

THE CITY OF  
**SAN FERNANDO**



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL  
YEAR ENDING  
**JUNE 30, 2015**

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, 2015**

**Prepared By:**  
**Finance Department**



**City of San Fernando**  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2015

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**SECTION I.  
INTRODUCTORY  
SECTION**

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# THE CITY OF SAN FERNANDO

## CITY COUNCIL

MAYOR  
JOEL FAJARDO

VICE MAYOR  
SYLVIA BALLIN

COUNCILMEMBER  
ROBERT C. GONZALES

COUNCILMEMBER  
ANTONIO LOPEZ

COUNCILMEMBER  
JAIME SOTO

December 23, 2015

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, 2015, is hereby submitted. 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 in all material respects.

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 is to provide reasonable assurance that the financial statements of the City of San Fernando for the fiscal year ended June 30, 2015, are free of material misstatements. The independent audit involves 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, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The City is 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

FINANCE  
DEPARTMENT

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CALIFORNIA  
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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.

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 complement the 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.

### **Profile of the City of San Fernando**

The City of San Fernando, which has a residential population of approximately 24,000, was incorporated on August 31, 1911. It is conveniently located in the northeast section of the San Fernando Valley at the southern foot of the San Gabriel Mountains. This compact community of 2.4 square miles is completely surrounded by the City of Los Angeles, including the nearby communities of Sylmar, Mission Hills and Pacoima. Major physiographic features located near the City include the San Gabriel Mountains (located approximately 3 miles to the north), the Pacoima Wash (located along the eastern side of the City), Hansen Lake (located 3 miles to the southeast of the City), and the Los Angeles Reservoir (located approximately 4 miles to the northwest). Regional access to the City of San Fernando is possible from three freeways located in the area: Interstate 5 Freeway (I-5), State Route 118 (SR-118), and Interstate 210 Freeway (I-210).

The City operates under the City Council - City Manager form of government and provides a full range of municipal services, including police protection; construction and maintenance of streets and 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 refuse services through an exclusive franchise agreement and water and sanitary sewer under an Enterprise Fund system whereby customer user fees cover the cost of providing service.

The City adopts an annual budget by July 1<sup>st</sup> each year. The budget includes detailed allocations by line item for each operating department and special revenue fund. The budget includes, at a minimum, the following expenditure categories for each fund and department:

- Personnel Services;
- Contractual Services;
- Maintenance and Operations; and
- Capital Outlay.

The Annual Budget, as adopted by the City Council, establishes the total appropriation provided for each City Department's operations. Expenditures may not legally exceed budgeted appropriations at the Department level within a fund. The Finance Director is authorized to transfer budget amounts within salary accounts and within Maintenance and Operations accounts at his discretion. The City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least three members. The City's general ledger is

maintained by the line item detail or object of expenditure. Revenues are estimated annually and measured against actual revenues earned.

The City Council exercises control over and is financially accountable for the legally separate San Fernando Public Financing Authority, which is included in this report as a blended component unit of the City. 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. Additional information on blended component units can be found in Note 1 of the Notes to the Financial Statements.

### **History of San Fernando**

As you enter the City of San Fernando along picturesque, palm-lined Brand Boulevard, you discover a community rich in California history dating back almost two centuries. Named in honor of a Spanish Saint/King, San Fernando was selected for settlement long before the rest of Los Angeles. The City grew out of the ranching activities surrounding Mission de San Fernando Rey, whose graceful porticoes still stand today. By the early 1800's the settlement had blossomed into a small trading center where farm crops, olives, wine, and thousands of livestock raised by the resident Indians were bought and sold.

San Fernando enjoyed a brief gold rush in the 1840s when nuggets were discovered in a nearby canyon. In 1874, San Fernando became the valley's first organized community, thus earning the title "First City of the Valley." With the arrival of the railroad two years later, town lots soared from \$10 apiece to \$150.

The City of San Fernando is a community of attractive contrasts. What was once a land of farms and ranches adjoining the Mission de San Fernando Rey is now a vibrant center of manufacturing and commerce. San Fernando enjoys a sweeping view of the panoramic San Gabriel foothills and a sense of privacy; yet it is only minutes from downtown Los Angeles and other centers of commercial activity, thanks to a network of freeways and nearby airports. The City combines modern metropolitan conveniences with a close-knit community of friendly, civic-minded residents.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of San Fernando operates.

The National and State economies have been steadily growing over the last few years, which is expected to continue. According to the Bureau of Labor Statistics, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow approximately 3% annually over the next few years. The national job market has continued to strengthen as the employment rate has been steadily declining over the last few years and fuel prices have also stabilized somewhat over the last few years.

California's economy has also been steadily improving, although there are a number of factors that may dampen economic growth in the near term. The housing market has stabilized, but

affordability is still an issue for many Californians; unemployment continues to fall, but many millennials are still un- or under-employed; gas prices, which have a significant impact on Californians' disposable income, are expected to remain soft through the end of the year as U.S. oil production remains near its highest level in four decades; and the persistent drought could have dire consequences for the state's agriculture and export economy.

California is still the hub of technology firms and the entertainment industry, and the State's agriculture, manufacturing and logistics industries are valuable pieces of California's diverse economy. That diversity is a benefit and, despite any number of downward pressures on the economy, there is reason to remain cautiously optimistic.

Locally, San Fernando has seen an increase in development and investment by the local business community. Over the past year, the City has seen renovation of a new car dealership (Rydell), new restaurants (Chipotle and Wingstop), a new used car dealership (Ganas Auto) and a number of retail outlets that have invested in renovating their spaces (Smart & Final and Warehouse Shoe Store). The City has experienced very strong sales tax growth and expects to continue to have steady sales tax growth over the next year.

Although the median price for a single family residence in San Fernando is less than the County average, it continues to increase steadily. As a result, the City's property tax revenues are expected to increase.

These are all signs of an improving economy, but it continues to be a slow journey. The Great Recession was not just a temporary bump in the road, it was an economic correction. In order to be fiscally sound in the long-term, the City of San Fernando must continue to operate within this "new normal" and make the necessary and difficult decisions to re-align short-term and long-term expenditures with fewer resources.

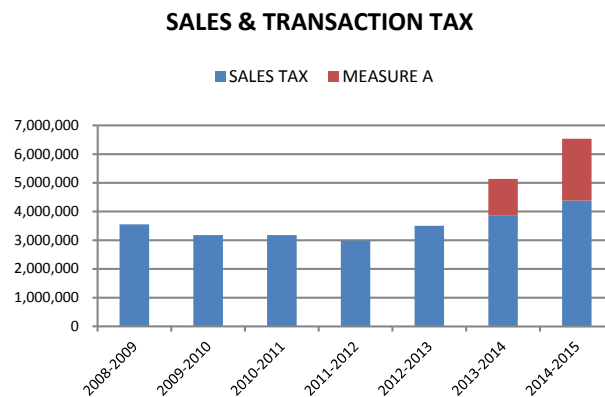
## Major General Fund Revenue

The City's major sources of General Fund revenue include Sales & Transaction Tax, Charges for Services, Property Tax in Lieu of Motor Vehicle Tax, Property Tax, and Admissions Tax.

### Sales & Transaction Tax

Retail sales and transaction tax is the City's largest revenue, accounting for approximately 33% of total General Fund revenues. Since Sales Tax revenue is a function of business and consumer spending, it is highly sensitive to economic cycles.

In June 2013, San Fernando voters approved a half cent local transaction use tax (Measure A) for a duration of seven years. Funds raised through the transaction tax are imperative to the

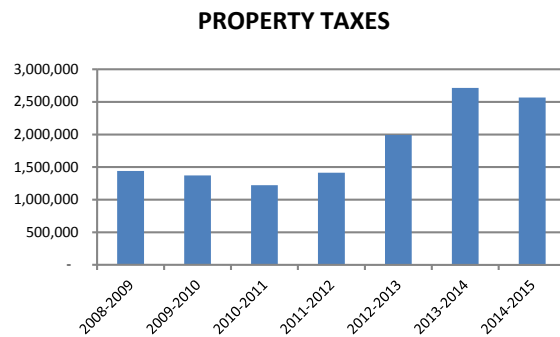


City's short-term viability. Unfortunately, the transaction tax will sunset in October 2020. Consequently, funds raised through Measure A will not be considered to fund ongoing operations.

Sales tax has shown steady growth over the last few years, which is expected to continue for the next few years due to retail development and investment in the community. The City's new and used car dealerships have been performing extremely well since investing in upgrading their facilities. Warehouse Shoe Store is investing in their facility and increasing square footage, which should be complete in early fiscal year 2015-2016. New restaurants, including Chipotle and Wing Stop, are also adding to the City's tax base. Overall, sales and transaction tax revenue is estimated to increase by approximately 10% in FY 2015-2016.

#### Property Tax

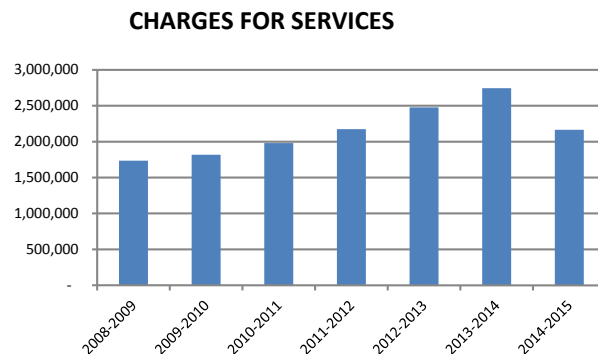
Property tax, which accounts for approximately 13% of General Fund revenue, is the City's second largest revenue source. Property tax is an ad valorem tax levied on property owners in the City of San Fernando. The property tax rate is limited by Proposition 13 to 1% of the property's assessed value. The City receives approximately fifteen cents for every dollar in property tax paid by property owners in San Fernando. The remaining amount is distributed to Los Angeles County agencies and local school districts.



Assessed property values are steadily rebounding since they bottomed out in FY 2010-2011. Additionally, the elimination of redevelopment agencies and tax increment by the state has resulted in additional property tax for the City, which accounts for the large jump in fiscal years 2012-2013 and 2013-2014. As the former San Fernando Redevelopment Agency winds down and retires debt, the City will continue to receive additional property tax revenue. Annual assessed value increases are limited by Proposition 13 to a maximum of 2%. There are also a number of projects in the City that are in different phases of the development process. It is anticipated that a number of these will be built within the next few years, which should further bolster the City's assessed values.

#### Charges for Services

San Fernando charges fees for various services it provides to users who derive a direct benefit from the provision of those services. Some examples include, facility rental fees, film and special event permits, and development permit fees. Additionally, San Fernando charges administration fees to the Enterprise Funds and various Special Revenue funds to reimburse the City for administrative costs incurred to support those activities.

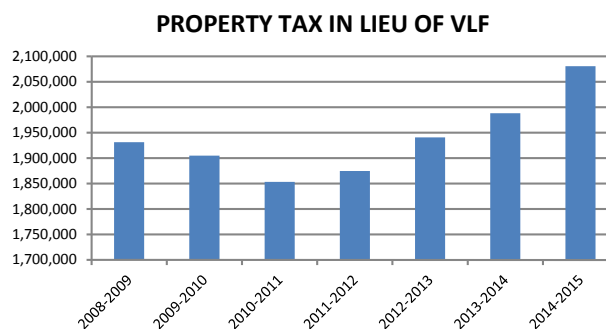


Administrative costs include, but are not limited to; recruiting and benefit administration services; billing, accounts payable, payroll and accounting services; information technology services; facility use services; and equipment maintenance services. Charges for services are the City's third largest revenues source and account for almost 11% of total General Fund revenues.

In fiscal years 2012-2013 and 2013-2014, there was a large infrastructure upgrade by Southern California Edison, which resulted in approximately \$300,000 in one-time permit revenue. In FY 2015-2016, the City has hired a firm to conduct a user fee study to review all of the City's charges for service and calculate the true cost to provide each fee based service. That study is expected to result in recommendations to increase some user fees and, consequently, should result in additional revenue for the City.

#### Property Tax In-Lieu of Motor Vehicle License Fee

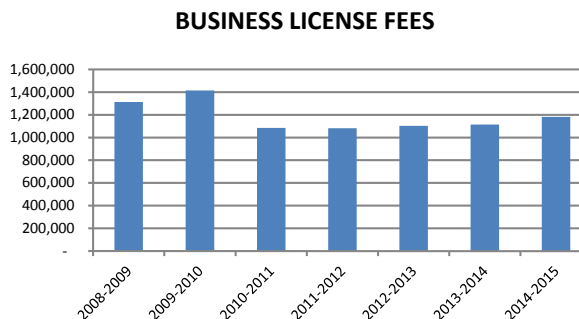
Prior to 2004, cities in California received a share of the state's Motor Vehicle License Fee (VLF), which is a fee imposed on motor vehicles based on the original sale price of the vehicle. In 2004, the state shifted revenues from the Motor Vehicle License Fee to fund other programs. To make cities whole, the state replaced the loss of VLF revenue with a like amount of property tax revenue.



Property tax in-lieu of Motor Vehicle License Fee is the City's fourth largest revenue as it accounts for just over 10% of General Fund revenue. Revenue and Taxation Code Section (c)(1)(B)(i) specifies the VLF Adjustment Amount for each city and county is to grow in proportion to the growth of gross assessed valuation in that jurisdiction from the prior year. Strong assessed value growth in the City has resulted in additional Property Tax In-Lieu revenues over the last few years.

#### Business License Fees

San Fernando imposes a Business License fee on certain businesses, trades, professions and occupations specified in the City's Municipal Code. There are a number of different fees based on business type, but generally the fee imposed is \$1.20 per \$1,000 in gross receipts for the sale of goods and \$2.40 per \$1,000 in gross receipts for services. Business License is the City's fifth largest revenue source and accounts for approximately 6% of General Fund revenue.



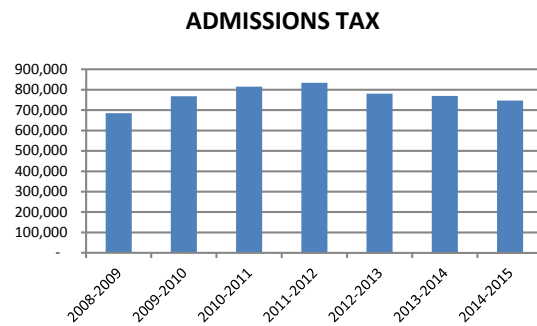


Business License revenue is also very sensitive to economic conditions and decreased by more than 25% from FY 2009-2010 to FY 2010-2011. Although Business License revenue has rebounded slightly since the recession, it is still well below pre-recession receipts and has remained relatively flat.

In an effort to improve compliance with Business License regulations, the City partnered with a firm in FY 2015-2016 to manage the Business License Program. Partnering with a firm that specializes in managing Business License programs will offer additional services to the City's business community (through online application filing, online payments, and credit card payment acceptance) while increasing compliance by the business community through additional outreach and education. It is expected that this partnership will result in additional revenue collected through the business license program.

#### Admissions Tax

San Fernando imposes a tax on each person who pays an admission fee, commonly known as an Admissions Tax. The tax is collected by the operator at the time admission is paid. Admissions Tax revenue is the City's sixth largest revenue source and accounts for approximately 4% of General Fund revenue. The primary Admissions Tax generator is the City's Swap Meet.

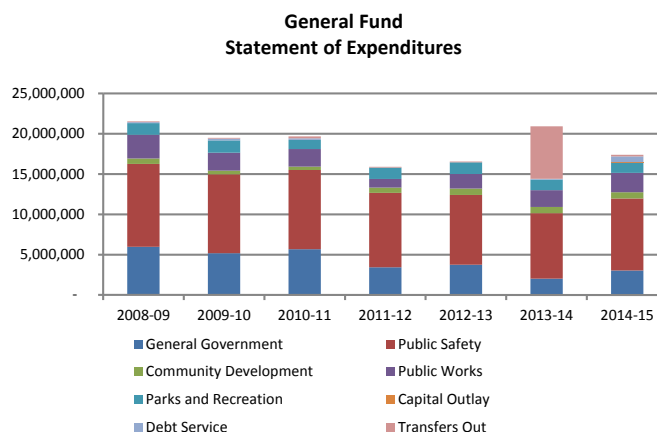


Revenues increased dramatically in FY 2010-2011 and FY 2011-2012 due to expansion of Swap Meet days of operation from four to five days per week. Additionally, since the Swap Meet provides discounted and second hand products, it is anti-cyclical, which means attendance and sales tend to increase when the economy is down. Consequently, attendance and sales increased during the Great Recession and the years following. As the economy improved, attendance and sales have been decreasing accordingly. Since Swap Meet attendance is still above pre-expansion/pre-recession levels, revenues are expected to continue to drop another 5 – 10% before leveling off and remaining relatively flat.

## General Fund Expenditures

Since fiscal year 2008-2009, total General Fund expenditures have decreased by almost 20% as the City has had to make drastic cuts to align on-going expenses with lower on-going revenues.

Excluding Debt Service payments and Transfers Out, General Fund departmental expenditures increased by 15% from FY 2013-2014. The increase from the prior year is due primarily to short term cost cutting measures implemented in FY 2013-2014 (e.g. employee furloughs, reduction in operating budgets, and other employee concessions) that were not extended into FY 2014-2015.



General Government expenditures (which includes City Manager, City Attorney, Personnel, City Clerk, Finance, and Information Technology) increased by approximately 50% due primarily to the retirement of the remaining balance of \$692,000 owed by the City for a California Housing Finance Authority loan, which was recorded as an “Other Expense” in General Government.

Community Development expenditures remained relatively flat from the prior year.

Public Safety (including the Fire Service contract with City of Los Angeles) expenditures, which account for approximately 51% of General Fund expenditures, increased by approximately 10%. As part of the prior year cost cutting measures, in FY 2013-2014, the City entered into negotiations with the City of Los Angeles Fire Department (LAFD) to reduce the cost of fire protection and emergency medical services. During the negotiation, which lasted for more than a year, LAFD reduced their billing. Once negotiations were finalized in late-FY 2014-2015, LAFD billing included catch up payments from prior years. This accounts for most of the increase from FY 2013-2014. Also, three vacant Police Officer positions were fill toward the end of FY 2013-2014 and beginning of FY 2014-2015.

Public Works expenditures increased by approximately 16% due to an uptick in engineering design and inspection activity related to infrastructure improvements and deferred maintenance. Public Works also increased tree trimming activity to catch up after reducing tree trimming in prior years as a cost cutting measure.

Parks and Recreation expenditures decreased by approximately 6% due to a lease agreement executed with the County of Los Angeles to staff and operate the San Fernando Regional Pool. The County took over operations of the Pool in November 2014. The City expects to realize significant long term savings as a result of the lease arrangement with the County.

Despite the reductions and concessions that have already been implemented, San Fernando, like many cities through the state, continues to face increasing pension and healthcare costs for both

active and retired employees. The City took an important step to restructuring benefits to create a more sustainable benefit package by working with employee groups to eliminate supplemental retiree healthcare benefits for employees hired after July 1, 2015 and converting some active employees to a cafeteria style health plan. The City will continue to work with labor groups to identify opportunities to equitably contain long-term benefit costs. The goal is to protect existing employees' livelihood without sacrificing the City's ability to recruit highly competent employees and remain competitive in the labor market.

### **Long Term Financial Planning**

The City's General Fund has been in a deficit fund balance position since FY 2010-2011. The City has taken a number of steps over the last three years to stabilize ongoing finances, including re-negotiating labor contracts, reducing programs and services, reducing professional development, travel, and memberships by City staff, implementing layoffs and furloughs, and freezing vacant positions. Many of these were short-term fixes that were necessary to remain solvent; however, continuing these cuts is not sustainable in the long-term. Consequently, staff has worked with City Council to implement a multi-year plan to eliminate the General Fund deficit, which includes a balance of ongoing revenue enhancements and targeted expenditure reductions.

In 2013, the City declared a fiscal emergency and held a special election for a temporary one-half (½) cent transaction and use tax, which was approved by sixty percent (60%) of voters. This transaction tax, also referred to as "Measure A," will sunset in October 2020.

The transaction tax is projected to raise approximately \$2 million per year in general revenue and is necessary to fund a number of critical one-time needs. Since the transaction tax is temporary and will sunset in 2020, it is prudent to use the funds raised through the tax on non-recurring expenditures. Consequently, transaction tax revenue has been earmarked to address the following needs: 1) establish General Fund and Self Insurance Fund reserves, 2) pay off existing debt, 3) re-establish the City's Equipment Replacement Fund, 4) replace and update the City's outdated computer hardware, software, and telecommunications systems, 5) establish a trust to pre-fund Other Post-Employment Benefits (OPEB), and 6) fund overdue capital projects to reduce the City's deferred infrastructure and maintenance costs.

In addition to the revenue raised by Measure A, the City has taken a number of steps in the last eighteen (18) months to address the City's deficit and improve long-term financial stability, including:

- Renegotiated the Fire and Emergency Services contract with the Los Angeles Fire Department to reduce the City's annual cost without reducing service;
- Transferred operational and financial responsibility of the San Fernando Regional Pool to the County of Los Angeles;
- Retired debt from the outstanding California Housing Financing Agency (CHFA) and Section 108 Loans;
- Developed a five-year General Fund projection of revenues and expenditures;
- Adopted a Development Agreement Ordinance to provide additional tools to increase economic development efforts;
- Sold surplus land and used the land sale proceeds to reduce the City's deficit;
- Restructured future retiree health benefits to decrease the City's OPEB liability; and

- Updated the City's long term financial planning policies, including budget, purchasing, debt management, grant management, investment, and reserve policies, with an emphasis on creating long term fiscal sustainability.

To continue implementation of the deficit reduction plan in FY 2015-2016, the Adopted Budget includes the following:

- Funding to complete a user fee and cost allocation plan to ensure the City is adequately recovering costs for certain services;
- Funding to replace the City's network server infrastructure;
- Funding to re-establish a Self-Insurance Fund reserve;
- Funding to re-establish an Equipment Replacement Fund; and
- Funding to partner with a professional services firm to increase resources available to bolster the City's business license program, increase compliance, and collect ongoing revenue due to the City.

Despite the progress that has been made in the past year, and the investments being funded in the upcoming fiscal year, the City is still facing a significant General Fund deficit and must continue to implement best financial management practices, protect revenues, and strategically appropriate funds based on sound cost-benefit analysis.

### **Financial Information**

The City maintains 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.

### **Awards and Acknowledgments**

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, 2014. This was the 30<sup>th</sup> 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 2015 certification.

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

Honorable Mayor and City Council Members  
Residents of San Fernando  
December 23, 2015

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. I would also like to thank the members of the current City Council for their interest and commitment to conducting the financial operations of the City in a responsible and fiscally prudent manner and setting a course for the City that is both progressive and positive.

Respectfully submitted,



Nick Kimball  
Finance Director

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## ELECTED OFFICIALS

### MAYOR

JOEL FAJARDO

### VICE MAYOR

SYLVIA BALLIN

### COUNCILMEMBERS

ROBERT C. GONZALES

ANTONIO LOPEZ

JAIME SOTO

### CITY TREASURER

MARGARITA SOLIS

## DEPARTMENT HEADS

CITY MANAGER

BRIAN SAEKI

DEPUTY CITY MANAGER/  
PUBLIC WORKS DIRECTOR

CHRIS MARCARELLO

CHIEF OF POLICE

ANTHONY VAIRO

FINANCE DIRECTOR

NICK KIMBALL

COMMUNITY DEVELOPMENT DIRECTOR

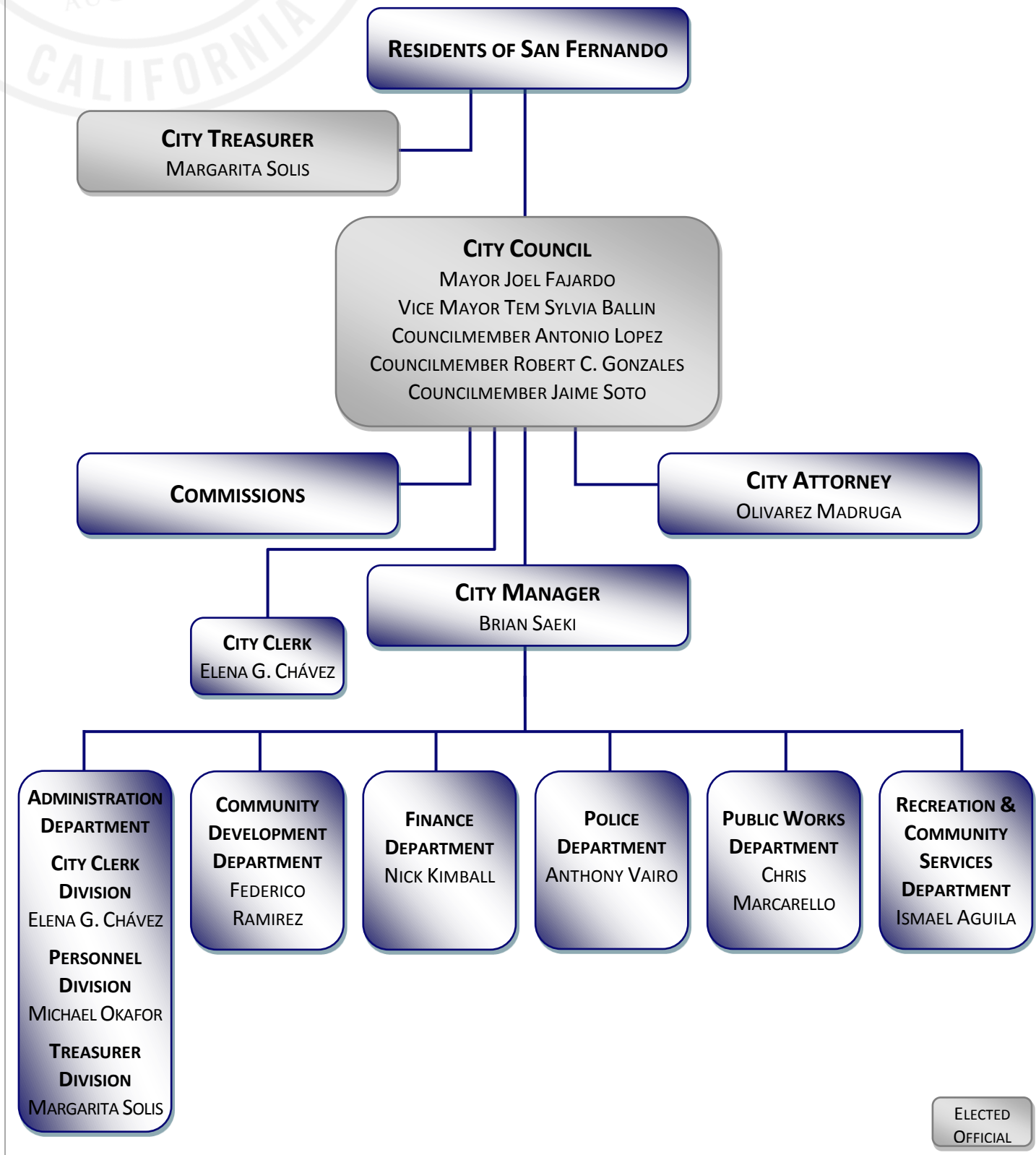
FEDERICO RAMIREZ

RECREATION AND COMMUNITY SVCS DIRECTOR

ISMAEL AGUILA

# THE CITY OF SAN FERNANDO

## ORGANIZATIONAL CHART







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Reporting**

Presented to

**City of San Fernando  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**



Executive Director/CEO

## **SECTION II. FINANCIAL SECTION**

## **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, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 10 to the financial statements, as of June 30, 2015, the City is reporting significant deficits in unrestricted net position of Governmental Activities and unassigned fund balance in the General Fund. In addition, the obligation for other post-employment benefits is increasing significantly each year. Also, the City is reporting a net pension liability of approximately \$27 million as of June 30, 2015. Management's plans regarding these matters are described in Note 10. Our opinion is not modified with respect to that matter.

### ***Change in Accounting Principle***

As described in Note 7 to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information 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 December 23, 2015 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 & Fankhaenel, LLP*

December 23, 2015

**CITY OF SAN FERNANDO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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This section of the Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City of San Fernando (City) for the fiscal year ended June 30, 2015. As management of the City, 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 pages i - xi, and the City's financial statements beginning on page 19.

**FINANCIAL HIGHLIGHTS**

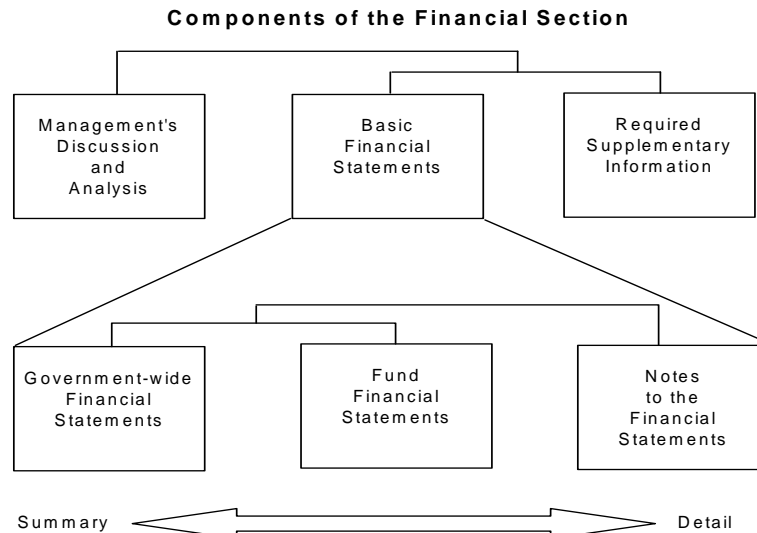
The following are some key financial highlights for the fiscal year ending June 30, 2015:

- ❖ The City's total net position decreased from \$63,052,833 as of June 30, 2014 to \$33,948,425 as of June 30, 2015. The total decrease, including all activities, was \$29,104,408 compared to June 30, 2014. Additional information on the decrease in net position is discussed in more detail in the Government-wide Financial Analysis beginning on page 7.
- ❖ The City's total unrestricted net position was a deficit of (\$32,530,044) at June 30, 2015.
- ❖ As of June 30, 2015, the City's total fund balances for governmental funds increased from \$6,026,992 to \$8,770,169, which is an increase of \$2,743,177 from June 30, 2014.
- ❖ As of June 30, 2015, the total deficit fund balance for the General Fund decreased from (\$5,693,905) to (\$4,114,045). The total deficit reduction June 30, 2014 to June 30, 2015 was \$1,579,860. Fund balance is classified per GASB Statement No. 54 as Nonspendable: \$371,547, Assigned: \$ - , and Unassigned: (\$4,485,592). Additional information on the fund balances is located in Note 1.
- ❖ As of June 30, 2015, the City's other governmental funds, excluding the General Fund, reported combined ending fund balances of \$12,884,214.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: 1) Management's Discussion and Analysis, 2) the basic financial statements, 3) required supplementary information, and 4) *optional* combining statements for non-major governmental funds.

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.



### **Government-wide Financial Statements**

The Government-wide Financial Statements are designed to present financial information about the City as a whole in a manner similar to a private-sector business, including the use of accrual-based accounting to recognize revenues and expenses. *Governmental activities*, which are principally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on user fees and charges to fund operations. *Governmental activities* include those traditionally associated with local government, such as public safety, public works, community development, recreation, and general government (administrative) functions. *Business-type activities* include the City's water and wastewater utility operations.

The Statement of Net Position presents information on all of the City's assets, including capital assets, and all related current liabilities and long-term obligations. The difference between total assets and total liabilities is presented as net position, which serves as a measure of the financial health of the City. 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. Decreases in net position are presented as "Expenses;" increases in net position are presented as "Revenues." Revenues directly attributable to a particular function within the City are presented as "Program Revenues." Tax revenues, including those restricted to a particular program function, are reported as "General Revenues" unless specifically required to be reported as program revenues.

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., revenues pertaining to uncollected taxes, or expenses pertaining to earned, but unused, vacation and sick leave).

The government-wide financial statements include not only the City itself (known as the primary government), but also the San Fernando Public Financing Authority, which is a legally separate entity. The City is financially accountable for this entity and financial information for this blended component unit is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 19 of this report.

### **Fund Financial Statements**

The City, like other state and local governments, uses fund accounting for recording its financial activities. In general, fund accounting provides a mechanism to separately account for a variety of different funding sources and enables the City to demonstrate compliance with legal and/or contractual requirements that may be associated with these funds. Thus, the accompanying fund financial statements present individual funds organized into one of three categories: Governmental, Proprietary, or Fiduciary Funds. Note that the fund financial statements only present information on the most significant (i.e. "major") funds on the face of the statements. Nonmajor funds are grouped and presented in total on the face of the statements. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the government-wide financial statements. This is designed to explain the differences created by the integrated approach to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Most of the City's basic services are reported in governmental funds. Governmental funds include the General Fund, Special Revenue, Capital Projects, and Debt Service funds. In the fund financial statements, all governmental fund types are reported using the modified accrual basis of accounting, whereby revenues are generally recognized when measurable and available to finance current operating costs, and expenditures are recognized when the related liability is incurred. In addition, the focus is on inflow (revenues) and outflow (expenditures) of the current period. As such, the balance sheets of governmental funds are intended to present only short-term assets and liabilities.

The fund financial statements include separate columns, by fund type, for all "major" governmental funds of the City. All "Nonmajor" governmental funds are consolidated into a single column labeled "Other Governmental

### Fund Financial Statements (cont.)

Funds.” The details of these funds are included in the Combining and Individual Fund Statements and schedules located in the supplementary information section of this report on pages 76-112.

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

The City maintains 24 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, Retirement Tax Fund and Housing Fund. Data from the other 21 governmental funds are combined into a single, aggregated presentation of “Other Governmental Funds.” Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *non-major governmental funds supplementary information* section of this report.

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

*Proprietary Funds.* Proprietary funds are used to account for services provided to external customers or other City departments and funds that are primarily funded from user fees and charges. Proprietary funds use the accrual basis of accounting and measure the balance and change in *total economic* resources. Accordingly, balance sheets of proprietary funds include all assets and liabilities, including long-term receivables, capital assets, and long-term liabilities. The basis of accounting and measurement focus used to prepare proprietary fund statements is the same that is used to prepare the government-wide statements. Thus, proprietary fund statements provide the same, but more detailed, information about these funds, which are included in the “Business-Type Activity” column of the government-wide statements.

The City maintains two different types of proprietary funds: *Enterprise and Internal Service*.

- *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 its water and sewer operations, both of which are considered major funds.
- *Internal Service funds* are used by the City to account for its intra-city services: currently the City uses two internal service funds: 1) Equipment Replacement Fund and 2) Self Insurance Fund.

Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section.

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

*Fiduciary Funds.* Fiduciary funds are used to account for resources held by the City as trustee on behalf of other agencies or individuals. Fiduciary funds are *not* presented in the accompanying government-wide financial statements since the resources of those funds are *not* available to support the City’s programs. The basis of accounting used for the fiduciary funds is similar to what is used for the proprietary funds. The fiduciary funds financial statements are located in the basic financial statements section of this report.



### **Fund Financial Statements (cont.)**

The City uses fiduciary funds to account for the activities of the Successor Agency to the San Fernando Redevelopment Agency and one other small agency fund where the City serves as custodian.

### **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 35 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 69 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 76 of this report.

## **Government-wide Financial Analysis**

### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In this case, the City's net position decreased from \$63,052,833 to \$33,948,425 at June 30, 2015. This dramatic decrease in net position is the result of a new reporting requirement by the Government Accounting Standards Board, Statement No. 68 (GASB 68). GASB 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Specific information related to the City's long-term pension liability can be found in Note 7. As a result of GASB 68, the City's long-term net pension liability increased by \$26,809,903 (Note 6). Additionally, the City's long-term Other Post-Employment Benefit (OPEB) obligation for retiree healthcare increased by \$1,812,248 to \$10,916,264 (Note 6).

The largest portion of the City's net position, \$60,591,272, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the City's net position, \$5,887,197, 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.

As of June 30, 2015, the City is reporting positive net positions balances in only two categories: 1) Net Investment in Capital Assets, and 2) Restricted; the City's governmental activities unrestricted net position reflects a deficit of (\$40,697,045). This large deficit is primarily the result of long-term liabilities, most notably, pension liabilities as detailed in Notes 6 and 7.

**CITY OF SAN FERNANDO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

**Government-wide Financial Analysis (cont.)**

The following table summarizes the Statement of Net Position for Governmental and Business-Type Activities for the fiscal year ended June 30, 2015, with comparative totals for the fiscal year ended June 30, 2014.

**Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 10,894,178	\$ 8,850,871	\$ 10,826,709	\$ 9,190,228	\$ 21,720,887	\$ 18,041,099
Capital assets	45,956,739	48,755,097	14,634,533	14,866,478	60,591,272	63,621,575
Total assets	56,850,917	57,605,968	25,461,242	24,056,706	82,312,159	81,662,674
Deferred Outflows of Resources:						
Deferred Pension Contributions	2,143,982	-	170,330	-	2,314,312	-
Pension Actuarial Amounts	296,199	-	735	-	296,934	-
Total Deferred Outflows	2,440,181	-	171,065	-	2,611,246	-
Liabilities:						
Current and other liabilities	2,886,588	4,267,981	580,765	563,851	3,467,353	4,831,832
Long-term liabilities	39,398,702	13,778,009	1,871,467	-	41,270,169	13,778,009
Total liabilities	42,285,290	18,045,990	2,452,232	563,851	44,737,522	18,609,841
Deferred Inflows of Resources:						
Pension Actuarial Amounts	5,574,900	-	368,124	-	5,943,024	-
Proportionate Share Contribution Diff.	284,017	-	10,417	-	294,434	-
Total Deferred Inflows	5,858,917	-	378,541	-	6,237,458	-
Net position:						
Net Investment in Capital Assets	45,956,739	47,859,172	14,634,533	14,866,478	60,591,272	62,725,650
Restricted	5,887,197	11,909,107	-	-	5,887,197	11,909,107
Unrestricted	(40,697,045)	(20,208,301)	8,167,001	8,626,377	(32,530,044)	(11,581,924)
Total net position	\$ 11,146,891	\$ 39,559,978	\$ 22,801,534	\$ 23,492,855	\$ 33,948,425	\$ 63,052,833

**Statement of Activities**

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (i.e. year-end). In contrast, the Statement of Activities provides details of how net position changed from the prior year. Generally, it indicates whether the financial health of the City as a whole is better at June 30, 2015, in relation to a year earlier.

**CITY OF SAN FERNANDO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

**Government-wide Financial Analysis (cont.)**

For the fiscal year ended June 30, 2015, total net position decreased from \$63,052,833 to \$33,948,425; a total decrease of \$29,104,408. Key elements of this decrease are as follows:

- ❖ Net position of Governmental activities decreased from \$39,559,978 to \$11,146,891; a total decrease of \$28,413,087. The decrease is primarily due to the \$28,214,209 prior period adjustment to record the City's net pension liability as required by GASB 68 (see Note 7).
- ❖ Net position of Business-type activities decreased from \$23,492,855 to \$22,801,534; a total decrease of \$691,321. The decrease is primarily due to the \$2,069,221 prior period adjustment to record the City's net pension liability attributable to Enterprise Funds, as required by GASB 68 (see Note 7).

The following table summarizes the Statement of Activities for Governmental Activities and Business-Type Activities for the fiscal year ended June 30, 2015, with comparative totals for the fiscal year ended June 30, 2014.

<b>Summary of Activities</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 3,738,873	\$ 4,267,788	\$ 7,251,316	\$ 7,991,900	\$ 10,990,189	\$ 12,259,688
Operating grants and contributions	3,386,430	2,851,032	-	-	3,386,430	2,851,032
Capital grants and contributions	704,193	1,204,330	-	-	704,193	1,204,330
General revenues						
Taxes	16,251,116	15,373,349	-	-	16,251,116	15,373,349
Investment earnings and other	1,126,824	590,643	17,287	10,458	1,144,111	601,101
<b>Total revenue</b>	<u>25,207,436</u>	<u>24,287,142</u>	<u>7,268,603</u>	<u>8,002,358</u>	<u>32,476,039</u>	<u>32,289,500</u>
<b>Expenses</b>						
General government	4,945,386	4,619,200	-	-	4,945,386	4,619,200
Public safety	10,731,526	10,190,441	-	-	10,731,526	10,190,441
Community development	988,973	981,236	-	-	988,973	981,236
Public works	7,017,740	6,052,317	-	-	7,017,740	6,052,317
Parks and recreation	1,740,259	1,781,749	-	-	1,740,259	1,781,749
Capital Outlay	-	-	-	-	-	-
Interest and fiscal charges	170,118	58,565	-	-	170,118	58,565
Enterprise operations	-	-	5,703,015	6,702,823	5,703,015	6,702,823
<b>Total expenses</b>	<u>25,594,002</u>	<u>23,683,508</u>	<u>5,703,015</u>	<u>6,702,823</u>	<u>31,297,017</u>	<u>30,386,331</u>
Increase (decrease) in net position before transfers	(386,566)	603,634	1,565,588	1,299,535	1,179,022	1,903,169
Transfers (out)	187,688	719,708	(187,688)	(719,708)	-	-
Transfers from Fiduciary Fund	-	3,545,578	-	-	-	3,545,578
Prior Period Adjustments	(28,214,209)	-	(2,069,221)	-	(30,283,430)	-
Increase (decrease) in net position	<u>(28,413,087)</u>	<u>4,868,920</u>	<u>(691,321)</u>	<u>579,827</u>	<u>(29,104,408)</u>	<u>5,448,747</u>
Net position – beginning	<u>39,559,978</u>	<u>34,691,058</u>	<u>23,492,855</u>	<u>22,913,028</u>	<u>63,052,833</u>	<u>57,604,086</u>
Net position – ending	<u>\$ 11,146,891</u>	<u>\$ 39,559,978</u>	<u>\$ 22,801,534</u>	<u>\$ 23,492,855</u>	<u>\$ 33,948,425</u>	<u>\$ 63,052,833</u>

## **Government-wide Financial Analysis (cont.)**

### **Governmental Activities**

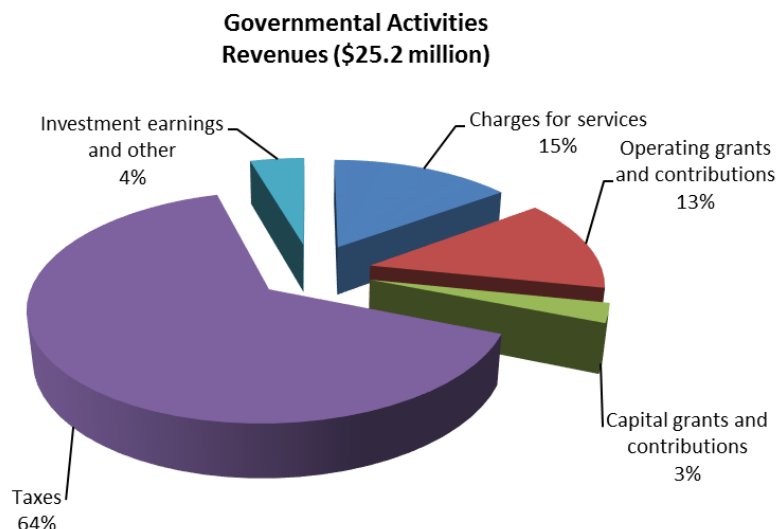
The City's net position from governmental activities decreased from \$39,559,978 to \$11,146,891; a total decrease of \$28,413,891. The decrease is primarily due to the \$28,214,209 prior period adjustment to record the City's net pension liability as required by GASB 68 (see Note 7). Changes in revenue and expenses are discussed in more detail below.

#### *Revenue Highlights*

Total governmental activities revenues were \$25,207,436. The largest component of governmental activities' revenue are taxes at \$16,251,116, making up 64% of total governmental activities' revenues. This is consistent with the nature and purpose of governmental funds, particularly the General Fund, where programs are largely supported by general taxes. The highest tax revenues received by the governmental funds include Property Tax (\$7.9 million), Sales Tax (\$5.3 million), and business license tax (\$1.1 million). Some key changes in revenues include:

- Property taxes decreased by \$535,000 compared to the prior year. Property tax revenues will continue to fluctuate over the next few years as the former San Fernando Redevelopment Agency continues the wind-down process and enforceable obligations are retired. Timing of when enforceable obligations are due will impact the amount of residual property taxes available for distribution to taxing entities and cause fluctuation in the City's property tax receipts.
- Sales tax revenues increased by \$1.1 million compared to the prior year. This is due to fiscal year 2014-2015 being the first full year of receipts for the half-cent sales tax approved by San Fernando voters in fiscal year 2013-2014 as well as overall improvement in the economy.
- Franchise taxes increased by \$200,000 due to fiscal year 2014-2015 being the first full year of the refuse collection franchise agreement awarded in fiscal year 2013-2014 and continued improvement of refuse collection operations.

The governmental activities chart below illustrates operating revenues by source (excluding transfers). Taxes, which include sales, property, motor vehicle license, business and other taxes are general revenues used to support overall government functions. These sources account for approximately 64% of total governmental revenue. Charges for services make up 15% of revenues while operating and capital grants and contributions amount to 16% of total governmental revenues.



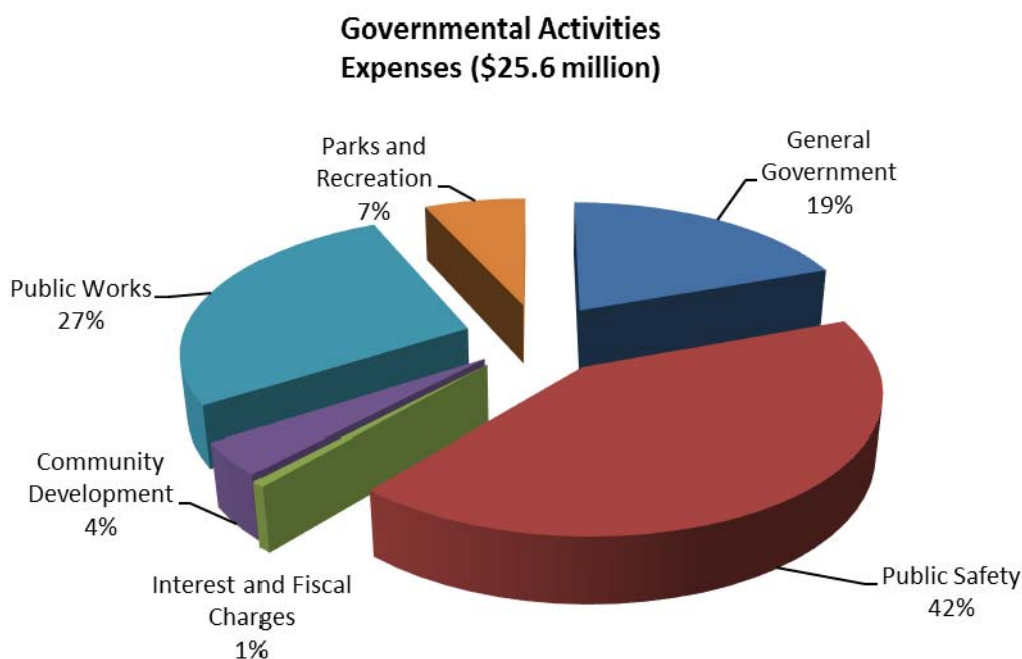
### **Governmental Activities (cont.)**

#### *Expense Highlights*

Functional expenses for fiscal year 2014-2015 totaled \$25.6 million in the governmental funds, an increase of almost \$2 million from the prior year. Public Safety activities, consisting of the San Fernando Police Department and Fire Services contract with the Los Angeles Fire Department, accounted for approximately \$10.7 million (42%) and Public Works activities accounted for approximately \$7.0 million (27%) of the total expenses in the governmental funds. General Government expenses (including City Council, City Manager, City Clerk, Information Technology, Finance, Human Resources, and City Attorney contract) accounted for approximately \$5.0 million (19%) of total expenses. Community Development (\$989,000) and Recreation and Community Services (\$1.7 million) account for the remaining 11% of expenses.

Overall, expenditures increased due to short-term cost cutting measures implemented in fiscal year 2013-2014 (e.g. employee furloughs, reduction in operating budgets, and other employee concessions) that were not extended into fiscal year 2014-2015. Additionally, Public Works expenditures increased due to an uptick in engineering design and inspection activity related to infrastructure improvements and deferred maintenance. Public Works also increased tree trimming activity to catch up after reducing tree trimming in prior years as a cost cutting measure.

Parks and Recreation expenses decreased by 2% due to a lease agreement executed with the County of Los Angeles to staff and operate the San Fernando Regional Pool. The County took over operations of the Pool in November 2014. The City expects to realize significant long term savings as a result of the lease arrangement with the County.



### **Business-Type Activities**

The net position of the City's business-type activities decreased from \$23,492,855 to \$22,801,534; a loss of \$691,321. The decrease in net position is the result of reporting the long-term obligation for pension benefits for employees funded by the City's Enterprise Funds (GASB 68). As a result of GASB 68, the long-term net pension liability for the City's Business Type Activities increased by \$1,871,467 (see Note 6).

The City's Water Utility and Sewer/Wastewater operations are the two largest business-type operations, with charges for service being the primary funding source. The chart below shows a comparison of program revenues to expenses and to prior year for each of the City's business-type activities.

**CITY OF SAN FERNANDO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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**Business-Type Activities (cont.)**

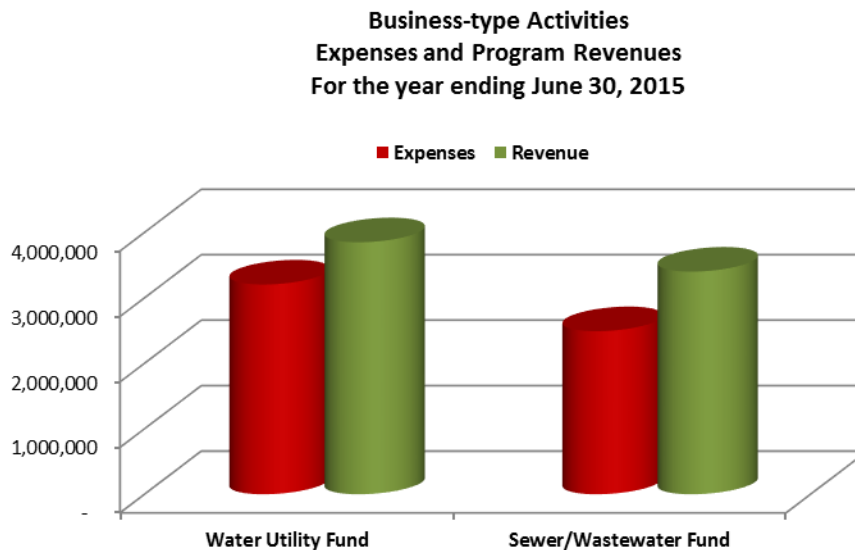
*Revenue Highlights*

Total program revenues for the fiscal year ended June 30, 2015 were approximately \$7.25 million, a decrease of approximately \$740,000 from the prior year. This decrease is primarily the result of discontinued use of the Waste Disposal fund, which earned \$858,516 in revenues in fiscal year 2013-2014. The City discontinued use of the Waste Disposal fund after an exclusive franchise agreement was awarded in fiscal year 2013-2014.

Excluding Waste Disposal activities, revenues were only up approximately \$118,000 (1.6%) despite a ten percent (10%) rate increase. Mandatory water restrictions and increased water conservation efforts during California's historic drought will continue to negatively impact both water and wastewater revenues in the foreseeable future.

*Expense Highlights*

Total expenses for the fiscal year ended June 30, 2015 were approximately \$5.7 million, a decrease of approximately \$1 million from the prior year. The primary reason for the decrease was the awarding of an exclusive refuse disposal services franchise agreement during the fiscal year 2013-2014. Refuse disposal services, including operations, billing, and collections, are now the exclusive responsibility of the franchisee. Consequently, activity in the Waste Disposal fund is primarily related to transitioning and winding down operations.



**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

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 June 30, 2015, the City's governmental funds combined ending fund balances increased from \$6,026,992 to \$8,770,169; a total increase of \$2,743,177 from June 30, 2014. The City's governmental funds report an *unassigned fund balance* deficit of (\$4,572,094), which represents a decrease in the deficit of \$2,099,177 from June 30, 2014.

**CITY OF SAN FERNANDO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (cont.)**

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 the following:

- 1) \$39,156 for inventories;
- 2) \$2,787 for prepaid items;
- 3) \$329,604 for advances to other funds; and
- 4) \$12,970,716 restricted for transportation, housing, air pollution, parks and recreation, public safety and retirement.

**Summary of Governmental Funds  
Balance Sheet**

	2015	2014
Assets:		
Cash and Investments	\$ 4,960,424	\$ 2,995,375
Other assets	11,224,758	12,165,583
Total assets	<u>16,185,182</u>	<u>15,160,958</u>
Liabilities:		
Accounts Payable	859,408	1,177,644
Other liabilities	6,511,100	7,084,857
Total liabilities	<u>7,370,508</u>	<u>8,262,501</u>
Total deferred Inflows of Resources	<u>44,505</u>	<u>871,465</u>
Fund balances:		
Nonspendable	371,547	858,503
Restricted	12,970,716	11,840,461
Unassigned	<u>(4,572,094)</u>	<u>(6,671,972)</u>
Total fund balances	<u>\$ 8,770,169</u>	<u>\$ 6,026,992</u>

The following is a summary of significant changes to fund balance in the major governmental funds.

**General Fund.** The General Fund is the chief operating fund of the City. The General Fund's deficit fund balance decreased from (\$5,693,905) on June 30, 2014 to (4,114,045) on June 30, 2015. The City continues to take steps to implement the deficit elimination plan (see Note 10) and eliminate the General Fund deficit within five (5) years.

**Retirement Tax Fund.** The Retirement Tax Fund is a special revenue fund used to account for the City's special property tax levy that must be used to pay City employees' pension obligation. The fund balance increased from \$5,845,997 on June 30, 2014 to \$6,962,700 on June 30, 2015; a total increase of \$1,116,703. Assets in the Retirement Tax fund are restricted to pay the City's long-term pension obligations and offset the liability being reported as a result of GASB 68.

**Housing Fund.** The Housing Fund is a special revenue fund used to account for the City's moderate to low income housing activity. The fund balance decreased from \$3,548,183 on June 30, 2014 to \$3,216,063 on June 30, 2015. The total decrease of \$332,120 is due to reclassifying certain loans as long-term advances to other funds. Assets in the Housing fund are restricted to low/moderate income housing related activities.

**CITY OF SAN FERNANDO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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**PROPRIETARY FUNDS FINANCIAL ANALYSIS**

Unlike governmental funds, proprietary funds use the accrual basis of accounting for financial statement purposes. Accordingly, information reported for the individual fund statements is very similar to that presented as Business-Type Activities in the government-wide statements. Government-wide reporting requires the inclusion of activities of the City's internal service funds related to proprietary fund activities in the Business-Type Activities. Therefore, the following analysis is very similar to that presented for Business-Type Activities.

Enterprise Funds. Total net position of the enterprise funds decreased from \$23,492,855 to \$22,801,534; a total decrease of \$691,321. The decrease is primarily due to the \$2,069,221 prior period adjustment to record the City's net pension liability attributable to enterprise funds, as required by GASB 68 (see Notes 6 and 7).

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. Services provided by internal service funds have been allocated to governmental functions, based on user percentages, in the government-wide financial statements. The City uses internal service funds to account for the replacement of vehicles in the City's fleet and account for insurance premiums and claims costs. As of June 30, 2015, total net position of the internal service funds was (\$2,817,232) due to the liability of claims payable for unresolved liability and workers' compensation claims. The City will continue to accumulate assets to offset the claims liability and reduce the deficit.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund is the main operating fund of the City. Its revenues are primarily derived from taxes and charges for services, which are used to pay for the traditional services provided by local government - public safety, parks and recreation, community development (building and planning), and public works.

*Revenues.* Through June 30, 2015, actual General Fund revenues were \$16,796,817, compared to the \$15,739,284 final budget amount. Actual revenues exceeded budgeted revenues by approximately \$1.06 million, which is predominately due to additional property tax received as residual from the dissolution of the former Redevelopment Agency, additional sales tax received from the City's half-cent transaction tax, and overall improved economic activity.

**Summary of General Fund Revenues**

**Budget and Actual**

**June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 9,205,136	\$ 9,926,136	\$ 10,852,629	\$ 926,493
Licenses and Permits	267,500	376,008	437,765	61,757
Charges for Services	2,398,070	2,095,718	2,106,891	11,173
Fines and Forfeitures	511,100	511,100	537,371	26,271
Investment Earnings	213,712	185,826	178,324	(7,502)
Intergovernmental	2,019,253	2,100,556	2,281,316	180,760
Other	594,899	543,940	402,521	(141,419)
<b>Total Revenues</b>	<b>\$ 15,209,670</b>	<b>\$ 15,739,284</b>	<b>\$ 16,796,817</b>	<b>\$ 1,057,533</b>



**CITY OF SAN FERNANDO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

**GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)**

*Expenditures.* Actual General Fund expenditures were \$16,628,509, compared to the \$16,994,892 final budget amount. Budget savings were largely realized in City Attorney contract services, Public Safety (due to vacant police officer positions and lower than expected charges from LAFD), and Public Works.

**Summary of General Fund Expenditures**

**Budget and Actual**

**June 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive(Negative)
Expenditures				
General government:				
City Council	\$ 94,564	\$ 91,437	\$ 87,050	\$ 4,387
Treasurer	148,421	148,421	143,894	4,527
Administration	351,992	361,992	357,516	4,476
Personnel	264,893	264,893	261,190	3,703
City Attorney (contract)	380,000	380,000	222,438	157,562
City Clerk	130,560	147,810	150,030	(2,220)
Elections	52,038	52,788	62,846	(10,058)
Finance	582,239	582,239	576,632	5,607
Retirement and Nondepartmental	1,065,139	1,043,930	1,343,249	(299,319)
Public safety:				
Police	6,304,323	6,372,437	6,246,245	126,192
Fire (contract)	2,800,000	2,800,000	2,676,891	123,109
Community development	838,875	838,875	775,398	63,477
Public works	2,674,846	2,681,346	2,496,064	185,282
Parks and recreation	1,424,961	1,228,724	1,229,066	(342)
Total Expenditures	17,112,851	16,994,892	16,628,509	366,383

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental activities, net of accumulated depreciation, amounts to \$45,956,739 as of June 30, 2015. This investment in capital assets includes land, buildings, improvements other than building, infrastructure (roads, sidewalks, streetlights, etc.), and machinery and equipment. The total change in the City's investment in capital assets through June 30, 2015 was \$149,268 before depreciation.

**Capital Assets**

**Net of Accumulated Depreciation**

**June 30, 2015**

	Governmental Activities	Business-type Activities	Total
Capital assets not being depreciated	\$ 4,397,105	\$ 2,168,383	\$ 6,565,488
Capital assets being depreciated	92,968,770	35,210,479	128,179,249
Less accumulated depreciation	(51,409,136)	(22,744,329)	(74,153,465)
<b>Net Capital Assets</b>	<b>45,956,739</b>	<b>14,634,533</b>	<b>60,591,272</b>

Additional information on the City's capital assets can be found in Note 4 to the basic financial statements on pages 49-50 of this report.

**CITY OF SAN FERNANDO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (cont.)**

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

*Governmental activities:*

- ❖ Capital asset additions in governmental activities include: Police Interceptor utility vehicle and various facility improvement projects.

*Business-type activities:*

- ❖ Upgrades relating to the water and sewer systems including construction of Nitrate Removal System Project, upgrade of the SCADA system, and various facility improvement projects.

**Debt Administration.** As of June 30, 2015, long-term debts for Governmental Activities increased from \$15,670,483 to \$40,306,484. Although the CHFA and Section 108 Loans were paid off in fiscal year 2014-2015, Governmental Activities added approximately \$25 million in net pension liability due to the GASB 68 reporting requirements. Total long-term debts in governmental and business activities consist of the following:

**Long-Term Liabilities (Note 6)  
June 30, 2015**

	Beginning Balance	Additions	Reductions	Outstanding Balance	Due Within One Year
<b>Governmental Activities:</b>					
CHFA Loan	\$ 612,692	\$ -	\$ (612,692)	\$ -	\$ -
Section 108 Loan	960,000	-	(960,000)	-	-
Claims Payable	3,498,556	725,134	(1,296,134)	2,927,556	625,000
Compensated Absences	1,495,219	826,380	(797,371)	1,524,228	282,782
Net Pension Liability (Note 7)	-	30,185,731	(5,247,295)	24,938,436	-
Other Post-Employment Benefits	9,104,016	2,697,211	(884,963)	10,916,264	-
<b>Total</b>	<b>\$ 15,670,483</b>	<b>\$ 34,434,456</b>	<b>\$ (9,798,455)</b>	<b>\$ 40,306,484</b>	<b>\$ 907,782</b>
<b>Business-type Activities:</b>					
Net Pension Liability (Note 7)	-	2,215,101	(343,634)	1,871,467	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 2,215,101</b>	<b>\$ (343,634)</b>	<b>\$ 1,871,467</b>	<b>\$ -</b>

The City's total debt increased by \$26.5 million during the current fiscal year, primarily due to reporting the net pension liability and increased liability for other post-employment benefits (OPEB).

State statutes limit the amount of general obligation debt a governmental entity may issue to fifteen percent (15%) of its total adjusted assessed valuation. The total adjusted assessed valuation for fiscal year 2014-2015 was \$408,103,090. The current debt limitation for the City is approximately \$61.2 million, 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 51-53 of this report.

**ECONOMIC FACTORS AND NEXT YEARS BUDGET**

*Economy.* The National and State economies have been steadily growing over the last few years, which is expected to continue. According to the Bureau of Labor Statistics, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow approximately 3% annually over the next few years. The national job market has continued to strengthen as the employment rate has been steadily declining over the last few years and fuel prices have also stabilized somewhat over the last few years.

## **ECONOMIC FACTORS AND NEXT YEARS BUDGET (cont.)**

California's economy has also been steadily improving, although there are a number of factors that may dampen economic growth in the near term. The housing market has stabilized, but affordability is still an issue for many Californians; unemployment continues to fall, but many millennials are still un- or under-employed; gas prices, which have a significant impact on Californians' disposable income, are expected to remain soft through the end of the year as U.S. oil production remains near its highest level in four decades; and the persistent drought could have dire consequences for the state's agriculture and export economy.

California is still the hub of technology firms and the entertainment industry, and the State's agriculture, manufacturing and logistics industries are valuable pieces of California's diverse economy. That diversity is a benefit and, despite any number of downward pressures on the economy, there is reason to remain cautiously optimistic.

Locally, San Fernando has seen an increase in development and investment by the local business community. Over the past year, the City has seen renovation of a new car dealership (Rydell), new restaurants (Chipotle and Wingstop), a new used car dealership (Ganas Auto) and a number of retail outlets that have invested in renovating their spaces (Smart & Final and Warehouse Shoe Store). The City has experienced very strong sales tax growth and expects to continue to have steady sales and property tax growth over the next year.

Although most macro-economic indicators show signs of an improving economy, it continues to be a slow journey. The Great Recession was not just a temporary bump in the road, it was an economic correction. Now that the City's revenues have stabilized and the current economic outlook is more favorable than in recent years, the City is in the process of re-aligning resources to operate within this "new normal" and rebuild a strong financial base.

*Budget Outlook.* The fiscal year 2015-2016 Adopted Budget is considered a Maintenance of Effort budget that is based on providing the same level of service as fiscal year 2014-2015. Departments prepared their fiscal year 2015-2016 budget requests assuming no Consumer Price Index (CPI) or staff level increases. All enhancement requests were considered only if they resulted in additional revenue to the City, met a critical Council priority, and/or provided a net long-term benefit to the City.

Through the budget, the City started taking a number of steps toward becoming more operationally efficient and establishing financing mechanisms to better fund risk management, equipment maintenance and replacement, and facility maintenance. A number of Public Works divisions were consolidated to reduce complexity in the budget. Also, the Equipment Maintenance and Facility Maintenance Divisions have been converted to internal service funds that charge their services to user divisions.

Lastly, a replacement schedule has been developed for all of the City's vehicles and heavy equipment. The replacement schedule identifies the amount the City should set aside each year to ensure that there are sufficient funds available to replace a vehicle when it reaches the end of its useful life. Approximately \$100,000 is being set aside in fiscal year 2015-2016 to begin saving for future replacements.

Despite the progress that has been made in the past year, and the investments being funded in the upcoming fiscal year, the City is still facing significant deficits in a number of funds and must continue to implement best financial management practices, protect revenues, and strategically appropriate funds based on sound cost-benefit analysis.

## **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 Nick Kimball, Finance Director at [nkimball@sfcity.org](mailto:nkimball@sfcity.org) or 117 Macneil Street, San Fernando, California, 91340.

## **BASIC FINANCIAL STATEMENTS**

**City of San Fernando**  
**Statement of Net Position**  
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	\$ 5,095,040	\$ 10,115,735	\$ 15,210,775
Receivables:			
Taxes	1,134,145	-	1,134,145
Accounts	243,277	984,918	1,228,195
Interest	6,661	-	6,661
Grants	67,051	-	67,051
Loans Receivable	2,043,702	-	2,043,702
Due From Fiduciary Fund	1,988,415	-	1,988,415
Internal Balances	273,944	(273,944)	-
Prepaid Items	2,787	-	2,787
Inventories	39,156	-	39,156
Capital Assets, Not Depreciated	4,397,105	2,168,383	6,565,488
Capital Assets, Depreciated, Net	41,559,634	12,466,150	54,025,784
Total Assets	<u>56,850,917</u>	<u>25,461,242</u>	<u>82,312,159</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Contributions	2,143,982	170,330	2,314,312
Pension Actuarial Amounts	296,199	735	296,934
Total Deferred Outflows of Resources	<u>2,440,181</u>	<u>171,065</u>	<u>2,611,246</u>
<b>LIABILITIES</b>			
Accounts Payable	939,490	306,150	1,245,640
Accrued Liabilities	574,097	76,245	650,342
Deposits Payable	87,119	198,370	285,489
Due to Other Agencies	378,100	-	378,100
Long-Term Liabilities			
Due Within One Year	907,782	-	907,782
Due in More Than One Year	39,398,702	1,871,467	41,270,169
Total Liabilities	<u>42,285,290</u>	<u>2,452,232</u>	<u>44,737,522</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Actuarial Amounts	5,574,900	368,124	5,943,024
Proportionate Share Contribution Differences	284,017	10,417	294,434
Total Deferred Inflows of Resources	<u>5,858,917</u>	<u>378,541</u>	<u>6,237,458</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	45,956,739	14,634,533	60,591,272
Restricted for:			
Transportation	2,282,575	-	2,282,575
Housing	3,216,063	-	3,216,063
Parks & Recreation	300,369	-	300,369
Public Safety	88,190	-	88,190
Unrestricted	(40,697,045)	8,167,001	(32,530,044)
Total Net Position	<u>\$ 11,146,891</u>	<u>\$ 22,801,534</u>	<u>\$ 33,948,425</u>

The accompanying notes are an integral part of this statement.

**City of San Fernando**  
**Statement of Activities**  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 4,945,386	\$ 758,286	\$ -	\$ -
Public Safety	10,731,526	1,407,121	1,115,666	-
Community Development	988,973	412,683	918,633	-
Public Works	7,017,740	763,728	1,168,284	704,193
Parks and Recreation	1,740,259	397,055	183,847	-
Interest Expense	170,118	-	-	-
Total Governmental Activities	25,594,002	3,738,873	3,386,430	704,193
<b>Business-type Activities:</b>				
Water	3,197,183	3,849,880	-	-
Sewer	2,489,098	3,401,436	-	-
Waste Disposal	16,734	-	-	-
Total Business-type Activities	5,703,015	7,251,316	-	-
Total Primary Government	<u>\$ 31,297,017</u>	<u>\$ 10,990,189</u>	<u>\$ 3,386,430</u>	<u>\$ 704,193</u>

General Revenues:

Taxes:

Property

Sales and Use

Property Taxes in lieu of Sales and Use Taxes

Business License Taxes

Franchise

Other Taxes

Investment Income

Gain on Sale of Property

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Prior Period Adjustments

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>
\$ (4,187,100)	\$ -	\$ (4,187,100)
(8,208,739)	-	(8,208,739)
342,343	-	342,343
(4,381,535)	-	(4,381,535)
(1,159,357)	-	(1,159,357)
(170,118)	-	(170,118)
<u>(17,764,506)</u>	<u>-</u>	<u>(17,764,506)</u>
-	652,697	652,697
-	912,338	912,338
-	(16,734)	(16,734)
<u>-</u>	<u>1,548,301</u>	<u>1,548,301</u>
<u>(17,764,506)</u>	<u>1,548,301</u>	<u>(16,216,205)</u>
7,871,457	-	7,871,457
5,313,426	-	5,313,426
1,022,777	-	1,022,777
1,114,416	-	1,114,416
613,793	-	613,793
315,247	-	315,247
50,748	17,287	68,035
1,033,066	-	1,033,066
43,010	-	43,010
187,688	(187,688)	-
<u>17,565,628</u>	<u>(170,401)</u>	<u>17,395,227</u>
(198,878)	1,377,900	1,179,022
39,559,978	23,492,855	63,052,833
<u>(28,214,209)</u>	<u>(2,069,221)</u>	<u>(30,283,430)</u>
<u>\$ 11,146,891</u>	<u>\$ 22,801,534</u>	<u>\$ 33,948,425</u>

**City of San Fernando**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

	General Fund	Special Revenue	
		Retirement Tax	Housing
<b>ASSETS</b>			
Cash and Investments	\$ 400,689	\$ 1,664,036	\$ 91,710
Receivables:			
Taxes	1,060,525	56,240	-
Accounts	160,960	-	-
Interest	6,661	-	-
Grants	-	-	-
Inventories	39,156	-	-
Due From Other Funds	59,091	-	-
Loans Receivable	-	-	1,665,602
Due from Successor Agency	189,604	-	1,798,811
Advances to Other Funds	140,000	5,356,263	-
Prepaid Items	2,787	-	-
Total Assets	<u>\$ 2,059,473</u>	<u>\$ 7,076,539</u>	<u>\$ 3,556,123</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 584,658	\$ 136	\$ -
Accrued Liabilities	430,115	113,703	60
Deposits	86,052	-	-
Retentions Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Agencies	-	-	-
Advances From Other Funds	5,072,693	-	340,000
Total Liabilities	<u>6,173,518</u>	<u>113,839</u>	<u>340,060</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Grants	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	39,156	-	-
Prepaid Items	2,787	-	-
Advances to Other Funds	329,604	-	-
Restricted For:			
Transportation	-	-	-
Housing	-	-	3,216,063
Air Pollution	-	-	-
Parks and Recreation	-	-	-
Public Safety	-	-	-
Retirement	-	6,962,700	-
Unassigned	(4,485,592)	-	-
Total Fund Balances	<u>(4,114,045)</u>	<u>6,962,700</u>	<u>3,216,063</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,059,473</u>	<u>\$ 7,076,539</u>	<u>\$ 3,556,123</u>

The accompanying notes are an integral part of this statement.



Other Governmental Funds	Total
\$ 2,803,989	\$ 4,960,424
17,380	1,134,145
26,527	187,487
-	6,661
67,051	67,051
-	39,156
-	59,091
378,100	2,043,702
-	1,988,415
200,000	5,696,263
-	2,787
<u>\$ 3,493,047</u>	<u>\$ 16,185,182</u>
\$ 274,614	\$ 859,408
30,219	574,097
1,067	87,119
-	-
59,091	59,091
378,100	378,100
-	5,412,693
<u>743,091</u>	<u>7,370,508</u>
<u>44,505</u>	<u>44,505</u>
-	39,156
-	2,787
-	329,604
2,238,070	2,238,070
-	3,216,063
165,324	165,324
300,369	300,369
88,190	88,190
-	6,962,700
(86,502)	(4,572,094)
<u>2,705,451</u>	<u>8,770,169</u>
<u>\$ 3,493,047</u>	<u>\$ 16,185,182</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, 2015

Fund Balances for Governmental Funds	\$ 8,770,169
--------------------------------------	--------------

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	97,365,875
Accumulated Depreciation	(51,409,136)

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, 2015 are:

Net Pension Liability	(24,938,436)
Compensated Absences	(1,524,228)
Other Post-employment Benefit Obligation	(10,916,264)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds:

Deferred Pension Contributions	2,143,982
Pension Actuarial Amounts - Outflows	296,199
Proportionate Share Contribution Differences	(284,017)
Pension Actuarial Amounts - Inflows	(5,574,900)

Long-term receivables that are not available for current use. Amounts are recorded as unavailable revenue under the modified accrual basis of accounting.	44,505
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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.	(2,826,858)
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Net Position of Governmental Activities	<u>\$ 11,146,891</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, 2015

	General Fund	Special Revenue	
		Retirement Tax	Housing
<b>REVENUES</b>			
Taxes	\$ 10,852,629	\$ 3,604,771	\$ -
Licenses and Permits	437,765	-	-
Charges for Services	2,106,891	-	-
Fines and Forfeitures	537,371	-	-
Investment Earnings	178,324	30,364	7,880
Intergovernmental	2,281,316	34,170	-
Other	402,521	-	-
Total Revenues	16,796,817	3,669,305	7,880
<b>EXPENDITURES</b>			
Current:			
General Government	2,474,314	425,454	-
Public Safety	8,923,136	1,229,254	-
Community Development	775,398	-	-
Public Works	2,415,729	779,327	-
Parks and Recreation	1,229,066	118,567	-
Capital Outlay	89,461	-	-
Debt Service:			
Principal	612,692	-	-
Interest and Fiscal Charges	108,713	-	-
Total Expenditures	16,628,509	2,552,602	-
Excess of Revenues Over (Under) Expenditures	168,308	1,116,703	7,880
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Property	1,033,066	-	-
Transfers In	1,113,479	-	-
Transfers Out	(734,993)	-	(340,000)
Total Other Financing Sources (Uses)	1,411,552	-	(340,000)
Net Change in Fund Balances	1,579,860	1,116,703	(332,120)
Fund Balances, Beginning of Year	(5,693,905)	5,845,997	3,548,183
Fund Balances, End of Year	\$ (4,114,045)	\$ 6,962,700	\$ 3,216,063

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total
\$ 1,433,024	\$ 15,890,424
-	437,765
296,147	2,403,038
39,407	576,778
14,967	231,535
2,321,183	4,636,669
-	402,521
<u>4,104,728</u>	<u>24,578,730</u>
2,499	2,902,267
320,951	10,473,341
4,048	779,446
1,479,970	4,675,026
302,352	1,649,985
149,665	239,126
960,000	1,572,692
61,405	170,118
<u>3,280,890</u>	<u>22,462,001</u>
<u>823,838</u>	<u>2,116,729</u>
-	1,033,066
407,375	1,520,854
<u>(852,479)</u>	<u>(1,927,472)</u>
<u>(445,104)</u>	<u>626,448</u>
378,734	2,743,177
<u>2,326,717</u>	<u>6,026,992</u>
<u>\$ 2,705,451</u>	<u>\$ 8,770,169</u>

**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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 2,743,177

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.

Capital Expenditures	76,462
Loss on Disposal	(17,209)
Depreciation Expense	(2,857,611)

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	1,572,692
--------------------	-----------

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	(29,009)
Net Pension Liability	5,247,295
Other Post-employment Benefits	(1,812,248)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability:

Deferred Pension Contributions	172,460
Pension Actuarial Amounts - Outflows	296,199
Proportionate Share Contribution Differences	(284,017)
Pension Actuarial Amounts - Inflows	(5,574,900)

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.	(404,360)
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The change in net position of the internal service fund is reported with governmental activities	672,191
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Change in Net Position of Governmental Activities	\$ (198,878)
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The accompanying notes are an integral part of this statement.

**City of San Fernando**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2015

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal	Totals	
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ 3,376,027	\$ 6,617,054	\$ 122,654	\$ 10,115,735	\$ 134,616
Customer Accounts Receivable, Net	509,990	474,928	-	984,918	55,790
Total Current Assets	3,886,017	7,091,982	122,654	11,100,653	190,406
Noncurrent Assets:					
Advances to Other Funds	-	1,553,814	-	1,553,814	-
Capital Assets:					
Land	26,345	-	-	26,345	-
Water Rights	624,659	-	-	624,659	-
Construction in Progress	1,343,059	174,320	-	1,517,379	-
Buildings and Plant	5,630,795	118,500	-	5,749,295	-
Infrastructure	15,954,146	5,803,785	-	21,757,931	-
Land Improvement	29,200	-	-	29,200	-
Equipment	6,847,643	772,753	53,657	7,674,053	-
Less: Accumulated Depreciation	(18,525,245)	(4,188,305)	(30,779)	(22,744,329)	-
Total Noncurrent Assets	11,930,602	4,234,867	22,878	16,188,347	-
Total Assets	15,816,619	11,326,849	145,532	27,289,000	190,406
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Pension Contributions	117,921	52,409	-	170,330	-
Pension Actuarial Amounts	509	226	-	735	-
Total Deferred Outflows of Resources	118,430	52,635	-	171,065	-
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	270,328	33,541	2,281	306,150	80,082
Accrued Liabilities	56,405	19,840	-	76,245	-
Current Portion of Claims Payable	-	-	-	-	625,000
Customer Deposits	198,370	-	-	198,370	-
Total Current Liabilities	525,103	53,381	2,281	580,765	705,082
Noncurrent Liabilities:					
Advances From other Funds	1,527,188	310,196	-	1,837,384	-
Claims Payable	-	-	-	-	2,302,556
Net Pension Liability	1,295,632	575,835	-	1,871,467	-
Total Noncurrent Liabilities	2,822,820	886,031	-	3,708,851	2,302,556
Total Liabilities	3,347,923	939,412	2,281	4,289,616	3,007,638
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Actuarial Amounts	254,855	113,269	-	368,124	-
Proportionate Share Contribution Differences	7,212	3,205	-	10,417	-
Total Deferred Inflows of Resources	262,067	116,474	-	378,541	-
<b>NET POSITION</b>					
Net Investment In Capital Assets	11,930,602	2,681,053	22,878	14,634,533	-
Unrestricted	394,457	7,642,545	120,373	8,157,375	(2,817,232)
Total Net Position	\$ 12,325,059	\$ 10,323,598	\$ 143,251	22,791,908	\$ (2,817,232)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				9,626	
Net Position of Business-type Activities				\$ 22,801,534	

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, 2015

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal	Totals	
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 3,821,272	\$ 3,401,436	\$ -	\$ 7,222,708	\$ 1,063,793
Other	28,608	-	-	28,608	111,292
Total Operating Revenues	3,849,880	3,401,436	-	7,251,316	1,175,085
<b>OPERATING EXPENSES</b>					
Contractual Services	97,437	863,609	2,644	963,690	-
Maintenance and Operations	2,502,693	1,499,876	10,058	4,012,627	40,466
Administration and General	-	-	-	-	727,790
Claims	-	-	-	-	319,318
Depreciation	599,178	127,923	4,032	731,133	-
Total Operating Expenses	3,199,308	2,491,408	16,734	5,707,450	1,087,574
Operating Income (Loss)	650,572	910,028	(16,734)	1,543,866	87,511
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	4,040	13,096	151	17,287	-
Interest Expense	(5,191)	-	-	(5,191)	-
Total Nonoperating Revenues (Expenses)	(1,151)	13,096	151	12,096	-
Income (Loss) Before Transfers	649,421	923,124	(16,583)	1,555,962	87,511
Transfers In	-	-	-	-	594,306
Transfers Out	(127,688)	(60,000)	-	(187,688)	-
Change in Net Position	521,733	863,124	(16,583)	1,368,274	681,817
Total Net Position, Beginning of Year	13,235,864	10,097,157	159,834		(493)
Prior Period Adjustment	(1,432,538)	(636,683)	-	(2,069,221)	(3,498,556)
Total Net Position, End of Year	<u>\$ 12,325,059</u>	<u>\$ 10,323,598</u>	<u>\$ 143,251</u>		<u>\$ (2,817,232)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				9,626	
Change in Net Position of Business- type Activities				<u>(691,321)</u>	

The accompanying notes are an integral part of this statement.



**City of San Fernando**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2015

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 3,852,754	\$ 3,378,937	\$ 3,278	\$ 7,234,969	\$ 1,107,163
Payments to Suppliers and Contractors	(1,238,132)	(1,947,540)	(13,033)	(3,198,705)	(770,834)
Payments to Employees	(1,275,167)	(427,943)	(1,052)	(1,704,162)	-
Claims Paid	(1,286,176)	(433,500)	(1,052)	(1,720,728)	(890,318)
Other Operating Income	(1,233,000)	(440,314)	(1,052)	(1,674,366)	58,975
Net Cash Provided (Used) by Operating Activities	1,339,455	1,003,454	(10,807)	2,332,102	(495,014)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Loans from (to) Other Funds	(82,243)	1,073,065	-	990,822	-
Interest Expense Paid on Advances	(5,191)	-	-	(5,191)	-
Transfers from Other Funds	-	-	-	-	605,364
Transfers to Other Funds	(127,688)	(60,000)	-	(187,688)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(215,122)	1,013,065	-	797,943	605,364
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(499,189)	-	-	(499,189)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	4,040	13,096	151	17,287	-
Net Increase (Decrease) in Cash and Cash Equivalents	629,184	2,029,615	(10,656)	2,648,143	110,350
Cash and Cash Equivalents - Beginning of Year	2,746,843	4,587,439	133,310	7,467,592	24,266
Cash and Cash Equivalents - End of Year	<u>\$ 3,376,027</u>	<u>\$ 6,617,054</u>	<u>\$ 122,654</u>	<u>\$10,115,735</u>	<u>\$ 134,616</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, 2015

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal	Totals	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 650,572	\$ 910,028	\$ (16,734)	\$ 1,543,866	\$ 87,511
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	599,178	127,923	4,032	731,133	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	49,687	(22,499)	3,278	30,466	(8,947)
(Increase) Deferred Outflows - Pensions	(17,435)	(7,750)	-	(25,185)	-
Increase (Decrease) in Accounts Payable	75,822	(17,555)	(331)	57,936	(2,578)
Increase (Decrease) in Accrued Liabilities	4,277	2,566	(1,052)	5,791	-
Increase (Decrease) in Net Pension Liability	(237,900)	(105,733)	-	(343,633)	-
Increase (Decrease) in Deferred Inflows - Pensions	262,067	116,474	-	378,541	-
Increase (Decrease) in Claims Payable	-	-	-	-	(571,000)
Increase (Decrease) in Customer Deposits	(46,813)	-	-	(46,813)	-
<b>TOTAL CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 1,339,455</u>	<u>\$ 1,003,454</u>	<u>\$ (10,807)</u>	<u>\$ 2,332,102</u>	<u>\$ (495,014)</u>

The accompanying notes are an integral part of this statement.

**City of San Fernando**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2015

	<u>Agency Funds</u>	<u>Successor Agency Private-Purpose Trust Fund</u>
<b>ASSETS</b>		
Cash and Investments	\$ 129,413	\$ 2,049,173
Receivables		
MOU - Swap Meet Property Loan	-	4,194,335
Other Loans	-	607,149
Land Held for Resale	-	468,733
Restricted Assets:		
Cash and Investments with Fiscal Agents	-	1,168,573
	<u>-</u>	<u>1,168,573</u>
Total Assets	<u>\$ 129,413</u>	<u>8,487,963</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 10,294	-
Accrued Liabilities	-	300
Deposits	119,119	-
Interest Payable	-	73,465
Due to City of San Fernando	-	1,988,415
County Deferral	-	3,213,076
Bonds Payable	-	6,435,000
	<u>-</u>	<u>6,435,000</u>
Total Liabilities	<u>\$ 129,413</u>	<u>11,710,256</u>
<b>NET POSITION</b>		
Net Position Held in Trust for Successor Agency		<u>\$ (3,222,293)</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, 2015

	Successor Agency Private-Purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 2,535,630
Interest Income	118
Other Income	<u>257,515</u>
Total Additions	<u>2,793,263</u>
<b>DEDUCTIONS</b>	
Administrative and Passthrough Costs	464,256
Interest on Bonds	<u>469,471</u>
Total Deductions	<u>933,727</u>
Change in Net Position	1,859,536
Net Position - Beginning of Year	<u>(5,081,829)</u>
Net Position - End of Year	<u><u>\$ (3,222,293)</u></u>

The accompanying notes are an integral part of this statement.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**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, 2015

**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, 2015

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

The Housing Special Revenue Fund accounts for receipts from interest and principal repayments from low income housing loans and other housing related revenue. The proceeds are restricted for low income housing purposes.

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. As of February 2014, solid waste collection, disposal, and billing services are provided through an exclusive franchise agreement with a private waste 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 uses internal service funds to account for equipment replacements and self-insurance.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**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 Senior Association.

**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.

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.



**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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 25% 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, 2015

**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 30<sup>th</sup>.

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 reports deferred outflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**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 certain items, which arise only under the 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. In addition, the City reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

**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, 2015

**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.

The City Council establishes, modifies or rescinds fund balance commitments by passage of a resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

**Fund Balance Policy**

The City Council adopted a Comprehensive Financial Policy on November 3, 2014 that includes a detailed Fund Reserves and Fund Balances policy. The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the City and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

The purpose of the City's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary shortfalls or unpredicted one-time expenditures.

It is the goal of the City to maintain a contingency reserve of twenty percent (20%) of General Fund "Operating Budget" as originally adopted. Operating Budget for this purpose shall include current expenditure appropriations and shall exclude Capital Improvement Projects and Transfers Out. Appropriation and/or access to these funds are reserved for emergency situations only.

**T) Pensions**

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

**U) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**2) CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2015:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Assets and Liabilities	Total
Cash and Investments	\$ 15,210,775	\$ 2,178,586	\$ 17,389,361
Restricted Cash and Investments	-	1,168,573	1,168,573
Total Cash and Investments	<u>\$ 15,210,775</u>	<u>\$ 3,347,159</u>	<u>\$ 18,557,934</u>

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

Demand Deposits	\$ 6,497,106
Petty Cash	2,400
Investments	<u>12,058,428</u>
Total Cash and Investments	<u>\$ 18,557,934</u>

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

**Investment Policies**

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

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

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**2) CASH AND INVESTMENTS - Continued**

**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, 2015 is as follows:

Investment Type	Remaining Maturity (in Months)
	12 Months Or Less
Local Agency Investment Fund	\$ 9,917,856
Money Market	980
Certificates of Deposit	990,539
Held by Bond Trustees:	
Money Market Mutual Funds	1,149,053
Total	<u>\$ 12,058,428</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.

Investment Type	Total Investment	Minimum Legal Rating	Rating as of Year End		
			AAA	Not Required to be Rated	Unrated
Local Agency Investment Fund	\$ 9,917,856	N/A	\$ -	\$ -	\$ 9,917,856
Money Market	980	N/A	-	-	980
Certificates of Deposit	990,539	N/A	-	-	990,539
Held by Bond Trustees:					
Money Market Mutual Funds	1,149,053	A	1,149,053	-	-
Total	<u>\$12,058,428</u>		<u>\$ 1,149,053</u>	<u>\$ -</u>	<u>\$10,909,375</u>

**Concentration of Credit Risk**

At June 30, 2015, the City had no investments in any one issuer that represent 5% or more of total City investments.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**2) CASH AND INVESTMENTS - Continued**

**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, 2015, the carrying amount of the City's deposits was \$6,501,027 and the book balances were \$6,497,105. The differences of \$3,922 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).

**Investment in State Investment Pool**

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



**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Due To and Due From Other Funds**

Amounts due to/due from other funds at June 30, 2015 are as follows:

Receivable	Payable	Amount
General Fund	Other Governmental Funds	\$ 59,091
		<u>\$ 59,091</u>

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

**Long-term Advances**

At June 30, 2015, the City had the following interfund long-term advances:

		ADVANCES FROM				
		General Fund	Retirement Tax Fund	Other Govt. Funds	Sewer Fund	Total
ADVANCES TO	General Fund	\$ -	\$ 4,735,870	\$ -	\$ 336,823	\$5,072,693
	Water Fund	-	310,197	-	1,216,991	1,527,188
	Sewer Fund	-	310,196	-	-	310,196
	Housing Fund	140,000	-	200,000	-	340,000
	Total	<u>\$ 140,000</u>	<u>\$ 5,356,263</u>	<u>\$ 200,000</u>	<u>\$ 1,553,814</u>	<u>\$7,250,077</u>

- (1) On May 7, 2001, the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund advanced \$750,000 each to the Capital Grants Capital Projects Fund. In the 2013-14 fiscal year, the General Fund has assumed the advance payable of \$869,150 from the Capital Grants Capital Projects Fund and forgiven the advance payable in the Capital Grants Capital Projects Fund. As of June 30, 2015, the outstanding balance due to the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund are \$336,823 and \$336,823, respectively.
- (2) 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, 2015, the outstanding balance of the advance is \$1,216,991.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

- (3) In November 2013, the City determined that amounts paid for by the Retirement Tax Special Revenue Fund for postemployment healthcare costs and pension costs related to fire contract services were not in accordance with the "PERS contract" costs as required by the special tax fund. Therefore, as per the payment agreement, a long-term advance to the General Fund, Water Fund, and Sewer Fund of \$4,399,047, \$310,197, and \$310,196, respectively, has been established by City Council resolution to pay back the disallowed costs. The General Fund will make payments of \$176,333, at 1% for 30 years. The Water and Sewer Funds will split equally, payments of \$24,868, at 1% for 30 years.
- (4) The advances to the Housing Successor Fund from the General Fund and Other Governmental Funds of \$140,000 and \$200,000, respectively, were to record transfer of property owned by the General Fund and Parking in Lieu Fund to the former Redevelopment Agency Housing Fund to facilitate a 20 unit affordable housing project at 1422 San Fernando Road.

**Due from Successor Agency**

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, 2015, the outstanding balance on the note is \$189,604. Also, In January 2010, prior to the dissolution of redevelopment agencies in the State of California, the former Low and Moderate Income Housing Set-aside fund loaned \$2,063,811 to the former redevelopment agency (now Successor Agency) to pay the SERAF payment to the State in prior years. As of June 30, 2015, the outstanding balance is \$1,798,811.

**Transfers In and Transfers Out**

Transfers in and out for the year ended June 30, 2015 are as follows:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 852,479
	Water Enterprise Fund	61,000
	Sewer Enterprise Fund	60,000
	Housing Special Revenue Fund	140,000
Other Governmental Funds	General Fund	199,741
	Housing Special Revenue Fund	200,000
	Water Fund	7,634
Internal Service Funds	General Fund	535,252
	Water Fund	59,054
		<u>\$ 2,115,160</u>

The transfers to the General Fund from the Other Governmental Funds of \$852,479 were to cover costs those funds share of the costs for public works projects and other public safety costs. The transfers to the General Fund from the Water and Sewer funds of \$61,000 and \$60,000 respectively, was for annual lease payments for use of the City's facilities. The transfer from the Housing Fund to the General Fund of \$140,000 is to reinstate the advance receivable as described above in the Advances note above.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

The transfer from the General Fund of \$251,236 to the Successor Agency Private-purpose Trust Fund was to fund unallowable costs and clear remaining amounts owed to the General Fund that are not enforceable obligations for the Successor Agency.

The General Fund transferred \$199,741 to the Other Governmental Funds to reimburse those funds for various project costs and to cover operating deficits. The transfers from the Housing Fund to the Other Governmental Funds of \$200,000 is to reinstate the advance receivable as described above in the Advances note above.

The General Fund and Water Fund transferred \$535,252 and \$59,054 to the Internal Service Fund to cover operating deficits from prior years.

**4) CAPITAL ASSETS**

A summary of changes in the Governmental Activities capital assets at June 30, 2015 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,397,105	\$ -	\$ -	\$ 4,397,105
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	4,397,105	-	-	4,397,105
Capital Assets Being Depreciated:				
Buildings	28,762,273	-	(133,875)	28,628,398
Improvements Other than Buildings	5,108,976	9,400	-	5,118,376
Machinery and Equipment	8,482,044	67,062	(188,707)	8,360,399
Infrastructure	50,861,597	-	-	50,861,597
Total Capital Assets Being Depreciated	93,214,890	76,462	(322,582)	92,968,770
Less Accumulated Depreciation:				
Buildings	(8,174,907)	(762,531)	122,353	(8,815,085)
Improvements Other than Buildings	(2,836,208)	(186,300)	-	(3,022,508)
Machinery and Equipment	(6,656,216)	(469,144)	183,020	(6,942,340)
Infrastructure	(31,189,567)	(1,439,636)	-	(32,629,203)
Total Accumulated Depreciation	(48,856,898)	(2,857,611)	305,373	(51,409,136)
Total Capital Assets Being Depreciated, Net	44,357,992	(2,781,149)	(17,209)	41,559,634
Governmental Activities Capital Assets, Net	<u>\$ 48,755,097</u>	<u>\$ (2,781,149)</u>	<u>\$ (17,209)</u>	<u>\$ 45,956,739</u>

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**4) CAPITAL ASSETS - Continued**

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

General Government	\$ 9,221
Public Safety	385,748
Public Works	2,162,841
Parks and Recreation	90,274
Community Development	<u>209,527</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,857,611</u>

A summary of changes in the Business-type Activities capital assets at June 30, 2015 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 26,345	\$ -	\$ -	\$ 26,345
Water Rights	624,659	-	-	624,659
Construction in Progress	<u>1,032,159</u>	<u>485,220</u>	<u>-</u>	<u>1,517,379</u>
Total Capital Assets, Not Being Depreciated	<u>1,683,163</u>	<u>485,220</u>	<u>-</u>	<u>2,168,383</u>
Capital Assets Being Depreciated:				
Buildings	5,741,396	7,899	-	5,749,295
Improvements Other than Buildings	29,200	-	-	29,200
Infrastructure	21,757,931	-	-	21,757,931
Machinery and Equipment	<u>7,771,784</u>	<u>6,069</u>	<u>(103,800)</u>	<u>7,674,053</u>
Total Capital Assets Being Depreciated	<u>35,300,311</u>	<u>13,968</u>	<u>(103,800)</u>	<u>35,210,479</u>
Less Accumulated Depreciation:				
Buildings	(3,014,742)	(108,021)	-	(3,122,763)
Improvements Other than Buildings	(29,200)	-	-	(29,200)
Infrastructure	(13,153,424)	(434,751)	-	(13,588,175)
Machinery and Equipment	<u>(5,919,630)</u>	<u>(188,361)</u>	<u>103,800</u>	<u>(6,004,191)</u>
Total Accumulated Depreciation	<u>(22,116,996)</u>	<u>(731,133)</u>	<u>103,800</u>	<u>(22,744,329)</u>
Total Capital Assets Being Depreciated, Net	<u>13,183,315</u>	<u>(717,165)</u>	<u>-</u>	<u>12,466,150</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 14,866,478</u>	<u>\$ (231,945)</u>	<u>\$ -</u>	<u>\$ 14,634,533</u>

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

Water	\$ 599,178
Sewer	127,923
Waste Disposal	<u>4,032</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 731,133</u>

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**5) LOAN RECEIVABLE**

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 \$378,100, when collected, are due back to the granting agency and, therefore, are reported as due to other agencies in the financial statements.

**6) LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions for the year ended June 30, 2015.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
CHFA Loan	\$ 612,692	\$ -	\$ (612,692)	\$ -	\$ -
Section 108 Loan	960,000	-	(960,000)	-	-
Claims Payable (Note 8)	3,498,556	725,134	(1,296,134)	2,927,556	625,000
Compensated Absences	1,495,219	826,380	(797,371)	1,524,228	282,782
Net Pension Liability (Note 7)	-	30,185,731	(5,247,295)	24,938,436	-
Other Post-Employment Benefit Obligation (Note 9)	9,104,016	2,697,211	(884,963)	10,916,264	-
Total	<u>\$15,670,483</u>	<u>\$34,434,456</u>	<u>\$ (9,798,455)</u>	<u>\$40,306,484</u>	<u>\$ 907,782</u>
<b>Business-type Activities:</b>					
Net Pension Liability (Note 7)	\$ -	\$ 2,215,101	\$ (343,634)	\$ 1,871,467	\$ -
Total	<u>\$ -</u>	<u>\$ 2,215,101</u>	<u>\$ (343,634)</u>	<u>\$ 1,871,467</u>	<u>\$ -</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 loan was paid off in fiscal year 2014-15.

**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 loan balance was paid off in fiscal year 2014-15.

**Compensated Absences**

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$1,524,228 is expected to be repaid from future resources, typically liquidated from the General Fund.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**6) LONG-TERM LIABILITIES - Continued**

**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, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds Payable:					
Tax Allocation Bonds, 1998	\$ 660,000	\$ -	\$ (660,000)	\$ -	\$ -
Tax Allocation Bonds, 2006	7,165,000	-	(730,000)	6,435,000	1,330,000
County Deferral	3,513,821	-	(300,745)	3,213,076	-
Total	<u>\$ 11,338,821</u>	<u>\$ -</u>	<u>\$ (1,690,745)</u>	<u>9,648,076</u>	<u>\$ 1,330,000</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.

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. The remaining balance of the bonds were paid off during fiscal year 2014-2015.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**6) LONG-TERM LIABILITIES - Continued**

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, 2015, \$6,435,000 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
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>\$ 6,435,000</u>	<u>\$ 666,722</u>	<u>\$ 7,101,722</u>

**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, 2015, the balance of the County Deferral, including interest, was \$3,213,076.

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

**General Information about the Defined Benefit Pension Plans**

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

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) – Continued**

**Benefits Provided** – The Plans are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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

	Miscellaneous	Miscellaneous	Miscellaneous
	Tier II	Tier II	PEPRA
	Prior to	Prior to	On or after
	November 12, 2005	January 1, 2013	January 1, 2013
Hire date			
Benefit formula	3% @ 60	2% @ 55	2% @ 62
	single highest year	36 month average	36 month average
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	55	62
Monthly benefits, as a % of eligible compensation	2% to 3%	2%	2%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	27.841%	12.434%	6.5%
	Safety	Safety	Safety
	Tier I	Tier II	Tier III
	Prior to	Prior to	Prior to
	January 6, 1994	September 8, 2012	January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 50	3% @ 55
	single highest year	36 month average	36 month average
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	55
Monthly benefits, as a % of eligible compensation	3%	3%	3%
Required employee contribution rates	9%	9%	9%
Required employer contribution rates	49.566%	27.991%	19.613%



**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) – Continued**

	Safety Tier IV
	On or after
Hire date	January 1, 2013
Benefit formula	2.7% @ 55
	36 month average
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	55
Monthly benefits, as a % of eligible compensation	2.7%
Required employee contribution rates	11%
Required employer contribution rates	11%

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

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

	Miscellaneous	Safety
Contributions - employer	\$ 972,072	\$ 888,607
Contributions - employee (paid by employer)	150,095	106,630

The amount “paid by employer” represents the portion of the employee contribution rate paid by the City, commonly referred to as Employer Paid Member Contribution (EPMC), as part of an agree upon Memorandum of Understanding with each bargaining unit. EPMC is in addition to the employer contribution rate.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) – Continued**

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

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

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 14,395,906
Safety	<u>12,413,997</u>
Total Net Pension Liability	<u><u>\$ 26,809,903</u></u>

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

The City's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2013	0.52001%	0.32107%
Proportion - June 30, 2014	0.58248%	0.33095%
Change - Increase (Decrease)	0.06247%	0.00988%

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) – Continued**

For the year ended June 30, 2015, the City recognized pension expense of \$2,466,997. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,314,312	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	296,934	621,376
Net differences between projected and actual earnings on plan investments	-	5,616,082
Total	<u>\$ 2,611,246</u>	<u>\$ 6,237,458</u>

The \$2,314,312 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2016	\$ (1,519,892)
2017	(1,519,892)
2018	(1,496,718)
2019	(1,404,022)
2020	-
Thereafter	-

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) – Continued**

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

	All Plans
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

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

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

(3) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) – Continued**

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

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

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

**City of San Fernando**  
**Notes to Financial Statements**  
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**7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) – Continued**

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 21,608,063	\$ 19,657,108
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 14,395,906	\$ 12,413,997
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 8,410,500	\$ 6,445,986

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan**

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**8) SELF-INSURANCE PROGRAM**

The City is self-insured for workers' compensation claims, unemployment insurance, property insurance, and comprehensive general and automobile liability. The City purchases excess workers' compensation and liability insurance through its membership in the Independent Cities Risk Management Authority (ICRMA), a joint powers authority formed to pool the assets of its members to increase excess insurance buying power. ICRMA procures coverage for its members, in excess of each member's selected self-insured retention, for up to \$30,000,000 per insured occurrence for liability claims and statutory limits for workers' compensation claims. ICRMA is considered a self-sustaining risk pool with 21 member cities. Annual premium payments are paid by member cities and are adjusted retrospectively to cover costs. Each member city self-insures from the first dollar to their selected self-insured retention. Each member city appoints one member and two alternates to the ICRMA Governing Board.

**Workers' Compensation**

The City participates in the Workers' Compensation Program through ICRMA and maintains coverage pursuant to the Workers' Compensation Laws of the State of California. The City is self-insured for the first \$500,000 of each claim. Excess insurance is provided through ICRMA from \$500,001 to the statutory limit per insured 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, 2015, the amount of these liabilities was \$2,182,000. This liability is the City's best estimate based on available information.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**8) SELF-INSURANCE PROGRAM - Continued**

**General Liability**

The City participates in the Liability Program through ICRMA and maintains coverage for comprehensive general and automobile liability, personal injury, contractual liability, errors and omissions, and certain other coverage. The City is self-insured for the first \$250,000 of each claim. Excess insurance is provided through ICRMA from \$250,001 to \$30,000,000 per insured 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, 2015, the amount of these liabilities was \$745,556. This liability is the City's best estimate based on available information.

Annual settlements during each of the last three fiscal years have not exceeded insurance coverage in any year.

**Changes in Self-Insurance Liability**

Changes in the reported liabilities resulted from the following:

	2014 - 2015	2013 - 2014
Beginning of Fiscal Year	\$ 3,498,556	\$ 3,119,556
Claims and Changes in Claim Estimates	725,134	1,264,884
Claim Payments	(1,296,134)	(885,884)
	<u>\$ 2,927,556</u>	<u>\$ 3,498,556</u>

**9) OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

For employees hired prior to July 1, 2015, 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 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.

For employees hired on or after July 1, 2015, the City will provide the minimum retiree health benefit required by the Public Employees Medical and Health Care Act (PEMHCA), which is \$122 per month for calendar year 2015 and adjusted by CalPERS annually to account for inflation.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**9) OTHER POST-EMPLOYMENT BENEFITS - Continued**

**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 and responsible Enterprise Funds.

**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)	\$ 2,761,545
Interest on Net OPEB Obligation	364,435
Adjustment to ARC	(428,769)
Annual OPEB Cost	<u>2,697,211</u>
Contribution Made	(884,963)
Increase in Net OPEB Obligation	<u>1,812,248</u>
Net OPEB Obligation at June 30, 2014	<u>9,104,016</u>
 Net OPEB Obligation at June 30, 2015	 <u>\$ 10,916,264</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)
6/30/13	\$ 2,428,329	\$ 985,164	40.56%	\$ 7,445,639
6/30/14	\$ 2,557,173	\$ 898,796	35.14%	\$ 9,104,016
6/30/15	\$ 2,697,211	\$ 884,963	32.81%	\$ 10,916,264

**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%.



**City of San Fernando**  
**Notes to Financial Statements**  
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**9) OTHER POST-EMPLOYMENT BENEFITS - Continued**

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 position/fund balances at June 30, 2015:

	<u>Deficit</u>
Major Fund:	
General Fund	\$ 4,114,045
Other Governmental Funds:	
Traffic Safety Special Revenue Fund	6,828
Operating Grants Special Revenue Fund	55,704
Capital Grants Capital Projects Fund	23,970

In addition to these deficits, the City's obligation for other post-employment benefits has increased to \$10,916,264 as of June 30, 2015 (see Note 9). Also, the City is reporting a net pension liability of approximately \$27 million and an unrestricted net position in the Statement of Net Position for the Governmental Activities of approximately \$40 million.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

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

The following represents management's plans regarding these deficits and unfunded liabilities:

General Fund - The City's General Fund has been in a deficit fund balance position since FY 2010-2011. The City has taken a number of steps over the last three years to stabilize ongoing finances, including re-negotiating labor contracts, reducing programs and services, reducing professional development, travel, and memberships by City staff, implementing layoffs and furloughs, and freezing vacant positions. As a result, the General Fund deficit has decreased from (\$5,693,905) as of June 30, 2014 to (\$4,114,445) as of June 30, 2015. However, many of these were short-term fixes that were necessary to remain solvent; continuing these cuts is not sustainable in the long-term. Consequently, staff has worked with City Council to implement a multi-year plan to eliminate the General Fund deficit, which includes a balance of ongoing revenue enhancements and targeted expenditure reductions.

In 2013, the City declared a fiscal emergency and held a special election for a temporary one-half (½) cent transaction and use tax, which was approved by sixty percent (60%) of voters. This transaction tax, also referred to as "Measure A," will sunset in October 2020.

The transaction tax is projected to raise approximately \$2 million per year in general revenue and is necessary to fund a number of critical one-time needs. Since the transaction tax is temporary and will sunset in 2020, it is prudent to use the funds raised through the tax on non-recurring expenditures. Consequently, transaction tax revenue has been earmarked to address the following needs: 1) establish General Fund and Self Insurance Fund reserves, 2) pay off existing debt, 3) re-establish the City's Equipment Replacement Fund, 4) replace and update the City's outdated computer hardware, software, and telecommunications systems, 5) establish a trust to pre-fund Other Post-Employment Benefits (OPEB), and 6) fund overdue capital projects to reduce the City's deferred infrastructure and maintenance costs.

In addition to the revenue raised by Measure A, the City has taken a number of steps in the last eighteen (18) months to address the City's deficit and improve long-term financial stability, including:  
Going forward, the deficit elimination plan includes the following key elements:

- Renegotiated the Fire and Emergency Services contract with the Los Angeles Fire Department to reduce the City's annual cost without reducing service;
- Transferred operational and financial responsibility of the San Fernando Regional Pool to the County of Los Angeles;
- Retired debt from the outstanding California Housing Financing Agency (CHFA) and Section 108 Loans;
- Developed a five-year General Fund projection of revenues and expenditures;
- Adopted a Development Agreement Ordinance to provide additional tools to increase economic development efforts;
- Sold surplus land and used the land sale proceeds to reduce the City's deficit;

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

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

- Restructured future retiree health benefits to decrease the City's OPEB liability; and
- Updated the City's long term financial planning policies, including budget, purchasing, debt management, grant management, investment, and reserve policies, with an emphasis on creating long term fiscal sustainability.

To continue implementation of the deficit elimination plan in FY 2015-2016, the Adopted Budget includes the following:

- Funding to complete a user fee and cost allocation plan to ensure the City is adequately recovering costs for certain services;
- Funding to replace the City's network server infrastructure;
- Funding to re-establish a Self-Insurance Fund reserve;
- Funding to re-establish an Equipment Replacement Fund; and
- Funding to partner with a professional services firm to increase resources available to bolster the City's business license program, increase compliance, and collect ongoing revenue due to the City.

Despite the progress that has been made in the past year, and the investments being funded in the upcoming fiscal year, the City is still facing a significant General Fund deficit and must continue to implement best financial management practices, protect revenues, and strategically appropriate funds based on sound cost-benefit analysis.

The deficit elimination plan was developed with the understanding that the General Fund deficit is a result of many years of financial problems, some of which have been beyond the City's control (e.g. the "Great Recession" and dissolution of redevelopment) and others that were self-inflicted. It will take many years to dig the City out; however, if the preceding financial and operational elements continue to be implemented, the City will be successful in eliminating the General Fund deficit and building a strong financial base for the future.

Other Post-Employment Benefits (OPEB) - In the first quarter of fiscal year 2015-2016, the City completed negotiations with all bargaining units. The City was successful in restructuring retiree medical benefits for employees hired on or after July 1, 2015. As a result, the City will provide the minimum retiree health benefit required by the Public Employees Medical and Health Care Act (PEMHCA), which is \$122 per month for calendar year 2015 and adjusted by CalPERS annually to account for inflation. This will result in a significant long term savings as current employees retire and are replaced by new employees.

Operating Grants Special Revenue Fund - The Operating Grants Fund has a deficit of (\$55,704) as of June 30, 2015. Management will work to decrease the deficit in this fund by ensuring timely draw down of grant funds, proper coding of grant expenditures, and adherence to the City's Grant Management Policy.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

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

Capital Grants Special Revenue Fund - The deficit in the Capital Grants Fund has decreased from (\$60,273) as of June 30, 2014 to the current deficit of (\$23,970) as of June 30, 2015. Management will continue to decrease the deficit in this fund by ensuring timely draw down of grant funds, proper coding of grant expenditures, and adherence to the City's Grant Management Policy.

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 Clerk	\$ 147,810	\$ 150,030	\$ (2,220)
Elections	52,788	62,846	(10,058)
Retirement and Nondepartmental	1,043,930	1,343,249	(299,319)
Parks and Recreations	1,228,724	1,229,066	(342)

**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 position. 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.

**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.

**City of San Fernando**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**12) PRIOR PERIOD ADJUSTMENTS**

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2014-15. As a result, the beginning net position in the Statement of Activities – Governmental Activities and Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds was restated by \$28,214,209 and \$2,069,221, respectively, to reflect the cumulative effect of applying this statement.

The prior period adjustment of \$3,498,556 in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds for the Internal Service is the result of the City establishing an internal service fund to pay for its self-insurance program. The \$3,498,556 was the claims liability as of July 1, 2014.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of San Fernando**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS

**Other Post-Employment Benefits Plan**

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio AVA	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a)/(b)	(c)	[(b)-(a)]/(c)
04/01/09	\$ -	\$ 27,397,966	\$ 27,397,966	0.00%	\$ 10,768,148	254.44%
04/01/11	-	33,727,414	33,727,414	0.00%	7,991,271	422.05%
04/01/13	-	32,974,100	32,974,100	0.00%	7,256,300	454.42%

**City of San Fernando**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
Last 10 Years\***

	Miscellaneous Risk Pool 2015
Proportion of the Net Pension Liability	0.23136%
Proportionate Share of Net Pension Liability	\$ 14,395,906
Covered - Employee Payroll	\$ 5,226,647
Proportionate Share of the Net Pension Liability as a percentage of Payroll	275.43%
Plan's Fiduciary Net Position	\$ 39,968,706
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.52%
	Safety Risk Pool 2015
Proportion of the Net Pension Liability	0.19950%
Proportionate Share of Net Pension Liability	\$ 12,413,997
Covered - Employee Payroll	\$ 3,175,755
Proportionate Share of the Net Pension Liability as a percentage of Payroll	390.90%
Plan's Fiduciary Net Position	\$ 41,660,249
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.04%

\*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

**Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability**

**Benefit Changes:** None

**Changes in Assumptions:** None



**City of San Fernando**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

**SCHEDULE OF PLAN CONTRIBUTIONS**  
**Last 10 Years\***

	2015
Contractually Required Contributions (actuarially determined)	\$ 1,900,471
Contributions in Relation to the Actuarially Determined Contributions	(1,900,471)
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll	\$ 8,402,402
Contributions as a Percentage of Covered Employee Payroll	22.62%

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/2013

\*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 9,205,136	\$ 9,926,136	\$ 10,852,629	\$ 926,493
Licenses and Permits	267,500	376,008	437,765	61,757
Charges for Services	2,398,070	2,095,718	2,106,891	11,173
Fines and Forfeitures	511,100	511,100	537,371	26,271
Investment Earnings	213,712	185,826	178,324	(7,502)
Intergovernmental	2,019,253	2,100,556	2,281,316	180,760
Other	594,899	543,940	402,521	(141,419)
Total Revenues	15,209,670	15,739,284	16,796,817	1,057,533
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Council	94,564	91,437	87,050	4,387
Treasurer	148,421	148,421	143,894	4,527
Administration	351,992	361,992	357,516	4,476
Personnel	264,893	264,893	261,190	3,703
City Attorney	380,000	380,000	222,438	157,562
City Clerk	130,560	147,810	150,030	(2,220)
Elections	52,038	52,788	62,846	(10,058)
Financial Management	582,239	582,239	576,632	5,607
Retirement and Nondepartmental	1,065,139	1,043,930	1,343,249	(299,319)
Public Safety:				
Police	6,304,323	6,372,437	6,246,245	126,192
Fire	2,800,000	2,800,000	2,676,891	123,109
Community Development	838,875	838,875	775,398	63,477
Public Works	2,674,846	2,681,346	2,496,064	185,282
Parks and Recreation	1,424,961	1,228,724	1,229,066	(342)
Total Expenditures	17,112,851	16,994,892	16,628,509	366,383
Excess (Deficiency) of Revenues over Expenditures	(1,903,181)	(1,255,608)	168,308	1,423,916
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Property	1,000,000	1,035,000	1,033,066	(1,934)
Transfers In	982,473	982,473	1,113,479	131,006
Transfers Out	(455,262)	(781,380)	(734,993)	46,387
Total Other Financing Sources (Uses)	1,527,211	1,236,093	1,411,552	175,459
Net Change in Fund Balances	(375,970)	(19,515)	1,579,860	1,599,375
Fund Balance, Beginning of Year	(5,693,905)	(5,693,905)	(5,693,905)	-
Fund Balance, End of Year	\$ (6,069,875)	\$ (5,713,420)	\$ (4,114,045)	\$ 1,599,375

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Retirement Tax Fund**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,800,000	\$ 2,800,000	\$ 3,604,771	\$ 804,771
Investment Earnings	-	-	30,364	30,364
Intergovernmental	-	-	34,170	34,170
Other	-	-	-	-
Total Revenues	2,800,000	2,800,000	3,669,305	869,305
<b>EXPENDITURES</b>				
Current:				
General Government	401,582	401,582	425,454	(23,872)
Public Safety	1,495,958	1,495,958	1,229,254	266,704
Public Works	689,918	689,918	779,327	(89,409)
Parks and Recreation	149,815	149,815	118,567	31,248
Total Expenditures	2,737,273	2,737,273	2,552,602	184,671
Excess (Deficiency) of Revenues Over (Under) Expenditures	62,727	62,727	1,116,703	1,053,976
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	201,201	201,201	-	(201,201)
Transfers Out	(19,610)	(19,610)	-	19,610
Total Other Financing Sources (Uses)	181,591	181,591	-	(181,591)
Net Change in Fund Balances	244,318	244,318	1,116,703	872,385
Fund Balance, Beginning of Year	5,845,997	5,845,997	5,845,997	-
Fund Balance, End of Year	<u>\$ 6,090,315</u>	<u>\$ 6,090,315</u>	<u>\$ 6,962,700</u>	<u>\$ 872,385</u>

**City of San Fernando**  
**Notes to Required Supplementary Information**  
Year Ended June 30, 2015

**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. The City Manager 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 2014-15 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. In addition, the City did not adopt a budget for the Housing Special Revenue 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**  
**Other Governmental Funds**  
June 30, 2015

**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**  
**Other Governmental Funds – Continued**  
June 30, 2015

**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.

**Operating Grants** - Accounts for revenues that are restricted for specific operating purposes, including law enforcement and parks and recreation.

**Surface Transportation Program Local Funding (STP Local Fund)** - Accounts for revenues received from a local sales tax measure to be used for street projects.

**SLESF** - Accounts for revenues received which are restricted for law enforcement.

**CAPITAL PROJECTS FUNDS**

**Capital Grants** - Accounts for revenues that are restricted for specific capital projects.

**City of San Fernando**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
June 30, 2015

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
<b>ASSETS</b>				
Cash and Investments	\$ 137,008	\$ 20,469	\$ -	\$ 234,773
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	1,888	-
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 137,008</u>	<u>\$ 20,469</u>	<u>\$ 1,888</u>	<u>\$ 234,773</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 49,033	\$ -	\$ 288	\$ 5,182
Accrued Liabilities	1,146	-	43	3,020
Deposits	-	-	-	1,067
Due to Other Funds	-	-	8,385	-
Due to Other Agencies	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>50,179</u>	<u>-</u>	<u>8,716</u>	<u>9,269</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Transportation	86,829	20,469	-	-
Air Pollution	-	-	-	-
Parks and Recreation	-	-	-	225,504
Public Safety	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(6,828)</u>	<u>-</u>
Total Fund Balances	<u>86,829</u>	<u>20,469</u>	<u>(6,828)</u>	<u>225,504</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 137,008</u>	<u>\$ 20,469</u>	<u>\$ 1,888</u>	<u>\$ 234,773</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>
\$ -	\$ 87,514	\$ 21,640	\$ 4,283	\$ 804,265	\$ 29,279	\$ 548,482
-	-	-	9,494	-	-	-
-	-	-	-	-	21	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 87,514</u>	<u>\$ 21,640</u>	<u>\$ 13,777</u>	<u>\$ 804,265</u>	<u>\$ 29,300</u>	<u>\$ 548,482</u>
\$ -	\$ 19,904	\$ 511	\$ 9,997	\$ 5,000	\$ -	\$ 72,798
-	13,722	152	3,780	342	-	2,984
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>33,626</u>	<u>663</u>	<u>13,777</u>	<u>5,342</u>	<u>-</u>	<u>75,782</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	798,923	-	472,700
-	-	-	-	-	-	-
-	53,888	20,977	-	-	-	-
-	-	-	-	-	29,300	-
-	-	-	-	-	-	-
<u>-</u>	<u>53,888</u>	<u>20,977</u>	<u>-</u>	<u>798,923</u>	<u>29,300</u>	<u>472,700</u>
<u>\$ -</u>	<u>\$ 87,514</u>	<u>\$ 21,640</u>	<u>\$ 13,777</u>	<u>\$ 804,265</u>	<u>\$ 29,300</u>	<u>\$ 548,482</u>

Continued

**City of San Fernando**  
**Combining Balance Sheet**  
**Other Governmental Funds - Continued**  
June 30, 2015

	<u>Federal Asset Forfeiture</u>	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>
<b>ASSETS</b>				
Cash and Investments	\$ 52,639	\$ 157,438	\$ 71,672	\$ 156,898
Receivables:				
Taxes	-	7,886	-	-
Accounts	-	-	-	-
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	-	-	200,000	-
	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total Assets	<u>\$ 52,639</u>	<u>\$ 165,324</u>	<u>\$ 271,672</u>	<u>\$ 156,898</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Deposits	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Agencies	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Transportation	-	-	271,672	156,898
Air Pollution	-	165,324	-	-
Parks and Recreation	-	-	-	-
Public Safety	52,639	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>52,639</u>	<u>165,324</u>	<u>271,672</u>	<u>156,898</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 52,639</u>	<u>\$ 165,324</u>	<u>\$ 271,672</u>	<u>\$ 156,898</u>

<u>Proposition C</u>	<u>Community Development Block Grant</u>	<u>Operating Grants</u>	<u>STP Local Fund</u>	<u>SLESF</u>	<u>Capital Grants</u>	<u>Total</u>
\$ 188,934	\$ -	\$ -	\$ 282,305	\$ 6,251	\$ 139	\$ 2,803,989
-	-	-	-	-	-	17,380
-	-	10,000	-	14,618	-	26,527
-	-	67,051	-	-	-	67,051
-	378,100	-	-	-	-	378,100
-	-	-	-	-	-	200,000
<u>\$ 188,934</u>	<u>\$ 378,100</u>	<u>\$ 77,051</u>	<u>\$ 282,305</u>	<u>\$ 20,869</u>	<u>\$ 139</u>	<u>\$ 3,493,047</u>
\$ 37,087	\$ -	\$ 50,734	\$ -	\$ -	\$ 24,080	\$ 274,614
3,573	-	1,428	-	-	29	30,219
-	-	-	-	-	-	1,067
-	-	50,706	-	-	-	59,091
-	378,100	-	-	-	-	378,100
<u>40,660</u>	<u>378,100</u>	<u>102,868</u>	<u>-</u>	<u>-</u>	<u>24,109</u>	<u>743,091</u>
-	-	29,887	-	14,618	-	44,505
148,274	-	-	282,305	-	-	2,238,070
-	-	-	-	-	-	165,324
-	-	-	-	-	-	300,369
-	-	-	-	6,251	-	88,190
-	-	(55,704)	-	-	(23,970)	(86,502)
<u>148,274</u>	<u>-</u>	<u>(55,704)</u>	<u>282,305</u>	<u>6,251</u>	<u>(23,970)</u>	<u>2,705,451</u>
<u>\$ 188,934</u>	<u>\$ 378,100</u>	<u>\$ 77,051</u>	<u>\$ 282,305</u>	<u>\$ 20,869</u>	<u>\$ 139</u>	<u>\$ 3,493,047</u>

**City of San Fernando**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
Year Ended June 30, 2015

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
<b>REVENUES</b>				
Taxes	\$ 425,844	\$ -	\$ -	\$ 46,629
Charges for Services	29,113	-	-	115,629
Fines and Forfeitures	-	-	20,720	-
Investment Earnings	142	25	-	12,800
Intergovernmental	-	-	-	-
	<u>455,099</u>	<u>25</u>	<u>20,720</u>	<u>175,058</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	386,664	-	-	116,884
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>386,664</u>	<u>-</u>	<u>-</u>	<u>116,884</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>68,435</u>	<u>25</u>	<u>20,720</u>	<u>58,174</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(30,000)	-
	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	68,435	25	(9,280)	58,174
Fund Balances, Beginning of Year	<u>18,394</u>	<u>20,444</u>	<u>2,452</u>	<u>167,330</u>
Fund Balances, End of Year	<u>\$ 86,829</u>	<u>\$ 20,469</u>	<u>\$ (6,828)</u>	<u>\$ 225,504</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>
\$ -	\$ -	\$ -	\$ 341,869	\$ 264,980	\$ -	\$ -
-	151,405	-	-	-	-	-
-	-	-	-	-	3,200	-
6	-	45	-	877	-	-
19,600	-	-	-	-	-	639,705
<u>19,606</u>	<u>151,405</u>	<u>45</u>	<u>341,869</u>	<u>265,857</u>	<u>3,200</u>	<u>639,705</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
100	-	-	319,645	23,253	-	126,571
-	144,902	13,804	-	-	-	-
-	-	15,416	-	-	-	108,553
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>100</u>	<u>144,902</u>	<u>29,220</u>	<u>319,645</u>	<u>23,253</u>	<u>-</u>	<u>235,124</u>
<u>19,506</u>	<u>6,503</u>	<u>(29,175)</u>	<u>22,224</u>	<u>242,604</u>	<u>3,200</u>	<u>404,581</u>
-	-	-	38,967	7,634	-	43,954
<u>(19,506)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(523,006)</u>
<u>(19,506)</u>	<u>-</u>	<u>-</u>	<u>38,967</u>	<u>7,634</u>	<u>-</u>	<u>(479,052)</u>
-	6,503	(29,175)	61,191	250,238	3,200	(74,471)
-	47,385	50,152	(61,191)	548,685	26,100	547,171
<u>\$ -</u>	<u>\$ 53,888</u>	<u>\$ 20,977</u>	<u>\$ -</u>	<u>\$ 798,923</u>	<u>\$ 29,300</u>	<u>\$ 472,700</u>

Continued

**City of San Fernando**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds - Continued**  
Year Ended June 30, 2015

	Federal Asset Forfeiture	AQMD	Cash-in-Lieu of Parking	Pavement Management
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Fines and Forfeitures	15,487	-	-	-
Investment Earnings	57	179	-	190
Intergovernmental	-	30,053	-	-
	<u>15,544</u>	<u>30,232</u>	<u>-</u>	<u>190</u>
Total Revenues	15,544	30,232	-	190
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	2,499
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	2,499
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,544</u>	<u>30,232</u>	<u>-</u>	<u>(2,309)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	200,000	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	200,000	-
Net Change in Fund Balances	15,544	30,232	200,000	(2,309)
Fund Balances, Beginning of Year	<u>37,095</u>	<u>135,092</u>	<u>71,672</u>	<u>159,207</u>
Fund Balances, End of Year	<u>\$ 52,639</u>	<u>\$ 165,324</u>	<u>\$ 271,672</u>	<u>\$ 156,898</u>

<u>Proposition C</u>	<u>Community Development Block Grant</u>	<u>Operating Grants</u>	<u>STP Local Fund</u>	<u>SLESF</u>	<u>Capital Grants</u>	<u>Total</u>
\$ 353,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,433,024
-	-	-	-	-	-	296,147
-	-	-	-	-	-	39,407
286	-	2	341	17	-	14,967
-	908,633	556,306	-	106,230	60,656	2,321,183
<u>353,988</u>	<u>908,633</u>	<u>556,308</u>	<u>341</u>	<u>106,247</u>	<u>60,656</u>	<u>4,104,728</u>
-	-	-	-	-	-	2,499
-	-	320,951	-	-	-	320,951
-	4,048	-	-	-	-	4,048
329,258	-	153,242	-	-	24,353	1,479,970
-	-	143,646	-	-	-	302,352
25,696	-	-	-	-	-	149,665
-	960,000	-	-	-	-	960,000
-	61,405	-	-	-	-	61,405
<u>354,954</u>	<u>1,025,453</u>	<u>617,839</u>	<u>-</u>	<u>-</u>	<u>24,353</u>	<u>3,280,890</u>
<u>(966)</u>	<u>(116,820)</u>	<u>(61,531)</u>	<u>341</u>	<u>106,247</u>	<u>36,303</u>	<u>823,838</u>
-	116,820	-	-	-	-	407,375
<u>(179,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(852,479)</u>
<u>(179,967)</u>	<u>116,820</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(445,104)</u>
(180,933)	-	(61,531)	341	6,247	36,303	378,734
<u>329,207</u>	<u>-</u>	<u>5,827</u>	<u>281,964</u>	<u>4</u>	<u>(60,273)</u>	<u>2,326,717</u>
<u>\$ 148,274</u>	<u>\$ -</u>	<u>\$ (55,704)</u>	<u>\$ 282,305</u>	<u>\$ 6,251</u>	<u>\$ (23,970)</u>	<u>\$ 2,705,451</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, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
<b>REVENUES</b>			
Taxes	\$ 406,822	\$ 425,844	\$ 19,022
Charges for Services	25,000	29,113	4,113
Investment Earnings	<u>200</u>	<u>142</u>	<u>(58)</u>
Total Revenues	<u>432,022</u>	<u>455,099</u>	<u>23,077</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>468,220</u>	<u>386,664</u>	<u>81,556</u>
Total Expenditures	<u>468,220</u>	<u>386,664</u>	<u>81,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,198)</u>	<u>68,435</u>	<u>104,633</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(36,198)	68,435	104,633
Fund Balance, Beginning of Year	<u>18,394</u>	<u>18,394</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (17,804)</u></u>	<u><u>\$ 86,829</u></u>	<u><u>\$ 104,633</u></u>



**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Proposition C Discretionary Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 25	\$ 25
Fund Balance, Beginning of Year	<u>20,444</u>	<u>20,444</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 20,444</u></u>	<u><u>\$ 20,469</u></u>	<u><u>\$ 25</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Traffic Safety Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Fines and Forfeitures	\$ 31,000	\$ 20,720	\$ (10,280)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>31,000</u>	<u>20,720</u>	<u>(10,280)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,000</u>	<u>20,720</u>	<u>(10,280)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	1,000	(9,280)	(10,280)
Fund Balance, Beginning of Year	<u>2,452</u>	<u>2,452</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,452</u></u>	<u><u>\$ (6,828)</u></u>	<u><u>\$ (10,280)</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Parking Maintenance and Operations Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
<b>REVENUES</b>			
Taxes	\$ 47,302	\$ 46,629	\$ (673)
Charges for Services	145,041	115,629	(29,412)
Investment Earnings	<u>12,800</u>	<u>12,800</u>	<u>-</u>
Total Revenues	<u>205,143</u>	<u>175,058</u>	<u>(30,085)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>302,526</u>	<u>116,884</u>	<u>185,642</u>
Total Expenditures	<u>302,526</u>	<u>116,884</u>	<u>185,642</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(97,383)</u>	<u>58,174</u>	<u>155,557</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(97,383)	58,174	155,557
Fund Balance, Beginning of Year	<u>167,330</u>	<u>167,330</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 69,947</u></u>	<u><u>\$ 225,504</u></u>	<u><u>\$ 155,557</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Local Transportation Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 6	\$ 6
Intergovernmental	<u>19,500</u>	<u>19,600</u>	<u>100</u>
Total Revenues	<u>19,500</u>	<u>19,606</u>	<u>106</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>16,200</u>	<u>100</u>	<u>16,100</u>
Total Expenditures	<u>16,200</u>	<u>100</u>	<u>16,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,300</u>	<u>19,506</u>	<u>16,206</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>(19,600)</u>	<u>(19,506)</u>	<u>94</u>
Total Other Financing Sources (Uses)	<u>(19,600)</u>	<u>(19,506)</u>	<u>94</u>
Net Change in Fund Balances	(16,300)	-	16,300
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (16,300)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,300</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Recreation Fund**  
Year Ended June 30, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 112,150	\$ 151,405	\$ 39,255
Total Revenues	112,150	151,405	39,255
<b>EXPENDITURES</b>			
Current:			
Parks and Recreation	119,230	144,902	(25,672)
Total Expenditures	119,230	144,902	(25,672)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,080)	6,503	13,583
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(7,080)	6,503	13,583
Fund Balance, Beginning of Year	47,385	47,385	-
Fund Balance, End of Year	\$ 40,305	\$ 53,888	\$ 13,583

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Quimby Act Fees Fund**  
Year Ended June 30, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 45	\$ 45
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>45</u>	<u>45</u>
<b>EXPENDITURES</b>			
Current:			
Parks and Recreation	50,327	13,804	36,523
Capital Outlay	-	15,416	(15,416)
	<u>-</u>	<u>15,416</u>	<u>(15,416)</u>
Total Expenditures	<u>50,327</u>	<u>29,220</u>	<u>21,107</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(50,327)	(29,175)	21,152
Fund Balance, Beginning of Year	<u>50,152</u>	<u>50,152</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (175)</u>	<u>\$ 20,977</u>	<u>\$ 21,152</u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Street Lighting Fund**  
Year Ended June 30, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 331,012	\$ 341,869	\$ 10,857
Total Revenues	<u>331,012</u>	<u>341,869</u>	<u>10,857</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>371,490</u>	<u>319,645</u>	<u>51,845</u>
Total Expenditures	<u>371,490</u>	<u>319,645</u>	<u>51,845</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,478)</u>	<u>22,224</u>	<u>62,702</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>44,227</u>	<u>38,967</u>	<u>(5,260)</u>
Total Other Financing Sources (Uses)	<u>44,227</u>	<u>38,967</u>	<u>(5,260)</u>
Net Change in Fund Balances	3,749	61,191	57,442
Fund Balance, Beginning of Year	<u>(61,191)</u>	<u>(61,191)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (57,442)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 57,442</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Measure R Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 253,086	\$ 264,980	\$ 11,894
Investment Earnings	<u>-</u>	<u>877</u>	<u>877</u>
Total Revenues	<u>253,086</u>	<u>265,857</u>	<u>12,771</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	25,000	23,253	1,747
Capital Outlay	<u>592,000</u>	<u>-</u>	<u>592,000</u>
Total Expenditures	<u>617,000</u>	<u>23,253</u>	<u>593,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(363,914)</u>	<u>242,604</u>	<u>606,518</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	7,634	7,634
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,634</u>	<u>7,634</u>
Net Change in Fund Balances	(363,914)	250,238	614,152
Fund Balance, Beginning of Year	<u>548,685</u>	<u>548,685</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 184,771</u></u>	<u><u>\$ 798,923</u></u>	<u><u>\$ 614,152</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, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Fines and Forfeitures	\$ 2,000	\$ 3,200	\$ 1,200
Total Revenues	<u>2,000</u>	<u>3,200</u>	<u>1,200</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,000</u>	<u>3,200</u>	<u>1,200</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,000	3,200	1,200
Fund Balance, Beginning of Year	<u>26,100</u>	<u>26,100</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 28,100</u></u>	<u><u>\$ 29,300</u></u>	<u><u>\$ 1,200</u></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, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	<u>642,402</u>	<u>639,705</u>	<u>(2,697)</u>
Total Revenues	<u>642,402</u>	<u>639,705</u>	<u>(2,697)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	97,215	126,571	(29,356)
Capital Outlay	<u>340,000</u>	<u>108,553</u>	<u>231,447</u>
Total Expenditures	<u>437,215</u>	<u>235,124</u>	<u>202,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>205,187</u>	<u>404,581</u>	<u>199,394</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	43,954	43,954
Transfers Out	<u>(523,006)</u>	<u>(523,006)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(523,006)</u>	<u>(479,052)</u>	<u>43,954</u>
Net Change in Fund Balances	(317,819)	(74,471)	243,348
Fund Balance, Beginning of Year	<u>547,171</u>	<u>547,171</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 229,352</u>	<u>\$ 472,700</u>	<u>\$ 243,348</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, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Fines and Forfeitures	\$ -	\$ 15,487	\$ 15,487
Investment Earnings	-	57	57
	<u>-</u>	<u>57</u>	<u>57</u>
Total Revenues	<u>-</u>	<u>15,544</u>	<u>15,544</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>15,544</u>	<u>15,544</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	15,544	15,544
Fund Balance, Beginning of Year	<u>37,095</u>	<u>37,095</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 37,095</u></u>	<u><u>\$ 52,639</u></u>	<u><u>\$ 15,544</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - AQMD Fund**  
Year Ended June 30, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 179	\$ 179
Intergovernmental	29,100	30,053	953
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>29,100</u>	<u>30,232</u>	<u>1,132</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	156,100	-	156,100
	<u>156,100</u>	<u>-</u>	<u>156,100</u>
Total Expenditures	<u>156,100</u>	<u>-</u>	<u>156,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(127,000)</u>	<u>30,232</u>	<u>157,232</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(127,000)	30,232	157,232
Fund Balance, Beginning of Year	<u>135,092</u>	<u>135,092</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8,092</u>	<u>\$ 165,324</u>	<u>\$ 157,232</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, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	200,000	200,000
Total Other Financing Sources (Uses)	-	200,000	200,000
Net Change in Fund Balances	-	200,000	200,000
Fund Balance, Beginning of Year	71,672	71,672	-
Fund Balance, End of Year	\$ 71,672	\$ 271,672	\$ 200,000

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Pavement Management Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 190	\$ 190
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>190</u>	<u>190</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	2,499	(2,499)
Capital Outlay	<u>62,202</u>	<u>-</u>	<u>62,202</u>
Total Expenditures	<u>62,202</u>	<u>2,499</u>	<u>59,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(62,202)</u>	<u>(2,309)</u>	<u>59,893</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(62,202)	(2,309)	59,893
Fund Balance, Beginning of Year	<u>159,207</u>	<u>159,207</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 97,005</u></u>	<u><u>\$ 156,898</u></u>	<u><u>\$ 59,893</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Proposition C Fund**  
Year Ended June 30, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 337,000	\$ 353,702	\$ 16,702
Investment Earnings	448	286	(162)
Total Revenues	337,448	353,988	16,540
<b>EXPENDITURES</b>			
Current:			
Public Works	466,206	329,258	136,948
Capital Outlay	20,000	25,696	(5,696)
Total Expenditures	486,206	354,954	131,252
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,758)	(966)	147,792
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(179,967)	(179,967)	-
Total Other Financing Sources (Uses)	(179,967)	(179,967)	-
Net Change in Fund Balances	(328,725)	(180,933)	147,792
Fund Balance, Beginning of Year	329,207	329,207	-
Fund Balance, End of Year	\$ 482	\$ 148,274	\$ 147,792

**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, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 233,077	\$ 908,633	\$ 675,556
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>233,077</u>	<u>908,633</u>	<u>675,556</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	4,000	4,048	(48)
Public Works	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	285,000	960,000	675,000
Interest and Fiscal Charges	<u>63,588</u>	<u>61,405</u>	<u>2,183</u>
Total Expenditures	<u>352,588</u>	<u>1,025,453</u>	<u>(672,865)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(119,511)</u>	<u>(116,820)</u>	<u>2,691</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>116,820</u>	<u>116,820</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>116,820</u>	<u>116,820</u>	<u>-</u>
Net Change in Fund Balances	(2,691)	-	2,691
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (2,691)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,691</u></u>



**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Operating Grants Special Revenue Fund**  
Year Ended June 30, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 2	\$ 2
Intergovernmental	1,031,325	556,306	(475,019)
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,031,325</u>	<u>556,308</u>	<u>(475,017)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	445,786	320,951	124,835
Public Works	280,665	153,242	127,423
Parks and Recreation	376,777	143,646	233,131
	<u>376,777</u>	<u>143,646</u>	<u>233,131</u>
Total Expenditures	<u>1,103,228</u>	<u>617,839</u>	<u>485,389</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(71,903)</u>	<u>(61,531)</u>	<u>10,372</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(71,903)	(61,531)	10,372
Fund Balance, Beginning of Year	<u>5,827</u>	<u>5,827</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (66,076)</u></u>	<u><u>\$ (55,704)</u></u>	<u><u>\$ 10,372</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - STP Local Special Revenue Fund**  
Year Ended June 30, 2015

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 341	\$ 341
Intergovernmental	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>341</u>	<u>341</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
Public Works	-	-	-
Capital Outlay	281,831	-	281,831
	<u>281,831</u>	<u>-</u>	<u>281,831</u>
Total Expenditures	<u>281,831</u>	<u>-</u>	<u>281,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(281,831)</u>	<u>341</u>	<u>282,172</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(281,831)	341	282,172
Fund Balance, Beginning of Year	<u>281,964</u>	<u>281,964</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 133</u></u>	<u><u>\$ 282,305</u></u>	<u><u>\$ 282,172</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - SLESF Local Special Revenue Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 17	\$ 17
Intergovernmental	100,000	106,230	6,230
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>100,000</u>	<u>106,247</u>	<u>6,247</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
Public Works	-	-	-
Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>106,247</u>	<u>6,247</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balances	-	6,247	6,247
Fund Balance, Beginning of Year	<u>4</u>	<u>4</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4</u></u>	<u><u>\$ 6,251</u></u>	<u><u>\$ 6,247</u></u>

**City of San Fernando**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Grants Capital Projects Fund**  
Year Ended June 30, 2015

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	2,347,886	60,656	(2,287,230)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,347,886</u>	<u>60,656</u>	<u>(2,287,230)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
Public Works	595,674	24,353	571,321
Parks and Recreation	-	-	-
Capital Outlay	<u>1,752,012</u>	<u>-</u>	<u>1,752,012</u>
Total Expenditures	<u>2,347,686</u>	<u>24,353</u>	<u>2,323,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>200</u>	<u>36,303</u>	<u>36,103</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	200	36,303	36,103
Fund Balance, Beginning of Year	<u>(60,273)</u>	<u>(60,273)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (60,073)</u></u>	<u><u>\$ (23,970)</u></u>	<u><u>\$ 36,103</u></u>

## **INTERNAL SERVICE FUNDS**

**City of San Fernando**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
June 30, 2015

	Governmental Activities Internal Service Funds		
	Equipment Replacement	Self Insurance	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 24,382	\$ 110,234	\$ 134,616
Accounts Receivable	4,858	50,932	55,790
Total Current Assets	<u>29,240</u>	<u>161,166</u>	<u>190,406</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	80,082	80,082
Current Portion of Claims Payable	-	625,000	625,000
Due to Other Funds	-	-	-
Total Current Liabilities	<u>-</u>	<u>705,082</u>	<u>705,082</u>
Noncurrent Liabilities:			
Claims Payable	-	2,302,556	2,302,556
Total Noncurrent Liabilities	<u>-</u>	<u>2,302,556</u>	<u>2,302,556</u>
Total Liabilities	<u>-</u>	<u>3,007,638</u>	<u>3,007,638</u>
<b>NET POSITION</b>			
Unrestricted	29,240	(2,846,472)	(2,817,232)
Total Net Position	<u>\$ 29,240</u>	<u>\$ (2,846,472)</u>	<u>\$ (2,817,232)</u>

**City of San Fernando**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
Year Ended June 30, 2015

	Governmental Activities Internal Service Funds		
	Equipment Replacement	Self Insurance	Totals
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 17,882	\$ 1,045,911	\$ 1,063,793
Other	52,317	58,975	111,292
Total Operating Revenues	70,199	1,104,886	1,175,085
<b>OPERATING EXPENSES</b>			
Administration and General	-	727,790	727,790
Maintenance and Operations	40,466	-	40,466
Claims	-	319,318	319,318
Total Operating Expenses	40,466	1,047,108	1,087,574
Operating Income (Loss)	29,733	57,778	87,511
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	-	-	-
Interest Expense	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-
Income (Loss) Before Transfers	29,733	57,778	87,511
Transfers In	-	594,306	594,306
Transfers Out	-	-	-
Change in Net Position	29,733	652,084	681,817
Total Net Position, Beginning of Year	(493)	-	(493)
Prior Period Adjustment	-	(3,498,556)	(3,498,556)
Total Net Position, End of Year	\$ 29,240	\$ (2,846,472)	\$ (2,817,232)

**City of San Fernando**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
Year Ended June 30, 2015

	Governmental Activities Internal Service Funds		
	Equipment Replacement	Self Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Interfund Services Provided	\$ 65,341	\$ 1,041,822	\$ 1,107,163
Cash Paid to Suppliers for Goods and Services	(65,225)	(705,609)	(770,834)
Claims Paid	-	(890,318)	(890,318)
Other Operating Income	-	58,975	58,975
Net Cash Provided (Used) by Operating Activities	116	(495,130)	(495,014)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from Other Funds	-	605,364	605,364
Net Cash Provided (Used) by Noncapital Financing Activities	-	605,364	605,364
Net Increase (Decrease) in Cash and Cash Equivalents	116	110,234	110,350
Cash and Cash Equivalents - Beginning of Year	24,266	-	24,266
Cash and Cash Equivalents - End of Year	<u>\$ 24,382</u>	<u>\$ 110,234</u>	<u>\$ 134,616</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ 29,733	\$ 57,778	\$ 87,511
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(4,858)	(4,089)	(8,947)
Increase (Decrease) in Accounts Payable	(24,759)	22,181	(2,578)
Increase (Decrease) in Claims Payable	-	(571,000)	(571,000)
<b>TOTAL CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 116</u>	<u>\$ (495,130)</u>	<u>\$ (495,014)</u>



**City of San Fernando**  
**Fiduciary Fund**  
June 30, 2015

*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, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and Investments	\$ 108,717	\$ 272,135	\$ 251,439	\$ 129,413
Accounts Receivable	<u>16</u>	<u>-</u>	<u>16</u>	<u>-</u>
Total Assets	<u>\$ 108,733</u>	<u>\$ 272,135</u>	<u>\$ 251,455</u>	<u>\$ 129,413</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 10,347	\$ 234,744	\$ 234,797	\$ 10,294
Deposits	<u>98,386</u>	<u>254,040</u>	<u>233,307</u>	<u>119,119</u>
Total Liabilities	<u>\$ 108,733</u>	<u>\$ 488,784</u>	<u>\$ 468,104</u>	<u>\$ 129,413</u>

# **SECTION III. STATISTICAL SECTION**

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**City of San Fernando**  
**Description of Statistical Section Contents**  
**June 30, 2015**

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	116
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	126
<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	133
<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	138
<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	141

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 19,972,495	\$ 43,237,994	\$ 42,548,031	\$ 42,804,903
Restricted	8,528,754	11,957,932	13,204,186	14,329,955
Unrestricted	<u>(7,970,119)</u>	<u>(10,844,681)</u>	<u>(11,650,513)</u>	<u>(14,751,986)</u>
Total governmental activities net position	<u>\$ 20,531,130</u>	<u>\$ 44,351,245</u>	<u>\$ 44,101,704</u>	<u>\$ 42,382,872</u>
Business-type activities:				
Net investment in capital assets	\$ 7,321,367	\$ 17,439,596	\$ 16,950,800	\$ 16,267,470
Restricted	-	-	-	-
Unrestricted	<u>8,523,702</u>	<u>7,858,369</u>	<u>7,846,843</u>	<u>7,920,801</u>
Total business-type activities net position	<u>\$ 15,845,069</u>	<u>\$ 25,297,965</u>	<u>\$ 24,797,643</u>	<u>\$ 24,188,271</u>
Primary government:				
Net investment in capital assets	\$ 27,293,862	\$ 60,677,590	\$ 59,498,831	\$ 59,072,373
Restricted	8,528,754	11,957,932	13,204,186	14,329,955
Unrestricted	<u>553,583</u>	<u>(2,986,312)</u>	<u>(3,803,670)</u>	<u>(6,831,185)</u>
Total primary government net position	<u>\$ 36,376,199</u>	<u>\$ 69,649,210</u>	<u>\$ 68,899,347</u>	<u>\$ 66,571,143</u>

Source: City Finance Department

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 42,262,518	\$ 43,598,683	\$ 50,993,498	\$ 49,532,007	\$ 47,859,172	\$ 45,956,739
14,364,410	13,040,082	2,533,805	1,802,498	11,909,107	5,887,197
<u>(17,503,004)</u>	<u>(19,365,287)</u>	<u>(14,057,614)</u>	<u>(16,643,447)</u>	<u>(20,208,301)</u>	<u>(40,697,045)</u>
<u>\$ 39,123,924</u>	<u>\$ 37,273,478</u>	<u>\$ 39,469,689</u>	<u>\$ 34,691,058</u>	<u>\$ 39,559,978</u>	<u>\$ 11,146,891</u>
\$ 15,547,758	\$ 15,324,618	\$ 14,811,543	\$ 14,420,860	\$ 14,866,478	\$ 14,634,533
-	-	-	-	-	-
<u>7,206,906</u>	<u>7,733,239</u>	<u>7,887,577</u>	<u>8,492,168</u>	<u>8,626,377</u>	<u>8,167,001</u>
<u>\$ 22,754,664</u>	<u>\$ 23,057,857</u>	<u>\$ 22,699,120</u>	<u>\$ 22,913,028</u>	<u>\$ 23,492,855</u>	<u>\$ 22,801,534</u>
\$ 57,810,276	\$ 58,923,301	\$ 65,805,041	\$ 63,952,867	\$ 62,725,650	\$ 60,591,272
14,364,410	13,040,082	2,533,805	1,802,498	11,909,107	5,887,197
<u>(10,296,098)</u>	<u>(11,632,048)</u>	<u>(6,170,037)</u>	<u>(8,151,279)</u>	<u>(11,581,924)</u>	<u>(32,530,044)</u>
<u>\$ 61,878,588</u>	<u>\$ 60,331,335</u>	<u>\$ 62,168,809</u>	<u>\$ 57,604,086</u>	<u>\$ 63,052,833</u>	<u>\$ 33,948,425</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses:					
Governmental activities:					
General government	\$ 7,065,983	\$ 6,472,343	\$ 9,724,823	\$ 7,343,319	\$ 8,393,942
Public safety	8,761,669	9,322,543	9,881,438	10,101,285	9,917,154
Community development	2,859,514	1,945,956	2,891,460	3,220,792	5,547,132
Public works	2,001,888	5,764,469	5,383,561	6,102,140	5,591,332
Parks and recreation	1,667,800	1,944,663	2,123,999	3,745,511	2,960,683
Capital outlay	-	-	-	-	-
Interest on long-term debt	667,366	1,009,135	1,045,722	963,737	1,141,113
Total governmental activities expenses	<u>23,024,220</u>	<u>26,459,109</u>	<u>31,051,003</u>	<u>31,476,784</u>	<u>33,551,356</u>
Business-type activities:					
Water	3,023,474	3,380,128	2,946,107	3,183,923	3,282,758
Sewer	1,723,353	2,969,735	2,812,307	2,731,323	2,614,749
Waste disposal	1,182,631	1,261,254	1,142,613	1,125,434	1,098,303
Total business-type activities expenses	<u>5,929,458</u>	<u>7,611,117</u>	<u>6,901,027</u>	<u>7,040,680</u>	<u>6,995,810</u>
Total primary government expenses	<u>28,953,678</u>	<u>34,070,226</u>	<u>37,952,030</u>	<u>38,517,464</u>	<u>40,547,166</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	2,977,575	2,351,218	2,095,604	2,455,039	2,698,964
Public safety	358,088	1,192,594	1,383,612	1,710,327	1,642,838
Community development	604,626	308,974	287,403	334,666	425,299
Public works	655,844	931,094	903,091	916,211	975,160
Parks and recreation	357,345	575,260	1,702,639	878,659	871,337
Operating grants and contributions	1,924,581	2,371,022	2,100,154	3,425,677	3,287,154
Capital grants and contributions	2,196,347	2,314,280	1,674,190	2,063,580	1,094,301
Total governmental activities program revenues	<u>9,074,406</u>	<u>10,044,442</u>	<u>10,146,693</u>	<u>11,784,159</u>	<u>10,995,053</u>
Business-type activities:					
Charges for services:					
Water	2,809,324	2,878,972	2,839,207	2,795,599	2,737,198
Sewer	2,498,588	2,482,039	2,458,857	2,562,997	2,367,243
Waste disposal	1,159,112	1,153,329	1,063,799	1,097,873	1,110,869
Total business-type activities program revenues	<u>6,467,024</u>	<u>6,514,340</u>	<u>6,361,863</u>	<u>6,456,469</u>	<u>6,215,310</u>
Total primary government program revenues	<u>15,541,430</u>	<u>16,558,782</u>	<u>16,508,556</u>	<u>18,240,628</u>	<u>17,210,363</u>
Net revenues (expenses):					
Governmental activities	(13,949,814)	(16,414,667)	(20,904,310)	(19,692,625)	(22,556,303)
Business-type activities	<u>537,566</u>	<u>(1,096,777)</u>	<u>(539,164)</u>	<u>(584,211)</u>	<u>(780,500)</u>
Total net revenues (expenses)	<u>(13,412,248)</u>	<u>(17,511,444)</u>	<u>(21,443,474)</u>	<u>(20,276,836)</u>	<u>(23,336,803)</u>

Source: City Finance Department



Fiscal Year				
2011	2012	2013	2014	2015
\$ 9,051,209	\$ 6,397,275	\$ 6,459,914	\$ 4,619,200	\$ 4,945,386
10,137,119	10,346,561	9,414,862	10,190,441	10,731,526
3,658,552	1,944,293	999,751	981,236	988,973
4,960,530	5,423,605	5,503,387	6,052,317	7,017,740
2,375,034	2,145,767	2,224,370	1,781,749	1,740,259
-	-	-	-	-
1,092,731	509,971	72,425	58,565	170,118
<u>31,275,175</u>	<u>26,767,472</u>	<u>24,674,709</u>	<u>23,683,508</u>	<u>25,594,002</u>
3,227,843	3,248,148	3,172,962	2,981,710	3,197,183
1,867,044	2,445,675	2,802,013	2,893,127	2,489,098
<u>1,077,641</u>	<u>1,027,810</u>	<u>1,021,804</u>	<u>827,986</u>	<u>16,734</u>
<u>6,172,528</u>	<u>6,721,633</u>	<u>6,996,779</u>	<u>6,702,823</u>	<u>5,703,015</u>
<u>37,447,703</u>	<u>33,489,105</u>	<u>31,671,488</u>	<u>30,386,331</u>	<u>31,297,017</u>
2,503,993	584,356	513,512	820,334	758,286
1,583,487	1,359,010	1,553,828	1,538,619	1,407,121
581,323	413,067	295,199	431,884	412,683
903,323	565,723	757,265	912,209	763,728
526,198	458,090	576,507	564,742	397,055
4,432,649	3,197,798	3,139,513	2,851,032	3,386,430
<u>1,896,595</u>	<u>930,527</u>	<u>719,000</u>	<u>1,204,330</u>	<u>704,193</u>
<u>12,427,568</u>	<u>7,508,571</u>	<u>7,554,824</u>	<u>8,323,150</u>	<u>7,829,496</u>
3,064,458	2,769,412	3,291,272	3,806,797	3,849,880
2,383,329	2,580,623	2,892,407	3,326,587	3,401,436
<u>1,125,037</u>	<u>1,122,709</u>	<u>1,131,929</u>	<u>858,516</u>	<u>-</u>
<u>6,572,824</u>	<u>6,472,744</u>	<u>7,315,608</u>	<u>7,991,900</u>	<u>7,251,316</u>
<u>19,000,392</u>	<u>13,981,315</u>	<u>14,870,432</u>	<u>16,315,050</u>	<u>15,080,812</u>
(18,847,607)	(19,258,901)	(17,119,885)	(15,360,358)	(17,764,506)
<u>400,296</u>	<u>(248,889)</u>	<u>318,829</u>	<u>1,289,077</u>	<u>1,548,301</u>
<u>(18,447,311)</u>	<u>(19,507,790)</u>	<u>(16,801,056)</u>	<u>(14,071,281)</u>	<u>(16,216,205)</u>

(Continued)

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	\$ 9,868,621	\$ 10,591,345	\$ 11,937,517	\$ 12,976,749	\$ 13,101,490
Sales and use	6,992,207	3,673,550	3,154,930	2,599,450	2,478,957
Property taxes in lieu of sales and use taxes	-	-	1,029,267	998,834	927,430
Business license taxes	-	-	-	-	-
Franchise	350,718	373,991	325,742	418,974	341,642
Motor fuel	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental, unrestricted	180,687	1,873,488	100,464	85,783	74,236
Investment income	198,089	796,038	472,572	108,972	264,448
Gain on sale of property			2,569,335	-	-
Other	15,178	729,944	832,593	892,153	1,014,000
Transfers	220,810	220,810	232,349	222,623	340,902
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>17,826,310</u>	<u>18,259,166</u>	<u>20,654,769</u>	<u>18,303,538</u>	<u>18,543,105</u>
Business-type activities:					
Investment income	260,460	354,850	271,191	197,462	45,256
Other	(69,856)	-	-	-	-
Transfers	<u>(220,810)</u>	<u>(220,810)</u>	<u>(232,349)</u>	<u>(222,623)</u>	<u>(340,902)</u>
Total business-type activities	<u>(30,206)</u>	<u>134,040</u>	<u>38,842</u>	<u>(25,161)</u>	<u>(295,646)</u>
Total primary government	<u>17,796,104</u>	<u>18,393,206</u>	<u>20,693,611</u>	<u>18,278,377</u>	<u>18,247,459</u>
Changes in net position					
Governmental activities	3,876,496	1,844,499	(249,541)	(1,389,087)	(4,013,198)
Business-type activities	<u>507,360</u>	<u>(962,737)</u>	<u>(500,322)</u>	<u>(609,372)</u>	<u>(1,076,146)</u>
Total primary government	<u>\$ 4,383,856</u>	<u>\$ 881,762</u>	<u>\$ (749,863)</u>	<u>\$ (1,998,459)</u>	<u>\$ (5,089,344)</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				
2011	2012	2013	2014	2015
\$ 12,596,288	\$ 10,198,997	\$ 6,650,806	\$ 8,406,309	\$ 7,871,457 (1)
2,323,994	2,380,675	2,637,297	4,175,825	5,313,426
596,449	603,373	867,581	963,741	1,022,777
-	1,082,584	1,031,924	1,043,365	1,114,416 (1)
333,522	307,119	297,319	409,176	613,793
-	-	-	-	-
-	1,002,816	357,190	374,933	315,247 (1)
115,898	264,443	-	-	-
244,419	918	1,530	16,790	50,748
298,411	120,000	-	-	1,033,066
1,467,179	562,404	376,607	573,853	43,010
121,000	121,000	121,000	4,265,286	187,688
-	4,810,783	-	-	- (2)
<u>18,097,160</u>	<u>21,455,112</u>	<u>12,341,254</u>	<u>20,229,278</u>	<u>17,565,628</u>
23,897	11,152	16,079	10,458	17,287
-	-	-	-	-
<u>(121,000)</u>	<u>(121,000)</u>	<u>(121,000)</u>	<u>(719,708)</u>	<u>(187,688)</u>
<u>(97,103)</u>	<u>(109,848)</u>	<u>(104,921)</u>	<u>(709,250)</u>	<u>(170,401)</u>
<u>18,000,057</u>	<u>21,345,264</u>	<u>12,236,333</u>	<u>19,520,028</u>	<u>17,395,227</u>
(750,447)	2,196,211	(4,778,631)	4,868,920	(198,878)
<u>303,193</u>	<u>(358,737)</u>	<u>213,908</u>	<u>579,827</u>	<u>1,377,900</u>
<u>\$ (447,254)</u>	<u>\$ 1,837,474</u>	<u>\$ (4,564,723)</u>	<u>\$ 5,448,747</u>	<u>\$ 1,179,022</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General fund:					
Reserved	\$ 183,608	\$ 2,055,539	\$ 69,999	\$ 639,172	\$ 768,679
Unreserved	4,984,271	3,992,140	2,362,813	(492,513)	(666,295)
Total general fund	<u>\$ 5,167,879</u>	<u>\$ 6,047,679</u>	<u>\$ 2,432,812</u>	<u>\$ 146,659</u>	<u>\$ 102,384</u>
All other governmental funds:					
Reserved	\$ 9,375,226	\$ 12,189,553	\$ 8,760,628	\$ 7,112,657	\$ 8,245,010
Unreserved, reported in:					
Special revenue funds	(2,923,775)	(2,020,353)	(3,636,210)	(422,538)	(614,082)
Debt service funds	(84,361)	(565,199)	(611,346)	611,990	(2,222,757)
Capital projects funds	29,777	4,979,008	(1,105,235)	(2,896,209)	(2,759,950)
Other	2,131,887	-	-	-	-
Total all other governmental funds	<u>\$ 8,528,754</u>	<u>\$ 14,583,009</u>	<u>\$ 3,407,837</u>	<u>\$ 4,405,900</u>	<u>\$ 2,648,221</u>
General fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
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.

Source: City Finance Department

Fiscal Year				
2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 237,378	\$ 335,766	\$ 392,931	\$ 739,783	\$ 371,547
(856,695)	(1,572,548)	(2,139,983)	(6,433,688)	(4,485,592)
<u>\$ (619,317)</u>	<u>\$ (1,236,782)</u>	<u>\$ (1,747,052)</u>	<u>\$ (5,693,905)</u>	<u>\$ (4,114,045)</u>
\$ 5,448,274	\$ 492,395	\$ 94,787	\$ 118,720	\$ -
2,890,223	2,199,614	1,836,005	11,840,461	12,970,716
(7,022,933)	(2,508,607)	(164,377)	(238,284)	(86,502)
<u>\$ 1,315,564</u>	<u>\$ 183,402</u>	<u>\$ 1,766,415</u>	<u>\$ 11,720,897</u>	<u>\$ 12,884,214</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$ 18,160,481	\$ 17,869,675	\$ 19,597,729	\$ 20,136,147
Licenses and permits	1,321,998	235,143	254,159	260,071
Charges for services	499,624	1,997,264	3,307,933	2,814,217
Fines and forfeitures	970,687	886,395	1,074,122	1,268,174
Investment earnings	807,847	1,084,708	731,934	699,154
Intergovernmental	4,297,805	5,607,795	3,608,832	5,481,477
Administrative overhead	1,672,248	-	-	-
Community development	-	-	-	-
Sale of inventory	-	-	500,000	125,000
Other	1,148,455	1,563,678	1,424,980	1,931,944
Total revenues	<u>28,879,145</u>	<u>29,244,658</u>	<u>30,499,689</u>	<u>32,716,184</u>
Expenditures				
Current:				
General government	7,834,515	7,499,986	8,998,389	8,362,675
Public safety	8,466,474	9,664,425	9,977,618	10,620,149
Community development	3,069,196	2,189,345	5,051,488	2,033,620
Public works	3,798,336	9,192,018	7,060,897	4,383,266
Parks and recreation	1,939,812	1,925,068	5,093,249	3,731,142
Pass-throughs	-	927,114	1,004,484	1,367,117
SERAF	-	-	-	-
Other	-	-	-	-
Capital outlay	-	2,826,135	6,167,164	1,538,552
Debt service:				
Principal	787,000	832,000	1,309,000	1,418,388
Interest and fiscal charges	498,414	682,275	859,788	771,988
Cost of issuance	-	383,621	-	-
Total expenditures	<u>26,393,747</u>	<u>36,121,987</u>	<u>45,522,077</u>	<u>34,226,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,485,398</u>	<u>(6,877,329)</u>	<u>(15,022,388)</u>	<u>(1,510,713)</u>
Other financing sources (uses):				
Transfers in	4,817,583	4,078,292	4,451,217	5,468,685
Transfers out	(4,596,773)	(3,857,482)	(4,218,868)	(5,246,062)
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)	<u>253,050</u>	<u>11,636,384</u>	<u>232,349</u>	<u>222,623</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,738,448</u>	<u>\$ 4,759,055</u>	<u>\$ (14,790,039)</u>	<u>\$ (1,288,090)</u>
Debt service as a percentage of noncapital expenditures	5.1%	5.0%	6.0%	7.5%
	1,285,414	1,514,275	2,168,788	2,190,376
	25,108,333	30,470,842	36,181,641	29,130,852

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					
2010	2011	2012	2013	2014	2015
\$ 18,114,573	\$ 17,433,856	\$ 14,941,249	\$ 11,120,845	\$ 14,372,140	\$ 15,890,424
223,748	249,754	279,825	337,085	410,512	437,765
2,876,980	2,697,601	1,508,783	2,714,937	2,919,857	2,403,038
1,226,322	1,183,299	888,136	734,210	589,571	576,778
700,719	570,661	280,368	218,923	232,404	231,535
6,017,833	7,005,399	5,234,049	4,467,012	4,615,312	4,636,669
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,177,633	2,331,930	1,013,941	512,402	1,013,376	402,521
31,337,808	31,472,500	24,146,351	20,105,414	24,153,172	24,578,730
7,870,484	7,710,354	4,623,271	4,967,021	2,398,576	2,902,267
10,382,127	10,556,689	9,961,760	9,032,340	9,811,572	10,473,341
1,636,343	2,364,956	1,222,182	791,977	775,446	779,446
3,274,845	3,085,317	3,748,331	4,034,856	4,248,932	4,675,026
2,921,263	2,332,198	2,055,715	2,134,851	1,693,085	1,649,985
1,745,906	1,712,477	1,067,046	-	-	-
2,063,811	424,902	-	-	-	-
-	-	-	-	-	-
989,588	2,835,433	-	427,999	464,855	239,126
1,663,887	1,933,535	-	268,000	384,000	1,572,692
932,410	870,409	378,568	72,425	58,565	170,118
-	-	-	-	-	-
33,480,664	33,826,270	23,056,873	21,729,469	19,835,031	22,462,001
(2,142,856)	(2,353,770)	1,089,478	(1,624,055)	4,318,141	2,116,729
6,818,161	7,603,439	3,233,411	3,338,164	11,677,345	1,520,854
(6,477,259)	(7,482,439)	(3,112,411)	(3,217,164)	(7,412,059)	(1,927,472)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	178,411	245,000	-	-	1,033,066
340,902	299,411	366,000	121,000	4,265,286	626,448
-	-	(1,723,105)	-	-	-
\$ (1,801,954)	\$ (2,054,359)	\$ (267,627)	\$ (1,503,055)	\$ 8,583,427	\$ 2,743,177
9.3%	9.9%	1.7%	1.6%	2.3%	8.5%
2,596,297	2,803,944	378,568	340,425	442,565	1,742,810
27,830,968	28,186,893	22,678,305	20,961,045	18,927,611	20,480,065

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

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other	Unsecured	Unknown	Taxable Assessed Value	Direct Tax Rate
2006	701,620,690	204,017,895	183,844,983	23,324,074	78,503,390	17,719,324	1,209,030,356	0.69611%
2007	802,084,309	218,355,001	198,477,251	27,888,079	82,754,213	9,954,395	1,339,513,248	0.68739%
2008	900,052,366	240,006,510	216,095,061	25,461,983	76,947,962	-	1,458,563,882	0.67939%
2009	924,249,336	254,066,849	223,073,530	35,618,563	78,152,281	-	1,515,160,559	0.68605%
2010	834,108,715	256,442,463	258,825,850	32,405,858	112,691,566	-	1,494,474,452	0.73077%
2011	796,187,198	259,924,017	257,840,462	31,707,331	108,228,918	-	1,453,887,926	0.73507%
2012	810,126,651	261,333,463	254,802,905	36,235,560	108,145,377	-	1,470,643,956	0.73170%
2013	832,506,508	264,733,131	258,909,717	44,405,697	121,871,794	-	1,522,426,847	0.73694%
2014	867,056,835	274,616,719	261,395,589	32,346,933	124,425,059	-	1,559,841,135	0.39186%
2015	923,896,596	279,949,485	263,990,591	41,954,560	122,621,128	-	1,632,412,360	0.38353%

**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 that 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.

Data Source: L.A. County Assessor 2005/06 - 2014/15 Combined Tax Rolls provided by HdL, Coren & Cone



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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Direct Rates:										
City basic rate <sup>3</sup>	0.4298	0.4269	0.4298	0.4298	0.4298	0.4298	0.4298	0.4298	0.4021	0.39392
Redevelopment Rate <sup>4</sup>	0.2904	0.2868	0.2887	0.2886	0.2885	0.2879	0.2879	-	-	-
Total Direct Rate <sup>5</sup>	0.6961	0.6874	0.6794	0.6831	0.7308	0.7351	0.7317	0.73694	0.39186	0.38353

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the Fiscal year 2012/13 and years thereafter.

<sup>5</sup> 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

Data Source: L.A. County Assessor 2005/06 - 2014/15 Tax Rate Table provided by HdL, Coren & Cone.

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

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CPF San Fernando LLC	\$ 72,484,310	4.44%	CLPF San Fernando LP	\$ 45,483,646	3.76%
Pharmavite LLC	56,831,078	3.48%	SFVS Company LLC	18,329,781	1.52%
SFVS Company LLC	20,956,653	1.28%	Magnolia Foothill LLC ET AL	17,317,000	1.43%
Foothill HD Retail Center LLC	19,691,021	1.21%	San Fernando Gateway LLC	15,752,935	1.30%
Ahi Glenoaks Inc.	16,005,715	0.98%	Ahi Glenoaks Inc.	14,076,000	1.16%
San Fernando Gateway LLC	14,829,444	0.91%	315 Partners LLC	12,444,000	1.03%
315 Partners LLC	14,750,903	0.90%	Barmazel Family	10,963,031	0.91%
San Fernando Community Housing LP	13,981,066	0.86%	San Fernando Associates	10,587,825	0.88%
San Fernando Associates	10,519,283	0.64%	816 Partners LLC	6,674,317	0.55%
San Fernando Valley Automotive LLC	8,862,752	0.54%	1140 San Fernando Road LLC	6,259,500	0.52%
Total Top Ten	\$ 248,912,225	15.25%	Total Top Ten	\$ 157,888,035	13.06%
Total Property Taxes	\$ 1,632,412,360		Total Property Taxes	\$ 1,209,030,356	

Data Source: L.A. County Assessor 2014/15 and 2005/06 Combined Tax Rolls and the SBE Non Unitary Tax Roll provided by HdL, Coren & Cone.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	*Collected within the Fiscal Year of Levy		*Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2014	4,146,929	5,685,040	137.09%	(125,983)	5,559,057	134.05%
2015	4,093,768	5,794,276	141.54%	(1,188)	5,793,088	141.51%

**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 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%.

\*In FY 2013, the Redevelopment Agency tax increment, and penalties and interest are not included.

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

**City of San Fernando  
Top 25 Sales Tax Producers  
For Fiscal Year 2014 - 15**

<u>Business Name</u>	<u>Business Category</u>
Acey Decy Lighting	Repair Shop/Equip. Rentals
Araca Merchandise	Art/Gift/Novelty Stores
Arco	Service Stations
Arroyo Building Materials	Lumber/Building Materials
Casco	Contractors
El Pollo Loco	Quick Service Restaurants
El Super	Grocery Stores Liquor
Global Hvac Distributors	Plumbing/Electrical Supplies
Goodman Distribution	Contractors
Home Depot	Lumber/Building Materials
Honda Lease Trust	Auto Lease
Jack in the Box	Quick Service Restaurants
McDonalds	Quick Service Restaurants
Nachos Ornamental Supply	Contractors
Pool & Electrical Products	Plumbing/Electrical Supplies
PRG	Repair Shop/Equip. Rentals
Rydell Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Sams Club	Discount Dept. Stores
Southland Lighting	Plumbing/Electrical Supplies
T Mobile	Electronics/Appliance Stores
TMB Production Supplies & Services	Electrical Equipment
Truman 76	Service Stations
Vallarta Supermarket	Grocery Stores Liquor
Western Motor Sport	Used Automotive Dealers
WSS	Shoe Stores

**Percent of Fiscal Year Total Paid By Top 25 Accounts = 70.82%**

\* Firms Listed Alphabetically

Period: April 2014 Thru March 2015

Data Source: Hinderliter, de Llamas & Associates, State Board of Equalization

City of San Fernando  
Taxable Sales by Category  
Last Ten Calendar Years  
(in thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Apparel Stores	\$ 10,975	\$ 10,552	\$ 10,919	\$ 10,162	\$ 8,559	\$ 8,514	\$ 8,641	\$ 9,656	\$ 9,330	\$ 9,263
Food Stores	12,747	13,492	13,884	14,489	14,249	13,775	13,840	15,229	17,782	16,364
Eating and Drinking Places	43,004	44,343	46,898	46,279	43,883	44,895	45,605	49,119	51,141	53,092
Building Materials	100,403	107,115	102,467	88,717	75,495	67,619	69,053	70,031	78,036	88,016
Auto Dealers and Supplies	116,174	97,777	83,187	55,153	46,441	33,183	24,999	29,361	47,954	90,797
Service Stations	14,473	15,309	12,062	12,907	11,977	14,845	17,812	19,014	20,081	16,708
Other Retail Stores	161,408	89,527	85,351	75,095	68,497	59,120	55,156	52,967	50,729	53,425
All Other Outlets	92,749	87,603	91,826	84,607	75,174	76,052	81,038	85,513	95,341	101,039
Total	<u>\$ 551,933</u>	<u>\$ 465,718</u>	<u>\$ 446,594</u>	<u>\$ 387,409</u>	<u>\$ 344,275</u>	<u>\$ 318,003</u>	<u>\$ 316,144</u>	<u>\$ 330,890</u>	<u>\$ 370,394</u>	<u>\$ 428,704</u>

**Notes:**

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Data Source: State of California Board of Equalization and The HDL Companies

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

Water Customer	2015		Water Customer	2006	
	Water Charges	Percent of Total Water Revenues		Water Charges	Percent of Total Water Revenues
Pharmavite Corporation	\$ 49,681	1.30%	Puretek Corp.	28,103	1.00%
Pharmavite Corporation	23,606	0.62%	First Street Food Gr	17,529	0.63%
Mission Park Apartments	21,545	0.56%	Samco Scientific Corp	16,947	0.61%
MRCA	21,147	0.55%	Martin & Denise Rile	12,498	0.45%
Bitman, Boris Bruce	18,111	0.47%	Mission Car Wash	12,401	0.44%
Martin & Denise Rile	17,800	0.47%	LACO - Int. Service Dept.	11,903	0.43%
LA Board of Education	15,525	0.41%	Pharmavite Corporation	9,121	0.33%
LA Board of Education	15,102	0.40%	CLPE - San Fernando	9,031	0.32%
Puretek Corp.	13,756	0.36%	K.V. Mart No. 19	8,912	0.32%
Fresenius Medical CA	<u>13,445</u>	<u>0.35%</u>	Macaly Coin Laundry	<u>8,582</u>	<u>0.31%</u>
<b>Total Top Ten</b>	<u>\$ 209,718</u>	<u>5.49%</u>		<u>\$ 135,028</u>	<u>4.83%</u>
<b>Total Water Revenue</b>	<u>\$ 3,821,272</u>			<u>2,796,972</u>	

Source: Eden UB System (Water only)

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

Fiscal Year Ended June 30	Governmental Activities					Per Capita
	General Obligation Bonds	Tax Allocation Bonds <sup>1</sup>	Loans	Total Governmental Activities	Percentage of Personal Income	
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	0.48%	81
2014	-	-	1,572,692	1,572,692	0.37%	65
2015	-	-	-	-	0.00%	0

**Notes:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Personal income and Population numbers from <http://quickfacts.census.gov/qfd/states/06/0666140.html> visited 12/12/2014.

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**CITY OF SAN FERNANDO**  
**DIRECT AND OVERLAPPING DEBT AS OF JUNE 30, 2015**

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
<b>Overlapping Debt:</b>			
*Metropolitan Water District	53,296,395	0.108	57,444
LA City Community College District 2003 Taxable Series 2004B	2,115,000	0.247	5,230
LA City Community College District 2001 Taxable Series 2004A	31,555,000	0.247	78,032
LA CCD DS Refunding 2001 Series 2005A	18,140,000	0.247	44,858
LA City Community College DS 2001, 2006 Series B	20,360,000	0.247	50,348
LA City Community College DS 2003, 2006 Series C	10,265,000	0.247	25,384
LA CCD DS 2001 2008 Series E-1	26,160,000	0.247	64,691
LA CCD DS 2003 2008 Series F-1	25,525,000	0.247	63,121
LA CCD DS 2008, 2009 Taxable Series A	75,000,000	0.247	185,467
LA CCD DS 2008, 2009 Taxable Series B	175,000,000	0.247	432,756
LA CCD DS 2008, 2010 Tax Series D	125,000,000	0.247	309,112
LA CCD DS 2008, 2010 Taxable Series E (BABS)	900,000,000	0.247	2,225,603
LA CCD DS 2013 REF BONDS	268,075,000	0.247	662,921
LA CCD DS 2008 Series G	2,205,070,000	0.247	5,452,901
Los Angeles Unif Sch Dis DS 1997 Series A	17,500,000	0.306	53,606
Los Angeles Unif Sch Dis DS 2002 Ref Bond	98,160,000	0.306	300,686
Los Angeles Unif Sch Dis DS 2004 Series E	100,070,000	0.306	306,537
Los Angeles Unif Sch Dis DS 2004 Series F	73,960,000	0.306	226,556
Los Angeles Unif Sch Dis DS 2005 Series A (2006)	124,290,000	0.306	380,728
Los Angeles Unif Sch Dis DS 2005 Series B (2006)	1,861,670,000	0.306	5,702,717
Los Angeles Unif Sch Dis DS 2005 Series C (2006)	283,220,000	0.306	867,567
Los Angeles Unif Sch Dis DS 2004 Series G (2006)	446,535,000	0.306	1,367,838
Los Angeles Unif Sch Dis DS 2002 Series B (2007)	800,305,000	0.306	2,451,516
Los Angeles Unif Sch Dis DS 2002 Series C	123,575,000	0.306	378,538
Los Angeles Unif Sch Dis DS 2004 Series H	485,155,000	0.306	1,486,140
Los Angeles Unif Sch Dis DS 2005 Series E	81,360,000	0.306	249,224
Los Angeles Unif Sch Dis Measure R Series 2009	346,065,000	0.306	1,060,076
Los Angeles Unif Sch Dis Measure R Series KRY BABS	200,000,000	0.306	612,645
Los Angeles Unif Sch Dis Measure Y 2009 Series KRY BABS	363,005,000	0.306	1,111,967
Los Angeles Unif Sch Dis Measure R 2010 Series RY BABS	806,795,000	0.306	2,471,396
Los Angeles Unif Sch Dis Measure Y 2010 Series RY BABS	1,250,585,000	0.310	3,830,826
Los Angeles Unif DS 2010 Series QSCBS	608,995,000	0.306	1,865,490
Los Angeles Unif DS 2014 Ref Bond Series A	141,345,000	0.306	432,972
Los Angeles Unif DS 2014 Ref Bond Series B	1,622,200,000	0.306	4,969,167
Los Angeles Unif DS 2014 Ref Bond Series C	135,830,000	0.306	416,078
Los Angeles Unif DS 2014 Ref Bond Series D	326,045,000	0.306	998,750
<b>Total Overlapping Debt:</b>			<b>41,198,888</b>

2014/15 Assessed Valuation: \$1,048,145,197 After Deducting \$584,267,163 Incremental Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	3.93%
	Total Debt	3.93%

**Notes:**

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

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and

percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

The total debt to assessed valuation ratio is calculated by the direct debt and overlapping debt divided by the

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

Data Source: HDL Coren & Cone, L.A. County Assessor and Auditor Combined 2014/15 Lien Date Tax Rolls.

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed valuation	1,209,030,356	1,339,513,248	1,458,563,882	1,515,160,559
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	302,257,589	334,878,312	364,640,971	378,790,140
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	45,338,638	50,231,747	54,696,146	56,818,521
Total net debt applicable to limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>45,338,638</u>	<u>50,231,747</u>	<u>54,696,146</u>	<u>56,818,521</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

**Notes:**

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.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1,494,474,452	1,453,887,926	1,470,643,956	1,522,426,847	1,559,841,135	1,632,412,360
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
373,618,613	363,471,982	367,660,989	380,606,712	389,960,284	408,103,090
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
56,042,792	54,520,797	55,149,148	57,091,007	58,494,043	61,215,464
-	-	-	-	-	-
<u>56,042,792</u>	<u>54,520,797</u>	<u>55,149,148</u>	<u>57,091,007</u>	<u>58,494,043</u>	<u>61,215,464</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 <sup>1</sup>	Calif. Metropolitan Personal Income (in thousands) <sup>2</sup>	Calif. Metropolitan Per Capita Personal Income <sup>2</sup>	Unemployment Rate <sup>3</sup>
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	408,964,000	16,884	9.2%
2014	24,220	419,684,000	17,328	8.7%
2015	24,587	433,248,000	17,621	7.4%

Data Sources: <sup>1</sup> US Census Bureau

<sup>2</sup> L.A.-Long Beach-Santa Ana through 2009; thereafter it is specific to the City of San Fernando)

<sup>3</sup> US Census Bureau (data shown is for the metropolitan area of L.A.-Long Beach-Anaheim).

**CITY OF SAN FERNANDO**  
**MISCELLANEOUS AND DEMOGRAPHIC STATISTICS (continued)**

<b>Date Incorporated</b>	August 31, 1911		
<b>Form of Government</b>	Council-City Manager		
<b>Land Area</b>	2.42 square miles		
<b>Land Use (Estimated % of City)</b>	Residential		43.2%
	Commercial		10.2%
	Industrial		9.7%
	Public/Institutional		7.4%
	Open space/Recreational		1.7%
	Highway and streets, rights-of-way		26.3%
	Undeveloped land		1.6%
			<u>100.0%</u>
<b>Building Permits</b>	<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
	2014	904	17,514,200
	2015	880	9,313,800

Source : Various City Departments

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

<b>2014-15</b>			<b>2006-07</b>		
<u>Business Name</u>	Number of Employees	Percent of Total Employment	<u>Business Name</u>	Number of Employees	Percent of Total Employment
Los Angeles Unified School District	1979	16.91%	Los Angeles Unified School District	490	0.00%
Los Angeles County Superior Court*	301	2.57%	Los Angeles County Superior Court*	350	0.00%
Pepsi Bottling	279	2.38%	Puretek Corporation	400	0.00%
Home Depot	240	2.05%	7 Up RC Bottling	300	0.00%
Sam's Club	201	1.72%	Sigue Corporation	480	0.00%
Ricon Corp	183	1.56%	JT Contractors, Inc.	400	0.00%
Valley Crest Landscape Co.	173	1.48%	Future Graphics LLC	220	0.00%
7 Up RC Bottling	150	1.28%	City of San Fernando	190	0.00%
Sigue Corporation	135	1.15%	United Presort Services	140	0.00%
7 Up RC Bottling	109	0.93%	All American Products	130	0.00%
Total Top Ten Employers	<u>3,750</u>	<u>32.05%</u>		<u>3,100</u>	<u>0.00%</u>
Total City Labor Force <sup>(1)</sup>	<u>11,700</u>			<u>-</u>	

**Note:** Results based on direct correspondence with city's local businesses.

\* Includes all employees at courthouse location

<sup>(1)</sup> Total City Labor Force provided by EDD Labor Force Date. Information from 9 years ago not available.

Data 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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	37	37	36	35	50	48	59	87	105	72
Public safety	59	59	62	65	65	60	55	50	55	53
Public works	48	43	46	47	38	38	35	33	35	31
Community Development	<u>9</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>6</u>	<u>5</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>9</u>
Total	<u>153</u>	<u>150</u>	<u>154</u>	<u>157</u>	<u>159</u>	<u>151</u>	<u>158</u>	<u>179</u>	<u>205</u>	<u>165</u>

**Note:**

Increase in the General Government function in FY 2013 and 2014 is due to the inclusion of part-time aquatics staff (lifeguards, senior lifeguards, etc), who are now recruited in-house.

Source: City Personnel Records

CITY OF SAN FERNANDO  
Operating Indicators by Function  
Last Ten Years

Function	Calendar Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police:				
Arrests	1,377	1,571	2,471	2,721
Parking Citations Issued	15,205	16,074	19,096	16,966

\* 2015 Statistics for January 1, 2015 through December 4, 2015.

Source: City of San Fernando Police Department



Calendar Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>

1,933	1,424	887	683	581	612
16,583	14,799	13,407	10,699	8,654	10,730

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

<u>Function</u>	<u>Fiscal Year</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police:						
Stations	1	1	1	1	1	1
Fire:						
Fire stations	0	0	0	0	0	0
Public works:						
Streets (miles)	50.00	50.00	50.00	50.00	50.00	50.00
Streetlights	1,678	1,678	1,678	1,678	1,848	1,848
Traffic Signals Intersections	45	45	45	45	45	45
Parks and recreation:						
Parks	5	6	6	6	6	6
Recreation Centers	2	2	2	2	2	2
Water:						
Water mains (miles)	66.50	66.50	66.50	66.50	66.50	66.50
Maximum daily pumping capacity (thousands of gallons)	600	600	600	600	600	600
Wastewater:						
Sanitary sewers (miles)	40.00	40.00	40.00	40.00	40.00	40.00
Storm sewers (miles)	0.68	0.68	0.68	0.68	0.68	0.68

Data Source: City of San Fernando Public Works Department

2012	2013	2014	2015
1	1	1	1
0	0	0	0
50.00	50.00	50.00	50.00
1,848	1,848	1,848	1,848
45	45	45	45
6	6	8	8
2	2	2	2
66.88	66.88	66.88	66.88
600	600	600	600
40.00	40.00	40.00	40.00
0.68	0.68	0.68	0.68