



**CITY OF SIGNAL HILL, CALIFORNIA**  
**YEAR ENDED JUNE 30, 2019**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF SIGNAL HILL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

**Sharon del Rosario**  
**Deputy Administrative Officer/Finance Director**

**CITY OF SIGNAL HILL, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2019**  
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## **INTRODUCTORY SECTION**

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## CITY OF SIGNAL HILL

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2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

January 14, 2020

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, 2019. 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, White Nelson Diehl Evans LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Signal Hill's financial statements for the year ended June 30, 2019. 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, White Nelson Diehl Evans 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 11,795. 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 an authorized staff of approximately 102 full-time employees excluding part-time positions.

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 17 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, continued growth is expected through FY 2019-20, with record-low unemployment and a continued shift toward rising wages, which could drive inflation and some forecasts assume an increased risk to the economy. If job growth

and total wages slow with moderate inflation of around 2 to 3 percent this still may not affect consumer purchasing power. Although the stock market shows volatility due to interest rate and geopolitical risk concerns, market oscillations tend to run alongside the economy without necessarily predicting actual expansion or contraction. However, stock market corrections are always a concern as returns affect pension and post-retirement benefits investment portfolios.

The Los Angeles County economy is expected to continue to move forward with positive employment data. Specifically, the Southern California region is currently experiencing upward trends economically and in job market growth, with continued reduction in unemployment rates and a modest increase in household incomes. This measurement is significant due to the rising cost-of-living, primarily driven by scarcity of available housing as housing values continue to move upward due to the low inventory. This is significant since the retail sector is driven by the financial health of consumers and their perception of the local and national economy, also known as consumer confidence. The majority of economists expect the national economy to continue its growth through 2019 with a possible slowdown in late 2020.

As a “low property” tax city, the City relies heavily on sales tax, which continues to be the City’s most significant revenue source for General Fund operating revenues. The City’s major sales tax industry groups include business and industry, autos and transportation, general consumer goods, and building and construction. Property taxes account for the next largest revenue source for the General Fund operating revenues and are projected to remain steady, following the increasing trend for Los Angeles County as a whole.

Although economic indicators continue to trend positive, including low unemployment, steady consumer confidence, and growth in the U.S. gross domestic product (GDP), there are still concerns of an impending economic slowdown within the State and across the country. This along with the City’s conservative budgeting principles has resulted in a modest forecast of growth in the major General Fund revenues such as property, sales and other taxes for FY 2019-20.

### **Long Term Financial Planning**

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

A city’s capacity to effectively deliver basic day-to-day services to its residents and businesses fundamentally affects whether residents can live in a healthy, safe, and fulfilling manner. Local governments are at the forefront in providing these basic services – for example: establishing and

governing local laws and codes; providing police service and protection to residents and businesses; assisting in a fire or medical emergency; delivering clean water; providing recreational, social, and learning opportunities for residents; assuring the safety of existing and new buildings located in the city; building and maintaining infrastructure and public buildings; activating emergency operations to provide incident command, if necessary; and maintaining local roads for the orderly movement of people and things. Therefore, how local government is funded, and how well they are funded to be able to carry out this mission, is vital.

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

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

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

Unassigned fund balance in the General Fund and the fund balance of the Economic Uncertainties Fund equal 69% of FY 2019-20 General Fund budgeted operating expenditures, which falls within policy guidelines of 50% as set by the City Council for budgetary and planning purposes. The City's Financial Policy recommends maintaining a combined General Fund and Economic Uncertainties Fund reserve equivalent to a minimum of six months operating expenditures. These reserves would be utilized to mitigate the adverse impact of a recession, economic slowdown, or loss of a major sales tax provider.

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

## **Financial and Internal Controls**

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

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

## **Single Audit**

The City is legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, Audits of State and Local Governments, if total federal grant expenditures exceed \$750,000 in a single year. The City of Signal Hill is a recipient of federal, state and county assistance, and for FY 2018-19, 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 meets 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 2017-18 and are not expected to reach that limit in the foreseeable future.

### **Independent Audit**

The City's Municipal Code requires an annual audit by independent certified public accountants. The accounting firm of White Nelson Diehl Evans LLP, 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, 2018. This was the 23<sup>rd</sup> consecutive year that the City of Signal Hill has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this comprehensive annual financial report was made possible by the staff of the Finance Department, Governmental Financial Services, the City Manager's Office, and the expertise and assistance of the City's auditors, White Nelson Diehl Evans LLP, Certified Public Accountants. Each member of this team has our sincere appreciation. We also extend our thanks

and appreciation to the members of the Signal Hill City Council for their encouragement and support in conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Hannah Shin-Heydorn  
City Manager



Sharon del Rosario  
Deputy Administrative 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, 2018**

*Christopher P. Monell*

Executive Director/CEO

## ELECTED OFFICIALS



Lori Y. Woods

Mayor



Robert D. Copeland

Vice Mayor



Tina L. Hansen

Council Member



Keir Jones

Council Member



Edward H. J. Wilson

Council Member



David Hopper

City Treasurer



Carmen Brooks

City Clerk

## EXECUTIVE MANAGEMENT

City Manager

Deputy City Manager

City Attorney

Administrative Services Officer/Finance Director

Community Development Director

Community Services Director

Chief of Police

Public Works Director

Hannah Shin-Heydorn

Scott Charney

David Aleshire

Sharon del Rosario

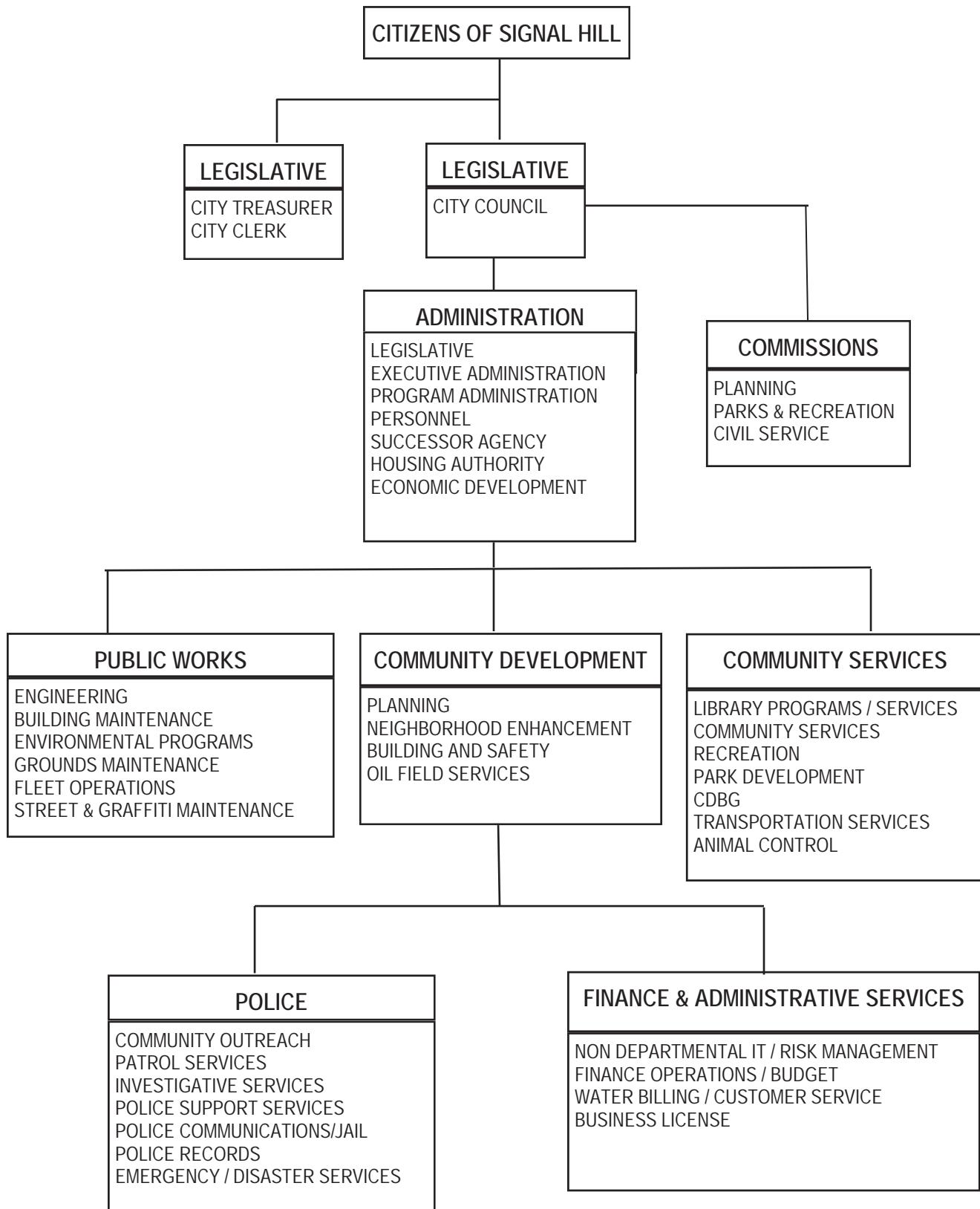
Colleen Doan

Aly Mancini

Christopher M. Nunley

Kelli Tunnicliff

# CITY OF SIGNAL HILL ORGANIZATIONAL CHART



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## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Signal Hill, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 19, the City has made restatements to beginning net position/fund balance to correct for sources of funding for capital projects, and to add a deferred inflow of resources for accrued interest on a long-term note receivable that is considered to be unavailable revenue. Our opinions are 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, the Budgetary Comparison Schedule - General Fund, the Budgetary Comparison Schedule - Housing Authority Special Revenue Fund, the schedules of proportionate share of the net pension liability, the schedules of pension contributions, and the schedule of changes in the net OPEB liability and related ratios, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Niel Evans LLP*

Irvine, California

January 6, 2020

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

Fiscal Year Ended June 30, 2019

As management of the City of Signal Hill (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019 (FY 2018-19). We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal and the City's basic financial statements.

## **FINANCIAL HIGHLIGHTS**

The comparisons in this discussion and analysis are between FY 2017-18 and FY 2018-19. All increases and decreases are expressed relative to FY 2017-18 amounts. Financial highlights of the City for the fiscal year ending June 30, 2019 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 \$146.7 million. Of this amount, \$0.5 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$11.8 million over the prior fiscal year as a result of revenues exceeding expenses.
- The City's net position as of July 1, 2018, was restated and decreased by \$0.7 million to remove amounts previously reported as received from the Successor Agency for funding of a capital project. Refer to Notes to Basic Financial Statements No. 19 for additional information on the restatement of net position.

### Fund Level

- As of June 30, 2019, governmental funds report a combined fund balance of \$52.0 million, a decrease of \$10.8 million from the prior year. Of this amount, \$6.3 million is available for spending at the City's discretion (unassigned fund balance).

Total governmental fund balance was restated as of July 1, 2018, and decreased by \$2.9 million to adjust for unavailable interest on amounts due from the Successor Agency and by \$0.7 million to remove amounts previously reported as received from the Successor Agency for funding of a capital project. Refer to Notes to Basic Financial Statements No. 19 for additional information on these restatements.

- As of June 30, 2019, the General Fund reports an ending fund balance of \$37.9 million. Of this amount, \$10.6 million is available for spending at the City's discretion (unassigned fund balance). Cash and investments of the General Fund total \$16.2 million, which represents 42.8% of the General Fund's total \$37.9 million fund balance.

The General Fund's fund balance was restated as of July 1, 2018 and decreased by \$2.9 million to adjust for unavailable interest on amounts due from the Successor Agency and by \$0.2 million to remove amounts previously reported as received from the Successor Agency for funding of a capital project. Refer to Notes to Basic Financial Statements No. 19 for additional information on these restatements.

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

- As of June 30, 2019, the City's Water Enterprise fund reports an ending net position of \$20.6 million, a decrease of \$0.4 million from the prior year. The net position is classified as net investment in capital assets of \$23.3 million and unrestricted net position of a deficit \$2.7 million.
- As of June 30, 2019, the City's Internal Service fund reports an ending net position of \$2.0 million. Of this amount, \$0.9 million is unrestricted and is available for spending at the City's discretion.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The Statement of Activities presents information designed to show how the City's net position changed during the year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by specific functions (charges for services, grants and contributions) is compared to the expenses for 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.

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

**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.

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

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

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

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

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

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

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

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

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

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

**Fiduciary funds.** Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities.

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

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

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

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

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

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A summary of the government-wide *Statement of Net Position* as of June 30, 2019, and June 30, 2018, is as follows:

**Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2018-19	2017-18*	2018-19	2017-18*	2018-19	2017-18*
<b>Assets:</b>						
Current and other assets	\$ 70,774,925	\$ 77,378,216	\$ 1,740,738	\$ 1,138,361	\$ 72,515,663	\$ 78,516,577
Capital assets, net	104,301,245	83,173,177	27,007,779	27,676,679	131,309,024	110,849,856
<b>Total Assets</b>	<b>175,076,170</b>	<b>160,551,393</b>	<b>28,748,517</b>	<b>28,815,040</b>	<b>203,824,687</b>	<b>189,366,433</b>
<b>Deferred outflows of resources:</b>						
Deferred amount on refunding	-	-	110,504	127,838	110,504	127,838
Deferred amounts from pension	5,908,007	7,681,254	638,655	724,762	6,546,662	8,406,016
Deferred amount from OPEB	16,396	19,708	1,777	2,136	18,173	21,844
<b>Total Deferred Outflows</b>	<b>5,924,403</b>	<b>7,700,962</b>	<b>750,936</b>	<b>854,736</b>	<b>6,675,339</b>	<b>8,555,698</b>
<b>Liabilities:</b>						
Current liabilities	10,071,946	7,425,736	1,502,905	1,434,253	11,574,851	8,859,989
Long-term liabilities	43,155,076	44,568,753	7,160,206	6,998,283	50,315,282	51,567,036
<b>Total Liabilities</b>	<b>53,227,022</b>	<b>51,994,489</b>	<b>8,663,111</b>	<b>8,432,536</b>	<b>61,890,133</b>	<b>60,427,025</b>
<b>Deferred inflows of resources:</b>						
Deferred amounts from pension	1,162,504	1,096,998	208,468	218,708	1,370,972	1,315,706
Deferred amount from OPEB	441,499	506,425	47,860	54,897	489,359	561,322
<b>Total Deferred Inflows</b>	<b>1,604,003</b>	<b>1,603,423</b>	<b>256,328</b>	<b>273,605</b>	<b>1,860,331</b>	<b>1,877,028</b>
<b>Net position:</b>						
Net investment in capital assets	104,566,586	83,152,558	23,331,432	23,535,611	127,898,018	106,688,169
Restricted	18,360,215	19,374,057	-	-	18,360,215	19,374,057
Unrestricted	3,242,747	12,127,828	(2,751,418)	(2,571,976)	491,329	9,555,852
<b>Total Net Position</b>	<b>\$ 126,169,548</b>	<b>\$ 114,654,443</b>	<b>\$ 20,580,014</b>	<b>\$ 20,963,635</b>	<b>\$ 146,749,562</b>	<b>\$ 135,618,078</b>

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

Over time, net position may serve as a useful indicator of a city's financial position. At June 30, 2019, net position was \$146.7 million, an increase of \$11.8 million over the restated net position of \$134.9 million at June 30, 2019.

The largest portion of the City's net position (\$127.9 million or 87.2%) is its investment in capital assets (e.g., land, buildings, infrastructure, and equipment, etc.), net of related debt. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. This category of net position increased by \$21.2 million, mainly a result of two large capital construction projects: the Signal Hill Library and the Los Cerritos Channel Stormwater projects.

The City's restricted net position totals \$18.3 million (12.5% of total net position). Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$0.5 million (0.3%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to citizens and creditors.

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

Total net position increased by \$11.8 million from an excess of revenues over expenses and decreased by \$0.7 million from restating the beginning position. This net increase was reflected in the \$21.2 million increase in net investment in capital assets offset by a decrease to restricted net position of \$1.0 million and unrestricted net position of \$9.1 million. The excess of revenues over expenses will be analyzed in conjunction with the Statement of Activities.

Following is a summary of the government-wide *Statement of Activities* which illustrates the City's overall \$11.8 million increase in net position resulting from program expenses being less than total program and general revenues. A discussion regarding significant changes in revenues and expenses follows the table.

**Condensed Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2018-19	2017-18*	2018-19	2017-18*	2018-19	2017-18*
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,888,898	\$ 2,026,073	\$ 4,334,799	\$ 4,419,839	\$ 6,223,697	\$ 6,445,912
Grants and contributions:						
Operating	2,349,045	1,199,195	-	-	2,349,045	1,199,195
Capital	10,218,547	4,586,484	239,671	41,758	10,458,218	4,628,242
General revenues:						
Property taxes	2,188,880	2,247,909	-	-	2,188,880	2,247,909
Sales and use taxes	15,789,342	14,483,938	-	-	15,789,342	14,483,938
Other taxes	1,953,076	1,413,013	-	-	1,953,076	1,413,013
Use of money and property	1,787,800	961,478	68,360	28,534	1,856,160	990,012
Unrestricted grants and contributions	94,455	455,548	-	-	94,455	455,548
Total revenues	<u>36,270,043</u>	<u>27,373,638</u>	<u>4,642,830</u>	<u>4,490,131</u>	<u>40,912,873</u>	<u>31,863,769</u>
<b>Expenses:</b>						
General government	4,090,332	5,239,035	-	-	4,090,332	5,239,035
Community services	1,990,401	1,596,051	-	-	1,990,401	1,596,051
Police	11,504,350	10,563,793	-	-	11,504,350	10,563,793
Community development	1,433,633	963,613	-	-	1,433,633	963,613
Public works	4,638,205	4,926,981	-	-	4,638,205	4,926,981
Unallocated infrastructure depreciation	400,913	638,715	-	-	400,913	638,715
Water	-	-	5,056,306	4,846,115	5,056,306	4,846,115
Total Expenses	<u>24,057,834</u>	<u>23,928,188</u>	<u>5,056,306</u>	<u>4,846,115</u>	<u>29,114,140</u>	<u>28,774,303</u>
Transfers	<u>(29,855)</u>	<u>-</u>	<u>29,855</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position before extraordinary items	12,182,354	3,445,450	(383,621)	(355,984)	11,798,733	3,089,466
Extraordinary item - Successor Agency	-	4,368,978	-	-	-	4,368,978
Change in net position	12,182,354	7,814,428	(383,621)	(355,984)	11,798,733	7,458,444
Net position - beginning	114,654,443	106,840,015	20,963,635	21,319,619	135,618,078	128,159,634
Restatement of net position	(667,249)	-	-	-	(667,249)	-
Net position - beginning, restated	<u>113,987,194</u>	<u>106,840,015</u>	<u>20,963,635</u>	<u>21,319,619</u>	<u>134,950,829</u>	<u>128,159,634</u>
Net position - ending	<u>\$ 126,169,548</u>	<u>\$ 114,654,443</u>	<u>\$ 20,580,014</u>	<u>\$ 20,963,635</u>	<u>\$ 146,749,562</u>	<u>\$ 135,618,078</u>

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

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

**Government-wide revenues** increased by \$9 million (28%) to \$40.9 million. The majority of this increase is a result of \$6.8 million more operating grant and contribution revenues. The remainder is due to \$1.3 million higher sales tax revenue, \$0.5 million higher other tax revenue, and \$0.9 million higher revenue from use of money and property.

The most significant portion of the City's revenue came from sales and use tax and accounted for 38.6% of total revenue. Grants and contributions accounted for an additional 31.3% of total revenue. Additionally, 15.2% was received for charges for services, 4.8% from other taxes, 5.4% from property taxes, and the remaining 4.5% was from use of money and property.

**Government-wide expenses** of all City programs and services increased by a net \$0.3 million (1.2%) to \$29.1 million for the fiscal year ended June 30, 2019. This increase is comprised of \$0.7 million higher salary and benefit costs spread across the entire organization, \$0.2 million higher pension expense adjustments based on the latest actuarial valuations, \$0.6 million lower OPEB expense adjustments based on the latest actuarial valuations, \$0.2 million lower depreciation expense on older assets, and \$0.2 million higher water program costs. This net increase is spread across the city's programs with general government decreasing by \$1.1 million, while police increased by \$0.9 million, community services increased by \$0.4 million, community development increased by \$0.5 million, public works decreased by \$0.3 million, water increased by \$0.2 million and the remaining difference is accounted for in unallocated infrastructure depreciation.

Police costs accounted for 40% of the total costs, 16% of expenses was for public works, 17% was for water, 14% was for general government, with community services and community development accounting for the remaining expenses.

**Governmental activities** contributed \$12.2 million to the increase in net position resulting from revenues exceeding expenses. Governmental activities comprise the majority of the government-wide data, and explanations for changes in government-wide and governmental activities are often similar.

Revenues of governmental activities report a net increase over the prior year of \$8.9 million (32.5%), to \$36.3 million. Approximately \$5.9 million of this increase is the result of higher grant and contribution revenue. Sales and use tax revenue increased by \$1.3 million, other taxes increased by \$0.9 million, and interest revenue increased by \$0.8 million. Property taxes had a small increase, while charges for services had a small decrease in revenue, which accounts for the remaining difference.

Expenses of governmental activities increased by a net \$0.1 million (0.5%). This net increase is comprised of several larger-dollar changes: \$0.7 million higher salary and benefit costs spread across the entire organization, \$0.2 million higher pension expense adjustments based on the latest actuarial valuations, \$0.6 million lower OPEB expense adjustments based on the latest actuarial valuations, and \$0.2 million lower depreciation expense on older assets. This net increase is spread across the city's programs with general government decreasing by \$1.1 million, while police increased by \$0.9 million, community services increased by \$0.4 million, community development increased by \$0.5 million, public works decreased by \$0.3 million, and the remaining difference is accounted for in unallocated infrastructure depreciation.

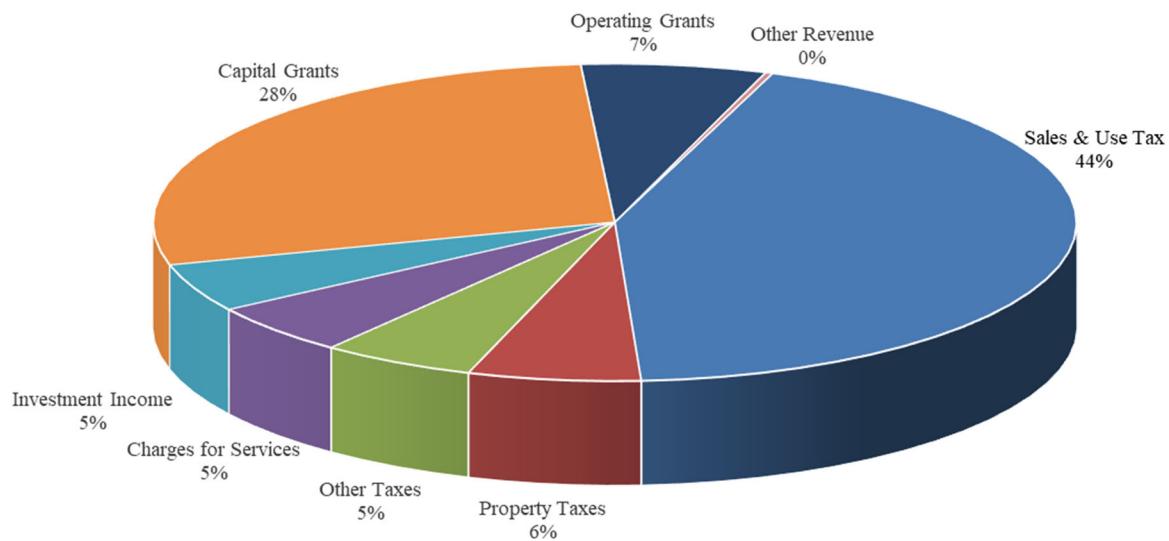
See independent auditor's report.

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

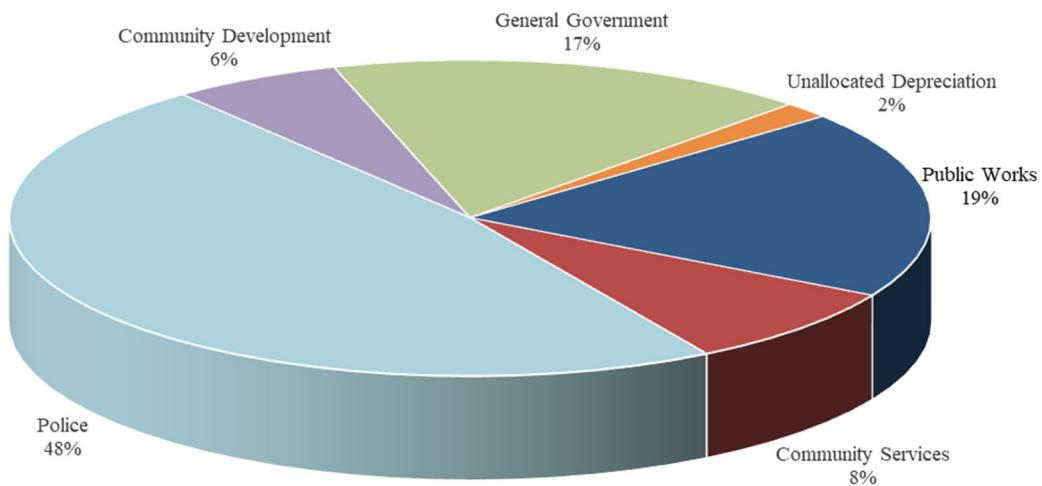
Fiscal Year Ended June 30, 2019

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

**Revenues by Source – Governmental Activities**  
**Fiscal Year 2018-19**



**Expenses – Governmental Activities**  
**Fiscal Year 2018-19**



See independent auditor's report.

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

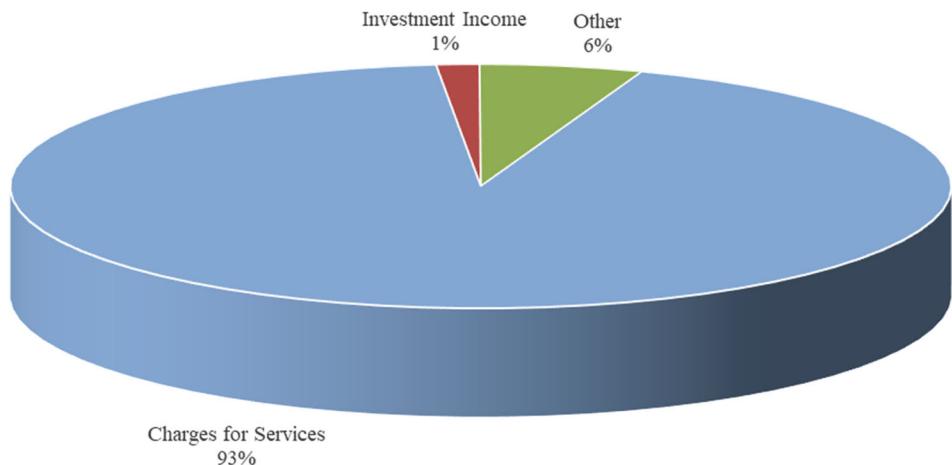
Fiscal Year Ended June 30, 2019

**Business-type activities** consist solely of the Water Utilities Enterprise Fund. The financial goal of the City's business-type activities is to operate on a more or less "break-even" basis without making significant profit or needing general tax subsidies. Total net position at the end of the year was \$20.6 million as compared to \$21.0 million at the end of the prior year. This represents a decrease in net position of \$0.4 million or 1.8%. The decrease in net position is a result of expenses of \$5.0 million exceeding revenues of \$4.6 million.

Revenues of \$4.6 million consist of charges for services, grant revenue and investment income. This is an increase of \$150,000 or 3.4% over the prior year's total revenue of \$4.5 million. Charges for services and investment income had small increases, and the majority of the increase is due to increased grant funding for the water portion of View Park improvements. Expenses totaled \$5.0 million in the current year, an increase of \$210,000 over the prior year's total expense of \$4.8 million. Operating expenses had a net increase due to higher personnel costs offset by reduced water supply costs resulting from being able to use more City well water rather than purchasing water for distribution. For more details relating to the Water Utilities Enterprise Fund activities and water management plan please see the City's Website.

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

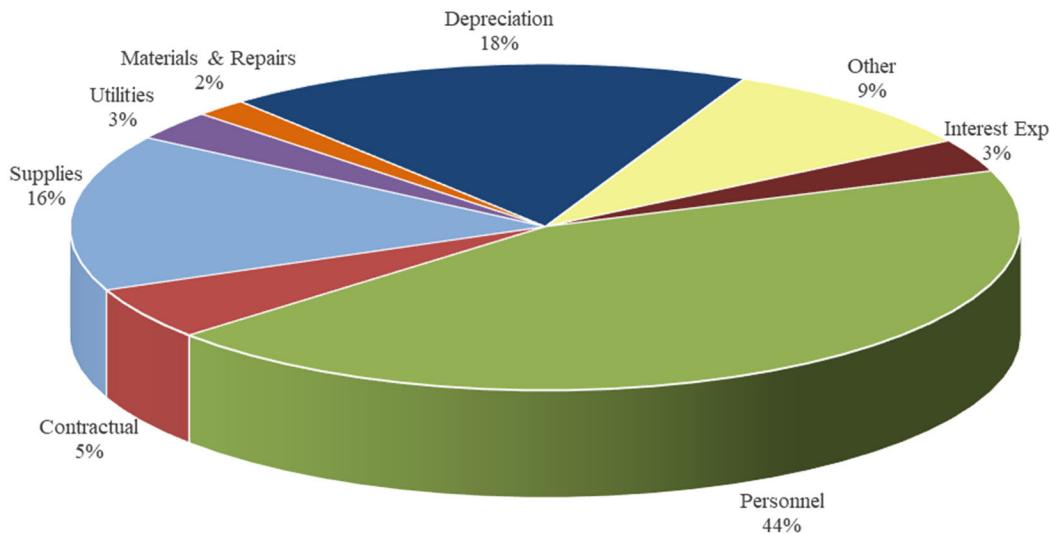
**Revenues by Source – Business-type Activities**  
**Fiscal Year 2018-19**



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

Fiscal Year Ended June 30, 2019

**Expenses – Business-type Activities**  
**Fiscal Year 2018-19**



## **FUND FINANCIAL ANALYSIS**

The City's major governmental funds for the fiscal year ended June 30, 2019 were the General Fund, the Housing Authority Special Revenue Fund, the Capital Grants Special Revenue Fund, the Lease Revenue Bond Capital Projects Fund, and the Capital Improvement Capital Projects Fund.

### **General Fund**

The General Fund's fund balance increased by \$0.5 million in FY 2018-19. This increase was a result of revenues totaling \$23.2 million exceeding expenditures of \$21.2 million and net transfers out of \$1.5 million.

General fund revenues increased by a net of \$1.4 million compared to FY 2017-18. This net increase is explained by a \$0.7 million increase in sales tax revenues and a \$0.3 million increase in property and other tax revenues. Investment income increased by \$0.4 million due to higher interest rates throughout much of the year which were followed by decreased interest rates in the last quarter of the year. The decline in interest rates at year-end resulted in an unrealized market value gain which was reported as part of investment income.

The General Fund's operating expenditures increased by \$1.3 million, mainly the result of 1) a \$0.7 million increase in personnel costs spread across all departments, and 2) a \$0.6 million cost for the City purchasing a parcel of land from the Successor Agency in FY 2018-19.

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

**Housing Authority Special Revenue Fund**

The Housing Authority fund balance increased by \$154,000 to \$5.9 million. The fund's activity consists of interest and rental income and professional services for assistance in administering the City's housing program. Fund balance is restricted for housing purposes.

**Capital Grants Special Revenue Fund**

The Capital Grants Special Revenue Fund is used to account for grants received from other governmental agencies for capital improvements. The majority of funds received are transferred to the Capital Improvements Capital Projects Fund for capital project funding. The deficit fund balance at fiscal year-end is a result of delayed reimbursement of project costs and is expected to be eliminated with grant revenue to be received in the future.

**Lease Revenue Bond Capital Projects Fund**

The Lease Revenue Bond Capital Projects Fund is used to account for the proceeds, construction, and debt service related to the Signal Hill Municipal Financing Authority's Lease Revenue Bonds, Series 2018. The bonds were issued to provide a portion of the funding for the construction of the Signal Hill Library. Fund balance is restricted for specific capital project funding.

**Capital Improvement Capital Projects Fund**

Capital expenditures within the Capital Improvement Capital Projects Fund totaled \$21.2 million for the fiscal year. The major projects worked on in FY 2018-19 were continuing the Los Cerritos Channel Stormwater project and construction of the Signal Hill Public Library. This fund has a zero fund balance at fiscal year-end indicating that all project costs were fully funded as budgeted.

**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.

In preparing its budgets, the City attempts to estimate revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenue. During the course of the year, the City Council amended the originally adopted budget by approximately \$200,000. The main reason for the increase in budgeted appropriations was to provide for additional building maintenance costs within the public works department.

Total General Fund revenues of \$23.2 million were \$2.0 million higher than the budget amount of \$21.2 million. Due to conservative budgeting of revenues, all revenue categories exceeded the budget except for intergovernmental revenues and other revenue.

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

Total General Fund expenditures were projected at \$22.3 million. The FY 2018-19 actual expenditures were below the total budgeted amount by \$1.1 million. In FY 2018-19, all 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, 2019, totaled \$131.3 million, net of depreciation. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, vehicles, water lines and construction in progress. FY 2018-19 had a net increase in capital assets of \$20.5 million due to the continuing construction of two major capital projects – 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.

### **Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Land	\$ 32,218,689	\$ 30,903,450	\$ 4,427,416	\$ 4,427,416	\$ 36,646,105	\$ 35,330,866
Water rights	-	-	365,453	395,833	365,453	395,833
Construction in progress	27,221,425	17,560,514	259,741	20,070	27,481,166	17,580,584
Buildings & equipment	22,360,192	23,020,886	21,955,169	22,833,360	44,315,361	45,854,246
Infrastructure	22,500,939	11,688,327	-	-	22,500,939	11,688,327
<b>Total assets</b>	<b>\$ 104,301,245</b>	<b>\$ 83,173,177</b>	<b>\$ 27,007,779</b>	<b>\$ 27,676,679</b>	<b>\$ 131,309,024</b>	<b>\$ 110,849,856</b>

### **Debt Administration**

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

	Governmental Activities		Business-type Activities		Totals	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Water revenue bonds	\$ -	\$ -	\$ 3,786,851	\$ 4,268,906	\$ 3,786,851	\$ 4,268,906
Leave revenue bonds	8,851,161	8,974,210	-	-	8,851,161	8,974,210
Advance from general fund	-	-	2,492,754	2,615,426	2,492,754	2,615,426
Capital lease obligations	4,224	20,619	-	-	4,224	20,619
Net pension liability	25,325,314	25,918,907	2,445,061	2,527,583	27,770,375	28,446,490
OPEB liability	8,024,509	8,809,006	869,870	143,073	8,894,379	8,952,079
Compensated absences	949,868	846,011	58,424	58,721	1,008,292	904,732
<b>Total long-term liabilities</b>	<b>\$ 43,155,076</b>	<b>\$ 44,568,753</b>	<b>\$ 9,652,960</b>	<b>\$ 9,613,709</b>	<b>\$ 52,808,036</b>	<b>\$ 54,182,462</b>

See independent auditor's report.

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

Fiscal Year Ended June 30, 2019

The City has two bond issues outstanding at fiscal year-end. The water revenue bonds are part of the City's business-type activities and the outstanding bond liability is \$3.8 million at year-end. The lease revenue bonds are part of the City's governmental activities and the outstanding bond liability is \$8.9 million at year-end. Additional information on the City's long-term obligations can be found in the following Notes to Basic Financial Statements:

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

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

The budget for FY 2019-20 was prepared with cautious optimism, using long-standing, conservative budgeting principles and economic data from Beacon Economics, the Los Angeles Economic Development Corporation, and Long Beach State University Department of Economics.

The FY 2019-20 adopted budget is balanced, utilizing planned revenues and transfers that are equal to planned operating expenditures for the budget year. Most General Fund revenue categories were kept flat based on observations of the current economy that continues to expand, but has yet to produce significant year-over-year increases in categories such as oil production-related and other taxes that are anticipated to be unchanged. The most significant adjustment was a downward revision to estimated sales tax revenues based on the most recent data from the City's sales tax analytics provider. Reduced auto sales together with the closure of an auto dealership and reduction in business-to-business office supply sales were all contributing factors to these estimates. Planned expenditures have either been kept flat or slightly reduced. In the mid-to-long-term, City goals include potential economic development activity and investments by auto dealers in the Signal Hill Auto Center.

The budget fully funds the Police Department, recreational opportunities, as well as funding environmental programs aimed at meeting state mandated environmental regulations. The Capital Improvement Program includes funding for the completion of the Library, Community Center improvements, View Park improvements, and investment in the maintenance of the City's streets and water system.

The City's budget was prepared in a conservative manner, accounting for current and future economic indicators regarding revenue estimates and expenditures. The City's ongoing, prudent fiscal practices which include a consideration of future needs and planning, have enabled the City to achieve and maintain a positive, long-term stable financial condition. The City will continue to build on the accomplishments that have resulted in the fiscal stability of the City and will continue to deliver the services that provide a high quality of life to residents.

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

Fiscal Year Ended June 30, 2019

**REQUESTS FOR INFORMATION**

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

## CITY OF SIGNAL HILL

## STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS:</b>			
Cash and investments	\$ 35,021,797	\$ 2,663,664	\$ 37,685,461
Receivables:			
Accounts	660,064	637,431	1,297,495
Accrued interest	305,629	-	305,629
Loans	1,840,771	-	1,840,771
Due from other governments	7,792,056	138,082	7,930,138
From Successor Agency	13,623,376	-	13,623,376
Internal balances	1,698,475	(1,698,475)	-
Inventory	23,238	-	23,238
Prepaid items	204,897	-	204,897
Land and improvements held for resale, net	615,641	-	615,641
Restricted assets:			
Cash and investments	8,988,981	36	8,989,017
Capital assets, not depreciated	59,440,114	4,687,157	64,127,271
Capital assets, depreciated, net of accumulated depreciation	44,861,131	22,320,622	67,181,753
Total assets	<u>175,076,170</u>	<u>28,748,517</u>	<u>203,824,687</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss amount on debt refunding	-	110,504	110,504
Pension related	5,908,007	638,655	6,546,662
OPEB related	16,396	1,777	18,173
Total deferred outflow of resources	<u>5,924,403</u>	<u>750,936</u>	<u>6,675,339</u>
<b>LIABILITIES:</b>			
Accounts payable	3,955,877	244,188	4,200,065
Accrued liabilities	3,588,779	-	3,588,779
Deposits payable	645,430	361,707	1,007,137
Accrued interest payable	20,275	92,914	113,189
Unearned revenue	1,861,585	804,096	2,665,681
Noncurrent liabilities:			
Due within one year	611,913	445,000	1,056,913
Due in more than one year:			
Other	9,193,340	3,400,275	12,593,615
Net pension liability	25,325,314	2,445,061	27,770,375
Net OPEB liability	8,024,509	869,870	8,894,379
Total liabilities	<u>53,227,022</u>	<u>8,663,111</u>	<u>61,890,133</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related	1,162,504	208,468	1,370,972
OPEB related	441,499	47,860	489,359
Total deferred inflow of resources	<u>1,604,003</u>	<u>256,328</u>	<u>1,860,331</u>
<b>NET POSITION:</b>			
Net investment in capital assets	104,566,586	23,331,432	127,898,018
Restricted for:			
Capital improvements	5,539,956	-	5,539,956
Development impact	3,514,522	-	3,514,522
Transportation	3,199,734	-	3,199,734
Public protection	198,839	-	198,839
Housing	5,907,164	-	5,907,164
Unrestricted	3,242,747	(2,751,418)	491,329
TOTAL NET POSITION	<u>\$ 126,169,548</u>	<u>\$ 20,580,014</u>	<u>\$ 146,749,562</u>

See accompanying notes to the basic financial statements.

CITY OF SIGNAL HILL

STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2019

	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Expenses			
<b>Governmental activities:</b>			
General government	\$ 4,090,332	\$ 331,039	\$ 305,589
Community services	1,990,401	173,128	-
Police	11,504,350	252,230	358,125
Community development	1,433,633	430,005	461,096
Public works	4,638,205	702,496	1,224,235
Unallocated infrastructure depreciation	<u>400,913</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>24,057,834</u>	<u>1,888,898</u>	<u>2,349,045</u>
Business-type activities:			
Water	<u>5,056,306</u>	<u>4,334,799</u>	<u>-</u>
Total business-type activities	<u>5,056,306</u>	<u>4,334,799</u>	<u>-</u>
Total	<u>\$ 29,114,140</u>	<u>\$ 6,223,697</u>	<u>\$ 2,349,045</u>
General revenues:			
Taxes:			
Property tax			
Franchise tax			
Oil production tax			
Transient occupancy tax			
Motor vehicle in-lieu tax			
Public service taxes			
Intergovernmental - Unrestricted shared sales and use tax			
Investment income			
Unrestricted grants and contributions			
Transfers			
Total general revenues			
Change in net position			
Net position at beginning of fiscal year, as restated (Note 19)			
Net position at end of fiscal year			

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,453,704)	\$ -	\$ (3,453,704)
(1,817,273)	-	(1,817,273)
(10,893,995)	-	(10,893,995)
(542,532)	-	(542,532)
7,507,073	-	7,507,073
(400,913)	-	(400,913)
<u>(9,601,344)</u>	<u>-</u>	<u>(9,601,344)</u>
 - - -	 (481,836)	 (481,836)
 - - -	 (481,836)	 (481,836)
 <u>(9,601,344)</u>	 <u>(481,836)</u>	 <u>(10,083,180)</u>
   \$2,188,880	   -	   2,188,880
900,594	-	900,594
510,635	-	510,635
254,371	-	254,371
5,640	-	5,640
281,836	-	281,836
15,789,342	-	15,789,342
1,787,800	68,360	1,856,160
94,455	-	94,455
(29,855)	29,855	-
<u>21,783,698</u>	<u>98,215</u>	<u>21,881,913</u>
<u>12,182,354</u>	<u>(383,621)</u>	<u>11,798,733</u>
 <u>113,987,194</u>	 <u>20,963,635</u>	 <u>134,950,829</u>
 <u>\$ 126,169,548</u>	 <u>\$ 20,580,014</u>	 <u>\$ 146,749,562</u>

See accompanying notes to the basic financial statements.

## CITY OF SIGNAL HILL

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2019

		General	Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund
<b>ASSETS</b>				
Cash and investments		\$ 16,233,251	\$ 4,015,006	\$ 884,881
Accounts receivable		651,968	-	-
Accrued interest receivable		305,029	-	-
Due from other funds		9,790,482	-	-
Due from other governments		3,460,253	-	4,259,181
Receivable due from Successor Agency		12,408,750	1,214,626	-
Prepaid items		204,897	-	-
Loans receivable		-	1,834,734	-
Advances to other funds		2,500,242	-	-
Land and improvements held for resale, net		-	615,641	-
Restricted Assets:				
Cash and investments		-	-	-
<b>TOTAL ASSETS</b>		<b>\$ 45,554,872</b>	<b>\$ 7,680,007</b>	<b>\$ 5,144,062</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable		\$ 606,863	\$ -	\$ -
Accrued liabilities		3,264,083	-	324,696
Deposits payable		645,430	-	-
Unearned revenue		8,808	-	884,881
Due to other funds		-	-	3,934,485
Advances from other funds		-	1,779,480	-
<b>TOTAL LIABILITIES</b>		<b>4,525,184</b>	<b>1,779,480</b>	<b>5,144,062</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues		3,158,750	-	4,259,181
<b>FUND BALANCES:</b>				
Nonspendable		11,955,139	-	-
Restricted		-	5,900,527	-
Committed		15,329,624	-	-
Unassigned		10,586,175	-	(4,259,181)
<b>TOTAL FUND BALANCES</b>		<b>37,870,938</b>	<b>5,900,527</b>	<b>(4,259,181)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		<b>\$ 45,554,872</b>	<b>\$ 7,680,007</b>	<b>\$ 5,144,062</b>

See accompanying notes to basic financial statements.

Lease Revenue Bond Capital Projects Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,281,383	\$ 9,274,943	\$ 33,689,464
-	-	-	651,968
-	-	600	305,629
-	-	-	9,790,482
-	-	72,622	7,792,056
-	-	-	13,623,376
-	-	-	204,897
-	-	6,037	1,840,771
-	-	967,896	3,468,138
-	-	-	615,641
<b>8,975,959</b>	<b>-</b>	<b>13,022</b>	<b>8,988,981</b>
<b>\$ 8,975,959</b>	<b>\$ 3,281,383</b>	<b>\$ 10,335,120</b>	<b>\$ 80,971,403</b>

\$ -	\$ 3,281,383	\$ 27,798	\$ 3,916,044
-	-	-	3,588,779
-	-	-	645,430
-	-	967,896	1,861,585
5,827,696	-	28,301	9,790,482
-	-	-	1,779,480
<b>5,827,696</b>	<b>3,281,383</b>	<b>1,023,995</b>	<b>21,581,800</b>
<b>-</b>	<b>-</b>	<b>600</b>	<b>7,418,531</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>11,955,139</b>
3,148,263	-	9,310,525	18,359,315
-	-	-	15,329,624
-	-	-	6,326,994
<b>3,148,263</b>	<b>-</b>	<b>9,310,525</b>	<b>51,971,072</b>
<b>\$ 8,975,959</b>	<b>\$ 3,281,383</b>	<b>\$ 10,335,120</b>	<b>\$ 80,971,403</b>

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CITY OF SIGNAL HILL

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

June 30, 2019

Fund balances - total governmental funds \$ 51,971,072

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

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

Land	\$ 32,218,689
Construction in progress	27,163,514
Infrastructure, net of \$17,394,997 accumulated depreciation	22,500,939
Structures and improvements, net of \$8,799,501 accumulated depreciation	20,847,324
Vehicles, equipment and furniture, net of \$2,536,292 accumulated depreciation	479,518
<b>Total capital assets used in governmental activities</b>	<b>103,209,984</b>

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

7,418,531

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.

1,995,607

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

Deferred outflow of resources - pension	5,808,476
Deferred outflow of resources - OPEB	16,178
Deferred inflow of resources - pension	(1,130,016)
Deferred inflow of resources - OPEB	(435,627)
	<b>4,259,011</b>

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

Interest payable	(20,275)
Revenue bonds payable	(8,851,161)
Capital lease obligations	(4,224)
Compensated absences	(946,955)
Net pension liability	(24,944,266)
Net OPEB liability	(7,917,776)
	<b>(42,684,657)</b>

Net position of governmental activities

\$ 126,169,548

See accompanying notes to basic financial statements.

CITY OF SIGNAL HILL

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

For the year ended June 30, 2019

	General	Housing Authority Special Revenue Fund	Capital Grants Special Revenue Fund
<b>REVENUES:</b>			
Property taxes	\$ 2,188,880	\$ -	\$ -
Sales and use tax	15,789,342	-	-
Other taxes	1,761,600	-	-
Licenses and permits	580,340	-	-
Intergovernmental revenues	34,674	-	7,492,074
Charges for services	1,066,417	-	-
Fines and forfeitures	423,499	-	-
Investment income	1,293,708	159,284	-
Other revenue	77,668	-	-
<b>TOTAL REVENUES</b>	<b>23,216,128</b>	<b>159,284</b>	<b>7,492,074</b>
<b>EXPENDITURES:</b>			
Current:			
General government	4,714,859	-	-
Community services	1,726,847	-	-
Police	9,121,193	-	-
Community development	888,692	4,929	-
Public works	4,060,025	-	-
Capital outlay	668,968	-	-
Debt service:			
Principal	16,395	-	-
Interest	52	-	-
<b>TOTAL EXPENDITURES</b>	<b>21,197,031</b>	<b>4,929</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,019,097</b>	<b>154,355</b>	<b>7,492,074</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	439,744	-	379,490
Transfers out	(1,967,410)	-	(10,061,204)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,527,666)</b>	<b>-</b>	<b>(9,681,714)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>491,431</b>	<b>154,355</b>	<b>(2,189,640)</b>
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR, AS RESTATED (NOTE 19)</b>	<b>37,379,507</b>	<b>5,746,172</b>	<b>(2,069,541)</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 37,870,938</b>	<b>\$ 5,900,527</b>	<b>\$ (4,259,181)</b>

See accompanying notes to basic financial statements.

Lease Revenue Bond Capital Projects Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,188,880
-	-	-	15,789,342
-	-	60,062	1,821,662
-	-	-	580,340
-	-	1,675,336	9,202,084
-	-	828,408	1,894,825
-	-	-	423,499
146,885	-	384,252	1,984,129
-	-	-	77,668
<b>146,885</b>	<b>-</b>	<b>2,948,058</b>	<b>33,962,429</b>
-	-	-	4,714,859
-	-	-	1,726,847
-	-	392,359	9,513,552
-	-	537,244	1,430,865
-	-	80,987	4,141,012
-	21,212,738	760,762	22,642,468
100,000	-	-	116,395
244,100	-	-	244,152
<b>344,100</b>	<b>21,212,738</b>	<b>1,771,352</b>	<b>44,530,150</b>
<b>(197,215)</b>	<b>(21,212,738)</b>	<b>1,176,706</b>	<b>(10,567,721)</b>
-	21,885,984	149,086	22,854,304
(5,417,068)	(29,855)	(5,568,259)	(23,043,796)
<b>(5,417,068)</b>	<b>21,856,129</b>	<b>(5,419,173)</b>	<b>(189,492)</b>
(5,614,283)	643,391	(4,242,467)	(10,757,213)
<b>8,762,546</b>	<b>(643,391)</b>	<b>13,552,992</b>	<b>62,728,285</b>
<b>\$ 3,148,263</b>	<b>\$ -</b>	<b>\$ 9,310,525</b>	<b>\$ 51,971,072</b>

CITY OF SIGNAL HILL

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

For the year ended June 30, 2019

Net change in fund balances - total governmental funds \$ (10,757,213)

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	\$ 22,386,640
Depreciation expense	(1,462,978)
Loss on disposal of assets	<u>(39,671)</u>
	20,883,991

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

Repayment of revenue bonds	100,000
Repayment of capital lease	<u>16,395</u>
	116,395

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	(106,100)
Net change in accrued interest payable	150
Amortization of bond premium	<u>23,049</u>
	(82,901)

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.

2,249,931

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.

197,187

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

(1,246,199)

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

821,163

Change in net position of governmental activities \$ 12,182,354

See accompanying notes to basic financial statements.

## CITY OF SIGNAL HILL

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2019

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 2,663,664	\$ 1,332,333
Restricted cash and investments	36	-
Accounts receivable, net	637,431	8,096
Advances to other funds	804,096	-
Due from other governments	138,082	-
Inventory	-	23,238
<b>TOTAL CURRENT ASSETS</b>	<b>4,243,309</b>	<b>1,363,667</b>
<b>NONCURRENT ASSETS:</b>		
Capital assets:		
Land	4,427,416	-
Construction in progress	259,741	57,911
Depreciable assets, net of accumulated depreciation	22,320,622	1,033,350
<b>TOTAL NONCURRENT ASSETS</b>	<b>27,007,779</b>	<b>1,091,261</b>
<b>TOTAL ASSETS</b>	<b>31,251,088</b>	<b>2,454,928</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount on debt refunding	110,504	-
Deferred outflows - pension related	638,655	99,531
Deferred outflows - OPEB related	1,777	218
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>750,936</b>	<b>99,749</b>
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	244,188	39,833
Accrued interest payable	92,914	-
Refundable deposits	361,707	-
Advances from other funds	2,492,754	-
Unearned revenue	804,096	-
Current portion of long-term liabilities:		
Water revenue refunding bonds	445,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,440,659</b>	<b>39,833</b>
<b>LONG-TERM LIABILITIES:</b>		
Water revenue refunding bonds	3,341,851	-
Compensated absences	58,424	2,913
Net pension liability	2,445,061	381,048
Net OPEB liability	869,870	106,733
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>6,715,206</b>	<b>490,694</b>
<b>TOTAL LIABILITIES</b>	<b>11,155,865</b>	<b>530,527</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows - pension related	208,468	32,488
Deferred inflows - OPEB related	47,860	5,872
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>256,328</b>	<b>38,360</b>
<b>NET POSITION:</b>		
Net investment in capital assets	23,331,432	1,091,261
Unrestricted	(2,741,601)	894,529
<b>TOTAL NET POSITION</b>	<b>20,589,831</b>	<b>\$ 1,985,790</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(9,817)	
Net position of business-type activity	<b>\$ 20,580,014</b>	

See accompanying notes to the basic financial statements.

## CITY OF SIGNAL HILL

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

For the year ended June 30, 2019

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 4,314,494	\$ 608,320
Other operating revenues	20,305	-
<b>TOTAL OPERATING REVENUES</b>	<b>4,334,799</b>	<b>608,320</b>
<b>OPERATING EXPENSES:</b>		
Personnel services	2,224,476	177,808
Contractual services	263,593	34,784
Supplies	785,434	157,406
Material and repairs	90,352	79,111
Utilities	148,818	-
Depreciation/amortization	908,571	172,436
Other	465,428	10,382
<b>TOTAL OPERATING EXPENSES</b>	<b>4,886,672</b>	<b>631,927</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(551,873)</b>	<b>(23,607)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income	68,360	36,418
Interest expense	(166,160)	-
Gain on sale of assets	-	21,265
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(97,800)</b>	<b>57,683</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(649,673)</b>	<b>34,076</b>
<b>CAPITAL CONTRIBUTIONS:</b>		
Capital grants	239,671	-
Transfer in	29,855	159,637
<b>CHANGES IN NET POSITION</b>	<b>(380,147)</b>	<b>193,713</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>20,969,978</b>	<b>1,792,077</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 20,589,831</b>	<b>\$ 1,985,790</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(3,474)	
Change in net position of business-type activity	<b>\$ (383,621)</b>	

See accompanying notes to the basic financial statements.

## CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2019

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 4,283,685	\$ -
Receipts from interfund services provided	-	604,749
Payments to suppliers	(1,710,152)	(262,410)
Payments to employees	(1,511,309)	(206,038)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,062,224</b>	<b>136,301</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfers from other funds	29,855	159,637
Net cash paid to other funds	(122,672)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(92,817)</b>	<b>159,637</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of capital assets	-	56,607
Capital grants	101,589	-
Acquisition of property, plant and equipment	(239,671)	(451,855)
Principal paid	(430,000)	-
Interest paid	(184,479)	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(752,561)</b>	<b>(395,248)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	68,360	36,418
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>285,206</b>	<b>(62,892)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>2,378,494</b>	<b>1,395,225</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,663,700</b>	<b>\$ 1,332,333</b>
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:		
Cash and investments	\$ 2,663,664	\$ 1,332,333
Restricted cash and investments	36	-
Cash and cash equivalents at end of fiscal year	<b>\$ 2,663,700</b>	<b>\$ 1,332,333</b>

(Continued)

See accompanying notes to the basic financial statements.

## CITY OF SIGNAL HILL

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(CONTINUED)

For the year ended June 30, 2019

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (551,873)	\$ (23,607)
Depreciation/amortization	908,571	172,436
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	(59,891)	(3,571)
(Increase) decrease in inventory	-	(3,271)
(Increase) decrease in deferred outflows of resources - pensions	86,107	13,418
(Increase) decrease in deferred outflows of resources - OPEB	359	44
Increase (decrease) in accounts payable	43,473	22,544
Increase (decrease) in refundable deposits	8,777	-
Increase (decrease) in compensated absences	(297)	(2,243)
Increase (decrease) in deferred inflows of resources - OPEB	(7,037)	(28,212)
Increase (decrease) in deferred inflows of resources - pensions	(10,240)	25,752
Increase (decrease) in net pension liability	(82,522)	(12,861)
Increase (decrease) in net OPEB liability	726,797	(24,128)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,062,224</u>	<u>\$ 136,301</u>

See accompanying notes to the basic financial statements.

## CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2019

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
<b>ASSETS:</b>	
Cash and investments	\$ 9,348,961
Restricted cash and investments	4,564,615
Accounts receivable	26,817
Capital assets:	
Land	<u>22,545,497</u>
<b>TOTAL ASSETS</b>	<b><u>36,485,890</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred loss amount on debt refunding	<u>1,317,037</u>
<b>LIABILITIES:</b>	
Accounts payable	2,286,945
Accrued liabilities	1,636,674
Accrued interest payable	640,223
Refundable deposits	6,075,000
Long-term liabilities:	
Due within one year	5,275,000
Due in more than one year	47,594,091
Payable to the City of Signal Hill	12,408,750
Payable to the Signal Hill Housing Authority	<u>1,214,626</u>
<b>TOTAL LIABILITIES</b>	<b><u>77,131,309</u></b>
<b>NET POSITION:</b>	
Held in trust	<u>\$ (39,328,382)</u>

See accompanying notes to the basic financial statements.

## CITY OF SIGNAL HILL

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND

For the year ended June 30, 2019

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS:</b>	
Distributions from County-administered redevelopment property tax trust fund	\$ 11,707,162
Investment earnings	<u>241,619</u>
<b>TOTAL ADDITIONS</b>	<b><u>11,948,781</u></b>
<b>DEDUCTIONS:</b>	
Personnel services	337,616
Contractual services	13,005
Project costs	2,657,638
Land proceeds remitted to County of Los Angeles	563,430
Loss on sale of capital assets	537,438
Interest	<u>2,529,847</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>6,638,974</u></b>
<b>CHANGE IN NET POSITION</b>	<b><u>5,309,807</u></b>
<b>NET DEFICIT - BEGINNING OF YEAR, AS RESTATED (NOTE 19)</b>	<b><u>(44,638,189)</u></b>
<b>NET DEFICIT - END OF YEAR</b>	<b><u>\$ (39,328,382)</u></b>

See accompanying notes to the basic financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

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## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

##### **A. Reporting Entity**

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

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

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

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

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

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

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

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*****B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

# **CITY OF SIGNAL HILL, CALIFORNIA**

## **Notes to Basic Financial Statements**

**June 30, 2019**

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The Lease Revenue Bond Capital Project Fund is used to account for the proceeds, construction, and debt service related to the Signal Hill Municipal Financing Authority's Lease Revenue Bonds (Library Project), Series 2018.

## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

##### **Proprietary Funds**

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

##### **Fiduciary Funds**

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

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

##### **D. New Accounting Pronouncements**

##### **Implemented**

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018, and did not impact the City.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018, and did not significantly impact the City.

# CITY OF SIGNAL HILL, CALIFORNIA

## Notes to Basic Financial Statements

June 30, 2019

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

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

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

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

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.
- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

#### **E. Cash and Cash Equivalents**

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

#### **F. Cash and Investments**

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

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

#### **G. Restricted Assets**

At June 30, 2019, cash and investments of \$8,975,959 and \$13,022, are reported as restricted in the Lease Revenue Bonds Capital Projects Fund and Other Governmental Funds, respectively, for civic center improvement projects.

## CITY OF SIGNAL HILL, CALIFORNIA

### Notes to Basic Financial Statements

June 30, 2019

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

##### **H. Capital Assets**

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

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

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

##### **I. Inventory and Prepaid Items**

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

##### **J. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred loss amount on refunding, net of accumulated amortization are reported in the government-wide statement of net position, the Water Enterprise Fund, and the Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund. A deferred loss amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

## CITY OF SIGNAL HILL, CALIFORNIA

### Notes to Basic Financial Statements

June 30, 2019

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

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

- Deferred outflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions and OPEB resulting from the net differences between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.
- Deferred outflow related to pension plans for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

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

#### K. Employee Compensated Absences

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

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

## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

##### **K. Employee Compensated Absences (Continued)**

The City does not reimburse for unused sick pay upon an employee's separation other than for retirement. The percentage pay-off at retirement varies based on employee group agreements and/or years of service of employment. The City has an annual cash-out program ranging from 48 - 80 annual maximum hours for its employees based on tiered, years of service of employment. The balance of unused sick pay at fiscal year-end for those employees who meet minimum eligibility requirements, is recorded as a long-term liability, as these amounts will be liquidated from future resources rather than expendable available resources.

##### **L. Pensions**

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

##### **M. OPEB**

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

##### **N. Fund Balances**

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

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

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

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

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

## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

##### **N. Fund Balances (Continued)**

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

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

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

##### **O. Property Taxes**

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

##### **P. Claims and Judgments**

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

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

##### **Q. Net Position**

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

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Q. Net Position (Continued)**

At June 30, 2019, net investment in capital assets, was determined as follows:

	Governmental Activities	Business-type Activity
Capital assets, net of accumulated depreciation	<u>\$ 104,301,245</u>	<u>\$ 27,007,779</u>
Less:		
Bonds, net	(8,851,161)	(3,786,851)
Capital leases	(4,224)	-
Add back:		
Deferred amount on refunding	-	110,504
Bond proceeds not available for capital purposes	145,024	
Unspent bonds proceeds	<u>8,975,702</u>	<u>-</u>
 Total	 <u>\$ 104,566,586</u>	 <u>\$ 23,331,432</u>

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

**R. Net Position Flow Assumptions**

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

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

**S. Estimates**

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**2. CASH AND INVESTMENTS****Cash and Investments**

Cash and investments at June 30, 2019 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	\$ 37,685,461	\$ 9,348,961	\$ 47,034,422
Restricted cash and investments	<u>8,989,017</u>	<u>4,564,615</u>	<u>13,553,632</u>
 Total Cash and Investments	 <u>\$ 46,674,478</u>	 <u>\$ 13,913,576</u>	 <u>\$ 60,588,054</u>

Cash and investments at June 30, 2019 consisted of the following:

Cash on hand	\$ 3,834
Deposits with financial institutions	1,102,004
Investments	<u>59,482,216</u>
 Total Cash and Investments	 <u>\$ 60,588,054</u>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****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 for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

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

N/A - Not Applicable

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

**Investments Authorized by Debt Agreements**

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

**Disclosures Relating to Interest Rate Risk**

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****2. CASH AND INVESTMENTS (CONTINUED)****Disclosures Relating to Interest Rate Risk (Continued)**

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
Local Agency Investment Fund	\$ 29,295,938	\$ -	\$ -	\$ 29,295,938
US Government Agency Securities	498,648	3,538,625	985,954	5,023,227
Negotiable Certificates of Deposit	1,496,746	2,687,703	4,297,459	8,481,908
Money Market Mutual Funds	3,127,510	-	-	3,127,510
<b>Held by Bond Trustee:</b>				
Money Market Mutual Funds	11,885,755	-	-	11,885,755
Bank Money Market Funds	1,667,878	-	-	1,667,878
	<b><u>\$ 47,972,475</u></b>	<b><u>\$ 6,226,328</u></b>	<b><u>\$ 5,283,413</u></b>	<b><u>\$ 59,482,216</u></b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Total as of June 30, 2019	Minimum Legal Ratings			Not Rated
		AAA	AA+	AA	
Local Agency Investment Fund	\$ 29,295,938	N/A	\$ -	\$ -	\$ 29,295,938
US Government Agency Securities	5,023,227	AA	-	5,023,227	-
Negotiable Certificates of Deposit	8,481,908	N/A	-	-	8,481,908
Money Market Mutual Funds	3,127,510	AAA	3,127,510	-	-
<b>Held by Bond Trustee:</b>					
Money Market Mutual Funds	11,885,755	AAA	11,885,755	-	-
Bank Money Market Funds	1,667,878	N/A	-	-	1,667,878
<b>Total</b>	<b><u>\$ 59,482,216</u></b>		<b><u>\$ 15,013,265</u></b>	<b><u>\$ 5,023,227</u></b>	<b><u>\$ 39,445,724</u></b>

N/A - Not Applicable

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**2. CASH AND INVESTMENTS (CONTINUED)****Concentration of Credit Risk**

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

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2019, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation and the remaining balances were collateralized under California Law.

**Investment in State Investment Pool**

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**2. CASH AND INVESTMENTS (CONTINUED)****Fair Value Measurements**

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2019:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
US Government Agency Securities	\$ -	\$ 5,023,227	\$ -	\$ 5,023,227
Negotiable Certificates of Deposit	<u>-</u>	<u>8,481,908</u>	<u>-</u>	<u>8,481,908</u>
	<u>\$ -</u>	<u>\$ 13,505,135</u>	<u>\$ -</u>	<u>13,505,135</u>
Local Agency Investment Fund*				29,295,938
Money Market Mutual Funds*				3,127,510
Held by Bond Trustee:				
Money Market Mutual Funds*				11,885,755
Bank Money Market Funds*				<u>1,667,878</u>
				<u>\$ 59,482,216</u>

\* Not subject to fair value measurement hierarchy.

**CITY OF SIGNAL HILL, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2019**

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**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 30,903,450	\$ 1,315,239	\$ -	\$ 32,218,689
Construction in progress	17,560,514	21,241,707	(11,580,796)	27,221,425
Total capital assets, not being depreciated	<u>48,463,964</u>	<u>22,556,946</u>	<u>(11,580,796)</u>	<u>59,440,114</u>
Capital assets, being depreciated:				
Structure and improvements	30,476,305	363,689	(876,947)	29,963,047
Equipment and furniture	3,168,245	12,175	(114,577)	3,065,843
Vehicles and major equipment	2,721,242	281,549	(253,317)	2,749,474
Infrastructure	28,691,004	11,204,932	-	39,895,936
Total capital assets, being depreciated	<u>65,056,796</u>	<u>11,862,345</u>	<u>(1,244,841)</u>	<u>75,674,300</u>
Less accumulated depreciation for:				
Structure and improvements	(9,055,393)	(806,026)	874,152	(8,987,267)
Equipment and furniture	(2,381,768)	(270,083)	77,701	(2,574,150)
Vehicles and major equipment	(1,907,745)	(166,985)	217,975	(1,856,755)
Infrastructure	(17,002,677)	(392,320)	-	(17,394,997)
Total accumulated depreciation	<u>(30,347,583)</u>	<u>(1,635,414)</u>	<u>1,169,828</u>	<u>(30,813,169)</u>
Total capital assets, being depreciated, net	<u>34,709,213</u>	<u>10,226,931</u>	<u>(75,013)</u>	<u>44,861,131</u>
Total governmental activities capital, net	<u>\$ 83,173,177</u>	<u>\$ 32,783,877</u>	<u>\$ (11,655,809)</u>	<u>\$ 104,301,245</u>

**CITY OF SIGNAL HILL, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2019**

**3. CAPITAL ASSETS (CONTINUED)**

**Capital Asset Activity (Continued)**

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
<b>Business-type Activity</b>				
Capital assets, not being depreciated:				
Land	\$ 4,427,416	\$ -	\$ -	\$ 4,427,416
Construction in progress	20,070	239,671	-	259,741
Total capital assets, not being depreciated	<u>4,447,486</u>	<u>239,671</u>	<u>-</u>	<u>4,687,157</u>
Capital assets, being depreciated:				
Water rights	1,215,186	-	-	1,215,186
Reservoirs and tanks	12,154,473	-	-	12,154,473
Wells	10,961,240	-	-	10,961,240
Mains	9,893,973	-	-	9,893,973
Pumps	1,384,407	-	-	1,384,407
Fire hydrants	564,667	-	-	564,667
Meters	429,048	-	-	429,048
Services	1,443,630	-	-	1,443,630
Structures	1,243,976	-	-	1,243,976
Equipment and furniture	<u>1,137,472</u>	<u>-</u>	<u>-</u>	<u>1,137,472</u>
Total capital assets, being depreciated	<u>40,428,072</u>	<u>-</u>	<u>-</u>	<u>40,428,072</u>
Less accumulated depreciation for:				
Water rights	(819,353)	(30,380)	-	(849,733)
Reservoirs and tanks	(4,881,383)	(271,278)	-	(5,152,661)
Wells	(1,024,871)	(271,709)	-	(1,296,580)
Mains	(6,036,586)	(195,408)	-	(6,231,994)
Pumps	(1,093,280)	(36,706)	-	(1,129,986)
Fire hydrants	(556,600)	(1,461)	-	(558,061)
Meters	(429,048)	-	-	(429,048)
Services	(855,062)	(27,579)	-	(882,641)
Structures	(607,267)	(28,673)	-	(635,940)
Equipment and furniture	<u>(895,429)</u>	<u>(45,377)</u>	<u>-</u>	<u>(940,806)</u>
Total accumulated depreciation	<u>(17,198,879)</u>	<u>(908,571)</u>	<u>-</u>	<u>(18,107,450)</u>
Total capital assets, being depreciated, net	<u>23,229,193</u>	<u>(908,571)</u>	<u>-</u>	<u>22,320,622</u>
Total business-type activity capital, net	<u>\$ 27,676,679</u>	<u>\$ (668,900)</u>	<u>\$ -</u>	<u>\$ 27,007,779</u>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****3. CAPITAL ASSETS (CONTINUED)****Depreciation/Amortization Expense**

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

## Governmental activities:

General government	\$ 57,729
Community services	263,188
Police	705,871
Public works	35,277
Internal service fund depreciation charged to programs	<u>172,436</u>

Allocated depreciation	1,234,501
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Unallocated infrastructure depreciation	<u>400,913</u>
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Total depreciation expense - governmental activities	<u>\$ 1,635,414</u>
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## Business-type activity:

Water	<u>\$ 908,571</u>
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**4. UNAVAILABLE REVENUES**

At June 30, 2019, deferred inflows of resources - unavailable revenues, reported in the governmental fund financial statements, consisted of the following:

	General Fund	Capital Grants	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Unavailable grant revenue	\$ -		\$ 4,259,181	\$ -	\$ 4,259,181
Unavailable interest long-term notes receivables	<u>3,158,750</u>		<u>-</u>	<u>600</u>	<u>3,159,350</u>
	<u>\$ 3,158,750</u>		<u>\$ 4,259,181</u>	<u>\$ 600</u>	<u>\$ 7,418,531</u>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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

Description	General Fund	Housing Authority Special Revenue Fund
Long-term loans to finance improvements and operations related to and within the former Redevelopment Agency's project areas	<u>\$ 12,408,750</u>	
Deferral of housing set aside payments by former Redevelopment Agency's		<u>\$ 1,214,626</u>

For further discussion of the receivables due from the Successor Agency, see Note 17F and 17G.

**B. Loans Receivables**

The discontinued First Time Homebuyer Program provided downpayment assistance to first time low or moderate income homebuyers. Financial assistance was provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the property. The second mortgage loan is due if the unit is sold or if the property no longer qualifies as the buyer's principal residence. The loans are equity participation loans if paid within the first 10 years. The principal loan amount plus a declining percentage of equity (depending on how long the home was owned) is due to the Agency at the time of sale. After 10 years, no equity is due the Agency. After 30 years, the homebuyer has the option of repaying the principal amount in full, or amortizing the principal amount due over 10 years with an interest payment at the prime rate plus 1%. Currently, four loans totaling \$55,254 remain outstanding.

The discontinued Residential Rehabilitation Loan Program provided funding to Signal Hill homeowners for exterior improvements to their residences. The loans are secured by promissory notes and second deeds of trust on the property. Loans are to be repaid upon sale or transfer of the property. Currently, one loan totaling \$6,037 remains outstanding.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****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, 2019 was \$7,729,480. The City also set up an allowance for doubtful accounts, on this loan of \$5,950,000.

**6. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2019	Due Within One Year
<b>Governmental activities:</b>					
Other debt:					
2018 library lease revenue bonds	\$ 8,640,000	\$ -	\$ (100,000)	\$ 8,540,000	\$ 105,000
Plus 2018 original issue premium	334,210	-	(23,049)	311,161	-
Total library lease revenue bonds	8,974,210	-	(123,049)	8,851,161	105,000
Direct borrowings:					
Capital lease obligations	20,619	-	(16,395)	4,224	4,224
Other long-term liabilities:					
Compensated absences	846,011	682,818	(578,961)	949,868	502,689
Total governmental-type activity	<u>\$ 9,840,840</u>	<u>\$ 682,818</u>	<u>\$ (718,405)</u>	<u>\$ 9,805,253</u>	<u>\$ 611,913</u>
<b>Business-type activity:</b>					
Other debt:					
2016 Water revenue refunding bonds	\$ 3,885,000	\$ -	\$ (430,000)	\$ 3,455,000	\$ 445,000
Plus 2016 original issue premium	383,906	-	(52,055)	331,851	-
Total refunding bonds payable	4,268,906	-	(482,055)	3,786,851	445,000
Other long-term liabilities:					
Compensated absences	58,721	65,219	(65,516)	58,424	29,212
Total business-type activity	<u>\$ 4,327,627</u>	<u>\$ 65,219</u>	<u>\$ (547,571)</u>	<u>\$ 3,845,275</u>	<u>\$ 474,212</u>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****6. LONG-TERM LIABILITIES (CONTINUED)****A. 2018 Library Lease Revenue Bonds**

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

There is no reserve requirement associated with this bond.

The annual requirements to amortize the outstanding 2018 bond indebtedness as of June 30, 2019, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 105,000	\$ 242,050	\$ 347,050
2021	110,000	239,900	349,900
2022	120,000	237,600	357,600
2023	650,000	229,088	879,088
2024	660,000	214,350	874,350
2025 - 2029	3,595,000	807,488	4,402,488
2029 - 2033	3,300,000	230,900	3,530,900
	<u>\$ 8,540,000</u>	<u>\$ 2,201,376</u>	<u>\$ 10,741,376</u>

**B. Capital Leases**

Copiers: A five-year noncancelable lease was entered into for the purchase of eight copiers for various departments of the City. The value of the copiers at lease inception was \$75,557. Annual payments of principal and interest are \$17,028. The outstanding balance at June 30, 2019 on this lease is \$4,224. The net book value of the leased copiers at June 30, 2019 is \$15,113 (cost of \$75,557 less accumulated depreciation of \$60,444).

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

Future minimum lease payments for the fiscal year ended June 30,	
2020	\$ 4,252
Subtotal	4,252
Less amount representing interest	(28)
Present value of future lease payments	<u>\$ 4,224</u>

**C. Compensated Absences**

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**6. LONG-TERM LIABILITIES (CONTINUED)****D. 2016 Water Revenue Refunding Bonds**

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

The 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, 2019, this ratio was met.

There is no reserve requirement associated with this bond.

The annual requirements to amortize the outstanding 2016 bond indebtedness as of June 30, 2019, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	445,000	124,288	\$ 569,288
2021	460,000	110,937	570,937
2022	475,000	97,138	572,138
2023	490,000	81,663	571,663
2024	510,000	63,200	573,200
2025 - 2026	1,075,000	53,699	1,128,699
	<u>\$ 3,455,000</u>	<u>\$ 530,925</u>	<u>\$ 3,985,925</u>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2019, is as follows:

**Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General	Capital Grants	
	Special Revenue Fund	\$ 3,934,485
	Lease Revenue Bond	
	Capital Project Fund	5,827,696
	Other Governmental Funds	28,301
		<u>\$ 9,790,482</u>

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

**Advances To/From Other Funds**

Advances receivable and payable balances at June 30, 2019, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Enterprise Fund	\$ 2,492,754
General Fund	Housing Authority Special Revenue Fund	7,488
Other Governmental Funds	Housing Authority Special Revenue Fund	967,896
Water Enterprise Fund	Housing Authority Special Revenue Fund	804,096
		<u>4,272,234</u>

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

In FY 2015-16, the Signal Hill Housing Authority entered into a difficult development areas agreement with Meta Housing to develop affordable housing. As this was new development, an assessment of Park In-Lieu, Traffic Impact Fees, and Water Impact Fees were estimated based on the number of units and area of the property. These fees total 7,488 to the General Fund, \$967,896 to Other Governmental Funds and \$804,096 to the Water Fund, and are a liability of the Housing Authority to the other funds. The Housing Authority will repay as it obtains repayment from the developer.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)****Interfund Transfers**

Transfer In to Fund	Transfers Out of Fund	Amount
General Fund	Capital Grants Fund	\$ 439,744 (b)
Capital Grants Fund	General Fund	22,000 (b)
	Other Governmental Funds	357,490 (b)
Capital Improvement		
Capital Projects Fund	General Fund	1,796,324 (b)
	Capital Grants Fund	9,621,460 (b)
	Other Governmental Funds	5,051,132 (b)
	Lease Revenue Bond Capital Projects Fund	5,417,068 (b)
Other Governmental Funds	General Fund	149,086 (c)
Vehicle and Equipment		
Internal Service Fund	Other Governmental Funds	159,637 (a)
Water Fund	Capital Improvement	
	Capital Projects Fund	29,855 (b)
		<u>\$ 23,043,796</u>

The purposes for significant interfund transfers made during the fiscal year ended June 30, 2019 were as follows:

- (a) To provide funds for the acquisition of assets capitalized in the Internal Service Fund.
- (b) To provide funds for various capital projects in accordance with the City's capital improvement program.
- (c) To provide funds for ongoing city programs.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**8. INDIVIDUAL FUND DISCLOSURES****Deficit Fund Balances**

For the year ended June 30, 2019, the following fund had deficit fund balances:

Major Governmental Fund:

Capital Grants Special Revenue Fund	\$ 4,259,181
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The deficit will be eliminated by recognition of revenues next year that were unavailable at fiscal year end since they did not meet the availability criteria required for recognition in the governmental funds.

**Expenditures Exceeding Appropriations**

For the year ended June 30, 2019, expenditures exceeded appropriations in the following programs (the legal level of budgetary control):

Major Funds

General Fund:

General government - Executive administration	\$ 27,198
General government - Support services	105,520
General government - Fiscal services	12,376
Community services - Recreation	32,836
Police - Investigative services	175,695
Police - Police support services	26,149
Community development - Neighborhood enhancement	60,997
Community development - Oil field services	16,922
Capital outlay	279,042

Other Governmental Funds:

HCDA Grant Special Revenue Fund:

Community development - CDBG program	42
Community development - Capital outlay	2,205

Transportation Proposition A Special Revenue Fund:

Community development - Proposition A	386,302
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Supplemental Law Enforcement Special Revenue Fund:

Police - Patrol services	27,918
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The expenditures exceeding appropriations were funded by existing fund balances in the respective funds and, in certain cases, excess revenues received in the current year.

# CITY OF SIGNAL HILL, CALIFORNIA

## Notes to Basic Financial Statements

June 30, 2019

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### 9. DEFINED BENEFIT PENSION PLANS

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

##### Plan Descriptions

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

##### Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2018, the measurement date, are summarized as follows:

	Miscellaneous		
	Prior to 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			
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.09% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7%	7%	6.25%
Required employer contribution rates:			
Normal cost rate	8.921%	7.653%	6.533%
Payment of unfunded liability	\$ 739,777	\$ 1,510	\$ 195

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****9. DEFINED BENEFIT PENSION PLANS (CONTINUED)****A. General Information about the Pension Plans (Continued)****Benefits Provided (Continued)**

	Safety		
	Prior to June 10, 2010	On or After June 10, 2010 and prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	3%@50	3%@55	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.40% to 3.00%	2.00% to 2.70%
Required employee contribution rates	9%	9%	12.25%
Required employer contribution rates:			
Normal cost rate	21.418%	19.520%	12.729%
Payment of unfunded liability	\$ 1,125,181	\$ 1,185	\$ 190

**Contributions**

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

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

As of June 30, 2018, the measurement date, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 12,213,091
Safety	<u>15,557,284</u>
<b>Total Net Pension Liability</b>	<b>\$ 27,770,375</b>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****9. DEFINED BENEFIT PENSION PLANS (CONTINUED)****B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2017 and 2018 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2017	0.32027%	0.26478%
Proportion - June 30, 2018	0.32094%	0.26454%
Change - Increase (Decrease)	0.00067%	-0.00024%

For the year ended June 30, 2019, the City recognized pension expense of \$3,879,634 (\$1,235,544 Miscellaneous Plan and \$2,644,090 Safety Plan). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,268,784	\$ -
Differences between expected and actual experience	468,595	(159,460)
Change in assumptions	1,392,329	(341,233)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(540,604)
Net differences between projected and actual earnings on plan investments	<u>60,378</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,190,086</u></b>	<b><u>\$ (1,041,297)</u></b>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****9. DEFINED BENEFIT PENSION PLANS (CONTINUED)****B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

	Safety	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,372,345	\$ -	
Differences between expected and actual experience	334,274	(1,268)	
Change in assumptions	1,526,441	(205,944)	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	18,185	(122,463)	
Net differences between projected and actual earnings on plan investments	<u>105,331</u>	<u>-</u>	
<b>Total</b>	<b><u>\$ 3,356,576</u></b>	<b><u>\$ (329,675)</u></b>	

The \$2,641,129 (\$1,268,784 Miscellaneous Plan and \$1,372,345 Safety Plan) reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ending June 30,	Amount
2019	\$ 965,740
2020	484,442
2021	(460,329)
2022	(109,848)
2023	-
Thereafter	-

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****9. DEFINED BENEFIT PENSION PLANS (CONTINUED)****B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Safety	
Year Ending June 30,	Amount
2019	\$ 1,397,497
2020	802,964
2021	(438,149)
2022	(107,756)
2023	-
Thereafter	-

**Actuarial Assumptions**

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability determined in the June 30, 2017 actuarial accounting valuation. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERSdemographic data from 1997 to 2015) that can be found on the CalPERS website.
- (3) Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.0% thereafter.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****9. DEFINED BENEFIT PENSION PLANS (CONTINUED)****B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)****Long-term Expected Rate of Return**

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

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

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

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

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

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

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

**Discount Rate**

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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

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

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 19,024,108	\$ 23,389,257
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 12,213,091	\$ 15,557,284
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 6,590,708	\$ 9,140,385

**Pension Plan Fiduciary Net Position**

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

**C. Payable to the Pension Plan**

At June 30, 2019, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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

In addition to providing pension benefits, the City provides certain health care benefits under an agent multiple-employer OPEB plan for retired employees through the California Public Employees Medical and Hospital Care Act (PEMCHA) in accordance with a City Council resolution. Substantially all of the City's employees become eligible for those benefits if they reach normal retirement age while working for the City. Those, and similar benefits for active employees, are provided through PERS whose premiums are based on the benefits paid during the year.

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

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

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

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

- Employees with less than 5 years of service with Signal Hill, but who are vested with PERS are eligible to receive the minimum monthly premium mandated by PERS (currently \$133 monthly).
- Employees with 5-10 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee only.
- Employees with 11-15 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee only.
- Employees with over 16 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)****Tier 3 - Employees Hired On or After April 7, 2010****A. Plan Description (Continued)**

- Employees with less than 11 years of service with Signal Hill, but who are vested with PERS are eligible to receive the minimum monthly premium mandated by PERS (currently \$133 monthly).
- Employees with 11-15 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 25% of the monthly benefit applicable towards the employee only.
- Employees with 16-19 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 50% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.
- Employees with over 20 years of PERS service (combined City service plus 50% credit for service with another PERS agency) shall be eligible to receive 75% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

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

**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, for the measurement period ended June 30, 2019:

Inactive employees or beneficiaries currently receiving benefit payments	93
Inactive employees entitled to but not yet receiving benefit payments	0
Active plan members	99
	<hr/>
	192
	<hr/>

**C. Annual OPEB Cost and Net OPEB Liability**

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, 2019, the measurement date, the City contributed \$705,652. 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 \$705,652.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)****D. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

*Actuarial assumptions.* For the measurement period ended June 30, 2019 (the measurement date), the total OPEB liability was determined by rolling forward the June 30, 2018 total OPEB liability determined in the June 30, 2018 actuarial accounting valuation. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

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
Equities	50%	7.9%
Fixed Income	50%	5.1%
Total	100%	

*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.

**CITY OF SIGNAL HILL, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2019**

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

E. Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	\$ 10,919,695	\$ 1,967,616	\$ 8,952,079
<b>Balance at June 30, 2018</b>			
Changes in the fiscal year:			
Service Cost	76,354	-	76,354
Interest on the Total OPEB Liability	689,655	-	689,655
Experience Gains (Losses)	-	-	-
Investment Gains (Losses)	5,035	-	5,035
Contribution from the Employer	-	705,652	(705,652)
Contribution from the Employees	-	-	-
Net Investment Income	-	135,298	(135,298)
Benefit Payments	(705,652)	(705,652)	-
Administrative Expenses	-	(12,204)	12,204
Other miscellaneous income	-	(2)	2
<b>Net Changes</b>	<b>65,392</b>	<b>123,092</b>	<b>(57,700)</b>
<b>Balance at June 30, 2019</b>	<b>\$ 10,985,087</b>	<b>\$ 2,090,708</b>	<b>\$ 8,894,379</b>

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%
	\$ 10,103,211	\$ 8,894,379	\$ 7,880,305
Net OPEB Liability			
Health-care Cost			
1% Decrease	Trend Rate	1% Increase	
3.00%	4.00%	5.00%	
Net OPEB Liability	\$ 8,552,464	\$ 8,894,379	\$ 9,243,837

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**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, 2019, the City recognized OPEB expense of \$584,808. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (489,359)
Net differences between projected and actual earnings on plan investments	<u>18,173</u>	-
<b>Total</b>	<b><u>\$ 18,173</u></b>	<b><u>\$ (489,359)</u></b>

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

	Fiscal Year Ended
	June 30
2019	\$ (65,907)
2020	(65,907)
2021	(65,907)
2022	(71,962)
2023	(71,964)
Thereafter	<u>(129,539)</u>
	<b><u>\$ (471,186)</u></b>

**11. DEFINED CONTRIBUTION PLANS**

Effective July 3, 1999, the City began providing pension benefits for all of its part-time, seasonal and temporary employees that are not covered under PERS through the City of Signal Hill Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings.

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

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**12. DEFERRED COMPENSATION**

The City has made available to its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, whereby employees authorize the City to defer a portion of their salary to be deposited in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City contributes on a 50% matching basis up to 4% of management's compensation and up to 3% of middle management's compensation. Total matching contributions made by the City totaled \$58,351 for the fiscal year ended June 30, 2019.

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

**CITY OF SIGNAL HILL, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2019**

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**13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The various fund balance classifications as of June 30, 2019 were as follows:

	Housing Authority	Capital Grants	Lease Revenue	Capital Improvement	
	Special Revenue	Special Revenue	Bond Capital Project Fund	Capital Projects Fund	Other Governmental Funds
	General Fund	Fund			
<b>Nonspendable:</b>					
Receivables from Successor Agency	\$ 9,250,000	\$ -	\$ -	\$ -	\$ -
Prepaid expenses	204,897	-	-	-	-
Advances to other funds	<u>2,500,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>11,955,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Restricted for:</b>					
Low and moderate income housing	-	5,900,527	-	-	-
Public protection	-	-	-	-	198,839
Development	-	-	-	-	3,514,522
Transportation	-	-	-	-	3,199,734
Capital improvements	-	-	3,148,263	-	2,391,393
Housing	-	-	-	-	6,037
	<u>-</u>	<u>5,900,527</u>	<u>-</u>	<u>3,148,263</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,310,525</u>
<b>Committed for Contingencies:</b>					
Economic uncertainty	4,873,542	-	-	-	-
Building and land acquisition	682,448	-	-	-	-
Equipment replacement	590,393	-	-	-	-
Capital improvements	886,032	-	-	-	-
Insurance premium increases	490,972	-	-	-	-
CalPERS rate increases	2,087,225	-	-	-	-
OPEB future costs	1,121,444	-	-	-	-
Park expansion	57,846	-	-	-	-
Police radio reserve	417,749	-	-	-	-
Library expansion	3,330,498	-	-	-	-
100th Anniversary	40,019	-	-	-	-
General plan	100,000	-	-	-	-
Economic development	650,000	-	-	-	-
NPDES issues	1,456	-	-	-	-
	<u>15,329,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>10,586,175</u>	<u>-</u>	<u>(4,259,181)</u>	<u>-</u>	<u>-</u>
	<u>\$ 37,870,938</u>	<u>\$ 5,900,527</u>	<u>\$ (4,259,181)</u>	<u>\$ 3,148,263</u>	<u>\$ 9,310,525</u>

## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

##### **A. Description of Joint Powers Insurance Authority**

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage. The Insurance Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

##### **B. Primary Self-insurance Programs of the Insurance Authority**

Each member pays an annual contribution to cover estimated losses for 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 non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 to \$50,000,000 are distributed based on the outcome of cost allocation within the first and second loss layers.

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

## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

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

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

For Fiscal Year 2018-19, 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.

##### **C. Purchased Insurance**

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

**Property Insurance.** The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City of Signal Hill property is currently insured according to a schedule of covered property submitted by City of Signal Hill to the Insurance Authority. The City currently has all-risk property insurance protection in the amount of \$57,281,308. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has \$2,500 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

**Earthquake and Flood Insurance.** The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. The City's property currently has earthquake protection in the amount of \$23,377,740. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

##### **C. Purchased Insurance (Continued)**

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

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

##### **D. Adequacy of Protection**

During the past three fiscal (claims) years, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2018-19.

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 Development, Traffic Impact, and Water Development Impact Fees (fees) when new residential or commercial buildings are constructed. In Fiscal Year 2018-19, the City collected Parks Development fees, Traffic impact fees, and Water Development fees, respectively. The fees are deposited into corresponding special revenue funds, and they are used to acquire and upgrade parks, improve water systems related to new development, and to reduce traffic within the City related to new development. The State of California requires fees to be spent within five years of collection. In Fiscal Year 2018-19, the City expended \$ 1,816,339 in Parks Development fees, \$390,915 in Traffic impact fees and no Water Development fees. At June 30, 2019, the fund balances for the Parks Development Impact Fund was \$1,125,072, for the Water Impact Fund was \$581,241, and for the Traffic Impact Fund was \$1,067,522.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**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, 2019, the City abated local sales tax totaling \$2,858,563.

**17. SUCCESSOR AGENCY DISCLOSURES**

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

**Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 23,646,365	\$ -	\$ (1,100,868)	\$ 22,545,497
Total capital assets, not being depreciated	23,646,365	-	(1,100,868)	22,545,497
Total capital assets, net	\$ 23,646,365	\$ -	\$ (1,100,868)	\$ 22,545,497

**CITY OF SIGNAL HILL, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2019**

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

**Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>	<u>Due Within One Year</u>
<b>Other debt:</b>					
Bonds payable:					
2006 TABs	\$ 11,425,000	\$ -	\$ (260,000)	\$ 11,165,000	\$ 275,000
2011 Tax Allocation Parity Bonds	6,080,000	-	(555,000)	5,525,000	590,000
2015 Refunding TABs Series A	13,105,000	-	(1,960,000)	11,145,000	2,040,000
2015 Refunding TABs Series B	1,645,000	-	(100,000)	1,545,000	105,000
2017 Refunding TABs	22,580,000	-	(2,390,000)	20,190,000	2,265,000
Less original issuance discounts	(114,059)	-	14,494	(99,565)	-
Add premium on bonds	<u>3,993,367</u>	<u>-</u>	<u>(594,711)</u>	<u>3,398,656</u>	<u>-</u>
Total bonds payable	58,714,308	-	(5,845,217)	52,869,091	5,275,000
Direct borrowings:					
Loan payable to the City of Signal Hill	12,131,250	277,500	-	12,408,750	-
Loan payable to Signal Hill Housing Authority	<u>1,758,666</u>	<u>-</u>	<u>(544,040)</u>	<u>1,214,626</u>	<u>-</u>
Total long-term liabilities	<u>\$ 72,604,224</u>	<u>\$ 277,500</u>	<u>\$ (6,389,257)</u>	<u>\$ 66,492,467</u>	<u>\$ 5,275,000</u>

**A. 2006 Tax Allocation Bonds**

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

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

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)****A. 2006 Tax Allocation Bonds (Continued)**

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 275,000	\$ 643,896	\$ 918,896
2021	295,000	627,255	922,255
2022	310,000	609,592	919,592
2023	325,000	591,052	916,052
2024	350,000	571,346	921,346
2025-2027	<u>9,610,000</u>	<u>863,004</u>	<u>10,473,004</u>
<b>Totals</b>	<b><u>\$ 11,165,000</u></b>	<b><u>\$ 3,906,145</u></b>	<b><u>\$ 15,071,145</u></b>

**B. 2011 Tax Allocation Parity Bonds**

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

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

The Successor Agency to the City of Signal Hill Redevelopment Agency is required by the 2011 Tax Allocation Parity Bonds reserve requirement to maintain reserve funds of the lesser of (1) 125% average annual debt service, (2) maximum annual debt service and (3) 10% original proceeds. As of the fiscal year ended June 30, 2019, this reserve requirement was met.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)****B. 2011 Tax Allocation Parity Bonds (Continued)**

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 590,000	\$ 355,112	\$ 945,112
2021	625,000	317,881	942,881
2022	670,000	276,575	946,575
2023	710,000	229,951	939,951
2024	760,000	178,500	938,500
2025-2027	2,170,000	234,500	2,404,500
<b>Totals</b>	<b>\$ 5,525,000</b>	<b>\$ 1,592,519</b>	<b>\$ 7,117,519</b>

**C. 2015 Refunding Tax Allocation Bonds - Series A**

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

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

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.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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

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

Year Ending June 30,	Principal	Interest	Total
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	2,330,000	180,000	2,510,000
2024	2,435,000	60,875	2,495,875
<b>Totals</b>	<b>\$ 11,145,000</b>	<b>\$ 1,443,125</b>	<b>\$ 12,588,125</b>

**D. 2015 Refunding Tax Allocation Bonds - Series B**

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

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

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

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2019, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 105,000	\$ 43,531	\$ 148,531
2021	105,000	41,497	146,497
2022	105,000	39,135	144,135
2023	110,000	36,375	146,375
2024	110,000	33,213	143,213
2025	<u>1,010,000</u>	<u>15,781</u>	<u>1,025,781</u>
<b>Totals</b>	<b><u>\$ 1,545,000</u></b>	<b><u>\$ 209,532</u></b>	<b><u>\$ 1,754,532</u></b>

**E. 2017 Refunding Tax Allocation Bonds**

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,196,102. This difference, reported as a deferred outflow of resources, is being amortized on a straight-line basis as interest expense on the statement of changes in fiduciary net position through the year 2026.

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

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

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)****E. 2017 Refunding Tax Allocation Bonds (Continued)**

The annual requirements to amortize outstanding bond indebtedness as of June 30, 2019, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,265,000	\$ 889,150	\$ 3,154,150
2021	2,360,000	784,850	3,144,850
2022	2,480,000	663,850	3,143,850
2023	2,610,000	536,600	3,146,600
2024	2,745,000	402,725	3,147,725
2025-2027	<u>7,730,000</u>	<u>592,050</u>	<u>8,322,050</u>
<b>Totals</b>	<b>\$ 20,190,000</b>	<b>\$ 3,869,225</b>	<b>\$ 24,059,225</b>

**F. Loan payable to the City of Signal Hill**

In 2008, the City had an advance to the Agency totaling \$10,000,000 to assist in funding the Agency's operating budget. The former Redevelopment Agency had been accruing interest on the original advances at a rate of 10% per annum up to the date of its dissolution.

During the fiscal year ended June 30, 2018, the DOF approved the advance from the City as an enforceable obligation of the Successor Agency based on an accrued interest rate of 3% per annum since inception. The balance as of June 30, 2019, including \$3,158,750 of accrued interest, is \$12,408,750.

## **CITY OF SIGNAL HILL, CALIFORNIA**

### **Notes to Basic Financial Statements**

**June 30, 2019**

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

##### **G. Deferral payments due to Signal Hill Housing Authority**

The former Redevelopment Agency had made resolutions in years prior to dissolutions to defer the payment of the 20% housing set aside as a result of having insufficient tax increment revenues to do so. During the fiscal year ended June 30, 2017, the Successor Agency submitted the support for these deferral obligations to the DOF for approval as an enforceable obligation. The DOF approved the amount of \$3,015,364 due to the Signal Hill Housing Authority which had accepted the role of the Successor Housing Agency to the former Redevelopment Agency. During the current year, the Housing Authority received additional payments of \$544,040 from the Successor Agency. At June 30, 2019, the remaining balance due to the Signal Hill Housing Authority is \$1,214,626.

##### **H. Spring Street Corridor Joint Powers Authority**

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

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

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

##### **I. Owner Participation and Implementation Agreement (OPIA)**

Pursuant to an Owner Participation and Implementation Agreement (OPIA) dated September 19, 1996, the Agency is required to pay a developer a formulated amount based on sales tax generated at a site developed within the City of Signal Hill. The source of these payments is to be provided by the Signal Hill Successor Agency. The first source is available tax increment revenue which is limited based on the amount of the Signal Hill Successor Agency's annual tax increment revenue less amounts required by law to be deposited in the Signal Hill Successor Agency's Affordable Housing Special Revenue Fund. The second source is a loan from the City of Signal Hill which would be made from the City's share of sales tax revenue generated from the developed site. No other sources of funds are available for payments. At June 30, 2019, there was \$1,636,674 due under this agreement, which is reported as a current liability.

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**18. OPERATING LEASE OBLIGATIONS**

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

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

Year Ending June 30,	\$	
2020	\$ 251,604	
2021	260,466	
2022	266,796	
2023	266,796	
2024	266,796	
2025 - 2029	1,385,967	
2030 - 2034	1,466,333	
2035 - 2039	1,543,386	
2040 - 2044	1,625,431	
2045 - 2049	1,710,408	
2050 - 2054	1,788,961	
2055 - 2056	<u>512,976</u>	
 Total minimum lease payments		<u>\$ 11,345,920</u>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019**

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**18. OPERATING LEASE OBLIGATIONS (CONTINUED)**

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

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

Year Ending June 30,	\$	
2020	220,142	
2021	223,444	
2022	226,745	
2023	226,745	
2024	226,745	
2025 - 2029	1,157,535	
2030 - 2034	1,192,261	
2035 - 2039	1,228,026	
2040 - 2044	1,264,869	
2045 - 2049	1,302,816	
2050 - 2054	1,341,905	
2055 - 2057	<u>545,554</u>	
Total minimum lease payments	<u>\$ 9,156,787</u>	

**19. PRIOR PERIOD ADJUSTMENT**

Beginning balances of net position in the government-wide financial statements as of July 1, 2018, have been adjusted as follows:

	Governmental Activities
Net position as previously reported as of June 30, 2018	\$ 114,654,443
Reduction in net position to remove funding for capital projects received from the successor agency in error	<u>(667,249)</u>
Net position as restated July 1, 2018	<u>\$ 113,987,194</u>

**CITY OF SIGNAL HILL, CALIFORNIA****Notes to Basic Financial Statements****June 30, 2019****19. PRIOR PERIOD ADJUSTMENT (CONTINUED)**

Beginning fund balances in the statement of revenues, expenditure and changes in fund balances, governmental funds, as of July 1, 2018, have been adjusted as follows:

	General Fund	Special Revenue Fund	Capital Grants	Capital Improvement	Capital Projects
Fund balance as previously reported as of June 30, 2018	\$ 40,435,301	\$ -	\$ (2,220,227)		
Adjustment to deferred inflow of resources - unavailable revenues to reconcile to unpaid interest included in beginning balance of receivable due from Successor Agency	(2,881,250)	-	-	-	-
Adjustment to capital project grant funding	-	(2,069,541)	2,069,541		
Reduction in fund balance to remove funding for capital projects received from the successor agency in error	<u>(174,544)</u>	<u>-</u>	<u>-</u>	<u>(492,705)</u>	<u>-</u>
Fund Balance as restated July 1, 2018	<u><u>\$ 37,379,507</u></u>	<u><u>\$ (2,069,541)</u></u>	<u><u>\$ (643,391)</u></u>		

Beginning balances of net position in the statement of fiduciary net position, fiduciary funds, as of July 1, 2018, have been adjusted as follows:

	Successor Agency to the Signal Hill Redevelopment Agency Private-Purpose Trust Fund
Net deficit as previously reported as of June 30, 2018	\$ (45,305,438)
Increase in net position to the addition of funding for capital projects received by the City from the successor agency in error	<u>667,249</u>
Net deficit as restated July 1, 2018	<u><u>\$ (44,638,189)</u></u>

**20. SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 6, 2020, the date the financial statements were available to be issued.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF SIGNAL HILL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 1,752,150	\$ 1,752,150	\$ 2,188,880	\$ 436,730
Sales and use tax	15,030,136	15,030,136	15,789,342	759,206
Other taxes	1,575,000	1,575,000	1,761,600	186,600
Licenses and permits	543,500	543,500	580,340	36,840
Intergovernmental revenues	59,206	59,206	34,674	(24,532)
Charges for services	798,054	798,054	1,066,417	268,363
Fines and forfeitures	345,150	345,150	423,499	78,349
Investment income	886,200	886,200	1,293,708	407,508
Other revenue	<u>213,500</u>	<u>213,500</u>	<u>77,668</u>	<u>(135,832)</u>
<b>TOTAL REVENUES</b>	<b><u>21,202,896</u></b>	<b><u>21,202,896</u></b>	<b><u>23,216,128</u></b>	<b><u>2,013,232</u></b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
City Council	238,075	238,075	233,437	4,638
City Treasurer	14,410	14,410	7,182	7,228
City Clerk	230,545	230,545	191,053	39,492
Economic development	669,740	669,740	542,582	127,158
Executive administration	671,237	671,237	698,435	(27,198)
Program administration	280,019	280,019	251,685	28,334
Personnel services	259,558	259,558	258,891	667
Support services	1,485,262	1,485,262	1,590,782	(105,520)
Management information services	169,750	169,750	151,302	18,448
Fiscal services	<u>777,134</u>	<u>777,134</u>	<u>789,510</u>	<u>(12,376)</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<b><u>4,795,730</u></b>	<b><u>4,795,730</u></b>	<b><u>4,714,859</u></b>	<b><u>80,871</u></b>
<b>COMMUNITY SERVICES:</b>				
Library programs and services	454,619	454,619	425,926	28,693
Community support and services	813,896	813,896	772,870	41,026
Recreation	<u>495,215</u>	<u>495,215</u>	<u>528,051</u>	<u>(32,836)</u>
<b>TOTAL COMMUNITY SERVICES</b>	<b><u>1,763,730</u></b>	<b><u>1,763,730</u></b>	<b><u>1,726,847</u></b>	<b><u>36,883</u></b>
<b>POLICE:</b>				
Community outreach	81,000	83,500	78,176	5,324
Patrol services	5,435,083	5,435,083	5,021,873	413,210
Investigative services	1,019,552	1,019,552	1,195,247	(175,695)
Police support services	1,741,146	1,708,115	1,734,264	(26,149)
Communications	828,055	828,055	704,428	123,627
Records	363,228	363,228	361,205	2,023
Emergency and disaster services	<u>58,237</u>	<u>55,737</u>	<u>26,000</u>	<u>29,737</u>
<b>TOTAL POLICE</b>	<b><u>9,526,301</u></b>	<b><u>9,493,270</u></b>	<b><u>9,121,193</u></b>	<b><u>372,077</u></b>

(Continued)

See note to the required supplementary information.

## CITY OF SIGNAL HILL

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

(Continued)

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES (CONTINUED):</b>				
COMMUNITY DEVELOPMENT:				
Planning services	\$ 402,260	\$ 402,260	\$ 308,462	\$ 93,798
Neighborhood enhancement	110,928	110,928	171,925	(60,997)
Building and safety	248,212	248,212	235,251	12,961
Oil field services	156,132	156,132	173,054	(16,922)
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>917,532</b>	<b>917,532</b>	<b>888,692</b>	<b>28,840</b>
PUBLIC WORKS:				
Engineering and project services	806,133	806,133	644,284	161,849
Building maintenance	733,979	917,010	779,069	137,941
Environmental programs	743,163	743,163	479,261	263,902
Park maintenance	841,722	841,722	826,219	15,503
Street maintenance operations	1,631,454	1,631,454	1,331,192	300,262
<b>TOTAL PUBLIC WORKS</b>	<b>4,756,451</b>	<b>4,939,482</b>	<b>4,060,025</b>	<b>879,457</b>
CAPITAL OUTLAY	<b>389,926</b>	<b>389,926</b>	<b>668,968</b>	<b>(279,042)</b>
DEBT SERVICE	<b>16,447</b>	<b>16,447</b>	<b>16,447</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>22,166,117</b>	<b>22,316,117</b>	<b>21,197,031</b>	<b>1,119,086</b>
EXCESS OF REVENUES OVER EXPENDITURES	<b>(963,221)</b>	<b>(1,113,221)</b>	<b>2,019,097</b>	<b>3,132,318</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	457,300	457,300	439,744	(17,556)
Transfers out	(623,081)	(623,081)	(1,967,410)	(1,344,329)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(165,781)</b>	<b>(165,781)</b>	<b>(1,527,666)</b>	<b>(1,361,885)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,129,002)</b>	<b>(1,279,002)</b>	<b>491,431</b>	<b>1,770,433</b>
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED (NOTE 19)	<b>37,379,507</b>	<b>37,379,507</b>	<b>37,379,507</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 36,250,505</b>	<b>\$ 36,100,505</b>	<b>\$ 37,870,938</b>	<b>\$ 1,770,433</b>

See note to the required supplementary information.

## CITY OF SIGNAL HILL

## BUDGETARY COMPARISON SCHEDULE

## HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	\$ 26,239	\$ 26,239	\$ 159,284	\$ 133,045
TOTAL REVENUES	26,239	26,239	159,284	133,045
EXPENDITURES:				
Current:				
Community development	26,000	26,000	4,929	21,071
EXCESS OF REVENUES OVER EXPENDITURES	239	239	154,355	154,116
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	5,746,172	5,746,172	5,746,172	-
FUND BALANCE AT END OF YEAR	\$ 5,746,411	\$ 5,746,411	\$ 5,900,527	\$ 154,116

See note to the required supplementary information.

## CITY OF SIGNAL HILL

## BUDGETARY COMPARISON SCHEDULE

## CAPITAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 4,395,954	\$ 4,395,954	\$ 7,492,074	\$ 3,096,120
TOTAL REVENUES	<u>4,395,954</u>	<u>4,395,954</u>	<u>7,492,074</u>	<u>3,096,120</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	379,490	379,490
Transfers out	<u>(4,395,954)</u>	<u>(4,395,954)</u>	<u>(10,061,204)</u>	<u>(5,665,250)</u>
TOTAL OTHER FINANCING USES	<u>(4,395,954)</u>	<u>(4,395,954)</u>	<u>(9,681,714)</u>	<u>(5,285,760)</u>
NET CHANGE IN FUND BALANCE	-	-	(2,189,640)	(2,189,640)
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	<u>(2,069,541)</u>	<u>(2,069,541)</u>	<u>(2,069,541)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (2,069,541)</u>	<u>\$ (2,069,541)</u>	<u>\$ (4,259,181)</u>	<u>\$ (2,189,640)</u>

See note to the required supplementary information.

**CITY OF SIGNAL HILL, CALIFORNIA**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

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

- 1) The annual budget is adopted by the City Council after a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- 2) Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (US GAAP). Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. No budgetary comparisons are presented for the Capital Projects Funds since budgets are adopted on a project basis as opposed to an annual basis. No budgets were adopted for the Assets Seizure, Pipeline Removal, Water Development, Public Safety State Resources, and the Housing Impact special revenue funds for the current fiscal year.
- 3) Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level (i.e. City Council, City Treasurer, City Attorney), except as approved in advance by the City Council.
- 4) Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration in the Governmental Fund Types. However, at year end all appropriations lapse. Accordingly, encumbrances are canceled and generally re-appropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.
- 5) The City Council approves all significant budgetary changes.
- 6) Under Article XIIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, or returned to the taxpayers through revised tax rates or revised fee schedules. Or an excess in one year may be offset against a deficit in following year. For the fiscal year ended June 30, 2019, based on calculations by City management, proceeds of taxes did not exceed appropriations.

## CITY OF SIGNAL HILL

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years\*

	Miscellaneous Plan				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended					
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	12.67400%	0.12731%	0.12724%	0.12534%	0.13408%
Plan's proportionate share of the net pension liability	\$ 12,213,091	\$ 12,625,288	\$ 11,009,993	\$ 8,603,439	\$ 8,343,258
Plan's covered payroll	\$ 4,746,775	\$ 4,782,533	\$ 4,769,466	\$ 4,171,972	\$ 4,623,297
Plan's proportionate share of the net pension liability as a percentage of covered payroll	257.29%	263.99%	230.84%	206.22%	180.46%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	73.31%	75.87%	79.72%	79.79%
Plan's proportionate share of aggregate employer contributions	\$ 1,452,707	\$ 1,377,053	\$ 1,233,606	\$ 1,169,609	\$ 890,524

## Notes to Schedule:

## Benefit Changes:

There were no changes in benefits.

## Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

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

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

## CITY OF SIGNAL HILL

## SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years\*

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

## Notes to Schedule:

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

(1) Level percentage of payroll, closed

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

(3) Net of pension plan investment expense, including inflation

(4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2%@62\*\*

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

CITY OF SIGNAL HILL

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years\*

	Safety Plan				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended					
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.16145%	0.15953%	0.16477%	0.16949%	0.16671%
Plan's proportionate share of the net pension liability	\$ 15,557,284	\$ 15,821,202	\$ 14,257,433	\$ 11,633,599	\$ 10,373,619
Plan's covered payroll	\$ 2,752,971	\$ 3,397,367	\$ 3,120,311	\$ 3,095,462	\$ 3,002,188
Plan's proportionate share of the net pension liability as a percentage of covered payroll	565.11%	465.69%	456.92%	375.83%	345.54%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	73.31%	72.69%	75.88%	77.88%
Plan's proportionate share of aggregate employer contributions	\$ 1,740,418	\$ 1,330,746	\$ 1,243,621	\$ 1,244,854	\$ 1,034,283

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

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

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

CITY OF SIGNAL HILL

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years\*

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

Notes to Schedule:

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

(1) Level percentage of payroll, closec

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

(3) Net of pension plan investment expense, including inflation

(4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2%@62\*\*

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

CITY OF SIGNAL HILL

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years\*

	6/30/2019	6/30/2018	6/30/2017	6/30/2016
	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Fiscal year end				
Measurement date				
Total OPEB Liability:				
Service cost	\$ 76,354	\$ 88,947	\$ 86,566	\$ 84,249
Interest on total OPEB liability	689,655	724,953	719,524	732,333
Experience gains/(losses)	-	(633,287)	-	-
Investment gains/(losses)	5,035	(5,035)	-	-
Benefit payments, including refunds and the implied subsidy benefit payments	(705,652)	(729,067)	(718,446)	(697,696)
Net Change in Total OPEB Liability	65,392	(553,489)	87,644	118,886
Total OPEB Liability - Beginning of Year	<u>10,919,695</u>	<u>11,473,184</u>	<u>11,385,540</u>	<u>11,266,654</u>
Total OPEB Liability - End of Year (a)	<u>10,985,087</u>	<u>10,919,695</u>	<u>11,473,184</u>	<u>11,385,540</u>
Plan Fiduciary Net Position:				
Contributions - employer	705,652	729,067	718,446	847,696
Net investment income (loss)	135,298	125,181	154,005	(31,941)
Administrative expenses	(12,204)	(11,911)	(11,107)	(3,818)
Benefit payments, including refunds and the implied subsidy benefit payments	(705,652)	(729,067)	(718,446)	(697,696)
Other miscellaneous income (expense)	(2)	-	-	-
Net Change in Plan Fiduciary Net Position	123,092	113,270	142,898	114,241
Plan Fiduciary Net Position - Beginning of Year	<u>1,967,616</u>	<u>1,854,346</u>	<u>1,711,448</u>	<u>1,597,207</u>
Plan Fiduciary Net Position - End of Year (b)	<u>2,090,708</u>	<u>1,967,616</u>	<u>1,854,346</u>	<u>1,711,448</u>
Net OPEB Liability - Ending (a)-(b)	<u><u>\$ 8,894,379</u></u>	<u><u>\$ 8,952,079</u></u>	<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		19.03%	18.02%	16.16%
Covered - employee payroll	\$ 6,841,026	\$ 6,899,826	\$ 7,997,352	\$ 7,783,311
Net OPEB liability as percentage of covered - employee payroll		130.02%	129.74%	120.28%
Notes to Schedule:				
Benefit Changes:				
There were no changes in benefits.				
Changes in Assumptions:				
There were no changes in assumptions.				

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

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## **SUPPLEMENTARY INFORMATION**

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## **OTHER GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

UASI Grant Fund - Accounts for financial activity related to the UASI program that assists high-threat, high-density Urban Areas in efforts to build and sustain the capabilities necessary to prevent, protect against, mitigate, respond to, and recover from acts of terrorism.

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

## CITY OF SIGNAL HILL

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2019

	Special Revenue Funds			
	Asset Seizure	Park Development	HCDA Grant	Special Gas Tax
<b>ASSETS</b>				
Cash and investments	\$ 198,839	\$ 1,125,495	\$ -	\$ 1,013,615
Restricted cash and investments	-	-	-	-
Accrued interest receivable	-	-	600	-
Due from other governments	-	-	5,779	-
Loans receivable	-	-	6,037	-
Advances to other funds	-	934,704	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 198,839</u></b>	<b><u>\$ 2,060,199</u></b>	<b><u>\$ 12,416</u></b>	<b><u>\$ 1,013,615</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 423	\$ -	\$ -
Unearned revenues	-	934,704	-	-
Due to other funds	-	-	5,779	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>935,127</u></b>	<b><u>5,779</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues	-	-	600	-
<b>FUND BALANCES (DEFICITS):</b>				
Restricted for:				
Public protection	198,839	-	-	-
Development impact	-	1,125,072	-	-
Transportation	-	-	-	1,013,615
Capital improvements	-	-	-	-
Housing	-	-	6,037	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>198,839</u></b>	<b><u>1,125,072</u></b>	<b><u>6,037</u></b>	<b><u>1,013,615</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 198,839</u></b>	<b><u>\$ 2,060,199</u></b>	<b><u>\$ 12,416</u></b>	<b><u>\$ 1,013,615</u></b>

Special Revenue Funds (Continued)

Transportation Proposition A	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	Lighting and Landscape
\$ 468,221	\$ 2,324,685	\$ 71,599	\$ 581,241	\$ 1,067,522	\$ 498,694	\$ 56,401
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,951	-	-	-	1,918
-	-	-	-	-	-	-
-	-	-	-	33,192	-	-
<u>\$ 468,221</u>	<u>\$ 2,324,685</u>	<u>\$ 75,550</u>	<u>\$ 581,241</u>	<u>\$ 1,100,714</u>	<u>\$ 498,694</u>	<u>\$ 58,319</u>
<hr/>						
\$ 22,742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,633
-	-	-	-	33,192	-	-
-	-	-	-	-	-	-
<u>22,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,192</u>	<u>-</u>	<u>4,633</u>
<hr/>						
445,479	2,324,685	75,550	581,241	1,067,522	498,694	53,686
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>445,479</u>	<u>2,324,685</u>	<u>75,550</u>	<u>581,241</u>	<u>1,067,522</u>	<u>498,694</u>	<u>53,686</u>
<u>\$ 468,221</u>	<u>\$ 2,324,685</u>	<u>\$ 75,550</u>	<u>\$ 581,241</u>	<u>\$ 1,100,714</u>	<u>\$ 498,694</u>	<u>\$ 58,319</u>

(Continued)

## CITY OF SIGNAL HILL

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2019

	Special Revenue Funds (Continued)			
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 740,687	\$ 209,686
Restricted cash and investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	-	22,522	-	-
Loans receivable	-	-	-	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 22,522</b>	<b>\$ 740,687</b>	<b>\$ 209,686</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other funds	-	22,522	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>22,522</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>				
Restricted for:				
Public protection	-	-	-	-
Development impact	-	-	740,687	-
Transportation	-	-	-	209,686
Capital improvements	-	-	-	-
Housing	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>-</b>	<b>740,687</b>	<b>209,686</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 22,522</b>	<b>\$ 740,687</b>	<b>\$ 209,686</b>

Special Revenue Funds (Continued)

Measure M	Transportation Measure R	RMRA (SB1)	UASI Grant	Civic Center Phase II	Total Other Governmental Funds
\$ 246,559	\$ 421,187	\$ 250,512	\$ -	\$ -	\$ 9,274,943
-	-	-	-	13,022	13,022
-	-	-	-	-	600
-	-	38,452	-	-	72,622
-	-	-	-	-	6,037
-	-	-	-	-	967,896
<u>\$ 246,559</u>	<u>\$ 421,187</u>	<u>\$ 288,964</u>	<u>\$ -</u>	<u>\$ 13,022</u>	<u>\$ 10,335,120</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,798
-	-	-	-	-	967,896
-	-	-	-	-	28,301
-	-	-	-	-	1,023,995
-	-	-	-	-	600
-	-	-	-	-	198,839
-	-	-	-	-	3,514,522
246,559	421,187	288,964	-	-	3,199,734
-	-	-	-	13,022	2,391,393
-	-	-	-	-	6,037
<u>246,559</u>	<u>421,187</u>	<u>288,964</u>	<u>-</u>	<u>13,022</u>	<u>9,310,525</u>
<u>\$ 246,559</u>	<u>\$ 421,187</u>	<u>\$ 288,964</u>	<u>\$ -</u>	<u>\$ 13,022</u>	<u>\$ 10,335,120</u>

## CITY OF SIGNAL HILL

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

For the year ended June 30, 2019

	Special Revenue Funds			
	Asset Seizure	Park Development	HCDA Grant	Special Gas Tax
<b>REVENUES:</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	9,320	-	90,387	244,271
Charges for services	-	510,225	-	-
Investment income	5,593	74,816	-	26,017
<b>TOTAL REVENUES</b>	<b>14,913</b>	<b>585,041</b>	<b>90,387</b>	<b>270,288</b>
<b>EXPENDITURES:</b>				
Current:				
Police	-	-	-	-
Community development	-	-	8,542	-
Public works	-	-	-	-
Capital outlay	-	758,557	2,205	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>758,557</b>	<b>10,747</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,913</b>	<b>(173,516)</b>	<b>79,640</b>	<b>270,288</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	2,205	-
Transfers out	-	(1,057,782)	(81,845)	(7,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(1,057,782)</b>	<b>(79,640)</b>	<b>(7,500)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>14,913</b>	<b>(1,231,298)</b>	<b>-</b>	<b>262,788</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	<b>183,926</b>	<b>2,356,370</b>	<b>6,037</b>	<b>750,827</b>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR</b>	<b>\$ 198,839</b>	<b>\$ 1,125,072</b>	<b>\$ 6,037</b>	<b>\$ 1,013,615</b>

Special Revenue Funds (Continued)

Transportation Proposition A	Pipeline Removal	Air Quality Improvement	Water Development	Traffic Impact	Transportation Proposition C	Lighting and Landscape
\$ - 233,046	\$ -	\$ 61,318	\$ -	\$ -	\$ - 193,320	\$ 60,062
1,483	-	-	303,850	12,850	-	-
20,574	67,089	5,185	16,775	41,888	16,622	1,631
<u>255,103</u>	<u>67,089</u>	<u>66,503</u>	<u>320,625</u>	<u>54,738</u>	<u>209,942</u>	<u>61,693</u>
 - 528,702	 - -	 - -	 - -	 - -	 - -	 - -
- -	- -	1,000	- -	- -	- -	79,987
<u>528,702</u>	<u>- -</u>	<u>1,000</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>79,987</u>
 (273,599)	 67,089	 65,503	 320,625	 54,738	 209,942	 (18,294)
 - -	 - -	 (159,637)	 - -	 (390,915)	 (179,500)	 - -
<u>- -</u>	<u>- -</u>	<u>(159,637)</u>	<u>- -</u>	<u>(390,915)</u>	<u>(179,500)</u>	<u>- -</u>
 (273,599)	 67,089	 (94,134)	 320,625	 (336,177)	 30,442	 (18,294)
 719,078	 2,257,596	 169,684	 260,616	 1,403,699	 468,252	 71,980
 <u>\$ 445,479</u>	 <u>\$ 2,324,685</u>	 <u>\$ 75,550</u>	 <u>\$ 581,241</u>	 <u>\$ 1,067,522</u>	 <u>\$ 498,694</u>	 <u>\$ 53,686</u>

(Continued)

CITY OF SIGNAL HILL

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

For the year ended June 30, 2019

	Special Revenue Funds (Continued)			
	Supplemental Law Enforcement	Public Safety State Resources	Housing Impact	MTA-STPL Grant
<b>REVENUES:</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	142,261	96,060	-	-
Charges for services	-	-	-	-
Investment income	-	-	21,376	6,052
<b>TOTAL REVENUES</b>	<b>142,261</b>	<b>96,060</b>	<b>21,376</b>	<b>6,052</b>
<b>EXPENDITURES:</b>				
Current:				
Police	271,803	93,622	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>271,803</b>	<b>93,622</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(129,542)</b>	<b>2,438</b>	<b>21,376</b>	<b>6,052</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	129,542	17,339	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>129,542</b>	<b>17,339</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>19,777</b>	<b>21,376</b>	<b>6,052</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	<b>-</b>	<b>(19,777)</b>	<b>719,311</b>	<b>203,634</b>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 740,687</b>	<b>\$ 209,686</b>

Special Revenue Funds (Continued)						Total Other
Measure M	Transportation Measure R	RMRA (SB1)	UASI Grant	Civic Center Phase II	Governmental Funds	
\$ - 164,991	\$ - 143,457	\$ - 215,455	\$ - 81,450	\$ -	\$ 60,062	
-	-	-	-	-	1,675,336	
4,988	17,566	4,458	-	53,622	828,408	
<u>169,979</u>	<u>161,023</u>	<u>219,913</u>	<u>81,450</u>	<u>53,622</u>	<u>384,252</u>	
					<u>2,948,058</u>	
-	-	-	26,934	-	392,359	
-	-	-	-	-	537,244	
-	-	-	-	-	80,987	
-	-	-	-	-	760,762	
<u>-</u>	<u>-</u>	<u>-</u>	<u>26,934</u>	<u>-</u>	<u>1,771,352</u>	
<u>169,979</u>	<u>161,023</u>	<u>219,913</u>	<u>54,516</u>	<u>53,622</u>	<u>1,176,706</u>	
-	-	-	-	-	149,086	
-	(275,911)	-	-	(3,415,169)	(5,568,259)	
<u>-</u>	<u>(275,911)</u>	<u>-</u>	<u>-</u>	<u>(3,415,169)</u>	<u>(5,419,173)</u>	
169,979	(114,888)	219,913	54,516	(3,361,547)	(4,242,467)	
<u>76,580</u>	<u>536,075</u>	<u>69,051</u>	<u>(54,516)</u>	<u>3,374,569</u>	<u>13,552,992</u>	
<u>\$ 246,559</u>	<u>\$ 421,187</u>	<u>\$ 288,964</u>	<u>\$ -</u>	<u>\$ 13,022</u>	<u>\$ 9,310,525</u>	

CITY OF SIGNAL HILL

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

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for services	\$ 514,337	\$ 514,337	\$ 510,225	\$ (4,112)
Investment income	10,000	10,000	74,816	64,816
<b>TOTAL REVENUES</b>	<b>524,337</b>	<b>524,337</b>	<b>585,041</b>	<b>60,704</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	760,000	758,557	1,443
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>760,000</b>	<b>758,557</b>	<b>1,443</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>524,337</b>	<b>(235,663)</b>	<b>(173,516)</b>	<b>59,261</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(1,700,000)	(1,000,000)	(1,057,782)	(57,782)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,175,663)</b>	<b>(1,235,663)</b>	<b>(1,231,298)</b>	<b>1,479</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>2,356,370</b>	<b>2,356,370</b>	<b>2,356,370</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,180,707</b>	<b>\$ 1,120,707</b>	<b>\$ 1,125,072</b>	<b>\$ 1,479</b>

CITY OF SIGNAL HILL

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

HCDA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 56,550	\$ 56,550	\$ 90,387	\$ 33,837
<b>TOTAL REVENUES</b>	<b>56,550</b>	<b>56,550</b>	<b>90,387</b>	<b>33,837</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	8,500	8,500	8,542	(42)
Capital outlay	-	-	2,205	(2,205)
<b>TOTAL EXPENDITURES</b>	<b>8,500</b>	<b>8,500</b>	<b>10,747</b>	<b>(2,247)</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>48,050</b>	<b>48,050</b>	<b>79,640</b>	<b>31,590</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	2,205	2,205
Transfers out	(88,111)	(88,111)	(81,845)	6,266
<b>TOTAL OTHER FINANCING USES</b>	<b>(88,111)</b>	<b>(88,111)</b>	<b>(79,640)</b>	<b>8,471</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(40,061)</b>	<b>(40,061)</b>	<b>-</b>	<b>40,061</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>6,037</b>	<b>6,037</b>	<b>6,037</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (34,024)</b>	<b>\$ (34,024)</b>	<b>\$ 6,037</b>	<b>\$ 40,061</b>

CITY OF SIGNAL HILL

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

SPECIAL GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 251,071	\$ 251,071	\$ 244,271	\$ (6,800)
Investment income	2,100	2,100	26,017	23,917
<b>TOTAL REVENUES</b>	<b>253,171</b>	<b>253,171</b>	<b>270,288</b>	<b>17,117</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(364,800)	(364,800)	(7,500)	357,300
<b>NET CHANGE IN FUND BALANCE</b>	<b>(111,629)</b>	<b>(111,629)</b>	<b>262,788</b>	<b>374,417</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>750,827</b>	<b>750,827</b>	<b>750,827</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 639,198</b>	<b>\$ 639,198</b>	<b>\$ 1,013,615</b>	<b>\$ 374,417</b>

CITY OF SIGNAL HILL

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

TRANSPORTATION PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 227,220	\$ 227,220	\$ 233,046	\$ 5,826
Charges for services	-	-	1,483	1,483
Investment income	-	-	20,574	20,574
<b>TOTAL REVENUES</b>	<b>227,220</b>	<b>227,220</b>	<b>255,103</b>	<b>27,883</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	138,899	142,400	528,702	(386,302)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>88,321</b>	<b>84,820</b>	<b>(273,599)</b>	<b>(358,419)</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(380,000)	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(291,679)</b>	<b>84,820</b>	<b>(273,599)</b>	<b>(358,419)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>719,078</b>	<b>719,078</b>	<b>719,078</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 427,399</b>	<b>\$ 803,898</b>	<b>\$ 445,479</b>	<b>\$ (358,419)</b>

CITY OF SIGNAL HILL

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
				Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 14,900	\$ 14,900	\$ 61,318	\$ 46,418
Investment income	600	600	5,185	4,585
<b>TOTAL REVENUES</b>	<b>15,500</b>	<b>15,500</b>	<b>66,503</b>	<b>51,003</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,000	1,000	1,000	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>14,500</b>	<b>14,500</b>	<b>65,503</b>	<b>51,003</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers out	(128,000)	(128,000)	(159,637)	(31,637)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(113,500)</b>	<b>(113,500)</b>	<b>(94,134)</b>	<b>(31,637)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>169,684</b>	<b>169,684</b>	<b>169,684</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 56,184</b>	<b>\$ 56,184</b>	<b>\$ 75,550</b>	<b>\$ (31,637)</b>

CITY OF SIGNAL HILL

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

TRAFFIC IMPACT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for services	\$ 27,831	\$ 27,831	\$ 12,850	\$ (14,981)
Investment income	5,300	5,300	41,888	36,588
<b>TOTAL REVENUES</b>	<b>33,131</b>	<b>33,131</b>	<b>54,738</b>	<b>21,607</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(425,000)	(425,000)	(390,915)	34,085
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(425,000)</b>	<b>(425,000)</b>	<b>(390,915)</b>	<b>34,085</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(391,869)</b>	<b>(391,869)</b>	<b>(336,177)</b>	<b>55,692</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>1,403,699</b>	<b>1,403,699</b>	<b>1,403,699</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,011,830</b>	<b>\$ 1,011,830</b>	<b>\$ 1,067,522</b>	<b>\$ 55,692</b>

CITY OF SIGNAL HILL

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

TRANSPORTATION PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 188,473	\$ 188,473	\$ 193,320	\$ 4,847
Investment income	-	-	16,622	16,622
<b>TOTAL REVENUES</b>	<b>188,473</b>	<b>188,473</b>	<b>209,942</b>	<b>21,469</b>
<b>EXPENDITURES:</b>				
Capital outlay	5,000	5,000	-	5,000
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>183,473</b>	<b>183,473</b>	<b>209,942</b>	<b>26,469</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	-	(179,320)	(179,500)	(180)
<b>NET CHANGE IN FUND BALANCE</b>	<b>183,473</b>	<b>4,153</b>	<b>30,442</b>	<b>26,289</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>468,252</b>	<b>468,252</b>	<b>468,252</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 651,725</b>	<b>\$ 472,405</b>	<b>\$ 498,694</b>	<b>\$ 26,289</b>

CITY OF SIGNAL HILL

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

LIGHTING AND LANDSCAPE SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Other taxes	\$ 60,000	\$ 60,000	\$ 60,062	\$ 62
Investment income	1,000	1,000	1,631	631
<b>TOTAL REVENUES</b>	<b>61,000</b>	<b>61,000</b>	<b>61,693</b>	<b>693</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	101,086	101,086	79,987	21,099
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(40,086)</b>	<b>(40,086)</b>	<b>(18,294)</b>	<b>21,792</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>71,980</b>	<b>71,980</b>	<b>71,980</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 31,894</b>	<b>\$ 31,894</b>	<b>\$ 53,686</b>	<b>\$ 21,792</b>

## CITY OF SIGNAL HILL

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

## SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 142,200	\$ 142,200	\$ 142,261	\$ 61
<b>EXPENDITURES:</b>				
Current:				
Police	243,885	243,885	271,803	(27,918)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(101,685)	(101,685)	(129,542)	(27,857)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	129,542	129,542
NET CHANGE IN FUND BALANCE	(101,685)	(101,685)	-	101,685
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ (101,685)</u>	<u>\$ (101,685)</u>	<u>\$ -</u>	<u>\$ 101,685</u>

CITY OF SIGNAL HILL

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

MTA-STPL GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
<b>REVENUES:</b>					
Investment income	\$ 800	\$ 800	\$ 6,052	\$ 5,252	
FUND BALANCE AT BEGINNING OF YEAR	<u>203,634</u>	<u>203,634</u>	<u>203,634</u>		<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 205,234</u>	<u>\$ 205,234</u>	<u>\$ 209,686</u>	<u>\$ 5,252</u>	

CITY OF SIGNAL HILL

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

MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Positive (Negative)	Variance with Final Budget
	Original	Final	Actual		
<b>REVENUES:</b>					
Intergovernmental revenues	\$ 160,202	\$ 160,202	\$ 164,991	\$ 4,789	
Investment income	-	-	4,988	4,988	
<b>TOTAL REVENUES</b>	<b>160,202</b>	<b>160,202</b>	<b>169,979</b>		<b>9,777</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>76,580</b>	<b>76,580</b>	<b>76,580</b>		<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 236,782</b>	<b>\$ 236,782</b>	<b>\$ 246,559</b>		<b>\$ 4,789</b>

CITY OF SIGNAL HILL

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

TRANSPORTATION MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 141,358	\$ 141,358	\$ 143,457	\$ 2,099
Investment income	-	-	17,566	17,566
TOTAL REVENUES	141,358	141,358	161,023	19,665
OTHER FINANCING USES:				
Transfers out	(42,500)	(585,000)	(275,911)	309,089
NET CHANGE IN FUND BALANCE	98,858	(443,642)	(114,888)	309,089
FUND BALANCE AT BEGINNING OF YEAR	536,075	536,075	536,075	-
FUND BALANCE AT END OF YEAR	<u>\$ 634,933</u>	<u>\$ 92,433</u>	<u>\$ 421,187</u>	<u>\$ 309,089</u>

## CITY OF SIGNAL HILL

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

## RMRA (SB1) SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Positive (Negative)	Variance with Final Budget
	Original	Final	Actual		
<b>REVENUES:</b>					
Intergovernmental revenues	\$ 66,208	\$ 66,208	\$ 215,455	\$ 149,247	
Investment income	-	-	4,458	4,458	
<b>TOTAL REVENUES</b>	<b>66,208</b>	<b>66,208</b>	<b>219,913</b>	<b>153,705</b>	
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>69,051</b>	<b>69,051</b>	<b>69,051</b>	<b>-</b>	
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 135,259</b>	<b>\$ 135,259</b>	<b>\$ 288,964</b>	<b>\$ 153,705</b>	

CITY OF SIGNAL HILL

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

UASI GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 81,450	\$ 81,450
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>81,450</b>	<b>81,450</b>
<b>EXPENDITURES:</b>				
Current:				
Police	95,959	95,959	26,934	69,025
<b>TOTAL EXPENDITURES</b>	<b>95,959</b>	<b>95,959</b>	<b>26,934</b>	<b>69,025</b>
EXCESS OF REVENUES UNDER EXPENDITURES	(95,959)	(95,959)	54,516	12,425
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>(54,516)</b>	<b>(54,516)</b>	<b>(54,516)</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (150,475)</b>	<b>\$ (150,475)</b>	<b>\$ -</b>	<b>\$ 12,425</b>

CITY OF SIGNAL HILL

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

CIVIC CENTER PHASE II SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 53,622	\$ 53,622
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>53,622</b>	<b>53,622</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(4,921,207)	(4,921,207)	(3,415,169)	1,506,038
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,921,207)</b>	<b>(4,921,207)</b>	<b>(3,361,547)</b>	<b>1,506,038</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>3,374,569</b>	<b>3,374,569</b>	<b>3,374,569</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (1,546,638)</b>	<b>\$ (1,546,638)</b>	<b>\$ 13,022</b>	<b>\$ 1,506,038</b>

**FIDUCIARY FUNDS  
AGENCY FUNDS**

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

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CITY OF SIGNAL HILL

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND

June 30, 2019

Spring Street  
Corridor  
Joint Powers  
Authority  
Fund

ASSETS:

Due from other governments \$        -

LIABILITIES:

Due to other governments \$        -

## CITY OF SIGNAL HILL

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND

For the year ended June 30, 2019

	Balance			Balance
	July 1, 2018	Additions	Deletions	June 30, 2019
<b>SPRING STREET CORRIDOR JOINT POWERS AUTHORITY</b>				
ASSETS:				
Due from other governments	\$ 3,739	\$ -	\$ (3,739)	\$ -
LIABILITIES:				
Due to other governments	\$ 3,739	\$ -	\$ (3,739)	\$ -

## **STATISTICAL SECTION**

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## DESCRIPTION OF STATISTICAL SECTION CONTENTS

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

### Contents:

### Pages

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

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

	<b>Fiscal Year Ending June 30,</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 46,331	\$ 59,680	\$ 57,653	\$ 47,617
Restricted	56,423	47,378	10,749	10,172
Unrestricted	(65,190)	(66,721)	35,059	33,426
<b>Total governmental activities net position</b>	<b><u>\$ 37,564</u></b>	<b><u>\$ 40,337</u></b>	<b><u>\$ 103,461</u></b>	<b><u>\$ 91,215</u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 17,341	\$ 17,076	\$ 16,792	\$ 16,315
Restricted	670	679	674	671
Unrestricted	4,484	4,026	4,239	4,237
<b>Total business-type activities net position</b>	<b><u>\$ 22,495</u></b>	<b><u>\$ 21,781</u></b>	<b><u>\$ 21,705</u></b>	<b><u>\$ 21,223</u></b>
<b>Primary government</b>				
Net investment in capital assets	\$ 63,672	\$ 76,756	\$ 74,445	\$ 63,932
Restricted	57,093	48,057	11,423	10,843
Unrestricted	(60,706)	(62,695)	39,298	37,663
<b>Total primary government net position</b>	<b><u>\$ 60,059</u></b>	<b><u>\$ 62,118</u></b>	<b><u>\$ 125,166</u></b>	<b><u>\$ 112,438</u></b>

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,					
2014	2015	2016	2017	2018	2019
\$ 47,543	\$ 48,407	\$ 67,914	\$ 73,428	\$ 83,153	\$ 104,567
16,927	17,086	23,481	19,781	19,552	18,360
30,728	13,095	7,115	13,113	11,950	3,243
<u>\$ 95,198</u>	<u>\$ 78,588</u>	<u>\$ 98,510</u>	<u>\$ 106,322</u>	<u>\$ 114,654</u>	<u>\$ 126,170</u>
\$ 15,821	\$ 16,003	\$ 18,952	\$ 23,636	\$ 23,536	\$ 23,331
-	-	-	-	-	-
4,660	3,110	1,958	(2,316)	(2,572)	(2,751)
<u>\$ 20,481</u>	<u>\$ 19,113</u>	<u>\$ 20,910</u>	<u>\$ 21,320</u>	<u>\$ 20,964</u>	<u>\$ 20,580</u>
\$ 63,364	\$ 64,410	\$ 86,866	\$ 97,064	\$ 106,688	\$ 127,898
16,927	17,086	23,481	19,781	19,552	18,360
35,388	16,205	9,073	10,797	9,378	491
<u>\$ 115,679</u>	<u>\$ 97,701</u>	<u>\$ 119,420</u>	<u>\$ 127,642</u>	<u>\$ 135,618</u>	<u>\$ 146,750</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,			
	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,137	\$ 2,790	\$ 3,080	\$ 3,695
Community services	1,273	1,241	1,217	1,220
Police	7,726	7,521	7,571	7,611
Community development	11,563	8,863	1,280	935
Public works	4,935	4,462	4,141	4,506
Unallocated infrastructure depreciation	521	524	535	545
Interest on long-term liabilities	4,394	4,787	3,687	-
Fiscal agent fees	-	-	-	-
Total governmental activities expenses	<u>33,549</u>	<u>30,188</u>	<u>21,511</u>	<u>18,512</u>
Business-type activities - Water	3,832	4,163	3,804	3,992
Total primary government expenses	<u><u>\$ 37,381</u></u>	<u><u>\$ 34,351</u></u>	<u><u>\$ 25,315</u></u>	<u><u>\$ 22,504</u></u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	\$ 70	\$ 168	\$ 176	\$ 210
Community services	239	234	209	202
Police	556	607	453	430
Community development	506	677	531	95
Public works	914	897	773	649
Operating grants	1,703	1,448	1,586	1,596
Capital grants and contributions	1,376	440	2,691	1,339
Total governmental activities program revenues	<u>5,364</u>	<u>4,471</u>	<u>6,419</u>	<u>4,521</u>
Business-type activities - Water,				
Charges for services	3,630	3,383	3,515	3,672
Capital grants and contributions				
Total primary government program revenues	<u><u>\$ 8,994</u></u>	<u><u>\$ 7,854</u></u>	<u><u>\$ 9,934</u></u>	<u><u>\$ 8,193</u></u>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (28,185)	\$ (25,717)	\$ (15,092)	\$ (13,991)
Business-type activities	(202)	(780)	(289)	(320)
Total primary government net expenses	<u><u>\$ (28,387)</u></u>	<u><u>\$ (26,497)</u></u>	<u><u>\$ (15,381)</u></u>	<u><u>\$ (14,311)</u></u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property	\$ 15,168	\$ 14,801	\$ 7,487	\$ 2,146
Franchise	514	533	547	546
Motor vehicle	33	58	-	-
Other	1,058	1,145	1,278	1,483
Intergovernmental - Sales and Use Tax	9,460	9,946	11,210	12,487
Investment income	1,267	649	1,252	647
Unrestricted grants and contributions	27	71	20	12
Gain (loss) on disposition of assets	(17)	6	4	19
Transfers	-	-	(100)	(25)
Extraordinary item	-	-	56,518	(15,571)
Total governmental activities	<u>27,510</u>	<u>27,209</u>	<u>78,216</u>	<u>1,744</u>
Business-type activities:				
Investment income	131	66	75	25
Unrestricted grants and contributions	-	-	38	97
Gain (loss) on disposition of assets	-	-	-	-
Transfers			100	25
Total business-type activities	<u>131</u>	<u>66</u>	<u>213</u>	<u>147</u>
Total primary government	<u><u>\$ 27,641</u></u>	<u><u>\$ 27,275</u></u>	<u><u>\$ 78,429</u></u>	<u><u>\$ 1,891</u></u>
<b>Changes in Net Position</b>				
Governmental activities	\$ (675)	\$ 1,492	\$ 63,124	\$ (12,247)
Business-type activities	(71)	(714)	(76)	(173)
Total primary government	<u><u>\$ (746)</u></u>	<u><u>\$ 778</u></u>	<u><u>\$ 63,048</u></u>	<u><u>\$ (12,420)</u></u>

Fiscal Year Ending June 30,											
2014		2015		2016		2017		2018		2019	
\$ 5,556	\$ 4,149	\$ 3,843	\$ 4,633	\$ 5,239	\$ 4,090						
1,319	1,251	1,505	1,362	1,596	1,990						
8,220	8,254	9,350	9,576	10,564	11,504						
992	942	868	858	964	1,434						
4,142	4,369	4,256	4,605	4,927	4,638						
614	551	551	645	639	401						
-	-	-	-	-	-						
<u>20,843</u>	<u>19,516</u>	<u>20,373</u>	<u>21,679</u>	<u>23,928</u>	<u>24,058</u>						
<u>4,531</u>	<u>4,424</u>	<u>4,145</u>	<u>5,312</u>	<u>4,846</u>	<u>5,056</u>						
<u><b>\$ 25,374</b></u>	<u><b>\$ 23,940</b></u>	<u><b>\$ 24,518</b></u>	<u><b>\$ 26,992</b></u>	<u><b>\$ 28,774</b></u>	<u><b>\$ 29,114</b></u>						
\$ 227	\$ 201	\$ 175	\$ 178	\$ 216	\$ 331						
115	192	212	191	203	173						
297	282	270	288	250	252						
368	537	584	514	567	430						
431	437	422	461	790	702						
1,619	1,339	9,313	850	1,199	2,349						
2,369	2,433	2,020	9,188	4,586	10,219						
5,426	5,421	12,996	11,671	7,812	14,456						
3,734	3,760	3,400	3,785	4,420	4,335						
		999	1,927	42	240						
<u>\$ 9,160</u>	<u>\$ 9,181</u>	<u>\$ 16,396</u>	<u>\$ 17,382</u>	<u>\$ 12,273</u>	<u>\$ 19,031</u>						
\$ (15,417)	\$ (14,095)	\$ (7,377)	\$ (10,009)	\$ (16,116)	\$ (9,601)						
(797)	(664)	254	400	(385)	(482)						
<u><b>\$ (16,214)</b></u>	<u><b>\$ (14,759)</b></u>	<u><b>\$ (7,123)</b></u>	<u><b>\$ (9,609)</b></u>	<u><b>\$ (16,501)</b></u>	<u><b>\$ (10,083)</b></u>						
\$ 1,700	\$ 1,797	\$ 1,916	\$ 1,802	\$ 2,248	\$ 2,189						
603	773	549	735	487	901						
-	-	-	-	-	-						
1,609	1,462	1,459	874	926	1,052						
14,574	11,567	14,588	14,597	14,484	15,789						
850	787	955	442	961	1,788						
66	2,048	46	311	456	94						
-	-	-	14	-	-						
(1)	(426)	(1,679)	-	-	(30)						
-	-	-	-	4,369	-						
<u><b>19,401</b></u>	<u><b>18,008</b></u>	<u><b>17,834</b></u>	<u><b>18,776</b></u>	<u><b>23,931</b></u>	<u><b>21,784</b></u>						
53	51	21	10	29	68						
-	-	-	-	-	-						
-	-	-	-	-	-						
1	426	1,679	-	-	30						
<u><b>54</b></u>	<u><b>477</b></u>	<u><b>1,700</b></u>	<u><b>10</b></u>	<u><b>29</b></u>	<u><b>98</b></u>						
<u><b>\$ 19,455</b></u>	<u><b>\$ 18,485</b></u>	<u><b>\$ 19,534</b></u>	<u><b>\$ 18,785</b></u>	<u><b>\$ 23,959</b></u>	<u><b>\$ 21,882</b></u>						
\$ 3,984	\$ 3,913	\$ 10,457	\$ 8,767	\$ 7,814	\$ 12,182						
(743)	(187)	1,954	410	(356)	(384)						
<u><b>\$ 3,241</b></u>	<u><b>\$ 3,726</b></u>	<u><b>\$ 12,411</b></u>	<u><b>\$ 9,176</b></u>	<u><b>\$ 7,458</b></u>	<u><b>\$ 11,799</b></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,			
	2010	2011	2012	2013
<b>General Fund</b>				
Reserved	\$ 10,314	\$ -	\$ -	\$ -
Unreserved	<u>14,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>24,526</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>All Other Governmental Funds</b>				
Reserved	49,583	-	-	-
Unreserved, reported in:				
Special revenue funds	8,047	-	-	-
Debt service funds	(2,458)	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>55,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Governmental Funds	<u><u>\$ 79,698</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ 10,539	\$ 10,241	\$ 7,690
Restricted				
Committed	-	10,220	10,721	10,820
Unassigned	<u>-</u>	<u>6,167</u>	<u>6,642</u>	<u>7,085</u>
Total General Fund	<u>-</u>	<u>26,926</u>	<u>27,604</u>	<u>25,595</u>
<b>All Other Governmental Funds</b>				
Nonspendable	-	18,127	4,068	5,160
Restricted	-	28,604	9,942	9,990
Assigned	-	-	-	414
Unassigned	<u>-</u>	<u>(5,271)</u>	<u>(719)</u>	<u>(703)</u>
Total All Other Governmental Funds	<u>-</u>	<u>41,460</u>	<u>13,291</u>	<u>14,861</u>
Total All Governmental Funds	<u><u>\$ -</u></u>	<u><u>\$ 68,386</u></u>	<u><u>\$ 40,895</u></u>	<u><u>\$ 40,456</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,

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,695	\$ 7,768	\$ 8,430	\$ 12,126	\$ 14,722	\$ 11,955
13	13	13	13	-	-
12,662	20,588	14,160	20,630	16,553	15,330
7,611	1,278	12,227	2,226	9,159	10,586
27,968	29,647	34,830	34,995	40,435	37,871
5,131	4,414	4,129	347	-	-
11,712	12,574	19,360	19,762	28,136	18,359
(2,363)	(3,193)	(2,555)	(891)	(2,295)	(4,259)
14,480	13,795	20,934	19,218	25,841	14,100
\$ 42,448	\$ 43,442	\$ 55,764	\$ 54,213	\$ 66,277	\$ 51,971

**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,			
	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 25,683	\$ 26,822	\$ 21,141	\$ 17,585
Licenses and permits	302	331	312	328
Intergovernmental	1,766	864	1,214	1,475
Charges for services	841	871	645	516
Fines and forfeitures	402	385	317	367
Investment income	1,390	2,205	1,160	53
Other	1,168	1,043	2,960	1,646
Total Revenues	<u>31,552</u>	<u>32,521</u>	<u>27,749</u>	<u>21,970</u>
<b>Expenditures</b>				
General government	3,071	3,051	3,103	3,772
Community services	1,272	1,239	1,216	1,219
Public safety	7,458	7,442	7,482	7,475
Community development	8,445	4,659	1,689	935
Public works	3,721	3,637	3,640	3,738
Capital outlay	5,241	21,457	6,047	1,511
Debt Service				
Principal retirement	2,865	5,044	4,819	-
Interest	4,999	5,695	3,672	-
Other debt service	1,215	1,102	14	-
Total Expenditures	<u>38,287</u>	<u>53,326</u>	<u>31,682</u>	<u>18,650</u>
Excess of revenues over/(under) expenditures	<u>(6,735)</u>	<u>(20,805)</u>	<u>(3,933)</u>	<u>3,320</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers in	3,565	9,243	3,755	1,603
Transfers out	(3,565)	(9,253)	(3,855)	(1,628)
Other	20,427	9,503	(23,458)	(3,733)
Total other financing sources	<u>20,427</u>	<u>9,493</u>	<u>(23,558)</u>	<u>(3,758)</u>
Extraordinary Item	-	-	-	-
Net change in fund balances	<u>\$ 13,692</u>	<u>\$ (11,312)</u>	<u>\$ (27,491)</u>	<u>\$ (438)</u>
Capitalized capital outlay	<u>\$ 1,693</u>	<u>\$ 17,446</u>	<u>\$ 6,093</u>	<u>\$ 869</u>
Debt service as a percentage of noncapital expenditures	24.8%	33.0%	33.2%	0.0%

Source: City of Signal Hill, Finance Department

Fiscal Year Ending June 30,

	2014	2015	2016	2017	2018	2019
\$	18,862	\$ 15,811	\$ 21,394	\$ 18,701	\$ 19,444	19,800
	360	411	370	374	429	580
1,294	1,367	3,591	8,809	5,440	9,202	
829	739	762	759	1,066	1,895	
298	301	326	289	312	423	
934	826	778	830	1,177	1,984	
113	2,786	652	411	417	78	
<u>22,690</u>	<u>22,241</u>	<u>27,873</u>	<u>30,173</u>	<u>28,285</u>	<u>33,962</u>	
5,456	4,476	3,940	4,879	4,409	4,715	
1,320	1,257	1,472	1,576	1,592	1,727	
8,147	8,172	9,270	9,152	9,412	9,514	
995	952	962	854	948	1,431	
3,910	3,627	3,883	4,046	4,130	4,141	
869	2,485	3,259	7,726	11,831	22,642	
						-
-	-	14	-	16	116	
-	-	3	-	84	244	
-	-	-	17	170	-	
<u>20,697</u>	<u>20,969</u>	<u>22,803</u>	<u>28,250</u>	<u>32,592</u>	<u>44,530</u>	
1,993	1,272	5,070	1,923	(4,307)	(10,568)	
3,670	1,694	1,236	1,687	5,383	22,854	
(3,671)	(2,120)	(2,915)	(1,687)	(5,383)	(23,044)	
-	76	7,578	-	8,986	-	
(1)	(350)	5,899	-	8,986	(189)	
-	-	-	-	4,369	-	
<u>\$ 1,992</u>	<u>\$ 922</u>	<u>\$ 10,969</u>	<u>\$ 1,923</u>	<u>\$ 9,048</u>	<u>\$ (10,757)</u>	
<u>\$ 1,076</u>	<u>\$ 1,788</u>	<u>\$ 2,985</u>	<u>\$ 7,016</u>	<u>\$ 11,075</u>	<u>\$ 20,884</u>	
0.0%	0.0%	0.1%	0.1%	0.5%	1.5%	

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

Fiscal Year Ended June 30	Secured Property					Unsecured Property	Taxable Assessed Value (Note)	Total Direct Tax Rate
	Residential	Commercial	Industrial	Vacant	Others**			
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
2018	1,288,907	351,123	374,721	84,118	265,753	135,990	2,500,612	0.06569
2019	1,342,841	384,692	395,785	63,059	254,320	142,358	2,583,055	0.06559

\*\* 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	0.02392	0.02559	0.02615	0.05095	0.02241	0.04595	0.03825	0.06737	0.06760	0.06319
Long Beach Unified School District	0.08663	0.08834	0.09223	0.09394	0.07981	0.08764	0.08324	0.08539	0.14732	0.14053
Metropolitan Water District	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
<b>Total Direct and Overlapping (2) Tax Rates</b>	<b>1.11485</b>	<b>1.11763</b>	<b>1.12208</b>	<b>1.14839</b>	<b>1.10572</b>	<b>1.13709</b>	<b>1.12500</b>	<b>1.15626</b>	<b>1.21842</b>	<b>1.20722</b>
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)	1.00430	1.00370	1.00370	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct Rate (5)</b>	<b>0.68186</b>	<b>0.68693</b>	<b>0.68596</b>	<b>0.68639</b>	<b>0.06530</b>	<b>0.06542</b>	<b>0.06560</b>	<b>0.06570</b>	<b>0.06569</b>	<b>0.06559</b>

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are
- (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
- (4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of
- (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 2018-19		FY 2009-10	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Signal Hill Petroleum, Inc.	\$ 141,223	5.47%	\$ 100,681	5.04%
Long Beach Acquisition Corp.	39,274	1.52%	14,859	0.74%
PL Signal Hill LP	36,095	1.40%	36,950	1.85%
LBSH Development	29,277	1.13%	25,868	1.30%
Towne Center West LLC	26,782	1.04%	23,664	1.19%
Costco Wholesale Corporation	24,026	0.93%	20,806	1.04%
Tesoro Logistics Operations LLC	18,306	0.71%		0.00%
Home Depot USA, Inc.	17,884	0.69%	18,477	0.93%
Executive Complex LP	16,073	0.62%		0.00%
VNO Trust Cherry Avenue LP	15,641	0.61%	13,820	0.69%
Signal Hill Towne Center LLC		0.00%	21,182	1.06%
BP West Coast Products LLC		0.00%	22,919	1.15%
	<b><u>\$ 364,582</u></b>	<b><u>14.11%</u></b>	<b><u>\$ 299,226</u></b>	<b><u>14.99%</u></b>

**Note:**

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

Source: HdL Coren & Cone

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Note (1)	
		Amount (2)	Percent of Levy		Total Collections to Date	Percent of Levy
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	16,186,271	13,397,825	82.77%	N/A	N/A	N/A
2018	16,549,362	12,488,540	75.46%	N/A	N/A	N/A
2019	17,090,273	12,720,601	74.43%	N/A	N/A	N/A

Notes:

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

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

Fiscal Year 2017 and 2018 Taxes Levied amounts have been updated

Source: County of Los Angeles Auditor-Controller

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

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percent of Assessed Valuation	Percent of Per Capita	Percent of Personal Income
	Lease Revenue Bonds	Redevelopment Tax Allocation Bonds	Notes	Leases & Loans	Certificates of Participation	Water Revenue Bonds	Loans				
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%	562.77	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	-	4,741	-	4,777	0.197%	406.59	12.94	
2018	8,974	-	-	21	4,269	-	13,264	0.530%	1,124.54	31.74	
2019	8,851	-	-	4	3,787	-	12,642	0.489%	N/A	N/A	

N/A Information is not yet available.

Source: City of Signal Hill, Finance Department

**CITY OF SIGNAL HILL**  
**Direct and Overlapping Governmental Activity Debt**  
**As of June 30, 2019**

Debt	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
<b>Direct Debt:</b>			
Library Lease Revenue Bond 2018	\$ 8,957,208	100.000%	\$ 8,957,208
260.01 Capital Leases	\$ 4,224	100.000%	\$ 4,224
Total Direct Debt			<u>\$ 8,961,432</u>
<b>Overlapping Debt:</b>			
310.25* Metropolitan Water District	\$ 23,317,224	7.700%	\$ 17,920
807.53 Long Beach CCD DS 2002 Series D (2007)	15,767,306	3.932%	\$ 620,017
807.55 Long Beach CCD DS 2008 Series 2009B	15,096,105	3.932%	\$ 593,623
807.56 Long Beach CCD DS REF 2002 2012 Series A	34,060,000	3.932%	\$ 1,339,339
807.57 Long Beach CCD DS REF BONDS 2014 SERIES C	139,578,695	3.932%	\$ 5,488,645
807.58 Long Beach CCD DS REF BONDS 2014 SERIES E	7,850,000	3.932%	\$ 308,685
807.59 Long Beach CCD DS REF BONDS 2015 SERIES F	42,430,000	3.932%	\$ 1,668,472
807.60 Long Beach CCD DS 2008 SERIES D	28,165,000	3.932%	\$ 1,107,531
807.62 Long Beach CCD DS 2016 SERIES B	55,570,000	3.932%	\$ 2,185,176
807.63 Long Beach CCD DS REF 2017 SERIES G	81,655,000	3.932%	\$ 3,210,915
883.57 Long Beach USD DS 2008 Ref Bonds	19,540,606	3.933%	\$ 768,493
883.58 Long Beach USD DS 2008 Series A	20,910,000	3.933%	\$ 822,348
883.59 Long Beach USD DS 2009 Ref Bonds Series B	1,500,000	3.933%	\$ 58,992
883.60 Long Beach USD DS 2010 Ref Bonds Series A	38,265,000	3.933%	\$ 1,504,886
883.62 Long Beach USD DS 2008 SR B-1 QSCB	72,406,000	3.933%	\$ 2,847,583
883.63 Long Beach USD DS 2011 Refunding Bonds	7,725,686	3.933%	\$ 303,836
883.64 Long Beach USD DS 2012 Ref Bonds	79,675,000	3.933%	\$ 3,133,458
863.65 Long Beach USD DS 2008 Series C	34,010,000	3.933%	\$ 1,337,545
863.66 Long Beach USD DS 2008 Series D	249,328,410	3.933%	\$ 9,805,588
863.68 Long Beach USD DS 2016 Ref Bonds	136,395,000	3.933%	\$ 5,364,143
863.69 Long Beach USD DS 2008 Series E	149,395,000	3.933%	\$ 5,875,407
883.70 Long Beach USD DS 2016 Series A	268,085,000	3.933%	<u>\$ 10,543,247</u>
Total Overlapping Debt			<u>\$ 58,905,849</u>
Total Direct and Overlapping Debt			<u>\$ 67,867,281</u>
2018-19 Total Assessed Valuation	\$ 2,583,055,616		
Less Incremental Value	(1,647,610,378)		
<b>2018-19 Assessed Valuation</b>	<b><u>\$ 935,445,238</u></b>		
<b><u>Debt to Assessed Valuation Ratios</u></b>			
Direct Debt	0.96%		
Overlapping Debt	7.26%		
Total Debt	<u>8.21%</u>		

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

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

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

Source: HdL, Coren & Cone

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

**Legal Debt Margin Calculation for the Current Year**

Assessed value	\$ 2,583,055,616
Debt limit (15% of assessed value)	387,458,342
Debt applicable to limit	-
Legal debt margin - Current Year	<u><u>\$ 387,458,342</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2018	375,091,788	-	375,091,788	0.00%
2019	387,458,342	-	387,458,342	0.00%

Source: City of Signal Hill, Finance Department

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

Fiscal Year	Pledged Tax Revenues	Non-Housing Component				Coverage
		Principal	Interest	Total		
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)	-	-	-	-	-	
2018 (2)	-	-	-	-	-	
2019 (2)	-	-	-	-	-	

Fiscal Year	Pledged Tax Revenues	Low Income Housing Component				Coverage
		Principal	Interest	Total		
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)	-	-	-	-	-	
2018 (2)	-	-	-	-	-	
2019 (2)	-	-	-	-	-	

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

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

Source: City of Signal Hill, Finance Department

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

Calendar Year	City Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2010	11,465	375,823	32,780	10.1%
2011	11,129	390,639	35,101	9.8%
2012	11,218	370,946	33,067	7.4%
2013	11,411	352,235	30,868	6.0%
2014	11,415	357,826	31,347	9.0%
2015	11,673	341,699	29,272	7.3%
2016	11,609	333,332	28,713	5.7%
2017	11,749	369,284	31,431	3.6%
2018	11,795	417,958	35,435	3.8%
2019	N/A	N/A	N/A	N/A

N/A - Information is not yet available

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

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

Employer	2018-19			2009-10		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Office Depot	428	1	8.25%	483	1	3.41%
Home Depot	343	2	6.61%	311	2	2.20%
Costco Wholesale	301	3	5.80%	231	4	1.63%
Target	265	4	5.10%	202	7	1.43%
Edge Systems LLC	191	5	3.68%			0.00%
Warren Distributing	163	6	3.14%			0.00%
Long Beach BMW Auto	143	7	2.75%			0.00%
Accountable Healthcare IPA	136	8	2.62%			0.00%
Allied Refrigeration	130	9	2.50%			0.00%
Mercedes-Benz of Long Beach	127	10	2.45%			0.00%
Universal Care				272	3	1.92%
Telestranger Productions				230	5	1.62%
Oil Well Service Company				205	6	1.45%
Crane Valves North America				130	8	0.92%
Alliance				129	9	0.91%
Memorial Healthcare				127	10	0.90%
	<b><u>2,227</u></b>		<b><u>42.90%</u></b>	<b><u>2,320</u></b>		<b><u>16.39%</u></b>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	5.00	5.00	4.73	5.73	4.73	4.73	4.73	5.00	5.75	5.80
Finance	6.48	6.48	5.91	5.98	5.98	5.98	5.98	6.80	6.75	5.80
Community Services	24.15	20.84	20.25	19.32	19.30	19.53	19.53	18.60	18.60	18.60
Police	52.40	53.37	53.40	53.40	52.89	52.89	52.89	53.00	53.00	53.00
Community Development	7.00	7.00	6.40	6.40	7.00	7.00	7.00	4.00	4.00	4.00
Public Works	30.00	30.00	30.04	30.04	30.02	30.04	30.04	28.00	28.00	28.00
Economic Development	1.00	1.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>128.07</b>	<b>123.69</b>	<b>120.74</b>	<b>120.87</b>	<b>120.92</b>	<b>121.16</b>	<b>121.16</b>	<b>116.40</b>	<b>117.10</b>	<b>116.20</b>

Source: City of Signal Hill, Finance Department

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

Function/Program	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police</b>										
Calls for service	6,377	6,062	6,384	6,500	6,400	9,842	9,948	8,632	9,078	8,292
Reports written	4,004	3,978	3,826	3,254	3,312	3,894	4,332	5,618	5,061	4,504
Total arrests	1,776	2,060	1,823	1,120	1,115	1,390	1,216	1,403	1,074	987
Hazardous traffic citations	3,445	3,229	3,758	4,359	4,278	2,496	1,703	3,638	3,613	4,116
Parking citations	5,758	4,881	4,196	4,179	4,212	3,866	4,628	4,222	4,092	4,444
<b>Community Development</b>										
Code enforcement cases	94	94	75	85	87	77	68	67	59	48
Building permits	163	193	144	175	181	247	236	279	233	281
Site plan design reviews	7	6	6	7	7	5	6	6	5	4
<b>Water</b>										
Number of customers	2,960	2,964	3,014	3,052	3,079	3,116	3,162	3,302	3,116	3,157
Average daily consumption (in millions of gallons)	1.76	1.74	1.75	1.82	1.80	1.77	1.59	1.58	1.57	1.54
Number of hydrants maintained	562	566	568	422	435	568	568	568	568	574
<b>Public Works</b>										
Traffic signals maintained	29	29	29	29	29	31	31	33	18	13
Street sweeping miles	6,240	6,240	6,240	6,240	6,240	5,980	5,980	5,980	5,720	5,980
Sidewalk repairs (square feet)	15,674	5,787	14,220	14,220	14,220	6,362	4,504	1,762	8,731	1,232
Curb & gutter replaced (linear feet)	197	522	1,388	1,388	1,388	-	-	-	-	900
Cross gutter replaced (square feet)	490	-	5,067	5,067	5,067	-	-	-	-	-
<b>Engineering</b>										
Number of infrastructure projects administered	8	9	4	4	4	3	3	10	15	17
Plan checks completed	6	10	5	5	5	8	7	39	74	92
<b>Community Services</b>										
Library items borrowed	57,847	59,359	39,972	39,972	40,001	39,761	38,947	29,164	26,029	20,612
Youth sports participants	6,897	7,390	8,080	8,080	8,100	5,467	5,289	6,936	6,534	5,697
After school youth programs	16,086	11,886	14,746	14,746	14,785	15,530	15,326	30,960	16,810	20,680
Facility rental bookings	813	697	748	748	750	681	620	251	345	176

Source: Various City Departments

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
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
<b>Water</b>										
Miles of Lines & Mains	50	50	50	50	50	50	50	50	50	50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Wells	3	3	3	3	3	3	3	3	3	3
<b>Highways and Streets</b>										
Miles of Streets	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7	35.7
Street Trees	3,903	3,715	3,711	3,706	3,706	3,619	3,667	3,667	3,667	3,520
<b>Recreation and Culture</b>										
Parks	10	10	10	10	10	10	10	10	10	10
Area of Parks (Acres)	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03	23.03
Libraries	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Bandstands	1	1	1	1	1	1	1	1	1	1
Baseball Diamonds	1	1	1	1	1	1	1	1	1	1
Basketball Courts	2	2	2	2	2	2	2	2	2	2

Source: City of Signal Hill, Finance Department