



COMPREHENSIVE ANNUAL FINANCIAL REPORT

2013



For the fiscal year ended June 30, 2013
SAN FERNANDO, CALIFORNIA

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, 2013

Prepared By:
Finance Department

**City of San Fernando
Comprehensive Annual Financial Report
Year Ended June 30, 2013**

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I. Introductory Section



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CITY OF
San Fernando
Historic & Visionary

January 30, 2014

**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, 2013, 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 Van Lant & Fankhanel, LLP; 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, 2013, 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, 2013, 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 30, 2014

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

Honorable Mayor and City Council Members
Residents of San Fernando
January 30, 2014

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 2013 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

Building upon the efforts of this past fiscal year, the City will continue to expand revenues and decrease expenditures in order to achieve the City's financial goals of having a balanced budget with a reserve fund. In order to achieve these goals, the City will have to continue its multifaceted approach that includes: working with the city's various union groups; ongoing evaluation 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 commercial and industrial 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 continues 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 continues to improve and 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.

Economic conditions continue to improve but at a slower than anticipated pace. Commercial vacancies have improved but there are still a number of vacancies within the downtown commercial area that continue to impact the city and resulted in a decline in sales tax revenues. The business climate in the auto industry has improved and the City anticipates an increase in the City's sales tax revenue from local auto dealership sites specifically the opening of the Chrysler Dodge Jeep Ram new and used automotive dealership and the recent approval of a new Tricolor Automotive Group's used automotive dealership on formerly closed automotive dealership sites. City staff's ongoing efforts to work with new businesses to streamline the building permit process that resulted in short turnaround times for building permit processing and construction have also ushered in new businesses including El Super Grocery Store, a Smart and Final Express Store, a Walgreens Pharmacy, and new industrial users that have added close to 300 employees to the local workforce.

Additionally, as the housing market in Southern California continues to 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. Consistent with this approach, the City is working toward the development of Transit Oriented Development Zone that will facilitate new mixed-use and multi-residential development projects in close proximity to the City's downtown and major transit centers.

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, the City completed infrastructure improvements that included new street improvement projects, new way finding signage throughout the City, new bus shelters, replacement of 2,625 lineal feet of water main lines, completed the entitlement process and begun the construction of the City's nitrate removal system project at Well Site 2, a new refuse contract was awarded, and reviewed and approved discretionary permits for new affordable housing projects on privately owned properties. Also, the City's passage of new sewer and water rate increases in May of 2012 continue to facilitate water and sewer improvement projects during FY 2012-2013 and into the new fiscal year in order to address the City's aging water and sewer infrastructure. During FY 2013-2014, the City will be working towards participating in an Enhanced Watershed Management Plan Group consistent with the requirements from the Regional Water Quality Control Board to address regional storm water issues, completion of a Sewer Master Plan and associated sewer infrastructure upgrades, development of a Pavement Management

Honorable Mayor and City Council Members
Residents of San Fernando
January 30, 2014

System Plan, implementation of a nitrate removal project at Well Site No. 7, feasibility study for a new and/or upgrade of existing Compressed Natural Gas Fast Fuel Station to increase General Fund revenues and associated sale of carbon credits from said facilities.

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 continue to be slow.

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, 2012. This was the 28th 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 2013 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). This report would not have been accomplished without their support and without the dedication of the audit firm Van Lant & Fankhanel, LLP. Each contributing member of the City staff has my sincere appreciation for the contributions made in the preparation of this report. As a newer member of this staff team, I am very 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.

Honorable Mayor and City Council Members
Residents of San Fernando
January 30, 2014

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,

A handwritten signature in blue ink, appearing to read "Rafaela T. King". The signature is stylized with large, flowing loops and is positioned above the printed name.

Rafaela T. King, CPA, MBA
Interim Finance Director



ELECTED OFFICIALS

City Council

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

Interim City Manager

Community Development Director

Interim Finance Director

Personnel Manager

Interim Police Chief

Public Works Director

Recreation & Community Services

Operations Manager

Don Penman

Fred Ramirez

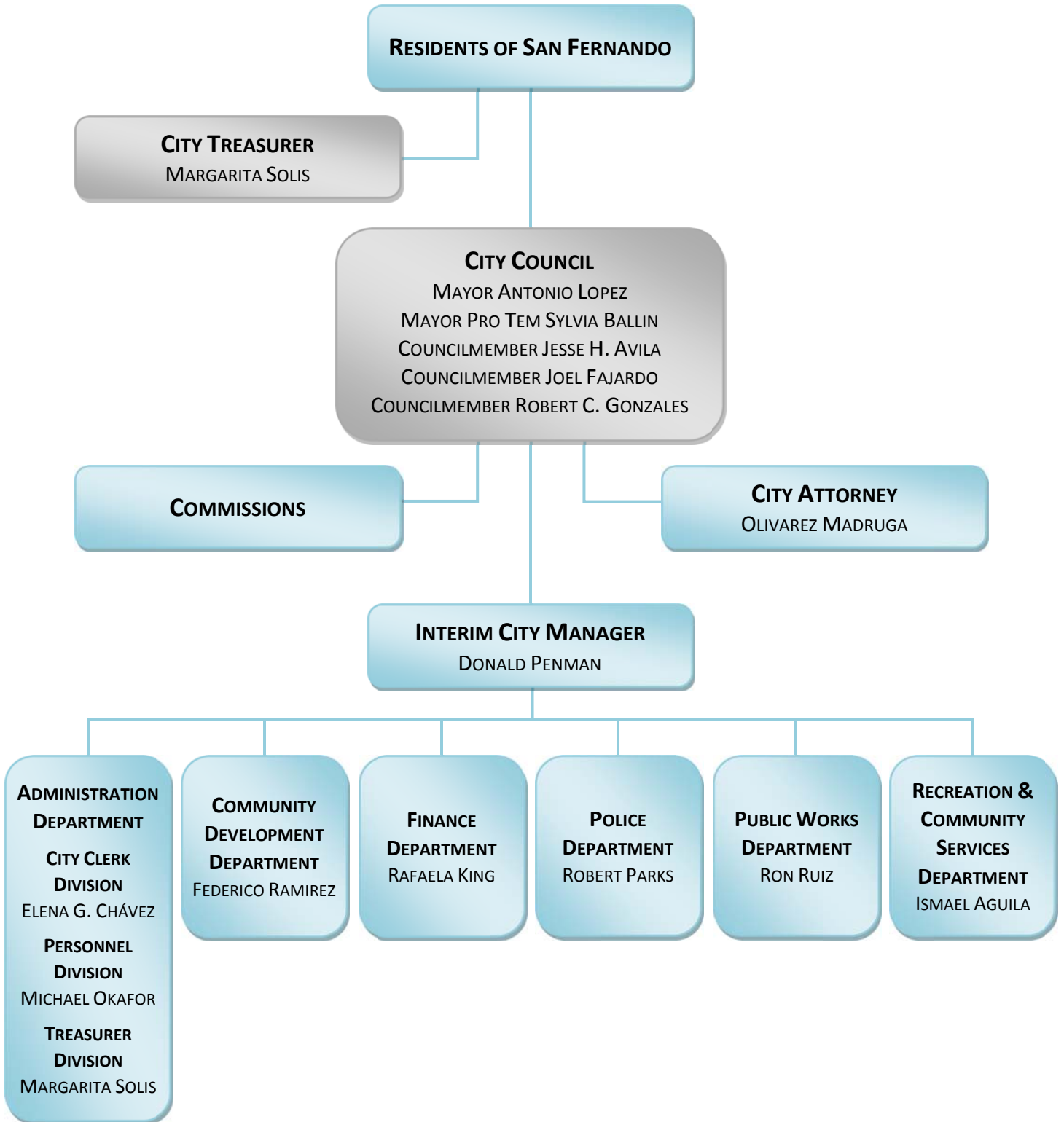
Rafaela King

Michael Okafor

Robert Parks

Ron Ruiz

Ismael Aguila



ELECTED
OFFICIAL



Government Finance Officers Association

**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, 2012

Executive Director/CEO

II. Financial Section



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Independent Auditor's Report

The Honorable City Council
City of San Fernando, California

Report on the Financial Statements

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 (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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 10 and 12 to the financial statements, as of June 30, 2013, 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 10 and 12. 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

January 30, 2014

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. 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.

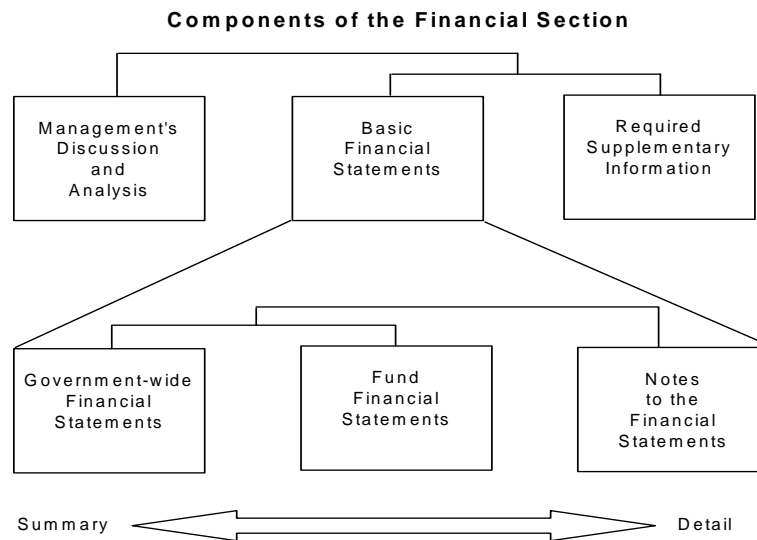
FINANCIAL HIGHLIGHTS

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, 2013:

- ❖ The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$57,604,086 (net position). Unrestricted net position was (\$8,151,279) at June 30, 2013. (P. 13)
- ❖ As of June 30, 2013, the City's governmental funds reported combined fund balances of (\$2,556,435). (P. 17)

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.



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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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 revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 36 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, each of which are considered to be major funds. Data from the other 23 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.

Fund Financial Statements (continued)

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 55 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, 2013**

Government-wide Financial Analysis

Statement of Net position

The following table is a summary of the statement of net position at June 30, 2013.

Summary of Net position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 1,470,512	\$ 2,439,230	\$ 9,154,489	\$ 8,717,912	\$ 10,625,001	\$ 11,157,142
Capital assets	50,776,007	52,505,498	14,420,860	14,811,543	65,196,867	67,317,041
Total assets	52,246,519	54,944,728	23,575,349	23,529,455	75,821,868	78,474,183
Liabilities:						
Current and other liabilities	5,278,832	4,062,715	662,321	830,335	5,941,153	4,893,050
Long-term liabilities	12,276,629	11,412,324	-	-	12,276,629	11,412,324
Total liabilities	17,555,461	15,475,039	662,321	830,335	18,217,782	16,305,374
Net position:						
Net investment in capital assets	49,532,007	50,993,498	14,420,860	14,811,543	63,952,867	65,805,041
Restricted	1,802,498	2,553,805	-	-	1,802,498	2,533,805
Unrestricted	(16,643,447)	14,057,614	8,492,168	7,887,577	(8,151,279)	(6,170,037)
Total net position	\$ 34,691,058	\$ 39,469,689	\$ 22,913,028	\$ 22,699,120	\$ 57,604,086	\$ 62,168,809

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In this case, City assets exceeded liabilities by \$57,604,086 at June 30, 2013. (P. 13)

The largest portion of the City's net position, \$63,952,867, 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. (P. 13)

A portion of the City's net position, \$1,802,498, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, if any, may be used to meet the government's ongoing obligations to citizens and creditors. (P. 13)

At the end of the current fiscal year, the City is able to report a positive balance in two categories of net position (Net investment in capital assets and Restricted); the City's governmental activities unrestricted net position was a deficit of \$16,643,447. (P. 13)

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Government-wide Financial Analysis (continued)

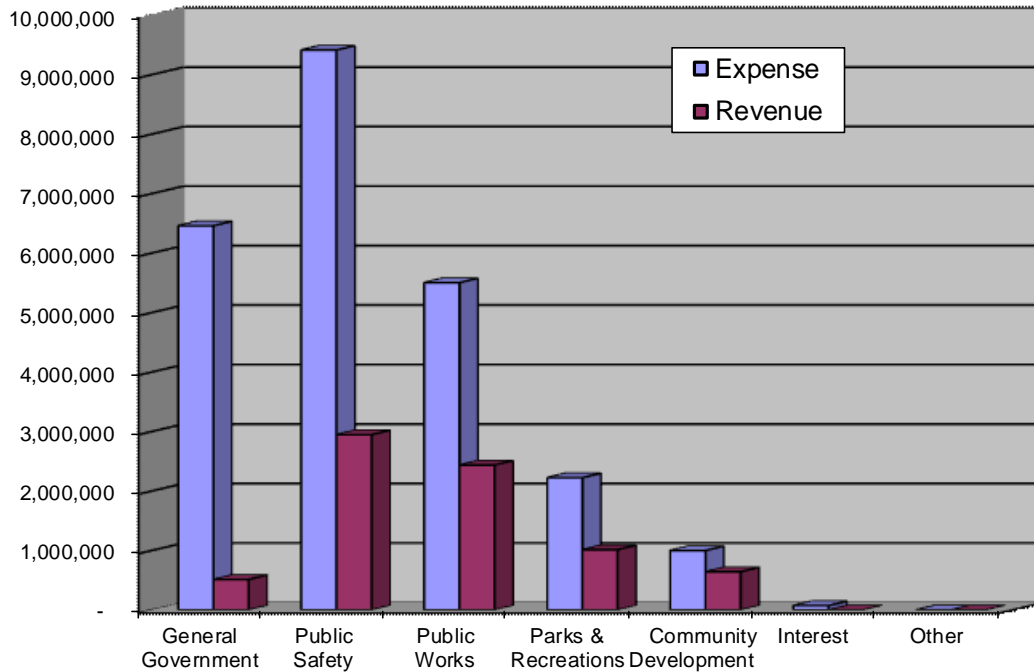
Statement of Activities

Governmental and Business-type activities decreased the City's net position by \$4,564,723. Key elements of this decrease are as follows: (P. 15)

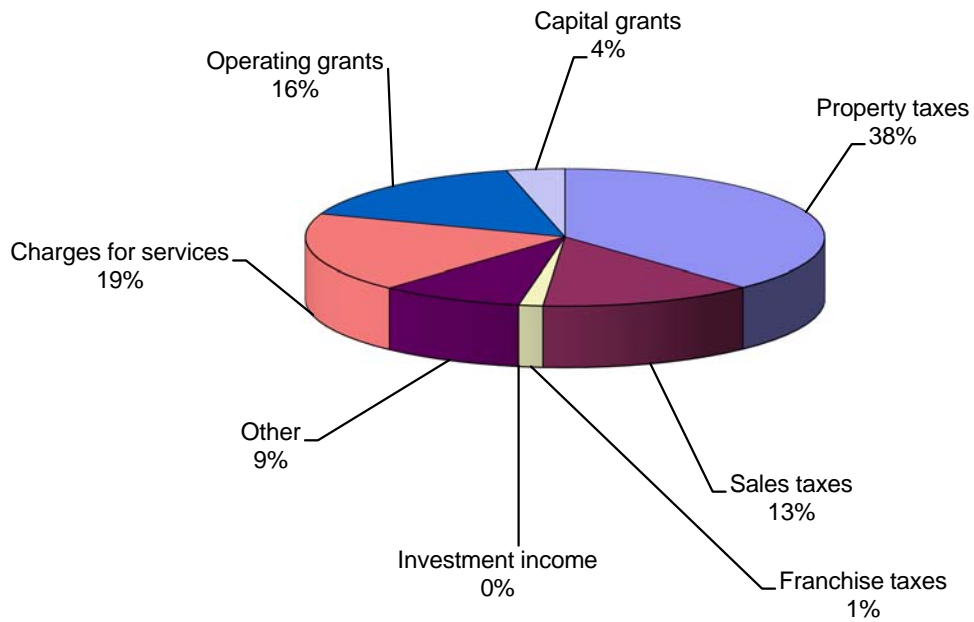
- ❖ Governmental activities decreased the City's net position by \$4,778,631 due to a significant decrease in Property taxes resulting from the dissolution of the former Redevelopment Agency and subsequent transfer of net position to the Successor Agency Trust Fund. (P. 15/53)
- ❖ Business-type activities increased the City's net position by \$213,908 due to decreased in revenue. (P. 15)

	Change in Net position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program revenues						
Charges for services	\$ 3,696,311	\$ 3,380,246	\$ 7,315,608	\$ 6,472,744	\$ 11,011,919	\$ 9,852,990
Operating grants and contributions	3,139,513	3,197,798	-	-	3,139,513	3,197,798
Capital grants and contributions	719,000	930,527	-	-	719,000	930,527
General revenues						
Taxes	11,842,117	15,575,564	-	-	11,842,117	15,575,564
Investment earnings and others	378,137	947,765	16,079	11,152	394,216	958,917
Total revenue	<u>19,775,078</u>	<u>24,031,900</u>	<u>6,596,721</u>	<u>6,483,896</u>	<u>27,106,765</u>	<u>30,515,796</u>
Expenses						
General government	6,459,914	6,394,275	-	-	6,459,914	6,397,275
Public safety	9,414,862	10,346,561	-	-	9,414,862	10,346,561
Public works	5,503,387	5,423,605	-	-	5,503,387	5,423,605
Parks and recreation	2,224,370	2,145,767	-	-	2,224,370	2,145,767
Community development	999,751	1,944,293	-	-	999,751	1,944,293
Capital Outlay	-	-	-	-	-	-
Interest and fiscal charges	72,425	509,971	-	-	72,425	509,971
Enterprise operations	-	-	6,996,779	6,721,633	6,996,779	6,721,633
Total expenses	<u>24,674,709</u>	<u>26,767,472</u>	<u>6,996,779</u>	<u>6,721,633</u>	<u>31,671,488</u>	<u>33,489,105</u>
Increase (decrease) in net position before transfers	(4,899,631)	(2,735,572)	334,908	237,737)	4,574,723)	(2,973,309)
Transfers (out)	121,000	121,000	(121,000)	(121,000)	-	-
Extraordinary Gain						4,810,783
Increase (decrease) in net position	(4,778,631)	(2,196,211)	213,908	358,737)	(4,564,723)	1,837,474)
Net position – beginning	<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>
Net position – ending	<u>\$ 34,691,058</u>	<u>\$ 39,469,689</u>	<u>\$ 22,913,028</u>	<u>\$ 22,699,120</u>	<u>\$ 57,604,086</u>	<u>\$ 62,168,809</u>

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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 (\$2,556,435). (P. 17/18) The City's governmental funds report a deficit of (\$4,880,158) 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) \$41,091 for inventories, 2) \$140,000 for long-term receivables, 3) \$211,840 for advances to other funds, 4) \$94,787 for prepaid items and 5) \$1,836,005 restricted for transportation, air pollution, parks and recreation, and public safety. (P. 16/17)

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 (\$2,139,983). (P. 16)

The negative balance in the General fund is (\$1,747,052) (P.16) and is due largely to the self-insurance 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 \$2,078,435 (P.16) at the end of the fiscal year, which accounts for an increase in the fund deficit in the amount of \$70,637 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.

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 position of the enterprise funds amounted to \$22,913,028 and total increase in net position for these funds was \$213,908 for the year ended June 30, 2013. (P. 15-Business type activities)

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, 2013, unrestricted net position 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. (P. 18/22)

General Fund Budgetary Highlights

In the General Fund, the actual expenditures \$16,444,886, compared to the final budget \$16,233,350, increased by \$211,536 primarily due to legal fees, election costs, public safety and the aquatic facility. During the year, actual revenues were more than final budgetary estimates by \$249,447 this increase is due to taxes. (P. 56)

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities amounts to \$50,776,007 (net of accumulated depreciation of \$46,233,432) as of June 30, 2013. (P.18/41) This investment in capital assets includes land, buildings, improvements other than building, 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 \$909,612 before depreciation. (P. 21)

**Capital Assets
(Net of Accumulated Depreciation)**

	Governmental Activities	Business-type Activities	Total
Capital assets not being depreciated	\$ 5,534,485	\$ 1,170,034	\$ 6,704,519
Capital assets being depreciated	91,474,954	34,648,873	126,123,827
Less accumulated depreciation	(46,233,432)	(21,398,047)	(67,631,479)
Net	<u>\$ 50,776,007</u>	<u>\$ 14,420,860</u>	<u>\$ 65,196,867</u>

Additional information on the City's capital assets can be found in note 4 to the basic financial statements on pages 41-42 of this report.

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

Governmental activities:

- ❖ Capital asset additions in governmental activities include: Bus Shelters, Lopez Adobe Rehabilitation, Slurry Seal Projects.

Business-type activities:

- ❖ Upgrades relating to the water and sewer systems including construction of Nitrate Removal System Project, Water Pump for Well #7, and the installation of Water Meters.

Debt Administration. At the end of the current fiscal year, total long-term debts amounted to \$13,978,668. Total long-term debts in governmental activities consist of the following: (P. 43)

Long-Term Liabilities
(Note 6):

Section 108 loan	\$	1,244,000
CHFA loan		712,692
Compensated absences		1,456,781
Claims payable		3,119,556
Other post-employment Benefit obligation		<u>7,445,639</u>
Total	\$	<u>13,978,668</u>

State statutes limit the amount of general obligation debt a governmental entity may issue 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 43-46 of this report.

Economic Factors and Next Year's Budget

In the fiscal year ending June 30, 2013, the City of San Fernando maintained a conservative budget in light of reduced revenues due to the ongoing slowly recovering economy. 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 revenues sources and improve organizational efficiency in the delivery of city services. Such measures included controlling and reducing operation costs by 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 need for General Fund monies, upgrade of energy efficient lighting infrastructure, applying for grant funds to offset planning and police personnel costs consistent with the city's goals and objectives without local matching requirements,, 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.

In the upcoming fiscal year 2013-2014, the City plans to maintain a conservative budget in light of current economic conditions. Revenues to the General Fund and are expected to fall slightly. Expenditures are expected to fall with anticipated savings from the negotiated employee concessions, continued reduced spending and contract monitoring and negotiations.

In spite of the economic conditions, the City plans on continuing with the Water Nitrate Project, Energy Efficient Induction Lighting Project, several street paving and repair projects and increased fuel sales due to expansion CNG Fueling Station storage capacity, These projects will be funded through grants and/or special revenue funds for the exception of 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 Manager's Office in the City of San Fernando, California.

BASIC FINANCIAL STATEMENTS

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City of San Fernando
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 2,079,151	\$ 4,763,083	\$ 6,842,234
Receivables:			
Taxes	740,954	-	740,954
Accounts	271,063	1,152,874	1,423,937
Interest	1,273	-	1,273
Grants	245,759	-	245,759
Loans Receivable	562,600	-	562,600
Due From Fiduciary Fund	211,840	451,518	663,358
Internal Balances	(2,778,006)	2,778,006	-
Prepaid Items	94,787	238	95,025
Inventories	41,091	8,770	49,861
Capital Assets, Not Depreciated	5,534,485	1,170,034	6,704,519
Capital Assets, Depreciated, Net	<u>45,241,522</u>	<u>13,250,826</u>	<u>58,492,348</u>
 Total Assets	 <u>52,246,519</u>	 <u>23,575,349</u>	 <u>75,821,868</u>
LIABILITIES			
Accounts Payable	2,524,061	405,992	2,930,053
Accrued Liabilities	446,491	70,483	516,974
Deposits Payable	164,008	185,846	349,854
Retentions Payable	19,633	-	19,633
Unearned Revenue	422,600	-	422,600
Long-Term Liabilities			
Due Within One Year	1,702,039	-	1,702,039
Due in More Than One Year	<u>12,276,629</u>	<u>-</u>	<u>12,276,629</u>
 Total Liabilities	 <u>17,555,461</u>	 <u>662,321</u>	 <u>18,217,782</u>
NET POSITION			
Net Investment in Capital Assets	49,532,007	14,420,860	63,952,867
Restricted for:			
Transportation	1,382,495	-	1,382,495
Parks & Recreation	417,048	-	417,048
Public Safety	2,955	-	2,955
Unrestricted	<u>(16,643,447)</u>	<u>8,492,168</u>	<u>(8,151,279)</u>
 Total Net Position	 <u>\$ 34,691,058</u>	 <u>\$ 22,913,028</u>	 <u>\$ 57,604,086</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 6,459,914	\$ 513,512	\$ -	\$ -
Public Safety	9,414,862	1,553,828	1,393,600	-
Community Development	999,751	295,199	347,315	-
Public Works	5,503,387	757,265	960,950	719,000
Parks and Recreation	2,224,370	576,507	437,648	-
Interest Expense	72,425	-	-	-
Total Governmental Activities	24,674,709	3,696,311	3,139,513	719,000
Business-type Activities:				
Water	3,172,962	3,291,272	-	-
Sewer	2,802,013	2,892,407	-	-
Waste Disposal	1,021,804	1,131,929	-	-
Total Business-type Activities	6,996,779	7,315,608	-	-
Total Primary Government	\$ 31,671,488	\$ 11,011,919	\$ 3,139,513	\$ 719,000

General Revenues:

Taxes:

Property

Sales and Use

Property Taxes in lieu of Sales and Use Taxes

Business License Taxes

Franchise

Other Taxes

Investment Income

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (5,946,402)	\$ -	\$ (5,946,402)
(6,467,434)	-	(6,467,434)
(357,237)	-	(357,237)
(3,066,172)	-	(3,066,172)
(1,210,215)	-	(1,210,215)
(72,425)	-	(72,425)
<u>(17,119,885)</u>	<u>-</u>	<u>(17,119,885)</u>
-	118,310	118,310
-	90,394	90,394
-	110,125	110,125
<u>-</u>	<u>318,829</u>	<u>318,829</u>
<u>(17,119,885)</u>	<u>318,829</u>	<u>(16,801,056)</u>
6,650,806	-	6,650,806
2,637,297	-	2,637,297
867,581	-	867,581
1,031,924	-	1,031,924
297,319	-	297,319
357,190	-	357,190
1,530	16,079	17,609
376,607	-	376,607
121,000	(121,000)	-
<u>12,341,254</u>	<u>(104,921)</u>	<u>12,236,333</u>
(4,778,631)	213,908	(4,564,723)
<u>39,469,689</u>	<u>22,699,120</u>	<u>62,168,809</u>
<u>\$ 34,691,058</u>	<u>\$ 22,913,028</u>	<u>\$ 57,604,086</u>

City of San Fernando
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Funds		Other Governmental Funds
		Grants	Retirement Tax	
ASSETS				
Cash and Investments	\$ -	\$ -	\$ -	\$ 1,943,892
Receivables:				
Taxes	643,594	-	31,883	65,477
Accounts	213,769	-	-	57,294
Interest	1,273	-	-	-
Grants	-	229,559	-	16,200
Inventories	41,091	-	-	-
Loans Receivable	140,000	-	-	422,600
Advances to Other Funds	211,840	-	434,576	-
Prepaid Items	-	-	-	94,787
Total Assets	\$ 1,251,567	\$ 229,559	\$ 466,459	\$ 2,600,250
LIABILITIES				
Accounts Payable	\$ 1,323,232	\$ 189,676	\$ 799,136	\$ 212,017
Accrued Liabilities	398,956	6,244	-	41,291
Deposits	162,941	-	-	1,067
Retentions Payable	19,444	-	-	189
Due to Other Funds	940,537	1,103,916	164,686	134,291
Advances From Other Funds	-	869,152	-	-
Total Liabilities	2,845,110	2,168,988	963,822	388,855
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Taxes	153,509	-	-	-
Unavailable Revenues - Grants	-	139,006	-	22,380
Unavailable Revenues - Long-term Loans	-	-	-	422,600
Total Deferred Inflows of Resources	153,509	139,006	-	444,980
FUND BALANCES				
Nonspendable:				
Inventories	41,091	-	-	-
Long-term Receivables	140,000	-	-	-
Prepaid Items	-	-	-	94,787
Advances to Other Funds	211,840	-	-	-
Restricted For:				
Transportation	-	-	-	1,259,621
Air Pollution	-	-	-	100,494
Parks and Recreation	-	-	-	417,048
Public Safety	-	-	-	58,842
Unassigned	(2,139,983)	(2,078,435)	(497,363)	(164,377)
Total Fund Balances	(1,747,052)	(2,078,435)	(497,363)	1,766,415
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,251,567	\$ 229,559	\$ 466,459	\$ 2,600,250

The accompanying notes are an integral part of this statement.

	<u>Total</u>
\$	1,943,892
	740,954
	271,063
	1,273
	245,759
	41,091
	562,600
	646,416
	<u>94,787</u>
\$	<u>4,547,835</u>
\$	2,524,061
	446,491
	164,008
	19,633
	2,343,430
	<u>869,152</u>
	<u>6,366,775</u>
	153,509
	161,386
	<u>422,600</u>
	<u>737,495</u>
	41,091
	140,000
	94,787
	211,840
	1,259,621
	100,494
	417,048
	58,842
	<u>(4,880,158)</u>
	<u>(2,556,435)</u>
\$	<u>4,547,835</u>

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City of San Fernando
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Fund Balances for Governmental Funds \$ (2,556,435)

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

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

Capital Assets	97,009,439
Accumulated Depreciation	(46,233,432)

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. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2013 are:

Loans Payable	(1,956,692)
Claims Payable	(3,119,556)
Compensated Absences	(1,456,781)
Net Other Post-employment Benefit Obligation	(7,445,639)

Long-term receivables that are not available for current use. Amounts are recorded as unavailable revenue under the modified accrual basis of accounting.	314,895
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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 Position.	<u>135,259</u>
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Net Position of Governmental Activities	<u><u>\$ 34,691,058</u></u>
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The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	General Fund	Special Revenue Funds		Other Governmental Funds
		Grants	Retirement Tax	
REVENUES				
Taxes	\$ 7,023,948	\$ -	\$ 2,760,177	\$ 1,336,720
Licenses and Permits	337,085	-	-	-
Charges for Services	2,308,395	-	-	406,542
Fines and Forfeitures	643,363	-	-	90,847
Investment Earnings	206,291	(942)	1,493	12,081
Intergovernmental	1,987,815	1,112,381	47,330	1,319,486
Other	289,555	-	-	222,847
Total Revenues	12,796,452	1,111,439	2,809,000	3,388,523
EXPENDITURES				
Current:				
General Government	3,742,250	-	1,224,771	-
Public Safety	8,663,691	368,649	-	-
Community Development	786,687	-	-	5,290
Public Works	1,811,933	451,151	-	1,771,772
Parks and Recreation	1,440,325	462,276	-	232,250
Capital Outlay	-	-	-	427,999
Debt Service:				
Principal	-	-	-	268,000
Interest and Fiscal Charges	-	-	-	72,425
Total Expenditures	16,444,886	1,282,076	1,224,771	2,777,736
Excess of Revenues Over (Under) Expenditures	(3,648,434)	(170,637)	1,584,229	610,787
OTHER FINANCING SOURCES (USES)				
Transfers In	3,238,164	100,000	-	-
Transfers Out	(100,000)	-	(2,114,401)	(1,002,763)
Total Other Financing Sources (Uses)	3,138,164	100,000	(2,114,401)	(1,002,763)
Net Change in Fund Balances	(510,270)	(70,637)	(530,172)	(391,976)
Fund Balances, Beginning of Year	(1,236,782)	(2,007,798)	32,809	2,158,391
Fund Balances, End of Year	\$ (1,747,052)	\$ (2,078,435)	\$ (497,363)	\$ 1,766,415

The accompanying notes are an integral part of this statement.

Total

\$ 11,120,845
337,085
2,714,937
734,210
218,923
4,467,012
512,402

20,105,414

4,967,021
9,032,340
791,977
4,034,856
2,134,851
427,999

268,000
72,425

21,729,469

(1,624,055)

3,338,164
(3,217,164)

121,000

(1,503,055)

(1,053,380)

\$ (2,556,435)

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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (1,503,055)

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 depreciation exceeded capital outlays in the current period.

Capital Expenditures	1,100,542
Depreciation Expense	(2,830,033)

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

Principal Payments	468,000
--------------------	---------

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:

Compensated Absences	18,416
Other Post-employment Benefits	(1,443,165)

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.

(259,000)

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.

(330,336)

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

-

Change in Net Position of Governmental Activities	\$ (4,778,631)
---	----------------

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal		
ASSETS					
Current Assets:					
Cash and Investments	\$ 1,215,573	\$ 3,541,548	\$ 5,962	\$ 4,763,083	\$ 135,259
Customer Accounts Receivable, Net	526,590	438,566	187,718	1,152,874	-
Inventory	8,770	-	-	8,770	-
Prepaid Items	238	-	-	238	-
Due From Other Funds	1,103,916	1,239,514	-	2,343,430	-
Total Current Assets	2,855,087	5,219,628	193,680	8,268,395	135,259
Noncurrent Assets:					
Advances to Other Funds	-	2,246,245	-	2,246,245	-
Capital Assets:					
Land	26,345	-	-	26,345	-
Water Rights	624,659	-	-	624,659	-
Construction in Progress	519,030	-	-	519,030	-
Buildings and Plant	5,622,896	118,500	-	5,741,396	-
Infrastructure	15,507,151	5,803,785	-	21,310,936	-
Land Improvement	29,200	-	-	29,200	-
Equipment	6,740,931	772,753	53,657	7,567,341	-
Less: Accumulated Depreciation	(17,447,407)	(3,927,926)	(22,714)	(21,398,047)	-
Total Noncurrent Assets	11,622,805	5,013,357	30,943	16,667,105	-
Total Assets	14,477,892	10,232,985	224,623	24,935,500	135,259
LIABILITIES					
Current Liabilities:					
Accounts Payable	119,142	190,419	96,431	405,992	-
Accrued Liabilities	50,405	19,909	169	70,483	-
Customer Deposits	185,846	-	-	185,846	-
Total Current Liabilities	355,393	210,328	96,600	662,321	-
Noncurrent Liabilities:					
Advances From other Funds	1,360,151	-	-	1,360,151	-
Total Noncurrent Liabilities	1,360,151	-	-	1,360,151	-
Total Liabilities	1,715,544	210,328	96,600	2,022,472	-
NET POSITION					
Net Investment In Capital Assets	11,622,805	2,767,112	30,943	14,420,860	-
Unrestricted	1,139,543	7,255,545	97,080	8,492,168	135,259
Total Net Position	\$ 12,762,348	\$ 10,022,657	\$ 128,023	\$ 22,913,028	\$ 135,259

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2013

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal		
OPERATING REVENUES					
Charges for Services	\$ 3,276,067	\$ 2,892,407	\$ 1,125,063	\$ 7,293,537	\$ -
Other	15,205	-	6,866	22,071	-
Total Operating Revenues	<u>3,291,272</u>	<u>2,892,407</u>	<u>1,131,929</u>	<u>7,315,608</u>	<u>-</u>
OPERATING EXPENSES					
Contractual Services	3,061	871,350	846,674	1,721,085	-
Maintenance and Operations	2,595,343	1,795,480	166,677	4,557,500	-
Depreciation	574,558	135,183	4,032	713,773	-
Total Operating Expenses	<u>3,172,962</u>	<u>2,802,013</u>	<u>1,017,383</u>	<u>6,992,358</u>	<u>-</u>
Operating Income (Loss)	<u>118,310</u>	<u>90,394</u>	<u>114,546</u>	<u>323,250</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	1,353	14,722	4	16,079	-
Interest Expense	(4,421)	-	-	(4,421)	-
Total Nonoperating Revenues (Expenses)	<u>(3,068)</u>	<u>14,722</u>	<u>4</u>	<u>11,658</u>	<u>-</u>
Income (Loss) Before Transfers	115,242	105,116	114,550	334,908	-
Transfers Out	<u>(61,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(121,000)</u>	<u>-</u>
Change in Net Position	54,242	45,116	114,550	213,908	-
Total Net Position, Beginning of Year	<u>12,708,106</u>	<u>9,977,541</u>	<u>13,473</u>	<u>22,699,120</u>	<u>135,259</u>
Total Net Position, End of Year	<u>\$ 12,762,348</u>	<u>\$ 10,022,657</u>	<u>\$ 128,023</u>	<u>\$ 22,913,028</u>	<u>\$ 135,259</u>

The accompanying notes are an integral part of this statement.

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City of San Fernando
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 3,199,462	\$ 2,830,874	\$ 1,125,681	\$ 7,156,017	\$ -
Payments to Suppliers and Contractors	(1,210,612)	(2,105,016)	(981,766)	(4,297,394)	-
Payments to Employees	(1,477,107)	(657,995)	(4,326)	(2,139,428)	-
Net Cash Provided (Used) by Operating Activities	<u>511,743</u>	<u>67,863</u>	<u>139,589</u>	<u>719,195</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans from (to) Other Funds	(730,848)	1,235,128	(133,631)	370,649	-
Interest Expense Paid on Advances	(4,421)	-	-	(4,421)	-
Transfers to Other Funds	(61,000)	(60,000)	-	(121,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(796,269)</u>	<u>1,175,128</u>	<u>(133,631)</u>	<u>245,228</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(323,090)	-	-	(323,090)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	1,353	14,722	4	16,079	-
Net Increase (Decrease) in Cash and Cash Equivalents	(606,263)	1,257,713	5,962	657,412	-
Cash and Cash Equivalents - Beginning of Year	<u>1,821,836</u>	<u>2,283,835</u>	<u>-</u>	<u>4,105,671</u>	<u>135,259</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,215,573</u>	<u>\$ 3,541,548</u>	<u>\$ 5,962</u>	<u>\$ 4,763,083</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, 2013

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 118,310	\$ 90,394	\$ 114,546	\$ 323,250	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	574,558	135,183	4,032	713,773	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(96,816)	(61,533)	(6,248)	(164,597)	-
(Increase) Decrease in Inventory	15,021	-	-	15,021	-
(Increase) Decrease in Prepays	(238)	-	-	(238)	-
Increase (Decrease) in Accounts Payable	(87,963)	(96,392)	27,090	(157,265)	-
Increase (Decrease) in Accrued Liabilities	(16,135)	211	169	(15,755)	-
Increase (Decrease) in Customer Deposits	5,006	-	-	5,006	-
TOTAL CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 511,743</u>	<u>\$ 67,863</u>	<u>\$ 139,589</u>	<u>\$ 719,195</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Agency Funds	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and Investments	\$ 100,673	\$ 1,913,396
Receivables		
Accounts	1,000	-
MOU - Swap Meet Property Loan	-	4,444,335
Other Loans	-	2,355,397
Prepaid Expenses	-	-
Land Held for Resale	-	468,733
Restricted Assets:		
Cash and Investments with Fiscal Agents	-	1,871,627
	<u>\$ 101,673</u>	<u>11,053,488</u>
LIABILITIES		
Accounts Payable	\$ 2,292	28,106
Accrued Liabilities	-	360
Deposits	99,381	5,813
Interest Payable	-	138,083
Advances from other Funds	-	663,358
County Deferral	-	3,283,945
Bonds Payable	-	9,160,000
	<u>\$ 101,673</u>	<u>13,279,665</u>
NET POSITION		
Net Position Held in Trust for Successor Agency		<u>\$ (2,226,177)</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	<u>Successor Agency Private-Purpose Trust Fund</u>
ADDITIONS	
Taxes	\$ 3,485,045
Interest Income	8,624
Other Income	<u>6,688</u>
Total Additions	<u>3,500,357</u>
DEDUCTIONS	
Administrative and Passthrough Costs	818,341
Interest on Bonds	<u>681,705</u>
Total Deductions	<u>1,500,046</u>
Change in Net Position	2,000,311
Net Position - Beginning of Year	<u>(4,226,488)</u>
Net Position - End of Year	<u><u>\$ (2,226,177)</u></u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

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 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

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 former Redevelopment 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. 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 Position and the Statement of Activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 City'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 City's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 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.

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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

I) Unavailable Revenues

Unavailable revenues in fund financial statements arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has no items that qualify for reporting in this category.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Q) Fund Equity

In the government-wide, proprietary funds, and fiduciary fund financial statements, net position is classified in the following categories.

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City that is not externally restricted for any project or other purpose.

R) Net Position Flow Assumption

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

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

S) Fund Balances

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

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

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*

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2013:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Assets and Liabilities	Total
Cash and Investments	\$ 6,842,234	\$ 1,968,402	\$ 8,810,636
Restricted Cash and Investments	-	1,917,294	1,917,294
Total Cash and Investments	\$ 6,842,234	\$ 3,885,696	\$ 10,727,930

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

Demand Deposits	\$ 6,523,626
Petty Cash	1,200
Investments	4,203,104
Total Cash and Investments	\$ 10,727,930

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.

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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

2) CASH AND INVESTMENTS - Continued

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, 2013 is as follows:

Investment Type	Remaining Maturity (in Months) <u>12 Months Or Less</u>
Local Agency Investment Fund Held by Bond Trustees:	\$ 2,350,997
Money Market Mutual Funds	<u>1,852,107</u>
Total	<u>\$ 4,203,104</u>

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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

2) CASH AND INVESTMENTS - Continued

Investment Type	Total Investment	Minimum Legal Rating	Rating as of Year End		
			AAA	Not Required to be Rated	Unrated
Local Agency Investment Fund Held by Bond Trustees:	\$ 2,350,997	N/A	\$ -	\$ -	\$ 2,350,997
Money Market Mutual Funds	<u>1,852,107</u>	A	<u>1,852,107</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,203,104</u>		<u>\$ 1,852,107</u>	<u>\$ -</u>	<u>\$ 2,350,997</u>

Concentration of Credit Risk

At June 30, 2013, 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, 2013, the carrying amount of the City's deposits was \$6,523,626 and balances per bank were \$6,621,262. The differences of \$97,636 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, 2013

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, 2013 are as follows:

Receivable	Payable	Amount
Water Enterprise Fund	Grants Special Revenue Fund	\$ 1,103,916
Sewer Enterprise Fund	General Fund	940,537
	Retirement Tax Fund	164,686
	Other Governmental Funds	134,291
		\$ 2,343,430

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

Long-term Advances

At June 30, 2013, the City had the following interfund long-term advances:

Receivable	Payable	Amount
General Fund	Successor Agency Private-purpose Trust Fund (1)	\$ 211,840
Retirement Tax Fund	Grants Special Revenue Fund (2)	434,576
Sewer Enterprise Fund	Grants Special Revenue Fund (2)	434,576
	Successor Agency Private-purpose Trust Fund (4)	451,518
	Water Enterprise Funds (3)	1,360,151
		\$ 2,892,661

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - 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, 2013, 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, 2013, the outstanding balance due to the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund are \$434,576 and \$434,576, 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, 2013, the outstanding balance of the advance is \$1,360,151.
- (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, 2013 the outstanding balance is \$451,518. 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, 2013 are as follows:

Transfers In	Transfers Out	Amount
General Fund	Retirement Tax Fund Other Governmental Funds Water Enterprise Fund Sewer Enterprise Fund	\$ 2,114,401 1,002,763 61,000 60,000
Grants Special Revenue Fund	General Fund	100,000
		\$ 3,338,164

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Transfers In and Transfers Out - Continued

The Retirement Tax Special Revenue Fund transferred \$2,114,401 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.

4) CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2013 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	1,167,757	190,930	(221,307)	1,137,380
Total Capital Assets, Not Being Depreciated	5,564,862	190,930	(221,307)	5,534,485
Capital Assets Being Depreciated:				
Buildings	27,110,299	330,128	-	27,440,427
Improvements Other than Buildings	4,782,951	49,818	-	4,832,769
Machinery and Equipment	8,477,875	33,600	-	8,511,475
Infrastructure	49,972,910	717,373	-	50,690,283
Total Capital Assets Being Depreciated	90,344,035	1,130,919	-	91,474,954
Less Accumulated Depreciation:				
Buildings	(6,715,059)	(722,016)	-	(7,437,075)
Improvements Other than Buildings	(2,468,903)	(184,749)	-	(2,653,652)
Machinery and Equipment	(5,845,162)	(537,642)	-	(6,382,804)
Infrastructure	(28,374,275)	(1,385,626)	-	(29,759,901)
Total Accumulated Depreciation	(43,403,399)	(2,830,033)	-	(46,233,432)
Total Capital Assets Being Depreciated, Net	46,940,636	(1,699,114)	-	45,241,522
Governmental Activities Capital Assets, Net	<u>\$ 52,505,498</u>	<u>\$ (1,508,184)</u>	<u>\$ (221,307)</u>	<u>\$ 50,776,007</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

4) CAPITAL ASSETS - Continued

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

General Government	\$ 9,144
Public Safety	382,522
Public Works	2,141,074
Parks and Recreation	89,519
Community Development	<u>207,774</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 2,830,033</u>

A summary of changes in the Business-type Activities capital assets at June 30, 2013 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>253,429</u>	<u>265,601</u>	<u>-</u>	<u>519,030</u>
 Total Capital Assets, Not Being Depreciated	 <u>904,433</u>	 <u>265,601</u>	 <u>-</u>	 <u>1,170,034</u>
Capital Assets Being Depreciated:				
Buildings	5,715,896	25,500	-	5,741,396
Improvements Other than Buildings	29,200	-	-	29,200
Infrastructure	21,310,936	-	-	21,310,936
Machinery and Equipment	<u>7,535,352</u>	<u>31,989</u>	<u>-</u>	<u>7,567,341</u>
 Total Capital Assets Being Depreciated	 <u>34,591,384</u>	 <u>57,489</u>	 <u>-</u>	 <u>34,648,873</u>
Less Accumulated Depreciation:				
Buildings	(2,792,758)	(111,727)	-	(2,904,485)
Improvements Other than Buildings	(29,200)	-	-	(29,200)
Infrastructure	(12,311,485)	(416,871)	-	(12,728,356)
Machinery and Equipment	<u>(5,550,831)</u>	<u>(185,175)</u>	<u>-</u>	<u>(5,736,006)</u>
 Total Accumulated Depreciation	 <u>(20,684,274)</u>	 <u>(713,773)</u>	 <u>-</u>	 <u>(21,398,047)</u>
 Total Capital Assets Being Depreciated, Net	 <u>13,907,110</u>	 <u>(656,284)</u>	 <u>-</u>	 <u>13,250,826</u>
 Business-type Activities Capital Assets, Net	 <u>\$ 14,811,543</u>	 <u>\$ (390,683)</u>	 <u>\$ -</u>	 <u>\$ 14,420,860</u>

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

Water	\$ 574,558
Sewer	135,183
Waste Disposal	<u>4,032</u>
 Total Depreciation Expense - Business-Type Activities	 <u>\$ 713,773</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

5) LOAN RECEIVABLE AND UNAVAILABLE 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 \$422,600, when collected, are due back to the granting agency.

Account balances related to these programs at June 30, 2013, consisted of the following:

First-time homebuyer program in the Community Development Block Grant Fund:	
Loans Receivable	\$ 422,600
Unavailable Revenue	422,600

6) LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2013.

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
CHFA Loan	\$ 912,692	\$ -	\$ (200,000)	\$ 712,692	\$ 450,000
Section 108 Loan	1,512,000	-	(268,000)	1,244,000	284,000
Claims Payable (Note 8)	2,860,556	1,227,112	(968,112)	3,119,556	673,000
Compensated Absences	1,475,197	827,981	(846,397)	1,456,781	295,039
Other Post-Employment Benefit Obligation (Note 9)	6,002,474	2,428,329	(985,164)	7,445,639	-
Total	<u>\$12,762,919</u>	<u>\$ 4,483,422</u>	<u>\$ (3,267,673)</u>	<u>\$13,978,668</u>	<u>\$ 1,702,039</u>

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, 2013 was \$712,692. The City is to make partial payments as follows: \$100,000 by August 5, 2013, \$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, 2013

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, 2013 was \$1,244,000.

Year Ending June 30,	Principal	Interest	Total
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>\$ 1,244,000</u>	<u>\$ 151,447</u>	<u>\$ 1,395,447</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$1,456,781 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, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds Payable:					
Tax Allocation Bonds, 1998	\$ 1,890,000	\$ -	\$ (600,000)	\$ 1,290,000	\$ 630,000
Tax Allocation Bonds, 2006	8,550,000	-	(680,000)	7,870,000	705,000
County Deferral	3,076,430	207,515	-	3,283,945	-
Total	<u>\$ 13,516,430</u>	<u>\$ 207,515</u>	<u>\$ (1,280,000)</u>	<u>12,443,945</u>	<u>\$ 1,335,000</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, 2013

6) LONG-TERM LIABILITIES - 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, 2013 \$1,290,000 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, 2013, \$7,870,000 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
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	1,425,000	125,144	1,550,144
2019	925,000	74,581	999,581
2020	675,000	42,581	717,581
2021	705,000	14,541	719,541
Total	<u>\$ 9,160,000</u>	<u>\$ 1,288,124</u>	<u>\$ 10,448,124</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

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, 2013, the balance of the County Deferral, including interest, was \$3,283,945.

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 25.278% and 11.390% of covered payroll, respectively. The current rates for the Safety Tier I and Tier II Plans are 40.474% and 24.723% of covered payroll, respectively. The City's total contributions to CalPERS for the years ended June 30, 2013, 2012 and 2011 were \$2,554,841, \$2,490,945, and \$2,344,640, 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, 2013, the amount of these liabilities was \$2,511,000. This liability is the City's best estimate based on available information.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

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, 2013, the amount of these liabilities was \$608,556. 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:

	2012 - 2013	2011 - 2012
Beginning of Fiscal Year	\$ 2,860,556	\$ 3,013,556
Claims and Changes in Claim Estimates	1,227,112	904,499
Claim Payments	(968,112)	(1,057,499)
	\$ 3,119,556	\$ 2,860,556

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 CalPERS in which the individual is able to select, on an

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

9) OTHER POST-EMPLOYMENT BENEFITS - Continued

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 within the PERS system 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)	\$ 2,450,677
Interest on Net OPEB Obligation	240,099
Adjustment to ARC	<u>(262,447)</u>
Annual OPEB Cost	2,428,329
Contribution Made	<u>(985,164)</u>
Increase in Net OPEB Obligation	1,443,165
Net OPEB Obligation at June 30, 2011	<u>6,002,474</u>
 Net OPEB Obligation at June 30, 2013	 <u>\$ 7,445,639</u>

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)
6/30/11	\$ 2,485,403	\$ 898,937	36.17%	\$ 4,343,951
6/30/12	\$ 2,627,170	\$ 968,647	36.87%	\$ 6,002,474
6/30/13	\$ 2,428,329	\$ 985,164	40.56%	\$ 7,445,639

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

9) OTHER POST-EMPLOYMENT BENEFITS - Continued

Funded Status and Funding Progress

As of April 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$32,974,100, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAL) of \$32,974,100. The covered payroll (annual payroll of active employees covered by the plan) was \$7,256,300 and the ratio of the UAL to the covered payroll was 454.42%.

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, 2013, 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%, and an annual healthcare cost trend rate of 8.5% initially, reduced by .5% per year to an ultimate rate of 4.64%. The City's unfunded actuarial accrued liability will be amortized as a level of percentage pay over a closed period of 26 years. It is assumed the City's payroll will increase 3.25% per year.

10) DEFICIT NET POSITION/FUND BALANCES AND EXCESS EXPENDITURES

The following funds reported deficits in net assets/fund balances at June 30, 2013:

	Deficit
Major Fund:	
General Fund	\$ 1,747,052
Grants Special Revenue Fund	2,078,435
Retirement Tax Fund	497,363
Other Governmental Funds:	
Traffic Safety	1,697
Street Lighting Special Revenue Fund	67,893

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

10) DEFICIT NET POSITION/FUND BALANCES AND EXCESS EXPENDITURES - Continued

The deficits will be eliminated as follows:

The General Fund deficit will be eliminated by continuing to identify new revenue sources, improving operational efficiency and reducing expenditures wherever possible. Increased revenues are anticipated in the resulting increased construction in the residential and commercial sectors as well as attraction of new businesses to the City's downtown area and commercial corridors as well as new business occupancies within the City's industrial corridors along Arroyo Avenue and Aviation Place. In addition, the City has reviewed all City standard operating procedures and financial internal controls to identify possible opportunities to renegotiate and/or or bid professional services contracts as well as ensure that expenditures and procurements undertaken by City staff are in line with budgeted appropriations. Furthermore, City continues to reevaluate currently vacant positions in order to determine if said positions need to be filled and/or identify operational and service level changes that ensure the City meets public service needs while maintaining that position unfilled until economic conditions improve. Consistent with the City's ongoing evaluation of operational demands the City also converted four existing full time Community Service Officer positions to part time positions in order to align current staffing levels with the needed level of services, which also resulted in a savings to the City, which was used to hire needed Police dispatchers in order to meet court mandated staffing levels. However, the City will be looking to fill some key management positions that had previously become vacant and that have direct responsibility for maintaining the financial oversight of the City's General Fund. In addition, during FY 2013-2014, the City worked with various employee bargaining groups in order to negotiate employee furloughs that help reduce the personnel costs to the City.

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 reopened negotiations with the various City union groups to look at additional cost savings including. The agreements reached for the FY 2013-2014 included unpaid furloughs, reduced benefits and staff reductions to address the General Fund's structural deficit. All employee contracts are set to expire on June 30, 2014 and the City will be again be in negotiations with the employee union groups to work together for a long term solution to address the City's structural deficit.

In addition, Management continues to review all City contracts and agreements with consultants and vendors to determine possible options for renegotiation and cost savings. To this end, the IT and Janitors contracts were renegotiated to produce annual savings attributed to flat rates for services and use of an updated living wage hourly rate that is approximately 39 percent less than prior fiscal years. 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 City expects the final approval of this contract to be executed in FY 2013-2014 and to go retroactive to July 1, 2012. It is anticipated that the new contract will be signed by both cities prior to the end of FY 2013-2014.

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 25 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 City has also put steps in place to monitor grant spending more closely to ensure the deficit does not increase.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

10) DEFICIT NET POSITION/FUND BALANCES AND EXCESS EXPENDITURES - Continued

The Recreation and Special Revenue Fund deficit will be eliminated by reorganizing the personnel appropriated to include only event specific costing and by increasing program fees. Together, these activities should recover program operational costs charged to the Fund during Fiscal Year (FY) 2013-2014 with a projected positive fund balance.

The Street Lighting Special Revenue deficit will be eliminated by continued subsidies from the General Fund as the tax levied is limited by Prop 218 and does not generate enough revenue to cover expense. Currently staff is working on a project that is expected to improve the energy efficiency of our current lighting system via upgrades to more energy efficient infrastructure. We are also seeking other alternative funding sources during FY 2013-2014 to end with a positive fund balance.

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:			
City Attorney	\$ 400,000	\$ 483,299	\$ (83,299)
Elections	53,849	80,919	(27,070)
Public Safety:			
Police	5,843,249	6,030,892	(187,643)
Public Works	1,756,054	1,811,933	(55,879)
Parks and Recreation	1,309,263	1,440,325	(131,062)

11) 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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

11) COMMITMENTS AND CONTINGENCIES - Continued

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.

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.

12) UNCERTAINTIES

GENERAL FUND:

The General Fund is expected to have liquidity problems and will need to borrow cash from other funds in FY 2013-2014 to account for the timing of cash flow.

In light of these facts, the City has taken a number of actions to augment the revenues and reduce expenditures for the FY 2013-2014, and in future years, so as to increase the General Fund balance. Such measures include:

Improving the revenue picture. On June 17, 2013, the voters of San Fernando approved a ½ cent Transactions and Use sales tax. This implementation date of this new tax was October 1, 2013, so nine months of revenue for the FY 2013-2014 is projected from this source. Additional revenues are also anticipated from user fees, increased permit fees and new sales tax from the addition of the new Chrysler Dodge Jeep Ram franchise automotive dealership and a new Tricolor Auto Group used automotive dealership. The City is also in negotiations to sell surplus properties in order to pay off City debt to relieve the future liabilities and free up monies that can be shifted to operational uses.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

12) UNCERTAINTIES - Continued

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, transitioning from full time to part time positions where warranted, 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 continues to work towards doing more with less and right sizing the organizational structure to align personnel expenditures with available revenues.

Renegotiation of contracts. During FY 2013-2014, the City will continue to negotiate with City of Los Angeles for contracted services for fire and emergency medical/ambulance services in order to reduce General Fund expenditures associated with contracted public safety services. The contract is expected to be finalized during the FY 2013-2014 retroactive to July 1, 2012. The City also renegotiated the City's janitorial services contract, the IT contract, and the franchise refuse contract. Furthermore, the City recently awarded a new refuse contract through a competitive bidding process that will bring increased franchise fees to the General fund. The City is also working toward the establishment of a development agreement between the City and the local swap meet operator that has the potential 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 with little or no match to provide for needed capital projects and reduce personnel costs (e.g., planning and police staffing).

Cost recovery. The City will continue to review the current fee schedule on an annual basis to ensure that the City is recovering the full cost of providing municipal services.

Business retention and recruitment. The City is actively working with the private sector to recruit developers and businesses to fill vacant properties including new tenants for the former JC Penney building and the former Salvation Army building. The City is seeking out private sector jobs, notably those in the industrial section as well as technology related industries, professional and business services, and information, which could help build up demand for office space in the downtown area. To this end, the City has recently facilitated the re-opening of two formerly vacant automotive dealership sites through the issuance of business occupancy permits for Rydell Automotive's Chrysler Dodge Jeep Ram new and used automotive dealership at 700 San Fernando Road and the new Tricolor Automotive Group's used automotive dealership at 603 San Fernando Road. Furthermore, the City has provided business occupancies for El Super Grocery Store, Smart and Final Express, and Walgreens Pharmacies. In the industrial section, the City has facilitated new occupancies PRG (California Inc.), New Remote Production, Inc. on Aviation Place with new occupancy anticipated for Ricon (a Wabtec Company) in the same industrial park. Collectively, these industrial will add close to 300 new employees working within the City.

Removing government constraints. The City continues to seek out 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 some of the lowest loan interest rates in history, as well as the demand for new affordable and market rate rental units in close proximity

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2013

12) UNCERTAINTIES - Continued

to public transit centers such as the San Fernando/Sylmar Metrolink Station. The City is also in the process of developing a Transit Oriented Development Overlay Zone that will further reduce governmental constraints and facilitated the development of mixed-use and new housing projects in close proximity to the City's downtown and major transit centers.

However, it is important to note that collectively these City actions are intended to improve the economic condition of the City, but there is no assurance that these efforts in and of themselves, 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 has written and formally adopted a City-wide Grant Policy and Procedure guide. The Policy 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. The City has also set up separate fund accounts for each new grant in order to track each grant individually. Lastly, but just as important, the City will continue to seek out grant funds with little to no local fund match requirements to facilitate capital projects and long range planning projects in an effort to improve aging public infrastructure while being proactive in facilitating new commercial, residential, and industrial development while removing the governmental barriers to new development.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Fernando
Schedule of Funding Progress
For the Year Ended June 30, 2013

Other Post-Employment Benefits Plan

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(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%
04/01/13	-	32,974,100	32,974,100	0.00%	7,256,300	454.42%

City of San Fernando
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 6,031,993	\$ 6,031,993	\$ 7,023,948	\$ 991,955
Licenses and Permits	347,000	347,000	337,085	(9,915)
Charges for Services	2,366,100	2,366,100	2,308,395	(57,705)
Fines and Forfeitures	910,000	910,000	643,363	(266,637)
Investment Earnings	216,000	216,000	206,291	(9,709)
Intergovernmental	2,287,912	2,287,912	1,987,815	(300,097)
Other	388,000	388,000	289,555	(98,445)
Total Revenues	12,547,005	12,547,005	12,796,452	249,447
EXPENDITURES				
Current:				
General Government:				
City Council	118,730	104,980	99,590	5,390
Treasurer	105,048	147,312	145,951	1,361
Administration	529,419	651,207	580,322	70,885
City Attorney	250,000	400,000	483,299	(83,299)
City Clerk	130,918	130,918	129,484	1,434
Elections	103,000	53,849	80,919	(27,070)
Financial Management	540,804	540,604	508,223	32,381
Retirement and Nondepartmental	1,453,291	1,803,829	1,714,462	89,367
Public Safety:				
Police	5,675,079	5,843,249	6,030,892	(187,643)
Fire	2,900,000	2,632,798	2,632,799	(1)
Community Development	869,839	859,287	786,687	72,600
Public Works	1,765,396	1,756,054	1,811,933	(55,879)
Parks and Recreation	1,253,309	1,309,263	1,440,325	(131,062)
Total Expenditures	15,694,833	16,233,350	16,444,886	(211,536)
Excess (Deficiency) of Revenues over Expenditures	<u>(3,147,828)</u>	<u>(3,686,345)</u>	<u>(3,648,434)</u>	<u>37,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,415,863	3,415,863	3,238,164	(177,699)
Transfers Out	(100,000)	(100,000)	(100,000)	-
Sale of Property	300,000	300,000	-	(300,000)
Total Other Financing Sources (Uses)	3,615,863	3,615,863	3,138,164	(477,699)
Net Change in Fund Balances	468,035	(70,482)	(510,270)	(439,788)
Fund Balance, Beginning of Year	<u>(1,236,782)</u>	<u>(1,236,782)</u>	<u>(1,236,782)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (768,747)</u>	<u>\$ (1,307,264)</u>	<u>\$ (1,747,052)</u>	<u>\$ (439,788)</u>

City of San Fernando
Budgetary Comparison Schedule
Grants Special Revenue Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ (942)	\$ (942)
Intergovernmental	1,294,976	1,327,076	1,112,381	(214,695)
Other	1,415,158	1,415,158	-	(1,415,158)
Total Revenues	2,710,134	2,742,234	1,111,439	(1,630,795)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	285,087	435,087	368,649	66,438
Community Development	349,955	-	-	-
Public Works	1,584,781	797,366	451,151	346,215
Parks and Recreation	390,311	1,609,781	462,276	1,147,505
Capital Outlay	-	-	-	-
Total Expenditures	2,610,134	2,842,234	1,282,076	1,560,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	(100,000)	(170,637)	(70,637)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	100,000	100,000	-
Total Other Financing Sources (Uses)	-	100,000	100,000	-
Net Change in Fund Balances	100,000	-	(70,637)	(70,637)
Fund Balance, Beginning of Year	(2,007,798)	(2,007,798)	(2,007,798)	-
Fund Balance, End of Year	<u>\$ (1,907,798)</u>	<u>\$ (2,007,798)</u>	<u>\$ (2,078,435)</u>	<u>\$ (70,637)</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Retirement Tax Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,132,217	\$ 4,085,530	\$ 2,760,177	\$ (1,325,353)
Investment Earnings	-	4,219	1,493	(2,726)
Intergovernmental	-	42,468	47,330	4,862
Other	-	-	-	-
Total Revenues	<u>4,132,217</u>	<u>4,132,217</u>	<u>2,809,000</u>	<u>(1,323,217)</u>
EXPENDITURES				
Current:				
General Government	<u>1,558,174</u>	<u>1,558,174</u>	<u>1,224,771</u>	<u>333,403</u>
Total Expenditures	<u>1,558,174</u>	<u>1,558,174</u>	<u>1,224,771</u>	<u>333,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,574,043</u>	<u>2,574,043</u>	<u>1,584,229</u>	<u>(989,814)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	<u>(2,335,165)</u>	<u>(2,335,165)</u>	<u>(2,114,401)</u>	<u>220,764</u>
Total Other Financing Sources (Uses)	<u>(2,335,165)</u>	<u>(2,335,165)</u>	<u>(2,114,401)</u>	<u>220,764</u>
Net Change in Fund Balances	238,878	238,878	(530,172)	(769,050)
Fund Balance, Beginning of Year	<u>32,809</u>	<u>32,809</u>	<u>32,809</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 271,687</u></u>	<u><u>\$ 271,687</u></u>	<u><u>\$ (497,363)</u></u>	<u><u>\$ (769,050)</u></u>

City of San Fernando
Notes to Required Supplementary Information
Year Ended June 30, 2013

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 2012-13 supplemental budget appropriations were approved by the City Council. The effects of the supplemental appropriations were minor.
- 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

City of San Fernando
Special Revenue Funds
June 30, 2013

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.

State Gas Tax – Accounts for the City's share of motor fuel tax revenue restricted for street maintenance and repairs.

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
June 30, 2013

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.

City of San Fernando
Combining Balance Sheet
Other Governmental Funds
June 30, 2013

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ 134,392	\$ 20,435	\$ -	\$ 105,741
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	946	1,067
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 134,392</u>	<u>\$ 20,435</u>	<u>\$ 946</u>	<u>\$ 106,808</u>
LIABILITIES				
Accounts Payable	\$ 88,931	\$ -	\$ 2,497	\$ 7,791
Accrued Liabilities	806	-	43	4,161
Deposits	-	-	-	1,067
Retentions Payable	-	-	-	-
Due to Other Funds	-	-	103	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>89,737</u>	<u>-</u>	<u>2,643</u>	<u>13,019</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Unavailable Revenues - Long-term Loans	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted for:				
Transportation	44,655	20,435	-	-
Air Pollution	-	-	-	-
Parks and Recreation	-	-	-	93,789
Public Safety	-	-	-	-
Unassigned	-	-	(1,697)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>44,655</u>	<u>20,435</u>	<u>(1,697)</u>	<u>93,789</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 134,392</u>	<u>\$ 20,435</u>	<u>\$ 946</u>	<u>\$ 106,808</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>	<u>State Gas Tax</u>
\$ -	\$ 37,299	\$ 338,026	\$ -	\$ 318,801	\$ 21,452	\$ 292,671
-	-	-	5,165	-	-	52,810
-	-	-	-	-	312	-
16,200	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 16,200</u>	<u>\$ 37,299</u>	<u>\$ 338,026</u>	<u>\$ 5,165</u>	<u>\$ 318,801</u>	<u>\$ 21,764</u>	<u>\$ 345,481</u>
\$ 809	\$ 17,896	\$ 18,708	\$ 37,478	\$ 4,574	\$ -	\$ 17,851
-	13,514	1,948	4,821	-	-	5,953
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,642	-	-	30,759	-	-	-
<u>9,451</u>	<u>31,410</u>	<u>20,656</u>	<u>73,058</u>	<u>4,574</u>	<u>-</u>	<u>23,804</u>
-	-	-	-	-	-	22,380
-	-	-	-	-	-	-
-	-	-	-	-	-	22,380
-	-	-	-	-	-	-
6,749	-	-	-	314,227	-	299,297
-	-	-	-	-	-	-
-	5,889	317,370	-	-	-	-
-	-	-	-	-	21,764	-
-	-	-	(67,893)	-	-	-
<u>6,749</u>	<u>5,889</u>	<u>317,370</u>	<u>(67,893)</u>	<u>314,227</u>	<u>21,764</u>	<u>299,297</u>
<u>\$ 16,200</u>	<u>\$ 37,299</u>	<u>\$ 338,026</u>	<u>\$ 5,165</u>	<u>\$ 318,801</u>	<u>\$ 21,764</u>	<u>\$ 345,481</u>

Continued

City of San Fernando
Combining Balance Sheet
Other Governmental Funds - Continued
June 30, 2013

	<u>Federal Asset Forfeiture</u>	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>
ASSETS				
Cash and Investments	\$ 37,078	\$ 92,992	\$ 71,672	\$ 66,082
Receivables:				
Taxes	-	7,502	-	-
Accounts	-	-	-	54,969
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 37,078</u>	<u>\$ 100,494</u>	<u>\$ 71,672</u>	<u>\$ 121,051</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,805
Accrued Liabilities	-	-	-	-
Deposits	-	-	-	-
Retentions Payable	-	-	-	189
Due to Other Funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,994</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Unavailable Revenues - Long-term Loans	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted for:				
Transportation	-	-	71,672	118,057
Air Pollution	-	100,494	-	-
Parks and Recreation	-	-	-	-
Public Safety	37,078	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>37,078</u>	<u>100,494</u>	<u>71,672</u>	<u>118,057</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 37,078</u>	<u>\$ 100,494</u>	<u>\$ 71,672</u>	<u>\$ 121,051</u>

<u>Proposition C</u>	<u>Community Development Block Grant</u>	<u>Total</u>
\$ 407,251	\$ -	\$ 1,943,892
-	-	65,477
-	-	57,294
-	-	16,200
-	422,600	422,600
-	94,787	94,787
<u>\$ 407,251</u>	<u>\$ 517,387</u>	<u>\$ 2,600,250</u>
\$ 12,677	\$ -	\$ 212,017
10,045	-	41,291
-	-	1,067
-	-	189
-	94,787	134,291
<u>22,722</u>	<u>94,787</u>	<u>388,855</u>
-	-	22,380
-	422,600	422,600
-	422,600	444,980
-	94,787	94,787
384,529	-	1,259,621
-	-	100,494
-	-	417,048
-	-	58,842
-	(94,787)	(164,377)
<u>384,529</u>	<u>-</u>	<u>1,766,415</u>
<u>\$ 407,251</u>	<u>\$ 517,387</u>	<u>\$ 2,600,250</u>

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2013

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
REVENUES				
Taxes	\$ 391,967	\$ -	\$ -	\$ 46,147
Charges for Services	25,519	-	-	142,684
Fines and Forfeitures	-	-	32,108	-
Investment Earnings	546	47	-	11,733
Intergovernmental	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>418,032</u>	<u>47</u>	<u>32,108</u>	<u>200,564</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	526,628	-	57,649	164,974
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	22,694	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>526,628</u>	<u>-</u>	<u>80,343</u>	<u>164,974</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(108,596)</u>	<u>47</u>	<u>(48,235)</u>	<u>35,590</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(30,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	(108,596)	47	(78,235)	35,590
Fund Balances, Beginning of Year	<u>153,251</u>	<u>20,388</u>	<u>76,538</u>	<u>58,199</u>
Fund Balances, End of Year	<u>\$ 44,655</u>	<u>\$ 20,435</u>	<u>\$ (1,697)</u>	<u>\$ 93,789</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>	<u>State Gas Tax</u>
\$ -	\$ -	\$ -	\$ 329,623	\$ 243,552	\$ -	\$ -
-	238,339	-	-	-	-	-
-	-	-	-	-	23,178	-
-	-	271	-	123	-	(1,285)
16,200	-	-	-	-	-	927,318
-	-	-	-	-	-	-
<u>16,200</u>	<u>238,339</u>	<u>271</u>	<u>329,623</u>	<u>243,675</u>	<u>23,178</u>	<u>926,033</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,568	-	-	394,114	23,955	-	206,366
-	196,229	36,021	-	-	-	-
-	-	-	-	45,740	3,907	351,434
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>12,568</u>	<u>196,229</u>	<u>36,021</u>	<u>394,114</u>	<u>69,695</u>	<u>3,907</u>	<u>557,800</u>
<u>3,632</u>	<u>42,110</u>	<u>(35,750)</u>	<u>(64,491)</u>	<u>173,980</u>	<u>19,271</u>	<u>368,233</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	(631,855)
-	-	-	-	-	-	(631,855)
3,632	42,110	(35,750)	(64,491)	173,980	19,271	(263,622)
<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>562,919</u>
<u>\$ 6,749</u>	<u>\$ 5,889</u>	<u>\$ 317,370</u>	<u>\$ (67,893)</u>	<u>\$ 314,227</u>	<u>\$ 21,764</u>	<u>\$ 299,297</u>

Continued

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Continued
Year Ended June 30, 2013

	<u>Federal Asset Forfeiture</u>	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Fines and Forfeitures	35,561	-	-	-
Investment Earnings	1,055	(44)	-	46
Intergovernmental	-	28,653	-	-
Other	-	-	-	222,847
	<u>36,616</u>	<u>28,609</u>	<u>-</u>	<u>222,893</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	4,224
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,224</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,616</u>	<u>28,609</u>	<u>-</u>	<u>218,669</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(240,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,000)</u>
Net Change in Fund Balances	36,616	28,609	-	(21,331)
Fund Balances, Beginning of Year	<u>462</u>	<u>71,885</u>	<u>71,672</u>	<u>139,388</u>
Fund Balances, End of Year	<u>\$ 37,078</u>	<u>\$ 100,494</u>	<u>\$ 71,672</u>	<u>\$ 118,057</u>

<u>Proposition C</u>	<u>Community Development Block Grant</u>	<u>Total</u>
\$ 325,431	\$ -	\$ 1,336,720
-	-	406,542
-	-	90,847
(411)	-	12,081
-	347,315	1,319,486
-	-	222,847
<u>325,020</u>	<u>347,315</u>	<u>3,388,523</u>
-	-	-
-	-	-
-	5,290	5,290
385,518	-	1,771,772
-	-	232,250
-	-	427,999
-	268,000	268,000
-	72,425	72,425
<u>385,518</u>	<u>345,715</u>	<u>2,777,736</u>
<u>(60,498)</u>	<u>1,600</u>	<u>610,787</u>
-	-	-
<u>(100,908)</u>	<u>-</u>	<u>(1,002,763)</u>
<u>(100,908)</u>	<u>-</u>	<u>(1,002,763)</u>
(161,406)	1,600	(391,976)
<u>545,935</u>	<u>(1,600)</u>	<u>2,158,391</u>
<u>\$ 384,529</u>	<u>\$ -</u>	<u>\$ 1,766,415</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, 2013

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 364,943	\$ 391,967	\$ 27,024
Charges for Services	25,000	25,519	519
Investment Earnings	2,000	546	(1,454)
	<u>391,943</u>	<u>418,032</u>	<u>26,089</u>
EXPENDITURES			
Current:			
Public Works	<u>538,563</u>	<u>526,628</u>	<u>11,935</u>
	<u>538,563</u>	<u>526,628</u>	<u>11,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(146,620)	(108,596)	38,024
Fund Balance, Beginning of Year	<u>153,251</u>	<u>153,251</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,631</u>	<u>\$ 44,655</u>	<u>\$ 38,024</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, 2013

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment Earnings	\$ 25	\$ 47	\$ 22
Fund Balance, Beginning of Year	<u>20,388</u>	<u>20,388</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 20,413</u>	<u>\$ 20,435</u>	<u>\$ 22</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Safety Fund
Year Ended June 30, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 50,000	\$ 32,108	\$ (17,892)
Total Revenues	50,000	32,108	(17,892)
EXPENDITURES			
Current:			
Public Works	86,412	57,649	28,763
Capital Outlay	47,250	22,694	24,556
Total Expenditures	133,662	80,343	53,319
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,662)	(48,235)	35,427
OTHER FINANCING SOURCES (USES)			
Transfers Out	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	(30,000)	(30,000)	-
Net Change in Fund Balances	(113,662)	(78,235)	35,427
Fund Balance, Beginning of Year	76,538	76,538	-
Fund Balance, End of Year	\$ (37,124)	\$ (1,697)	\$ 35,427

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, 2013

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	Final		
REVENUES			
Taxes	\$ 45,000	\$ 46,147	\$ 1,147
Charges for Services	160,000	142,684	(17,316)
Investment Earnings	13,000	11,733	(1,267)
	<u>218,000</u>	<u>200,564</u>	<u>(17,436)</u>
EXPENDITURES			
Current:			
Public Works	181,912	164,974	16,938
	<u>181,912</u>	<u>164,974</u>	<u>16,938</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	36,088	35,590	(498)
Fund Balance, Beginning of Year	58,199	58,199	-
Fund Balance, End of Year	<u>\$ 94,287</u>	<u>\$ 93,789</u>	<u>\$ (498)</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Transportation Fund
Year Ended June 30, 2013

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	Final		
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	16,200	16,200	-
Total Revenues	16,200	16,200	-
EXPENDITURES			
Current:			
Public Works	16,200	12,568	3,632
Total Expenditures	16,200	12,568	75
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,632	3,632
Fund Balance, Beginning of Year	3,117	3,117	-
Fund Balance, End of Year	\$ 3,117	\$ 6,749	\$ 3,632

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 188,962	\$ 238,339	\$ 49,377
Total Revenues	188,962	238,339	49,377
EXPENDITURES			
Current:			
Parks and Recreation	165,882	196,229	(30,347)
Total Expenditures	165,882	196,229	(30,347)
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,080	42,110	19,030
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	23,080	42,110	19,030
Fund Balance, Beginning of Year	(36,221)	(36,221)	-
Fund Balance, End of Year	\$ (13,141)	\$ 5,889	\$ 19,030

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Quimby Act Fees Fund
Year Ended June 30, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 271	\$ 271
Total Revenues	-	271	271
EXPENDITURES			
Current:			
Parks and Recreation	40,970	36,021	4,949
Total Expenditures	40,970	36,021	4,949
Excess (Deficiency) of Revenues Over (under) Expenditures	(40,970)	(35,750)	5,220
Fund Balance, Beginning of Year	353,120	353,120	-
Fund Balance, End of Year	\$ 312,150	\$ 317,370	\$ 5,220

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Street Lighting Fund
Year Ended June 30, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 337,000	\$ 329,623	\$ (7,377)
Total Revenues	337,000	329,623	(7,377)
EXPENDITURES			
Current:			
Public Works	411,860	394,114	17,746
Total Expenditures	411,860	394,114	17,746
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,860)	(64,491)	10,369
OTHER FINANCING SOURCES (USES)			
Transfers In	89,798	-	(89,798)
Total Other Financing Sources (Uses)	89,798	-	(89,798)
Net Change in Fund Balances	14,938	(64,491)	(79,429)
Fund Balance, Beginning of Year	(3,402)	(3,402)	-
Fund Balance, End of Year	\$ 11,536	\$ (67,893)	\$ (79,429)

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure R Fund
Year Ended June 30, 2013

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 218,000	\$ 243,552	\$ 25,552
Investment Earnings	-	123	123
	<u>218,000</u>	<u>243,675</u>	<u>25,675</u>
EXPENDITURES			
Current:			
Public Works	20,000	23,955	(3,955)
Capital Outlay	<u>170,410</u>	<u>45,740</u>	<u>124,670</u>
	<u>190,410</u>	<u>69,695</u>	<u>120,715</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,590</u>	<u>173,980</u>	<u>146,390</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(89,798)</u>	<u>-</u>	<u>89,798</u>
	<u>(89,798)</u>	<u>-</u>	<u>89,798</u>
Net Change in Fund Balances	(62,208)	173,980	236,188
Fund Balance, Beginning of Year	<u>140,247</u>	<u>140,247</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 78,039</u></u>	<u><u>\$ 314,227</u></u>	<u><u>\$ 236,188</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Asset Forfeiture Fund
Year Ended June 30, 2013

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Fines and Forfeitures	\$ -	\$ 23,178	\$ 23,178
Total Revenues	<u>-</u>	<u>23,178</u>	<u>23,178</u>
EXPENDITURES			
Capital Outlay	<u>6,000</u>	<u>3,907</u>	<u>2,093</u>
Total Expenditures	<u>6,000</u>	<u>3,907</u>	<u>2,093</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,000)</u>	<u>19,271</u>	<u>25,271</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(6,000)	19,271	25,271
Fund Balance, Beginning of Year	<u>2,493</u>	<u>2,493</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (3,507)</u>	<u>\$ 21,764</u>	<u>\$ 25,271</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, 2013

	<u>Budgeted Amounts</u> Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ (1,285)	\$ (1,285)
Intergovernmental	674,416	927,318	252,902
Total Revenues	<u>674,416</u>	<u>926,033</u>	<u>251,617</u>
EXPENDITURES			
Current:			
Public Works	171,008	206,366	(35,358)
Capital Outlay	352,805	351,434	1,371
Total Expenditures	<u>523,813</u>	<u>557,800</u>	<u>(33,987)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>150,603</u>	<u>368,233</u>	<u>217,630</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(666,174)	(631,855)	34,319
Total Other Financing Sources (Uses)	<u>(666,174)</u>	<u>(631,855)</u>	<u>34,319</u>
Net Change in Fund Balances	(515,571)	(263,622)	251,949
Fund Balance, Beginning of Year	562,919	562,919	-
Fund Balance, End of Year	<u>\$ 47,348</u>	<u>\$ 299,297</u>	<u>\$ 251,949</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Federal Asset Forfeiture Fund
Year Ended June 30, 2013

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	Final		
REVENUES			
Fines and Forfeitures	\$ -	\$ 35,561	\$ 35,561
Investment Earnings	-	1,055	1,055
	-	36,616	36,616
EXPENDITURES			
Current:			
Public Safety	-	-	-
	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	36,616	36,616
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
	-	-	-
Net Change in Fund Balances	-	36,616	36,616
Fund Balance, Beginning of Year	462	462	-
Fund Balance, End of Year	\$ 462	\$ 37,078	\$ 36,616

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AQMD Fund
Year Ended June 30, 2013

	<u>Budgeted Amounts</u> Final	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment Earnings	\$ -	\$ (44)	\$ (44)
Intergovernmental	29,000	28,653	(347)
Total Revenues	29,000	28,609	(391)
Fund Balance, Beginning of Year	71,885	71,885	-
Fund Balance, End of Year	<u>\$ 100,885</u>	<u>\$ 100,494</u>	<u>\$ (391)</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, 2013

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</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>\$ 71,672</u>	<u>\$ 71,672</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, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ 1,891	\$ 46	\$ (1,845)
Other	228,435	222,847	(5,588)
Total Revenues	230,326	222,893	(7,433)
EXPENDITURES			
Capital Outlay	128,481	4,224	124,257
Total Expenditures	128,481	4,224	124,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,845	218,669	116,824
OTHER FINANCING SOURCES (USES)			
Transfers Out	(240,000)	(240,000)	-
Total Other Financing Sources (Uses)	(240,000)	(240,000)	-
Net Change in Fund Balances	(138,155)	(21,331)	116,824
Fund Balance, Beginning of Year	139,388	139,388	-
Fund Balance, End of Year	\$ 1,233	\$ 118,057	\$ 116,824

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Proposition C Fund
Year Ended June 30, 2013

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 294,859	\$ 325,431	\$ 30,572
Investment Earnings	7,141	(411)	(7,552)
	<u>302,000</u>	<u>325,020</u>	<u>23,020</u>
EXPENDITURES			
Current:			
Public Works	<u>642,151</u>	<u>385,518</u>	<u>256,633</u>
	<u>642,151</u>	<u>385,518</u>	<u>256,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(340,151)</u>	<u>(60,498)</u>	<u>279,653</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(100,908)</u>	<u>(100,908)</u>	<u>-</u>
	<u>(100,908)</u>	<u>(100,908)</u>	<u>-</u>
Net Change in Fund Balances	(441,059)	(161,406)	279,653
Fund Balance, Beginning of Year	<u>545,935</u>	<u>545,935</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 104,876</u>	<u>\$ 384,529</u>	<u>\$ 279,653</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, 2013

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 347,315	\$ 347,315	\$ -
Other	-	-	-
	<u>347,315</u>	<u>347,315</u>	<u>-</u>
Total Revenues			
EXPENDITURES			
Current:			
Community Development	-	5,290	(5,290)
Public Works	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	252,000	268,000	16,000
Interest and Fiscal Charges	95,315	72,425	22,890
	<u>347,315</u>	<u>345,715</u>	<u>1,600</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>1,600</u>	<u>1,600</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	1,600	1,600
Fund Balance, Beginning of Year	<u>(1,600)</u>	<u>(1,600)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (1,600)</u>	<u>\$ -</u>	<u>\$ 1,600</u>

City of San Fernando
Fiduciary Fund
June 30, 2013

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

City of San Fernando
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 122,588	\$ 204,160	\$ 226,075	\$ 100,673
Accounts Receivable	-	1,000	-	1,000
Prepaid Expenses	4,650	-	4,650	-
Total Assets	<u>\$ 127,238</u>	<u>\$ 205,160</u>	<u>\$ 230,725</u>	<u>\$ 101,673</u>
LIABILITIES				
Accounts Payable	\$ 4,466	\$ 216,249	\$ 218,423	\$ 2,292
Deposits	122,772	195,460	218,851	99,381
Total Liabilities	<u>\$ 127,238</u>	<u>\$ 411,709</u>	<u>\$ 437,274</u>	<u>\$ 101,673</u>

III. Statistical Section



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City of San Fernando
Description of Statistical Section Contents
June 30, 2013

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	90
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	100
<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	107
<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	112
<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	115

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 16,844,545	\$ 18,598,023	\$ 19,972,495	\$ 43,237,994
Restricted	924,257	931,708	8,528,754	11,957,932
Unrestricted	<u>(4,811,226)</u>	<u>(5,875,097)</u>	<u>(7,970,119)</u>	<u>(10,844,681)</u>
Total governmental activities net position	<u>\$ 12,957,576</u>	<u>\$ 13,654,634</u>	<u>\$ 20,531,130</u>	<u>\$ 44,351,245</u>
Business-type activities:				
Net investment in capital assets	\$ 7,606,136	\$ 7,635,859	\$ 7,321,367	\$ 17,439,596
Restricted	-	-	-	-
Unrestricted	<u>6,723,623</u>	<u>7,701,850</u>	<u>8,523,702</u>	<u>7,858,369</u>
Total business-type activities net position	<u>\$ 14,329,759</u>	<u>\$ 15,337,709</u>	<u>\$ 15,845,069</u>	<u>\$ 25,297,965</u>
Primary government:				
Net investment in capital assets	\$ 24,450,681	\$ 26,233,882	\$ 27,293,862	\$ 60,677,590
Restricted	924,257	931,708	8,528,754	11,957,932
Unrestricted	<u>1,912,397</u>	<u>1,826,753</u>	<u>553,583</u>	<u>(2,986,312)</u>
Total primary government net position	<u>\$ 27,287,335</u>	<u>\$ 28,992,343</u>	<u>\$ 36,376,199</u>	<u>\$ 69,649,210</u>

Source: City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 42,548,031	\$ 42,804,903	\$ 42,262,518	\$ 43,598,683	\$ 50,993,498	\$ 49,532,007
13,204,186	14,329,955	14,364,410	13,040,082	2,533,805	1,802,498
<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>(16,643,447)</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>	<u>\$ 34,691,058</u>
\$ 16,950,800	\$ 16,267,470	\$ 15,547,758	\$ 15,324,618	\$ 14,811,543	\$ 14,420,860
-	-	-	-	-	-
<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>8,492,168</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>	<u>\$ 22,913,028</u>
\$ 59,498,831	\$ 59,072,373	\$ 57,810,276	\$ 58,923,301	\$ 65,805,041	\$ 63,952,867
13,204,186	14,329,955	14,364,410	13,040,082	2,533,805	1,802,498
<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>(8,151,279)</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>	<u>\$ 57,604,086</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
General government	\$ 5,781,612	\$ 7,701,673	\$ 7,065,983	\$ 6,472,343	\$ 9,724,823
Public safety	8,091,125	8,588,373	8,761,669	9,322,543	9,881,438
Community development	3,560,256	3,149,303	2,859,514	1,945,956	2,891,460
Public works	2,060,745	1,938,912	2,001,888	5,764,469	5,383,561
Parks and recreation	1,648,096	3,090,098	1,667,800	1,944,663	2,123,999
Capital outlay	-	-	-	-	-
Interest on long-term debt	488,119	583,454	667,366	1,009,135	1,045,722
Total governmental activities expenses	<u>21,629,953</u>	<u>25,051,813</u>	<u>23,024,220</u>	<u>26,459,109</u>	<u>31,051,003</u>
Business-type activities:					
Water	2,098,936	2,286,754	3,023,474	3,380,128	2,946,107
Sewer	2,178,353	1,632,168	1,723,353	2,969,735	2,812,307
Waste disposal	965,278	1,181,607	1,182,631	1,261,254	1,142,613
Total business-type activities expenses	<u>5,242,567</u>	<u>5,100,529</u>	<u>5,929,458</u>	<u>7,611,117</u>	<u>6,901,027</u>
Total primary government expenses	<u>26,872,520</u>	<u>30,152,342</u>	<u>28,953,678</u>	<u>34,070,226</u>	<u>37,952,030</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	4,015,856	4,962,322	2,977,575	2,351,218	2,095,604
Public safety	815,564	1,084,958	358,088	1,192,594	1,383,612
Community development	66,301	2,500	604,626	308,974	287,403
Public works	404,496	649,641	655,844	931,094	903,091
Parks and recreation	566,844	544,675	357,345	575,260	1,702,639
Operating grants and contributions	-	-	1,924,581	2,371,022	2,100,154
Capital grants and contributions	1,365,732	3,147,589	2,196,347	2,314,280	1,674,190
Total governmental activities program revenues	<u>7,234,793</u>	<u>10,391,685</u>	<u>9,074,406</u>	<u>10,044,442</u>	<u>10,146,693</u>
Business-type activities:					
Charges for services:					
Water	2,388,730	2,667,963	2,809,324	2,878,972	2,839,207
Sewer	1,979,065	2,381,596	2,498,588	2,482,039	2,458,857
Waste disposal	989,224	1,111,776	1,159,112	1,153,329	1,063,799
Total business-type activities program revenues	<u>5,357,019</u>	<u>6,161,335</u>	<u>6,467,024</u>	<u>6,514,340</u>	<u>6,361,863</u>
Total primary government program revenues	<u>12,591,812</u>	<u>16,553,020</u>	<u>15,541,430</u>	<u>16,558,782</u>	<u>16,508,556</u>
Net revenues (expenses):					
Governmental activities	(14,395,160)	(14,660,128)	(13,949,814)	(16,414,667)	(20,904,310)
Business-type activities	114,452	1,060,806	537,566	(1,096,777)	(539,164)
Total net revenues (expenses)	<u>(14,280,708)</u>	<u>(13,599,322)</u>	<u>(13,412,248)</u>	<u>(17,511,444)</u>	<u>(21,443,474)</u>

Source: City Finance Department

		Fiscal Year							
		2009	2010	2011	2012	2013			
\$	7,343,319	\$	8,393,942	\$	9,051,209	\$	6,397,275	\$	6,459,914
	10,101,285		9,917,154		10,137,119		10,346,561		9,414,862
	3,220,792		5,547,132		3,658,552		1,944,293		999,751
	6,102,140		5,591,332		4,960,530		5,423,605		5,503,387
	3,745,511		2,960,683		2,375,034		2,145,767		2,224,370
	-		-		-		-		-
	963,737		1,141,113		1,092,731		509,971		72,425
	<u>31,476,784</u>		<u>33,551,356</u>		<u>31,275,175</u>		<u>26,767,472</u>		<u>24,674,709</u>
	3,183,923		3,282,758		3,227,843		3,248,148		3,172,962
	2,731,323		2,614,749		1,867,044		2,445,675		2,802,013
	1,125,434		1,098,303		1,077,641		1,027,810		1,021,804
	<u>7,040,680</u>		<u>6,995,810</u>		<u>6,172,528</u>		<u>6,721,633</u>		<u>6,996,779</u>
	<u>38,517,464</u>		<u>40,547,166</u>		<u>37,447,703</u>		<u>33,489,105</u>		<u>31,671,488</u>
	2,455,039		2,698,964		2,503,993		584,356		513,512
	1,710,327		1,642,838		1,583,487		1,359,010		1,553,828
	334,666		425,299		581,323		413,067		295,199
	916,211		975,160		903,323		565,723		757,265
	878,659		871,337		526,198		458,090		576,507
	3,425,677		3,287,154		4,432,649		3,197,798		3,139,513
	<u>2,063,580</u>		<u>1,094,301</u>		<u>1,896,595</u>		<u>930,527</u>		<u>719,000</u>
	<u>11,784,159</u>		<u>10,995,053</u>		<u>12,427,568</u>		<u>7,508,571</u>		<u>7,554,824</u>
	2,795,599		2,737,198		3,064,458		2,769,412		3,291,272
	2,562,997		2,367,243		2,383,329		2,580,623		2,892,407
	<u>1,097,873</u>		<u>1,110,869</u>		<u>1,125,037</u>		<u>1,122,709</u>		<u>1,131,929</u>
	<u>6,456,469</u>		<u>6,215,310</u>		<u>6,572,824</u>		<u>6,472,744</u>		<u>7,315,608</u>
	<u>18,240,628</u>		<u>17,210,363</u>		<u>19,000,392</u>		<u>13,981,315</u>		<u>14,870,432</u>
	(19,692,625)		(22,556,303)		(18,847,607)		(19,258,901)		(17,119,885)
	<u>(584,211)</u>		<u>(780,500)</u>		<u>400,296</u>		<u>(248,889)</u>		<u>318,829</u>
	<u>(20,276,836)</u>		<u>(23,336,803)</u>		<u>(18,447,311)</u>		<u>(19,507,790)</u>		<u>(16,801,056)</u>

(Continued)

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	\$ 5,591,534	\$ 8,664,486	\$ 9,868,621	\$ 10,591,345	\$ 11,937,517
Sales and use	5,566,868	6,437,044	6,992,207	3,673,550	3,154,930
Property taxes in lieu of sales and use taxes	-	-	-	-	1,029,267
Business license taxes	-	-	-	-	-
Franchise	1,956,149	2,067,293	350,718	373,991	325,742
Motor fuel	1,122,019	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental, unrestricted	-	575,837	180,687	1,873,488	100,464
Investment income	429,153	400,074	198,089	796,038	472,572
Gain on sale of property	-	-	-	-	2,569,335
Other	-	-	15,178	729,944	832,593
Transfers	820,150	222,321	220,810	220,810	232,349
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>15,485,873</u>	<u>18,367,055</u>	<u>17,826,310</u>	<u>18,259,166</u>	<u>20,654,769</u>
Business-type activities:					
Investment income	103,648	169,465	260,460	354,850	271,191
Other	-	-	(69,856)	-	-
Transfers	(820,150)	(222,321)	(220,810)	(220,810)	(232,349)
Total business-type activities	<u>(716,502)</u>	<u>(52,856)</u>	<u>(30,206)</u>	<u>134,040</u>	<u>38,842</u>
Total primary government	<u>14,769,371</u>	<u>18,314,199</u>	<u>17,796,104</u>	<u>18,393,206</u>	<u>20,693,611</u>
Changes in net position					
Governmental activities	1,090,713	3,706,927	3,876,496	1,844,499	(249,541)
Business-type activities	(602,050)	1,007,950	507,360	(962,737)	(500,322)
Total primary government	<u>\$ 488,663</u>	<u>\$ 4,714,877</u>	<u>\$ 4,383,856</u>	<u>\$ 881,762</u>	<u>\$ (749,863)</u>

- (1) The fluctuations beginning in fiscal year 2012 compared to prior years 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				
2009	2010	2011	2012	2013
\$ 12,976,749	\$ 13,101,490	\$ 12,596,288	\$ 10,198,997	\$ 6,650,806 (1)
2,599,450	2,478,957	2,323,994	2,380,675	2,637,297
998,834	927,430	596,449	603,373	867,581
-	-	-	1,082,584	1,031,924 (1)
418,974	341,642	333,522	307,119	297,319
-	-	-	-	-
-	-	-	1,002,816	357,190 (1)
85,783	74,236	115,898	264,443	-
108,972	264,448	244,419	918	1,530
-	-	298,411	120,000	-
892,153	1,014,000	1,467,179	562,404	376,607
222,623	340,902	121,000	121,000	121,000
-	-	-	4,810,783	- (2)
<u>18,303,538</u>	<u>18,543,105</u>	<u>18,097,160</u>	<u>21,455,112</u>	<u>12,341,254</u>
197,462	45,256	23,897	11,152	16,079
-	-	-	-	-
<u>(222,623)</u>	<u>(340,902)</u>	<u>(121,000)</u>	<u>(121,000)</u>	<u>(121,000)</u>
<u>(25,161)</u>	<u>(295,646)</u>	<u>(97,103)</u>	<u>(109,848)</u>	<u>(104,921)</u>
<u>18,278,377</u>	<u>18,247,459</u>	<u>18,000,057</u>	<u>21,345,264</u>	<u>12,236,333</u>
(1,389,087)	(4,013,198)	(750,447)	2,196,211	(4,778,631)
<u>(609,372)</u>	<u>(1,076,146)</u>	<u>303,193</u>	<u>(358,737)</u>	<u>213,908</u>
<u>\$ (1,998,459)</u>	<u>\$ (5,089,344)</u>	<u>\$ (447,254)</u>	<u>\$ 1,837,474</u>	<u>\$ (4,564,723)</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General fund:					
Reserved	\$ 44,779	\$ 49,532	\$ 183,608	\$ 2,055,539	\$ 69,999
Unreserved	<u>397,592</u>	<u>3,026,464</u>	<u>4,984,271</u>	<u>3,992,140</u>	<u>2,362,813</u>
Total general fund	<u>\$ 442,371</u>	<u>\$ 3,075,996</u>	<u>\$ 5,167,879</u>	<u>\$ 6,047,679</u>	<u>\$ 2,432,812</u>
All other governmental funds:					
Reserved	\$ 3,147,147	\$ 6,942,187	\$ 9,375,226	\$ 12,189,553	\$ 8,760,628
Unreserved, reported in:					
Special revenue funds	(2,230,704)	(2,101,096)	(2,923,775)	(2,020,353)	(3,636,210)
Debt service funds	(450,962)	87,989	(84,361)	(565,199)	(611,346)
Capital projects funds	2,002,942	816,814	29,777	4,979,008	(1,105,235)
Other	<u>2,824,596</u>	<u>2,136,295</u>	<u>2,131,887</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 5,293,019</u>	<u>\$ 7,882,189</u>	<u>\$ 8,528,754</u>	<u>\$ 14,583,009</u>	<u>\$ 3,407,837</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				
2009	2010	2011	2012	2013		
\$ 639,172	\$ 768,679	\$ -	\$ -	\$ -		
(492,513)	(666,295)	-	-	-		
<u>\$ 146,659</u>	<u>\$ 102,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 7,112,657	\$ 8,245,010	\$ -	\$ -	\$ -		
(422,538)	(614,082)	-	-	-		
611,990	(2,222,757)	-	-	-		
(2,896,209)	(2,759,950)	-	-	-		
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
<u>\$ 4,405,900</u>	<u>\$ 2,648,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ -	\$ 237,378	\$ 335,766	\$ 392,931		
<u>-</u>	<u>-</u>	<u>(856,695)</u>	<u>(1,572,548)</u>	<u>(2,139,983)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (619,317)</u>	<u>\$ (1,236,782)</u>	<u>\$ (1,747,052)</u>		
\$ -	\$ -	\$ 5,448,274	\$ 492,395	\$ 94,787		
-	-	2,890,223	2,199,614	1,836,005		
<u>-</u>	<u>-</u>	<u>(7,022,933)</u>	<u>(2,508,607)</u>	<u>(164,377)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,564</u>	<u>\$ 183,402</u>	<u>\$ 1,766,415</u>		

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 13,223,074	\$ 17,116,611	\$ 18,160,481	\$ 17,869,675
Licenses and permits	2,068,941	1,591,609	1,321,998	235,143
Charges for services	380,555	481,095	499,624	1,997,264
Fines and forfeitures	608,780	850,464	970,687	886,395
Investment earnings	429,153	400,074	807,847	1,084,708
Intergovernmental	4,390,068	6,521,737	4,297,805	5,607,795
Administrative overhead	930,628	930,628	1,672,248	-
Community development	-	-	-	-
Sale of inventory	-	-	-	-
Other	1,443,986	894,473	1,148,455	1,563,678
Total revenues	23,475,185	28,786,691	28,879,145	29,244,658
Expenditures				
Current:				
General government	6,630,988	8,037,230	7,834,515	7,499,986
Public safety	7,830,932	8,375,379	8,466,474	9,664,425
Community development	1,636,810	1,344,615	3,069,196	2,189,345
Public works	4,595,811	5,206,946	3,798,336	9,192,018
Parks and recreation	2,124,210	1,918,860	1,939,812	1,925,068
Pass-throughs	-	-	-	927,114
SERAF	-	-	-	-
Other	168	2,321	-	-
Capital outlay	1,418,383	1,717,999	-	2,826,135
Debt service:				
Principal	540,000	575,000	787,000	832,000
Interest and fiscal charges	381,845	432,867	498,414	682,275
Cost of issuance	-	-	-	383,621
Total expenditures	25,159,147	27,611,217	26,393,747	36,121,987
Excess (deficiency) of revenues over (under) expenditures	(1,683,962)	1,175,474	2,485,398	(6,877,329)
Other financing sources (uses):				
Transfers in	4,878,792	7,496,266	4,817,583	4,078,292
Transfers out	(4,058,642)	(4,273,945)	(4,596,773)	(3,857,482)
Payment to/from bond escrow agent	-	-	32,240	-
Issuance of debt	-	-	-	11,490,000
Discount	-	-	-	(74,426)
Sale of property	-	-	-	-
Total other financing sources (uses)	820,150	3,222,321	253,050	11,636,384
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	\$ (863,812)	\$ 4,397,795	\$ 2,738,448	\$ 4,759,055
Debt service as a percentage of noncapital expenditures	4.0%	4.1%	5.1%	5.0%

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					
2008	2009	2010	2011	2012	2013
\$ 19,597,729	\$ 20,136,147	\$ 18,114,573	\$ 17,433,856	\$ 14,941,249	\$ 11,120,845
254,159	260,071	223,748	249,754	279,825	337,085
3,307,933	2,814,217	2,876,980	2,697,601	1,508,783	2,714,937
1,074,122	1,268,174	1,226,322	1,183,299	888,136	734,210
731,934	699,154	700,719	570,661	280,368	218,923
3,608,832	5,481,477	6,017,833	7,005,399	5,234,049	4,467,012
-	-	-	-	-	-
-	-	-	-	-	-
500,000	125,000	-	-	-	-
<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>512,402</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>	<u>20,105,414</u>
8,998,389	8,362,675	7,870,484	7,710,354	4,623,271	4,967,021
9,977,618	10,620,149	10,382,127	10,556,689	9,961,760	9,032,340
5,051,488	2,033,620	1,636,343	2,364,956	1,222,182	791,977
7,060,897	4,383,266	3,274,845	3,085,317	3,748,331	4,034,856
5,093,249	3,731,142	2,921,263	2,332,198	2,055,715	2,134,851
1,004,484	1,367,117	1,745,906	1,712,477	1,067,046	-
-	-	2,063,811	424,902	-	-
-	-	-	-	-	-
6,167,164	1,538,552	989,588	2,835,433	-	427,999
1,309,000	1,418,388	1,663,887	1,933,535	1,482,000	268,000
859,788	771,988	932,410	870,409	378,568	72,425
-	-	-	-	-	-
<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>21,729,469</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>	<u>(1,624,055)</u>
4,451,217	5,468,685	6,818,161	7,603,439	3,233,411	3,338,164
(4,218,868)	(5,246,062)	(6,477,259)	(7,482,439)	(3,112,411)	(3,217,164)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	178,411	245,000	-
<u>232,349</u>	<u>222,623</u>	<u>340,902</u>	<u>299,411</u>	<u>366,000</u>	<u>121,000</u>
-	-	-	-	(1,723,105)	-
<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>	<u>\$ (1,503,055)</u>
5.8%	7.2%	9.3%	9.9%	7.7%	1.7%

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

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other	Unsecured
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
2013	832,506,508	264,733,131	258,909,717	44,405,697	121,871,794

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

<u>Unknown</u>	<u>Taxable Assessed Value</u>	<u>Direct Tax Rate</u>
\$ 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%
-	1,522,426,847	0.73170%

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City Direct Rates:						
City basic rate	0.3320	0.4320	0.4320	0.4291	0.4320	0.4298
Redevelopment agency/Other	0.1919	0.2913	0.2904	0.2868	0.2887	0.2886
Total City Direct Rate	0.5965	0.6895	0.6957	0.6871	0.6794	0.6861

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) adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the Fiscal year 2012/13 and years thereafter.
- (5) Because basic and debt rates vary by tax rate area individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: L.A. County Assessor 2003/04 - 2012/13 Tax Rate Table provided by 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
0.4298	0.4298	0.4298	0.4298
0.2885	0.2879	0.2879	-
0.7308	0.7351	0.7317	0.73694

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

Taxpayer	2013		Taxpayer	2004	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CPF San Fernando LLC	\$ 70,741,892	4.65%	CLPF San Fernando LP	\$ 43,607,244	4.25%
Pharmavite LLC	56,003,841	3.68%	SFVS Company LLC	17,641,020	1.72%
SFVS Company LLC	20,452,887	1.34%	Land M O Hearn Properties LLC	15,051,466	1.47%
Foothill HD Retail Center LLC	19,217,686	1.26%	Hannon Properties LLC ETAL	11,532,807	1.12%
Ahi Glenoaks Inc.	15,620,950	1.03%	Ahi Glenoaks Inc.	10,898,700	1.06%
San Fernando Gateway LLC	14,472,968	0.95%	San Fernando Valley Automotive LLC	10,318,280	1.01%
315 Partners LLC	13,809,816	0.91%	San Fernando Associates	10,189,982	0.99%
San Fernando Associates	10,266,420	0.67%	315 Partners LLC	8,999,459	0.88%
San Fernando Senior Housing LP Aszkena	8,712,553	0.57%	Nathan O. Shaw Trust	7,249,965	0.71%
San Fernando Valley Automotive LLC	8,695,453	0.57%	Puretek Corporation	6,436,654	0.63%
Total Top Ten	<u>\$ 237,994,466</u>	<u>15.63%</u>	Total Top Ten	<u>\$ 141,925,577</u>	<u>13.83%</u>
Total Property Taxes	<u>\$ 1,522,426,847</u>		Total Property Taxes	<u>\$ 1,026,556,737</u>	

Source: L.A. County Assessor 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll provided by HdL, Coren & Con

**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
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%	38,651	9,940,179	108.08%
2008	9,909,383	10,361,519	104.56%	196,727	10,558,246	106.55%
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%	254,457	11,400,818	117.62%
2012	10,760,744	10,622,934	98.72%	253,124	10,876,058	101.07%
2013	5,612,092	4,501,185	80.21%	(89,102)	4,412,083	78.62%

Notes:

*The collections presented include City property taxes, supplemental assessments, and Redevelopment Agency tax increment (through FY 2012), as well as amounts collected by the City and Redevelopment Agency that were passed through to other agencies.

*Supplemental assessments include voter approved indebtedness for City employee's retirement, a lighting district, penalties and interest which are not included in the Taxes levied. The collection of these supplemental assessments often cause the percent of levy to exceed 100%.

*Starting in FY 2013, the Redevelopment agency, and penalties and interest are not included.

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

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

Water Customer	2013		Water Customer	2004	
	Water Charges	Percent of Total Water Revenues		Water Charges	Percent of Total Water Revenues
Pharmavite Corporation	\$ 40,918	1.24%	Oh Boy! Corporation	\$ 22,459	0.82%
Pharmavite Corporation	19,532	0.59%	Puretek Corporation	22,349	0.82%
Mission Park Apartments	16,322	0.50%	Samco Scientific Corp	14,037	0.52%
Bitman, Boris Bruce	13,696	0.42%	Mission Car Wash	10,031	0.37%
Martin & Denise Rile	13,573	0.41%	Jin Young Coin Laundry	9,918	0.36%
LA Board of Education	13,113	0.40%	Martin & Denise Rile	9,857	0.36%
Home Depot #609	11,888	0.36%	LACO - Int Service Dept.	8,252	0.30%
Fresenius Medical CA	10,701	0.32%	The SFVS Company LLC	7,969	0.29%
Majers, Olin	9,639	0.29%	Majers, Olin	7,674	0.28%
Puretek Corporation	8,773	0.27%	K.V. Mart #19	7,603	0.28%
Total Top Ten	\$ 158,155	4.80%		\$ 120,149	4.41%
Total Water Revenue	\$ 3,292,625			\$ 2,724,845	

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		
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	0.63%	102
2013	-	-	1,956,692	1,956,692	Not Available	82

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Personal income numbers not available for 2013.

Source: City Finance Department

City of San Fernando
Direct and Overlapping Bonded Debt
June 30, 2013

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Direct Debt:			
CHFA Loan	\$ 712,692	100.000%	\$ 712,692
Section 108 Loan	1,244,000	100.000%	1,244,000
Total Direct Debt:			1,956,692
Overlapping Debt:			
*Metropolitan Water District	79,696,126	0.109	86,867
LA City Community College 2003 Ser B	3,100,000	0.255	7,917
LA City Community College Dist 2003 Ser 2004B	11,985,000	0.255	30,608
LA City Community College Dist 2001 Ser 2004A	74,440,000	0.255	190,111
LACC DS REF 2001 Series 2005 & 2013	473,395,000	0.255	1,208,998
LA City Community College DS 2001, 2006 Series B	275,300,000	0.255	703,086
LA City Community College DS 2003, 2006 Series C	382,160,000	0.255	975,994
LACC DS 2001 2008 Series E-1	271,710,000	0.255	693,917
LACC DS 2003 2008 Series F-1	344,915,000	0.255	880,874
LACC DS 2003 2008 Taxable Series F-2	550,000	0.255	1,405
LACC DS 2008 2009 Taxable Series A	350,000,000	0.255	893,861
LACC DS 2008 2009 Taxable Series B	75,000,000	0.255	191,542
LACC DS 2008 2010 Tax Series D	175,000,000	0.255	446,931
LACC DS 2008 2010 Taxable Series E (BABS)	900,000,000	0.255	2,298,500
LACC DS 2008 2010 Taxable Series C	125,000,000	0.255	319,236
LA CCD DS 2008 2012 Series F	250,000,000	0.255	638,472
Los Angeles Unif Sch Dis 1997 Ser A	49,500,000	0.317	156,976
Los Angeles Unif Sch Dis 2002 Ref Bond	175,645,000	0.317	557,010
Los Angeles Unif Sch Dis 1997 Ser F	45,075,000	0.317	142,943
Los Angeles Unif Sch Dis 2002 Ser A	17,885,000	0.317	56,717
Los Angeles Unif Sch Dis 2004 Series C 2004	35,355,000	0.317	112,119
Los Angeles Unif Sch Dis 2004 Ref Bonds A-1	90,060,000	0.317	285,601
Los Angeles Unif Sch Dis 2004 Ref Bonds A-2	126,840,000	0.317	402,238
Los Angeles Unif Sch Dis 2004 Series E	218,770,000	0.317	693,769
Los Angeles Unif Sch Dis 2005 Ref Bds A-1	346,005,000	0.317	1,097,260
Los Angeles DS 2005 Refunding Bonds A-2	120,925,000	0.317	383,480
Los Angeles Unif Sch Dis 2004 Series F	421,605,000	0.317	1,337,004
LA USD DS 2006 Ref BD Series A	132,325,000	0.317	419,632
LA USD DS 2005 Series A (2006)	218,640,000	0.317	693,357
LA USD DS 2005 Series B (2006)	323,950,000	0.317	1,027,318
LA USD DS 2005 Series C (2006)	435,015,000	0.317	1,379,531
LA USD DS 2005 Series D (2006)	856,990,000	0.317	2,717,708
LA USD DS 2006 Refunding Series B	557,045,000	0.317	1,766,515
LA USD DS 2007 Refunding Series A-1	1,130,055,000	0.317	3,583,659
LA USD DS 2007 Refunding Series A-2	136,055,000	0.317	431,461
LA USD DS 2002 Series B (2007)	228,410,000	0.317	724,340
LA USD DS 2007 Ref BDS Series B	24,650,000	0.317	78,171
LA USD DS 2002 Series C	505,425,000	0.317	1,602,816
LA USD DS 2004 Series H	137,425,000	0.317	435,806
LA USD DS 2005 Series E	29,150,000	0.317	92,441
LA USD DS 2002 Series D	110,105,000	0.317	349,168
LA USD DS 2004 Series I	5,615,000	0.317	17,806
LA USD DS 2005 Series F	145,250,000	0.317	460,620
LA USD DS 2002 Series E	157,165,000	0.317	498,406
LA USD DS 2004 Series J	130,450,000	0.317	413,686

City of San Fernando
Direct and Overlapping Bonded Debt - Continued
June 30, 2013

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt - Continued:			
LA USD DS 2005 Series G	3,795,000	0.317	12,035
LA USD DS 2005 Series H	608,995,000	0.317	1,931,260
LAUSD 2009 Refunding Measure R Bonds	51,560,000	0.317	163,508
LAUSD Measure R Series 2009	131,080,000	0.317	415,684
LAUSD Measure R Series KRY BABS	200,000,000	0.317	634,245
LAUSD Measure Y 2009 Series KRY BABS	363,005,000	0.317	1,151,171
LAUSD 2009 Refunding Prop BB Bonds	72,570,000	0.317	230,136
LAUSD Measure R 2010 Series RY BABS	806,795,000	0.317	2,558,529
LAUSD Measure Y 2010 Series RY BABS	1,250,585,000	0.317	3,965,887
LAUSD 2010 REFUNDING SERIES A PROP BB	400,785,000	0.317	1,270,979
LAUSD 2010 REFUNDING SERIES A (MEASURE K)	156,000,000	0.317	494,711
Total Overlapping Debt:			44,314,022
Total Direct & Overlapping Debt:			\$ 46,270,714

2012/13 Assessed Valuation: \$962,096,198 after deducting \$560,330,649 Incremental Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.20%
	Overlapping Debt	4.61%
	Total Debt	4.81%

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 2012/13 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 2012/13 Lien Date Tax Rolls provided by HdL, Coren & Cone.

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

	Fiscal Year			
	2004	2005	2006	2007
Assessed valuation	\$ 1,026,556,737	\$ 1,104,760,901	\$ 1,209,030,356	\$ 1,339,513,248
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	256,639,184	276,190,225	302,257,589	334,878,312
Debt limit percentage	15%	15%	15%	15%
Debt limit	38,495,878	41,428,534	45,338,638	50,231,747
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 38,495,878</u>	<u>\$ 41,428,534</u>	<u>\$ 45,338,638</u>	<u>\$ 50,231,747</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.

Data Source: L.A. County Assessor 2012/13 Combined Tax Rolls, provided by HdL, Coren & Cone, and City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,458,563,882	\$ 1,515,160,559	\$ 1,494,474,452	\$ 1,453,887,926	\$ 1,470,643,956	\$ 1,522,426,847
25%	25%	25%	25%	25%	25%
364,640,971	378,790,140	373,618,613	363,471,982	367,660,989	380,606,712
15%	15%	15%	15%	15%	15%
54,696,146	56,818,521	56,042,792	54,520,797	55,149,148	57,091,007
-	-	-	-	-	-
<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>	<u>\$ 57,091,007</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
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	383,169,000	15,913	11.5%
2013	23,880	Not Available	Not Available	9.2%

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 (data shown is for the metropolitan are of L.A.-Long Beach Santa Ana)

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
	2013	714	11,262,235

Source : Various City Departments

**City of San Fernando
Principal Employers
Last Fiscal Year and Nine Years Ago**

<u>Business Name</u>	<u>2012-13</u>		<u>2003-04</u>	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Los Angeles Unified School District	710	6.76%	0	0.00%
Los Angeles County District Attorney's Office	356	3.39%	0	0.00%
Pepsi Bottling Co.	282	2.69%	0	0.00%
Home Depot	224	2.13%	0	0.00%
Sam's Club	180	1.71%	0	0.00%
Puretek Corporation	170	1.62%	0	0.00%
Valley Crest Landscape Co.	118	1.12%	0	0.00%
Newco International	115	1.10%	0	0.00%
7 Up RC Bottling	110	1.05%	0	0.00%
City of San Fernando	100	0.95%	0	0.00%
Total Top Ten Employers	<u>2,365</u>	<u>22.52%</u>	<u>-</u>	<u>0.00%</u>
Total City Labor Force ⁽¹⁾	<u>10,500</u>		<u>0</u>	

Note: Results based on direct correspondence with city's local businesses. Information from 9 years ago not available.

⁽¹⁾ Total City Labor Force provided by EDD Labor Force Date

Source: MuniServices, LLC

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	42	38	37	37	36	35	50	48	59	87
Public safety	62	61	59	59	62	65	65	60	55	50
Public works	41	42	48	43	46	47	38	38	35	33
Community development	10	10	9	11	10	10	6	5	9	9
Total	155	151	153	150	154	157	159	151	158	179

Note:

Increase in the General Government function in FY 2013 is due to the inclusion of part-time aquatics staff (lifeguards, senior lifeguards, etc), who are now recruited in-house.

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

Function	Calendar Year				
	2004	2005	2006	2007	2008
Police:					
Arrests	1,481	1,432	1,377	1,571	2,471
Parking citations issued	16,129	15,860	15,205	16,074	19,096

Source: City of San Fernando Police Department

Calendar Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
2,721	1,933	1,424	887	683
16,966	16,583	14,799	13,407	10,699

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

Function	Fiscal Year				
	2004	2005	2006	2007	2008
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	5	5	5	6	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				
2009	2010	2011	2012	2013
1	1	1	1	1
0	0	0	0	0
50.00	50.00	50.00	50.00	50.00
1,678	1,848	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	66.88	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