804
Capital projects funds	3,693	2,312	868	-
Total All Other Governmental Funds	20,698	39,349	36,605	38,562
Total All Governmental Funds	<u>\$ 44,275</u>	<u>\$ 65,956</u>	<u>\$ 66,257</u>	<u>\$ 66,007</u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	-	-	-	-
<b>All Other Governmental Funds</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	-	-	-	-
Total All Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,					
2010	2011	2012	2013	2014	2015
\$ 10,314	\$ -	\$ -	\$ -	\$ -	\$ -
14,212	-	-	-	-	-
24,526	-	-	-	-	-
49,583	-	-	-	-	-
8,047	-	-	-	-	-
(2,458)	-	-	-	-	-
-	-	-	-	-	-
55,172	-	-	-	-	-
<u>\$ 79,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 10,539	\$ 10,241	\$ 7,690	\$ 7,695	\$ 7,768
-	-	-	-	-	13
-	10,220	10,721	10,820	12,662	20,588
-	6,167	6,642	7,085	7,611	1,278
-	26,926	27,604	25,595	27,968	29,647
-	18,127	4,068	5,160	5,131	4,414
-	28,604	9,942	9,990	11,712	12,574
-	-	-	414	-	-
-	(5,271)	(719)	(703)	(2,363)	(3,193)
-	41,460	13,291	14,861	14,480	13,795
<u>\$ -</u>	<u>\$ 68,386</u>	<u>\$ 40,895</u>	<u>\$ 40,456</u>	<u>\$ 42,448</u>	<u>\$ 43,442</u>

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

	Fiscal Year Ending June 30,		
	2006	2007	2008
<b>Revenues</b>			
Taxes	\$ 25,975	\$ 28,181	\$ 29,009
Licenses and permits	348	369	278
Intergovernmental	2,235	2,224	810
Charges for services	1,236	1,142	1,078
Fines and forfeitures	359	356	409
Investment income	1,185	2,960	3,547
Other	4,212	2,130	1,543
Total Revenues	<u>35,550</u>	<u>37,362</u>	<u>36,674</u>
<b>Expenditures</b>			
General government	4,155	2,919	3,054
Community services	1,175	1,246	1,406
Public safety	6,586	7,295	7,520
Community development	1,187	1,198	3,323
Public works	3,761	4,025	4,015
Capital outlay	2,891	3,738	8,136
Debt Service			
Principal retirement	2,888	2,451	2,545
Interest	3,334	3,749	4,019
Other debt service	1,114	1,842	1,721
Total Expenditures	<u>27,091</u>	<u>28,463</u>	<u>35,739</u>
Excess of revenues over/(under) expenditures	<u>8,459</u>	<u>8,899</u>	<u>935</u>
<b>Other Financing Sources/(Uses)</b>			
Transfers in	2,765	5,024	13,845
Transfers out	(3,746)	(5,742)	(14,996)
Other	-	13,500	517
Total other financing sources	<u>(981)</u>	<u>12,782</u>	<u>(634)</u>
Net change in fund balances	<u>\$ 7,478</u>	<u>\$ 21,681</u>	<u>\$ 301</u>
Capitalized capital outlay	<u>\$ 769</u>	<u>\$ 1,286</u>	<u>\$ 535</u>
Debt service as a percentage of noncapital expenditures	27.9%	29.6%	23.5%

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,						
2009	2010	2011	2012	2013	2014	2015
\$ 28,334	\$ 25,683	\$ 26,822	\$ 21,141	\$ 17,585	\$ 18,862	\$ 15,811
271	302	331	312	328	360	411
1,086	1,766	864	1,214	1,475	1,294	1,367
1,155	841	871	645	516	829	739
401	402	385	317	367	298	301
2,945	1,390	2,205	1,160	53	934	826
1,678	1,168	1,043	2,960	1,646	113	2,786
35,870	31,552	32,521	27,749	21,970	22,690	22,241
3,398	3,071	3,051	3,103	3,772	5,456	4,476
1,413	1,272	1,239	1,216	1,219	1,320	1,257
7,516	7,458	7,442	7,482	7,475	8,147	8,172
3,101	8,445	4,659	1,689	935	995	952
3,964	3,721	3,637	3,640	3,738	3,910	3,627
7,742	5,241	21,457	6,047	1,511	869	2,485
2,845	2,865	5,044	4,819	-	-	-
4,563	4,999	5,695	3,672	-	-	-
1,079	1,215	1,102	14	-	-	-
35,621	38,287	53,326	31,682	18,650	20,697	20,969
249	(6,735)	(20,805)	(3,933)	3,320	1,993	1,272
5,129	3,565	9,243	3,755	1,603	3,670	1,694
(5,629)	(3,565)	(9,253)	(3,855)	(1,628)	(3,671)	(2,120)
	20,427	9,503	(23,458)	(3,733)	-	76
(500)	20,427	9,493	(23,558)	(3,758)	(1)	(350)
\$ (251)	\$ 13,692	\$ (11,312)	\$ (27,491)	\$ (438)	\$ 1,992	\$ 922
\$ 1,617	\$ 1,693	\$ 17,446	\$ 6,093	\$ 869	\$ 1,076	\$ 1,788
25.0%	24.8%	33.0%	33.2%	0.0%	0.0%	0.0%

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

Fiscal Year Ended June 30	Secured Property					Unsecured Property	Taxable Assessed Value (Note)	Total Direct Tax Rate
	Residential	Commercial	Industrial	Vacant	Others**			
2006	\$ 813,458	\$ 209,535	\$ 235,249	\$ 62,959	\$ 133,934	\$ 102,653	\$ 1,557,788	0.66032
2007	946,757	244,485	245,657	73,509	160,871	122,669	1,793,948	0.67271
2008	1,028,528	285,247	265,873	82,831	167,695	122,147	1,952,321	0.67048
2009	1,079,098	299,807	276,897	84,960	208,718	129,102	2,078,582	0.67314
2010	991,262	308,952	292,454	78,712	205,371	119,511	1,996,262	0.68186
2011	981,950	304,562	299,286	66,756	217,456	123,924	1,993,934	0.68693
2012	991,423	301,195	297,328	66,202	227,080	127,728	2,010,956	0.68596
2013	978,140	303,924	306,805	80,495	259,131	120,212	2,048,707	0.68639
2014	1,012,408	312,572	316,413	75,859	269,037	134,440	2,120,729	0.06530
2015	1,085,513	319,579	337,455	74,824	326,281	138,597	2,282,249	0.06542

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

Note:

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

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

Agency	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
L.A. County Flood Control	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.01857	0.01153	0.01839	0.02181	0.02392	0.02559	0.02615	0.05095	0.02241	0.04595
Long Beach Unified School District	0.04075	0.03811	0.03457	0.03220	0.08663	0.08834	0.09223	0.09394	0.07981	0.08764
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
Total Direct and Overlapping (2) Tax Rates	1.06537	1.05505	1.05746	1.05831	1.11485	1.11763	1.12208	1.14839	1.10572	1.13709
City's Share of 1% Levy per Prop 13 (3)	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777	0.06777
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate (4)	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370	0.00000	0.00000	0.00000
Total Direct Rate (5)	0.66032	0.67271	0.67048	0.67314	0.68186	0.68693	0.68596	0.68639	0.06530	0.06542

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
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.
- (3) City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years
- (5) Total direct rate is the weighted average of all individual direct rates applied by the City of Signal Hill in preparing the statistical section information.

Source: HdL Coren & Cone



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

Taxpayer	FY 2014-15		FY 2005-06	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum, Inc.	\$ 175,472	7.69%	\$ 47,228	3.03%
Tesoro Logistics Operations LLC	54,596	2.39%		
PL Signal Hill LP	36,365	1.59%		
LBSH Development	27,174	1.19%	25,000	1.60%
Towne Center West LLC	24,859	1.09%	9,276	0.60%
Costco Wholesale Corporation	21,079	0.92%	18,236	1.17%
Home Depot USA, Inc.	18,052	0.79%		
Signal Hill Town Center LLC	16,254	0.71%	10,405	0.67%
Long Beach Acquisition Corp.	15,588	0.68%	13,723	0.88%
VNO Trust Cherry Avenue LP	14,517	0.64%		
Arco Terminal Services Corp.			21,549	1.38%
Price Owner LLC			26,560	1.70%
Pacific Valves Crane Company			10,032	0.64%
American Office Properties LP			9,348	0.60%
	<u>\$ 403,956</u>	<u>17.69%</u>	<u>\$ 191,357</u>	<u>12.27%</u>

Source: HdL Coren & Cone

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Note (1) Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
2006	\$ 10,461,029	\$ 10,142,108	96.95%	N/A	N/A	N/A
2007	12,440,136	12,030,441	96.71%	N/A	N/A	N/A
2008	13,236,173	12,543,164	94.76%	N/A	N/A	N/A
2009	14,076,452	13,632,388	96.85%	N/A	N/A	N/A
2010	13,851,876	13,317,121	96.14%	N/A	N/A	N/A
2011	13,970,131	13,440,041	96.21%	N/A	N/A	N/A
2012	13,836,416	13,644,860	98.62%	N/A	N/A	N/A
2013	14,251,099	14,060,300	98.66%	N/A	N/A	N/A
2014	14,434,912	14,434,912	100.00%	N/A	N/A	N/A
2015	15,725,976	15,725,976	100.00%	N/A	N/A	N/A

Notes:

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

(2) Taxes Levied and Collected includes amounts applicable to the City and to the Signal Hill Redevelopment Agency and its Successor Agency.

Source: County of Los Angeles Auditor-Controller

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percent of Assessed Valuation	Per Capita	Percent of Personal Income
	Redevelopment Tax Allocation Bonds	Notes	Leases & Loans	Certificates of Participation	Water Revenue Bonds	Loans				
2006	\$ 62,551	\$ 3,972	\$ 2,000	\$ -	\$ 8,475	\$529	\$ 77,527	4.977%	\$ 7,018	24%
2007	73,770	3,866	2,000	-	8,220	454	88,310	4.923%	7,942	26%
2008	71,808	3,866	2,000	-	7,955	378	86,007	4.405%	7,598	24%
2009	69,031	3,866	2,000	-	7,680	302	82,879	3.987%	7,277	24%
2010	86,670	3,866	2,000	-	7,395	227	100,158	5.017%	8,736	27%
2011	91,678	4,402	1,000	-	7,095	151	104,326	5.232%	9,374	27%
2012	-	-	-	-	6,785	76	6,861	0.341%	612	2%
2013	-	-	-	-	6,788	-	6,788	0.331%	595	2%
2014	-	-	-	-	6,424	-	6,424	0.303%	563	2%
2015	-	-	65	-	6,044	-	6,109	0.268%	N/A	N/A

N/A Information is not yet available.

Source: City of Signal Hill, Finance Department

CITY OF SIGNAL HILL  
Direct and Overlapping Governmental Activity Debt  
As of June 30, 2015

Debt	Total Debt 6/30/2015	Percent Applicable To City	City's Share of Debt 6/30/2015
<b>Direct Debt:</b>			
260.01 Capital Leases	\$ 65,345	100.000%	\$ 65,345
<b>TOTAL DIRECT DEBT</b>			<b>\$ 65,345</b>
<b>Overlapping Debt:</b>			
310.25* Metropolitan Water District	\$ 53,296,395	0.078%	\$ 41,609
807.51 Long Beach CCD 2002 Series B 2005	3,007,957	4.024%	121,034
807.53 Long Beach CCD DS 2002 Series D (2007)	25,441,744	4.024%	1,023,722
807.54 Long Beach CCD DS 2008 Series A	18,100,007	4.024%	728,306
807.56 Long Beach CCD DS REF 2002 2012 Series A	358,418,695	4.024%	14,422,014
883.58 Long Beach USD DS 2008 Series A	58,065,606	4.024%	2,336,734
883.59 Long Beach USD DS 2009 Ref Bonds Series B	208,235,000	4.024%	8,380,001
883.60 Long Beach USD DS 2010 Ref Bonds Series A	47,735,000	4.024%	1,921,000
883.62 Long Beach USD DS 2008 SR B-1 QSCB	72,406,000	4.024%	2,913,835
883.63 Long Beach USD DS 2011 Refunding Bonds	11,280,686	4.024%	453,969
883.64 Long Beach USD DS 2012 Ref Bonds	79,675,000	4.024%	3,206,361
863.65 Long Beach USD DS 2008 Series C	34,010,000	4.024%	1,368,665
863.66 Long Beach USD DS 2008 Series D	269,998,410	4.024%	10,865,547
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 47,782,797</b>
<b>TOTAL DIRECT and OVERLAPPING DEBT</b>			<b>\$ 47,848,142</b>
2014-15 Total Assessed Valuation	\$ 2,282,249,212		
Less Incremental Value	(1,523,033,292)		
<b>2014-15 Assessed Valuation</b>	<b>\$ 759,215,920</b>		

Debt to Assessed Valuation Ratios

Direct Debt	0.01%
Overlapping Debt	6.29%
Total Debt	6.30%

\* 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.

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

Source: HdL, Coren & Cone

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

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 2,282,249,212
Debt limit (15% of assessed value)	342,337,382
Debt applicable to limit	-
Legal debt margin - Current Year	<u><u>\$ 342,337,382</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2006	\$ 233,668,165	\$ -	\$ 233,668,165	0.00%
2007	269,092,209	-	269,092,209	0.00%
2008	292,848,134	-	292,848,134	0.00%
2009	311,787,359	-	311,787,359	0.00%
2010	299,439,266	-	299,439,266	0.00%
2011	299,090,082	-	299,090,082	0.00%
2012	301,643,348	-	301,643,348	0.00%
2013	307,306,083	-	307,306,083	0.00%
2014	318,109,295	-	318,109,295	0.00%
2015	342,337,382	-	342,337,382	0.00%

Source: City of Signal Hill, Finance Department

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

Fiscal Year	Pledged Tax Revenue	Debt Service (1)			Coverage
		Principal	Interest	Total	
2006	\$ 8,638	\$ 1,830	\$ 2,057	\$ 3,887	2.22
2007	10,010	2,015	2,848	4,863	2.06
2008	9,027	2,247	2,586	4,833	1.87
2009	9,584	2,268	2,561	4,829	1.98
2010	9,840	3,109	3,351	6,460	1.52
2011	9,517	3,090	3,642	6,732	1.41
2012 (2)	-	-	-	-	-
2013 (2)	-	-	-	-	-
2014 (2)	-	-	-	-	-
2015 (2)	-	-	-	-	-

Fiscal Year	Pledged Tax Revenue	Debt Service (1)			Coverage
		Principal	Interest	Total	
2006	\$ 2,197	\$ 515	\$ 672	\$ 1,187	1.85
2007	2,549	530	656	1,186	2.15
2008	2,580	598	572	1,170	2.21
2009	2,748	597	574	1,171	2.35
2010	2,743	621	552	1,173	2.34
2011	2,677	645	528	1,173	2.28
2012 (2)	-	-	-	-	-
2013 (2)	-	-	-	-	-
2014 (2)	-	-	-	-	-
2015 (2)	-	-	-	-	-

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

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

Source: City of Signal Hill, Finance Department

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

<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	11,047	\$ 329,595	\$ 29,836	3.8%
2007	11,120	345,578	31,077	4.0%
2008	11,320	355,042	31,364	5.9%
2009	11,389	346,963	30,465	9.2%
2010	11,465	375,823	32,780	10.1%
2011	11,129	390,639	35,101	9.8%
2012	11,218	370,946	33,067	7.4%
2013	11,411	352,235	30,868	6.0%
2014	11,415	357,826	31,347	9.0%
2015	N/A	N/A	N/A	N/A

N/A - Information is not yet available.

Source: HdL, Coren & Cone

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

Employer	2014-15			2005-06		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	428	1	5.27%	707	1	8.30%
Home Depot	375	2	4.62%	270	4	3.17%
Costco Wholesale	312	3	3.84%	343	2	4.03%
Target	218	4	2.69%	207	5	2.43%
Accountable Healthcare I.P.A.	136	5	1.68%			
Mercedes-Benz of Long Beach	127	6	1.56%	142	7	1.67%
Platt Security, Inc.	122	7	1.50%			
Hof's Hut Restaurants, Inc.	114	8	1.40%			
Glenn E Thomas Company	114	9	1.40%			
Long Beach BMW	100	10	1.23%	179	6	2.10%
Universal Care				302	3	3.55%
Charter Communications				116	8	1.36%
Oceanaire Sportswear				113	9	1.33%
Macros Pro Inc.				107	10	1.26%
	<u>2,046</u>		<u>25.19%</u>	<u>2,486</u>		<u>29.20%</u>

Source: City of Signal Hill Business Licenses



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

Department	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	4.00	4.00	5.00	5.00	5.00	5.00	4.73	5.73	4.73	4.73
Finance	6.44	6.44	6.48	6.48	6.48	6.48	5.91	5.98	5.98	5.98
Community Services	23.05	22.46	24.15	24.19	24.15	20.84	20.25	19.32	19.30	19.53
Police	50.40	52.40	53.88	54.40	52.40	53.37	53.40	53.40	52.89	52.89
Community Development	7.00	7.00	7.00	7.00	7.00	7.00	6.40	6.40	7.00	7.00
Public Works	29.00	29.00	30.00	30.00	30.00	30.00	30.04	30.04	30.02	30.04
Economic Development	2.00	2.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	1.00
Total	<u>121.89</u>	<u>123.30</u>	<u>127.51</u>	<u>128.07</u>	<u>126.04</u>	<u>123.69</u>	<u>120.74</u>	<u>120.87</u>	<u>120.92</u>	<u>121.16</u>

Source: City of Signal Hill, Finance Department

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

Function/Program	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Calls for service	7,151	8,092	6,284	6,340	6,377	6,062	6,384	6,500	6,400	9,842
Reports written	4,884	4,792	4,951	4,516	4,004	3,978	3,826	3,254	3,312	3,894
Total arrests	1,736	2,074	2,219	2,092	1,776	2,060	1,823	1,120	1,115	1,390
Hazardous traffic citations	2,871	3,480	3,928	3,773	3,445	3,229	3,758	4,359	4,278	2,496
Parking citations	6,553	6,410	6,542	6,446	5,758	4,881	4,196	4,179	4,212	3,866
<b>Community Development</b>										
Code enforcement cases	73	82	67	79	94	94	75	85	87	77
Building permits	187	193	182	154	163	193	144	175	181	247
Site plan design reviews	13	14	10	8	7	6	6	7	7	5
<b>Water</b>										
Number of customers	2,846	2,890	2,856	2,908	2,960	2,964	3,014	3,052	3,079	3,116
Average daily consumption (in millions of gallons)	2.13	2.15	1.94	1.88	1.76	1.74	1.75	1.82	1.80	1.77
Number of hydrants maintained	552	473	466	467	562	566	568	422	435	568
<b>Public Works</b>										
Traffic signals maintained	29	29	29	29	29	29	29	29	29	31
Street sweeping miles	3,500	3,500	6,240	6,240	6,240	6,240	6,240	6,240	6,240	5,980
Sidewalk repairs (square feet)	8,000	4,200	3,200	10,269	15,674	5,787	14,220	14,220	14,220	6,362
Curb & gutter replaced (linear feet)	400	325	170	267	197	522	1,388	1,388	1,388	-
Cross gutter replaced (square feet)	N/A	N/A	720	-	490	-	5,067	5,067	5,067	-
<b>Engineering</b>										
Number of infrastructure projects administered	17	14	10	8	8	9	4	4	4	3
Plan checks completed	19	17	8	8	6	10	5	5	5	8
<b>Community Services</b>										
Library items borrowed	44,024	68,321	80,266	89,059	57,847	59,359	39,972	39,972	40,001	39,761
Youth sports participants	408	5,886	7,099	9,205	6,897	7,390	8,080	8,080	8,100	5,467
After school youth programs	11,693	13,324	13,582	15,001	16,086	11,886	14,746	14,746	14,785	15,530
Facility rental bookings	265	356	523	948	813	697	748	748	750	681

N/A - Not Available.

Source: Various City Departments

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	9	10	10	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Water										
Miles of Lines & Mains	34	34	50	50	50	50	50	50	50	50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Wells	2	2	2	3	3	3	3	3	3	3
Highways and Streets										
Miles of Streets	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7
Street Trees	3,200	3,971	3,903	3,984	3,903	3,715	3,711	3,706	3,706	3,619
Recreation and Culture										
Parks	10	10	10	10	10	10	10	10	10	10
Area of Parks (Acres)	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03
Libraries	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Bandstands	1	1	1	1	1	1	1	1	1	1
Baseball Diamonds	1	1	1	1	1	1	1	1	1	1
Basketball Courts	2	2	2	2	2	2	2	2	2	2

Source: City of Signal Hill, Finance Department