

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2012

SAN FERNANDO, CALIFORNIA

For the fiscal year ended June 30, 2012



THE CITY OF
SAN FERNANDO

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CITY OF SAN FERNANDO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared By:
Finance Department

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City of San Fernando
Comprehensive Annual Financial Report
Year Ended June 30, 2012

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I. Introductory Section

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CITY OF *San Fernando* Historic & Visionary

January 24, 2013

**Honorable Mayor and City Council Members
Residents of San Fernando**

The Comprehensive Annual Financial Report (CAFR) of the City of San Fernando, California for the fiscal year ended June 30, 2012, is hereby submitted. The report is presented as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments (GASB 34). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City of San Fernando. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of San Fernando, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable.

The City of San Fernando City Code requires an annual audit by an independent certified public accountant. The City's financial statements have been audited by Teaman, Ramirez & Smith, Inc.; a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City of San Fernando for the fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of San Fernando's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The report of independent auditors is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The City was required to undergo the annual single audit in conformity with provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." The Single Audit Report, which is issued separately, includes the schedule of federal expenditures, findings and recommendations, the auditors' reports on the internal control structure and compliance with applicable laws and regulations.



Honorable Mayor and City Council Members
Residents of San Fernando
January 24, 2013

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Reporting Entity

The City Council exercises control over the Successor Agencies of the former San Fernando Redevelopment Agency and the San Fernando Public Financing Authority and thus these Agencies have been included in this report. The Los Angeles Unified School District and other public bodies have not met the established criteria for inclusion in the reporting entity since independent boards not under City Council control govern them. The City Council does not have any voting power over them; accordingly they are excluded from this report.

The City provides a full range of municipal services. These services include police and fire protection; construction and maintenance of streets, infrastructure; community development activities; recreational and cultural activities; and general administrative and support services. Fire and ambulance services are provided by contract with the City of Los Angeles Fire Department. In addition, the City provides water, sanitary sewer and refuse services under an Enterprise Fund system with customer fees covering the cost of providing the services.

The City of San Fernando adopts a comprehensive budget detailed by department prior to the start of the fiscal year which commences on July 1. The budget is further broken down by character of expenditure, defined as Contractual Services, Personnel Services, Maintenance and Operations, and Capital Outlay. The ledger of the City and its component units are maintained by the line item detail or object of expenditure. However, all budgetary controls are exercised at the fund level. Revenues are estimated annually and measured against actual revenues earned.

Adoption of GASB Statement No. 54

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No 54 Fund Balance Reporting and Governmental Fund Type Definitions This new standard does not change the total amount of a given fund balance but it substantially alters the categories and terminology used to describe the components that make up a fund balance. The new categories and terminology reflect an approach that focuses not on financial resources available for appropriation within a fund but on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

The City adopted GASB Statement No. 54 on June 20, 2011. Some highlights of GASB 54 include:

- ❖ **This accounting standard does not change our fund balances or how we would utilize the fund resources but it is a new way of classifying and identifying fund balance based on these new components: Non Spendable, Restricted, Committed, Assigned and Unassigned fund balance**

❖

Past Practice – Eliminated Classifications	New GASB 54 Classifications
Reserved	Non-Spendable
	Restricted
Unreserved and Designated	Committed
	Assigned
Unreserved and Undesignated	Unassigned

Economic Condition and Outlook

The City of San Fernando continues to face significant economic challenges attributed to governmental actions at the state and federal level as well as economic uncertainty attributed to the global financial markets. In light of these facts, the City has taken a number of actions to augment revenues and reduce expenditures during 2012 and in future years in order to attain a balanced City budget and work toward the creation of a General Fund reserve. However, as reflected in this audit, the General Fund ended the year in a negative position relative to revenues versus expenditures.

Long Term Finance Plan

The effort to achieve the City financial goal of having a balanced budget will require a multifaceted approach including working with the city's various union groups, reevaluation of current professional services contracts for possible savings, and creating greater public and private partnerships to identify business retention and recruitment opportunities that help keep and expand the services of existing businesses while creating new opportunities to attract new businesses to the city and expand our economic base. Business opportunities exist for the City of San Fernando, which has retained its historical function as a regional center of retail trade, services and employment, and it has in the recent past continued to capture a significantly higher ratio of sales taxes per capita as compared to other cities in the region. The business climate in San Fernando is favorably impacted by the following factors: excellent regional access and sizable regional labor force; general infrastructure/public sector investment; comparatively low crime rate; comparatively low business taxes; and a responsive government and staff.

Because of the recent downturn in the economy, commercial vacancies have continued to impact the city and resulted in a decline in sales tax revenues. The continuing business climate in the auto industry has adversely affected the City's sales tax revenue from local auto dealerships sites that remained closed during 2012. However, the recent resurgence in automobile sales has improved the economic outlook for the auto industry. To this end, the City is currently working with prospective dealership owners that have had a renewed interest in considering the city as the potential site for a new franchise automotive dealership in 2013. City staff has also been working with new businesses to streamline the building permit process that resulted in short turnaround times for building permit processing and construction, which allowed the opening of a new Vallarta Supermarket and relocation of the Enterprise Rent A Car Office to its new facility in the city's auto commercial sub-district.

Additionally, as the housing market in Southern California show signs of improvement resulting in increased home purchases and property values, the City will further work at removing government constraints to foster faster processing of building permits for the existing residential construction while promoting infill development projects within the city's mixed-use corridors and high density residential zones.

The City will also continue to work with property owners and prospective developers in an effort to promote adaptive reuse of vacant and underutilized public and private property for new commercial, industrial and housing opportunities. In addition, in June of 2012 the City completed infrastructure improvements that included street improvement projects, energy efficient lighting upgrades to public facilities, implementation of the city's nitrate removal system project, review and approval of discretionary permits for new affordable housing projects on city and privately owned properties, and new street improvements along Park Avenue adjacent to the City's Regional Aquatic Facility at San Fernando Recreation Park. Also, the City's passage of new sewer and water rate increases has facilitated continued water and sewer improvement projects into the new fiscal year in order to address the city's aging water and sewer infrastructure.

Despite these efforts, flat or declining revenues including lower estimated property tax and sales tax has impacted our ability to achieve a balanced budget, consequently, the City has taken a fiscally conservative approach in budgeting expenditures and it will continue to do so as necessary in the future. However, the City's recovery from the effects of the recession, and the dissolution of redevelopment will likely be slow.

Honorable Mayor and City Council Members
Residents of San Fernando
January 24, 2013

Financial Information

The City has developed and maintained its accounting system with due consideration given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute assurance that assets are adequately safeguarded from waste, fraud and inefficient use. The financial records maintained allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

Relevant Financial Policies

The City's current policy is to not only maintain a balanced budget, but to also create a general fund reserve balance over the coming years. The City Council has approved the concept of a reserve of about 10% of the operating expenditures for the General Fund. To this extent the City is working to limit expenditures and identify new revenue sources to continue to provide core public services and maintain the level of services expected by the community. In light of the recent water and sewer fee increases approved by the City Council, the City's Enterprise Fund's policy is to have a balanced budget while building a fund reserve in order to invest in needed infrastructure improvements. Any excess revenues over expenses that are generated will be retained and designated for future capital improvements or to cover future unexpected expenditures or revenue shortfalls.

Other Information

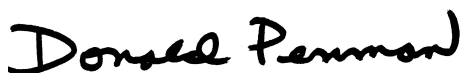
City Staffing - The City is fortunate to have a very qualified staff of employees that make every effort to continue to maintain service levels despite diminished resources resulting in fewer staff.

Awards - 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 San Fernando for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 27th consecutive year that the City has received 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 all 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 and we will submit it to the GFOA to determine its eligibility for the 2012 certification.

Acknowledgments - The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire City staff, especially Sonia Garcia (Junior Accountant) and Fred Ramirez (City Planner). This report would not have been accomplished without their support and without the dedication of the audit firm Teaman, Ramirez & Smith, Inc. Each contributing member of the City staff has my sincere appreciation for the contributions made in the preparation of this report. As a new member of this staff team, I am extremely impressed with their commitment. I would also like to thank the members of the current City Council for their interest and commitment to conducting the financial operations of the City in a responsible and fiscally prudent manner and setting a course for the City that is both progressive and positive.

Respectfully submitted,



Donald Penman
Interim City Administrator



CITY COUNCIL

Fiscal Year 2011-12

MAYOR

Brenda Esqueda

MAYOR PRO TEM

Antonio Lopez

COUNCILMEMBERS

Marbel De La Torre

Sylvia Ballin

Mario Hernandez

Effective 12/3/12

MAYOR

Antonio Lopez

MAYOR PRO TEM

Sylvia Ballin

COUNCILMEMBERS

Jesse H. Avila

Joel Fajardo

Robert C. Gonzales

CITY TREASURER

Margarita Solis

ADMINISTRATION AND DEPARTMENT HEADS

City Administrator

Community Development (City Planner)

Finance Manager

Personnel Manager

Police Chief (Acting)

Public Works Director

Recreation & Community Services Manager

Al Hernandez

Fred Ramirez

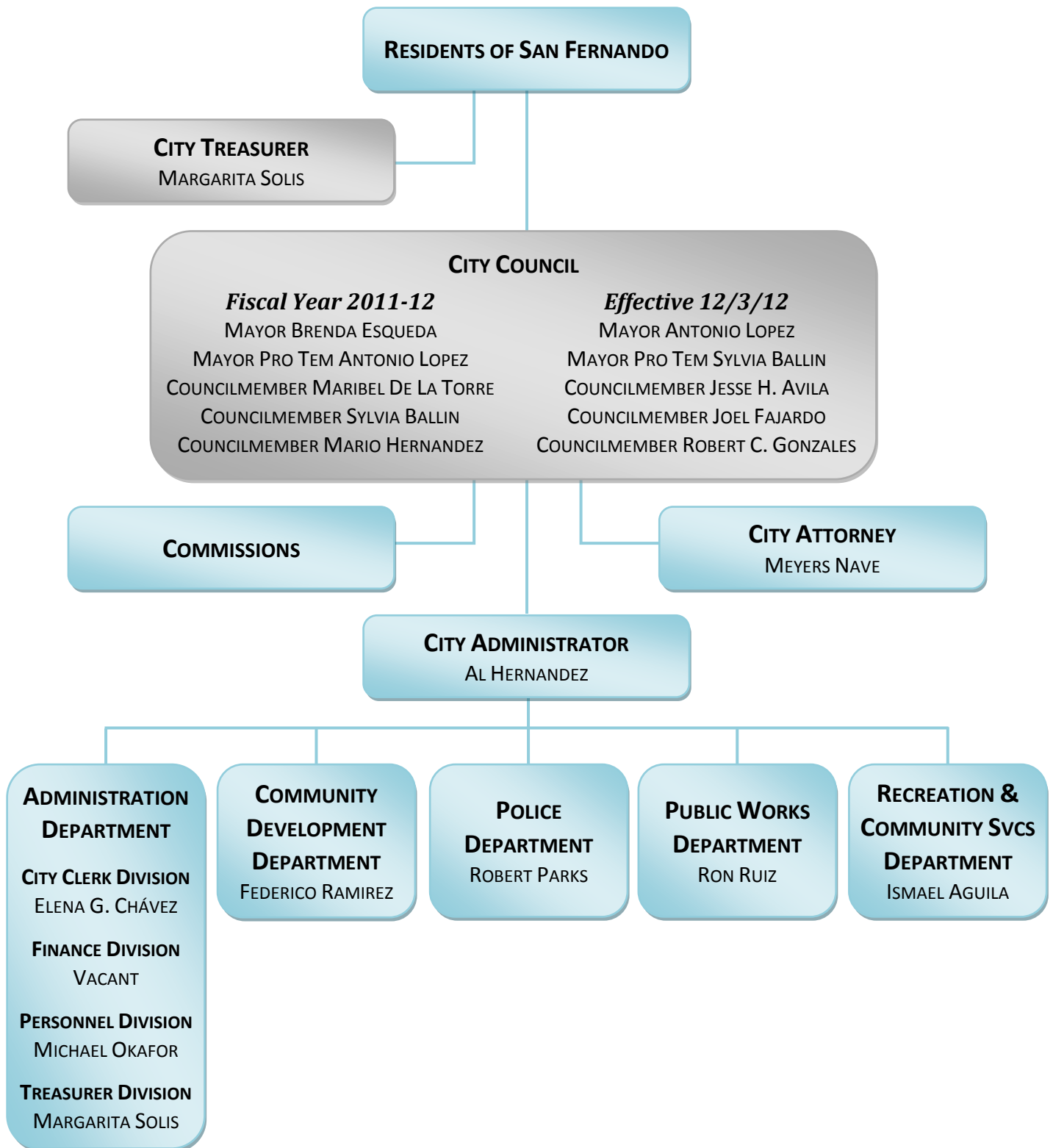
Vacant

Michael Okafor

Robert Parks

Ron Ruiz

Ismael Aguila



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Fernando
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

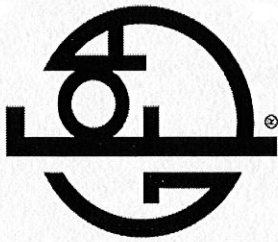


Christopher P. Moynell

President

Jeffrey R. Enen

Executive Director



**The Government Finance Officers Association
of the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
City of San Fernando, California



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date September 19, 2012

II. Financial Section

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Independent Auditors' Report

City Council Members
City of San Fernando, California

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Fernando, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of San Fernando's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 San Fernando, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The basic financial statements have been prepared assuming that the General Fund and the Grants Special Revenue Fund, which are both considered to be major funds of the City, will continue as going concerns. As discussed in Notes 11 and 13 to the financial statements, as of June 30, 2012, the General Fund and Grants Special Revenue Fund have deficit fund balances. The lack of liquidity in the General Fund and Grants Special Revenue Fund raise substantial doubt about the ability of the General Fund and the Grants Special Revenue Fund to continue as going concerns. Management's plans regarding those matters are also described in Notes 11 and 13. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. Our opinion is not modified with respect to that matter.

As described in Note 14, the San Fernando Redevelopment Agency, previously reported as a blended component unit, was dissolved as of February 1, 2012, in accordance with State law and the related California Supreme Court decision.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2013 on our consideration of the City of Fernando'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and budgetary comparison schedules, identified as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Fernando's financial statements as a whole. The introductory section, the statements and schedules listed as supplementary information in the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections 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.

Teaman Ramirez & Smith, Inc.

January 24, 2013

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

This section of the City's Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found beginning on page i and the City's financial statements beginning on page 13.

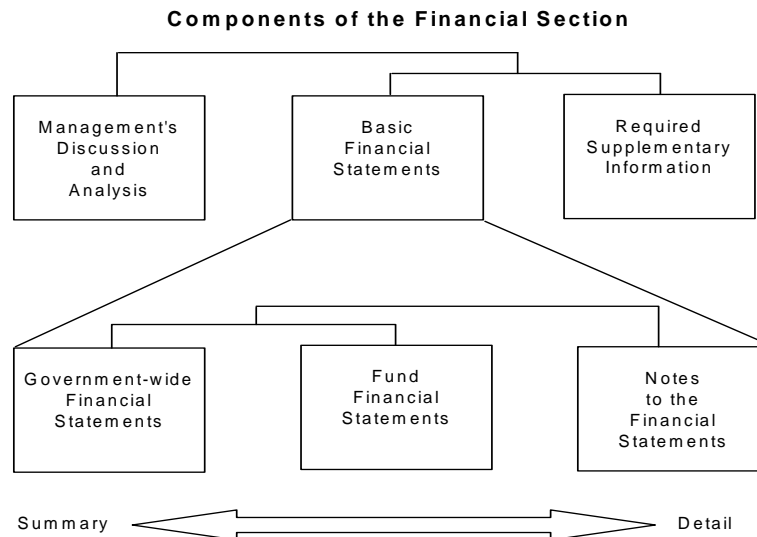
FINANCIAL HIGHLIGHTS

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34) for the year ending June 30, 2003. GASB 34 established new financial reporting standards for state and local governments in an effort to make governmental reporting more understandable and useful to the readers. During the June 30, 2007 fiscal year, the City completed the implementation of GASB 34 by adjusting the financial statements to include the value of infrastructure that was previously not required to be reported. The following are some key financial highlights for the fiscal year ending June 30, 2012:

- ❖ The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$62,168,809 (net assets). Unrestricted net assets were (\$6,170,037) at June 30, 2012.
- ❖ As of June 30, 2012, the City's governmental funds reported combined fund balances of (\$1,053,380).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this portion), the basic financial statements, required supplementary information, and *optional* combining statements for non-major governmental funds. This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.



CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the City include general government, public safety, public works, community development, recreation, non-departmental, and interest on long-term debt.

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate entities, the Successor Agency of the former San Fernando Redevelopment Agency and the San Fernando Public Financing Authority. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

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 City's near-term financial decisions. Both the governmental fund balance sheet and the 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 26 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, Special Revenue Grants Fund, Special Revenue State Gas Tax Fund, Special Revenue Retirement Tax Fund, Redevelopment Merged Project Areas # 1, 2, 3, and 4-Debt Service Fund, and the Low-Income Housing

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Fund Financial Statements (continued)

Fund-Capital Projects Fund, each of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation-the "Other Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *non-major governmental funds supplementary information* section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate its compliance with this budget.

The governmental fund financial statements can be found beginning on page 16 of this report.

Proprietary Funds. The City maintains several proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Water Enterprise Fund, Sewer Enterprise Fund, and the Waste Disposal Enterprise Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's various self-supporting functions. The City uses internal service funds to account for purchases of vehicles and other major emergencies.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the maintenance and operation of the City's water, sewer and waste disposal services. The Water Fund accounts for all activities necessary to provide water services to all residents of the City and some County areas. Some of these activities include, but are not limited to, operations, maintenance and major construction. The Sewer Fund accounts for the provision of sewer services to all residents of the City. Processing of sewage is done by the City of Los Angeles under contract. The Waste Disposal Fund accounts for the collection of solid waste from all residential utility accounts within the City. Solid waste collection and disposal is operated under a contract with a private disposal company. These are considered to be business-type activities in the government-wide financial statements. The water services fund, sewer services and waste disposal services funds are presented as major funds in the financial statements.

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

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* beginning on page 60 of this report. This section includes a comparison of budgeted to actual results for the general and major special revenue funds.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following *the required supplementary information*. Combining and individual fund statements and schedules can be found beginning on page 60 of this report.

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-wide Financial Analysis

Statement of Net Assets

The following table is a summary of the statement of net assets at June 30, 2012.

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 2,439,230	\$ 12,308,681	\$ 8,717,912	\$ 8,327,487	\$ 11,157,142	\$ 20,636,168
Capital assets	52,505,498	54,873,836	14,811,543	15,324,618	67,317,041	70,198,454
Total assets	54,944,728	67,182,517	23,529,455	23,652,105	78,474,183	90,834,622
Liabilities:						
Current and other liabilities	4,062,715	3,408,391	830,335	594,248	4,893,050	4,002,639
Long-term liabilities	11,412,324	26,500,648	-	-	11,412,324	26,500,648
Total liabilities	15,475,039	29,909,039	830,335	594,248	16,305,374	30,503,287
Net assets:						
Invested in capital assets, net of related debt	50,993,498	43,598,683	14,811,543	15,324,618	65,805,041	58,923,301
Restricted	2,533,805	13,040,082	-	-	2,533,805	13,040,082
Unrestricted	(14,057,614)	(19,365,287)	7,887,577	7,733,239	(6,170,037)	(11,632,048)
Total net assets	\$ 39,469,689	\$ 37,273,478	\$ 22,699,120	\$ 23,057,857	\$ 62,168,809	\$ 60,331,335

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In this case, City assets exceeded liabilities by \$62,168,809 at June 30, 2012. Total assets and total liabilities decreased significantly in 2012 due to the dissolution of the City's former Redevelopment Agency.

The largest portion of the City's net assets, \$65,805,041, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the City's net assets, \$2,533,805, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, if any, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report a positive balance in two categories of net assets (Invested in capital assets, net of related debt and Restricted); the City's governmental activities unrestricted net assets had a deficit of \$14,057,614.

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-wide Financial Analysis (continued)

Statement of Activities

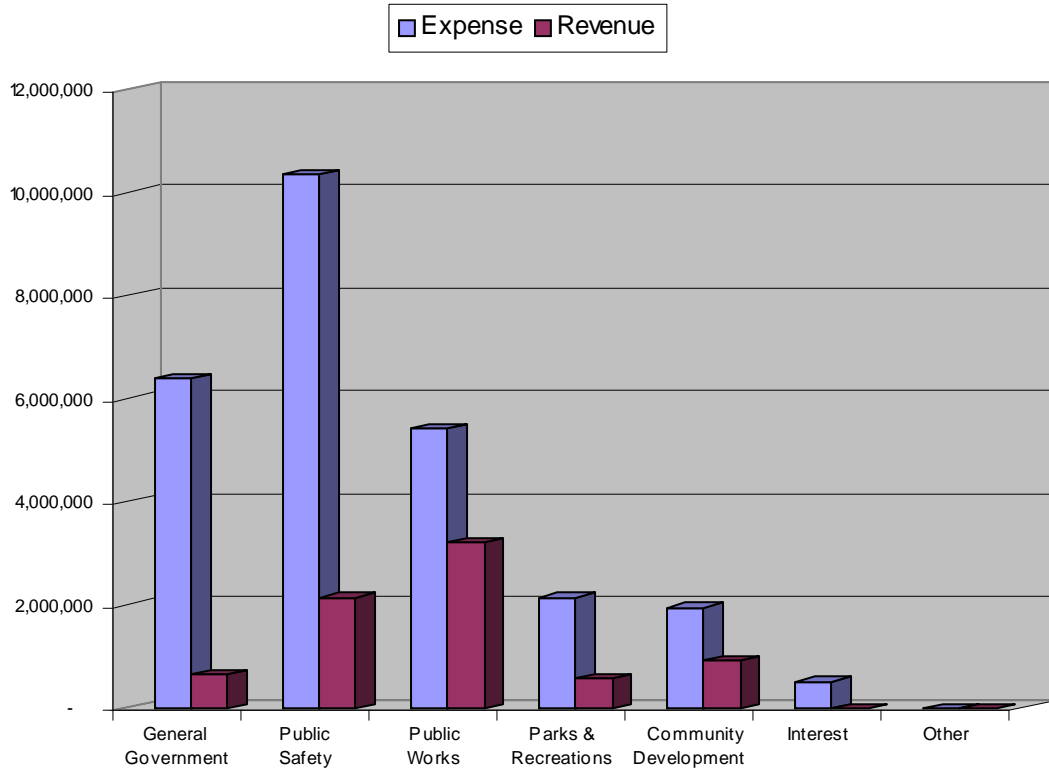
Governmental and Business-type activities increased the City's net assets by \$1,837,474. Key elements of this increase are as follows:

- ❖ Governmental activities increased the City's net assets by \$2,196,211 due to the Extraordinary Gain resulting from the dissolution of the former Redevelopment Agency and subsequent transfer of net assets to the Successor Agency Trust Fund.
- ❖ Business-type activities decreased the City's net assets by \$358,737 due to decreases in revenue.

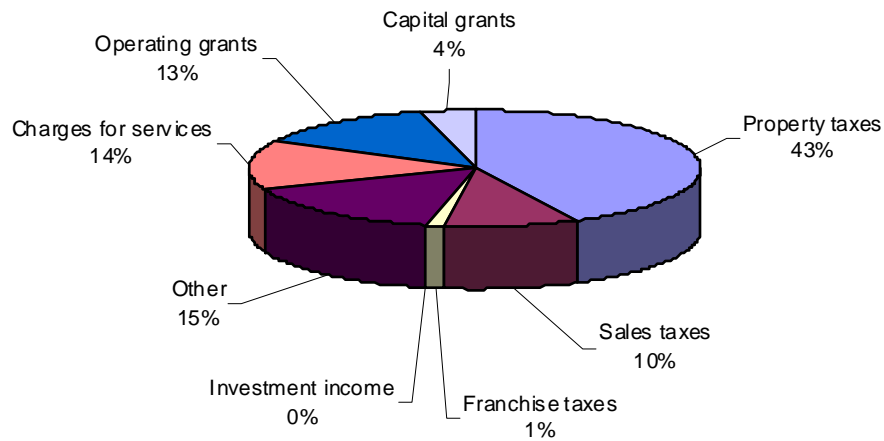
Change in Net Assets						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenues						
Charges for services	\$ 3,380,246	\$ 6,098,324	\$ 6,472,744	\$ 6,572,824	\$ 9,852,990	\$ 12,671,148
Operating grants and contributions	3,197,798	4,432,649	-	-	3,197,798	4,432,649
Capital grants and contributions	930,527	1,896,595	-	-	930,527	1,896,595
General revenues						
Taxes	15,575,564	15,850,253	-	-	15,575,564	15,850,253
Investment earnings and others	947,765	2,125,907	11,152	23,897	958,917	2,149,804
Total revenue	<u>24,031,900</u>	<u>30,403,728</u>	<u>6,483,896</u>	<u>6,596,721</u>	<u>30,515,796</u>	<u>37,000,449</u>
Expenses						
General government	6,397,275	9,051,209	-	-	6,397,275	9,051,209
Public safety	10,346,561	10,137,119	-	-	10,346,561	10,137,119
Public works	5,423,605	4,960,530	-	-	5,423,605	4,960,530
Parks and recreation	2,145,767	2,375,034	-	-	2,145,767	2,375,034
Community development	1,944,293	3,658,552	-	-	1,944,293	3,658,552
Interest and fiscal charges	509,971	1,092,731	-	-	509,971	1,092,731
Enterprise operations	-	-	6,721,633	6,172,528	6,721,633	6,172,528
Total expenses	<u>26,767,472</u>	<u>31,275,175</u>	<u>6,721,633</u>	<u>6,172,528</u>	<u>33,489,105</u>	<u>37,447,703</u>
Increase (decrease) in net assets before transfers and extraordinary gain	(2,735,572)	(871,447)	(237,737)	424,193	(2,973,309)	(447,254)
Transfers (out)	121,000	121,000	(121,000)	(121,000)	-	-
Extraordinary gain	<u>4,810,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,810,783</u>	<u>-</u>
Increase (decrease) in net assets	2,196,211	(750,447)	(358,737)	303,193	1,837,474	(447,254)
Net assets – beginning						
Restated	<u>37,273,478</u>	<u>38,023,925</u>	<u>23,057,857</u>	<u>22,754,664</u>	<u>60,331,335</u>	<u>60,778,589</u>
Net assets – ending	<u>\$ 39,469,689</u>	<u>\$ 37,273,478</u>	<u>\$ 22,699,120</u>	<u>\$ 23,057,857</u>	<u>\$ 62,168,809</u>	<u>\$ 60,331,335</u>

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of (\$1,053,380). The City's governmental funds report a deficit of (\$4,081,155) in its *unassigned fund balance*. The remainder of the fund balance is either nonspendable or restricted to indicate that it is not available for new spending because it has already been reserved for 1) \$44,646 for inventories, 2) \$694,923 for advances to other funds, 3) \$88,592 for prepaid items and 4) \$2,199,614 restricted for transportation, air pollution, parks and recreation, and public safety.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was (\$1,572,548).

The negative balance in the General fund is (\$1,236,782) and is partially due to increased liabilities from unpaid invoices for fire-ambulance services (Note 12) and the self-insurance fund (combined with the General Fund), which accounts for expenditures related to insurance reimbursement or lawsuits. The self-insurance fund is experiencing a deficit relating to settlements for personal and property damage claims that occurred over the current and prior fiscal years.

The deficit in the fund balance of the Grants Special Revenue Fund amounted to \$2,007,798 at the end of the fiscal year, which accounts for a decrease in the fund deficit in the amount of \$755,485 from the prior year. The City continues to collect reimbursement of grant funds and part of the balance is due to timing. The City is currently repaying the grant fund for a grant that was not reimbursed in the past. In addition, if sufficient grant monies are not collected or recovered, the City will transfer from other funds that benefited from the various projects in order to relieve this deficit. The two major funds related to the City's Redevelopment Agency (Debt Service Fund and Capital Projects Fund) are reporting no assets and liabilities as of June 30, 2012, in accordance with State law. The revenues and expenditures reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances, for those funds, represent activity from July 1, 2011 through the date of dissolution (February 1, 2012).

In addition, two funds previously reported as nonmajor funds, the Gas Tax Fund and the Retirement Tax Fund, currently qualify as major funds for the 2011-12 fiscal year.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise Funds. Total net assets of the enterprise funds amounted to \$22,699,120 and total decrease in net assets for these funds was \$358,737 for the year ended June 30, 2012.

Internal Service Funds. The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for purchases of vehicles throughout the City. As of June 30, 2012, unrestricted net assets of the internal service funds were \$135,259, which is the same as reported during the prior fiscal year. The services provided by the internal service funds have been allocated to governmental functions, based on user percentages, in the government-wide financial statements.

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

General Fund Budgetary Highlights

In the General Fund, the actual expenditures \$15,788,936, compared to the final budget \$14,855,971, increased by \$932,965 primarily due to legal fees, pension cost, public safety and the aquatic facility. During the year, actual revenues were more than final budgetary estimates by \$56,241. This slight increase is mainly due to taxes, and licenses and permits. There were no significant variances noted between original and final budget amounts in the General Fund.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities amounts to \$52,505,498 (net of accumulated depreciation of \$43,403,399) as of June 30, 2012. This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure (roads, sidewalks, streetlights, etc.), and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$478,555 before depreciation.

Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	Business-type Activities	Total
Capital assets not being depreciated	\$ 5,564,862	\$ 904,433	\$ 6,469,295
Capital assets being depreciated	90,344,035	34,591,384	124,935,419
Less accumulated depreciation	(43,403,399)	(20,684,274)	(64,087,673)
Net	<u>\$ 52,505,498</u>	<u>\$ 14,811,543</u>	<u>\$ 67,317,041</u>

Additional information on the City's capital assets can be found in note 4 to the basic financial statements on pages 40-41 of this report.

Major capital asset events during the current fiscal year included the following:

Governmental activities:

- ❖ Capital asset additions in governmental activities include: Lopez Adobe Rehabilitation, Traffic Signal Improvements, Energy Efficient Lighting Upgrades, Fitness Station Park Project, and Virtual Patrol Project.

Business-type activities:

- ❖ Upgrades relating to the water and sewer systems including construction of the Nitrate Removal System Project.

Debt Administration. At the end of the current fiscal year, total long-term debts amounted to \$12,762,919. Total long-term debt in governmental activities consist of the following:

Long-Term Liabilities (Note 6)

CHFA Loan	912,692
Section 108 loan	\$ 1,512,000
Compensated absences	1,475,197
Claims payable	2,860,556
Other post-employment Benefit obligation	6,002,474
Total	<u>\$ 12,762,919</u>

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Capital Asset and Debt Administration - Continued

Debt Administration - Continued

State statutes limit the amount of general obligation debt a governmental entity may issue up to 15 percent of its total assessed valuation. The current debt limitation for the City is \$55,149,148, which is significantly in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements on pages 42-45 of this report.

Economic Factors and Next Year's Budget

In the fiscal year ending June 30, 2012, the City of San Fernando maintained a conservative budget in light of reduced revenues due to the ongoing sluggish economy, which was affected by a myriad of local, state, federal, and global factors including: increased commercial vacancies; foreclosures; decreased property values; reduced consumer spending; high unemployment; state budget crisis; the looming federal fiscal cliff; the economic slow down in China, India and Asia; and the economic crisis in Europe. The City has taken significant steps to address the fiscal challenges that it faces while maintaining the delivery of excellent municipal services to the community. Measures were implemented to ensure that costs for service delivery were being recovered, and to augment potential revenue sources and improve organizational efficiency in the deliver of city services. Such measures included controlling and reducing operating costs by renegotiating each memorandum of understanding with each union group that resulted in savings (e.g., modified benefits, frozen positions, staff reductions), renegotiation of contracts and professional service agreements with current vendors and public service providers, a comprehensive updating of the City's schedule of fees for services in general, stepped up business retention and recruitment programs, adoption of sewer and water rate increases to make enterprise funds self sufficient and reduce the need for General Fund monies, upgrade of energy efficient lighting infrastructure, applying for grant funds to offset planning and police personnel costs, applying for alternative fuel credits from the Federal government related to the sale of CNG (City's CNG station) while expanding capacity to sell more CNG, and deferring capital purchases where deemed appropriate.

The City has also been able to implement major projects as a result of the aggressive approach it has taken towards seeking new funding sources. City staff is constantly looking for new ways of finding new revenues and uses the talents from within to approach new projects rather than paying additional fees to receive services. In this regard, significant accomplishments in the fiscal year ending June 30, 2012 included:

- Completion of the Park Avenue street improvements. This project added extensive aesthetic improvements to the area and coincided with the construction of a sixty-two unit multifamily housing project that includes 41 affordable rental units and 21 market rate rental units. The housing project has a total valuation of \$14,500,000 in construction costs. The street project cost \$320,000 and was funded through special revenue funds such as Pavement Management, Measure R funds and Prop. C transit development funds.
- Adoption of Water and Sewer Rate Increases, also known as the Prop. 218 process was completed in 2012. This is necessary in order to maintain the necessary capital reserves to complete essential capital improvements and maintenance projects on the City's aging sewer and water infrastructure while ensuring that the enterprise funds are self sustaining for the long term.
- City facilitated public-private investment resulting in the construction of a 20-unit affordable housing project on a city-owned parcel at 1422 San Fernando Road with a total valuation of \$4,100,000 in construction costs.
- Approval of entitlements and permit processing to allow relocation of Enterprise Office to a free standing facility in the city's automotive zoning district.
- Approval of entitlements for the adaptive reuse of two former automotive dealership sites to be reopened with retail sales and service commercial uses; total construction valuation of \$2,500,000.

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

- Approval of entitlements for Harding Street Affordable Housing Project, which included a financial commitment of \$250,000 from the City to facilitate the development of 113 affordable rental units to extremely low to moderate income households; total construction valuation of \$30,000,000.
- Continued negotiations with prospective car dealership seeking to establish a new and used car automotive dealership in the City with anticipated start up in the last quarter of FY 2012-2013.
- Streamlined entitlement and building permit approval process to allow tenant improvements for a new Vallarta Supermarket to be completed within an unprecedented four months.
- Recreation and community services have continued to be expanded at the City's parks and regional aquatic facility resulting in new program income that has continued to reduce operational expenditures partially funded by the General Fund.
- Implementation of business retention and outreach program that includes online list of potential business opportunity sites on the City's website in order to match up potential businesses seeking to enter the City with vacant properties that are seized and zoned accordingly to facilitate the potential land use.
- Implementation of an inspection prior to resale of single family homes with an associated fee to ensure homes are not being sold with unpermitted improvements; any resulting upgrades required by the City are then reported to the County tax assessor resulting in increased property tax assessments.
- Installation of an Energy Efficient Induction Lighting system with a total construction cost of \$131,000 and was funded with Measure R funds. This energy efficient lighting system is intended to improve the lighting efficiency and will reduce lighting costs to the City.

In the upcoming fiscal year 2012-2013, the City plans to maintain a conservative budget in light of current economic conditions. Revenues to the General Fund are expected to fall slightly. Expenditures are expected to fall with anticipated savings from the continued practice of not filling positions as they become vacant. Also, the City will be entering into negotiations with all of the bargaining units in order to achieve additional savings. In spite of the economic conditions, the City plans on continuing with the Water Nitrate Project, increased fuel sales due to expansion of the CNG Fueling Station storage capacity, the Trolley and Bus Shelter Project, Energy Efficient Induction Lighting Project, and several street paving and repair projects. These projects will be funded through grants and/or special revenue funds except for the Water Project. In order to sustain the continued delivery of excellent municipal services to the community, the City will continue to closely review all revenues, department budgets and projects in light of budget constraints. Where necessary, the City will prioritize the use of resources so as to meet the community's demand for critical municipal services. The City has implemented a rolling twelve month cash flow analysis and a monthly departmental review of financials (revenues and expenditures).

Request for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the City Administrator's Office in the City of San Fernando, California.

Basic Financial Statements

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City of San Fernando
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 2,749,060	\$ 4,105,671	\$ 6,854,731
Restricted Cash and Investments	-	-	-
Receivables:			
Taxes	1,044,657	-	1,044,657
Accounts	435,599	988,277	1,423,876
Interest	1,898	-	1,898
Grants	575,911	-	575,911
Loans Receivable	424,200	-	424,200
Due From Fiduciary Fund	211,840	463,000	674,840
Internal Balances	(3,137,173)	3,137,173	-
Prepaid Items	88,592	-	88,592
Land Held for Resale	-	-	-
Inventories	44,646	23,791	68,437
Capital Assets, Not Depreciated	5,564,862	904,433	6,469,295
Capital Assets, Depreciated, Net	46,940,636	13,907,110	60,847,746
	<u>54,944,728</u>	<u>23,529,455</u>	<u>78,474,183</u>
Total Assets			
LIABILITIES			
Accounts Payable	1,683,933	563,257	2,247,190
Accrued Liabilities	446,597	86,238	532,835
Deposits Payable	157,390	180,840	338,230
Interest Payable	-	-	-
Unearned Revenue	424,200	-	424,200
Long-Term Liabilities			
Due Within One Year	1,350,595	-	1,350,595
Due in More Than One Year	11,412,324	-	11,412,324
	<u>15,475,039</u>	<u>830,335</u>	<u>16,305,374</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	50,993,498	14,811,543	65,805,041
Restricted for:			
Transportation	2,155,752	-	2,155,752
Parks & Recreation	375,098	-	375,098
Public Safety	2,955	-	2,955
Unrestricted	(14,057,614)	7,887,577	(6,170,037)
	<u>\$ 39,469,689</u>	<u>\$ 22,699,120</u>	<u>\$ 62,168,809</u>
Total Net Assets			

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 6,397,275	\$ 584,356	\$ 77,680	\$ -
Public Safety	10,346,561	1,359,010	778,239	-
Community Development	1,944,293	413,067	505,662	-
Public Works	5,423,605	565,723	1,711,560	930,527
Parks and Recreation	2,145,767	458,090	124,657	-
Interest Expense	509,971	-	-	-
Total Governmental Activities	26,767,472	3,380,246	3,197,798	930,527
Business-type Activities:				
Water	3,248,148	2,769,412	-	-
Sewer	2,445,675	2,580,623	-	-
Waste Disposal	1,027,810	1,122,709	-	-
Total Business-type Activities	6,721,633	6,472,744	-	-
Total Primary Government	\$ 33,489,105	\$ 9,852,990	\$ 3,197,798	\$ 930,527

General Revenues:

Taxes:

Property
Sales and Use
Property Taxes in lieu of Sales and Use Taxes
Business License Taxes
Franchise
Other Taxes

Intergovernmental, Unrestricted

Investment Income

Gain on Sale of Property

Other

Transfers

Total General Revenues and Transfers

Extraordinary Gain (See Note 14)

Change in Net Assets

Net Assets - Beginning of Year, As Restated

Net Assets - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,735,239)	\$ -	\$ (5,735,239)
(8,209,312)	-	(8,209,312)
(1,025,564)	-	(1,025,564)
(2,215,795)	-	(2,215,795)
(1,563,020)	-	(1,563,020)
(509,971)	-	(509,971)
(19,258,901)	-	(19,258,901)
-	(478,736)	(478,736)
-	134,948	134,948
-	94,899	94,899
-	(248,889)	(248,889)
(19,258,901)	(248,889)	(19,507,790)
10,198,997	-	10,198,997
2,380,675	-	2,380,675
603,373	-	603,373
1,082,584	-	1,082,584
307,119	-	307,119
1,002,816	-	1,002,816
264,443	-	264,443
918	11,152	12,070
120,000	-	120,000
562,404	-	562,404
121,000	(121,000)	-
16,644,329	(109,848)	16,534,481
4,810,783	-	4,810,783
2,196,211	(358,737)	1,837,474
37,273,478	23,057,857	60,331,335
\$ 39,469,689	\$ 22,699,120	\$ 62,168,809

The accompanying notes are an integral part of this statement.

City of San Fernando
Balance Sheet
Governmental Funds
June 30, 2012

	Special Revenue Funds			
	General Fund	Grants	State Gas Tax	Retirement Tax
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 887,984	\$ -
Restricted Cash and Investments	-	-	-	-
Receivables:				
Taxes	654,445	-	74,158	267,888
Accounts	376,355	-	-	-
Interest	1,898	-	-	-
Grants	-	563,673	-	-
Inventories	44,646	-	-	-
Due From Other Funds	-	-	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	211,840	-	-	483,083
Prepaid Items	79,280	-	-	-
Land Held for Resale	-	-	-	-
Total Assets	<u>\$ 1,368,464</u>	<u>\$ 563,673</u>	<u>\$ 962,142</u>	<u>\$ 750,971</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,425,801	\$ 39,276	\$ 25,409	\$ -
Accrued Liabilities	382,625	29,629	-	-
Deposits	156,323	-	-	-
Retentions Payable	-	-	-	-
Deferred Revenue	196,850	74,567	373,814	-
Due to Other Funds	443,647	1,461,833	-	718,162
Advances From Other Funds	-	966,166	-	-
Total Liabilities	<u>2,605,246</u>	<u>2,571,471</u>	<u>399,223</u>	<u>718,162</u>
Fund Balances (Deficits):				
Nonspendable:				
Inventories	44,646	-	-	-
Long-term Receivables	-	-	-	-
Advances to Other Funds	211,840	-	-	483,083
Prepaid Items	79,280	-	-	-
Restricted For:				
Transportation	-	-	562,919	-
Air Pollution	-	-	-	-
Parks and Recreation	-	-	-	-
Public Safety	-	-	-	-
Debt Service	-	-	-	-
Unassigned	<u>(1,572,548)</u>	<u>(2,007,798)</u>	<u>-</u>	<u>(450,274)</u>
Total Fund Balances (Deficits)	<u>(1,236,782)</u>	<u>(2,007,798)</u>	<u>562,919</u>	<u>32,809</u>
Total Liabilities and Fund Balances	<u>\$ 1,368,464</u>	<u>\$ 563,673</u>	<u>\$ 962,142</u>	<u>\$ 750,971</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Redevelopment Merged Project Areas #1, 2, 3, 4	Low Income Housing		
\$ -	\$ -	\$ 1,725,817	\$ 2,613,801
-	-	-	-
-	-	48,166	1,044,657
-	-	59,244	435,599
-	-	-	1,898
-	-	12,238	575,911
-	-	-	44,646
-	-	-	-
-	-	424,200	424,200
-	-	-	694,923
-	-	9,312	88,592
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,278,977</u>	<u>\$ 5,924,227</u>
\$ -	\$ -	\$ 193,447	\$ 1,683,933
-	-	34,343	446,597
-	-	1,067	157,390
-	-	-	-
-	-	424,200	1,069,431
-	-	30,448	2,654,090
-	-	-	966,166
-	-	683,505	6,977,607
-	-	-	44,646
-	-	-	-
-	-	-	694,923
-	-	9,312	88,592
-	-	1,150,536	1,713,455
-	-	71,885	71,885
-	-	411,319	411,319
-	-	2,955	2,955
-	-	-	-
-	-	(50,535)	(4,081,155)
-	-	1,595,472	(1,053,380)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,278,977</u>	<u>\$ 5,924,227</u>

The accompanying notes are an integral part of this statement.

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City of San Fernando
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Fund Balances for Governmental Funds	\$	(1,053,380)
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Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets net of depreciation have not been included as financial resources in the governmental fund activity.

Capital Assets		95,908,897
Accumulated Depreciation		(43,403,399)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Also, bond issuance costs are not recorded as assets under modified accrual basis of accounting. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Balances at June 30, 2012 are:

Loans Payable		(2,424,692)
Claims Payable		(2,860,556)
Compensated Absences		(1,475,197)
Net Other Post-employment Benefit Obligation		(6,002,474)

Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds.

-

Long-term receivables that are not available for current use. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.

645,231

The internal service fund is used by management to charge the costs of equipment purchases to individual funds. The assets and liabilities of the internal service fund are included in the Statement of Net Assets.

135,259

Net Assets of Governmental Activities

\$ 39,469,689

City of San Fernando
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

		Special Revenue Funds		
	General Fund	Grants	State Gas Tax	Retirement Tax
REVENUES				
Taxes	\$ 6,828,654	\$ -	\$ -	\$ 4,235,916
Licenses and Permits	279,825	-	-	-
Charges for Services	1,087,694	-	-	-
Fines and Forfeitures	831,983	-	-	-
Investment Earnings	220,005	112	28	2,029
Intergovernmental	2,152,736	1,957,678	707,716	42,053
Other	743,509	17,533	-	-
Total Revenues	12,144,406	1,975,323	707,744	4,279,998
EXPENDITURES				
Current:				
General Government	3,429,608	-	-	1,107,017
Public Safety	9,225,642	736,118	-	-
Community Development	660,339	2,983	-	-
Public Works	1,076,661	119,913	736,632	-
Parks and Recreation	1,396,686	460,824	-	-
Pass-throughs	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				-
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	15,788,936	1,319,838	736,632	1,107,017
Excess of Revenues Over (Under) Expenditures	(3,644,530)	655,485	(28,888)	3,172,981
OTHER FINANCING SOURCES (USES)				
Transfers In	3,010,099	100,000	-	-
Transfers Out	(103,034)	-	-	(2,528,421)
Sale of Property	120,000	-	-	-
Total Other Financing Sources (Uses)	3,027,065	100,000	-	(2,528,421)
EXTRAORDINARY GAIN (LOSS)	-	-	-	-
Net Change in Fund Balances	(617,465)	755,485	(28,888)	644,560
Fund Balances (Deficits), Beginning of Year	(619,317)	(2,763,283)	591,807	(611,751)
Fund Balances (Deficits), End of Year	\$ (1,236,782)	\$ (2,007,798)	\$ 562,919	\$ 32,809

The accompanying notes are an integral part of this statement.

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Redevelopment Merged Project Areas #1, 2, 3, 4	Low Income Housing		
\$ 2,457,901	\$ -	\$ 1,418,778	\$ 14,941,249
-	-	-	279,825
-	-	421,089	1,508,783
-	-	56,153	888,136
7,521	36,990	13,683	280,368
-	-	373,866	5,234,049
23,948	-	228,951	1,013,941
<u>2,489,370</u>	<u>36,990</u>	<u>2,512,520</u>	<u>24,146,351</u>
80,014	-	6,632	4,623,271
-	-	-	9,961,760
-	393,998	164,862	1,222,182
-	-	1,815,125	3,748,331
-	-	198,205	2,055,715
971,247	-	95,799	1,067,046
-	-	-	-
1,230,000	-	252,000	1,482,000
250,437	-	128,131	378,568
<u>2,531,698</u>	<u>393,998</u>	<u>2,660,754</u>	<u>24,538,873</u>
<u>(42,328)</u>	<u>(357,008)</u>	<u>(148,234)</u>	<u>(392,522)</u>
-	-	123,312	3,233,411
-	-	(480,956)	(3,112,411)
125,000	-	-	245,000
<u>125,000</u>	<u>-</u>	<u>(357,644)</u>	<u>366,000</u>
<u>(1,097,278)</u>	<u>(1,784,573)</u>	<u>1,158,746</u>	<u>(1,723,105)</u>
(1,014,606)	(2,141,581)	652,868	(1,749,627)
<u>1,014,606</u>	<u>2,141,581</u>	<u>942,604</u>	<u>696,247</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,595,472</u>	<u>\$ (1,053,380)</u>

The accompanying notes are an integral part of this statement.

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City of San Fernando
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (1,749,627)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This the amount by which capital expense exceeded depreciation in the current period:

Capital Expenditures	478,555
Depreciation Expense	(2,846,892)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumed the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Principal Payments	2,237,209
Accrued Interest added to the County Deferral Loans	(201,262)

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 the governmental funds:

Interest Expense	175,348
Amortization of Bond Discount	(49,842)
Amortization of Issuance Costs	(256,909)
Compensated Absences	(259,283)
Other Post-employment Benefits	(1,658,523)

Claims payable 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. This amount represents the net increase/decrease in claims liabilities for the current year.

153,000

Certain loans are recorded as expenditures in the governmental funds when issued. Repayments on these long-term loans are recorded as revenues in the governmental funds when collected. However, neither of these transactions have an effect on net assets:

Loans Collected	(175,572)
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Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds.

(183,879)

Governmental funds do not report certain long-term assets and long-term liabilities that are reflected in the Statement of Net Assets. This amount represents the difference in the extraordinary loss in the governmental funds and the extraordinary gain in the Statement of Activities, due to the dissolution of the Redevelopment Agency.

Loans Receivable deferred in the fund financial statements	(6,982,542)
Long-term debt reported in the government-wide financial statements	13,516,430

The change in net assets of the internal service fund is reported with governmental activities

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Change in Net Assets of Governmental Activities	\$ 2,196,211
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City of San Fernando
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal	Totals	
ASSETS					
Current Assets:					
Cash and Investments	\$ 1,821,836	\$ 2,283,835	\$ -	\$ 4,105,671	\$ 135,259
Customer Accounts Receivable, Net	429,774	377,033	181,470	988,277	-
Inventory	23,791	-	-	23,791	-
Due From Other Funds	443,647	2,344,074	-	2,787,721	-
Total Current Assets	2,719,048	5,004,942	181,470	7,905,460	135,259
Noncurrent Assets:					
Advances to Other Funds	-	2,376,813	-	2,376,813	-
Capital Assets:					
Land	26,345	-	-	26,345	-
Water Rights	624,659	-	-	624,659	-
Construction in Progress	253,429	-	-	253,429	-
Buildings and Plant	5,597,395	118,501	-	5,715,896	-
Infrastructure	15,507,151	5,803,785	-	21,310,936	-
Land Improvement	29,200	-	-	29,200	-
Equipment	6,708,942	772,753	53,657	7,535,352	-
Less: Accumulated Depreciation	(16,872,849)	(3,792,743)	(18,682)	(20,684,274)	-
Total Noncurrent Assets	11,874,272	5,279,109	34,975	17,188,356	-
Total Assets	14,593,320	10,284,051	216,445	25,093,816	135,259
LIABILITIES					
Current Liabilities:					
Accounts Payable	207,104	286,812	69,341	563,257	-
Accrued Liabilities	66,540	19,698	-	86,238	-
Due to Other Funds	-	-	133,631	133,631	-
Customer Deposits	180,840	-	-	180,840	-
Total Current Liabilities	454,484	306,510	202,972	963,966	-
Noncurrent Liabilities:					
Advances From other Funds	1,430,730	-	-	1,430,730	-
Total Noncurrent Liabilities	1,430,730	-	-	1,430,730	-
Total Liabilities	1,885,214	306,510	202,972	2,394,696	-
NET ASSETS					
Invested in Capital Assets	11,874,272	2,902,296	34,975	14,811,543	-
Unrestricted	833,834	7,075,245	(21,502)	7,887,577	135,259
Total Net Assets	\$ 12,708,106	\$ 9,977,541	\$ 13,473	\$ 22,699,120	\$ 135,259

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal	Totals	
OPERATING REVENUES					
Charges for Services	\$ 2,754,872	\$ 2,580,623	\$ 1,122,709	\$ 6,458,204	\$ -
Other	14,540	-	-	14,540	-
Total Operating Revenues	2,769,412	2,580,623	1,122,709	6,472,744	-
OPERATING EXPENSES					
Contractual Services	120,920	804,742	807,163	1,732,825	-
Maintenance and Operations	2,544,842	1,506,355	216,614	4,267,811	-
Depreciation	576,656	134,578	4,033	715,267	-
Total Operating Expenses	3,242,418	2,445,675	1,027,810	6,715,903	-
Operating Income (Loss)	(473,006)	134,948	94,899	(243,159)	-
NONOPERATING REVENUES (EXPENSES)					
Interest Income	1,177	9,975	-	11,152	-
Interest Expense	(5,730)	-	-	(5,730)	-
Total Nonoperating Revenues (Expenses)	(4,553)	9,975	-	5,422	-
Income (Loss) Before Transfers	(477,559)	144,923	94,899	(237,737)	-
Transfers Out	(61,000)	(60,000)	-	(121,000)	-
Change in Net Assets	(538,559)	84,923	94,899	(358,737)	-
Total Net Assets, Beginning of Year	13,246,665	9,892,618	(81,426)	23,057,857	135,259
Total Net Assets, End of Year	\$ 12,708,106	\$ 9,977,541	\$ 13,473	\$ 22,699,120	\$ 135,259

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 2,722,754	\$ 2,539,621	\$ 1,111,590	\$ 6,373,965	\$ -
Payments to Suppliers and Contractors	(1,039,628)	(1,489,912)	(961,981)	(3,491,521)	-
Payments to Employees	(1,552,643)	(589,454)	(78,977)	(2,221,074)	-
Net Cash Provided (Used) by Operating Activities	130,483	460,255	70,632	661,370	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans from (to) Other Funds	1,248,138	(211,366)	(70,632)	966,140	-
Interest Expense Paid on Advances	(5,730)	-	-	(5,730)	-
Transfers to Other Funds	(61,000)	(60,000)	-	(121,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,181,408	(271,366)	(70,632)	839,410	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(269,868)	-	-	(269,868)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	1,177	9,975	-	11,152	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,043,200	198,864	-	1,242,064	-
Cash and Cash Equivalents - Beginning of Year	778,636	2,084,971	-	2,863,607	135,259
Cash and Cash Equivalents - End of Year	<u>\$ 1,821,836</u>	<u>\$ 2,283,835</u>	<u>\$ -</u>	<u>\$ 4,105,671</u>	<u>\$ 135,259</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Cash Flows
Proprietary Funds - Continued
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (473,006)	\$ 134,948	\$ 94,899	\$ (243,159)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	576,656	134,578	4,033	715,267	-
Disposal of Capital Asset	67,673	3	-	67,676	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(68,426)	(41,003)	(11,119)	(120,548)	-
(Increase) Decrease in Inventory	6,047	-	-	6,047	-
Increase (Decrease) in Accounts Payable	1,224	234,197	(13,095)	222,326	-
Increase (Decrease) in Accrued Liabilities	(1,453)	(2,468)	(4,086)	(8,007)	-
Increase (Decrease) in Customer Deposits	21,768	-	-	21,768	-
TOTAL CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 130,483</u>	<u>\$ 460,255</u>	<u>\$ 70,632</u>	<u>\$ 661,370</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Fiduciary Net Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>	<u>Successor Agency Private-Purpose Trust Fund</u>
ASSETS		
Cash and Investments	\$ 122,588	\$ 1,320,926
Receivables		
MOU - Swap Meet Property Loan	-	4,569,335
Other Loans	-	2,413,207
Prepaid Expenses	4,650	-
Land Held for Resale	-	468,733
Restricted Assets:		
Cash and Investments with Fiscal Agents	-	1,871,628
	<u> </u>	<u> </u>
Total Assets	<u>\$ 127,238</u>	<u>10,643,829</u>
LIABILITIES		
Accounts Payable	\$ 4,466	541,630
Accrued Liabilities	-	18,079
Deposits	122,772	-
Interest Payable	-	119,338
Advances from other Funds	-	674,840
County Deferral	-	3,076,430
Bonds Payable	-	10,440,000
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 127,238</u>	<u>14,870,317</u>
NET ASSETS		
Net Assets (Deficit) Held in Trust for Successor Agency		<u>\$ (4,226,488)</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2012

	Successor Agency Private-Purpose Trust Fund
ADDITIONS	
Taxes	\$ 2,308,600
Interest Income	10,786
	<hr/>
Total Additions	2,319,386
	<hr/>
DEDUCTIONS	
Administrative and Passthrough Costs	1,404,418
Interest on Bonds	330,673
	<hr/>
Total Deductions	1,735,091
	<hr/>
Change in Net Assets before Extraordinary Items	584,295
Extraordinary Loss	(4,810,783)
	<hr/>
Change in Net Assets	(4,226,488)
Net Assets - Beginning of Year	<hr/> -
Net Assets - End of Year	<hr/> \$ (4,226,488) <hr/>

The accompanying notes are an integral part of this statement.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The City of San Fernando, California was incorporated on August 31, 1911 under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The financial reporting entity includes the accounts of the City of San Fernando (the City), the primary government and its component units, the San Fernando Redevelopment Agency (the Agency or the RDA) and the City of San Fernando Public Financing Authority (the Authority).

The financial statements of the City of San Fernando include the financial activities of the City and its component units for which the City is considered to be financially accountable. Financial accountability is determined on the basis of budget adoptions, taxing authority, funding and composition or appointments of the governing board. Blended component units, although legally separate entities, are part of the City's operations and data from these units are therefore combined with data of the City.

Blended Component Units

Since the San Fernando City Council acts as the Board of Directors and is able to impose its will on the San Fernando Redevelopment Agency and the San Fernando Public Financing Authority, the City is considered to be the primary government and the other two entities are component units. Additionally, since the governing boards of the City and the component units are the same, the component units are blended.

The San Fernando Redevelopment Agency was established in 1965 pursuant to provisions of the California Health and Safety Code. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The Agency is accounted for in the City's financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate session, serve as the governing board of the Agency. The Agency is reported in the Debt Service and Capital Projects Funds. The Agency was dissolved as of February 1, 2012 as a result of State legislation. The activities and balances subsequent to that date are reported in a private-purpose trust fund.

The City of San Fernando Public Financing Authority is a Joint Exercise of Powers Authority organized and existing under and by virtue of the Joint Exercise of Power Act of the Government Code of the State. The City and the Agency formed the Authority by the execution of a Joint Exercise of Powers Agreement. The primary purpose of the Authority is to issue bonds and make loans to the Agency. The Authority is accounted for in the City's financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The City Council members, in separate session, serve as the governing board of the Authority. The Authority is reported in the Debt Service and Capital Projects Funds. There are no separate financial statements prepared for the Authority.

B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities,

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Government-Wide and Fund Financial Statements - Continued

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. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

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 expenses 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 that are properly not included among program revenues are reported instead as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the government's governmental and proprietary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental and enterprise funds.

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 financial statements. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. 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. 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. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

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, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by nonspendable fund balance accounts.

Under the modified accrual basis of accounting, 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 general long-term liabilities, claims and judgments, and compensated absences that are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, 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.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Grants Special Revenue Fund** is used to account for miscellaneous grants provided by federal, state and county agencies and expended for various street, park, recreation, historic preservation, human services and police purposes.

The **State Gas Tax Fund** accounts for the City's share of motor fuel tax revenue restricted for street maintenance and repairs.

The **Retirement Tax Fund** accounts for receipts from a voter-approved special tax levy that is used to pay for a portion of the cost of the City's participation in the Public Employees Retirement System.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The Redevelopment Merged Project Areas #1, 2, 3, 3A, and 4 Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest on general obligations of the Agency's Project Areas #1, 2, 3, 3A, and 4.

The Low-Income Housing Capital Projects Fund is used to account for monies set aside in accordance with Redevelopment Law for the provision of affordable housing for low and moderate-income persons and families.

The City reports the following major enterprise funds:

The Water Enterprise Fund is used to account for the provision of water services to all residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance and major construction.

The Sewer Enterprise Fund is used to account for the provision of sewer services to all residents of the City. Processing of sewage is done by the City of Los Angeles under contract.

The Waste Disposal Enterprise Fund is used to account for the collection of solid waste from all residential utility accounts within the City. Solid waste collection and disposal is operated under a contract with a private disposal company.

The City also reports the following fund types:

The Internal Service Fund is used to account for the financing of goods and services provided by one City department to other departments on a cost-reimbursement basis. The City's internal service fund is used to account for equipment replacements.

The Successor Agency Private-purpose Trust Fund accounts for the revenues and expenditures of the former Redevelopment Agency

The Agency Fund is used to account for funds received by the City as an agent for the other entities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

D) Cash and Cash Equivalents

In order to maximize investment return, the City pools its available cash for investment purposes. The cash management pool is used essentially as a demand deposit account by the participating funds. The City has defined cash and cash equivalents, for purposes of the preparation of its statement of cash flows, all deposits and investments purchased with a maturity date of 90 days or less.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E) Investments

Investments are stated at fair value (the value at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

F) Inventories

Inventories of the enterprise funds, consisting primarily of materials and supplies, are stated at cost determined by the first-in, first-out method. Inventories of the governmental funds are recorded as expenditures when purchased.

G) Land Held for Resale

Land held for resale is recorded at the lower of acquisition cost or net realizable value.

H) Capital Assets

Capital assets, which include land, structures and improvements, machinery and equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital outlay is recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

Capital assets include additions to public domain (infrastructure) which includes certain improvements such as pavement, curb and gutter, sidewalks, traffic control devices, and right-of-way corridors within the City.

The provision for depreciation is computed by use of the straight-line method over the estimated useful lives of assets, which are as follows:

Buildings	50 years
Infrastructure	Up to 50 years
Improvements Other than Buildings	20 years
Furniture and Equipment	Up to 30 years
Vehicles and Related Equipment	Up to 8 years

Water rights are recorded in the Water Enterprise Fund in the amount of \$624,659, which is the net acquisition cost. The asset represents amounts paid to the Metropolitan Water District of Southern California for the right to purchase water. Because the rights have an indefinite life and normally appreciate in value over time, the City has elected not to amortize the cost of water rights. This treatment is in accordance with accounting principles generally accepted in the United States of America.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I) Deferred Revenues

Deferred revenues in fund financial statements arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them (e.g., when grant monies are received prior to the incurrence of qualifying expenditures).

J) Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

K) Compensated Absences

Employees can accrue vacation, sick leave or annual leave depending on the employee's status (management or non-management). In addition, non-management personnel may earn compensation time in lieu of overtime pay. Vacation, annual leave, and compensation leave are paid out 100% upon employee termination. Sick leave is paid out up to 50% upon retirement only.

Both vacation and annual leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are expected to be paid primarily by the General Fund.

L) 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. For governmental funds, if claims will not be liquidated from currently available resources, they are recorded only in the government-wide financial statements.

M) Interfund Transactions

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation of the government-wide presentation.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N) Property Taxes

Property taxes include assessments on both secured and unsecured property. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments which are delinquent if not paid by December 10 and April 10. The County of Los Angeles bills and collects the property taxes and remits them to the City in installments during the year. The City records property taxes as revenue when received from the County, except for property taxes received within 60 days after fiscal year-end, which are accrued at June 30th.

The County is permitted by State Law (Article XIII A of the California Constitution) to levy taxes at one percent (1%) of full market value (at time of purchases) and can increase the property's value at no more than two percent (2%) per year. The City receives a share of this basic levy.

O) Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

P) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 63

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has elected not to early implement GASB No. 63 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 65

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statements. Statement No. 65 is effective for periods beginning after December 15, 2012. The City has elected not to early implement GASB No. 65 and has not determined its effect on the City's financial statements.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has elected not to early implement GASB No. 68 and has not determined its effect on the City's financial statements.

2) CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2012:

	Government-wide Statement of Net Assets	Fiduciary Fund Statement of Assets and Liabilities	Total
Cash and Investments	\$ 6,854,731	\$ 1,443,514	\$ 8,298,245
Restricted Cash and Investments	-	1,871,628	1,871,628
Total Cash and Investments	<u>\$ 6,854,731</u>	<u>\$ 3,315,142</u>	<u>\$ 10,169,873</u>

Cash and investments at June 30, 2012 consisted of the following:

Demand Deposits	\$ 6,071,391
Petty Cash	1,200
Investments	<u>4,097,282</u>
Total Cash and Investments	<u>\$ 10,169,873</u>

The City pools its cash and investments for all fund entities except for cash and investments held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the weighted average cash balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

2) CASH AND INVESTMENTS - Continued

Investment Policies

The City's investment policy outlines the guidelines required to be used in effectively managing the City's available cash in accordance with the California Government Code. Summarized below are the investment vehicles that are authorized and certain provisions of the policy that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Allowable Investment Percentage	Maximum Percentage Per Issuer
U.S. Treasury Obligations	5 years	None	N/A
U.S. Government Sponsored Agency Securities	5 years	45%	None
Certificates of Deposits or Time Deposits (collateralized)	5 years	None	Lesser of \$1,000,000 or 1%
Banker's Acceptances	180 days	40%	Lesser of \$1,000,000 or 30%
Commercial Paper	15 days	15%	\$ 500,000
Local Agency Investment Fund (LAIF)	N/A	Unlimited	\$ 15,000,000

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. Most of the City's investments are held in trust by a fiscal agent as required by the bond indenture. A table summarizing distribution of the City's investment by maturity as of June 30, 2012 is as follows:

Investment Type	Remaining Maturity (in Months) 12 Months Or Less
Local Agency Investment Fund Held by Bond Trustees:	\$ 2,245,173
Money Market Mutual Funds	1,852,109
Total	<u>\$ 4,097,282</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk

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

Investment Type	Total Investment	Minimum Legal Rating	Rating as of Year End		
			AAA	Not Required to be Rated	Unrated
Local Agency Investment Fund	\$ 2,245,173	N/A	\$ -	\$ -	\$ 2,245,173
Held by Bond Trustees:					
Money Market Mutual Funds	<u>1,852,109</u>	A	<u>1,852,109</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,097,282</u>		<u>\$ 1,852,109</u>	<u>\$ -</u>	<u>\$ 2,245,173</u>

Concentration of Credit Risk

At June 30, 2012, the City had no investments in any one issuer that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside 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, 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2012, the carrying amount of the City's deposits was \$6,071,413 and balances per bank were \$6,081,862. The differences of \$10,449 represents outstanding checks, deposits in transit and other reconciling items. The City did not have any deposits with financial institutions in excess of Federal depository insurance limits and held in uncollateralized accounts.

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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

2) CASH AND INVESTMENTS - Continued

Investment in State Investment Pool

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

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To and Due From Other Funds

Amounts due to/due from other funds at June 30, 2012 are as follows:

Receivable	Payable	Amount
Water Enterprise Fund	General Fund	\$ 443,647
Sewer Enterprise Fund	Grants Special Revenue Fund	1,461,833
	Retirement Tax Fund	718,162
	Waste Disposal Fund	133,631
	Other Governmental Funds	30,448
		<u>\$ 2,787,721</u>

The outstanding balances between funds result mainly from interfund borrowings to cover operating deficits.

Long-term Advances

At June 30, 2012, the City had the following interfund long-term advances:

Receivable	Payable	Amount
General Fund	Successor Agency Private-purpose Trust Fund (1)	\$ 211,840
Retirement Trust Fund	Grants Special Revenue Fund (2)	483,083
Sewer Enterprise Fund	Grants Special Revenue Fund (2)	483,083
	Successor Agency Private-purpose Trust Fund (4)	463,000
	Water Enterprise Funds (3)	1,430,730
		<u>\$ 3,071,736</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Long-term Advances - Continued

- (1) On June 2, 2003, the City entered into an agreement with the Redevelopment Agency whereby the City conveyed a property to the Agency for the initial down payment of \$825,000, as well as a 15-year note with a 5% interest rate and annual payments of \$209,544. On January 15, 2010, the loan was restructured to include additional accelerated payments of \$220,000 in 2011 and 2012. As of June 30, 2012, the outstanding balance on the note is \$189,604. In addition, the General Fund has advanced the Successor Agency Trust Fund \$22,236. It is unclear when these amounts will be repaid due to the dissolution of the Redevelopment Agency.
- (2) On May 7, 2001, the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund advanced \$750,000 each to the Grants Special Revenue Fund. The interest is payable on the unpaid principal of the loan, compounded annually on a 360 day/year, at a rate calculated as the average rate earned on the funds deposited by the City into the Local Agency Investment Fund. The principal is due within 20 years, or sooner if funds are available. As of June 30, 2012, the outstanding balance due to the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund are \$483,083 and \$483,083, respectively.
- (3) On October 18, 1999, the Sewer Enterprise Fund advanced \$1,500,000 to the Water Enterprise Fund. The interest is payable on the unpaid principal of the loan, compounded annually on a 360 day/year, at a rate calculated as the average rate earned on the funds deposited by the City into the Local Agency Investment Fund. As of June 30, 2012, the outstanding balance of the advance is \$1,430,730.
- (4) On February 16, 2010, the Sewer Enterprise Fund advanced \$463,000 to the Redevelopment Merged Project Areas #1, 2, 3 and 4 Debt Service Fund to aid in the financing of redevelopment activities of the Agency. The interest is payable on the unpaid principal of the loan, compounded annually on a 360 day/year, at a rate calculated as the average rate earned on the funds deposited by the City into the Local Agency Investment Fund. The principal is due May 15, 2014. As of June 30, 2012 the outstanding balance is \$463,000. Due to the dissolution of the Redevelopment Agency it is unclear when this advance will be repaid.

Transfers In and Transfers Out

Transfers in and out for the year ended June 30, 2012 are as follows:

Transfers In	Transfers Out	Amount
General Fund	Retirement Tax Fund	\$ 2,518,191
	Other Governmental Funds	370,908
	Water Enterprise Fund	61,000
	Sewer Enterprise Fund	60,000
Grants Special Revenue Fund	General Fund	100,000
Other Governmental Funds	General Fund	3,034
	Retirement Tax Fund	10,230
	Other Governmental Funds	110,048
		\$ 3,233,411

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Transfers In and Transfers Out - Continued

The Retirement Tax Special Revenue Fund transferred \$2,518,191 to the General Fund for reimbursement of retirement costs.

The Other Governmental Funds, Water, and Sewer Enterprise Funds transferred monies to the General Fund for operating maintenance costs.

The General Fund transferred \$100,000 to the Grants Special Revenue Fund for repayment of a long-term advance to the Retirement Tax Special Revenue and the Sewer Enterprise Funds.

The Other Governmental Funds transferred \$110,048 to Other Governmental Funds for related capital projects costs incurred.

4) CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2012 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,397,105	\$ -	\$ -	\$ 4,397,105
Construction in Progress	2,072,602	-	(904,845)	1,167,757
Total Capital Assets, Not Being Depreciated	6,469,707	-	(904,845)	5,564,862
Capital Assets Being Depreciated:				
Buildings	27,051,347	58,952	-	27,110,299
Improvements Other than Buildings	4,774,994	7,957	-	4,782,951
Machinery and Equipment	7,745,870	732,005	-	8,477,875
Infrastructure	49,388,425	584,485	-	49,972,910
Total Capital Assets Being Depreciated	88,960,636	1,383,399	-	90,344,035
Less Accumulated Depreciation:				
Buildings	(5,996,308)	(718,751)	-	6,715,059
Improvements Other than Buildings	(2,270,579)	(198,324)	-	2,468,903
Machinery and Equipment	(5,273,676)	(571,486)	-	5,845,162
Infrastructure	(27,015,944)	(1,358,331)	-	28,374,275
Total Accumulated Depreciation	(40,556,507)	(2,846,892)	-	(43,403,399)
Total Capital Assets Being Depreciated, Net	48,404,129	(1,463,493)	-	46,940,636
Governmental Activities Capital Assets, Net	\$ 54,873,836	\$ (1,463,493)	\$ (904,845)	\$ 52,505,498

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

4) CAPITAL ASSETS - Continued

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General Government	\$ 9,198
Public Safety	384,801
Public Works	2,153,829
Parks and Recreation	90,052
Community Development	<u>209,012</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,846,892</u>

A summary of changes in the Business-type Activities capital assets at June 30, 2012 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 26,345	\$ -	\$ -	\$ 26,345
Water Rights	624,659	-	-	624,659
Construction in Progress	<u>32,310</u>	<u>221,119</u>	<u>-</u>	<u>253,429</u>
Total Capital Assets, Not Being Depreciated	<u>683,314</u>	<u>221,119</u>	<u>-</u>	<u>904,433</u>
Capital Assets Being Depreciated:				
Buildings	5,715,896	-	-	5,715,896
Improvements Other than Buildings	29,200	-	-	29,200
Infrastructure	21,378,610	-	(67,674)	21,310,936
Machinery and Equipment	<u>7,486,608</u>	<u>48,744</u>	<u>-</u>	<u>7,535,352</u>
Total Capital Assets Being Depreciated	<u>34,610,314</u>	<u>48,744</u>	<u>(67,674)</u>	<u>34,591,384</u>
Less Accumulated Depreciation:				
Buildings	(2,680,101)	(112,657)	-	(2,792,758)
Improvements Other than Buildings	(29,200)	-	-	(29,200)
Infrastructure	(11,895,454)	(416,031)	-	(12,311,485)
Machinery and Equipment	<u>(5,364,253)</u>	<u>(186,578)</u>	<u>-</u>	<u>(5,550,831)</u>
Total Accumulated Depreciation	<u>(19,969,008)</u>	<u>(715,266)</u>	<u>-</u>	<u>(20,684,274)</u>
Total Capital Assets Being Depreciated, Net	<u>14,641,306</u>	<u>(666,522)</u>	<u>(67,674)</u>	<u>13,907,110</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 15,324,620</u>	<u>\$ (445,403)</u>	<u>\$ (67,674)</u>	<u>\$ 14,811,543</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Water	\$ 576,656
Sewer	134,578
Waste Disposal	<u>4,032</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 715,266</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

5) LOAN RECEIVABLE AND UNEARNED REVENUES

The City uses Community Development Block Grant (CDBG) funds to provide housing rehabilitation loans to eligible applicants. Such loans are made to low and moderate-income persons to improve, rehabilitate, or replace residences. The CDBG fund's primary asset consists of notes receivable from participants that originated from HUD funds. The CDBG loans totaling \$424,200, when collected, are due back to the granting agency.

Account balances related to these programs at June 30, 2012, consisted of the following:

First-time homebuyer program in the Community Development Block Grant Fund:		
Loans Receivable	\$	424,200
Deferred Revenue		424,200

6) LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2012.

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance	Due Within One Year
Bonded Indebtedness	\$ 11,670,000	\$ -	\$ (1,230,000)	\$ (10,440,000)	\$ -	\$ -
Less Deferred Amounts:						
Issuance Discount	(49,842)	-	49,842	-	-	-
Subtotal	11,620,158	-	(1,180,158)	(10,440,000)	-	-
CHFA Loan	912,692	-	-	-	912,692	300,000
Section 108 Loan	1,764,000	-	(252,000)	-	1,512,000	268,000
County Deferral	3,630,377	201,262	(755,209)	(3,076,430)	-	-
Claims Payable (Note 8)	3,013,556	904,499	(1,057,499)	-	2,860,556	487,556
Compensated Absences	1,215,914	869,304	(610,021)	-	1,475,197	295,039
Other Post-Employment Benefit Obligation (Note 9)	4,343,951	2,627,170	(968,647)	-	6,002,474	-
Total	\$ 26,500,648	\$ 4,602,235	\$ (4,823,534)	\$ (13,516,430)	\$ 12,762,919	\$ 1,350,595

CHFA Loan

On August 5, 2002, the City and California Housing Finance Agency (CHFA) entered into a Housing Enabled by Local Partnerships (HELP) loan agreement whereby the City borrowed \$1,000,000 from CHFA for the purpose of financing the development of affordable senior citizen rental projects in the City. The loan bears simple interest of 3% per annum. Interest is deferred and added to principal annually. The outstanding balance as of June 30, 2012 was \$912,692. The City is to make partial payments as follows: \$100,000 by August 5, 2012, \$200,000 by June 30, 2013, and \$350,000 by June 30, 2014. The remaining unpaid balance on the loan is to be repaid by December 31, 2014.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

6) LONG-TERM LIABILITIES - Continued

Section 108 Loan

The City and the County of Los Angeles entered into a loan agreement for a Section 108 loan in the amount of \$3,000,000 for the City's regional swimming pool facility. The loan bears interest at the rate per annum equal to 3 month-LIBOR plus 20 basis points (or such higher rate as may be imposed by HUD). The outstanding balance on the loan as of June 30, 2012 was \$1,512,000.

Year Ending June 30,	Principal	Interest	Total
2013	\$ 268,000	\$ 79,314	\$ 347,314
2014	284,000	64,075	348,075
2015	301,000	47,588	348,588
2016	320,000	29,648	349,648
2017	339,000	10,136	349,136
Total	<u>\$ 1,512,000</u>	<u>\$ 230,761</u>	<u>\$ 1,742,761</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$1,475,197 is expected to be repaid from future resources, typically liquidated from the General Fund.

Fiduciary Fund Long-term Liabilities

Long-term liabilities of the former San Fernando Redevelopment Agency were transferred to the Successor Agency Private-purpose Trust Fund during 2011-12 as a result of the State's action to dissolve redevelopment agencies. The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2012:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance	Due Within One Year
Bonds Payable:						
Tax Allocation Bonds, 1998 \$	-	\$ -	\$ -	\$ 1,890,000	\$ 1,890,000	\$ 600,000
Tax Allocation Bonds, 2006	-	-	-	8,550,000	8,550,000	680,000
County Deferral	-	-	-	3,076,430	3,076,430	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,516,430</u>	<u>13,516,430</u>	<u>\$ 1,280,000</u>

1998 Project Areas #1 and #3 Tax Allocation Bonds

In June 1998, the Agency defeased its 1987 and 1991 (Project Areas #1 and #3) Tax Allocation Bonds by placing a portion of the proceeds of the new 1998 Tax Allocation Bonds in an irrevocable trust to provide for all future debt service payments related to the Agency's 1987 and 1991 issuances. Accordingly, the trust assets and liability for the defeased debt are not included in these financial statements. In fiscal year 2002-2003, all defeased bonds were paid, and none remains outstanding.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

6) LONG-TERM LIABILITIES - Continued

Fiduciary Fund Long-term Liabilities – Continued

1998 Project Areas #1 and #3 Tax Allocation Bonds - Continued

The San Fernando Redevelopment Agency sold two series of bonds in the amounts of \$1,320,000 and \$6,360,000 for Project Areas #1 and #3, respectively, to provide funds to advance refund the 1987 Project Area #1 Bonds, the 1987 Project Area #3 Bonds and a portion of the 1991 Project Area #2 Bonds. A portion of the bond proceeds were used to finance additional redevelopment projects.

Annual interest rates on the tax allocation bonds for the Project Area #1 range from 4.0% to 5.25% with interest payable semiannually. The bonds mature in amounts ranging from \$80,000 to \$115,000 through the year 2014. Bonds maturing on or after September 15, 2006 are subject to call or redemption prior to their stated maturity at a premium ranging from 2.0% in 2006 to 0.5% in 2008 and 2009, and at par thereafter.

Annual interest rates on the tax allocation bonds for Project Area #3 range from 4.0% to 5.25% with interest payable semiannually. The bonds mature in amounts ranging from \$385,000 to \$545,000 through the year 2014. Bonds maturing after March 15, 2006 are subject to call or redemption prior to their stated maturity at a premium ranging from 2.0% in 2006 to 0.5% in 2008 and 2009, and at par thereafter. As of June 30, 2012 \$1,890,000 of the 1998 Tax Allocation Bonds were outstanding.

2006 Project Area #3 Tax Allocation Bonds

In December 2006, the Agency, Civic Center Redevelopment Project Area #3, issued \$11,490,000 of Series 2006 Tax Allocation Bonds for the completion of the aquatic center and the acquisition, construction and relocation to a new City yard and various street improvements. The bonds were issued on parity with the 1998 Tax Allocation Bonds. The bonds mature in annual installments ranging from \$420,000 to \$1,425,000 with coupon rates ranging from 3.25% to 4.125%. Interest payments are due each March 15 and September 15, commencing March 15, 2007. Final maturity of the bonds is September 15, 2020. As of June 30, 2012, \$8,550,000 of the bonds were outstanding.

Future debt service requirements, for the Tax Allocation Bonds to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,280,000	\$ 395,445	\$ 1,675,445
2014	1,335,000	339,786	1,674,786
2015	1,390,000	281,616	1,671,616
2016	1,330,000	228,606	1,558,606
2017	1,375,000	181,269	1,556,269
2018 - 2021	3,730,000	256,847	3,986,847
Total	<u>\$ 10,440,000</u>	<u>\$ 1,683,569</u>	<u>\$ 12,123,569</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

6) LONG-TERM LIABILITIES - Continued

County Deferral

The Redevelopment Agency and County of Los Angeles (the County) entered into an agreement whereby the County will defer tax increment (County Deferral) generated within the project area to meet the Agency's debt service obligations. The County Deferral, accrued at an interest rate of 7% was to be repaid whenever the Agency received property tax in excess of its bonded debt payment requirements. Due to the dissolution of the Agency as of February 1, 2012, this debt is reported in the Fiduciary Funds of the City (Successor Agency). At June 30, 2012, the balance of the County Deferral, including interest, was \$3,076,430.

7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)

Plan Description

The City of San Fernando participates in the Miscellaneous 3% at 60 and 2% at 55 (Tier I and Tier II) Risk Pools and the Safety 3% at 50 and 2% at 55 (Tier I and Tier II) Risk Pools of the California Public Employee's Retirement System (PERS), cost-sharing, multiple-employer defined benefit pension plans administered by PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and District ordinance. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. Active City employees are required to contribute 7% (Tier II), 8% (Tier I), or 9% (safety employees) of their annual covered salary to PERS. The City makes 50% of the contributions required of City general employees, and for management and safety employees. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The current rates for the Miscellaneous Tier I and Tier II Plans are 23.711% and 11.208% of covered payroll, respectively. The current rates for the Safety Tier I and Tier II Plans are 38.174% and 24.178% of covered payroll, respectively. The City's total contributions to CalPERS for the years ended June 30, 2012, 2011 and 2010 were \$2,490,945, \$2,344,640, and \$2,498,872, respectively and were equal to the required contribution for each year.

8) SELF-INSURANCE PROGRAM

Workers' Compensation

The City maintains a program of self-insurance for any liability to City employees pursuant to the Workers' Compensation Laws of the State of California. A service agent administers this program. The City is self-insured for the first \$500,000 on each claim. A private insurance company, up to the statutory limit, provides insurance coverage in excess of the self-insured amount. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2012, the amount of these liabilities was \$2,431,305. This liability is the City's best estimate based on available information.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

8) SELF-INSURANCE PROGRAM - Continued

General Liability

Additionally, the City is a member of the Independent Cities Risk Management Authority (the Authority), which provides member cities with general liability insurance. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions and certain other coverage. Annual premium payments are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including San Fernando, self-insures from the first dollar to a limit of \$250,000. Participating cities then share above the retention level of \$250,000 to \$30,000,000 per loss occurrence.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2012, the amount of these liabilities was \$429,251. This liability is the City's best estimate based on available information. During the current fiscal year, there were no significant reductions in insurance coverage. Annual settlements during each of the last three fiscal years have not exceeded insurance coverage in any year.

The Authority is comprised of Southern California member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each member city has a representative on the Board of Directors. The Board members elect officers of the Authority annually.

Changes in Self-Insurance Liability

Changes in the reported liabilities resulted from the following:

	<u>2011 - 2012</u>	<u>2010 - 2011</u>
Beginning of Fiscal Year	\$ 3,013,556	\$ 2,688,557
Claims and Changes in Claim Estimates	904,499	1,675,480
Claim Payments	<u>(1,057,499)</u>	<u>(1,350,481)</u>
	<u>\$ 2,860,556</u>	<u>\$ 3,013,556</u>

9) OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City contributes to a single-employer defined benefit plan to provide post-employment health care benefits. Specifically, the City provides health insurance for its retired employees and their dependent spouses (if married and covered on the City's plan at time of retirement), or survivors in accordance with Board resolutions. Medical coverage is provided for retired employees who are age 50 or over and who have a minimum of 5 years service with the City as long as such individuals retire within 120 days of separation from employment and receive a monthly retirement allowance. The City pays 100% of all premiums charged for the retiree and dependents under the health benefit plan administered by

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

9) OTHER POST-EMPLOYMENT BENEFITS - Continued

Plan Description - Continued

CalPERS in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. Medical coverage is provided for the surviving spouse of retired employees and the surviving spouse of active employees who upon death had attained age 50 and who had a minimum of 5 years of service with the City in addition to satisfying the requirement to retire within 120 days of separation. The City will pay 100% of the premiums charged until the surviving spouse remarries, becomes enrolled under another group health plan, or cancels coverage. The plan does not provide a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City's Board of Directors, and/or the employee associations. Currently, contributions are not required from plan members. The City is currently funding this OPEB obligation on a pay-as-you-go basis. This obligation is typically liquidated from the General Fund.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The following table shows the component of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset:

Annual Required Contribution (ARC)	\$ 2,636,951
Interest on Net OPEB Obligation	173,770
Adjustment to ARC	(183,551)
Annual OPEB Cost	<u>2,627,170</u>
Contribution Made	(968,647)
Increase in Net OPEB Obligation	<u>1,658,523</u>
Net OPEB Obligation at June 30, 2011	<u>4,343,951</u>
 Net OPEB Obligation at June 30, 2012	 <u>\$ 6,002,474</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

9) OTHER POST-EMPLOYMENT BENEFITS - Continued

Annual OPEB Cost and Net OPEB Obligation - Continued

Annual OPEB cost, percentage of Annual OPEB Cost contributed, and Net OPEB Obligation (only available for the two years), are presented below:

THREE-YEAR TREND INFORMATION				
Fiscal Year Ended	Annual OPEB Cost	Annual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/10	\$ 2,220,854	\$ 773,108	34.81%	\$ 2,757,485
6/30/11	\$ 2,485,403	\$ 898,937	36.17%	\$ 4,343,951
6/30/12	\$ 2,627,170	\$ 968,647	36.87%	\$ 6,002,474

Funded Status and Funding Progress

As of April 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$33,727,414, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAL) of \$33,727,414. The covered payroll (annual payroll of active employees covered by the plan) was \$7,991,271 and the ratio of the UAL to the covered payroll was 422.05%.

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the April 1, 2011, actuarial valuation, the entry age normal cost level percent of pay method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), inflation rate of 3.25%, and an annual healthcare cost trend rate of 9% initially, reduced by .5% per year to an ultimate rate of 4%. The City's unfunded actuarial accrued liability will be amortized as a level of percentage pay over a closed period of 28 years. It is assumed the City's payroll will increase 3.25% per year.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

10) FUND BALANCES

The City implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", as of June 30, 2011. The fund balances reported in 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 may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

Assigned - This classification includes amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy establishes the authority to assign amounts to be used for specific purposes to the City Council. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

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.

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.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

11) DEFICIT NET ASSETS/FUND BALANCES AND EXCESS EXPENDITURES

The following funds reported deficits in net assets/fund balances at June 30, 2012:

	<u>Deficit</u>
Major Fund:	
General Fund	\$ 1,236,782
Grants Special Revenue Fund	2,007,798
Other Governmental Funds:	
Recreation Special Revenue Fund	36,221
Street Lighting Special Revenue Fund	3,402
Community Development Block Grant Special Revenue Fund	1,600

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

11) DEFICIT NET ASSETS/FUND BALANCES AND EXCESS EXPENDITURES - Continued

The deficits will be eliminated as follows:

The General Fund deficit will be eliminated by continuing to freeze as many staff positions as possible as they become vacant. During the period of January 1, 2012 and December 31, 2012 there have been twelve (12) full-time positions that were vacated due to retirement (3), layoffs (4), voluntary resignations, (4) and termination (1). These reductions in staff size are in addition to the four (4) positions that were vacated in the prior fiscal year. It is anticipated that a majority of these positions will not be filled. However, the City will be recruiting in early 2013 to fill four full-time management positions (e.g., directors, senior accountant and management analyst) that had previously become vacant and that have direct responsibility for maintaining the financial oversight of the City's General Fund. In 2012, the Police Officer's Association has agreed to contribute 50% of their employee portion of retirement costs, modification to health benefits and special assignment pays, and establishing a new tier/benefit package for new police hires. All City compensation formulas for PERS contributions have been amended consistent with AB 340 (the Public Employees' Pension Reform Act); resulting in long term savings to the City's General Fund as it relates to future retiree benefits.

In light of the ongoing structural deficit issues impacting the General Fund and the ongoing uncertainty with Federal and State budgets, as well as the associated budget impacts attributed to the dissolution of the former Redevelopment Agency, the City Council and Management will be seeking to reopen negotiations with the various City union groups to look at additional cost savings including, but not limited to, unpaid furloughs and staff reductions to address the General Fund's structural deficit. In addition, Management is currently reviewing all City contracts and agreements with consultants and vendors to determine possible options for renegotiation and cost savings. Included as part of this process is the current negotiation with the City of Los Angeles to establish a new annual fee for contracted fire and ambulance services with the Los Angeles Fire Department. The purpose of this contract renegotiation is to obtain additional savings for public services in the General Fund expenditures.

The Grant Special Fund deficit will be eliminated by continuing to make annual payments from the General Fund to the Grant Special Fund. Management is proposing to the City Council to adopt a payment schedule that ensures full payment of the outstanding deficit over the next 20 years. The schedule will seek to account for current financial constraints with payments increasing over time, which are intended to reflect long term build up in reserves through the implementation of Citywide cost saving measures.

The Recreation and Special Revenue Fund deficit will be eliminated by reducing budgeted personnel appropriations and increasing program fees. Together, these activities will recover program operational costs charged to the Fund during Fiscal Year (FY) 2012-2013 with a projected positive fund balance.

The Street Lighting Special Revenue deficit will be eliminated by improving the energy efficiency of our current lighting system via upgrades to more energy efficient infrastructure and by seeking other alternative funding sources during FY 2012-2013 to end with a positive fund balance.

The Community Development Block Grant Special Revenue Fund deficit will be reduced by future revenues associated with repayment of outstanding loans.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

11) DEFICIT NET ASSETS/FUND BALANCES AND EXCESS EXPENDITURES - Continued

The following funds/departments reported expenditures in excess of appropriations:

	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Major Funds:			
General Fund:			
General Government:			
Treasurer	\$ 141,931	\$ 148,566	\$ (6,635)
City Attorney	336,000	406,029	(70,029)
Retirement and Nondepartmental	1,250,136	1,611,250	(361,114)
Public Safety:			
Police	5,401,402	6,066,283	(664,881)
Parks and Recreation	1,264,853	1,396,686	(131,833)
Retirement Special Revenue Fund	1,082,795	1,107,017	(24,222)

12) COMMITMENTS AND CONTINGENCIES

Various claims and lawsuits have been filed against the City in the normal course of business. Based upon information obtained from the City attorney and the self-insurance administrators, the estimated liability under such claims and litigation will not exceed the accrued self-insurance liability recorded in the government-wide statement of net assets. Also, the City has received State and Federal funds that are subject to review and audit by the grantor agencies. Such audits could generate expenditure disallowances under terms of the grants; however, it is believed that any such reimbursements will not be significant.

CHFA Loan

In connection with the CHFA loan disclosed in Note 6, the City entered into a Disposition and Development Agreement in March 2004 whereby the City's RDA would acquire a piece of land, under certain conditions, for \$1.4 million from a developer for the purpose of providing low income senior housing in the City. Upon the arrival of the development milestones specified in the agreement, the RDA would acquire the fee title to the land parcel, and grant the Developer a leasehold interest in the land parcel for a term of 75 years at an annual lease payment of \$10, and an option to extend for an additional 24 years at market rate rent. The RDA and the Developer anticipate the project would cost over \$14.5 million, and would be financed through a combination of sources including, but not limited to: HOME Funds from the Los Angeles Community Development Commission, LIHTC proceeds, Tax Exempt Bond proceeds, and deferred development fees.

Fire - Ambulance Services Contract Negotiation

The City of San Fernando contracts with the City of Los Angeles Fire Department (LAFD) for fire and ambulance services. During the fiscal year, City staff continued negotiations with the LAFD in an effort to obtain a savings for contracted services. At the conclusion of the fiscal year, the city was unable to complete the contract negotiations and has outstanding invoices for fire-ambulance services in the amount of \$526,560 that are reflected in the City's General Fund Liabilities. During the coming fiscal year, the City staff will continue to work with LAFD to negotiate a new contract term and annual cost for fire-ambulance services that may results in a savings to the General Fund and provide for a multi-year payment schedule that addresses the FY 11-12 Liabilities amount of \$526,560. Therefore, failure to obtain a savings in fire-ambulance contract costs would further increase liabilities to the General Fund.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

12) COMMITMENTS AND CONTINGENCIES - Continued

MOU-Swap Meet Property

In June 2003, the City of San Fernando entered into a Memorandum of Understanding with the Robertsons Properties Group (the "Swap Meet Owner") in effort to facilitate the redevelopment of the current swap meet site into a future regional shopping center. The MOU provides for continued operation of the swap meet as well as facilitating relocation of the swap meet operation and vendors to a suitable location prior to initiating the commercial redevelopment of the subject site. As part of the MOU, the City conveyed the City Yard Site to the former City of San Fernando Redevelopment Agency (the Agency). In 2007, the Agency then entered into a Purchase and Sale Agreement with the Swap Meet Owner, which include an initial cash payment of \$500,000 and 10 equal payments of \$125,000 per year for 10 years. In addition, at the end of the 10 year term, the Swap Meet Owner is scheduled to make a balloon payment of \$3,819,335 (less an amount not to exceed \$198,020 for pre-approved demolitions costs) to the Agency. These funds are currently included as Assets (Loans) in the Successor Agency of the former Agency's Private –Purpose Trust Fund.

City is considering contesting the future remaining payments scheduled to the former city redevelopment agency.

13) UNCERTAINTIES

General Fund

The City's General Fund and Grants Special Revenue Fund have been experiencing deficit fund balances and/or expenditures in excess of revenues for the past several years. The General Fund and Grants Fund had deficit fund balances at June 30, 2012 of \$1,236,782 and \$2,007,798, respectively. However, the General Fund reports a deficit "unassigned" fund balance of \$1,572,548 as of June 30, 2012. In addition, the General Fund and Grants Fund have had cash overdrafts in recent years making it necessary to borrow cash from other funds (total borrowings of \$2,871,646 at June 30, 2012). Also, the City's liability for other Post-Employment Benefits has increased to over \$6 million as of June 30, 2012. It is unclear how this liability will eventually be funded.

The General Fund is expected to have liquidity problems and will need to borrow cash from other funds in fiscal year 2012-2013.

In light of these facts, the City has taken a number of actions to augment the revenues and reduce expenditures for the fiscal year 2012-2013, and in future years, so as to increase the General Fund balance. Such measures include:

Controlling and reducing operational costs. This will be achieved through anticipated staff savings from all departments. Vacated and unfilled positions and union concessions (e.g., modified benefits, employee payment of 50% of employees' PERS contribution, layoffs, furloughs) resulting from renegotiation of each memorandum of understanding with each union group. The trend towards reducing government personnel expenditures is the "new normal" and is an operational reality for the City. Therefore, the City has to do more with less and right size the organizational structure to align personnel expenditures with available revenues.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

13) UNCERTAINTIES - Continued

General Fund - Continued

Renegotiation of contracts. During FY 2012-2013, the City renegotiated with City of Los Angeles for contracted services for fire and ambulance services in order to reduce General Fund expenditures associated with contracted public safety services. The City is also renegotiating the City's franchise refuse contract and considering an amendment with the local swap meet operator to increase the admission fee per swap meet attendee in order to secure additional revenues to reduce the General Fund budget shortfall. The City is also seeking alternative funding sources to the General Fund including grant funds for personnel costs (e.g., planning and police staffing).

Cost recovery. During FY 2012-2103, the City will review the current fee schedule to ensure that the City is recovering the full cost of providing municipal services.

Business retention and recruitment. The City is actively recruiting developers and businesses to fill vacant properties including new tenants for the former JC Penney building and the closed Rydell Automotive dealership site. The City is seeking out private sector jobs, notably those in technology related industries, professional and business services, and information, which could help build up demand for office space in the downtown area.

Removing government constraints. The City is also seeking ways to streamline the discretionary and permit approval process in order to facilitate new commercial, industrial, and residential construction focused on new tenant improvement work to retain existing business, attract new tenants, as well as, support of single residential rehabilitation, and new high density infill residential development. Collectively, these efforts to streamline the entitlement process will add to sales tax base in the community and improve property tax valuations throughout the City while preserving the City's existing residential neighborhoods. It is anticipated that the housing market will continue to show gains in new home purchase attributed to the lowest loan interest rates in history, as well as the demand for new affordable and market rate rental units in close proximity to public transit centers such as the San Fernando/Sylmar Metrolink Station.

However, it is important to note that there is no assurance that these efforts will eliminate the structural deficit and build up resources to provide operating capital and emergency funds.

Grant Special Revenue Funds

Grant fund monitoring. The City will ensure implementation of internal grant fund monitoring protocols in order to ensure that the grant agreement requirements for procurement, reimbursement requests, and ongoing reporting are followed by all departments. In addition, the City will fill management positions (e.g., directors and management analyst) that have direct responsibility for ensuring compliance with grant fund requirements.

14) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santee that previously had reported a community development commission (redevelopment agency) within the reporting entity of the City as a blended component unit.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

14) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. In January 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill. However, the City Council, on March 25, 2012, elected not to retain the housing assets and functions of the former Redevelopment Agency. As of June 30, 2012, no assets have been transferred to the County Housing Authority, and are currently reported in the Successor Agency Private Purpose Trust Fiduciary Fund.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final several months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (loss).

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2012

14) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary gain (loss) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain (loss) recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund.	\$ 1,723,105
Deferred revenue on long-term loans receivables is not recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	6,982,542
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	<u>(13,516,430)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City).	<u>\$ (4,810,783)</u>

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Required Supplementary Information

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City of San Fernando
Schedule of Funding Progress
For the Year Ended June 30, 2012

Other Post-Employment Benefits Plan

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio AVA	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a)/(b)	(c)	[(b)-(a)]/(c)
04/01/09	\$ -	\$ 27,397,966	\$ 27,397,966	0.00%	\$ 10,768,148	254.44%
04/01/11	-	33,727,414	33,727,414	0.00%	7,991,271	422.05%

City of San Fernando
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 6,634,420	\$ 6,800,893	\$ 6,828,654	\$ 27,761
Licenses and Permits	209,600	215,100	279,825	64,725
Charges for Services	1,132,500	1,091,000	1,087,694	(3,306)
Fines and Forfeitures	1,123,000	888,000	831,983	(56,017)
Investment Earnings	255,000	260,000	220,005	(39,995)
Intergovernmental	2,279,387	2,160,172	2,152,736	(7,436)
Other	388,000	673,000	743,509	70,509
Total Revenues	12,021,907	12,088,165	12,144,406	56,241
EXPENDITURES				
Current:				
General Government:				
City Council	116,770	116,770	116,727	43
Treasurer	141,931	141,931	148,566	(6,635)
Administration	536,622	528,956	469,675	59,281
City Attorney	249,008	385,008	406,029	(21,021)
City Clerk	125,144	125,144	125,084	60
Elections	-	10,000	58	9,942
Financial Management	567,019	555,613	552,219	3,394
Retirement and Nondepartmental	1,179,365	1,250,136	1,611,250	(361,114)
Public Safety:				
Police	5,456,325	5,401,402	6,066,283	(664,881)
Fire	2,967,131	3,159,360	3,159,359	1
Community Development	807,016	688,786	660,339	28,447
Public Works	1,262,988	1,228,012	1,076,661	151,351
Parks and Recreation	1,211,035	1,264,853	1,396,686	(131,833)
Total Expenditures	14,620,354	14,855,971	15,788,936	(932,965)
Excess (Deficiency) of Revenues over Expenditures	(2,598,447)	(2,767,806)	(3,644,530)	(876,724)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,881,673	2,833,508	3,010,099	176,591
Transfers Out	(100,000)	(100,000)	(103,034)	(3,034)
Sale of Property	300,000	300,000	120,000	(180,000)
Total Other Financing Sources (Uses)	3,081,673	3,033,508	3,027,065	(6,443)
Net Change in Fund Balances	483,226	265,702	(617,465)	(883,167)
Fund Balance, Beginning of Year	(619,317)	(619,317)	(619,317)	-
Fund Balance, End of Year	\$ (136,091)	\$ (353,615)	\$ (1,236,782)	\$ (883,167)

City of San Fernando
Budgetary Comparison Schedule
Grants Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 112	\$ 112
Intergovernmental	2,353,250	2,583,412	1,957,678	(625,734)
Other	856,363	856,363	17,533	(838,830)
Total Revenues	3,209,613	3,439,775	1,975,323	(1,464,452)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	972,989	1,122,989	736,118	386,871
Community Development	362,734	326,734	2,983	323,751
Public Works	1,143,653	1,179,653	119,913	1,059,740
Parks and Recreation	417,831	497,993	460,824	37,169
Capital Outlay	-	-	-	-
Total Expenditures	2,897,207	3,127,369	1,319,838	1,807,531
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	312,406	312,406	655,485	343,079
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	100,000	100,000
Total Other Financing Sources (Uses)	-	-	100,000	100,000
Net Change in Fund Balances	312,406	312,406	755,485	443,079
Fund Balance, Beginning of Year	(2,763,283)	(2,763,283)	(2,763,283)	-
Fund Balance, End of Year	<u>\$ (2,450,877)</u>	<u>\$ (2,450,877)</u>	<u>\$ (2,007,798)</u>	<u>\$ 443,079</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Gas Tax Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 28	\$ 28
Intergovernmental	574,383	584,383	707,716	123,333
Total Revenues	574,383	584,383	707,744	123,361
EXPENDITURES				
Current:				
Public Works	772,431	772,431	736,632	35,799
Total Expenditures	772,431	772,431	736,632	35,799
Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,048)	(188,048)	(28,888)	159,160
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(198,048)	(188,048)	(28,888)	159,160
Fund Balance, Beginning of Year	591,807	591,807	591,807	-
Fund Balance, End of Year	\$ 393,759	\$ 403,759	\$ 562,919	\$ 159,160

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Retirement Tax Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 2,776,128	\$ 3,970,428	\$ 4,235,916	\$ 265,488
Investment Earnings	4,100	4,100	2,029	(2,071)
Intergovernmental	41,272	41,272	42,053	781
Other	-	-	-	-
Total Revenues	2,821,500	4,015,800	4,279,998	264,198
EXPENDITURES				
Current:				
General Government	1,056,523	1,082,795	1,107,017	(24,222)
Total Expenditures	1,056,523	1,082,795	1,107,017	(24,222)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,764,977	2,933,005	3,172,981	239,976
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(2,335,165)	(2,335,165)	(2,528,421)	(193,256)
Total Other Financing Sources (Uses)	(2,335,165)	(2,335,165)	(2,528,421)	(193,256)
Net Change in Fund Balances	(570,188)	597,840	644,560	46,720
Fund Balance, Beginning of Year	(611,751)	(611,751)	(611,751)	-
Fund Balance, End of Year	\$ (1,181,939)	\$ (13,911)	\$ 32,809	\$ 46,720

City of San Fernando
Notes to Required Supplementary Information
Year Ended June 30, 2012

BUDGETS AND BUDGETARY ACCOUNTING

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the program, projects, series, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

The City's procedures for preparing the budgetary data reflected in the financial statements are:

- The annual budget provides for the general operation of the City and is adopted by the City Council after the holding of a public hearing. The budget figures presented in the accompanying required supplementary information financial schedules represent the original and final revised budget and include proposed expenditures and related financing.
- The City Council approves total budget appropriations and may amend the budget by motion during the fiscal year. However, the City Administrator is authorized to transfer within individual fund budgets without the approval of City Council; however, total appropriations may not be exceeded at the department level. The legal level of budgetary control is at the department level. The appropriated budget covers City expenditures in the General Fund, and Special Revenue Funds. Project length plans are adopted for the capital projects funds with unexpended funds at June 30 re-appropriated in the following year. The debt service on bond issues constitutes a legally authorized "non-appropriated budget". During the fiscal year 2011-12 supplemental budget appropriations were approved by the City Council. The effects of the supplemental appropriations were minor.
- The City Council approves annual budgets for redevelopment funds only on a project-area-by-project-area basis and not on an individual fund basis, except for the Low-income Housing Capital Projects Fund, therefore, there are no Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presented for the Redevelopment Funds, except for the Low-income Housing Capital Projects Fund.
- Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Encumbrances at year-end lapse, and then are added to the following year's budgeted appropriations.
- Annual budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with generally accepted accounting principles. Actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the Proprietary Funds, as the City is not legally required to adopt budgets for this type of fund.
- Capital projects are budgeted through the Capital Projects Funds on a project-by-project basis. Appropriations for capital projects authorized but not constructed or completed during the year lapse at year-end, and are then included as part of appropriations in the following year's annual budget.

Budget information is presented as supplementary information for the other governmental special revenue funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new, or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. The budgets conform, in all material respects, to generally accepted accounting principles, which serves as the budgeting basis. Appropriations lapse at year-end.

Supplementary Information

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City of San Fernando
Combining Balance Sheet
Other Governmental Funds
June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and Investments	\$ 1,725,817	\$ -	\$ -	\$ 1,725,817
Receivables:				
Taxes	48,166	-	-	48,166
Accounts	59,244	-	-	59,244
Grants	12,238	-	-	12,238
Due from Other Funds	-	-	-	-
Loans Receivable	424,200	-	-	424,200
Advances to Other Funds	-	-	-	-
Prepaid Items	9,312	-	-	9,312
Land Held for Resale	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,278,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,278,977</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 193,447	\$ -	\$ -	\$ 193,447
Accrued Liabilities	34,343	-	-	34,343
Deposits	1,067	-	-	1,067
Retentions Payable	-	-	-	-
Deferred Revenue	424,200	-	-	424,200
Due to Other Funds	30,448	-	-	30,448
Advances from Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>683,505</u>	<u>-</u>	<u>-</u>	<u>683,505</u>
Fund Balances:				
Nonspendable:				
Long-term Receivables	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepaid Items	9,312	-	-	9,312
Land Held for Resale	-	-	-	-
Restricted for:				
Transportation	1,150,536	-	-	1,150,536
Air Pollution	71,885	-	-	71,885
Parks and Recreation	411,319	-	-	411,319
Public Safety	2,955	-	-	2,955
Debt Service	-	-	-	-
Unassigned	(50,535)	-	-	(50,535)
	<u>(50,535)</u>	<u>-</u>	<u>-</u>	<u>(50,535)</u>
Total Fund Balances	<u>1,595,472</u>	<u>-</u>	<u>-</u>	<u>1,595,472</u>
Total Liabilities and Fund Balances	<u>\$ 2,278,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,278,977</u>

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 1,240,356	\$ 178,422	\$ -	\$ 1,418,778
Charges for Services	421,089	-	-	421,089
Fines and Forfeitures	56,153	-	-	56,153
Investment Earnings	13,609	70	4	13,683
Intergovernmental	373,866	-	-	373,866
Other	228,951	-	-	228,951
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,334,024	178,492	4	2,512,520
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
General Government	-	6,632	-	6,632
Public Safety	-	-	-	-
Community Development	8,190	-	156,672	164,862
Public Works	1,815,125	-	-	1,815,125
Parks and Recreation	198,205	-	-	198,205
Pass-throughs	-	95,799	-	95,799
SERAF	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	252,000	-	-	252,000
Interest and Fiscal Charges	71,692	56,439	-	128,131
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,345,212	158,870	156,672	2,660,754
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,188)	19,622	(156,668)	(148,234)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers In	123,312	-	-	123,312
Transfers Out	(480,956)	-	-	(480,956)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(357,644)	-	-	(357,644)
	<hr/>	<hr/>	<hr/>	<hr/>
EXTRAORDINARY GAIN (LOSS)	-	(170,245)	1,328,991	1,158,746
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(368,832)	(150,623)	1,172,323	652,868
Fund Balance, Beginning of Year	1,964,304	150,623	(1,172,323)	942,604
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 1,595,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,595,472</u>

City of San Fernando Special Revenue Funds

SPECIAL REVENUE FUNDS

Special revenue funds account for specific revenues that are legally restricted to expenditures for particular purposes. The other special revenue funds include:

Proposition A Local Transit - Accounts for receipt and approved Local Transit Fund projects from a voter approved sales tax override for public transportation.

Proposition C Discretionary - Accounts for the maintenance of the mile-long bike path along the Metro-link Corridor in San Fernando.

Traffic Safety - Accounts for receipts from traffic fines as levied by local courts. Some of these funds are transferred to the General Fund for traffic safety purposes. The fund is required by Section 1463(b) of the California Penal Code.

Parking Maintenance and Operations - Accounts for parking receipts and maintenance of Business District parking facilities.

Local Transportation - Accounts for state funds allocated by the State for local pedestrian facility development or improvement.

Recreation - Accounts for receipts and the related expenditures from various recreation programs to be used for a specific program, such as sport leagues, craft and music classes, special events and concerts.

Quimby Act Fees - Accounts for revenues from real estate developers, who are required under state law to provide and support park facilities.

Street Lighting - Accounts for revenues and costs associated with the City's street lighting program.

Measure R - Accounts for the receipt of Measure R funds. These funds are to be used to provide traffic relief.

State Asset Forfeiture - Accounts for the receipts and disbursements of state seized and forfeited assets from sale of controlled substances.

Federal Asset Forfeiture - Accounts for the receipts and disbursements of federal seized and forfeited assets from sale of controlled substances.

AQMD - Accounts for South Coast Air Quality Management District revenues. These funds may be used for various programs to reduce air pollution.

Cash-in-Lieu of Parking - Accounts for revenues and related expenditures from developers or builders who elect to pay a specified amount to the City instead of providing required parking.

**City of San Fernando
Special Revenue Funds - Continued**

SPECIAL REVENUE FUNDS - Continued

Pavement Management - Accounts for all of the pavement impact fees that are generated and the expenditures that are made related to the streets and highway infrastructure.

Proposition C - Accounts for the receipt of the "half-cent" sales tax allocated by LACMTA. These funds are to be used to reduce traffic congestion, improve air quality, improve conditions of streets/freeways, and reduce foreign fuel dependence.

Community Development Block Grant (CDBG) - Accounts for expenses of the Community Development Block Grant received through the County of Los Angeles.

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City of San Fernando
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2012

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
ASSETS				
Cash and Investments	\$ 241,597	\$ 20,388	\$ 108,747	\$ 68,730
Receivables:				
Taxes	-	-	-	-
Accounts	15	-	2,005	-
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 241,612</u>	<u>\$ 20,388</u>	<u>\$ 110,752</u>	<u>\$ 68,730</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 85,253	\$ -	\$ 33,884	\$ 5,267
Accrued Liabilities	3,108	-	330	4,197
Deposits	-	-	-	1,067
Retentions Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>88,361</u>	<u>-</u>	<u>34,214</u>	<u>10,531</u>
Fund Balances:				
Nonspendable:				
Long-term Receivables	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
Restricted for:				
Transportation	153,251	20,388	76,538	-
Air Pollution	-	-	-	-
Parks and Recreation	-	-	-	58,199
Public Safety	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>153,251</u>	<u>20,388</u>	<u>76,538</u>	<u>58,199</u>
Total Liabilities and Fund Balances	<u>\$ 241,612</u>	<u>\$ 20,388</u>	<u>\$ 110,752</u>	<u>\$ 68,730</u>

<u>Local Transportation</u>	<u>Recreation</u>	<u>Quimby Act Fees</u>	<u>Street Lighting</u>	<u>Measure R</u>	<u>State Asset Forfeiture</u>
\$ -	\$ -	\$ 355,068	\$ 23,972	\$ 125,972	\$ 2,493
-	-	-	18,330	22,494	-
-	-	-	-	-	-
12,238	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,312	-	-	-	-
<u>\$ 12,238</u>	<u>\$ 9,312</u>	<u>\$ 355,068</u>	<u>\$ 42,302</u>	<u>\$ 148,466</u>	<u>\$ 2,493</u>
\$ -	\$ 20,068	\$ -	\$ 40,756	\$ 8,219	\$ -
-	5,738	1,948	4,948	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,121	19,727	-	-	-	-
<u>9,121</u>	<u>45,533</u>	<u>1,948</u>	<u>45,704</u>	<u>8,219</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	9,312	-	-	-	-
3,117	-	-	-	140,247	-
-	-	-	-	-	-
-	-	353,120	-	-	-
-	-	-	-	-	2,493
-	(45,533)	-	(3,402)	-	-
<u>3,117</u>	<u>(36,221)</u>	<u>353,120</u>	<u>(3,402)</u>	<u>140,247</u>	<u>2,493</u>
<u>\$ 12,238</u>	<u>\$ 9,312</u>	<u>\$ 355,068</u>	<u>\$ 42,302</u>	<u>\$ 148,466</u>	<u>\$ 2,493</u>

Continued

City of San Fernando
Combining Balance Sheet
Other Special Revenue Funds - Continued
June 30, 2012

	<u>Federal Asset Forfeiture</u>	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>
ASSETS				
Cash and Investments	\$ 462	\$ 64,543	\$ 71,672	\$ 88,918
Receivables:				
Taxes	-	7,342	-	-
Accounts	-	-	-	57,224
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 462</u>	<u>\$ 71,885</u>	<u>\$ 71,672</u>	<u>\$ 146,142</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	6,754
Deposits	-	-	-	-
Retentions Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,754</u>
Fund Balances:				
Nonspendable:				
Long-term Receivables	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
Restricted for:				
Transportation	-	-	71,672	139,388
Air Pollution	-	71,885	-	-
Parks and Recreation	-	-	-	-
Public Safety	462	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>462</u>	<u>71,885</u>	<u>71,672</u>	<u>139,388</u>
Total Liabilities and Fund Balances	<u>\$ 462</u>	<u>\$ 71,885</u>	<u>\$ 71,672</u>	<u>\$ 146,142</u>

<u>Proposition C</u>	<u>Community Development Block Grant</u>	<u>Total</u>
\$ 553,255	\$ -	\$ 1,725,817
-	-	48,166
-	-	59,244
-	-	12,238
-	424,200	424,200
-	-	-
-	-	9,312
<u>\$ 553,255</u>	<u>\$ 424,200</u>	<u>\$ 2,278,977</u>
\$ -	\$ -	\$ 193,447
7,320	-	34,343
-	-	1,067
-	-	-
-	424,200	424,200
-	1,600	30,448
<u>7,320</u>	<u>425,800</u>	<u>683,505</u>
-	-	-
-	-	-
-	-	9,312
545,935	-	1,150,536
-	-	71,885
-	-	411,319
-	-	2,955
-	(1,600)	(50,535)
<u>545,935</u>	<u>(1,600)</u>	<u>1,595,472</u>
<u>\$ 553,255</u>	<u>\$ 424,200</u>	<u>\$ 2,278,977</u>

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds
Year Ended June 30, 2012

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
REVENUES				
Taxes	\$ 370,672	\$ -	\$ -	\$ -
Charges for Services	24,101	-	-	195,959
Fines and Forfeitures	-	-	53,803	-
Investment Earnings	152	10	-	12,800
Intergovernmental	-	-	-	-
Other	-	-	-	-
	<u>394,925</u>	<u>10</u>	<u>53,803</u>	<u>208,759</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	641,297	-	113,927	173,094
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>641,297</u>	<u>-</u>	<u>113,927</u>	<u>173,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(246,372)</u>	<u>10</u>	<u>(60,124)</u>	<u>35,665</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(30,000)	-
	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	(246,372)	10	(90,124)	35,665
Fund Balances, Beginning of Year	<u>399,623</u>	<u>20,378</u>	<u>166,662</u>	<u>22,534</u>
Fund Balances, End of Year	<u><u>\$ 153,251</u></u>	<u><u>\$ 20,388</u></u>	<u><u>\$ 76,538</u></u>	<u><u>\$ 58,199</u></u>

<u>Local Transportation</u>	<u>Recreation</u>	<u>Quimby Act Fees</u>	<u>Street Lighting</u>	<u>Measure R</u>	<u>State Asset Forfeiture</u>
\$ -	\$ -	\$ -	\$ 332,863	\$ 229,105	\$ -
-	201,029	-	-	-	-
-	-	-	-	-	2,350
-	-	178	-	67	-
12,239	-	-	-	-	-
-	-	-	-	-	-
<u>12,239</u>	<u>201,029</u>	<u>178</u>	<u>332,863</u>	<u>229,172</u>	<u>2,350</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,784	-	-	422,420	26,245	-
-	187,688	10,517	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,784</u>	<u>187,688</u>	<u>10,517</u>	<u>422,420</u>	<u>26,245</u>	<u>-</u>
<u>(3,545)</u>	<u>13,341</u>	<u>(10,339)</u>	<u>(89,557)</u>	<u>202,927</u>	<u>2,350</u>
-	10,230	-	110,048	-	-
-	-	-	-	(110,048)	-
-	10,230	-	110,048	(110,048)	-
(3,545)	23,571	(10,339)	20,491	92,879	2,350
<u>6,662</u>	<u>(59,792)</u>	<u>363,459</u>	<u>(23,893)</u>	<u>47,368</u>	<u>143</u>
<u>\$ 3,117</u>	<u>\$ (36,221)</u>	<u>\$ 353,120</u>	<u>\$ (3,402)</u>	<u>\$ 140,247</u>	<u>\$ 2,493</u>

Continued

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds - Continued
Year Ended June 30, 2012

	Federal Asset Forfeiture	AQMD	Cash-in-Lieu of Parking	Pavement Management
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	-	27	-	95
Intergovernmental	-	29,745	-	-
Other	-	-	-	226,551
	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,551</u>
Total Revenues	<u>-</u>	<u>29,772</u>	<u>-</u>	<u>226,646</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	-	-	-	211,663
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>29,772</u>	<u>-</u>	<u>14,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(240,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,000)</u>
Net Change in Fund Balances	-	29,772	-	(225,017)
Fund Balances, Beginning of Year	<u>462</u>	<u>42,113</u>	<u>71,672</u>	<u>364,405</u>
Fund Balances, End of Year	<u>\$ 462</u>	<u>\$ 71,885</u>	<u>\$ 71,672</u>	<u>\$ 139,388</u>

<u>Proposition C</u>	<u>Community Development Block Grant</u>	<u>Total</u>
\$ 307,716	\$ -	\$ 1,240,356
-	-	421,089
-	-	56,153
280	-	13,609
-	331,882	373,866
-	2,400	228,951
<u>307,996</u>	<u>334,282</u>	<u>2,334,024</u>
-	-	-
-	-	-
-	8,190	8,190
210,695	-	1,815,125
-	-	198,205
-	-	-
-	252,000	252,000
-	71,692	71,692
<u>210,695</u>	<u>331,882</u>	<u>2,345,212</u>
<u>97,301</u>	<u>2,400</u>	<u>(11,188)</u>
-	3,034	123,312
<u>(100,908)</u>	<u>-</u>	<u>(480,956)</u>
<u>(100,908)</u>	<u>3,034</u>	<u>(357,644)</u>
(3,607)	5,434	(368,832)
<u>549,542</u>	<u>(7,034)</u>	<u>1,964,304</u>
<u><u>\$ 545,935</u></u>	<u><u>\$ (1,600)</u></u>	<u><u>\$ 1,595,472</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Proposition A Local Transit Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Taxes	\$ 349,138	\$ 370,672	\$ 21,534
Charges for Services	25,000	24,101	(899)
Investment Earnings	<u>2,000</u>	<u>152</u>	<u>(1,848)</u>
Total Revenues	<u>376,138</u>	<u>394,925</u>	<u>18,787</u>
EXPENDITURES			
Current:			
Public Works	<u>716,083</u>	<u>641,297</u>	<u>74,786</u>
Total Expenditures	<u>716,083</u>	<u>641,297</u>	<u>74,786</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(339,945)	(246,372)	93,573
Fund Balance, Beginning of Year	<u>399,623</u>	<u>399,623</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 59,678</u></u>	<u><u>\$ 153,251</u></u>	<u><u>\$ 93,573</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Proposition C Discretionary Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ 25	\$ 10	\$ (15)
Fund Balance, Beginning of Year	<u>20,378</u>	<u>20,378</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 20,403</u></u>	<u><u>\$ 20,388</u></u>	<u><u>\$ (15)</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Safety Fund
Year Ended June 30, 2012

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 135,959	\$ 53,803	\$ (82,156)
Total Revenues	<u>135,959</u>	<u>53,803</u>	<u>(82,156)</u>
EXPENDITURES			
Current:			
Public Works	<u>206,250</u>	<u>113,927</u>	<u>92,323</u>
Total Expenditures	<u>206,250</u>	<u>113,927</u>	<u>92,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(70,291)</u>	<u>(60,124)</u>	<u>10,167</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	(100,291)	(90,124)	10,167
Fund Balance, Beginning of Year	<u>166,662</u>	<u>166,662</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 66,371</u></u>	<u><u>\$ 76,538</u></u>	<u><u>\$ 10,167</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Parking Maintenance and Operations Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Charges for Services	\$ 205,000	\$ 195,959	\$ (9,041)
Investment Earnings	<u>13,000</u>	<u>12,800</u>	<u>(200)</u>
Total Revenues	<u>218,000</u>	<u>208,759</u>	<u>(9,241)</u>
EXPENDITURES			
Current:			
Public Works	<u>223,572</u>	<u>173,094</u>	<u>50,478</u>
Total Expenditures	<u>223,572</u>	<u>173,094</u>	<u>50,478</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(5,572)	35,665	41,237
Fund Balance, Beginning of Year	<u>22,534</u>	<u>22,534</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 16,962</u></u>	<u><u>\$ 58,199</u></u>	<u><u>\$ 41,237</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Transportation Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	<u>12,238</u>	<u>12,239</u>	<u>1</u>
Total Revenues	<u>12,238</u>	<u>12,239</u>	<u>1</u>
EXPENDITURES			
Current:			
Public Works	<u>16,100</u>	<u>15,784</u>	<u>316</u>
Total Expenditures	<u>16,100</u>	<u>15,784</u>	<u>75</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,862)	(3,545)	317
Fund Balance, Beginning of Year	<u>6,662</u>	<u>6,662</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,800</u></u>	<u><u>\$ 3,117</u></u>	<u><u>\$ 317</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2012

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 173,389	\$ 201,029	\$ 27,640
Total Revenues	173,389	201,029	27,640
EXPENDITURES			
Current:			
Parks and Recreation	154,058	187,688	(33,630)
Total Expenditures	154,058	187,688	(33,630)
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,331	13,341	(5,990)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	10,230	10,230
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	10,230	10,230
Net Change in Fund Balances	19,331	23,571	4,240
Fund Balance Beginning of Year	(59,792)	(59,792)	-
Fund Balance, End of Year	\$ (40,461)	\$ (36,221)	\$ 4,240

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Quimby Act Fees Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ 300	\$ 178	\$ (122)
Total Revenues	<u>300</u>	<u>178</u>	<u>(122)</u>
EXPENDITURES			
Current:			
Parks and Recreation	<u>52,438</u>	<u>10,517</u>	<u>41,921</u>
Total Expenditures	<u>52,438</u>	<u>10,517</u>	<u>41,921</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(52,138)	(10,339)	41,799
Fund Balance, Beginning of Year	<u>363,459</u>	<u>363,459</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 311,321</u></u>	<u><u>\$ 353,120</u></u>	<u><u>\$ 41,799</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Street Lighting Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 337,000	\$ 332,863	\$ (4,137)
Total Revenues	<u>337,000</u>	<u>332,863</u>	<u>(4,137)</u>
EXPENDITURES			
Current:			
Public Works	<u>420,534</u>	<u>422,420</u>	<u>(1,886)</u>
Total Expenditures	<u>420,534</u>	<u>422,420</u>	<u>(1,886)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(83,534)</u>	<u>(89,557)</u>	<u>(6,023)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>110,048</u>	<u>110,048</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>110,048</u>	<u>110,048</u>	<u>-</u>
Net Change in Fund Balances	26,514	20,491	(6,023)
Fund Balance Beginning of Year	<u>(23,893)</u>	<u>(23,893)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,621</u></u>	<u><u>\$ (3,402)</u></u>	<u><u>\$ (6,023)</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure R Fund
Year Ended June 30, 2012

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 217,203	\$ 229,105	\$ 11,902
Investment Earnings	-	67	67
Total Revenues	217,203	229,172	11,969
EXPENDITURES			
Public Works	142,000	26,245	115,755
Total Expenditures	142,000	26,245	115,755
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,203	202,927	127,724
OTHER FINANCING SOURCES (USES)			
Transfers Out	(110,048)	(110,048)	-
Total Other Financing Sources (Uses)	(110,048)	(110,048)	-
Net Change in Fund Balances	(34,845)	92,879	127,724
Fund Balance Beginning of Year	47,368	47,368	-
Fund Balance, End of Year	\$ 12,523	\$ 140,247	\$ 127,724

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Asset Forfeiture Fund
Year Ended June 30, 2012

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 778	\$ 2,350	\$ 1,572
Total Revenues	778	2,350	1,572
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	778	2,350	1,572
Fund Balance, Beginning of Year	143	143	-
Fund Balance, End of Year	\$ 921	\$ 2,493	\$ 1,572

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Federal Asset Forfeiture Fund
Year Ended June 30, 2012

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Current:			
Public Safety	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance Beginning of Year	462	462	-
Fund Balance, End of Year	\$ 462	\$ 462	\$ -

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AQMD Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ -	\$ 27	\$ 27
Intergovernmental	<u>29,000</u>	<u>29,745</u>	<u>745</u>
Total Revenues	29,000	29,772	772
Fund Balance, Beginning of Year	<u>42,113</u>	<u>42,113</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 71,113</u></u>	<u><u>\$ 71,885</u></u>	<u><u>\$ 772</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Cash-in-Lieu of Parking Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u> </u>	Variance with Final Budget Positive (Negative) <u> </u>
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Fund Balance, Beginning of Year	<u>71,672</u>	<u>71,672</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 71,672</u></u>	<u><u>\$ 71,672</u></u>	<u><u>\$ -</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Pavement Management Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ 2,000	\$ 95	\$ (1,905)
Other	<u>241,667</u>	<u>226,551</u>	<u>(15,116)</u>
Total Revenues	<u>243,667</u>	<u>226,646</u>	<u>(17,021)</u>
EXPENDITURES			
Current:			
Public Works	<u>382,379</u>	<u>211,663</u>	<u>170,716</u>
Total Expenditures	<u>382,379</u>	<u>211,663</u>	<u>170,716</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,712)</u>	<u>14,983</u>	<u>153,695</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Net Change in Fund Balances	(378,712)	(225,017)	153,695
Fund Balance, Beginning of Year	<u>364,405</u>	<u>364,405</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (14,307)</u></u>	<u><u>\$ 139,388</u></u>	<u><u>\$ 153,695</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Proposition C Fund
Year Ended June 30, 2012

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 282,753	\$ 307,716	\$ 24,963
Investment Earnings	6,848	280	(6,568)
Total Revenues	<u>289,601</u>	<u>307,996</u>	<u>18,395</u>
EXPENDITURES			
Current:			
Public Works	<u>278,019</u>	<u>210,695</u>	<u>67,324</u>
Total Expenditures	<u>278,019</u>	<u>210,695</u>	<u>67,324</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,582</u>	<u>97,301</u>	<u>85,719</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(100,908)</u>	<u>(100,908)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(100,908)</u>	<u>(100,908)</u>	<u>-</u>
Net Change in Fund Balances	(89,326)	(3,607)	85,719
Fund Balance, Beginning of Year	<u>549,542</u>	<u>549,542</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 460,216</u></u>	<u><u>\$ 545,935</u></u>	<u><u>\$ 85,719</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Block Grant Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 345,297	\$ 331,882	\$ (13,415)
Other	-	2,400	2,400
Total Revenues	345,297	334,282	(11,015)
EXPENDITURES			
Current:			
Community Development	8,190	8,190	-
Public Works	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	252,000	252,000	-
Interest and Fiscal Charges	85,107	71,692	13,415
Total Expenditures	345,297	331,882	13,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,400	2,400
OTHER FINANCING SOURCES (USES)			
Transfers In	-	3,034	3,034
Total Other Financing Sources (Uses)	-	3,034	3,034
Net Change in Fund Balances	-	5,434	5,434
Fund Balance, Beginning of Year	(7,034)	(7,034)	-
Fund Balance, End of Year	\$ (7,034)	\$ (1,600)	\$ 5,434

City of San Fernando
Debt Service Funds
June 30, 2012

Debt service funds are used to account for the resources accumulated and payments made for interest and principal on general obligation debt, including tax allocation bonds and long-term notes payable, of governmental funds. The two other debt service funds include:

- Redevelopment Project Area #1A
- Public Financing Authority

City of San Fernando
Combining Balance Sheet
Other Debt Service Funds
June 30, 2012

	Redevelopment Project Area #1A	Public Financing Authority	Total
ASSETS			
Cash and Investments	\$ -	\$ -	\$ -
Receivables:			
Taxes	-	-	-
Due from Other Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Advances from Other Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<hr/> -	<hr/> -	<hr/> -
Fund Balances:			
Restricted for:			
Debt Service	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<hr/> -	<hr/> -	<hr/> -
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Debt Service Funds
Year Ended June 30, 2012

	Redevelopment Project Area #1A	Public Financing Authority	Total
REVENUES			
Taxes	\$ 178,422	\$ -	\$ 178,422
Investment Earnings	70	-	70
Total Revenues	178,492	-	178,492
EXPENDITURES			
Current:			
General Government	6,632	-	6,632
Pass-throughs	95,799	-	95,799
SERAF	-	-	-
Debt Service:			
Principal	-	-	-
Internal and Fiscal Charges	56,439	-	56,439
Total Expenditures	158,870	-	158,870
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,622	-	19,622
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXTRAORDINARY GAIN (LOSS)	(170,245)		(170,245)
Net Change in Fund Balances	(150,623)	-	(150,623)
Fund Balances, Beginning of Year	150,623	-	150,623
Fund Balances, End of Year	\$ -	\$ -	\$ -

City of San Fernando
Capital Projects Funds
June 30, 2012

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The two other capital projects funds include:

- Redevelopment Merged Project Area #1, 2, 3 and 4
- Redevelopment Project Area #1A

City of San Fernando
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2012

	Redevelopment Merged Project Area #1, 2, 3, 4	Redevelopment Project Area #1A	Total
ASSETS			
Land Held for Resale	\$ -	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Land Held for Resale	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Capital Projects Funds
Year Ended June 30, 2012

	Redevelopment Merged Project Area #1, 2, 3, 4	Redevelopment Project Area #1A	Total
REVENUES			
Investment Earnings	\$ 4	\$ -	\$ 4
Total Revenues	4	-	4
EXPENDITURES			
Current:			
General Government	-	-	-
Community Development	156,655	17	156,672
Public Works	-	-	-
Total Expenditures	156,655	17	156,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	(156,651)	(17)	(156,668)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXTRAORDINARY GAIN (LOSS)	328,974	1,000,017	1,328,991
Net Change in Fund Balances	172,323	1,000,000	1,172,323
Fund Balances, Beginning of Year	(172,323)	(1,000,000)	(1,172,323)
Fund Balances, End of Year	\$ -	\$ -	\$ -

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Low Income Housing Capital Projects Fund - Major Fund
Year Ended June 30, 2012

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ 49,000	\$ 36,990	\$ (12,010)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>49,000</u>	<u>36,990</u>	<u>(12,010)</u>
EXPENDITURES			
Current:			
Community Development	<u>1,875,315</u>	<u>393,998</u>	<u>1,481,317</u>
Total Expenditures	<u>1,875,315</u>	<u>393,998</u>	<u>1,481,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,826,315)</u>	<u>(357,008)</u>	<u>1,469,307</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	1,387,000	-	(1,387,000)
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,387,000</u>	<u>-</u>	<u>(1,387,000)</u>
EXTRAORDINARY GAIN (LOSS)	<u>-</u>	<u>(1,784,573)</u>	<u>(1,784,573)</u>
Net Change in Fund Balances	(439,315)	(2,141,581)	(1,702,266)
Fund Balance, Beginning of Year	<u>2,141,581</u>	<u>2,141,581</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,702,266</u>	<u>\$ -</u>	<u>\$ (1,702,266)</u>

City of San Fernando
Fiduciary Fund
June 30, 2012

Agency Fund - This fund is used to account for funds received by the City as an agent for other entities.

City of San Fernando
Schedule of Changes in Assets and Liabilities
Agency Fund
June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 108,257	\$ 151,652	\$ 137,321	\$ 122,588
Prepaid Expenses	<u>808</u>	<u>4,650</u>	<u>808</u>	<u>4,650</u>
Total Assets	<u><u>\$ 109,065</u></u>	<u><u>\$ 156,302</u></u>	<u><u>\$ 138,129</u></u>	<u><u>\$ 127,238</u></u>
LIABILITIES				
Accounts Payable	\$ 1,222	\$ 138,527	\$ 135,283	\$ 4,466
Deposits	<u>107,843</u>	<u>150,844</u>	<u>135,915</u>	<u>122,772</u>
Total Liabilities	<u><u>\$ 109,065</u></u>	<u><u>\$ 289,371</u></u>	<u><u>\$ 271,198</u></u>	<u><u>\$ 127,238</u></u>

III. Statistical Section

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City of San Fernando
Description of Statistical Section Contents
June 30, 2012

This part of the City of San Fernando'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:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	100
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	110
<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	117
<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	122
<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	125

City of San Fernando
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 15,320,572	\$ 16,844,545	\$ 18,598,023	\$ 19,972,495
Restricted	924,063	924,257	931,708	8,528,754
Unrestricted	<u>(4,377,772)</u>	<u>(4,811,226)</u>	<u>(5,875,097)</u>	<u>(7,970,119)</u>
Total governmental activities net assets	<u>\$ 11,866,863</u>	<u>\$ 12,957,576</u>	<u>\$ 13,654,634</u>	<u>\$ 20,531,130</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 7,097,735	\$ 7,606,136	\$ 7,635,859	\$ 7,321,367
Restricted	-	-	-	-
Unrestricted	<u>7,834,074</u>	<u>6,723,623</u>	<u>7,701,850</u>	<u>8,523,702</u>
Total business-type activities net assets	<u>\$ 14,931,809</u>	<u>\$ 14,329,759</u>	<u>\$ 15,337,709</u>	<u>\$ 15,845,069</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 22,418,307	\$ 24,450,681	\$ 26,233,882	\$ 27,293,862
Restricted	924,063	924,257	931,708	8,528,754
Unrestricted	<u>3,456,302</u>	<u>1,912,397</u>	<u>1,826,753</u>	<u>553,583</u>
Total primary government net assets	<u>\$ 26,798,672</u>	<u>\$ 27,287,335</u>	<u>\$ 28,992,343</u>	<u>\$ 36,376,199</u>

Source: City Finance Department

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 43,237,994	\$ 42,548,031	\$ 42,804,903	\$ 42,262,518	\$ 43,598,683	\$ 50,993,498
11,957,932	13,204,186	14,329,955	14,364,410	13,040,082	2,533,805
<u>(10,844,681)</u>	<u>(11,650,513)</u>	<u>(14,751,986)</u>	<u>(17,503,004)</u>	<u>(19,365,287)</u>	<u>(14,057,614)</u>
<u>\$ 44,351,245</u>	<u>\$ 44,101,704</u>	<u>\$ 42,382,872</u>	<u>\$ 39,123,924</u>	<u>\$ 37,273,478</u>	<u>\$ 39,469,689</u>
\$ 17,439,596	\$ 16,950,800	\$ 16,267,470	\$ 15,547,758	\$ 15,324,618	\$ 14,811,543
-	-	-	-	-	-
<u>7,858,369</u>	<u>7,846,843</u>	<u>7,920,801</u>	<u>7,206,906</u>	<u>7,733,239</u>	<u>7,887,577</u>
<u>\$ 25,297,965</u>	<u>\$ 24,797,643</u>	<u>\$ 24,188,271</u>	<u>\$ 22,754,664</u>	<u>\$ 23,057,857</u>	<u>\$ 22,699,120</u>
\$ 60,677,590	\$ 59,498,831	\$ 59,072,373	\$ 57,810,276	\$ 58,923,301	\$ 65,805,041
11,957,932	13,204,186	14,329,955	14,364,410	13,040,082	2,533,805
<u>(2,986,312)</u>	<u>(3,803,670)</u>	<u>(6,831,185)</u>	<u>(10,296,098)</u>	<u>(11,632,048)</u>	<u>(6,170,037)</u>
<u>\$ 69,649,210</u>	<u>\$ 68,899,347</u>	<u>\$ 66,571,143</u>	<u>\$ 61,878,588</u>	<u>\$ 60,331,335</u>	<u>\$ 62,168,809</u>

City of San Fernando
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
General government	\$ 6,414,558	\$ 5,781,612	\$ 7,701,673	\$ 7,065,983	\$ 6,472,343
Public safety	7,093,437	8,091,125	8,588,373	8,761,669	9,322,543
Community development	3,756,565	3,560,256	3,149,303	2,859,514	1,945,956
Public works	1,946,221	2,060,745	1,938,912	2,001,888	5,764,469
Parks and recreation	1,924,353	1,648,096	3,090,098	1,667,800	1,944,663
Capital outlay	13,244	-	-	-	-
Interest on long-term debt	529,764	488,119	583,454	667,366	1,009,135
Total governmental activities expenses	<u>21,678,142</u>	<u>21,629,953</u>	<u>25,051,813</u>	<u>23,024,220</u>	<u>26,459,109</u>
Business-type activities:					
Water	1,997,625	2,098,936	2,286,754	3,023,474	3,380,128
Sewer	2,409,689	2,178,353	1,632,168	1,723,353	2,969,735
Waste disposal	1,017,323	965,278	1,181,607	1,182,631	1,261,254
Total business-type activities expenses	<u>5,424,637</u>	<u>5,242,567</u>	<u>5,100,529</u>	<u>5,929,458</u>	<u>7,611,117</u>
Total primary government expenses	<u>27,102,779</u>	<u>26,872,520</u>	<u>30,152,342</u>	<u>28,953,678</u>	<u>34,070,226</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	2,704,730	4,015,856	4,962,322	2,977,575	2,351,218
Public safety	1,109,206	815,564	1,084,958	358,088	1,192,594
Community development	323,122	66,301	2,500	604,626	308,974
Public works	694,893	404,496	649,641	655,844	931,094
Parks and recreation	692,109	566,844	544,675	357,345	575,260
Operating grants and contributions	-	-	-	1,924,581	2,371,022
Capital grants and contributions	1,727,313	1,365,732	3,147,589	2,196,347	2,314,280
Total governmental activities program revenues	<u>7,251,373</u>	<u>7,234,793</u>	<u>10,391,685</u>	<u>9,074,406</u>	<u>10,044,442</u>
Business-type activities:					
Charges for services:					
Water	2,260,704	2,388,730	2,667,963	2,809,324	2,878,972
Sewer	1,893,343	1,979,065	2,381,596	2,498,588	2,482,039
Waste disposal	988,394	989,224	1,111,776	1,159,112	1,153,329
Total business-type activities program revenues	<u>5,142,441</u>	<u>5,357,019</u>	<u>6,161,335</u>	<u>6,467,024</u>	<u>6,514,340</u>
Total primary government program revenues	<u>12,393,814</u>	<u>12,591,812</u>	<u>16,553,020</u>	<u>15,541,430</u>	<u>16,558,782</u>
Net revenues (expenses):					
Governmental activities	(14,426,769)	(14,395,160)	(14,660,128)	(13,949,814)	(16,414,667)
Business-type activities	(282,196)	114,452	1,060,806	537,566	(1,096,777)
Total net revenues (expenses)	<u>(14,708,965)</u>	<u>(14,280,708)</u>	<u>(13,599,322)</u>	<u>(13,412,248)</u>	<u>(17,511,444)</u>

Source: City Finance Department

Fiscal Year				
2008	2009	2010	2011	2012
\$ 9,724,823	\$ 7,343,319	\$ 8,393,942	\$ 9,051,209	\$ 6,397,275
9,881,438	10,101,285	9,917,154	10,137,119	10,346,561
2,891,460	3,220,792	5,547,132	3,658,552	1,944,293
5,383,561	6,102,140	5,591,332	4,960,530	5,423,605
2,123,999	3,745,511	2,960,683	2,375,034	2,145,767
-	-	-	-	-
1,045,722	963,737	1,141,113	1,092,731	509,971
31,051,003	31,476,784	33,551,356	31,275,175	26,767,472
2,946,107	3,183,923	3,282,758	3,227,843	3,248,148
2,812,307	2,731,323	2,614,749	1,867,044	2,445,675
1,142,613	1,125,434	1,098,303	1,077,641	1,027,810
6,901,027	7,040,680	6,995,810	6,172,528	6,721,633
37,952,030	38,517,464	40,547,166	37,447,703	33,489,105
2,095,604	2,455,039	2,698,964	2,503,993	584,356
1,383,612	1,710,327	1,642,838	1,583,487	1,359,010
287,403	334,666	425,299	581,323	413,067
903,091	916,211	975,160	903,323	565,723
1,702,639	878,659	871,337	526,198	458,090
2,100,154	3,425,677	3,287,154	4,432,649	3,197,798
1,674,190	2,063,580	1,094,301	1,896,595	930,527
10,146,693	11,784,159	10,995,053	12,427,568	7,508,571
2,839,207	2,795,599	2,737,198	3,064,458	2,769,412
2,458,857	2,562,997	2,367,243	2,383,329	2,580,623
1,063,799	1,097,873	1,110,869	1,125,037	1,122,709
6,361,863	6,456,469	6,215,310	6,572,824	6,472,744
16,508,556	18,240,628	17,210,363	19,000,392	13,981,315
(20,904,310)	(19,692,625)	(22,556,303)	(18,847,607)	(19,258,901)
(539,164)	(584,211)	(780,500)	400,296	(248,889)
(21,443,474)	(20,276,836)	(23,336,803)	(18,447,311)	(19,507,790)

(Continued)

City of San Fernando
Changes in Net Assets
Last Ten Fiscal Years - (Continued)
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property	\$ 5,387,292	\$ 5,591,534	\$ 8,664,486	\$ 9,868,621	\$ 10,591,345
Sales and use	5,301,408	5,566,868	6,437,044	6,992,207	3,673,550
Property taxes in lieu of sales and use taxes	-	-	-	-	-
Business license taxes	-	-	-	-	-
Franchise	1,948,844	1,956,149	2,067,293	350,718	373,991
Motor fuel	1,425,275	1,122,019	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental, unrestricted	-	-	575,837	180,687	1,873,488
Investment income	387,443	429,153	400,074	198,089	796,038
Gain on sale of property					
Other	89,428	-	-	15,178	729,944
Transfers	20,000	820,150	222,321	220,810	220,810
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>14,559,690</u>	<u>15,485,873</u>	<u>18,367,055</u>	<u>17,826,310</u>	<u>18,259,166</u>
Business-type activities:					
Investment income	269,380	103,648	169,465	260,460	354,850
Other	-	-	-	(69,856)	-
Transfers	(20,000)	(820,150)	(222,321)	(220,810)	(220,810)
Total business-type activities	<u>249,380</u>	<u>(716,502)</u>	<u>(52,856)</u>	<u>(30,206)</u>	<u>134,040</u>
Total primary government	<u>14,809,070</u>	<u>14,769,371</u>	<u>18,314,199</u>	<u>17,796,104</u>	<u>18,393,206</u>
Changes in net assets					
Governmental activities	132,921	1,090,713	3,706,927	3,876,496	1,844,499
Business-type activities	(32,816)	(602,050)	1,007,950	507,360	(962,737)
Total primary government	<u>\$ 100,105</u>	<u>\$ 488,663</u>	<u>\$ 4,714,877</u>	<u>\$ 4,383,856</u>	<u>\$ 881,762</u>

(1) These fluctuations compared to the prior year resulted from reclassifications of certain revenues.

(2) The extraordinary gain in 2012 resulted from the dissolution of the City's Redevelopment Agency in accordance with State law.

Source: City Finance Department

Fiscal Year				
2008	2009	2010	2011	2012
\$ 11,937,517	\$ 12,976,749	\$ 13,101,490	\$ 12,596,288	\$ 10,198,997 (1)
3,154,930	2,599,450	2,478,957	2,323,994	2,380,675
1,029,267	998,834	927,430	596,449	603,373
-	-	-	-	1,082,584 (1)
325,742	418,974	341,642	333,522	307,119
-	-	-	-	-
-	-	-	-	1,002,816 (1)
100,464	85,783	74,236	115,898	264,443
472,572	108,972	264,448	244,419	918
2,569,335	-	-	298,411	120,000
832,593	892,153	1,014,000	1,467,179	562,404
232,349	222,623	340,902	121,000	121,000
-	-	-	-	4,810,783 (2)
<u>20,654,769</u>	<u>18,303,538</u>	<u>18,543,105</u>	<u>18,097,160</u>	<u>21,455,112</u>
271,191	197,462	45,256	23,897	11,152
-	-	-	-	-
<u>(232,349)</u>	<u>(222,623)</u>	<u>(340,902)</u>	<u>(121,000)</u>	<u>(121,000)</u>
<u>38,842</u>	<u>(25,161)</u>	<u>(295,646)</u>	<u>(97,103)</u>	<u>(109,848)</u>
<u>20,693,611</u>	<u>18,278,377</u>	<u>18,247,459</u>	<u>18,000,057</u>	<u>21,345,264</u>
(249,541)	(1,389,087)	(4,013,198)	(750,447)	2,196,211
<u>(500,322)</u>	<u>(609,372)</u>	<u>(1,076,146)</u>	<u>303,193</u>	<u>(358,737)</u>
<u>\$ (749,863)</u>	<u>\$ (1,998,459)</u>	<u>\$ (5,089,344)</u>	<u>\$ (447,254)</u>	<u>\$ 1,837,474</u>

City of San Fernando
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund:					
Reserved	\$ 30,327	\$ 44,779	\$ 49,532	\$ 183,608	\$ 2,055,539
Unreserved	<u>179,768</u>	<u>397,592</u>	<u>3,026,464</u>	<u>4,984,271</u>	<u>3,992,140</u>
Total general fund	<u>\$ 210,095</u>	<u>\$ 442,371</u>	<u>\$ 3,075,996</u>	<u>\$ 5,167,879</u>	<u>\$ 6,047,679</u>
All other governmental funds:					
Reserved	\$ 3,157,797	\$ 3,147,147	\$ 6,942,187	\$ 9,375,226	\$ 12,189,553
Unreserved, reported in:					
Special revenue funds	2,905,681	(2,230,704)	(2,101,096)	(2,923,775)	(2,020,353)
Debt service funds	1,206,357	(450,962)	87,989	(84,361)	(565,199)
Capital projects funds	(880,729)	2,002,942	816,814	29,777	4,979,008
Other	<u>-</u>	<u>2,824,596</u>	<u>2,136,295</u>	<u>2,131,887</u>	<u>-</u>
Total all other governmental funds	<u>\$ 6,389,106</u>	<u>\$ 5,293,019</u>	<u>\$ 7,882,189</u>	<u>\$ 8,528,754</u>	<u>\$ 14,583,009</u>
General fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: GASB 54 was implemented in 2011. Years prior to that have no comparable data.

Fiscal Year				
2008	2009	2010	2011	2012
\$ 69,999	\$ 639,172	\$ 768,679	\$ -	\$ -
<u>2,362,813</u>	<u>(492,513)</u>	<u>(666,295)</u>	<u>-</u>	<u>-</u>
<u>\$ 2,432,812</u>	<u>\$ 146,659</u>	<u>\$ 102,384</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,760,628	\$ 7,112,657	\$ 8,245,010	\$ -	\$ -
(3,636,210)	(422,538)	(614,082)	-	-
(611,346)	611,990	(2,222,757)	-	-
(1,105,235)	(2,896,209)	(2,759,950)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,407,837</u>	<u>\$ 4,405,900</u>	<u>\$ 2,648,221</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 237,378	\$ 335,766
<u>-</u>	<u>-</u>	<u>-</u>	<u>(856,695)</u>	<u>(1,572,548)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (619,317)</u>	<u>\$ (1,236,782)</u>
\$ -	\$ -	\$ -	\$ 5,448,274	\$ 492,395
-	-	-	2,890,223	2,199,614
<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,022,933)</u>	<u>(2,508,607)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,564</u>	<u>\$ 183,402</u>

City of San Fernando
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 12,731,567	\$ 13,223,074	\$ 17,116,611	\$ 18,160,481
Licenses and permits	2,339,702	2,068,941	1,591,609	1,321,998
Charges for services	294,477	380,555	481,095	499,624
Fines and forfeitures	476,013	608,780	850,464	970,687
Investment earnings	372,443	429,153	400,074	807,847
Intergovernmental	3,880,576	4,390,068	6,521,737	4,297,805
Administrative overhead	930,468	930,628	930,628	1,672,248
Community development	211,520	-	-	-
Sale of inventory	-	-	-	-
Other	475,251	1,443,986	894,473	1,148,455
Total revenues	<u>21,712,017</u>	<u>23,475,185</u>	<u>28,786,691</u>	<u>28,879,145</u>
Expenditures				
Current:				
General government	5,817,665	6,630,988	8,037,230	7,834,515
Public safety	7,183,020	7,830,932	8,375,379	8,466,474
Community development	1,924,352	1,636,810	1,344,615	3,069,196
Public works	3,626,185	4,595,811	5,206,946	3,798,336
Parks and recreation	1,867,457	2,124,210	1,918,860	1,939,812
Pass-throughs	-	-	-	-
SERAF	-	-	-	-
Other	-	168	2,321	-
Capital outlay	2,074,668	1,418,383	1,717,999	-
Debt service:				
Principal	505,000	540,000	575,000	787,000
Interest and fiscal charges	437,496	381,845	432,867	498,414
Cost of issuance	-	-	-	-
Total expenditures	<u>23,435,843</u>	<u>25,159,147</u>	<u>27,611,217</u>	<u>26,393,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,723,826)</u>	<u>(1,683,962)</u>	<u>1,175,474</u>	<u>2,485,398</u>
Other financing sources (uses):				
Transfers in	2,757,080	4,878,792	7,496,266	4,817,583
Transfers out	(2,737,080)	(4,058,642)	(4,273,945)	(4,596,773)
Payment to/from bond escrow agent	-	-	-	32,240
Issuance of debt	-	-	-	-
Discount	-	-	-	-
Sale of property	-	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>820,150</u>	<u>3,222,321</u>	<u>253,050</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,703,826)</u>	<u>\$ (863,812)</u>	<u>\$ 4,397,795</u>	<u>\$ 2,738,448</u>
Debt service as a percentage of noncapital expenditures	4.6%	4.0%	4.1%	5.1%

Source: City Finance Department

The above fluctuations in revenues and expenditures in 2012 are a result of reclassifications and the dissolution of the Redevelopment Agency, previously reported as a blended component unit.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 17,869,675	\$ 19,597,729	\$ 20,136,147	\$ 18,114,573	\$ 17,433,856	\$ 14,941,249
235,143	254,159	260,071	223,748	249,754	279,825
1,997,264	3,307,933	2,814,217	2,876,980	2,697,601	1,508,783
886,395	1,074,122	1,268,174	1,226,322	1,183,299	888,136
1,084,708	731,934	699,154	700,719	570,661	280,368
5,607,795	3,608,832	5,481,477	6,017,833	7,005,399	5,234,049
-	-	-	-	-	-
-	-	-	-	-	-
-	500,000	125,000	-	-	-
<u>1,563,678</u>	<u>1,424,980</u>	<u>1,931,944</u>	<u>2,177,633</u>	<u>2,331,930</u>	<u>1,013,941</u>
<u>29,244,658</u>	<u>30,499,689</u>	<u>32,716,184</u>	<u>31,337,808</u>	<u>31,472,500</u>	<u>24,146,351</u>
7,499,986	8,998,389	8,362,675	7,870,484	7,710,354	4,623,271
9,664,425	9,977,618	10,620,149	10,382,127	10,556,689	9,961,760
2,189,345	5,051,488	2,033,620	1,636,343	2,364,956	1,222,182
9,192,018	7,060,897	4,383,266	3,274,845	3,085,317	3,748,331
1,925,068	5,093,249	3,731,142	2,921,263	2,332,198	2,055,715
927,114	1,004,484	1,367,117	1,745,906	1,712,477	1,067,046
-	-	-	2,063,811	424,902	-
-	-	-	-	-	-
2,826,135	6,167,164	1,538,552	989,588	2,835,433	-
832,000	1,309,000	1,418,388	1,663,887	1,933,535	1,482,000
682,275	859,788	771,988	932,410	870,409	378,568
383,621	-	-	-	-	-
<u>36,121,987</u>	<u>45,522,077</u>	<u>34,226,897</u>	<u>33,480,664</u>	<u>33,826,270</u>	<u>24,538,873</u>
<u>(6,877,329)</u>	<u>(15,022,388)</u>	<u>(1,510,713)</u>	<u>(2,142,856)</u>	<u>(2,353,770)</u>	<u>(392,522)</u>
4,078,292	4,451,217	5,468,685	6,818,161	7,603,439	3,233,411
(3,857,482)	(4,218,868)	(5,246,062)	(6,477,259)	(7,482,439)	(3,112,411)
-	-	-	-	-	-
11,490,000	-	-	-	-	-
(74,426)	-	-	-	-	-
-	-	-	-	178,411	245,000
<u>11,636,384</u>	<u>232,349</u>	<u>222,623</u>	<u>340,902</u>	<u>299,411</u>	<u>366,000</u>
-	-	-	-	-	(1,723,105)
<u>\$ 4,759,055</u>	<u>\$ (14,790,039)</u>	<u>\$ (1,288,090)</u>	<u>\$ (1,801,954)</u>	<u>\$ (2,054,359)</u>	<u>\$ (1,749,627)</u>
6.0%	5.8%	7.2%	8.7%	10.3%	8.4%

City of San Fernando
Assessed Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Unsecured</u>
2003	\$ 522,844,101	\$ 169,484,766	\$ 159,491,948	\$19,873,642	\$ 75,912,741
2004	567,902,157	177,295,352	165,048,900	23,765,942	77,422,782
2005	623,693,705	188,143,522	170,451,341	22,958,543	82,517,735
2006	701,620,690	204,017,895	183,844,983	23,324,074	78,503,390
2007	802,084,309	218,355,001	198,477,251	27,888,079	82,754,213
2008	900,052,366	240,006,510	216,095,061	25,461,983	76,947,962
2009	924,249,336	254,066,849	223,073,530	35,618,563	78,152,281
2010	834,108,715	256,442,463	258,825,850	32,405,858	112,691,566
2011	796,187,198	259,924,017	257,840,462	31,707,331	108,228,918
2012	810,126,651	261,333,463	254,802,905	36,235,560	108,145,377

Notes: Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At this point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value 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: L.A. County Assessor 2002/03 -2011/12 combined Tax Rolls provided by HdL, Coren & Cone

Unknown	Taxable Assessed Value	Direct Tax Rate
\$ 6,080,544	\$ 953,687,742	0.59360%
15,121,604	1,026,556,737	0.59653%
16,996,055	1,104,760,901	0.68950%
17,719,324	1,209,030,356	0.69569%
9,954,395	1,339,513,248	0.68705%
-	1,458,563,882	0.68705%
-	1,515,160,559	0.68605%
-	1,494,474,452	0.73077%
-	1,453,887,926	0.73507%
	1,470,643,956	0.73170%

City of San Fernando
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City Direct Rates:						
City basic rate	0.3320	0.3320	0.4320	0.4320	0.4291	0.4320
Redevelopment agency/Other	0.1929	0.1919	0.2913	0.2904	0.2868	0.2887
Total City Direct Rate	0.5936	0.5965	0.6895	0.6957	0.6871	0.6794

NOTES:

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

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone.

Sources: L. A. County Assessor 2002/03 - 2011/12. Tax rate table prepared on 10/23/2012 by MV HdL Report

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
0.4298	0.4298	0.4298	0.4298
0.2886	0.2885	0.2879	0.2879
0.6861	0.7308	0.7351	0.7317

City of San Fernando
Principal Property Tax Payers
Top Ten - Current Year and Nine Years Ago

Taxpayer	2012		Taxpayer	2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CPF San Fernando LLC	\$ 69,354,801	4.72%	CLPF San Fernando LP	\$ 42,752,200	4.48%
Pharmavite LLC	39,563,692	2.69%	SFVS Company LLC	17,295,120	1.81%
SFVS Company LLC	19,942,752	1.36%	Land M O Hearn Properties LLC	14,756,340	1.55%
Foothill HD Retail Center LLC	18,840,859	1.28%	Voit Glenoaks Partners LLC	13,300,000	1.39%
Ahi Glenoaks Inc.	15,314,658	1.04%	San Fernando Associates	9,990,183	1.05%
San Fernando Gateway LLC	14,189,185	0.96%	Argonaut Holdings Inc.	9,616,924	1.01%
315 Partners LLC	13,539,038	0.92%	GMS Realty LLC	8,823,000	0.93%
San Fernando Associates	10,065,121	0.68%	816 Partners LLC	6,000,000	0.63%
San Fernando Valley Automotive LLC	8,446,810	0.57%	Puretek Corporation	5,945,767	0.62%
NNN California Auto Services	8,249,567	0.56%	Nathan O. Shaw Trust	5,904,341	0.62%
Total Top Ten	<u>\$ 217,506,483</u>	<u>14.79%</u>	Total Top Ten	<u>\$ 134,383,875</u>	<u>14.09%</u>
Total Property Taxes	<u>\$ 1,470,643,956</u>		Total Property Taxes	<u>\$ 953,687,742</u>	

Source: HdL, Coren & Cone

City of San Fernando
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	\$ 6,021,584	\$6,119,018	101.62%	\$ 55,752	\$ 6,174,770	102.54%
2004	6,481,679	6,342,738	97.86%	74,254	6,416,992	99.00%
2005	7,862,160	8,045,587	102.33%	65,771	8,111,358	103.17%
2006	8,403,799	9,015,419	107.28%	142,693	9,158,112	108.98%
2007	9,197,054	9,901,528	107.66%	102,464	10,003,992	108.77%
2008	9,909,383	10,361,519	104.56%	70,019	10,431,538	105.27%
2009	9,661,994	10,977,764	113.62%	352,262	11,330,026	117.26%
2010	9,754,979	11,049,754	113.27%	426,417	11,476,171	117.64%
2011	9,693,186	11,146,361	114.99%	10,929	11,157,290	115.10%
2012	10,760,744	10,622,934	98.72%	253,124	10,876,058	101.07%

Note: The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Prior Year CAFR, City Financial Information, HdL Reports

City of San Fernando
Water Customers
Current Year and Nine Years Ago

Water Customer	2012		Water Customer	2003	
	Water Charges	Percent of Total Water Revenues		Water Charges	Percent of Total Water Revenues
Pharmavite Corporation	\$ 32,579	1.18%	Puretek Corporation	\$ 14,613	0.63%
Pharmavite Corporation	19,675	0.71%	Oh Boy! Corporation	8,418	0.36%
Puretek Corporation	13,223	0.48%	Voit Glenoaks Partner	7,526	0.32%
Mission Park Apartments	9,940	0.36%	KV Mart #19	6,718	0.29%
Fresenius Medical CA	9,734	0.35%	Mission Park Apartments	5,708	0.24%
LA Board of Education	9,640	0.35%	Pharmavite Corporation	5,409	0.23%
Majers, Olin	9,061	0.33%	LA Board of Education	5,300	0.23%
Home Depot #609	8,814	0.32%	LACO - Int Service Dept.	5,103	0.22%
KV Mart #19	8,799	0.32%	Flex - Link Products	5,029	0.22%
The SFVS Company LLC	8,551	0.31%	Tanaka, June	5,001	0.21%
Total Top Ten	<u>\$ 130,016</u>	<u>4.69%</u>		<u>\$ 68,824</u>	<u>2.95%</u>
Total Water Revenue	<u>\$ 2,770,589</u>			<u>\$ 2,333,646</u>	

Source: Eden UB System (Water only)

City of San Fernando
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Loans	Total Governmental Activities		
2003	-	\$ 7,065,000	\$ 1,521,839	\$ 8,586,839	2.01%	354
2004	-	6,525,000	2,299,775	8,824,775	1.95%	363
2005	-	5,340,000	6,023,726	11,363,726	2.36%	469
2006	-	5,340,000	6,023,726	11,363,726	2.21%	471
2007	-	16,113,506	6,348,789	22,462,295	4.17%	943
2008	-	15,075,000	6,610,671	21,685,671	3.93%	917
2009	-	13,985,000	6,643,296	20,628,296	3.74%	866
2010	-	12,850,000	6,582,631	19,432,631	5.41%	821
2011	-	11,620,158	6,307,069	17,927,227	4.94%	756
2012	-	-	2,424,692	2,424,692	Not Available	102

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Personal income numbers not available for 2012

Source: City Finance Department

City of San Fernando
Direct and Overlapping Bonded Debt
June 30, 2012

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Direct Debt:			
1998 Tax Allocation Bonds Project Area 1	\$ 330,000	100.000%	\$ 330,000
1998 Tax Allocation Bonds Project Area 3	1,560,000	100.000%	1,560,000
2006 Tax Allocation Bonds Project	8,550,000	100.000%	8,550,000
Total Direct Debt:			10,440,000
Overlapping Debt:			
*Metropolitan Water District Area 1117 DS	94,031,705	0.109	102,416
LA City Community College 2003 Ser B	68,950,000	0.253	174,221
LA City Community College Dist 2003 Ser 2004B	15,010,000	0.253	37,927
LA City Community College Dist 2001 Ser 2004A	74,615,000	0.253	188,535
LACC DS REF 2001 Series 2005 A	430,410,000	0.253	1,087,548
LA City Community College DS Ref 2001 2006 Series B	382,575,000	0.253	966,680
LA City Community College DS Ref 2003 2006 Series C	284,050,000	0.253	717,730
LACC DS 2001 2008 Series E-1	275,580,000	0.253	696,328
LACC DS 2003 2008 Series F-1	344,915,000	0.253	871,522
LACC DS 2003 2008 Taxable Series F-2	3,805,000	0.253	9,614
LACC DS 2008 2009 Taxable Series A	350,000,000	0.253	884,370
LACC DS 2008 2009 Taxable Series B	75,000,000	0.253	189,508
LACC DS 2008 2010 Taxable Series D	175,000,000	0.253	442,185
LACC DS 2008 2010 Taxable Series E (BABS)	900,000,000	0.253	2,274,096
LACC DS 2008 2010 Taxable Series C	125,000,000	0.253	315,847
Los Angeles Unif Sch Dis 1997 Ser A	64,120,000	0.314	201,020
Los Angeles Unif Sch Dis 1997 Ser E	15,665,000	0.314	49,111
Los Angeles Unif Sch Dis 2002 Refdg BD	210,440,000	0.314	659,743
Los Angeles Unif Sch Dis 1997 Ser F	82,930,000	0.314	259,991
Los Angeles Unif Sch Dis 2002 Ser A	35,000,000	0.314	109,727
Los Angeles Unif Sch Dis 2004 Series C 2004	36,905,000	0.314	115,700
Los Angeles Unif Sch Dis 2004 Ref Bonds A-1	90,165,000	0.314	282,673
Los Angeles Unif Sch Dis 2004 Ref Bonds A-2	127,080,000	0.314	398,404
Los Angeles Unif Sch Dis 2004 Series E	229,210,000	0.314	718,588
Los Angeles Unif Sch Dis 2005 Ref Bds A-1	346,750,000	0.314	1,087,084
Los Angeles DS 2005 Refunding Bonds A-2	120,925,000	0.314	379,108
Los Angeles Unif Sch Dis 2004 Series F	436,035,000	0.314	1,366,998
LA USD DS 2006 Ref BD Series A	132,325,000	0.314	414,847
LA USD DS 2005 Series A (2006)	255,210,000	0.314	800,100
LA USD DS 2005 Series B (2006)	334,290,000	0.314	1,048,021
LA USD DS 2005 Series C (2006)	449,130,000	0.314	1,408,052
LA USD DS 2005 Series D (2006)	882,535,000	0.314	2,766,804
LA USD DS 2006 Refunding Series B	558,340,000	0.314	1,750,432
LA USD DS 2007 Refunding Series A-1	1,133,525,000	0.314	3,553,674
LA USD DS 2007 Refunding Series A-2	136,055,000	0.314	426,541
LA USD DS 2002 Series B (2007)	234,740,000	0.314	735,925
LA USD DS 2007 Ref BDS Series B	24,650,000	0.314	77,279
LA USD DS 2002 Series C	518,525,000	0.314	1,625,610
LA USD DS 2004 Series H	141,145,000	0.314	442,499
LA USD DS 2005 Series E	29,680,000	0.314	93,049
LA USD DS 2002 Series D	141,250,000	0.314	442,828
LA USD DS 2004 Series I	5,615,000	0.314	17,603
LA USD DS 2005 Series F	145,250,000	0.314	455,368
LA USD DS 2002 Series E	157,165,000	0.314	492,722
LA USD DS 2004 Series J	130,450,000	0.314	408,969

City of San Fernando
Direct and Overlapping Bonded Debt - Continued
June 30, 2012

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt - Continued:			
LA USD DS 2005 Series G	3,795,000	0.314	11,912
LA USD DS 2005 Series H & 2010	768,490,000	0.314	2,409,266
LA USD DS 2009 Refunding Measure R Bonds	55,570,000	0.314	174,216
LA USD DS Measure R Series KRY BABS	200,000,000	0.314	627,013
LA USD DS Measure Y Series 2009 KRY BABS	363,005,000	0.314	1,138,044
LA USD DS 2009 Refunding Prop BB Bonds	73,335,000	0.314	229,910
LA USD DS Measure R Series 2010 KRY BABS	806,795,000	0.314	2,529,355
LA USD DS Measure R Series 2010 KRY BABS	1,250,585,000	0.314	3,920,665
LAUSD 2010 REFUNDING SERIES A PROP BB	407,805,000	0.314	1,278,495
LAUSD 2010 REFUNDING SERIES A (MEASURE K)	156,000,000	0.314	489,070
Total Overlapping Debt:			44,354,943
Total Direct & Overlapping Debt:			\$ 54,794,943

2011/12 Assessed Valuation: \$940,235,873 after deducting \$530,408,083 Redevelopment Increment.

Debt to Assessed Valuation Ratios:	Direct Debt	1.11%
	Overlapping Debt	4.72%
	Total Debt	5.83%

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) The total debt to assessed valuation ratio is calculated by the total direct and overlapping debt divided by the 2010/11 Assessed Valuation.
- (5) 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.
- (6) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

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

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Source: L. A. County Assessor and Auditor Combined 2011/12 Lien Date Tax Rolls. Prepared on 10/23/2012 by MV.

City of San Fernando
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Assessed valuation	\$ 953,687,742	\$ 1,026,556,737	\$ 1,104,760,901	\$ 1,209,030,356
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	238,421,936	256,639,184	276,190,225	302,257,589
Debt limit percentage	15%	15%	15%	15%
Debt limit	35,763,290	38,495,878	41,428,534	45,338,638
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 35,763,290</u>	<u>\$ 38,495,878</u>	<u>\$ 41,428,534</u>	<u>\$ 45,338,638</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: L.A. County Assessor 2011/12 Combined Tax Rolls, HdL, Coren & Cone, and City Finance Department. Prepared on 10/23/2012 By MV.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 1,339,513,248	\$ 1,458,563,882	\$ 1,515,160,559	\$ 1,494,474,452	\$ 1,453,887,926	\$ 1,470,643,956
25%	25%	25%	25%	25%	25%
334,878,312	364,640,971	378,790,140	373,618,613	363,471,982	367,660,989
15%	15%	15%	15%	15%	15%
50,231,747	54,696,146	56,818,521	56,042,792	54,520,797	55,149,148
-	-	-	-	-	-
<u>\$ 50,231,747</u>	<u>\$ 54,696,146</u>	<u>\$ 56,818,521</u>	<u>\$ 56,042,792</u>	<u>\$ 54,520,797</u>	<u>\$ 55,149,148</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of San Fernando
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population ¹	Calif. Metropolitan Personal Income (in thousands) ²	Calif. Metropolitan Per Capita Personal Income ²	Unemployment Rate ³
2003	24,253	\$ 427,549,556	\$ 33,435	6.6%
2004	24,304	452,200,899	35,170	7.2%
2005	24,207	482,011,274	37,441	7.8%
2006	24,119	513,123,392	39,880	7.8%
2007	23,818	539,163,000	41,875	7.8%
2008	23,645	552,449,876	42,916	7.6%
2009	23,833	551,271,235	42,818	11.9%
2010	23,662	359,081,000	14,156	12.9%
2011	23,712	363,168,000	15,290	12.9%
2012	23,818	Not Available	Not Available	11.5%

Sources: ¹ US Census Bureau

² HdL Report/Bureau of Economic Analysis (data shown is for the metropolitan area of L.A.-Long Beach-Santa Ana through 2009; thereafter it is specific to the City of San Fernando)

³ US Census Bureau/Personal Profile for years 2011-2012. Estimates for previous years.

City of San Fernando
Miscellaneous and Demographic Statistics

Date Incorporated	August 31, 1911	
Form of Government	Council-City Administrator	
Land Area	2.42 square miles	
Land Use (Estimated % of City)	Residential	43.2%
	Commercial	10.2%
	Industrial	9.7%
	Public/Institutional	7.4%
	Open space	1.7%
	Highway and streets, rights-of-way	26.3%
	Undeveloped land	1.6%
		100.0%

Building Permits	<u>Calendar Year</u>	<u># Permits</u>	<u>Valuation</u>
	1995	650	\$ 4,802,623
	1996	354	5,321,998
	1997	379	6,229,912
	1998	241	5,314,484
	1999	277	6,879,355
	2000	481	8,530,618
	2001	499	11,829,627
	2002	527	5,852,529
	2003	985	9,610,033
	2004	551	10,249,858
	2005	1,390	15,845,473
	2006	1,421	13,860,435
	2007	1,137	9,549,375
	2008	1,035	15,742,359
	2009	858	9,888,598
	2010	797	8,024,919
	2011	760	7,146,062
	2012	810	19,328,819

Source : Various City Departments

**City of San Fernando
Principal Employers (Top Twenty)
Current Year**

2012			
Company	Number of Employees	Percent of Total	
		City Employment	Type
Los Angeles Unified School District	580	5.49%	Public Education
JT Contractors	400	3.79%	Clothing Manufacturer
Puretek	400	3.79%	Pharmaceutical Products
Pepsi Bottling Co.	300	2.84%	Wholesale Beverages
Los Angeles County	265	2.51%	County Government
Home Depot	250	2.37%	Home Improvement Supplies
Linzer Products	250	2.37%	Painters Equipment & Supplies
Samco Scientific	250	2.37%	Physicians & Surgeons Equip
Future Graphics	220	2.08%	Wholesale Printer Cartridges
Bernards Brothers	200	1.89%	Building Contractor
City of San Fernando	157	1.49%	City Government
Medical Illumination International	155	1.47%	Physicians & Surgeons Equip
Sam's Club	140	1.33%	Retail
McDonald's	119	1.13%	Restaurant
7 Up RC Bottling	100	0.95%	Wholesale Beverages
J & M Products	100	0.95%	Clamp Manufacturer
Premier Accessories Manufacturing	100	0.95%	Wholesale Apparel
Rydell's San Fernando	100	0.95%	Automotive Dealership
Santana Formal Accessories	100	0.95%	Formal Accessories
Wic Nutrition Program	99	0.94%	Social Service & Welfare
Total Top Twenty Employers	<u>4,285</u>	<u>40.58%</u>	
Total Employed within the City	<u>10,560</u>		

Note: Figures have been rounded to the nearest tenth. Information as of August 2010. Information from 10 years ago not available.

Disclaimer: The City of San Fernando makes no claims concerning the accuracy of data provided nor assumes any liability resulting from the use of information herein.

City of San Fernando
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	41	42	38	37	37	36	35	50	48	59
Public safety	61	62	61	59	59	62	65	65	60	55
Public works	41	41	42	48	43	46	47	38	38	35
Community development	10	10	10	9	11	10	10	6	5	9
Total	<u>153</u>	<u>155</u>	<u>151</u>	<u>153</u>	<u>150</u>	<u>154</u>	<u>157</u>	<u>159</u>	<u>151</u>	<u>158</u>

Source: City Personnel Records

**City of San Fernando
Operating Indicators
by Function
Last Ten Calendar Years**

Function	Calendar Year				
	2003	2004	2005	2006	2007
Police:					
Arrests	1,310	1,481	1,432	1,377	1,571
Parking citations issued	16,233	16,129	15,860	15,205	16,074

Source: City of San Fernando Police Department

Calendar Year				
2008	2009	2010	2011	2012
2,471	2,721	1,933	1,424	887
19,096	16,966	16,583	14,799	13,407

**City of San Fernando
Capital Asset Statistics
by Function
Last Ten Fiscal Years**

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	0	0	0	0	0
Public works:					
Streets (miles)	50.00	50.00	50.00	50.00	50.00
Streetlights	1,678	1,678	1,678	1,678	1,678
Traffic signals intersections	45	45	45	45	45
Parks and recreation:					
Parks	4	5	5	5	6
Recreation centers	2	2	2	2	2
Water:					
Water mains (miles)	66.50	66.50	66.50	66.50	66.50
Maximum daily pumping capacity (thousands of gallons)	600	600	600	600	600
Wastewater:					
Sanitary sewers (miles)	40.00	40.00	40.00	40.00	40.00
Storm sewers (miles)	0.68	0.68	0.68	0.68	0.68

Source: City of San Fernando Public Works Department

Fiscal Year				
2008	2009	2010	2011	2012
1	1	1	1	1
0	0	0	0	0
50.00	50.00	50.00	50.00	50.00
1,678	1,678	1,848	1,848	1,848
45	45	45	45	45
6	6	6	6	6
2	2	2	2	2
66.50	66.50	66.50	66.50	66.88
600	600	600	600	600
40.00	40.00	40.00	40.00	40.00
0.68	0.68	0.68	0.68	0.68