



THE CITY OF  
**SAN FERNANDO**



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# ANNUAL MID-YEAR REVIEW

## FISCAL YEAR 2015-2016

FEBRUARY 16, 2016

PRESENTED BY:  
**NICK KIMBALL**  
**FINANCE DIRECTOR**



## ANNUAL MID-YEAR REVIEW

- **Pursuant to the City's Adopted Budget Policy, the City Manager will present a mid-year fiscal review to City Council.**
- **The fiscal year 2015-2016 mid-year budget review is an essential element in maintaining financial stability by giving City Council the opportunity to:**
  - Review the General Fund and other major funds.
  - Make the needed course corrections to achieve a more accurate budget for the current fiscal year.
  - Shape the development of the FY 2016-2017 Budget.



# THE CITY OF SAN FERNANDO

## GENERAL FUND REVENUE

**For FY 2015-2016, adopted revenue projections were realistic; not too conservative, not too aggressive.**

- **Does not leave much room for error.**
- **Shortfall in some revenue categories (e.g. development related fees) may not be made up in other revenue categories.**

**Based on mid-year receipts, estimates by staff, and projections by the City's financial consultants, revenue is expected to meet current budget projections.**

<b>Fiscal Year</b>	<b>Mid-Year Actual</b>	<b>Year-End Actual</b>	<b>% Received @ Mid-Year</b>
2015-2016	7,407,225	17,678,679 (B)	42%
2014-2015	9,503,847	19,741,240	48%
2013-2014	7,494,150	17,948,812	42%
2012-2013	8,549,259	17,086,108	50%



## GENERAL FUND REVENUE

- **Adopted revenues were \$17,578,679.**
- **Adjusted revenues were \$17,678,679.**
  - Includes an increase of \$100,000 in Measure A revenue to fund the Brand Blvd Median project.
- **Proposed Adjustment Highlights:**
  - Increase Planning fee revenue by \$25,000.
  - Reduce Transfer From Gas Tax fund by \$215,000 due to re-allocation of Gas Tax funds for street related projects.
- **Net revenue impact: Decrease to \$17,487,919.**



# THE CITY OF SAN FERNANDO

## GENERAL FUND EXPENDITURES

- **Adopted expenditures were \$17,574,272.**
- **Adjusted expenditures were \$17,823,328, including:**
  - Increase of \$100,000 from Measure A to fund the Brand Blvd Median project.
  - Carryover of \$95,000 from FY 2014-2015 for NPDES – catch basin screen installation project.
- **Proposed Adjustment Highlights:**
  - Reallocate funds set-aside for labor negotiations to proper salary and benefit accounts.
  - Transfer \$95,000 carried over for NPDES – catch basin screen installation project to Capital Outlay fund.
  - Reallocate labor distribution in Streets Division to the Sewer Fund to reflect additional resource needs in the Sewer Operation.
- **Net expenditure impact: Decrease to \$17,621,976.**



## OTHER FUND HIGHLIGHTS

- **Retirement Fund**
  - Due to AB 107, City now receiving Retirement Tax from all former RDA Project Areas – Approx. \$1 million/year.
  - Allocate additional revenue to reduce City's long term pension obligation.
- **Increase salary and benefit accounts in Equipment Maintenance, Facility Maintenance, Water and Sewer funds to implement recently negotiated MOUs.**
- **Allocate funds in Refuse Fund toward NPDES – catch basin screen installation project.**



## PRELIMINARY FISCAL YEAR 2016-2017 BUDGET OUTLOOK

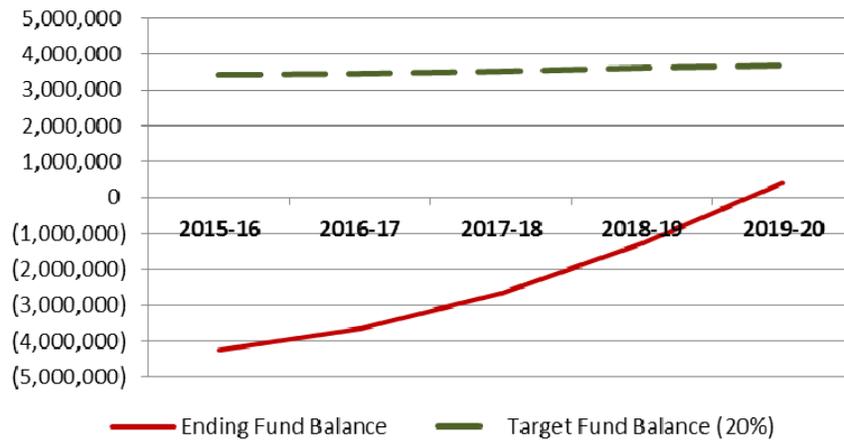
- **Expected \$775,000 General Fund Operational Deficit**
  - Compared to \$1.3 million operational budget deficit in FY 2015/16.
  - Consistent with 5-year forecast (see next slide).
- **In 2016-2017, Measure A funds will be critical to:**
  - Cover operational deficit (\$775,000).
  - Pay down debt (\$300,000 to Retirement Fund and Las Palmas loan).
  - Establish Self Insurance, Equipment Replacement, and Facility Maintenance reserves (\$500,000).
  - Fund other one-time needs (\$500,000).



# THE CITY OF SAN FERNANDO

## GENERAL FUND FORECAST

**General Fund 5-Year Forecast**



### Key Revenue Assumptions:

Ongoing Increases:	One-time Increases:
2017 – 5%	2017 – 7%
2018 – 4%	2018 – 6%
2019 – 4%	2019 – 5%
2020 – 3%	2020 – 4%

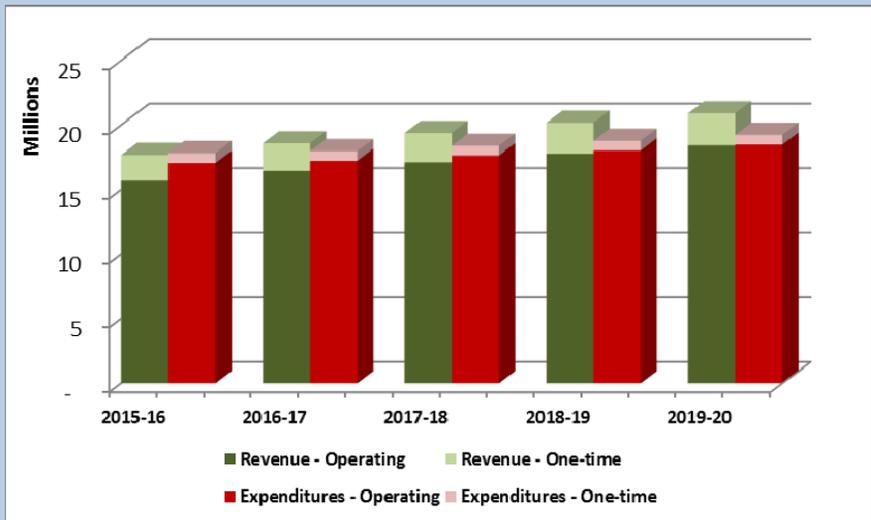
### Key Expenditure Assumptions:

#### Personnel Increases:

2017 – 2%
2018 – 3%
2019 – 3%
2020 – 3%

#### O&M Increases:

2017 – 0%
2018 – 1%
2019 – 1%
2020 – 2%





# THE CITY OF SAN FERNANDO

## PRELIMINARY FISCAL YEAR 2016-2017 BUDGET OUTLOOK

### **City Manager Direction to staff:**

- Due to continued operational deficit, prepare a Maintenance of Effort Budget.
  - ✓ Focus is on providing the same level of service that is currently provided.
- No on-going enhancements unless they result in new revenue or are offset by a reduction in expenditures (i.e. no net on-going impact).

### **Measure A funds available for one-time needs:**

- Priority in FY 2016-2017 Proposed Budget will be paying down debt and establishing reserves.



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## CITY GOALS & COUNCIL PRIORITIES

### Update on City Goals & Council Priorities

Current status included as Attachment B beginning  
on page 145 of the Agenda Packet

The seal of the City of San Fernando, California, is a circular emblem. It features a central illustration of a building with a sun rising behind it. The text "CITY OF SAN FERNANDO" is arched across the top, and "CALIFORNIA" is arched across the bottom. In the center, below the building, it says "INCORPORATED AUG. 31 1911". Two stars are positioned on either side of this central text.

Questions?

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