

CITY OF SIGNAL HILL

YEAR ENDED JUNE 30, 2017
COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF SIGNAL HILL, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF SIGNAL HILL, CALIFORNIA
FISCAL YEAR ENDED JUNE 30, 2017



Prepared by
Department of Finance

Scott Williams
Director of Finance

ELECTED OFFICIALS



Edward H.J. Wilson
Mayor



Tina L. Hansen
Vice Mayor



Robert D. Copeland
Council Member



Larry Forester
Council Member



Lori Y. Woods
Council Member



Larry Blunden
City Treasurer



Keir Jones
City Clerk

EXECUTIVE MANAGEMENT

City Manager
Deputy City Manager
City Attorney
Administrative Services Officer/Finance Director
Community Development Director
Community Service Director
Chief of Police
Public Works Director

Charlie Honeycutt
Hannah Shin-Heydorn
David Aleshire
Scott Williams
Scott Charney
Aly Mancini
Christopher M. Nunley
Kelli Tunnicliff

CITY OF SIGNAL HILL

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

CITY OF SIGNAL HILL

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CITY OF SIGNAL HILL

2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

December 21, 2017

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, 2017. 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, 2017. 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 requires that management provide a narrative introduction and an overview to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A immediately follows the independent auditor's report and should be read in conjunction with this transmittal letter.

Profile of the Government

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

The City of Signal Hill, encompassing 2.25 square miles, is located in the southwestern coastal area of Los Angeles County and has a population of 11,411. 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 members voted for incorporation. Oil production continued to be Signal Hill's mainstay until declining oil prices reduced production in the 1970's. In 1974, the Signal Hill Redevelopment Agency was formed and the City focused on economic development and 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 Sanitation District of Los Angeles County maintains and upgrades the sewer system, and the City of Long Beach provides animal services and bus transportation throughout the City.

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

To assist in financing and refinancing City capital improvements – to be used in connection with future City financing or refinancing activities, the Signal Hill Municipal Financing Authority was formed between the City and the Agency on August 22, 2017 under the Joint Exercise of Powers Law of the State of California, Section 6502 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the “Joint Exercise of Powers Act”). The Authority’s Board of Directors is the Signal Hill City Council.

Local Economy

According to the California Department of Finance, moderate growth is expected through FY 2017-18, with low unemployment and a shift to rising wages, which could drive inflation. Forecasts show risks to the California economy that could take the form of a stock market

correction, an eventual recession or geopolitical events affecting exports and housing constraints due to inventory, all of which could lead to various levels of disruption in the economy.

The Los Angeles County economy will continue to move forward though slightly behind other leading regions. Southern California is anticipated to have continued employment gains and a decline in local unemployment rates though there are possible wage pressures due to nearing full employment, driven by job gains in the education, healthcare, leisure and hospitality industries. Housing values continue to move upward due to low inventory.

In June 2017, the unemployment rate for the City was 4.4%, which is lower than the national unemployment rate of 4.7%. 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 through 2018.

With positive indicators such as rising consumer confidence, continued stability in the housing market, the slow rise of interest rates, low gas prices, 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.

Long Term Financial Planning

The community helped craft the City of Signal Hill Strategic Plan which sets the priorities for the City through 2019. The Plan includes six goals with specific objectives. The goals include: 1) Ensure long-term fiscal stability; 2) Ensure public safety is a high priority; 3) Promote a strong local economic base; 4) Maintain public infrastructure; 5) Enhance quality of life for residents; and 6) Promote a transparent and open government. The City Council and staff use the Strategic Plan as a tool to continue to improve the quality of life for the residents of Signal Hill.

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

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

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

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

Unassigned fund balance in the General Fund and the fund balance of the Economic Uncertainties Fund equal 55% of FY 2017-18 General Fund budgeted operating 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 loss of a major sales tax provider.

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

Financial and Internal Controls

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

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

Single Audit

The City is legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, Audits of State and Local Governments, if total federal grant expenditures exceed \$750,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance, and for FY 2016-17, it will not be subject to the requirements of a Single Audit as it did not have Federal expenditures greater than the \$750,000 threshold.

Budgetary Controls

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

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

Spending Limitation

The City foresees no problem for several years in complying with the spending limitation under the Gann Initiative passed by the California voters in 1979 which created Article XIIIIB of the State Constitution. The City's independent auditors have attested to the accuracy of the computation of the spending limitations for the current period, which indicated that the City's tax proceeds are substantially under the established Gann Limit for FY 2016-17 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, 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, 2016. This was the 21st consecutive year that the City of Signal Hill has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this comprehensive annual financial report was made possible by the staff of the Finance Department, Governmental Financial Service, the City Manager's Office, and the expertise and assistance of the City's auditors, Moss, Levy, and Hartzheim, LLC - Certified Public Accountants. Each member of this team has our sincere appreciation. We also extend our thanks and appreciation to the members of the Signal Hill City Council for their encouragement and support in conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Scott Williams
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, 2016

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

Executive Director/CEO



Members of the City Council

Mayor	Edward H.J. Wilson
Vice Mayor	Tina L. Hansen
Councilmember	Robert D. Copeland
Councilmember	Larry Forester
Councilmember	Lori Y. Woods

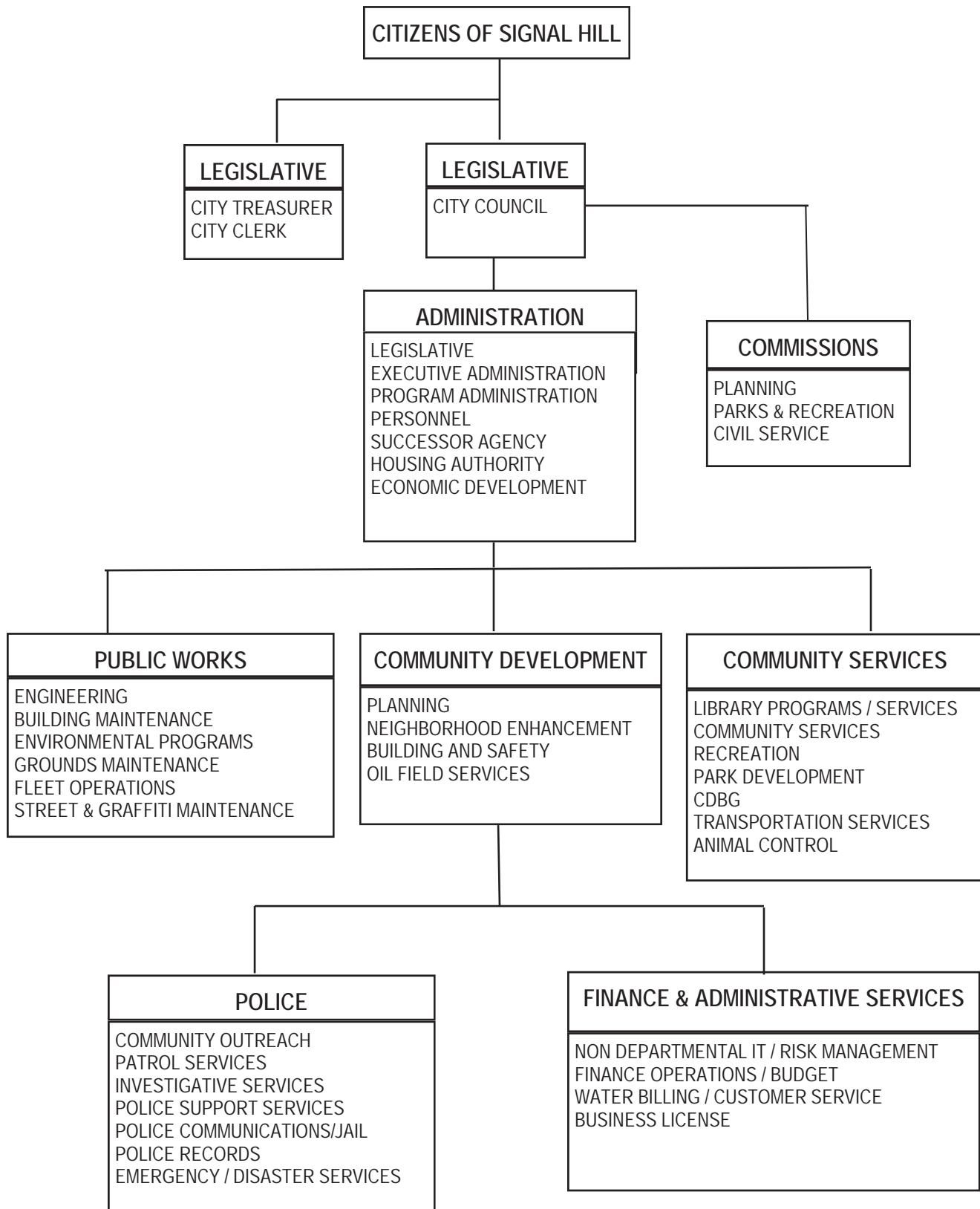
Other Elected Officials

City Treasurer	Larry Blunden
City Clerk	Keir Jones

Executive Staff

City Manager	Charlie Honeycutt
Deputy City Manager	Hannah Shin-Heydorn
City Attorney	David Aleshire
Administrative Services Officer/Finance Director	Scott Williams
Community Development Director	Scott Charney
Community Service Director	Aly Mancini
Chief of Police	Christopher M. Nunley
Public Works Director	Kelli Tunnicliff

CITY OF SIGNAL HILL ORGANIZATIONAL CHART



**PARTNERS**

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
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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, 2017, 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, 2017, 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, 2016, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. 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 Schedules of the City's Proportionate Share of the Net Pension Liability, and the Schedules of Pension Contributions on pages 98-99, and the Schedule of Changes in the City's Net OPEB Liability and Related Ratios on page 100, 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 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 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 December 21, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 21, 2017

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CITY OF SIGNAL HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2017

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, 2017 (FY 2016-17). 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 2015-16 and FY 2016-17. All increases and decreases are expressed relative to FY 2015-16 amounts. Financial highlights of the City for the fiscal year ending June 30, 2017 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 \$125.1 million. This total net position is comprised of \$103.8 million from governmental activities and \$21.3 million from business-type activities.
- The City's total net position of \$125.1 million is classified as net investment in capital assets of \$97.1 million, restricted of \$19.8 million, and unrestricted of \$8.3 million. The unrestricted amount may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5.7 million over the prior fiscal year. As explained throughout the remainder of this report, \$9.2 million of this increase is due to operating activities (\$8.8 million from governmental activities and \$0.4 million from business-type activities) while \$3.4 million is the net decrease to net position due to a restatement of land held for resale in the Housing Authority.

Fund Level

- Governmental funds report fiscal year-end combined fund balances of \$54.2 million. Assets of \$65.3 million exceed liabilities and deferred inflows of resources of \$11 million.
- The total governmental fund balance is \$54.2 million, and consists of nonspendable fund balance in the amount of \$12.5 million, restricted balances of \$19.8 million, committed balances of \$17 million, and unassigned balances of \$5 million.
- For FY 2016-17, General Fund unassigned fund balance totaled \$6.5 million, which represents 32.5% of General Fund expenditures of \$20 million.
- At June 30, 2017, cash and investments of the General Fund are \$22.5 million, which represent 64.4% of the General Fund's total fund balance of \$35 million.

See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

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, 2017

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 two 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, 2017

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	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Assets:						
Current and other assets	\$ 64,306,880	\$ 64,012,982	\$ 2,197,438	\$ 5,112,087	\$ 66,504,318	\$ 69,125,069
Capital assets, net	73,464,363	67,965,023	28,225,572	23,795,695	101,689,935	91,760,718
Total Assets	137,771,243	131,978,005	30,423,010	28,907,782	168,194,253	160,885,787
Deferred outflows of resources:						
Deferred amount on refunding	-	-	145,172	136,273	145,172	136,273
Deferred amounts from pension	6,152,873	2,263,821	575,296	135,482	6,728,169	2,399,303
Total Deferred Outflows	6,152,873	2,263,821	720,468	271,755	6,873,341	2,535,576
Liabilities:						
Current liabilities	5,253,555	3,626,015	2,365,173	1,179,481	7,618,728	4,805,496
Long-term liabilities	33,454,484	29,595,930	7,181,444	6,897,383	40,635,928	36,493,313
Total Liabilities	38,708,039	33,221,945	9,546,617	8,076,864	48,254,656	41,298,809
Deferred inflows of resources:						
De Deferred amount from OPEB	40,966	-	2,156	43,122	-	-
Deferred amounts from pension	1,350,460	2,509,599	275,086	192,627	1,625,546	2,702,226
	1,391,426	2,509,599	277,242	192,627	1,668,668	2,702,226
Net position:						
Net investment in capital assets	73,428,115	67,913,878	23,635,607	18,951,590	97,063,722	86,865,468
Restricted	19,780,788	23,480,896	-	-	19,780,788	23,480,896
Unrestricted	10,615,748	7,115,508	(2,315,988)	1,958,456	8,299,760	9,073,964
Total Net Position	\$ 103,824,651	\$ 98,510,282	\$ 21,319,619	\$ 20,910,046	\$ 125,144,270	\$ 119,420,328

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

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, 2017, net position is \$125.1 million while a year earlier at June 30, 2016, net position was \$119.4 million. This is a total increase in net position of \$5.7 million. This change in net position includes the following:

- A restatement at July 1, 2016 to decrease total net position by \$3.5 million as a result of a parcel of land that was transferred as part of a disposition and development agreement entered into in Fiscal Year 2015-16. Refer to Notes to Basic Financial Statements No. 5(C) and No. 17 for additional information.
- A net increase in capital assets of \$9.9 million due to the continuing construction of three major capital projects – Well #9, the Los Cerritos Channel Stormwater and the Civic Center Phase II – Library project.

The largest portion of the City's net position (\$97 million or 76.04%) is its investment in capital assets (e.g., land, buildings, infrastructure, and equipment, etc.), net of related debt. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The City's restricted net position totals \$19.8 million (15.8%) 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 \$10.6 million (8.3%) 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 2016-17, current assets decreased by 3.79% or \$2.6 million over the prior year while current liabilities increased by 58.5% or \$2.8 million; these changes are largely due to the timing of yearend expense payments.

The City's long-term debt increased by \$4.1 million during FY 2016-17, due entirely to the current year change in net pension liability.

See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenues:						
Program revenues:						
Charges for services	\$ 1,632,584	\$ 1,663,173	\$ 3,784,588	\$ 3,399,600	\$ 5,417,172	\$ 5,062,773
Grants and contributions:						
Operating	849,654	1,734,857	-	-	849,654	1,734,857
Capital	9,188,333	9,597,764	1,927,308	999,373	11,115,641	10,597,137
General revenues:						
Property taxes	1,802,205	1,916,481	-	-	1,802,205	1,916,481
Sales and use taxes	14,597,400	14,587,559	-	-	14,597,400	14,587,559
Other taxes	1,608,732	2,007,882	-	-	1,608,732	2,007,882
Use of money and property	455,679	954,701	9,989	20,888	465,668	975,589
Unrestricted grants and contributions	311,493	45,821	-	-	311,493	45,821
Total revenues	<u>30,446,080</u>	<u>32,508,238</u>	<u>5,721,885</u>	<u>4,419,861</u>	<u>36,167,965</u>	<u>36,928,099</u>
Expenses:						
General government	\$4,632,749	\$3,842,549	-	-	4,632,749	3,842,549
Community services	1,362,213	1,504,570	-	-	1,362,213	1,504,570
Police	9,576,174	9,350,169	-	-	9,576,174	9,350,169
Community development	857,883	868,314	-	-	857,883	868,314
Public works	4,605,059	4,256,486	-	-	4,605,059	4,256,486
Unallocated infrastructure depreciation	645,168	550,513	-	-	645,168	550,513
Water	-	-	5,312,312	4,145,337	5,312,312	4,145,337
Total Expenses	<u>21,679,246</u>	<u>20,372,601</u>	<u>5,312,312</u>	<u>4,145,337</u>	<u>26,991,558</u>	<u>24,517,938</u>
Change in net position before transfers	8,766,743	12,135,637	409,573	274,524	9,176,316	12,410,161
Transfers	-	(1,678,921)	-	1,678,921	-	-
Change in net position	<u>8,766,743</u>	<u>10,456,716</u>	<u>409,573</u>	<u>1,953,445</u>	<u>9,176,316</u>	<u>12,410,161</u>
Net position - beginning	98,510,282	78,587,575	20,910,046	19,113,019	119,420,328	97,700,594
Restatement of net position	(3,452,374)	9,465,991	-	(156,418)	(3,452,374)	9,309,573
Net position - beginning, restated	<u>95,057,908</u>	<u>88,053,566</u>	<u>20,910,046</u>	<u>18,956,601</u>	<u>115,967,954</u>	<u>107,010,167</u>
Net position - ending	<u>\$ 103,824,651</u>	<u>\$ 98,510,282</u>	<u>\$ 21,319,619</u>	<u>\$ 20,910,046</u>	<u>\$ 125,144,270</u>	<u>\$ 119,420,328</u>

See independent auditor's report.

CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The previous table illustrates the City's overall \$5.7 million increase in net position. This overall increase is separated into a \$9.2 million increase resulting from its program and general revenues exceeding total program expenses and a \$3.5 million net increase resulting from restatements, as previously explained.

Government-wide revenues decreased by \$0.7 million (2%) to \$36.2 million. The majority of this decrease is a result of lower operating grant and contribution revenue.

The most significant portion of the City's revenue came from sales and use tax, accounting for 40% of total revenues. Additionally, 33% was received from grants and contributions, 15% for charges for services, 1.3% from use of money and property, 5% from property taxes and 4.5% from other taxes. The remainder coming from operating, franchise fees, and unrestricted grants and contributions.

Government-wide expenses of all City programs and services increased by \$2.5 million (10%) to \$27 million during fiscal year ended June 30, 2017. This increase in costs is due in part by a \$0.5 million increase to the current year pension contributions, as well as an increase in pension expense of \$1.3 million resulting from the latest CalPERS (California Public Employer's Retirement System) valuation. Additionally, an increase of \$0.4 million is attributed to an increase to the City's insurance costs. The remaining \$0.2 million increase stemmed from increases to contractual services related to the City's capital project management.

Police costs accounted for 36% of the total costs, 17% of expenses was for public works, 20% was for water, 17% was 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.

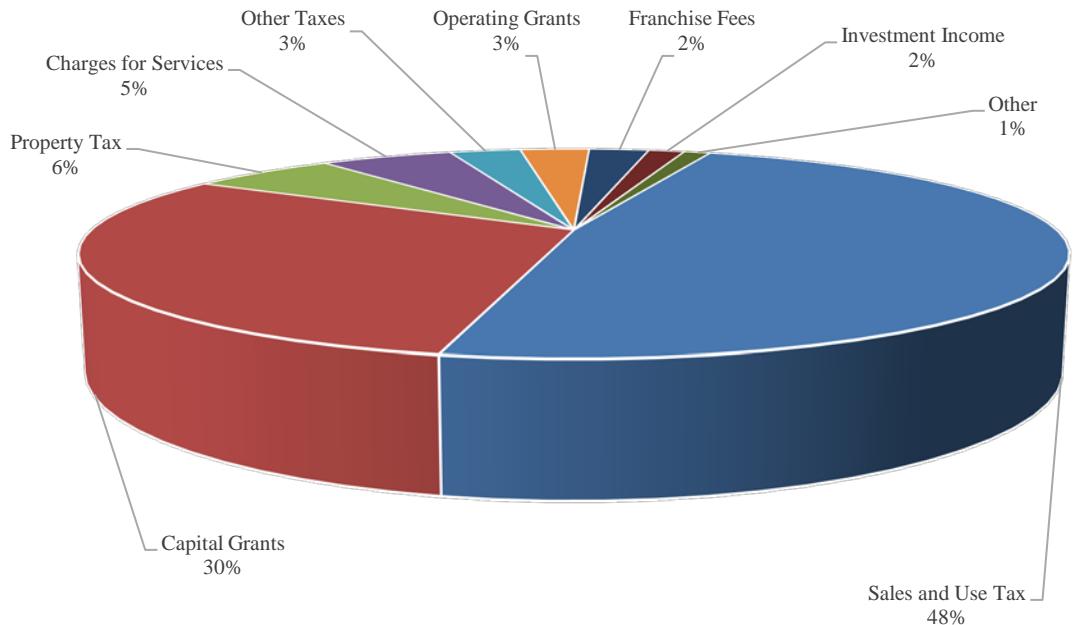
CITY OF SIGNAL HILL

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

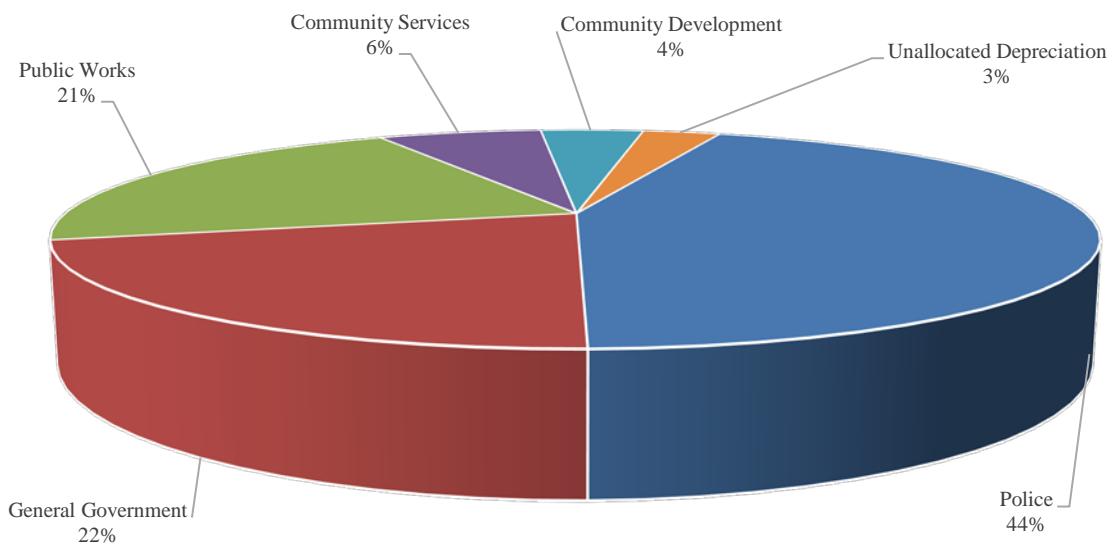
Fiscal Year Ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues by Source – Governmental Activities Fiscal Year 2016-17



Expenses – Governmental Activities Fiscal Year 2016-17



See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

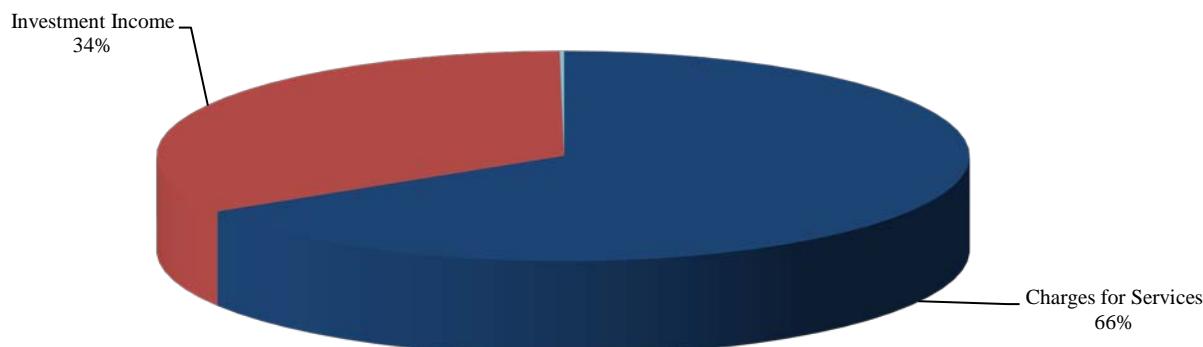
Governmental activities contributed \$8.7 million to the increase in net position resulting from revenues of \$30.4 million, and a restatement of prior year net position of \$3.5 million (refer to Notes to Basic Financial Statements No. 17 for information on the restatement). Because governmental activities comprise the majority of the government-wide data, explanations for changes in government-wide and governmental activities are often similar.

Revenues of governmental activities report a net decrease from the prior year of about \$2.1 million (6.3%), to \$30.4 million. The majority of this decrease is the result of a decrease in property, grant, and contribution revenue. There were no significant variances from the prior year in the other revenue categories.

Expenses of governmental activities increased by \$1.3 million (6.4%). General government expenses increased by \$0.8 million, or 21%, primarily due to an increase in insurance costs (\$0.4 million) and rental expenses reallocated from the successor agency now recognized by the general fund. Public works increased by \$349,000 or 8.2% as a result of increased activity in the City's capital projects. Community services expenses decreased by \$142,000 or 9.4%, leveling off after experiencing an increase in the prior year due to increased capital project activity in this category. Police expenses increased by \$226,000 or 2.4%, primarily due to an increase in overtime costs and pension contributions.

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

Revenues by Sources – Business-type Activities
Fiscal Year 2016-17



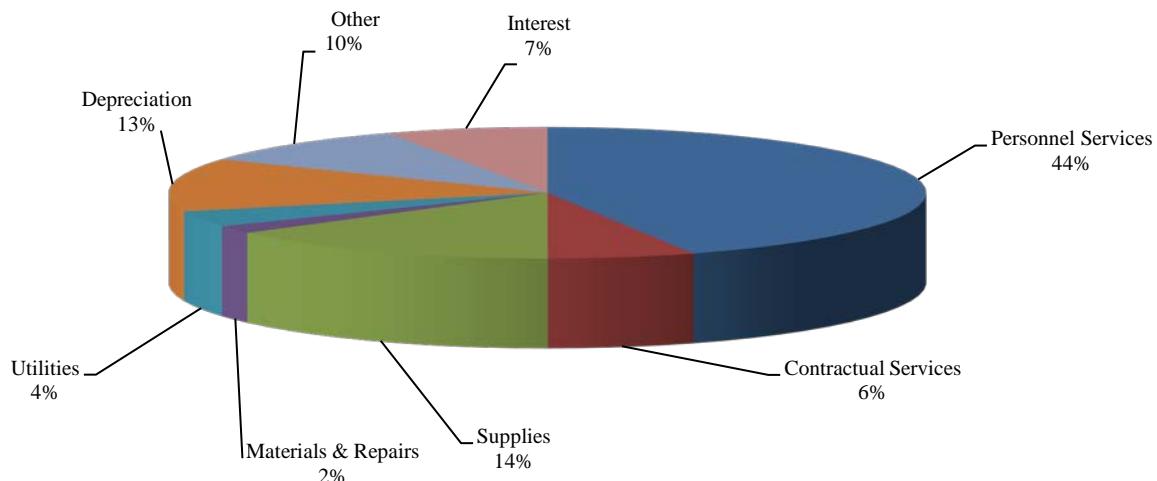
See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Expenses – Business-type Activities
Fiscal Year 2016-17



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 \$21.3 million as compared to \$20.9 million at the end of the prior year. This represents an increase in net position of \$0.4 million or 2%. The increase in net position is a result of revenues of \$5.7 million exceeding expenses of \$5.3 million.

Revenues of \$5.7 million consist of charges for services, grant revenue and investment income. This is an increase of \$1.3 million or 29.5% over the prior year's total revenue of \$4.4 million. Charges for services increased by \$0.4 million in the current year as a result of the change in water rates. In FY 2016-17, the City recognized grant revenue of \$1.9 million for design and construction of Well No. 9. Expenses totaled \$5.3 million in the current year, an increase of \$1.2 million from the prior year's total expense of \$4.1 million. Operating expenses increased mainly as a result of an increase to pension expense, personnel costs and costs of issuance on refunding of water bonds. (refer to Notes to Basic Financial Statements No. 6(D) for information on the refunding).

See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

FUND FINANCIAL ANALYSIS

The City's major governmental funds for the fiscal year ended June 30, 2017 were the General Fund, the Housing Authority Special Revenue Fund, and the Capital Improvement Capital Projects Fund.

General Fund

The General Fund's fund balance decreased by \$0.3 million in fiscal year 2016-17. This decrease was a result of expenditures of \$20 million and net transfers out of \$0.3 million exceeding revenues of \$20.5 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 decreased by a net of \$2.6 million compared to fiscal year 2015-16. This net decrease is explained by a \$2.3 million decrease in sales tax revenues, due largely to the final payment received in FY 2015-16 from the state of California for prior year borrowings of property tax (commonly known as the "Triple Flip"). Other taxes decreased by \$0.4 million or 20%, primarily due to a decline in oil production taxes and decreased revenues from gas sales. Other revenues increased by \$0.3 million due to reimbursement of costs from the Successor Agency.

The General Fund's operating expenditures increased by \$1.1 million, mainly the result of an increase in insurance costs (\$0.4 million), an increase to contracted services for Public Works (\$0.2 million) and rental expenses reallocated from the Successor Agency now recognized by the General Fund (\$0.4 million).

Housing Authority Special Revenue Fund

The Housing Authority Fund's fund balance decreased by \$3.5 million to \$2.6 million mainly as a result of a restatement of the same amount due to the overstatement of land held for resale (refer to Notes to Basic Financial Statements No. 17 for information on the restatement). Other income decreased from FY 2015-16 by \$0.4 million due to a payment received in the prior year for building in-lieu fee for the construction of a new housing complex.

Capital Improvement Capital Projects Fund

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$7.5 million for the fiscal year. The major projects worked on in FY 16-17 were the widening of Cherry Avenue (completed in FY 2016-17), Los Cerritos Channel Stormwater project, and various park improvement projects. This fund has a deficit fund balance of \$0.5 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, 2017

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 \$20.5 million were lower than the adjusted budget amount of \$20.7 million by \$0.2 million. In FY 2016-17, the City experienced a decrease in sales tax revenues by \$212,000 due to slower overall sales activity and a drop in business-to-business sales. Other taxes decreased by \$101,000 primarily due to the decrease in the price per barrel, which is indexed on change in crude oil prices.

Total General Fund expenditures were projected at \$20.8 million. The actual expenditures came in below budgeted amounts by \$735,000. In FY 2016-17, the general government and police department exceeded budgeted amounts; all other departments ended the year with expenditures below budget. For additional information see Note 8 of the Notes to the Basic Financial Statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$101.7 million, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in progress.

Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Land	\$ 30,903,450	\$ 30,903,450	\$ 4,427,416	\$ 4,427,416	\$ 35,330,866	\$ 35,330,866
Water rights	-	-	426,213	456,593	426,213	456,593
Construction in progress	7,612,787	897,092	8,945,749	3,821,208	16,558,536	4,718,300
Buildings & equipment	22,785,308	23,356,495	14,426,194	15,090,478	37,211,502	38,446,973
Infrastructure	12,162,818	12,807,986	-	-	12,162,818	12,807,986
Total assets	\$ 73,464,363	\$ 67,965,023	\$ 28,225,572	\$ 23,795,695	\$ 101,689,935	\$ 91,760,718

A net increase in capital assets of \$9.9 million due to the continuing construction of three major capital projects – Well #9, the Los Cerritos Channel Stormwater and the Civic Center Phase II – Library project. For additional information see Note 3 of the Notes to Basic Financial Statements.

See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

Debt Administration

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

	Governmental Activities		Business-type Activities		Totals	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Water revenue bonds	\$ -	\$ -	\$ 4,740,961	\$ 5,649,638	\$ 4,740,961	\$ 5,649,638
Capital lease obligations	36,248	51,145	-	-	36,248	51,145
Net pension liability	23,063,226	19,185,086	2,204,200	1,051,952	25,267,426	20,237,038
OPEB liability	9,465,108	9,517,599	153,730	156,493	9,618,838	9,674,092
Compensated absences	889,902	842,100	82,553	39,300	972,455	881,400
Total assets	<u>\$ 33,454,484</u>	<u>\$ 29,595,930</u>	<u>\$ 7,181,444</u>	<u>\$ 6,897,383</u>	<u>\$ 40,635,928</u>	<u>\$ 36,493,313</u>

The City has one issue of bonded indebtedness outstanding in its business-type fund with \$4.3 million outstanding at fiscal year-end. Payment of principal and interest on the Bonds is insured by Assured Guaranty Municipal Corp. ("AGM"). S&P has assigned a rating of "AA" to the Bonds based on the AGM bond insurance policy. The Bonds have received an underlying rating of "A+" 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 did not meet the required debt service coverage ratio. For additional information on the water revenue bonds, see Note 6 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

According to the Congressional Budget Office (CBO), given current underlying trends, moderate economic growth will continue over the next two years, 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.

The City continues its practice of conservative budgeting and cost containment practices. Additionally, in spite of reallocation of state revenues 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 been able to provide needed services to its residents and community. Response to such issues requires the City to not only continue to be fiscally prudent and to manage its resources and operations diligently, but also to plan for the future to ensure adequate reserves are maintained to weather the next economic downturn.

See independent auditor's report.

CITY OF SIGNAL HILL
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Fiscal Year Ended June 30, 2017

The City's General Fund Reserve for Economic Uncertainties will continue to have a budgeted \$5.1 million fund balance in FY 2017-18, which along with the General Fund's Unassigned Fund Balance of \$6.5 million is 55% of the FY 2017-18 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.

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, 2017

	Governmental Activities	Business-Type Activities	Totals
ASSETS:			
Cash and investments	\$ 37,815,305	\$ 2,631,205	\$ 40,446,510
Receivables:			
Accounts	473,690	545,469	1,019,159
Accrued interest	134,711	-	134,711
Loans	1,840,772	-	1,840,772
Due from other governments	5,082,939	960,526	6,043,465
From Successor Agency	7,762,272	-	7,762,272
Internal balances	1,945,586	(1,945,586)	-
Inventory	26,164	-	26,164
Prepaid items	985,777	-	985,777
Land and improvements held for resale, net	615,641	-	615,641
Restricted assets:			
Cash and investments	7,624,023	5,824	7,629,847
Capital assets, not depreciated	38,516,237	13,373,165	51,889,402
Capital assets, depreciated, net of accumulated depreciation	<u>34,948,126</u>	<u>14,852,407</u>	<u>49,800,533</u>
Total assets	<u>137,771,243</u>	<u>30,423,010</u>	<u>168,194,253</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss amount on debt refunding	-	145,172	145,172
Pension related	<u>6,152,873</u>	<u>575,296</u>	<u>6,728,169</u>
Total deferred outflow of resources	<u>6,152,873</u>	<u>720,468</u>	<u>6,873,341</u>
LIABILITIES:			
Accounts payable	1,683,390	1,156,680	2,840,070
Accrued liabilities	1,874,117	-	1,874,117
Deposits payable	599,215	-	599,215
Accrued interest payable	-	54,759	54,759
Refundable deposits	-	349,638	349,638
Unearned revenue	1,096,833	804,096	1,900,929
Noncurrent liabilities			
Due within one year	460,579	472,055	932,634
Due in more than one year	<u>32,993,905</u>	<u>6,709,389</u>	<u>39,703,294</u>
Total liabilities	<u>38,708,039</u>	<u>9,546,617</u>	<u>48,254,656</u>
DEFERRED INFLOWS OF RESOURCES:			
OPEB related	40,966	2,156	43,122
Pension related	<u>1,350,460</u>	<u>275,086</u>	<u>1,625,546</u>
Total deferred inflow of resources	<u>1,391,426</u>	<u>277,242</u>	<u>1,668,668</u>
NET POSITION:			
Net investment in capital assets	73,428,115	23,635,607	97,063,722
Restricted for:			
Capital improvements	9,194,203	-	9,194,203
Development impact	4,131,961	-	4,131,961
Transportation	3,634,916	-	3,634,916
Public protection	181,776	-	181,776
Housing	2,637,932	-	2,637,932
Unrestricted	<u>10,615,748</u>	<u>(2,315,988)</u>	<u>8,299,760</u>
TOTAL NET POSITION	<u>\$ 103,824,651</u>	<u>\$ 21,319,619</u>	<u>\$ 125,144,270</u>

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,632,840	\$ 178,241	\$ 227,798	\$ -
Community services	1,362,213	191,446	-	-
Police	9,576,174	287,905	209,351	-
Community development	857,883	513,696	264,184	-
Public works	4,605,059	461,296	148,321	9,188,333
Unallocated infrastructure depreciation	645,168	-	-	-
Total governmental activities	<u>21,679,337</u>	<u>1,632,584</u>	<u>849,654</u>	<u>9,188,333</u>
Business-type activities:				
Water	5,312,312	3,784,588	-	1,927,308
Total business-type activities	<u>5,312,312</u>	<u>3,784,588</u>	<u>-</u>	<u>1,927,308</u>
Total	<u><u>\$ 26,991,649</u></u>	<u><u>\$ 5,417,172</u></u>	<u><u>\$ 849,654</u></u>	<u><u>\$ 11,115,641</u></u>
General revenues:				
Taxes:				
Property tax				
Sales and use tax				
Franchise tax				
Other taxes				
Investment income				
Unrestricted grants and contributions				
Gain on disposal of assets				
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
\$ (4,226,801)	\$ -	\$ (4,226,801)
(1,170,767)	-	(1,170,767)
(9,078,918)	-	(9,078,918)
(80,003)	-	(80,003)
5,192,891	-	5,192,891
(645,168)	-	(645,168)
<u>(10,008,766)</u>	<u>-</u>	<u>(10,008,766)</u>
-	399,584	399,584
-	399,584	399,584
(10,008,766)	399,584	(9,609,182)
1,802,205	-	1,802,205
14,597,400	-	14,597,400
734,738	-	734,738
873,994	-	873,994
442,005	9,989	451,994
311,493	-	311,493
13,674	-	13,674
18,775,509	9,989	18,785,498
8,766,743	409,573	9,176,316
98,510,282	20,910,046	119,420,328
(3,452,374)	-	(3,452,374)
<u>95,057,908</u>	<u>20,910,046</u>	<u>115,967,954</u>
\$ 103,824,651	\$ 21,319,619	\$ 125,144,270

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	General	Housing Authority Special Revenue Fund
ASSETS:		
Cash and investments	\$ 22,525,676	\$ 1,964,819
Accounts receivable	466,627	-
Accrued interest receivable	134,111	-
Due from other funds	849,729	-
Due from other governments	3,371,450	-
Receivable from Successor Agency	7,762,272	-
Prepaid items	980,133	-
Loans receivable, net	-	1,834,734
Advances to other funds	2,757,488	-
Land and improvements held for resale, net	-	615,641
Restricted assets:		
Cash and investments	<u>13,305</u>	-
Total assets	<u><u>\$ 38,860,791</u></u>	<u><u>\$ 4,415,194</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 607,820	\$ -
Accrued liabilities	1,874,117	-
Deposits Payable	599,215	-
Unearned revenue	128,937	-
Due to other funds	-	-
Advances from other funds	<u>-</u>	<u>1,779,480</u>
Total liabilities	<u>3,210,089</u>	<u>1,779,480</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenues	<u>655,387</u>	-
FUND BALANCES:		
Nonspendable	11,499,893	-
Restricted	13,305	2,635,714
Committed	16,962,239	-
Unassigned	<u>6,519,878</u>	-
Total fund balances (deficit)	<u>34,995,315</u>	<u>2,635,714</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 38,860,791</u></u>	<u><u>\$ 4,415,194</u></u>

See accompanying notes to the basic financial statements

Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,398,079	\$ 10,289,423	\$ 36,177,997
-	-	466,627
-	600	134,711
-	-	849,729
1,607,835	103,654	5,082,939
-	-	7,762,272
-	5,644	985,777
-	6,038	1,840,772
-	967,896	3,725,384
-	-	615,641
-	7,610,718	7,624,023
<u>\$ 3,005,914</u>	<u>\$ 18,983,973</u>	<u>\$ 65,265,872</u>

\$ 980,399	\$ 22,659	\$ 1,610,878
-	-	1,874,117
-	-	599,215
-	967,896	1,096,833
-	849,729	849,729
-	-	1,779,480
<u>980,399</u>	<u>1,840,284</u>	<u>7,810,252</u>
<u>2,555,765</u>	<u>31,003</u>	<u>3,242,155</u>
-	5,644	11,505,537
-	17,126,125	19,775,144
-	-	16,962,239
(530,250)	(19,083)	5,970,545
<u>(530,250)</u>	<u>17,112,686</u>	<u>54,213,465</u>
<u>\$ 3,005,914</u>	<u>\$ 18,983,973</u>	<u>\$ 65,265,872</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, 2017

Fund balances - total governmental funds \$ 54,213,465

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	\$ 30,903,450
Construction in progress	7,612,787
Infrastructure, net of accumulated depreciation	12,162,818
Structures and improvements, net of accumulated depreciation	21,119,809
Vehicles, equipment and furniture, net of accumulated depreciation	<u>1,022,085</u>
Total capital assets used in governmental activities	72,820,949

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, 2017 totaled:

3,242,155

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.

1,793,318

Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB 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 and OPEB are reported.

Deferred outflow of resources - pension	6,063,217
Deferred inflow of resources - pension	(1,307,589)
Deferred inflow of resources - OPEB	(39,672)

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, 2017 is:

Capital lease obligation	(36,248)
OPEB	(9,324,500)
Net pension liability	(22,719,714)
Compensated absences	<u>(880,730)</u>

Net position of governmental activities \$ 103,824,651

CITY OF SIGNAL HILL

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

For the Fiscal Year Ended June 30, 2017

	General	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund
Revenues:			
Property taxes	\$ 1,802,205	\$ -	\$ -
Sales and use tax	14,597,400	- -	- -
Other taxes	1,603,503	- -	- -
Licenses and permits	374,207	- -	- -
Intergovernmental revenues	58,295	- -	8,059,957
Charges for services	757,361	- -	- -
Fines and forfeitures	288,478	- -	- -
Investment income	748,403	8,331	- -
Developer fees	- -	- -	- -
Other revenues	311,493	- -	- -
Total revenues	20,541,345	8,331	8,059,957
Expenditures:			
Current:			
General government	4,878,106	- -	- -
Community services	1,575,923	- -	- -
Police	8,816,553	- -	- -
Community development	682,454	4,523	- -
Public works	3,976,304	- -	- -
Capital outlay	90,218	- -	7,533,850
Debt service			
Principal	14,897	- -	- -
Interest	2,131	- -	- -
Total expenditures	20,036,586	4,523	7,533,850
Excess (deficiency) of revenues over (under) expenditures	504,759	3,808	526,107
Other financing sources (uses):			
Transfers in	- -	- -	1,498,572
Transfers out	<u>(339,478)</u>	- -	- -
Total other financing sources (uses)	<u>(339,478)</u>	- -	1,498,572
Net change in fund balances	165,281	3,808	2,024,679
Fund balances (deficit) at beginning of fiscal year	34,830,034	6,084,280	(2,554,929)
Prior period adjustments	- -	<u>(3,452,374)</u>	- -
Fund balances (deficit) at beginning of fiscal year, as restated	<u>34,830,034</u>	<u>2,631,906</u>	<u>(2,554,929)</u>
Fund balances (deficits) at end of fiscal year	<u>\$ 34,995,315</u>	<u>\$ 2,635,714</u>	<u>\$ (530,250)</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,802,205
-	14,597,400
699,226	2,302,729
-	374,207
690,659	8,808,911
1,142	758,503
-	288,478
73,308	830,042
99,115	99,115
-	311,493
<u>1,563,450</u>	<u>30,173,083</u>

1,000	4,879,106
-	1,575,923
334,828	9,151,381
167,398	854,375
69,773	4,046,077
101,982	7,726,050
-	14,897
-	2,131
<u>674,981</u>	<u>28,249,940</u>

888,469	1,923,143
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188,497	1,687,069
(1,347,591)	(1,687,069)
(1,159,094)	-
(270,625)	1,923,143
17,383,311	55,742,696
-	(3,452,374)
17,383,311	52,290,322
<u>\$ 17,112,686</u>	<u>\$ 54,213,465</u>

See accompanying notes to the basic financial statements

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

For the Fiscal Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ 1,923,143

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	\$ 7,015,695	
Depreciation expense	<u>(1,653,001)</u>	5,362,694

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. 14,897

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

Net change in compensated absences	(39,798)	
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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. 253,111

Increase in net OPEB liability is not included in the governmental funds. 11,161

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: 1,280,468

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. (38,933)

Change in net position of governmental activities \$ 8,766,743

CITY OF SIGNAL HILL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2017

	Business-type Activity		Vehicle and Equipment Internal Service Fund
	Water Enterprise Fund		
Assets:			
Current assets:			
Cash and investments	\$ 2,631,205	\$ 1,637,308	-
Restricted cash and investments	5,824	-	-
Accounts receivable	545,469	7,063	-
Advances to other funds	804,096	-	-
Due from other governments	960,526	-	-
Inventory	-	26,164	-
Total current assets	<u>4,947,120</u>	<u>1,670,535</u>	
Noncurrent assets:			
Capital assets:			
Land	4,427,416	-	-
Construction in progress	8,945,749	-	-
Depreciable assets, net of accumulated depreciation	14,852,407	643,414	643,414
Total noncurrent assets	<u>28,225,572</u>	<u>643,414</u>	
Total assets	<u>33,172,692</u>	<u>2,313,949</u>	
Deferred outflows of resources:			
Deferred amount on debt refunding	145,172	-	-
Deferred outflows - Pension related	575,296	89,656	89,656
Total deferred outflows of resources	<u>720,468</u>	<u>89,656</u>	
Liabilities			
Current Liabilities:			
Accounts payable	1,156,680	72,512	72,512
Accrued interest payable	54,759	-	-
Refundable deposits	349,638	-	-
Advances from other funds	2,750,000	-	-
Unearned revenue	804,096	-	-
Current portion of long-term liabilities			
Water revenue refunding bonds	472,055	-	-
Total current liabilities	<u>5,587,228</u>	<u>72,512</u>	
Long-term liabilities:			
Water revenue refunding bonds	4,268,906	-	-
Compensated absences	82,553	9,172	9,172
OPEB	153,730	140,608	140,608
Net pension liability	2,204,200	343,512	343,512
Total long-term liabilities	<u>6,709,389</u>	<u>493,292</u>	
Total liabilities	<u>12,296,617</u>	<u>565,804</u>	
Deferred inflows of resources:			
Deferred inflows - OPEB related	2,156	1,294	1,294
Deferred inflows - Pensions related	275,086	42,871	42,871
Total deferred inflows of resources	<u>277,242</u>	<u>44,165</u>	
Net position:			
Net investment in capital assets	23,635,607	643,414	643,414
Unrestricted	(2,316,306)	1,150,222	1,150,222
Total net position	<u>21,319,301</u>	<u>\$ 1,793,636</u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		318	318
Net position of business-type activity	<u>\$ 21,319,619</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, 2017

	Business-type Activity		Vehicle and Equipment Internal Service Fund
	Water Enterprise Fund	Internal Service Fund	
Operating revenues:			
Charges for services	\$ 3,719,849	\$ 595,560	
Other operating revenues	<u>64,739</u>	-	
Total operating revenues	<u>3,784,588</u>	<u>595,560</u>	
Operating expenses:			
Personnel service	2,318,770	300,681	
Contractual services	332,095	34,463	
Supplies	771,489	61,033	
Materials and repairs	100,418	95,116	
Utilities	210,285	-	
Depreciation/amortization	694,664	147,327	
Other	<u>508,017</u>	<u>24,579</u>	
Total operating expenses	<u>4,935,738</u>	<u>663,199</u>	
Operating income (loss)	<u>(1,151,150)</u>	<u>(67,639)</u>	
Nonoperating revenues (expenses):			
Investment income	9,989	6,212	
Interest expense	(367,754)	-	
Gain on sale of capital assets	<u>-</u>	<u>13,674</u>	
Total nonoperating revenues (expenses)	<u>(357,765)</u>	<u>19,886</u>	
Income (loss) before transfers and capital contributions	<u>(1,508,915)</u>	<u>(47,753)</u>	
Capital contributions:			
Capital grants	<u>1,927,308</u>	<u>-</u>	
Total capital contributions	<u>1,927,308</u>	<u>-</u>	
Change in net position	418,393	(47,753)	
Net position at beginning of fiscal year	<u>20,900,908</u>	<u>1,841,389</u>	
Net position at end of fiscal year	<u>\$ 21,319,301</u>	<u>\$ 1,793,636</u>	
Change in net position	\$ 418,393	(47,753)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u>(8,820)</u>	<u>-</u>	
Change in net position of business-type activity	<u>\$ 409,573</u>	<u>-</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, 2017

	Business-type Activity	
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and other governments	\$ 4,524,134	\$ -
Receipts from interfund services provided	-	598,168
Payments to suppliers	(1,540,288)	(168,976)
Payments to employees	<u>(1,502,157)</u>	<u>(185,362)</u>
Net cash provided by operating activities	<u>1,481,689</u>	<u>243,830</u>
Cash flows from non-capital and related financing activities:		
Due to/from other funds	<u>1,351,165</u>	<u>-</u>
Net cash provided by non-capital and related financing activities	<u>1,351,165</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Proceeds from disposition of capital assets	-	13,674
Capital grants	1,927,308	-
Acquisition of property, plant, and equipment	(5,124,541)	(283,973)
Proceeds from bond issuance	4,305,000	
Principal paid on debt	(5,214,196)	-
Interest paid on debt	<u>(363,881)</u>	<u>-</u>
Net cash (used) by capital and related financing activities	<u>(4,470,310)</u>	<u>(270,299)</u>
Cash flows from investing activities:		
Investment income	<u>9,989</u>	<u>6,212</u>
Net cash provided by investing activities	<u>9,989</u>	<u>6,212</u>
Net increase (decrease) in cash and cash equivalents	(1,627,467)	(20,257)
Cash and cash equivalents at beginning of fiscal year	<u>4,264,496</u>	<u>1,657,565</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 2,637,029</u>	<u>\$ 1,637,308</u>
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:		
Cash and investments	\$ 2,631,205	\$ 1,637,308
Restricted cash and investments	5,824	-
Cash and cash equivalents at end of fiscal year	<u>\$ 2,637,029</u>	<u>\$ 1,637,308</u>
Non-cash activities:		
Amortization	<u>\$ 27,172</u>	<u>\$ -</u>

(Continued)

CITY OF SIGNAL HILL
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)
 For the Fiscal Year Ended June 30, 2017

	Business-type 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)	\$ (1,151,150)	\$ (67,639)	
Depreciation	694,664	147,327	
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(111,650)	2,608	
(Increase) decrease in due from other governments	38,847	-	
(Increase) decrease in inventory	-	(7,610)	
(Increase) decrease in deferred outflows of resources - pensions	(439,814)	(67,901)	
Increase (decrease) in accounts payable	382,016	72,512	
Increase (decrease) in accrued liabilities	(20,926)	(21,425)	
Increase (decrease) in refundable deposits	8,253	-	
Increase (decrease) in unearned revenue	804,096	-	
Increase (decrease) in compensated absences	43,253	8,004	
Increase (decrease) in deferred inflows of resources - OPEB	2,156	1,294	
Increase (decrease) in deferred inflows of resources - pensions	82,459	8,982	
Increase (decrease) in OPEB	(2,763)	(1,658)	
Increase (decrease) in net pension liability	<u>1,152,248</u>	<u>169,336</u>	
Total adjustments	<u>2,632,839</u>	<u>311,469</u>	
Net cash provided by operating activities	<u>\$ 1,481,689</u>	<u>\$ 243,830</u>	

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2017

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
Assets:		
Cash and investments	\$ 12,804,168	\$ -
Restricted cash and investments	2,978,527	-
Due from other governments	-	1,836
Capital assets:		
Land	<u>23,646,365</u>	-
Total assets	<u>39,429,060</u>	<u>\$ 1,836</u>
Deferred outflows of resources:		
Deferred loss amount on debt refunding	<u>512,015</u>	\$ -
Liabilities:		
Accounts payable	5,121	-
Accrued liabilities	4,182,555	-
Accrued interest payable	795,490	-
Refundable deposits	6,045,000	-
Due to other governments	-	1,836
Long-term liabilities:		
Due within one year	5,546,798	-
Due in more than one year	<u>68,949,653</u>	-
Total liabilities	<u>85,524,617</u>	<u>\$ 1,836</u>
Net position (deficit):		
Unrestricted	<u>\$ (45,583,542)</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, 2017

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
Additions:	
Distributions from County-administered redevelopment property tax trust fund	\$ 12,786,710
Investment income	139,655
Other	<u>125,013</u>
 Total additions	 <u>13,051,378</u>
Deductions:	
Personnel services	495,965
Contractual services	22,475
Project costs	3,358,405
Interest	<u>3,042,892</u>
 Total deductions	 <u>6,919,737</u>
 Change in net position	 <u>6,131,641</u>
 Net (deficit) at beginning of fiscal year	 <u>(51,715,183)</u>
 Net (deficit) at end of fiscal year	 <u>\$ (45,583,542)</u>

See accompanying notes to the basic financial statements

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity:

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

The City 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 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 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, 2017

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, 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, 2017

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, 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, 2017

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.

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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Fiduciary Funds (Continued):

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. 77

For the fiscal year ended June 30, 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This Statement is effective for periods beginning after December 15, 2015. The objective of this Statement is to provide essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. Implementation of GASB Statement No. 77 did have an impact on the City's financial statements for the fiscal year ended June 30, 2017, see Note 16 – Tax Abatement.

Pending Accounting Standards:

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

Statement No. 81	"Irrevocable Split-Interest Agreements"	The provision of this statement is effective for fiscal years beginning after December 15, 2016.
Statement No. 82	"Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73"	The provision of this statement is effective for fiscal years beginning after June 15, 2017.
Statement No. 83	"Certain Asset Retirement Obligations"	The provision of this statement is effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provision of this statement is effective for fiscal years beginning after December 15, 2018.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

Pending Accounting Standards (Continued):

Statement No. 85 "Omnibus 2017"

The provision of this statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 86 "Certain Debt Extinguishment Issues"

The provision of this statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 87 "Leases"

The provision of this statement is effective for fiscal years beginning after December 15, 2019.

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.

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 \$7,610,718 are restricted in the Civic Center Phase II for the Civic Center improvements projects.

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Additions to capital assets are not depreciated in the year of acquisition.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Capital Assets (Continued):

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

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

I. Inventory:

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

J. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two 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 deferred assets of the City's pension plans investments as determined by California Public Employees' Retirement System (CalPERS) in accordance with GASB 68, which is reported in the government-wide statement of net position and the proprietary fund 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 unavailable 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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

end. This amount is deferred and not recognized as revenue until the period that the amount becomes available. The second item is the deferred liabilities of 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 and the proprietary fund statement of net position. The third item is the deferred liabilities of the City's OPEB investments as determined by CalPERS in accordance with GASB 75, which is reported in the government-wide statement of net position and the proprietary fund statement of net position.

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 percentage pay-off at retirement varies based on employee group agreements and/or years of service of employment. The City has an annual cash-out program ranging from 48 – 80 annual maximum hours for its employees based on tiered, years of service of employment. The balance of unused sick pay at fiscal year-end for those employees who meet minimum eligibility requirements, is recorded as a long-term liability, as these amounts will be liquidated from future resources rather than expendable available resources.

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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

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 amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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 attached as an enforceable lien on property as of January 1. Taxes are levied in September and are payable in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Any unpaid amounts at the end of the fiscal year are recorded as property taxes receivable. The County of Los Angeles bills and collects the property taxes and subsequently remits the amount due to the City of Signal Hill in installments during the year. Historically, the City has received substantially all of the taxes levied within two years from the date they are levied.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

P. Net Position: (Continued)

At June 30, 2017, net investment in capital assets, was calculated as follows:

	Governmental Activities	Business-Type Activity
Capital assets, net of accumulated depreciation	\$73,464,363	\$ 28,225,572
Less:		
Bonds, net	-	(4,740,961)
Capital leases	(36,248)	-
Add back:		
Deferred amount on refunding	-	145,172
Unspent bonds proceeds - reserve funds	-	5,824
Total	<u>\$73,428,115</u>	<u>\$ 23,635,607</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, 2017

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, 2017 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	\$ 40,446,510	\$ 12,804,168	\$ 53,250,678
Restricted cash and investments	<u>7,629,847</u>	<u>2,978,527</u>	<u>10,608,374</u>
Total cash and investments	<u>\$ 48,076,357</u>	<u>\$ 15,782,695</u>	<u>\$ 63,859,052</u>

Cash and investments at June 30, 2017 consisted of the following:

Cash on hand	\$ 3,770
Deposits with financial institutions	2,579,410
Investments	<u>61,275,872</u>
	<u>\$ 63,859,052</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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, 2017

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	More Than 60 Months
Local Agency Investment Fund	\$ 45,209,266	\$ 45,209,266	\$ -	\$ -	\$ -
US Government Agency Securities	995,135	498,695	-	496,440	-
Negotiable Certificates of Deposits	4,226,579	496,273	1,294,411	2,435,895	-
Medium Term Corporate Note	249,823	-	249,823	-	-
Held by bond trustees:					
Municipal Mutual Funds	7,610,718	7,610,718	-	-	-
Bank Money Market Funds	2,984,351	2,984,351	-	-	-
	<u>\$ 61,275,872</u>	<u>\$ 56,799,303</u>	<u>\$ 1,544,234</u>	<u>\$ 2,932,335</u>	<u>\$ -</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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, 2017	Minimum			Not Rated	Not Required to be Rated
		Legal Rating	AAA	Other Ratings		
Local Agency Investment Fund	\$ 45,209,266	N/A	\$ -	\$ -	\$ 45,209,266	\$ -
US Government Agency Securities	995,135	AA	-	995,135	-	-
Negotiable Certificates of Deposits	4,226,579	N/A	-	-	4,226,579	-
Medium Term Corporate Note	249,823	N/A	-	-	249,823	-
Held by bond trustees:						
Money Market Mutual Funds	885,526	AAA	885,526	-	-	-
Municipal Mutual Funds	7,610,718	N/A	-	-	-	7,610,718
Bank Money Market Funds	2,098,825	A	-	2,098,825	-	-
Total	<u>\$ 61,275,872</u>		<u>\$ 885,526</u>	<u>\$ 3,093,960</u>	<u>\$ 49,685,668</u>	<u>\$ 7,610,718</u>

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

Investment Type	Total as of June 30, 2017	AA-		A-
		AA-	A-	
US Government Agency Securities	\$ 995,135	\$ 995,135	\$ -	-
Held by bond trustees:				
Bank Money Market Funds	2,098,825	-	2,098,825	
Total	<u>\$ 3,093,960</u>	<u>\$ 995,135</u>	<u>\$ 2,098,825</u>	

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 third party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool, held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California 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, 2017, 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, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements:

The City pool investment categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The City pool investment has the following recurring fair value measurements as of June 30, 2017:

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Certificates of deposits	\$ 4,226,579	\$ 4,226,579	\$ -	\$ -
US Government Agency Securities	995,135	995,135	-	-
Medium Term Corporate Note	249,823	249,823		
Total Investments Measured at Fair Value	<u>5,471,537</u>	<u>\$ 5,471,537</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
LAIIF	<u>45,209,266</u>			
Total Pooled Investments	<u>\$ 50,680,803</u>			

The City also had investments in the money market mutual funds, however, these investments are not required to be measured under Level 1, 2 or 3.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

3. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

Governmental Activities:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Balance at June 30, 2017
Capital assets not being depreciated:					
Land	\$ 30,903,450	\$ -	\$ -	\$ -	\$ 30,903,450
Construction in progress	897,092	7,015,695	-	(300,000)	7,612,787
Total	31,800,542	7,015,695	-	(300,000)	38,516,237
Capital assets, being depreciated:					
Infrastructure	28,520,419	-	-	-	28,520,419
Structures and improvements	29,266,076	-	-	300,000	29,566,076
Equipment and furniture	3,166,987	-	(45,490)	-	3,121,497
Vehicles and major equipment	2,378,065	283,973	(106,829)	-	2,555,209
Total	63,331,547	283,973	(152,319)	300,000	63,763,201
Less accumulated depreciation for:					
Infrastructure	(15,712,433)	(645,168)	-	-	(16,357,601)
Structures and improvements	(7,752,644)	(651,890)	-	-	(8,404,534)
Equipment and furniture	(1,778,160)	(365,881)	45,490	-	(2,098,551)
Vehicles and major equipment	(1,923,829)	(137,389)	106,829	-	(1,954,389)
Total	(27,167,066)	(1,800,328)	152,319	-	(28,815,075)
Total capital assets, being depreciated, net	36,164,481	(1,516,355)	-	300,000	34,948,126
Total Governmental activities capital assets, net	\$ 67,965,023	\$ 5,499,340	\$ -	\$ -	\$ 73,464,363

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

3. CAPITAL ASSETS (CONTINUED):

Capital Asset Activity (Continued):

Business-type Activity:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Balance at June 30, 2017
Capital assets not being depreciated:					
Land	\$ 4,427,416	\$ -	\$ -	\$ -	\$ 4,427,416
Construction in progress	<u>3,821,208</u>	<u>5,124,541</u>	<u>-</u>	<u>-</u>	<u>8,945,749</u>
Total	<u>8,248,624</u>	<u>5,124,541</u>	<u>-</u>	<u>-</u>	<u>13,373,165</u>
Capital assets, being depreciated					
Water rights	1,215,186	-	-	-	1,215,186
Reservoirs and tanks	12,154,473	-	-	-	12,154,473
Wells	1,931,239	-	-	-	1,931,239
Mains	9,893,973	-	-	-	9,893,973
Pumps	1,384,407	-	-	-	1,384,407
Fire hydrants	564,667	-	-	-	564,667
Meters	429,048	-	-	-	429,048
Services	1,443,630	-	-	-	1,443,630
Structures	1,243,976	-	-	-	1,243,976
Equipment and furniture	<u>1,108,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,108,511</u>
Total	<u>31,369,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,369,110</u>
Less accumulated depreciation for:					
Water rights	(758,593)	(30,380)	-	-	(788,973)
Reservoirs and tanks	(4,338,516)	(271,587)	-	-	(4,610,103)
Wells	(932,953)	(45,959)	-	-	(978,912)
Mains	(5,645,770)	(195,408)	-	-	(5,841,178)
Pumps	(1,018,350)	(37,465)	-	-	(1,055,815)
Fire hydrants	(550,987)	(3,730)	-	-	(554,717)
Meters	(429,048)	-	-	-	(429,048)
Services	(799,904)	(27,579)	-	-	(827,483)
Structures	(549,921)	(28,673)	-	-	(578,594)
Equipment and furniture	<u>(797,997)</u>	<u>(53,883)</u>	<u>-</u>	<u>-</u>	<u>(851,880)</u>
Total	<u>(15,822,039)</u>	<u>(694,664)</u>	<u>-</u>	<u>-</u>	<u>(16,516,703)</u>
Total capital assets, being depreciated, net	<u>15,547,071</u>	<u>(694,664)</u>	<u>-</u>	<u>-</u>	<u>14,852,407</u>
Total Business-type activity capital assets, net	<u>\$ 23,795,695</u>	<u>\$ 4,429,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,225,572</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

3. CAPITAL ASSETS (CONTINUED):

Depreciation/Amortization Expense:

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

Governmental activities:

General government	\$ 45,494
Community services	29,749
Police	799,853
Public works	132,737
Internal service fund depreciation charged to programs	<u>147,327</u>
Allocated depreciation	1,155,160
Unallocated depreciation	<u>645,168</u>
Total depreciation expense - governmental activities	<u>\$ 1,800,328</u>

Business-type activity:

Water	<u>\$ 694,664</u>
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4. DEFERRED INFLOWS OF RESOURCES:

At June 30, 2017, deferred inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	General Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Unavailable grant revenue	\$ -	\$ 2,555,765	\$ 26,583	\$ 2,582,348
Unavailable other revenues	582,871	-	-	582,871
Unavailable interest from long-term receivables	<u>72,516</u>	<u>-</u>	<u>4,420</u>	<u>76,936</u>
	<u>\$ 655,387</u>	<u>\$ 2,555,765</u>	<u>\$ 31,003</u>	<u>\$ 3,242,155</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

5. LONG-TERM RECEIVABLES:

A. Receivables from Successor Agency:

Description	General Fund
Long-term loans to finance improvements and operations related to and within the former Redevelopment Agency's project areas	\$ 9,702,840
Subtotal	9,702,840
Reserve on long-term loans (principal and interest)	(1,940,568)
Total	<u>\$ 7,762,272</u>

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

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, four loans totaling \$55,254 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

5. LONG-TERM RECEIVABLES (CONTINUED)):

C. Notes Receivables:

Loan to Developer

In February 2015 a loan of \$7,729,480 secured by a deed of trust on real property was provided pursuant to a disposition and development agreement with Meta Housing to provide funding for the 72-unit affordable housing development called Zinnia. The loan accrues interest at 3% interest and is repaid on each April 1st in which there was positive cash flow for the calendar year, or portion thereof, ending on the immediately preceding December 31, fifty percent (50%) of that year's net cash flow, based on the contribution of the Signal Hill Housing Authority. The first repayment shall be due on April 1st following the issuance of the first Certificate of occupancy, and the last payment shall be due on April 1st fifty-five (55) years later. The amount outstanding at June 30, 2017 was \$7,729,480. The City also set up the allowance-doubtful accounts on the available revenue, \$5,950,000.

6. LONG-TERM LIABILITIES:

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
Capital lease obligation	\$ 51,145	\$ -	\$ (14,897)	\$ 36,248	\$ 15,628
Net pension liability	19,185,086	5,824,879	(1,946,739)	23,063,226	-
OPEB	9,517,599	939,016	(991,507)	9,465,108	-
Compensated absences	842,100	317,488	(269,686)	889,902	444,951
Total	\$ 29,595,930	\$ 7,081,383	\$ (3,222,829)	\$ 33,454,484	\$ 460,579

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Business-Type Activities:					
2006 Water revenue refunding bonds	\$ 5,655,000	\$ -	\$ (5,655,000)	\$ -	\$ -
Less original issue discount	(5,362)		5,362	-	-
2016 Water revenue refunding bonds	-	4,305,000	-	4,305,000	420,000
Plus 2016 original issue premium	-	468,495	(32,534)	435,961	52,055
Total refunding bonds payable	5,649,638	4,773,495	(5,682,172)	4,740,961	472,055
Net pension liability	1,051,952	1,362,454	(210,206)	2,204,200	-
OPEB	156,493	297,130	(299,893)	153,730	-
Compensated absences	39,300	54,328	(11,075)	82,553	-
Total	\$ 6,897,383	\$ 6,487,407	\$ (6,203,346)	\$ 7,181,444	\$ 472,055

6. LONG-TERM LIABILITIES (CONTINUED):

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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, 2017 on these leases was \$36,248.

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

<u>Future minimum lease payments for the fiscal year ending June 30,</u>	
2018	\$ 17,028
2019	17,028
2020	<u>4,252</u>
Subtotal	38,308
Less amount representing interest	<u>(2,060)</u>
Present value of future lease payments	<u>\$ 36,248</u>

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. As a result of the advance refunding, the 2006 Refunding Bonds are considered to be defeased and the liability has been removed from the accounting records of the City. The defeased 2006 Refunding Bonds were retired on December 19, 2016. The bonds were paid off by the 2016 Water Revenue Refunding Bonds.

D. 2016 Water Revenue Refunding Bonds:

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

6. LONG-TERM LIABILITIES (CONTINUED):

D. 2016 Water Revenue Refunding Bonds (Continued):

and the liability has been removed from the accounting records of the City. The defeased 2006 Refunding Bonds were retired on December 19, 2016.

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

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

The City is required by the 2016 Bond Covenant to maintain a debt service coverage ratio of at least 125%. As of the fiscal year ended June 30, 2017, this ratio was not met. The Water Fund is in the second of a five-year rate increase schedule with increases of 8% per year. Sufficient rates required for the debt ratio related to the bond covenant will be addressed in subsequent fiscal years.

As a result of the refunding the City realized a net savings in the amount of \$846,102 and an economic gain (difference between present value of new debt versus old debt) of \$690,922.

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2017, including interest, are as follows:

Fiscal Year Ending		Principal	Interest	Total
June 30,				
2018	\$ 420,000	\$ 147,800	\$ 567,800	
2019	430,000	134,075	564,075	
2020	445,000	124,288	569,288	
2021	460,000	110,937	570,937	
2022	475,000	97,138	572,138	
2023-2027	2,075,000	198,562	2,273,562	
	<u>\$4,305,000</u>	<u>\$ 812,800</u>	<u>\$ 5,117,800</u>	

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

The composition of interfund balances as of June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 849,729

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

Interfund Transfers:

Transfers In To	Transfers Out From	Amount
Capital Improvement		
Capital Projects Fund	General Fund	\$ 164,461
	Other Governmental Funds	1,258,911
Other Governmental Funds	General Fund	175,017
	Other Governmental Funds	13,480
General Fund	Other Governmental Funds	75,200
		<hr/> <u>\$ 1,687,069</u>

The purposes for significant interfund transfers made during the fiscal year ended June 30, 2017 were as follows:

- Transfers into the Capital Improvement Project Fund from the General Fund and Other Governmental Funds were for the acquisition of equipment as well as providing for several projects including Cherry Avenue Widening, Discovery Well Park ADA improvements, various other park improvements and refurbishment, sidewalk repairs, Library software, and the Pavement Management Program.
- Transfers to the Other Governmental Funds from the General Fund related to transfers to the Public Safety State Resources (\$8,705) and COPS Hiring Grant Fund (\$5,709) for sworn personnel costs in excess of program reimbursement, non-sworn personnel costs under the Supplemental Law Enforcement Grant in excess of program reimbursement (\$134,789), and funding for other law enforcement costs.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

8. INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

For the fiscal year ended June 30, 2017, the following funds had deficit fund balances:

Major Governmental Fund:

Capital Improvement Capital Project Fund	\$ 530,250
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Other Governmental Fund:

OTS Grant Special Revenue Fund	19,083
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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.

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 reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

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

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous		
	Prior to June 10, 2010	On or after June 10, 2010 and prior to January 1, 2013	On or after January 1, 2013
Hire date	2% @ 55	2% @ 60	2% @ 62
Benefit formula	5 years service	5 years service	5 years service
Benefit vesting schedule	Monthly for life	Monthly for life	Monthly for life
Benefit payments	50-63	50-63	52-67
Retirement age	1.43% - 2.42%	1.09%-2.42%	1.00%-2.50%
Monthly benefits, as a % of eligible compensation	7.00%	7.00%	6.25%
Required employee contribution rates	8.88%	7.61%	6.56%
Safety			
	On or after June 10, 2010		
	Prior to June 10, 2010	and prior to January 1, 2013	On or after January 1, 2013
Hire date	3% @ 50	3% @ 55	2.75% @ 57
Benefit formula	5 years service	5 years service	5 years service
Benefit vesting schedule	Monthly for life	Monthly for life	Monthly for life
Benefit payments	50-55	50-55	50-57
Retirement age	3.00%	2.40%-3.00%	2.00% - 2.70%
Monthly benefits, as a % of eligible compensation	9.00%	9.00%	12.25%
Required employee contribution rates	21.23%	19.33%	12.82%

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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

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

For the fiscal year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were as follow:

Contributions – employer	\$ 2,321,377
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As of June 30, 2017, 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>
Miscellaneous	\$ 11,009,993
Safety	<u>14,257,433</u>
Total Net Pension Liability	<u><u>\$ 25,267,426</u></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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2016 and 2015 was as follows:

	<u>Combined (PERF C)</u>
Proportion - June 30, 2015	0.294832%
Proportion - June 30, 2016	<u>0.292004%</u>
Change - Increase (Decrease)	<u><u>-0.002828%</u></u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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, 2017, the City recognized pension expense of \$2,156,945. At June 30, 2017, 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
Difference between expected and actual experience	\$ -	\$ (85,821)
Changes of assumptions	- -	(792,424)
Changes in employer's proportions	212,902	(376,328)
Net difference between projected and actual earnings on pension plan investments	3,983,164	- -
Changes in proportion and differences between City contributions and proportionate share of contributions	- -	(370,973)
City contributions subsequent to the measurement date	2,532,103	- -
	<hr/> <u>\$ 6,728,169</u>	<hr/> <u>\$ (1,625,546)</u>

The \$2,532,103 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. 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,	
2018	\$ (210,065)
2019	(78,190)
2020	1,823,958
2021	1,034,817
Total	<hr/> <u>\$ 2,570,520</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous		
	Prior to June 10, 2010	On or after June 10, 2010 and prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to June 10, 2010	On or after June 10, 2010 and prior to January 1, 2013	On or after January 1, 2013
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	8.88%	7.61%	6.56%

	Safety		
	Prior to June 10, 2010	On or after June 10, 2010 and prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to June 10, 2010	On or after June 10, 2010 and prior to January 1, 2013	On or after January 1, 2013
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	21.23%	19.33%	12.82%

All other actuarial assumptions used in the June 30, 2016 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, 2017

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):

Change of Assumptions – There were no changes of assumptions during the measurement period of June 30, 2016.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent 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.

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 (Public Employees’ Retirement 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. 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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):

The following table reflects the 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 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	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	336.00%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	<u>1.00%</u>	-0.55%	-1.05%
Total	<u>100.00%</u>		

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

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

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

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

	Combined PERF C
1% Decrease	6.65%
Net Pension Liability	\$ 38,030,598
Current Discount Rate	7.65%
Net Pension Liability	\$ 25,267,426
1% Increase	8.65%
Net Pension Liability	\$ 14,757,175

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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):

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

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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

A. Plan Description:

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

- 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.
- 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

B. Eligibility:

Employees of the City are eligible for retiree health benefits if they are between 50-55 years of age as of the last day of work prior to retirement and are a vested member of CalPERS. Membership in the plan consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	98
Inactive employees entitled to but not yet receiving benefit payments	0
Active plan members	<u>102</u>
	<u>200</u>

C. Annual OPEB Cost and Net OPEB Obligation:

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the fiscal year ended June 30, 2017, the City contributed \$718,446. For Non-POA (Police Officers Association Union) fulltime employees, the City pays 1% of gross wages, including all Directors and Managers in the City. For Safety employees, who are not in a management position, the City pays a flat \$885 per calendar year. Amount paid to retirees on a pay as you go was \$718,446.

D. Net OPEB Liability:

The City's net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

D. Net OPEB Liability (Continued):

Inflation	2.75%
Salary increase	2.75%
Investment rate of return	6.50%
Healthcare cost trend rates	Assumed 4% per year. The long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. The actuary does not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

The mortality assumptions are based on tables created by CalPERS. CalPERS periodically study mortality for participating agencies and establish mortality tables that are modified versions of commonly used tables. The most recent studies were conducted in 2014.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic and International Equities	45.0%	7.625%
Corporate Bonds	45.0%	5.125%
Real Estate	10.0%	8.000%
Total	<u>100%</u>	

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

D. Net OPEB Liability (Continued):

Discount rate. The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

E. Change in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability (Asset)
Balance at June 30, 2016	<u>\$ 11,385,540</u>	<u>\$ 1,711,448</u>	<u>\$ 9,674,092</u>
<u>Changes in the fiscal year:</u>			
Service Cost	86,566	-	86,566
Interest on the Total OPEB Liability	719,524	-	719,524
Contribution from the Employer	-	718,446	(718,446)
Contribution from the Employees	-	-	-
Net Investment Income	-	154,005	(154,005)
Benefit Payments	(718,446)	(718,446)	-
Administrative Expenses	-	(11,107)	11,107
Net Changes	<u>87,644</u>	<u>142,898</u>	<u>(55,254)</u>
Balance at June 30, 2017	<u>\$ 11,473,184</u>	<u>\$ 1,854,346</u>	<u>\$ 9,618,838</u>

There is sensitivity of the net OPEB liability due to changes in the discount rate and health-care cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Net OPEB Liability (Asset)	\$ 10,889,088	\$ 9,618,838	\$ 8,556,194

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

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

For the fiscal year ended June 30, 2017, the City recognized OPEB expense of \$697,689. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	\$ -	\$ 43,122
Total	<u>\$ -</u>	<u>\$ 43,122</u>

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

	Fiscal Year Ended
	June 30
2018	\$ 8,625
2019	8,625
2020	8,625
2021	8,625
2022	8,622
	<u>\$ 43,122</u>

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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

11. DEFINED CONTRIBUTION PLANS (CONTINUED):

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 placed their City-paid contributions which total 4.0% and 3.0%, respectively, of salary into the Plan. Management employees were 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.

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

12. DEFERRED COMPENSATION:

The City has made available to its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, whereby employees authorize the City to defer a portion of their salary to be deposited in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City contributes on a 50% matching basis up to 4% of management's compensation and up to 3% of middle management's compensation. For the fiscal year ended June 30, 2017, the employees contributed \$382,673 and the City contributed \$89,761 to the plan.

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, 2017

13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications as of June 30, 2017 were as follows:

	General Fund	Housing Authority Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Totals
Nonspendable:					
Receivables from					
Successor Agency	\$ 7,762,272	\$ -	\$ -	\$ -	\$ 7,762,272
Advances to other funds	2,757,488	-	-	-	2,757,488
Prepaid expenditures	980,133	-	-	5,644	985,777
Total Nonspendable	<u>11,499,893</u>	<u>-</u>	<u>-</u>	<u>5,644</u>	<u>11,505,537</u>
Restricted for:					
Low and moderate income housing	-	2,635,714	-	-	2,635,714
Public protection	-	-	-	181,776	181,776
Development	13,305	-	-	4,131,961	4,145,266
Transportation	-	-	-	3,629,272	3,629,272
Capital improvements	-	-	-	9,180,898	9,180,898
Housing	-	-	-	2,218	2,218
Total Restricted	<u>13,305</u>	<u>2,635,714</u>	<u>-</u>	<u>17,126,125</u>	<u>19,775,144</u>
Committed:					
Equipment replacement	535,393	-	-	-	535,393
Insurance premium increases	435,972	-	-	-	435,972
Capital improvements	1,430,882	-	-	-	1,430,882
Economic uncertainty	5,081,972	-	-	-	5,081,972
Police radio reserve	367,749	-	-	-	367,749
Library expansion	3,728,122	-	-	-	3,728,122
Park expansion	57,846	-	-	-	57,846
CalPERS rate increases	1,987,225	-	-	-	1,987,225
Building and land acquisition	1,879,448	-	-	-	1,879,448
OPEB future costs	1,121,444	-	-	-	1,121,444
Trash reduction	1,456	-	-	-	1,456
100th Anniversary	30,019	-	-	-	30,019
General plan	50,000	-	-	-	50,000
Cable television	53,359	-	-	-	53,359
Traffic safety	201,352	-	-	-	201,352
Total Committed	<u>16,962,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,962,239</u>
Unassigned	6,519,878	-	(530,250)	(19,083)	5,970,545
Total Fund Balances	<u>\$ 34,995,315</u>	<u>\$ 2,635,714</u>	<u>\$ (530,250)</u>	<u>\$ 17,112,686</u>	<u>\$ 54,213,465</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 117 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Primary Liability Program:

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

14. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CONTINUED):

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

For Fiscal Year 2016-17, 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) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority. 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:

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 2016-17, 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, 2017

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 an aggregate 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 policy term.

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 \$47,500,761. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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 \$23,740,615. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

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.

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 facilitated by the Authority.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 2016-17.

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 2016-17, the City collected \$44,833 in Parks & Recreation fees, \$47,787 in Water fees, and \$6,495 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 2016-17, the City expended \$258,802 in Parks & Recreation fees, and \$15,176 in Traffic fees. At June 30, 2017, the fund balances for the Parks & Recreation Impact Fund was \$3,163,491, for the Water Impact Fund was \$257,569, and for the Traffic Impact Fund was \$1,387,109.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

16. TAX ABATEMENTS:

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

For the fiscal year ended June 30, 2017, the City abated local sales tax totaling \$3,003,528.

17. RESTATEMENT OF NET POSITION AND FUND BALANCE:

The City restated the overstatement of land held for resale in the Housing Authority Special Revenue Fund. The cumulative effect of these restatements has resulted in a decrease to the net position and fund balances at July 1, 2016 as follows:

	<u>Governmental Activities</u>
Net position as previously reported as of June 30, 2016	\$ 98,510,282
Overstatement of Land held for resale	<u>(3,452,374)</u>
Net position as restated July 1, 2016	<u><u>\$ 95,057,908</u></u>

	<u>Housing Authority Special Revenue Fund</u>
Fund balances as previously reported as of June 30, 2016	\$ 6,084,280
Overstatement of Land held for resale	<u>(3,452,374)</u>
Fund balances as restated July 1, 2016	<u><u>\$ 2,631,906</u></u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. 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's 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, 2017 was as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets, not being depreciated				
Land	\$ 23,646,365	\$ -	\$ -	\$ 23,646,365
Total capital assets, not being depreciated	<u>23,646,365</u>	<u>-</u>	<u>-</u>	<u>23,646,365</u>
Total	<u>\$ 23,646,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,646,365</u>

Long-Term Liabilities:

Long-term liability activity for the fiscal year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Bonds payable:					
2006 TABs	\$ 11,895,000	\$ -	\$ (235,000)	\$ 11,660,000	\$ 235,000
2007 Refunding TABs	14,045,000	-	(1,505,000)	12,540,000	1,570,000
2009 Tax Allocation Parity Bonds	16,365,000	-	(830,000)	15,535,000	865,000
2011 Tax Allocation Parity Bonds	7,115,000	-	(500,000)	6,615,000	535,000
2015 Refunding TABs Series A	16,880,000	-	(1,860,000)	15,020,000	1,915,000
2015 Refunding TABs Series B	1,850,000	-	(100,000)	1,750,000	105,000
Less original issuance discounts	(309,745)	-	31,901	(277,844)	(31,901)
Add premium on bonds	<u>2,206,424</u>	<u>-</u>	<u>(304,334)</u>	<u>1,902,090</u>	<u>304,334</u>
Total bonds payable	<u>70,046,679</u>	<u>-</u>	<u>(5,302,433)</u>	<u>64,744,246</u>	<u>5,497,433</u>
Notes payable	191,002	-	(141,637)	49,365	49,365
Advances from the City of Signal Hill	<u>9,702,840</u>	<u>-</u>	<u>-</u>	<u>9,702,840</u>	<u>-</u>
Total long-term liabilities	<u>\$ 79,940,521</u>	<u>\$ -</u>	<u>\$ (5,444,070)</u>	<u>\$ 74,496,451</u>	<u>\$ 5,546,798</u>

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

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

A. 2006 Tax Allocation Bonds:

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

\$1,845,000 of 2006 term bonds 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, 2017, including interest, are as follows:

Fiscal Year		Principal	Interest	Total
Ending	June 30,			
2018	\$ 235,000	\$ 673,967	\$ 908,967	
2019	260,000	659,515	919,515	
2020	275,000	643,896	918,896	
2021	295,000	627,255	922,255	
2022	310,000	609,592	919,592	
2023-2027	10,285,000	2,025,402	12,310,402	
	<u>\$ 11,660,000</u>	<u>\$ 5,239,627</u>	<u>\$ 16,899,627</u>	

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

B. 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, 2017, including interest, are as follows:

Fiscal Year Ending				
June 30,		Principal	Interest	Total
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		1,785,000	284,888	2,069,888
2022		1,860,000	209,012	2,069,012
2023-2024		3,975,000	172,266	4,147,266
		<u>\$ 12,540,000</u>	<u>\$ 1,932,078</u>	<u>\$ 14,472,078</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

C. 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, 2017, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	1,000,000	646,612	1,646,612
2022	1,055,000	595,238	1,650,238
2023-2027	10,750,000	1,722,151	12,472,151
	<u>\$ 15,535,000</u>	<u>\$ 5,188,089</u>	<u>\$ 20,723,089</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

D. 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, 2017, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 535,000	\$ 419,438	\$ 954,438
2019	555,000	388,769	943,769
2020	590,000	355,112	945,112
2021	625,000	317,881	942,881
2022	670,000	276,575	946,575
2023-2027	3,640,000	642,951	4,282,951
	<hr/>	<hr/>	<hr/>
	\$ 6,615,000	\$ 2,400,726	\$ 9,015,726

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

E. 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, 2017, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	2,120,000	402,250	2,522,250
2022	2,220,000	293,750	2,513,750
2023-2024	4,765,000	240,875	5,005,875
	<u>\$ 15,020,000</u>	<u>\$ 2,703,950</u>	<u>\$ 17,723,950</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

F. 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, 2017, including interest, are as follows:

Fiscal Year Ending June 30,		Principal	Interest	Total
2018	\$ 105,000	\$ 46,606	\$ 151,606	
2019	100,000	45,200	145,200	
2020	105,000	43,531	148,531	
2021	105,000	41,497	146,497	
2022	105,000	39,135	144,135	
2023-2024	1,230,000	85,369	1,315,369	
	\$ 1,750,000	\$ 301,338	\$ 2,051,338	

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

G. 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, 2017, the outstanding balance of this note was \$49,365.

The annual debt requirements of this note at June 30, 2017 are as follows:

Fiscal Year				
Ending		Principal	Interest	Total
June 30,		\$ 49,365	\$ 835	\$ 50,200
		\$ 49,365	\$ 835	\$ 50,200

H. 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.

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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

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.

I. 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 \$251,604.

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

Fiscal Year Ending June 30,	
2018	\$ 251,604
2019	251,604
2020	251,604
2021	260,466
2022	266,796
2023-2027	1,356,951
2028-2032	1,432,949
2033-2037	1,513,578
2038-2042	1,591,423
2043-2047	1,676,424
2048-2052	1,758,553
2053-2056	1,237,176
Total minimum lease payments	<u>\$ 11,849,128</u>

CITY OF SIGNAL HILL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

I. Operating Lease Obligations (Continued):

(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 \$220,142.

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

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 220,142
2019	220,142
2020	220,142
2021	223,444
2022	226,745
2023-2027	1,143,930
2028-2032	1,178,249
2033-2037	1,213,594
2038-2042	1,250,001
2043-2047	1,287,504
2048-2052	1,326,131
2053-2056	1,087,048
Total minimum lease payments	<u>\$ 9,597,072</u>

J. 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, 2017

18. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

J. 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.

K. Owner Participation and Implementation Agreement (OPIA):

Pursuant to an Owner Participation and Implementation Agreement (OPIA) dated September 19, 1996, the Agency is required to pay a developer a formulated amount based on sales tax generated at a site developed within the City of Signal Hill. The source of these payments is to be provided by the Signal Hill Successor Agency. The first source is available tax increment revenue which is limited based on the amount of the Signal Hill Successor Agency's annual tax increment revenue less amounts required by law to be deposited in the Signal Hill Successor Agency's Affordable Housing Special Revenue Fund. The second source is a loan from the City of Signal Hill which would be made from the City's share of sales tax revenue generated from the developed site. No other sources of funds are available for payments. At June 30, 2017, there was \$4,182,555 due under this agreement, which is reported as a current liability.

19. 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, 2017

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

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The role 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, 2017

19. 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, 2016, 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIGNAL HILL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,860,387	\$ 1,860,387	\$ 1,802,205	\$ (58,182)
Sales and use tax	14,809,771	14,809,771	14,597,400	(212,371)
Other taxes	1,705,000	1,705,000	1,603,503	(101,497)
Licenses and permits	421,910	421,910	374,207	(47,703)
Intergovernmental revenues	41,000	41,000	58,295	17,295
Charges for services	765,879	765,879	757,361	(8,518)
Fines and forfeitures	320,200	320,200	288,478	(31,722)
Investment income	757,550	757,550	748,403	(9,147)
Other revenue	25,000	25,000	311,493	286,493
Total revenues	20,706,697	20,706,697	20,541,345	(165,352)
Expenditures:				
Current:				
General government:				
City Council	218,330	218,330	202,873	15,457
City Treasurer	6,110	6,110	6,730	(620)
City Clerk	199,305	199,305	186,225	13,080
Economic development	232,580	232,580	548,943	(316,363)
Executive administration	591,660	591,660	687,145	(95,485)
Program administration	257,780	257,780	237,400	20,380
Personnel services	358,210	358,210	277,249	80,961
Support services	1,410,752	1,410,752	1,741,435	(330,683)
Management information services	172,500	172,500	136,027	36,473
Fiscal services	923,825	923,825	854,079	69,746
Total general government	4,371,052	4,371,052	4,878,106	(507,054)
Community services:				
Library programs and services	432,110	432,110	427,724	4,386
Community support and services	794,445	794,445	660,153	134,292
Recreation	421,990	421,990	488,046	(66,056)
Total community services	1,648,545	1,648,545	1,575,923	72,622
Police:				
Community outreach	77,850	77,850	79,863	(2,013)
Patrol services	4,796,690	4,796,690	4,902,101	(105,411)
Investigative services	1,070,690	1,070,690	1,059,529	11,161
Police support services	1,641,110	1,641,110	1,682,183	(41,073)
Communications	734,650	734,650	717,991	16,659
Records	376,970	376,970	313,257	63,713
Emergency and disaster services	83,250	83,250	61,629	21,621
Total police	8,781,210	8,781,210	8,816,553	(35,343)

(Continued)

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

For the Fiscal Year Ended June 30, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community development:				
Planning services	\$ 328,890	\$ 328,890	\$ 302,826	\$ 26,064
Neighborhood enhancement	109,650	109,650	86,498	23,152
Building and safety	320,630	320,630	176,180	144,450
Oil field services	138,290	138,290	116,950	21,340
Total community development	<u>897,460</u>	<u>897,460</u>	<u>682,454</u>	<u>215,006</u>
Public works:				
Engineering and project services	719,390	719,390	656,804	62,586
Building maintenance	716,360	716,360	585,370	130,990
Environmental programs	830,320	830,320	536,785	293,535
Grounds maintenance	969,200	969,200	827,089	142,111
Street maintenance operations	1,627,715	1,627,715	1,370,256	257,459
Total public works	<u>4,862,985</u>	<u>4,862,985</u>	<u>3,976,304</u>	<u>886,681</u>
Capital outlay	<u>193,000</u>	<u>193,000</u>	<u>90,218</u>	<u>102,782</u>
Debt service:				
Principal payments	14,897	14,897	14,897	-
Interest and fiscal charges	2,131	2,131	2,131	-
	<u>17,028</u>	<u>17,028</u>	<u>17,028</u>	<u>-</u>
Total expenditures	<u>20,771,280</u>	<u>20,771,280</u>	<u>20,036,586</u>	<u>734,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,583)</u>	<u>(64,583)</u>	<u>504,759</u>	<u>569,342</u>
Other financing sources (uses):				
Transfers out	<u>(341,900)</u>	<u>(341,900)</u>	<u>(339,478)</u>	<u>2,422</u>
Total other financing sources (uses)	<u>(341,900)</u>	<u>(341,900)</u>	<u>(339,478)</u>	<u>2,422</u>
Net change in fund balance	<u>(406,483)</u>	<u>(406,483)</u>	<u>165,281</u>	<u>571,764</u>
Fund balance at beginning of fiscal year	<u>34,830,034</u>	<u>34,830,034</u>	<u>34,830,034</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 34,423,551</u>	<u>\$ 34,423,551</u>	<u>\$ 34,995,315</u>	<u>\$ 571,764</u>

See Note to the Required Supplementary Information

CITY OF SIGNAL HILL
 BUDGETARY COMPARISON SCHEDULE
 HOUSING AUTHORITY SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2017

	Budget			Variance- with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 40,000	\$ 40,000	\$ 8,331	\$ (31,669)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>8,331</u>	<u>(31,669)</u>
Expenditure:				
Current:				
Community development	<u>40,000</u>	<u>40,000</u>	<u>4,523</u>	<u>35,477</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>4,523</u>	<u>35,477</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,808</u>	<u>3,808</u>
Fund balance at beginning of fiscal year	6,084,280	6,084,280	6,084,280	-
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(3,452,374)</u>	<u>(3,452,374)</u>
Fund balance at beginning of fiscal year, restated	<u>6,084,280</u>	<u>6,084,280</u>	<u>2,631,906</u>	<u>(3,452,374)</u>
Fund balance at end of fiscal year	<u><u>\$ 6,084,280</u></u>	<u><u>\$ 6,084,280</u></u>	<u><u>\$ 2,635,714</u></u>	<u><u>\$ (3,448,566)</u></u>

CITY OF SIGNAL HILL
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

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 (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budgets were adopted for the Assets Seizure, Public Safety State Resources, Housing Impact, MTA-STPL Grant, Civic Center Phase II 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. Expenditures exceeded appropriations in major funds as follows:

Major Fund:

General Fund:

General government - City Treasurer	\$ 620
General government - Economic Development	316,363
General government - Executive administration	95,485
General government - Support services	330,683
Community services - Recreation	66,056
Police - Community outreach	2,013
Police - Patrol services	105,411
Police - Support services	41,073

These expenditures exceeding appropriations were funded by existing fund balances or by greater than anticipated revenues.

- 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 XIIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, or returned to the taxpayers through revised tax rates or revised fee schedules. Or an excess in one year may be offset against a deficit in following year. For the fiscal year ended June 30, 2017, based on calculations by City management, proceeds of taxes did not exceed appropriations.

CITY OF SIGNAL HILL
Required Supplementary Information
June 30, 2017

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, 2016 ¹ Fiscal Year 2016-17 Combined	Measurement Date June 30, 2015 ¹ Fiscal Year 2015-16 Combined	Measurement Date June 30, 2014 ¹ Fiscal Year 2014-15 Combined
Proportion of the net pension liability	0.292004%	0.294832%	0.300795%
Proportionate share of the net pension liability	\$ 25,267,426	\$ 20,237,038	\$ 18,716,877
Covered-employee payroll ²	\$ 7,710,519	\$ 7,098,450	\$ 7,625,485
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	327.70%	285.09%	245.45%
Plan's fiduciary net position	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan's total pension liability	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan fiduciary net position as a percentage of total pension liability	74.06%	78.40%	79.82%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

²Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total of employees that are provided pensions through the 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.

Note to Schedule:

Benefit Changes: The figures above do not include any liability impact may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: Since June 30, 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

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

CITY OF SIGNAL HILL

Required Supplementary Information

June 30, 2017

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

SCHEDULE OF PENSION CONTRIBUTIONS

	Combined Fiscal Year 2016-17 ¹	Combined Fiscal Year 2015-16 ¹	Combined Fiscal Year 2014-15 ¹
Actuarially Determined Contribution ²	\$ 2,532,103	\$ 2,321,377	\$ 1,871,390
Contributions in Relation to the Actuarially Determined Contribution ²	(2,532,103)	(2,321,377)	(1,871,390)
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered Employee Payroll ³	 \$ 8,199,788	 \$ 7,710,519	 \$ 7,098,450
 Contributions as a Percentage of Covered Employee Payroll ³	 30.88%	 30.11%	 26.36%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² 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. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

³ 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 that are provided pensions through the 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 2014-15 were from the June 30, 2012 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2012 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 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 three years are shown

CITY OF SIGNAL HILL
 Required Supplementary Information
 June 30, 2017

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

	2017	2016
Total OPEB Liability		
Service Cost	\$ 86,566	\$ 84,249
Interest on the Total Pension Liability	719,524	732,333
Benefit Payments	<u>(718,446)</u>	<u>(697,696)</u>
Net Change in Total Pension Liability	87,644	118,886
Total OPEB Liability - Beginning	11,385,540	11,266,654
Total OPEB Liability - Ending (a)	<u>\$ 11,473,184</u>	<u>\$ 11,385,540</u>
Plan Fiduciary Net Position		
Contribution from the Employer	\$ 718,446	\$ 847,696
Net investment income	154,005	(31,941)
Benefit Payments	<u>(718,446)</u>	<u>(697,696)</u>
Administrative Expenses	<u>(11,107)</u>	<u>(3,818)</u>
Net Change in Plan Fiduciary Net Position	142,898	114,241
Plan Fiduciary Net Position - Beginning	1,711,448	1,597,207
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,854,346</u>	<u>\$ 1,711,448</u>
Net OPEB Liability - Ending (a)-(b)	<u><u>\$ 9,618,838</u></u>	<u><u>\$ 9,674,092</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	16.16%	15.03%
Covered - Employee Payroll	\$ 7,997,352	\$ 7,783,311
Net OPEB Liability as Percentage of Covered-Employee Payroll	120.28%	124.29%

* Fiscal year 2016 was the 1st year of implementation, therefore only two years are 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, 2017

	Budget			Variance- with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 7,557	\$ 7,557	\$ 8,059,957	\$ 8,052,400
Total revenues	<u>7,557</u>	<u>7,557</u>	<u>8,059,957</u>	<u>8,052,400</u>
Expenditure:				
Capital outlay	<u>1,295,040</u>	<u>1,295,040</u>	<u>7,533,850</u>	<u>(6,238,810)</u>
Total expenditures	<u>1,295,040</u>	<u>1,295,040</u>	<u>7,533,850</u>	<u>(6,238,810)</u>
(Deficiency) of revenues (under) expenditures	<u>(1,287,483)</u>	<u>(1,287,483)</u>	<u>526,107</u>	<u>1,813,590</u>
Other financing sources:				
Transfers in	<u>1,696,588</u>	<u>1,696,588</u>	<u>1,498,572</u>	<u>(198,016)</u>
Total other financing sources	<u>1,696,588</u>	<u>1,696,588</u>	<u>1,498,572</u>	<u>(198,016)</u>
Net change in fund balances	409,105	409,105	2,024,679	1,615,574
Fund (deficit) at beginning of fiscal year	<u>(2,554,929)</u>	<u>(2,554,929)</u>	<u>(2,554,929)</u>	-
Fund (deficit) at end of fiscal year	<u>\$ (2,145,824)</u>	<u>\$ (2,145,824)</u>	<u>\$ (530,250)</u>	<u>\$ 1,615,574</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 enforcement 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.

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-STPL 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.

Civic Center Phase II Fund – This fund is used to account for monies received directly from the Successor Agency which are required to be used for the Civic Center Phase II improvements.

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.

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue Funds			
	Asset Seizure	DOJ Grants	Park Development	HCDA Grant
Assets				
Cash and investments	\$ 181,776	\$ -	\$ 3,163,491	\$ -
Restricted cash and investments	-	-	-	-
Accrued interest receivable	-	-	-	600
Due from other governments	-	-	-	72,690
Prepaid expenditures	-	-	-	-
Loans receivable	-	-	-	6,038
Advances to other funds	-	-	934,704	-
Total assets	<u>\$ 181,776</u>	<u>\$ -</u>	<u>\$ 4,098,195</u>	<u>\$ 79,328</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,677
Unearned revenue	-	-	934,704	-
Due to other funds	-	-	-	68,013
Total liabilities	<u>-</u>	<u>-</u>	<u>934,704</u>	<u>72,690</u>
Deferred inflows of resources:				
Unavailable revenue:	-	-	-	4,420
Fund balances:				
Nonspendable	-	-	-	-
Restricted for:				
Public protection	181,776	-	-	-
Development	-	-	3,163,491	-
Transportation	-	-	-	-
Capital improvements	-	-	-	-
Housing	-	-	-	2,218
Unassigned	-	-	-	-
Total fund balances	<u>181,776</u>	<u>-</u>	<u>3,163,491</u>	<u>2,218</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 181,776</u>	<u>\$ -</u>	<u>\$ 4,098,195</u>	<u>\$ 79,328</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
\$ 485,434	\$ 663,133	\$ 2,231,200	\$ 150,312	\$ 257,569	\$ 1,387,109	\$ 355,139	\$ 106,413
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,500	-	-	3,789	-	-	-	592
-	5,644	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	33,192	-	-
\$ 492,934	\$ 668,777	\$ 2,231,200	\$ 154,101	\$ 257,569	\$ 1,420,301	\$ 355,139	\$ 107,005
<hr/>							
\$ -	\$ 12,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,392
-	-	-	-	-	33,192	-	-
-	-	-	-	-	-	-	-
-	12,590	-	-	-	33,192	-	5,392
7,500	-	-	-	-	-	-	-
<hr/>							
-	5,644	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	257,569	-	-	-
485,434	650,543	-	154,101	-	1,387,109	355,139	-
-	-	2,231,200	-	-	-	-	101,613
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
485,434	656,187	2,231,200	154,101	257,569	1,387,109	355,139	101,613
\$ 492,934	\$ 668,777	\$ 2,231,200	\$ 154,101	\$ 257,569	\$ 1,420,301	\$ 355,139	\$ 107,005

(Continued)

CITY OF SIGNAL HILL

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)
June 30, 2017

	Special Revenue Funds (Continued)			
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant
Assets				
Cash and investments	\$ -	\$ -	\$ 710,901	\$ 201,253
Restricted cash and investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	-	19,083	-	-
Prepaid expenditures	-	-	-	-
Loans receivable	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 19,083</u>	<u>\$ 710,901</u>	<u>\$ 201,253</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	19,083	-	-
Total liabilities	<u>-</u>	<u>19,083</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue:	<u>-</u>	<u>19,083</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted for:				
Public protection	-	-	-	-
Development	-	-	710,901	-
Transportation	-	-	-	201,253
Capital improvements	-	-	-	-
Housing	-	-	-	-
Unassigned	-	(19,083)	-	-
Total fund balances	<u>-</u>	<u>(19,083)</u>	<u>710,901</u>	<u>201,253</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 19,083</u>	<u>\$ 710,901</u>	<u>\$ 201,253</u>

<u>Special Revenue Funds (Continued)</u>		Total
Civic Center Phase II	Transportation Measure R	Other Governmental Funds
\$ -	\$ 395,693	\$ 10,289,423
7,610,718	-	7,610,718
-	-	600
-	-	103,654
-	-	5,644
-	-	6,038
-	-	967,896
<hr/>	<hr/>	<hr/>
<u>\$ 7,610,718</u>	<u>\$ 395,693</u>	<u>\$ 18,983,973</u>
<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 22,659
-	-	967,896
<u>762,633</u>	<u>-</u>	<u>849,729</u>
<hr/>	<hr/>	<hr/>
<u>762,633</u>	<u>-</u>	<u>1,840,284</u>
<hr/>	<hr/>	<hr/>
<u>-</u>	<u>-</u>	<u>31,003</u>
<hr/>	<hr/>	<hr/>
-	-	5,644
-	-	181,776
-	-	4,131,961
-	395,693	3,629,272
<u>6,848,085</u>	<u>-</u>	<u>9,180,898</u>
-	-	2,218
-	-	(19,083)
<hr/>	<hr/>	<hr/>
<u>6,848,085</u>	<u>395,693</u>	<u>17,112,686</u>
<hr/>	<hr/>	<hr/>
<u>\$ 7,610,718</u>	<u>\$ 395,693</u>	<u>\$ 18,983,973</u>
<hr/>	<hr/>	<hr/>

CITY OF SIGNAL HILL

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

For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds			
	Asset Seizure	DOJ Grants	Park Development	HCDA Grant
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	- -	7,000	12,230	77,519
Charges for services	- -	- -	- -	- -
Investment income	690	- -	12,764	- -
Developer fees	- -	- -	44,833	- -
Total revenues	690	7,000	69,827	77,519
Expenditures:				
Current:				
General government	- -	- -	- -	- -
Police	945	26,189	- -	- -
Community development	- -	- -	- -	8,649
Public works	- -	- -	- -	- -
Capital outlay	- -	- -	- -	101,982
Total expenditures	945	26,189	- -	110,631
Excess (deficiency) of revenues over (under) expenditures	(255)	(19,189)	69,827	(33,112)
Other financing sources (uses):				
Transfers in	- -	19,189	- -	29,292
Transfers out	(13,480)	- -	(258,802)	- -
Total other financing sources (uses)	(13,480)	19,189	(258,802)	29,292
Net change in fund balances	(13,735)	- -	(188,975)	(3,820)
Fund balances at beginning of fiscal year	195,511	- -	3,352,466	6,038
Fund balances (deficits) at end of fiscal year	\$ 181,776	\$ - -	\$ 3,163,491	\$ 2,218

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
\$ - 225,956	\$ 211,396	\$ 126,573	\$ - 18,870	\$ -	\$ -	\$ 174,186	\$ 55,529
-	- 1,142	-	-	-	-	-	-
1,842	2,515	8,467	570	978	5,264	1,633	827
-	-	-	-	47,787	6,495	-	-
227,798	215,053	135,040	19,440	48,765	11,759	175,819	56,356
-	-	-	1,000	-	-	-	-
-	-	-	-	-	-	-	-
-	158,749	-	-	-	-	-	-
-	-	-	-	-	-	-	69,773
-	-	-	-	-	-	-	-
-	158,749	-	1,000	-	-	-	69,773
227,798	56,304	135,040	18,440	48,765	11,759	175,819	(13,417)
(7,500)	(67)	-	-	-	(15,176)	(275,200)	-
(7,500)	(67)	-	-	-	(15,176)	(275,200)	-
220,298	56,237	135,040	18,440	48,765	(3,417)	(99,381)	(13,417)
265,136	599,950	2,096,160	135,661	208,804	1,390,526	454,520	115,030
\$ 485,434	\$ 656,187	\$ 2,231,200	\$ 154,101	\$ 257,569	\$ 1,387,109	\$ 355,139	\$ 101,613

(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, 2017

	Special Revenue Funds (Continued)			
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	129,324	19,271	-	200,489
Charges for services	-	-	-	-
Investment income	-	-	2,698	764
Developer fees	-	-	-	-
Total revenues	129,324	19,271	2,698	201,253
Expenditures:				
Current:				
General government	-	-	-	-
Police	264,113	43,581	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	264,113	43,581	-	-
Excess (deficiency) of revenues over (under) expenditures	(134,789)	(24,310)	2,698	201,253
Other financing sources (uses):				
Transfers in	134,789	5,227	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	134,789	5,227	-	-
Net change in fund balances	-	(19,083)	2,698	201,253
Fund balances at beginning of fiscal year	-	-	708,203	-
Fund balances (deficits) at end of fiscal year	\$ -	\$ (19,083)	\$ 710,901	\$ 201,253

<u>Special Revenue Funds (Continued)</u>			Total
Civic Center Phase II	Transportation Measure R	Governmental Funds	Other
\$ -	\$ 131,542	\$ 699,226	
-	-	690,659	
-	-	1,142	
32,795	1,501	73,308	
-	-	99,115	
<u>32,795</u>	<u>133,043</u>	<u>1,563,450</u>	
			1,000
-	-	334,828	
-	-	167,398	
-	-	69,773	
-	-	101,982	
<u>-</u>	<u>-</u>	<u>674,981</u>	
<u>32,795</u>	<u>133,043</u>	<u>888,469</u>	
-	-	188,497	
<u>(762,633)</u>	<u>(14,733)</u>	<u>(1,347,591)</u>	
<u>(762,633)</u>	<u>(14,733)</u>	<u>(1,159,094)</u>	
(729,838)	118,310	(270,625)	
<u>7,577,923</u>	<u>277,383</u>	<u>17,383,311</u>	
<u>\$ 6,848,085</u>	<u>\$ 395,693</u>	<u>\$ 17,112,686</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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 12,230	\$ 12,230
Investment income	10,000	10,000	12,764	2,764
Developer fees	358,000	358,000	44,833	(313,167)
Total revenues	368,000	368,000	69,827	(298,173)
Expenditures:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	368,000	368,000	69,827	(298,173)
Other financing sources (uses):				
Transfers out	(533,500)	(533,500)	(258,802)	274,698
Total other financing sources (uses)	(533,500)	(533,500)	(258,802)	274,698
Net change in fund balance	(165,500)	(165,500)	(188,975)	(23,475)
Fund balance at beginning of fiscal year	3,352,466	3,352,466	3,352,466	-
Fund balance at end of fiscal year	\$ 3,186,966	\$ 3,186,966	\$ 3,163,491	\$ (23,475)

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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues	\$ 56,513	\$ 56,513	\$ 77,519	\$ 21,006
Expenditures:				
Current:				
Community development	8,476	8,476	8,649	(173)
Capital outlay	48,037	48,037	101,982	(53,945)
Total expenditures	<u>56,513</u>	<u>56,513</u>	<u>110,631</u>	<u>(54,118)</u>
Excess of revenues over expenditures	-	-	(33,112)	(33,112)
Other financing sources (uses):				
Transfers in	-	-	29,292	29,292
Total other financing sources (uses)	-	-	29,292	29,292
Net change in fund balance	-	-	(3,820)	(3,820)
Fund at beginning of fiscal year	<u>6,038</u>	<u>6,038</u>	<u>6,038</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 6,038</u>	<u>\$ 6,038</u>	<u>\$ 2,218</u>	<u>\$ (3,820)</u>

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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues	\$ 244,048	\$ 244,048	\$ 225,956	\$ (18,092)
Investment income	<u>-</u>	<u>-</u>	1,842	1,842
Total revenues	<u>244,048</u>	<u>244,048</u>	227,798	(16,250)
Other financing sources (uses):				
Transfers out	<u>(244,048)</u>	<u>(244,048)</u>	(7,500)	236,548
Total other financing sources (uses)	<u>(244,048)</u>	<u>(244,048)</u>	(7,500)	236,548
Net change in fund balance	<u>-</u>	<u>-</u>	220,298	220,298
Fund balance at beginning of fiscal year	<u>265,136</u>	<u>265,136</u>	265,136	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 265,136</u>	<u>\$ 265,136</u>	\$ 485,434	<u>\$ 220,298</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other taxes	\$ 212,264	\$ 212,264	\$ 211,396	\$ (868)
Intergovernmental revenues	409,000	409,000	-	(409,000)
Charges for services	-	-	1,142	1,142
Investment income	-	-	2,515	2,515
 Total revenues	 621,264	 621,264	 215,053	 (406,211)
 Current:				
Community development	-	-	158,749	(158,749)
 Total expenditures	 -	 -	 158,749	 (158,749)
 Excess of revenues over expenditures	 621,264	 621,264	 56,304	 (564,960)
 Other financing sources (uses):				
Transfers out	(244,048)	(244,048)	(67)	243,981
 Total other financing sources (uses)	 (244,048)	 (244,048)	 (67)	 243,981
 Net change in fund balance	 377,216	 377,216	 56,237	 (320,979)
 Fund balance at beginning of fiscal year	 599,950	 599,950	 599,950	 -
 Fund balance at end of fiscal year	 \$ 977,166	 \$ 977,166	 \$ 656,187	 \$ (320,979)

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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other taxes	\$ 5,000	\$ 5,000	\$ 126,573	\$ 121,573
Investment income	-	-	8,467	8,467
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>135,040</u>	<u>130,040</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	5,000	5,000	135,040	130,040
Fund balance at beginning of fiscal year	<u>2,096,160</u>	<u>2,096,160</u>	<u>2,096,160</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 2,101,160</u>	<u>\$ 2,101,160</u>	<u>\$ 2,231,200</u>	<u>\$ 130,040</u>

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

For the Fiscal Year Ended June 30, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues	\$ 10,000	\$ 10,000	\$ 18,870	\$ 8,870
Investment income	-	-	570	570
Total revenues	10,000	10,000	19,440	9,440
Expenditures:				
Current:				
General government	-	-	1,000	(1,000)
Excess of revenues over expenditures	10,000	10,000	18,440	8,440
Fund balance at beginning of fiscal year	135,661	135,661	135,661	-
Fund balance at end of fiscal year	\$ 145,661	\$ 145,661	\$ 154,101	\$ 8,440

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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 6,000	\$ 6,000	\$ 978	\$ (5,022)
Developer fees	<u>513,000</u>	<u>513,000</u>	<u>47,787</u>	<u>(465,213)</u>
Total revenues	<u>519,000</u>	<u>519,000</u>	<u>48,765</u>	<u>(470,235)</u>
Expenditures:				
Current:				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	519,000	519,000	48,765	(470,235)
Fund balance at beginning of fiscal year	<u>208,804</u>	<u>208,804</u>	<u>208,804</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 727,804</u>	<u>\$ 727,804</u>	<u>\$ 257,569</u>	<u>\$ (470,235)</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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ -	\$ -	\$ 5,264	\$ 5,264
Developer fees	<u>170,000</u>	<u>170,000</u>	<u>6,495</u>	<u>(163,505)</u>
Total revenues	<u>170,000</u>	<u>170,000</u>	<u>11,759</u>	<u>(158,241)</u>
Other financing sources (uses):				
Transfers out	-	-	(15,176)	(15,176)
Total other financing sources (uses)	-	-	(15,176)	(15,176)
Net change in fund balance	170,000	170,000	(3,417)	(173,417)
Fund balance at beginning of fiscal year	<u>1,390,526</u>	<u>1,390,526</u>	<u>1,390,526</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 1,560,526</u>	<u>\$ 1,560,526</u>	<u>\$ 1,387,109</u>	<u>\$ (173,417)</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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other taxes	\$ 176,067	\$ 176,067	\$ 174,186	\$ (1,881)
Investment income	-	-	1,633	1,633
Total revenues	<u>176,067</u>	<u>176,067</u>	<u>175,819</u>	<u>(248)</u>
Expenditures:				
Current:				
Community development	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess of revenues over expenditures	<u>171,067</u>	<u>171,067</u>	<u>175,819</u>	<u>4,752</u>
Other financing sources (uses):				
Transfers out	<u>(165,000)</u>	<u>(165,000)</u>	<u>(275,200)</u>	<u>(110,200)</u>
Total other financing sources (uses)	<u>(165,000)</u>	<u>(165,000)</u>	<u>(275,200)</u>	<u>(110,200)</u>
Net change in fund balance	6,067	6,067	(99,381)	(105,448)
Fund balance at beginning of fiscal year	<u>454,520</u>	<u>454,520</u>	<u>454,520</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 460,587</u>	<u>\$ 460,587</u>	<u>\$ 355,139</u>	<u>\$ (105,448)</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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other taxes	\$ 57,350	\$ 57,350	\$ 55,529	\$ (1,821)
Investment income	1,000	1,000	827	(173)
Total revenues	58,350	58,350	56,356	(1,994)
Expenditures:				
Current:				
Public works	94,000	94,000	69,773	24,227
Excess of revenues over expenditures	(35,650)	(35,650)	(13,417)	22,233
Fund balance at beginning of fiscal year	115,030	115,030	115,030	-
Fund balance at end of fiscal year	\$ 79,380	\$ 79,380	\$ 101,613	\$ 22,233

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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 129,324	\$ 29,324
Total revenues	100,000	100,000	129,324	29,324
Expenditures:				
Current:				
Police	227,200	227,200	264,113	(36,913)
Excess of revenues over expenditures	(127,200)	(127,200)	(134,789)	(7,589)
Other financing sources (uses):				
Transfers in	127,200	127,200	134,789	7,589
Total other financing sources (uses)	127,200	127,200	134,789	7,589
Net change in fund balance	-	-	-	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	\$ -	\$ -	\$ -	\$ -

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, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other taxes	\$ 132,040	132,040	\$ 131,542	\$ (498)
Investment income	-	-	1,501	1,501
Total revenues	132,040	132,040	133,043	1,003
Other financing sources (uses):				
Transfers out	(132,040)	(132,040)	(14,733)	117,307
Total other financing sources (uses)	(132,040)	(132,040)	(14,733)	117,307
Net change in fund balance	-	-	118,310	118,310
Fund balance at beginning of fiscal year	277,383	277,383	277,383	-
Fund balance at end of fiscal year	\$ 277,383	\$ 277,383	\$ 395,693	\$ 118,310

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FIDUCIARY FUND

AGENCY FUND

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

CITY OF SIGNAL HILL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

June 30, 2017

	Spring Street Corridor Joint Powers Authority Fund
Assets:	
Due from other governments	<u>\$ 1,836</u>
Total assets	<u><u>\$ 1,836</u></u>
Liabilities:	
Due to other governments	<u>\$ 1,836</u>
Total liabilities	<u><u>\$ 1,836</u></u>

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

For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
SPRING STREET CORRIDOR JOINT POWER AUTHORITY				
Assets:				
Due from other governments	\$ 3,488	\$ 1,745	\$ (3,397)	\$ 1,836
Total assets	<u>\$ 3,488</u>	<u>\$ 1,745</u>	<u>\$ (3,397)</u>	<u>\$ 1,836</u>
Liabilities:				
Accounts payable	\$ 3,488	\$ 1,745	\$ (3,397)	\$ 1,836
Total liabilities	<u>\$ 3,488</u>	<u>\$ 1,745</u>	<u>\$ (3,397)</u>	<u>\$ 1,836</u>

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2017

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.	134 – 141
<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.	142 – 145
<u>Debt Capacity</u> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future	146 – 149
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	150 – 151
<u>Operating Information</u> – These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	152 – 154

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

	Fiscal Year Ending June 30,			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 44,503	\$ 45,402	\$ 46,331	\$ 59,680
Restricted	37,503	36,632	56,423	47,378
Unrestricted	(47,272)	(43,794)	(65,190)	(66,721)
Total governmental activities net position	<u><u>\$ 34,734</u></u>	<u><u>\$ 38,240</u></u>	<u><u>\$ 37,564</u></u>	<u><u>\$ 40,337</u></u>
Business-type activities				
Net investment in capital assets	\$ 18,010	\$ 17,674	\$ 17,341	\$ 17,076
Restricted			670	679
Unrestricted	4,108	4,892	4,484	4,026
Total business-type activities net position	<u><u>\$ 22,118</u></u>	<u><u>\$ 22,566</u></u>	<u><u>\$ 22,495</u></u>	<u><u>\$ 21,781</u></u>
Primary government				
Net investment in capital assets	\$ 62,513	\$ 63,076	\$ 63,672	\$ 76,756
Restricted	37,503	36,632	57,093	48,057
Unrestricted	(43,164)	(38,902)	(60,706)	(62,695)
Total primary government net position	<u><u>\$ 56,852</u></u>	<u><u>\$ 60,806</u></u>	<u><u>\$ 60,059</u></u>	<u><u>\$ 62,118</u></u>

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,

2012	2013	2014	2015	2016	2017
\$ 57,653	\$ 47,617	\$ 47,543	\$ 48,407	\$ 67,914	\$ 73,428
10,749	10,172	16,927	17,086	23,481	19,781
35,059	33,426	30,728	13,095	7,115	10,616
<u>\$ 103,461</u>	<u>\$ 91,215</u>	<u>\$ 95,198</u>	<u>\$ 78,588</u>	<u>\$ 98,510</u>	<u>\$ 103,825</u>
\$ 16,792	\$ 16,315	\$ 15,821	\$ 16,003	\$ 18,952	\$ 23,636
674	671	-	-	-	-
4,239	4,237	4,660	3,110	1,958	(2,316)
<u>\$ 21,705</u>	<u>\$ 21,223</u>	<u>\$ 20,481</u>	<u>\$ 19,113</u>	<u>\$ 20,910</u>	<u>\$ 21,320</u>
\$ 74,445	\$ 63,932	\$ 63,364	\$ 64,410	\$ 86,866	\$ 97,064
11,423	10,843	16,927	17,086	23,481	19,781
39,298	37,663	35,388	16,205	9,073	8,300
<u>\$ 125,166</u>	<u>\$ 112,438</u>	<u>\$ 115,679</u>	<u>\$ 97,701</u>	<u>\$ 119,420</u>	<u>\$ 125,145</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,			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 3,344	\$ 3,685	\$ 3,137	\$ 2,790
Community services	1,407	1,418	1,273	1,241
Police	7,662	7,628	7,726	7,521
Community development	11,578	8,788	11,563	8,863
Public works	4,585	5,600	4,935	4,462
Unallocated infrastructure depreciation	531	531	521	524
Interest on long-term liabilities	4,095	3,761	4,394	4,787
Fiscal agent fees	17	19	-	-
Total governmental activities expenses	<u>33,219</u>	<u>31,430</u>	<u>33,549</u>	<u>30,188</u>
Business-type activities - Water	3,380	3,578	3,832	4,163
Total primary government expenses	<u>\$ 36,599</u>	<u>\$ 35,008</u>	<u>\$ 37,381</u>	<u>\$ 34,351</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 157	\$ 440	\$ 70	\$ 168
Community services	297	301	239	234
Police	665	639	556	607
Community development	597	559	506	677
Public works	962	1,062	914	897
Operating grants	806	1,187	1,703	1,448
Capital grants and contributions	1,230	1,268	1,376	440
Total governmental activities program revenues	<u>4,714</u>	<u>5,456</u>	<u>5,364</u>	<u>4,471</u>
Business-type activities - Water,				
Charges for services	3,352	3,291	3,630	3,383
Capital grants and contributions				
Total primary government program revenues	<u>\$ 8,066</u>	<u>\$ 8,747</u>	<u>\$ 8,994</u>	<u>\$ 7,854</u>
Net (expense)/revenue				
Governmental activities	\$ (28,505)	\$ (25,974)	\$ (28,185)	\$ (25,717)
Business-type activities	(28)	(287)	(202)	(780)
Total primary government net expeneses	<u>\$ (28,533)</u>	<u>\$ (26,261)</u>	<u>\$ (28,387)</u>	<u>\$ (26,497)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 14,302	\$ 15,391	\$ 15,168	\$ 14,801
Sales and use	12,162	9,978	9,460	9,946
Franchise	502	563	514	533
Motor vehicle	51	39	33	58
Other	1,117	1,355	1,058	1,145
Investment income	3,356	2,503	1,267	649
Unrestricted grants and contributions	195	136	27	71
Gain (loss) on disposition of assets	14	14	(17)	6
Transfers	(1,151)	(500)	-	-
Extraordinary item	-	-	-	-
Total governmental activities	<u>30,548</u>	<u>29,479</u>	<u>27,510</u>	<u>27,209</u>
Business-type activities:				
Investment income	206	236	131	66
Unrestricted grants and contributions	-	-	-	-
Gain (loss) on disposition of assets	-	-	-	-
Transfers	1,151	500	-	-
Total business-type activities	<u>1,357</u>	<u>736</u>	<u>131</u>	<u>66</u>
Total primary government	<u>\$ 31,905</u>	<u>\$ 30,215</u>	<u>\$ 27,641</u>	<u>\$ 27,275</u>
Changes in Net Position				
Governmental activities	\$ 2,043	\$ 3,505	\$ (675)	\$ 1,492
Business-type activities	1,329	449	(71)	(714)
Total primary government	<u>\$ 3,372</u>	<u>\$ 3,954</u>	<u>\$ (746)</u>	<u>\$ 778</u>

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017
\$ 3,080	\$ 3,695	\$ 5,556	\$ 4,149	\$ 3,843	\$ 4,633	
1,217	1,220	1,319	1,251	1,505	1,362	
7,571	7,611	8,220	8,254	9,350	9,576	
1,280	935	992	942	868	858	
4,141	4,506	4,142	4,369	4,256	4,605	
535	545	614	551	551	645	
3,687	-	-	-	-	-	
-	-	-	-	-	-	
<u>21,511</u>	<u>18,512</u>	<u>20,843</u>	<u>19,516</u>	<u>20,373</u>	<u>21,679</u>	
3,804	3,992	4,531	4,424	4,145	5,312	
<u>\$ 25,315</u>	<u>\$ 22,504</u>	<u>\$ 25,374</u>	<u>\$ 23,940</u>	<u>\$ 24,518</u>	<u>\$ 26,992</u>	
\$ 176	\$ 210	\$ 227	\$ 201	\$ 175	\$ 178	
209	202	115	192	212	191	
453	430	297	282	270	288	
531	95	368	537	584	514	
773	649	431	437	422	461	
1,586	1,596	1,619	1,339	9,313	850	
2,691	1,339	2,369	2,433	2,020	9,188	
<u>6,419</u>	<u>4,521</u>	<u>5,426</u>	<u>5,421</u>	<u>12,996</u>	<u>11,671</u>	
3,515	3,672	3,734	3,760	3,400	3,785	
				999	1,927	
<u>\$ 9,934</u>	<u>\$ 8,193</u>	<u>\$ 9,160</u>	<u>\$ 9,181</u>	<u>\$ 16,396</u>	<u>\$ 17,382</u>	
\$ (15,092)	\$ (13,991)	\$ (15,417)	\$ (14,095)	\$ (7,377)	\$ (10,009)	
(289)	(320)	(797)	(664)	254	400	
<u>\$ (15,381)</u>	<u>\$ (14,311)</u>	<u>\$ (16,214)</u>	<u>\$ (14,759)</u>	<u>\$ (7,123)</u>	<u>\$ (9,609)</u>	
\$ 7,487	\$ 2,146	\$ 1,700	\$ 1,797	\$ 1,916	\$ 1,802	
11,210	12,487	14,574	11,567	14,588	14,597	
547	546	603	773	549	735	
-	-	-	-	-	-	
1,278	1,483	1,609	1,462	1,459	874	
1,252	647	850	787	955	442	
20	12	66	2,048	46	311	
4	19	-	-	-	14	
(100)	(25)	(1)	(426)	(1,679)	-	
<u>56,518</u>	<u>(15,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>78,216</u>	<u>1,744</u>	<u>19,401</u>	<u>18,008</u>	<u>17,834</u>	<u>18,776</u>	
75	25	53	51	21	10	
38	97	-	-	-	-	
-	-	-	-	-	-	
100	25	1	426	1,679	-	
<u>213</u>	<u>147</u>	<u>54</u>	<u>477</u>	<u>1,700</u>	<u>10</u>	
<u>\$ 78,429</u>	<u>\$ 1,891</u>	<u>\$ 19,455</u>	<u>\$ 18,485</u>	<u>\$ 19,534</u>	<u>\$ 18,785</u>	
\$ 63,124	\$ (12,247)	\$ 3,984	\$ 3,913	\$ 10,457	\$ 8,767	
(76)	(173)	(743)	(187)	1,954	410	
<u>\$ 63,048</u>	<u>\$ (12,420)</u>	<u>\$ 3,241</u>	<u>\$ 3,726</u>	<u>\$ 12,411</u>	<u>\$ 9,176</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,			
	2008	2009	2010	2011
General Fund				
Reserved	\$ 10,000	\$ 10,000	\$ 10,314	\$ -
Unreserved	<u>19,652</u>	<u>17,445</u>	<u>14,212</u>	<u>-</u>
Total General Fund	<u><u>29,652</u></u>	<u><u>27,445</u></u>	<u><u>24,526</u></u>	<u><u>-</u></u>
All Other Governmental Funds				
Reserved	30,761	30,331	49,583	-
Unreserved, reported in:				
Special revenue funds	6,616	7,427	8,047	-
Debt service funds	(1,640)	804	(2,458)	-
Capital projects funds	868	-	-	-
Total All Other Governmental Funds	<u>36,605</u>	<u>38,562</u>	<u>55,172</u>	<u>-</u>
Total All Governmental Funds	<u><u>\$ 66,257</u></u>	<u><u>\$ 66,007</u></u>	<u><u>\$ 79,698</u></u>	<u><u>\$ -</u></u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 10,539
Restricted	-	-	-	10,220
Committed	-	-	-	-
Unassigned	-	-	-	6,167
Total General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,926</u>
All Other Governmental Funds				
Nonspendable	-	-	-	18,127
Restricted	-	-	-	28,604
Assigned	-	-	-	-
Unassigned	-	-	-	(5,271)
Total All Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,460</u>
Total All Governmental Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 68,386</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,

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,241	\$ 7,690	\$ 7,695	\$ 7,768	\$ 8,430	\$ 11,500
10,721	10,820	12,662	20,588	14,160	17,930
6,642	7,085	7,611	1,278	12,227	5,552
<u>27,604</u>	<u>25,595</u>	<u>27,968</u>	<u>29,647</u>	<u>34,830</u>	<u>34,995</u>
4,068	5,160	5,131	4,414	4,129	6
9,942	9,990	11,712	12,574	19,360	19,761
-	414	-	-	-	-
(719)	(703)	(2,363)	(3,193)	(2,555)	(549)
<u>13,291</u>	<u>14,861</u>	<u>14,480</u>	<u>13,795</u>	<u>20,934</u>	<u>19,218</u>
<u>\$ 40,895</u>	<u>\$ 40,456</u>	<u>\$ 42,448</u>	<u>\$ 43,442</u>	<u>\$ 55,764</u>	<u>\$ 54,213</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,			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 29,009	\$ 28,334	\$ 25,683	\$ 26,822
Licenses and permits	278	271	302	331
Intergovernmental	810	1,086	1,766	864
Charges for services	1,078	1,155	841	871
Fines and forfeitures	409	401	402	385
Investment income	3,547	2,945	1,390	2,205
Other	1,543	1,678	1,168	1,043
Total Revenues	36,674	35,870	31,552	32,521
Expenditures				
General government	3,054	3,398	3,071	3,051
Community services	1,406	1,413	1,272	1,239
Public safety	7,520	7,516	7,458	7,442
Community development	3,323	3,101	8,445	4,659
Public works	4,015	3,964	3,721	3,637
Capital outlay	8,136	7,742	5,241	21,457
Debt Service				
Principal retirement	2,545	2,845	2,865	5,044
Interest	4,019	4,563	4,999	5,695
Other debt service	1,721	1,079	1,215	1,102
Total Expenditures	35,739	35,621	38,287	53,326
Excess of revenues over/(under) expenditures	935	249	(6,735)	(20,805)
Other Financing Sources/(Uses)				
Transfers in	13,845	5,129	3,565	9,243
Transfers out	(14,996)	(5,629)	(3,565)	(9,253)
Other	517		20,427	9,503
Total other financing sources	(634)	(500)	20,427	9,493
Net change in fund balances	\$ 301	\$ (251)	\$ 13,692	\$ (11,312)
Capitalized capital outlay	\$ 535	\$ 1,617	\$ 1,693	\$ 17,446
Debt service as a percentage of noncapital expenditures	23.5%	25.0%	24.8%	33.0%

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,						
2012	2013	2014	2015	2016	2017	
\$ 21,141	\$ 17,585	\$ 18,862	\$ 15,811	\$ 21,394	\$ 18,701	
312	328	360	411	370	374	
1,214	1,475	1,294	1,367	3,591	8,809	
645	516	829	739	762	759	
317	367	298	301	326	289	
1,160	53	934	826	778	830	
2,960	1,646	113	2,786	652	411	
<u>27,749</u>	<u>21,970</u>	<u>22,690</u>	<u>22,241</u>	<u>27,873</u>	<u>30,173</u>	
3,103	3,772	5,456	4,476	3,940	4,879	
1,216	1,219	1,320	1,257	1,472	1,576	
7,482	7,475	8,147	8,172	9,270	9,152	
1,689	935	995	952	962	854	
3,640	3,738	3,910	3,627	3,883	4,046	
6,047	1,511	869	2,485	3,259	7,726	
4,819	-	-	-	14	-	
3,672	-	-	-	3	-	
14	-	-	-	-	17	
<u>31,682</u>	<u>18,650</u>	<u>20,697</u>	<u>20,969</u>	<u>22,803</u>	<u>28,250</u>	
(3,933)	3,320	1,993	1,272	5,070	1,923	
3,755	1,603	3,670	1,694	1,236	1,687	
(3,855)	(1,628)	(3,671)	(2,120)	(2,915)	(1,687)	
<u>(23,458)</u>	<u>(3,733)</u>	<u>-</u>	<u>76</u>	<u>7,578</u>	<u>-</u>	
<u>(23,558)</u>	<u>(3,758)</u>	<u>(1)</u>	<u>(350)</u>	<u>5,899</u>	<u>-</u>	
<u>\$ (27,491)</u>	<u>\$ (438)</u>	<u>\$ 1,992</u>	<u>\$ 922</u>	<u>\$ 10,969</u>	<u>\$ 1,923</u>	
<u>\$ 6,093</u>	<u>\$ 869</u>	<u>\$ 1,076</u>	<u>\$ 1,788</u>	<u>\$ 2,985</u>	<u>\$ 7,016</u>	
33.2%	0.0%	0.0%	0.0%	0.1%	0.1%	

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**			
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
2016	1,141,748	327,201	347,936	101,203	354,901	128,996	2,401,985	0.06560
2017	1,197,754	341,534	362,919	106,832	289,239	129,041	2,427,319	0.06570

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

Note:

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

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

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

Agency	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
L.A. County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.01839	0.02181	0.02392	0.02559	0.02615	0.05095	0.02241	0.04595	0.03825	0.06737
Long Beach Unified School District	0.03457	0.03220	0.08663	0.08834	0.09223	0.09394	0.07981	0.08764	0.08324	0.08539
Metropolitan Water District	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct and Overlapping (2) Tax Rates	1.05746	1.05831	1.11485	1.11763	1.12208	1.14839	1.10572	1.13709	1.12500	1.15626
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)	1.00450	1.00430	1.00430	1.00370	1.00370	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate (5)	0.67048	0.67314	0.68186	0.68693	0.68596	0.68639	0.06530	0.06542	0.06560	0.06570

Notes:

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

Source: HdL Coren & Cone

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

Taxpayer	FY 2016-17		FY 2007-08	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum, Inc.	\$ 153,791	6.40%	\$ 81,727	4.56%
Long Beach Acquisition Corp.	38,504	1.60%	14,027	0.78%
PL Signal Hill LP	35,741	1.49%	36,334	2.03%
LBSH Development	28,703	1.19%	25,000	1.39%
Towne Center West LLC	26,257	1.09%	-	0.00%
Costco Wholesale Corporation	23,247	0.97%	18,680	1.04%
Tesoro Logistics Operations LLC	18,590	0.77%	-	0.00%
Executive Complex LP	17,783	0.74%	-	0.00%
Home Depot USA, Inc.	17,368	0.72%	17,520	0.98%
VNO Trust Cherry Avenue LP	15,334	0.64%	-	0.00%
Arco Terminal Services Corp.	-	0.00%	21,725	1.21%
Signal Hill Towne Center LLC	-	0.00%	10,613	0.59%
Samantha Marketplace LLC	-	0.00%	9,462	0.53%
American Office Properties LP	-	0.00%	9,578	0.53%
	\$ 375,318	15.63%	\$ 244,666	13.64%

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)	
		Amount (2)	Percent of Levy		Total Collections to Date	Percent of Levy
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	13,453,645	85.55%	N/A	N/A	N/A
2016	16,337,411	13,950,475	85.39%	N/A	N/A	N/A
2017	16,156,292	13,397,825	82.93%	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		Leases & Loans		Certificates of Participation		Water Revenue Bonds									
	Tax Allocation Bonds	Notes						Loans								
2008	\$ 71,808	\$ 3,866	\$ 2,000	\$ -	\$ 7,955	\$ 378	\$ 86,007	4.405%	\$ 7,597.79	242.24						
2009	69,031	3,866	2,000	-	7,680	302	82,879	3.987%	7,277.11	238.87						
2010	86,670	3,866	2,000	-	7,395	227	100,158	5.017%	8,735.98	266.50						
2011	91,678	4,402	1,000	-	7,095	151	104,326	5.232%	9,374.25	267.06						
2012	-	-	-	-	6,785	76	6,861	0.341%	611.61	18.50						
2013	-	-	-	-	6,788	-	6,788	0.331%	594.86	19.27						
2014	-	-	-	-	6,424	-	6,424	0.303%	562.97	17.95						
2015	-	-	65	-	6,044	-	6,109	0.268%	523.34	17.88						
2016	-	-	51	-	5,650	-	5,701	0.237%	491.08	17.10						
2017	-	-	36	-	4,305	-	4,341	0.179%	373.93	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, 2017

Debt	Total Debt 6/30/2017	Percent Applicable To City	City's Share of Debt 6/30/2017
Direct Debt:			
260.01 Capital Leases	\$ 36,248	100.000%	\$ 36,248
TOTAL DIRECT DEBT			<u>\$ 36,248</u>
Overlapping Debt:			
310.25* Metropolitan Water District	\$ 36,281,674	0.080%	\$ 29,042
807.53 Long Beach CCD DS 2002 Series D (2007)	22,583,138	4.066%	\$ 918,224
807.54 Long Beach CCD DS 2008 Series A	16,586,797	4.066%	\$ 674,415
807.55 Long Beach CCD DS 2008 Series 2009B	37,950,000	4.066%	\$ 1,543,036
807.56 Long Beach CCD DS REF 2002 2012 Series A	227,048,695	4.066%	\$ 9,231,736
807.57 Long Beach CCD DS REF BONDS 2014 SERIES C	9,630,000	4.066%	\$ 391,553
807.58 Long Beach CCD DS REF BONDS 2014 SERIES E	42,430,000	4.066%	\$ 1,725,192
807.59 Long Beach CCD DS REF BONDS 2015 SERIES F	30,750,000	4.066%	\$ 1,250,286
807.60 Long Beach CCD DS 2008 SERIES D	3,210,000	4.066%	\$ 130,518
807.61 Long Beach CCD DS 2016 SERIES A	9,000,000	4.066%	\$ 365,937
807.62 Long Beach CCD DS 2016 SERIES B	72,790,000	4.066%	\$ 2,959,621
883.57 Long Beach USD DS 2008 Ref Bonds	33,665,606	4.066%	\$ 1,369,010
883.58 Long Beach USD DS 2008 Series A	54,455,000	4.066%	\$ 2,214,410
883.60 Long Beach USD DS 2010 Ref Bonds Series A	41,375,000	4.066%	\$ 1,682,512
883.62 Long Beach USD DS 2008 SR B-1 QSCB	72,406,000	4.066%	\$ 2,944,387
883.63 Long Beach USD DS 2011 Refunding Bonds	11,280,686	4.066%	\$ 458,729
883.64 Long Beach USD DS 2012 Ref Bonds	79,675,000	4.066%	\$ 3,239,980
863.65 Long Beach USD DS 2008 Series C	34,010,000	4.066%	\$ 1,383,015
863.66 Long Beach USD DS 2008 Series D	251,878,410	4.066%	\$ 10,242,623
863.68 Long Beach USD DS 2016 Ref Bonds	587,500,000	4.066%	\$ 23,890,659
TOTAL OVERLAPPING DEBT			<u>\$ 66,644,885</u>
TOTAL DIRECT and OVERLAPPING DEBT			<u>\$ 66,681,133</u>
2016-17 Total Assessed Valuation	\$ 2,427,318,673		
Less Incremental Value	(1,561,856,607)		
2016-17 Assessed Valuation	<u>\$ 865,462,066</u>		

Debt to Assessed Valuation Ratios

Direct Debt	0.00%
Overlapping Debt	7.70%
Total Debt	7.71%

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

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

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

Source: HdL, Coren & Cone

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

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 2,427,318,673
Debt limit (15% of assessed value)	364,097,801
Debt applicable to limit	-
Legal debt margin - Current Year	<u>\$ 364,097,801</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2016	360,297,745	-	360,297,745	0.00%
2017	360,297,745	-	364,097,801	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	
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)	-	-	-	-	-	
2016 (2)	-	-	-	-	-	
2017 (2)	-	-	-	-	-	

Fiscal Year	Pledged Tax Revenue		Debt Service (1)			Coverage
			Principal	Interest	Total	
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)	-	-	-	-	-	
2016 (2)	-	-	-	-	-	
2017 (2)	-	-	-	-	-	

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

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

Source: City of Signal Hill, Finance Department

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

<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	11,673	341,699	29,272	7.3%
2016	11,609	333,332	28,713	5.7%

N/A - Information is not yet available.

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

Employer	2016-17			2007-08		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	428	1	8.30%	747	1	8.34%
Home Depot	343	2	6.66%	376	2	4.20%
Costco Wholesale	301	3	5.84%	308	3	3.44%
Target	265	4	5.14%	191	4	2.13%
Edge Systems LLC	191	5	3.71%			
Warren Distributing	163	6	3.16%			
Long Beach BMW Auto	143	7	2.77%	158	6	1.76%
Accountable Healthcare IPA	136	8	2.64%			
Allied Refrigeration	130	9	2.52%			
Mercedes-Benz of Long Beach	127	10	2.46%	126	8	1.41%
Platt Security				111	10	1.24%
Long Beach BMW Motorcycle				179	5	2.00%
Universal Care				152	7	1.70%
Charter Communications				116	9	1.30%
	<u>2,227</u>		<u>43.21%</u>	<u>2,464</u>		<u>27.52%</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration	5.00	5.00	5.00	5.00	4.73	5.73	4.73	4.73	4.73	5.00
Finance	6.48	6.48	6.48	6.48	5.91	5.98	5.98	5.98	5.98	6.80
Community Services	24.15	24.19	24.15	20.84	20.25	19.32	19.30	19.53	19.53	18.60
Police	53.88	54.40	52.40	53.37	53.40	53.40	52.89	52.89	52.89	53.00
Community Development	7.00	7.00	7.00	7.00	6.40	6.40	7.00	7.00	7.00	4.00
Public Works	30.00	30.00	30.00	30.00	30.04	30.04	30.02	30.04	30.04	28.00
Economic Development	1.00	1.00	1.00	1.00	0.00	0.00	1.00	1.00	1.00	1.00
Total	127.51	128.08	128.07	123.69	120.74	120.87	120.92	121.16	121.16	116.40

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

Function/Program	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Calls for service	6,284	6,340	6,377	6,062	6,384	6,500	6,400	9,842	9,948	8,632
Reports written	4,951	4,516	4,004	3,978	3,826	3,254	3,312	3,894	4,332	5,618
Total arrests	2,219	2,092	1,776	2,060	1,823	1,120	1,115	1,390	1,216	1,403
Hazardous traffic citations	3,928	3,773	3,445	3,229	3,758	4,359	4,278	2,496	1,703	3,638
Parking citations	6,542	6,446	5,758	4,881	4,196	4,179	4,212	3,866	4,628	4,222
Community Development										
Code enforcement cases	67	79	94	94	75	85	87	77	68	67
Building permits	182	154	163	193	144	175	181	247	236	279
Site plan design reviews	10	8	7	6	6	7	7	5	6	6
Water										
Number of customers	2,856	2,908	2,960	2,964	3,014	3,052	3,079	3,116	3,162	3,302
Average daily consumption (in millions of gallons)	1.94	1.88	1.76	1.74	1.75	1.82	1.80	1.77	1.59	1.58
Number of hydrants maintained	466	467	562	566	568	422	435	568	568	568
Public Works										
Traffic signals maintained	29	29	29	29	29	29	29	31	31	33
Street sweeping miles	6,240	6,240	6,240	6,240	6,240	6,240	6,240	5,980	5,980	5,980
Sidewalk repairs (square feet)	3,200	10,269	15,674	5,787	14,220	14,220	14,220	6,362	4,504	1,762
Curb & gutter replaced (linear feet)	170	267	197	522	1,388	1,388	1,388	-	-	-
Cross gutter replaced (square feet)	720	-	490	-	5,067	5,067	5,067	-	-	-
Engineering										
Number of infrastructure projects administered	10	8	8	9	4	4	4	3	3	10
Plan checks completed	8	8	6	10	5	5	5	8	7	39
Community Services										
Library items borrowed	80,266	89,059	57,847	59,359	39,972	39,972	40,001	39,761	38,947	29,164
Youth sports participants	7,099	9,205	6,897	7,390	8,080	8,080	8,100	5,467	5,289	6,936
After school youth programs	13,582	15,001	16,086	11,886	14,746	14,746	14,785	15,530	15,326	30,960
Facility rental bookings	523	948	813	697	748	748	750	681	620	251

N/A - Not Available.

Source: Various City Departments

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	10	10	10	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Water										
Miles of Lines & Mains	50	50	50	50	50	50	50	50	50	50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Wells	2	3	3	3	3	3	3	3	3	3
Highways and Streets										
Miles of Streets	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7
Street Trees	3,903	3,984	3,903	3,715	3,711	3,706	3,706	3,619	3,667	3,667
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