

THE CITY OF
SAN FERNANDO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL
YEAR ENDING
JUNE 30, 2016

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, 2016

Prepared By:
Finance Department

City of San Fernando
Comprehensive Annual Financial Report
Year Ended June 30, 2016

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SECTION I.

Introductory Section

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CITY COUNCIL

December 30, 2016

MAYOR
ROBERT C. GONZALES

Honorable Mayor and City Council Members
Residents of San Fernando

VICE MAYOR
JOEL FAJARDO

COUNCILMEMBER
SYLVIA BALLIN

COUNCILMEMBER
ANTONIO LOPEZ

COUNCILMEMBER
JAIME SOTO

The Comprehensive Annual Financial Report (CAFR) of the City of San Fernando, California for the fiscal year ended June 30, 2016, 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, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

FINANCE
DEPARTMENT

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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

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. For the fiscal year ended June 30, 2016, the City did not meet the minimum threshold of \$750,000 in expenditures of federal funds; therefore, a Single Audit Report was not prepared.

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 1st 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, and that trend is expected to continue through 2017; however, optimism is fading as many economists have pointed out that the United States is past due for another economic contraction. Since the end of World War II, the United States has experienced a recession roughly every five years. There have been four recessions in the last twenty five years; beginning in 1981, 1990, 2000, and 2007.

According to the Bureau of Labor Statistics, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow less than 2.5% annually over the next few years, which is a downgrade from the 3% expectation this time last year. The national job market has remained steady as the employment rate has hovered around 5% and fuel prices have also stabilized somewhat over the last few years as the U.S. has continued to steadily produce fossil fuels. However, the Federal Reserve Bank has held the federal funds rate at historic lows (i.e. less than 2%) for almost 8 years as the economy remains fragile. Unfortunately, keeping the federal funds rate so low over the long term is unsustainable as it can eventually lead to hyper-inflation and destabilization of the U.S. dollar as a world currency.

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; although stable at the moment, gas prices, which have a significant impact on Californians' disposable income, is still a potentially volatile market; and the persistent drought could have dire consequences for the state's economy. The state has also recently acted to increase minimum wage to \$15 per hour by 2022. Reactions are mixed and the economic impact of that legislation is unknown.

Overall, growth in California is slowing, but economic forecasters predict the tech boom and stable job markets in Silicon Valley and Silicon Beach should help the state ward off a recession until at least 2018.

Locally, Sales Tax has shown steady growth over the last few years, which is expected to continue for the next few years due to development and investment by the local business community. Over the past year, a number of new businesses have opened in the City, including a rebranded Ganas Auto (formerly TriColor), San Fernando Brewing Company, Gamestop, Waba Grill, Helados Pops Ice Cream, Mariscos Camarena Restaurant, Cricket Wireless, T-mobile Wireless, and La Michoacana Ice Cream Parlor, Papa Juan's and Tacos Way. New construction includes a new 6,000 square foot multi-tenant building with second story dental office and more than 14,000 square foot commercial/retail space currently under construction. Additionally, there are a number of businesses that have recently completed, or are nearly completion, improvements to existing commercial property, including Magaly's Tamales and Manzanitas Las Originales.

This activity and investment by the business community is encouraging and has resulted in strong sales tax growth over the last few years. The City included funding for economic development efforts to continue to attract and facilitate expanding the business tax base in the City.

Although the economy is still expanding and local businesses are actively investing, the City must continue to make sound financial decisions to ensure we are prepared for the next economic contraction.

Major General Fund Revenue

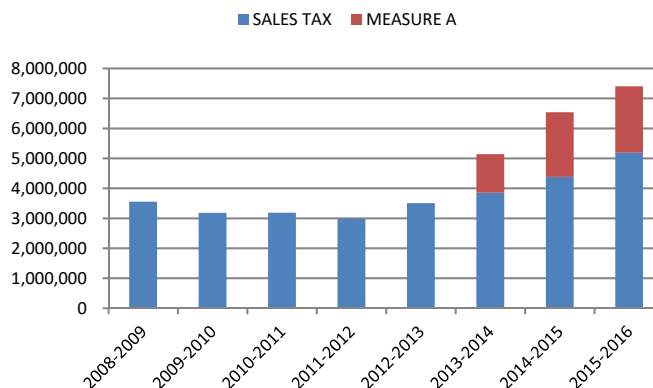
The City's major sources of General Fund revenue include Sales & Transaction Tax, Charges for Services, Property Tax in Lieu of Motor Vehicle Tax, Property Tax, and Admissions Tax.

Sales & Transaction Tax

Retail sales and transaction tax is the City's largest revenue, accounting for approximately 40% of total General Fund revenues in FY 2015-2016. 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 & TRANSACTION TAX

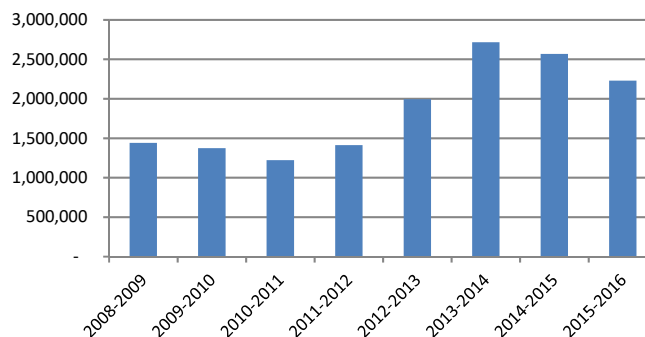


Sales Tax revenue is estimated to increase by a modest 4% in FY 2016-2017, which takes into account local growth, tempered by slower growth statewide.

Property Tax

Property tax, accounting for approximately 12% of General Fund revenue in FY 2015-2016, 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.

PROPERTY TAXES



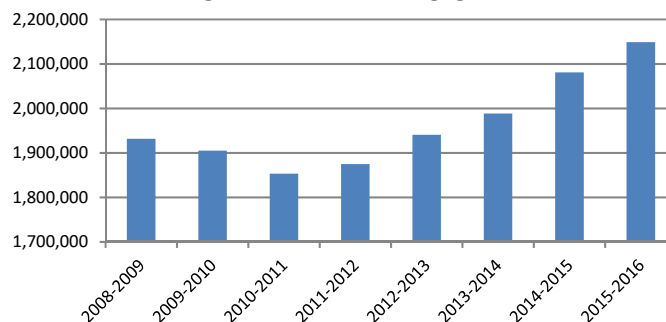
Assessed property values are steadily rebounding since they bottomed out in FY 2010-2011. Additionally, the elimination of redevelopment agencies and tax increment by the state has resulted in additional property tax for the City, which accounts for the large jump in FY 2012-2013. As the former San Fernando Redevelopment Agency winds down and retires debt, the City will continue to receive additional property tax revenue.

Although Proposition 13 limits the annual increase of Assessed Values to 2%, strong local investment and property turnover are expected to drive an increase in Property tax of approximately 5% in FY 2016-2017.

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 VLF

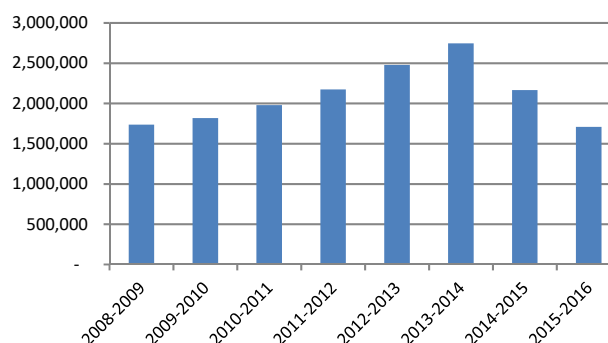


Property tax in-lieu of Motor Vehicle License Fee is the City's third largest revenue as it accounted for almost 12% of General Fund revenues in FY 2015-2016. Revenue and Taxation Code Section (c)(1)(B)(i) specifies the VLF Adjustment Amount for each city and county is to grow in proportion to the growth of gross assessed valuation in that jurisdiction from the prior year. Assessed value increases are projected to increase approximately 4%. Consequently, Property Tax In-lieu of VLF is conservatively projected to increase approximately 3.5% in FY 2016-2017.

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.

CHARGES FOR SERVICES



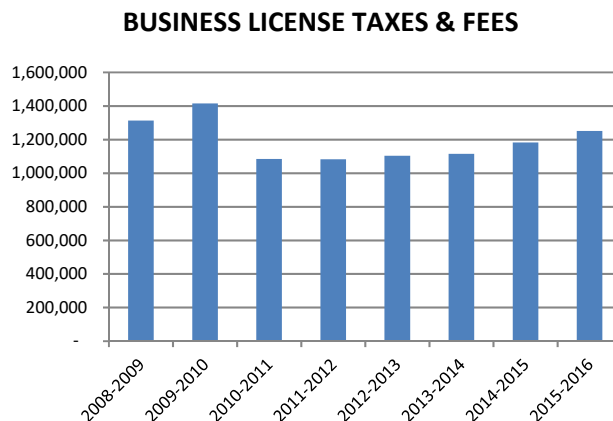
Administrative costs include, but are not limited to; recruiting and benefit administration services; billing, accounts payable, payroll and accounting services; information technology services; facility use services; and equipment maintenance services. Charges for services are the City's fourth largest revenues source and accounted for 9% of total General Fund revenues in FY 2015-2016.

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. Charges for services are projected to increase by approximately 17% in FY 2016-2017 due to

the recently updated cost allocation plan to charge Enterprise and Special funds their fair share of administrative costs, updated fee schedule based on a fee study expected to be completed by mid-year, and continued local investment in new construction and rehabilitation activity.

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, accounting for almost 7% of General Fund revenues in FY 2015-2016.

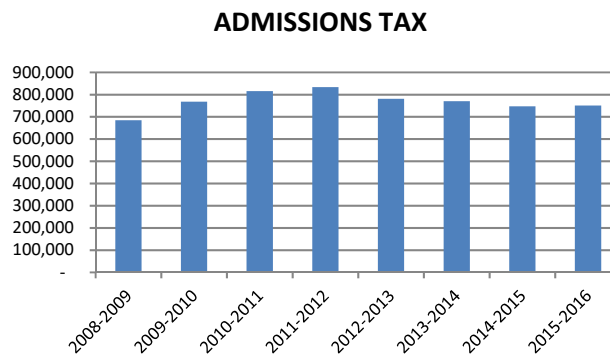


Business License revenue is also very sensitive to economic conditions and decreased by more than 25% from FY 2009-2010 to FY 2010-2011. Although Business License revenue has rebounded slightly since the recession, it is still well below pre-recession receipts and has remained relatively flat. Reductions over the last few years have necessitated directing staff resources away from Business License compliance efforts, further compounding the reduction in revenue.

In FY 2015-2016, the City partnered with a private firm to provide full Business License Administration services. Due partly to the increased contract resources dedicated to Business License operations, Business Tax revenues increased by almost 10% from the prior year. Staff conservatively projects Business License revenues remain relatively flat in FY 2016-2017 as the City continues to refine and improve the public-private partnership to move-toward full compliance with the City's Business License ordinance.

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, accounting for approximately 4% of General Fund revenues in FY 2015-2016. The primary Admissions Tax generator is the City's Swap Meet.



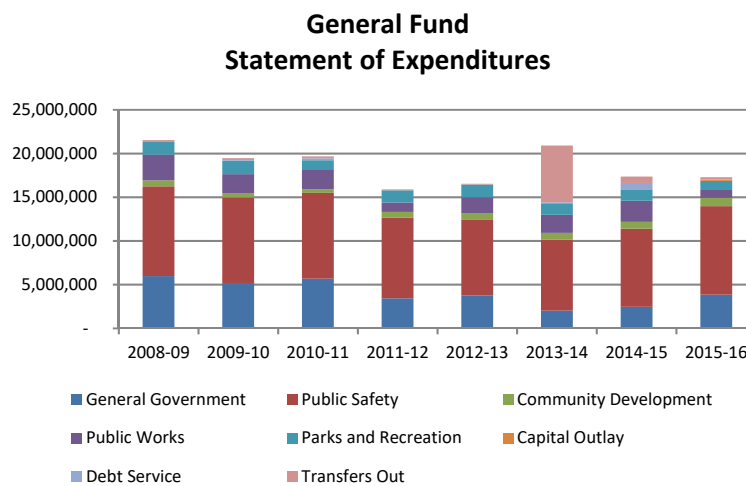
The primary driver for Admissions Tax revenues is the City's Swap Meet. Swap Meet vendors sell new and used goods, typically at deeply discounted prices. Similar to other discount retailers, attendance at the Swap Meet has proven to be anti-cyclical in that, when the economy

is depressed, the demand for discount goods increases and as the economy improves, the demand for discount goods declines. Consumers' anti-cyclical behavior is apparent with an increase in attendance, and consequently Admission Tax revenues, during and following the Great Recession. As the economy has steadily improved over the last few years, attendance, and consequently Admission Tax Revenues, has steadily declined. Therefore, staff has conservatively projected decrease of approximately 8% in Admission Tax revenue due to continued improvement in the economy for FY 2016-2017.

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 Capital Outlay, Debt Service and Transfers Out, General Fund departmental expenditures increased by 6% from FY 2014-2015. The increase from the prior year is due primarily to increases in overtime and personnel costs as vacant positions, especially in the police department, were filled.



Most of the expenditure increases in General Government, Public Safety, Community Development, and Parks and Recreation are the result of a change in the way the City accounts for vehicle and facility maintenance. Both of those functions were converted to internal service charges in FY 2015-2016. Consequently, Public Works expenditures (where vehicle and facility maintenance had been recorded in prior years) decreased by \$1,518,763 while expenditures in other departments increased by \$2,559,437. Total internal service charges for FY 2015-2016 were \$1,821,018.

Public Safety (including the Fire Service contract with City of Los Angeles) expenditures accounted for approximately 59% of General Fund expenditures in FY 2015-2016, increased by approximately 13%. The increase was primarily due to the internal service charges previously discussed as well as a slight increase in the Fire Services contract with the City of Los Angeles.

The decrease in Public Works expenditures was the result of converting vehicle and facility maintenance operations to internal service funds, which shifted the expenses from the Public Works department to the other operating departments.

After adjusting for internal service charges, Community Development expenditures remained flat.

Parks and Recreation expenditures decreased by approximately 15% due to the lease agreement executed with the County of Los Angeles to staff and operate the San Fernando Regional Pool in November 2014. Fiscal year 2015-2016 is the first full year of operations without pool expenditures.

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 two and a half years to stabilize ongoing finances, including re-negotiating labor contracts, reducing programs and services, reducing professional development and membership opportunities for 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 ($\frac{1}{2}$) 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 revenue and is necessary to fund a number of critical one-time needs. Since the transaction tax will sunset, it is prudent to use the revenue 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 the City's outdated technology infrastructure, 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 two and one-half ($2\frac{1}{2}$) years 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;
- Updated user fees, development fees, cost allocation calculations to ensure an appropriate cost recovery for City services;
- Re-established reserves for the Self Insurance and Equipment Replacement Funds; 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 2016-2017, the Adopted Budget includes the following:

- Funding to increase public safety by replacing the Mobile Data Terminals in all Police vehicles;
- Funding for additional economic development activity;
- Investment in staff training and education to maximize utilization of existing staff resources; and
- A General Fund budget surplus of \$378,000 to further reduce the deficit fund balance.

Despite the progress that has been made over the past few 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, 2015. This was the 31st 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.

Honorable Mayor and City Council Members
Residents of San Fernando
December xx, 2016

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 2016 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 (Accountant). This report would not have been accomplished without their support and without the dedication of the audit firm Van Lant & Fankhanel, LLP. Each contributing member of the City staff has my sincere appreciation for the contributions made in the preparation of this report. 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

DIRECTORY OF OFFICIALS

ELECTED OFFICIALS

CITY COUNCIL

MAYOR

ROBERT C. GONZALES

VICE MAYOR

JOEL FAJARDO

COUNCILMEMBERS

ANTONIO LOPEZ

SYLVIA BALLIN

JAIME SOTO

CITY TREASURER

MARGARITA SOLIS

EXECUTIVE MANAGEMENT

CITY MANAGER

BRIAN SAEKI

DEPUTY CITY MANAGER/

CHRIS MARCARELLO

DIRECTOR OF PUBLIC WORKS

CHIEF OF POLICE

ANTHONY VAIRO

DIRECTOR OF COMMUNITY DEVELOPMENT

FRED RAMIREZ

DIRECTOR OF FINANCE

NICK KIMBALL

DIRECTOR OF RECREATION AND

ISMAEL AGUILA

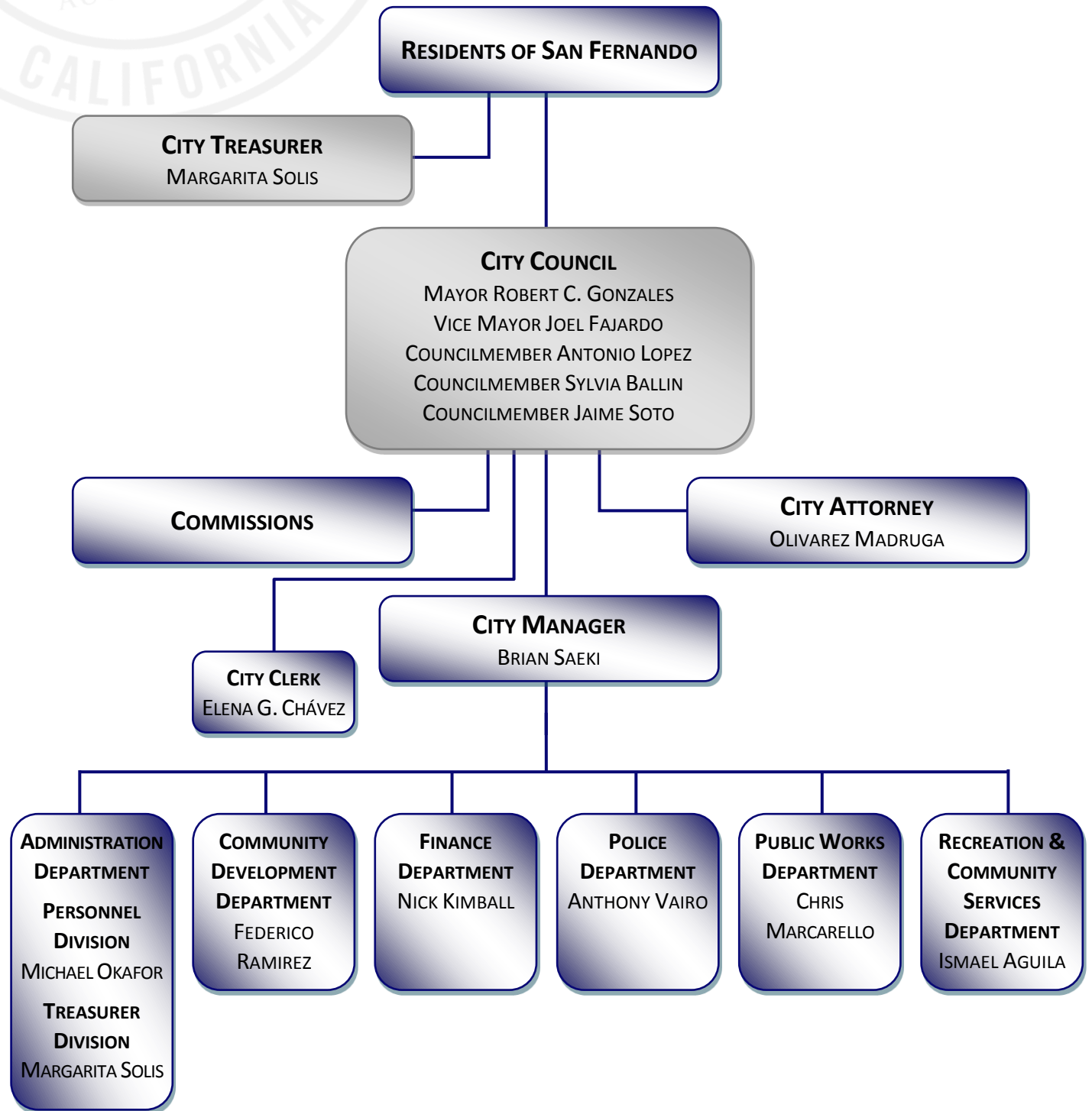
COMMUNITY SERVICES

CITY CLERK

ELENA G. CHÁVEZ

THE CITY OF SAN FERNANDO

ORGANIZATIONAL CHART



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Government Finance Officers Association

**Certificate of
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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, 2015

Executive Director/CEO

SECTION II.

Financial Section

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Independent Auditor's Report

The Honorable City Council
City of San Fernando, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Fernando (City), as of and for the year ended June 30, 2016, 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, 2016, 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, 2016, 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 \$29.8 million as of June 30, 2016. 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 1 to the financial statements, in 2016, the City adopted new accounting guidance, *GASB Statement No. 72, Fair Value Measurement and Application*. 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 30, 2016 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 30, 2016

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. 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 20.

FINANCIAL HIGHLIGHTS

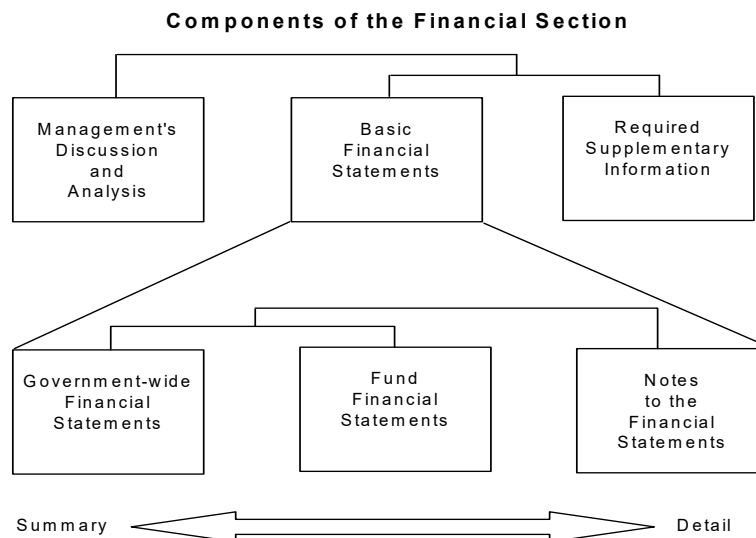
The following are some key financial highlights for the fiscal year ending June 30, 2016:

- ❖ The City's total net position decreased from \$33,948,425 as of June 30, 2015 to \$32,651,149 as of June 30, 2016 for a total decrease of \$1,297,276, or 3.8%. 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 (\$32,182,292) at June 30, 2016.
- ❖ The City's total fund balances for governmental funds increased from \$8,770,169 as of June 30, 2015 to \$13,075,893 as of June 30, 2016 for a total increase of \$4,305,724, or 49%.
- ❖ The total deficit fund balance for the General Fund decreased from (\$4,114,045) as of June 30, 2015 to (\$3,080,247) as of June 30, 2016 for a total deficit reduction of \$1,033,798, or 25%. Fund balance is classified per GASB Statement No. 54 as Nonspendable: \$329,717, Restricted: \$ - , and Unassigned: (\$3,409,964). Additional information on the fund balances is located in Note 1.
- ❖ As of June 30, 2016, the City's other governmental funds, excluding the General Fund, reported combined ending fund balances of \$16,156,140.

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 21 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 80-112.

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 25 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, Housing Fund, and Measure R 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 three internal service funds: 1) Equipment Maintenance and Replacement Fund, 2) Facility Maintenance Fund and 3) 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 31 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 37 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 80 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 \$33,948,425 as of June 30, 2015 to \$32,680,393 as of June 30, 2016. Total assets increased by almost \$3 million, due primarily to cash raised through the sale of Certificates of Participation (COPs) to pave local streets and increased reserves in some of the special funds. However, this was offset by an increase in liabilities of almost \$8.6 million: \$ 2.6 million due to the debt service on the afore mentioned COPs, \$3 million increase in net pension obligation, and \$2 million increase in Other Post-Employment Benefits (OPEB) for retiree healthcare. Deferred Outflows (i.e. current payments made against the City's pension obligation) increased by \$600,000, while Deferred Inflows (i.e. adjustments to CalPERS investment and actuarial assumptions for the City's pension obligation) decreased by 3.7 million, resulting in a net increase of \$3.1 million in net position.

This CAFR is the second year for implementing the Government Accounting Standards Board, Statement No. 68 (GASB 68), which 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 \$2,973,377 (Note 6). Additionally, the City's long-term Other Post-Employment Benefit (OPEB) obligation for retiree healthcare increased by \$2,142,750 to \$13,059,014 (Note 8).

The largest portion of the City's net position, \$58,906,561, 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, \$5,926,880, 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, 2016, 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 (\$32,182,292). 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, 2016

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, 2016, with comparative totals for the fiscal year ended June 30, 2015.

Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 15,575,712	\$ 10,894,178	\$ 10,579,613	\$ 10,826,709	\$ 26,155,325	\$ 21,720,887
Capital assets	44,534,761	45,956,739	14,592,937	14,634,533	59,127,698	60,591,272
Total assets	60,110,473	56,850,917	25,172,550	25,461,242	85,283,023	82,312,159
Deferred Outflows of Resources:						
Deferred Pension Contributions	2,981,680	2,143,982	237,377	170,330	3,219,057	2,314,312
Pension Actuarial Amounts	-	296,199	-	735	-	296,934
Total Deferred Outflows	2,981,680	2,440,181	237,377	171,065	3,219,057	2,611,246
Liabilities:						
Current and other liabilities	2,173,084	2,886,588	1,238,740	580,765	3,411,824	3,467,353
Long-term liabilities	47,888,810	39,398,702	2,034,611	1,871,467	49,923,421	41,270,169
Total liabilities	50,061,894	42,285,290	3,273,351	2,452,232	53,335,245	44,737,522
Deferred Inflows of Resources:						
Pension Actuarial Amounts	2,376,951	5,574,900	138,375	368,124	2,515,326	5,943,024
Proportionate Share Contribution Diff.	-	284,017	-	10,417	-	294,434
Total Deferred Inflows	2,376,951	5,858,917	138,375	378,541	2,515,326	6,237,458
Net position:						
Net Investment in Capital Assets	44,313,624	45,956,739	14,592,937	14,634,533	58,906,561	60,591,272
Restricted	5,926,880	5,887,197	-	-	5,926,880	5,887,197
Unrestricted	(39,587,196)	(40,697,045)	7,404,904	8,167,001	(32,182,292)	(32,530,044)
Total net position	\$ 10,653,308	\$ 11,146,891	\$ 21,997,841	\$ 22,801,534	\$ 32,651,149	\$ 33,948,425

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, 2016, in relation to a year earlier.

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Government-wide Financial Analysis (cont.)

The City's total net position decreased from \$33,948,425 as of June 30, 2015 to \$32,680,393 as of June 30, 2016. Key elements of this decrease are as follows:

- ❖ Net position of governmental activities decreased from \$11,146,891 as of June 30, 2015 to \$10,653,308 as of June 30, 2016; a total decrease of \$493,583, or 4.4%. The decrease is primarily due to the increase in the City's net pension liability and OPEB obligation (see Notes 7 and 9, respectively).
- ❖ Net position of business-type activities decreased from \$22,801,534 as of June 30, 2015 to \$21,997,841 as of June 30, 2016; a total decrease of \$803,693, or 3.5%. The decrease is primarily due to the increase in the Enterprise Fund's portion of net pension liability and OPEB obligation (see Notes 7 and 9, respectively).

The following table summarizes the Statement of Activities for Governmental Activities and Business-Type Activities for the fiscal year ended June 30, 2016, with comparative totals for the fiscal year ended June 30, 2015.

Summary of Activities						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues						
Charges for services	\$ 4,023,904	\$ 3,738,873	\$ 7,156,537	\$ 7,251,316	\$ 11,180,441	\$ 10,990,189
Operating grants and contributions	2,409,666	3,386,430	-	-	2,409,666	3,386,430
Capital grants and contributions	1,042,672	704,193	-	-	1,042,672	704,193
General revenues						
Taxes	18,295,532	16,251,116	-	-	18,295,532	16,251,116
Investment earnings and other	179,742	1,126,824	64,545	17,287	244,287	1,144,111
Total revenue	<u>25,951,516</u>	<u>25,207,436</u>	<u>7,221,082</u>	<u>7,268,603</u>	<u>33,172,598</u>	<u>32,476,039</u>
Expenses						
General government	7,744,559	4,945,386	-	-	7,744,559	4,945,386
Public safety	10,122,343	10,731,526	-	-	10,122,343	10,731,526
Community development	1,358,166	988,973	-	-	1,358,166	988,973
Public works	5,380,601	7,017,740	-	-	5,380,601	7,017,740
Parks and recreation	1,963,627	1,740,259	-	-	1,963,627	1,740,259
Capital Outlay	-	-	-	-	-	-
Interest and fiscal charges	56,803	170,118	-	-	56,803	170,118
Enterprise operations	-	-	7,843,775	5,703,015	7,843,775	5,703,015
Total expenses	<u>26,626,099</u>	<u>25,594,002</u>	<u>7,843,775</u>	<u>5,703,015</u>	<u>34,469,874</u>	<u>31,297,017</u>
Increase (decrease) in net position before transfers	(674,583)	(386,566)	(622,693)	1,565,588	(1,297,276)	1,179,022
Transfers (out)	181,000	187,688	(181,000)	(187,688)	-	-
Prior Period Adjustments	-	(28,214,209)	-	(2,069,221)	-	(30,283,430)
Increase (decrease) in net position	<u>(493,583)</u>	<u>(28,413,087)</u>	<u>(803,693)</u>	<u>(691,321)</u>	<u>(1,297,276)</u>	<u>(29,104,408)</u>
Net position – beginning	<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>
Net position – ending	<u>\$ 10,653,308</u>	<u>\$ 11,146,891</u>	<u>\$ 21,997,841</u>	<u>\$ 22,801,534</u>	<u>\$ 32,651,149</u>	<u>\$ 33,948,425</u>

Government-wide Financial Analysis (cont.)

Governmental Activities

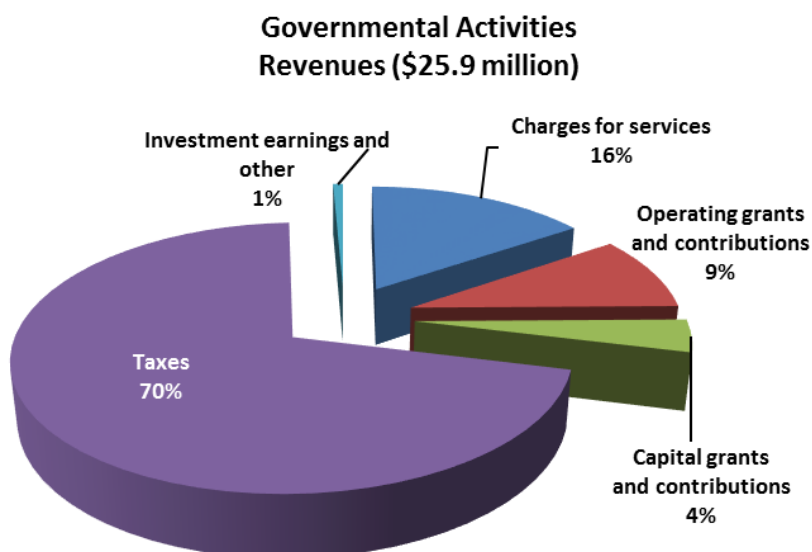
The City's net position from governmental activities decreased from \$11,146,891 as of June 30, 2015 to \$10,653,308 as of June 30, 2016; a total decrease of \$493,308, or 4.4%. The decrease is primarily due to the increase in the City's net pension liability and OPEB obligation (see Notes 7 and 9, respectively). Changes in revenue and expenses are discussed in more detail below.

Revenue Highlights

Total governmental activities revenues were \$25,951,516; an increase of \$744,080, or 3%, from 2015. The largest component of governmental activities' revenue are taxes at \$18,295,532, making up 70% 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 General Fund include Property Tax (\$8.7 million), Sales Tax (\$6.4 million), and business license tax (\$1.2 million). Some key changes in revenues include:

- Property taxes increased by \$867,681 (11%) compared to the prior year. The increase is primarily related to SB 107, which allocated property tax overrides for pension programs generated in former redevelopment areas directly to the City rather than local taxing entities.
- Sales tax revenues increased by \$1.1 million (21%) compared to the prior year. This is due to approximately \$500,000 in one-time sales tax revenue received as a result of the state ending the "triple flip" revenue swap as well as overall improvement in the economy.

The governmental activities pie 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 70% of total governmental revenue. Charges for services make up 16% of revenues while operating and capital grants and contributions amount to 9% of total governmental revenues.

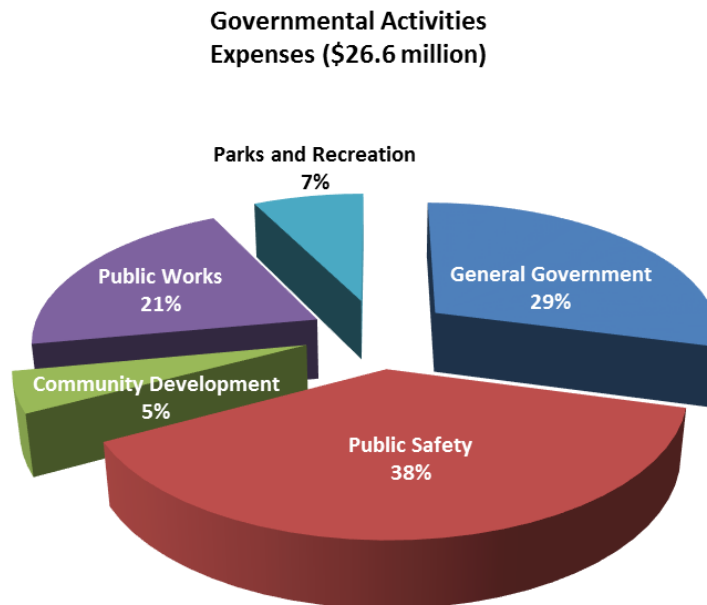


Governmental Activities (cont.)

Expense Highlights

Functional expenses for fiscal year 2015-2016 governmental activities totaled \$26.6 million, an increase of approximately \$1 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 \$10.1 million (38%) and Public Works activities accounted for approximately \$5.4 million (21%) 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 \$7.7 million (29%) of total expenses. Community Development (\$1.3 million) and Recreation and Community Services (\$2 million) account for the remaining 12% of expenses.

Overall, expenditures increased primarily due to an increase in net pension and OPEB liability expenses. The City has started to address these increasing liabilities by decreasing retiree health benefits for future employees; however, this change will take many years before significant results are recognized. In the meantime, the City will continue to work to identify ways to fund these future liabilities.



Business-Type Activities

The net position of the City's business-type activities decreased from \$22,801,534 as of June 30, 2015 to \$21,997,841 as of June 30, 2016; a decrease of \$803,693, or 3.5%. The decrease is primarily due to the increase in the City's net pension liability and OPEB obligation (see Note 8) as well as an increase in sewer capital charges assessed by the City of Los Angeles Hyperion Wastewater System. These charges fund capital improvements to the system and can vary significantly from year to year based on Hyperion's capital replacement plan.

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 Summary of Activities chart presented on page 9 shows a comparison of program revenues to expenses to prior year for each of the City's business-type activities.

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

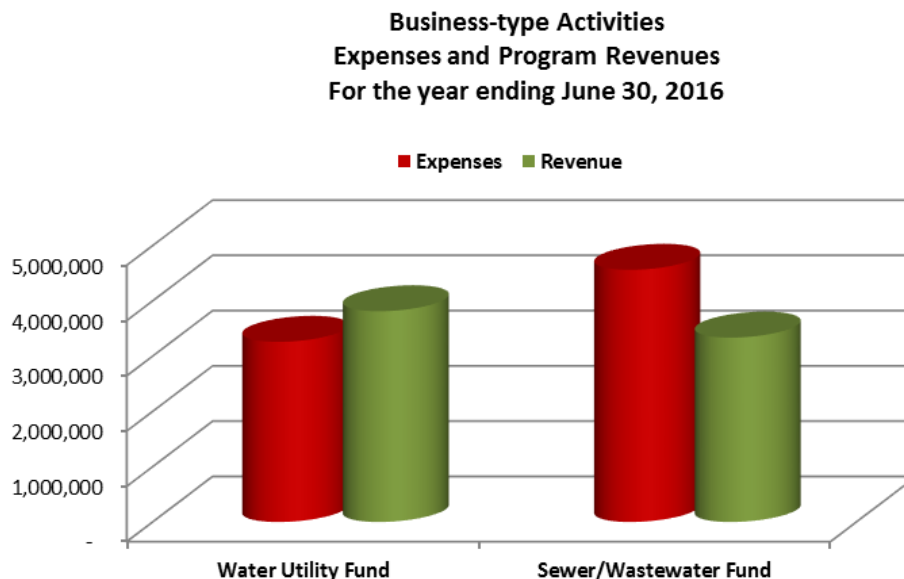
Business-Type Activities (cont.)

Revenue Highlights

Total program revenues for the fiscal year ended June 30, 2016 were approximately \$7.2 million; a decrease of \$47,521, or >1%, from 2015. Although rates increased by approximately 5% in July 2015, continued statewide conservation efforts during the extended draught resulted in decreased water usage and, consequently, decreased revenue.

Expense Highlights

Total expenses for the fiscal year ended June 30, 2016 were approximately \$7.8 million; an increase of \$2.1 million, or 38%, from 2015. There were two drivers for the increased expenditures: 1) an increase in net pension and OPEB liability expense and 2) increased capital facility charges from the City of Los Angeles for the Hyperion Wastewater Treatment facility. The Public Works department also focused more resources on evaluating and repairing the City's sewer infrastructure, including closed circuit TV recording and hydraulic rooting of the entire system.



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.

The combined ending fund balances in the City's governmental funds increased from \$8,770,169 as of June 30, 2015 to \$13,075,892 as of June 30, 2016; a total increase of \$4,305,732, or 49%. The City's governmental funds report an *unassigned fund balance* deficit of (\$3,833,489), which represents an \$802,975 decrease in the deficit from June 30, 2015.

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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) \$113 for inventories;
- 2) \$329,604 for advances to other funds; and
- 3) \$16,579,665 restricted for transportation, housing, air pollution, parks and recreation, public safety and retirement.

Summary of Governmental Funds
Balance Sheet

	2016	2015
Assets:		
Cash and Investments	\$ 6,045,588	\$ 4,960,424
Other assets	14,633,944	11,224,758
Total assets	<u>20,679,532</u>	<u>16,185,182</u>
Liabilities:		
Accounts Payable	1,004,821	859,408
Other liabilities	6,245,249	6,511,100
Total liabilities	<u>7,250,070</u>	<u>7,370,508</u>
Total deferred Inflows of Resources	<u>353,569</u>	<u>44,505</u>
Fund balances:		
Nonspendable	329,717	371,547
Restricted	16,579,665	12,970,716
Unassigned	<u>(3,833,489)</u>	<u>(4,572,094)</u>
Total fund balances	<u>\$ 13,075,893</u>	<u>\$ 8,770,169</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 (\$4,114,045) as of June 30, 2015 to (3,080,247) as of June 30, 2016. The City continues to take steps to implement the deficit elimination plan (see Note 10) to eliminate the General Fund deficit by fiscal year 2019-2020.

Retirement Tax Fund. The Retirement Tax Fund is a special revenue fund used to account for the City's special property tax levy that is restricted to pay City employees' pension obligation to CalPERS. The fund balance increased from a \$6,962,700 as of June 30, 2015 to \$8,050,492 as of June 30, 2016; a total increase of \$1,087,792, or 15.6%. Assets in the Retirement Tax fund are restricted to pay the City's long-term pension obligation to CalPERS 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 remained relatively stable, with a slight increase from a \$3,216,063 as of June 30, 2015 to \$3,220,482 as of June 30, 2016. 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, 2016**

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (cont.)

Measure R Fund. The Measure R Fund is a special revenue fund used to account for the City's Measure R Local Return funds from the countywide sales tax. The fund balance increase from \$798,923 as of June 30, 2015 to \$3,641,834 as of June 30, 2016 due to approximately \$2.7 million in proceeds from Certificates of Participation issued by the City to finance a number of eligible street projects. Assets in the Measure R fund are restricted to transportation and street related activities.

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 \$22,801,534 as of June 30, 2015 to \$21,997,841 as of June 30, 2016; a total decrease of \$803,693, or 3.5%. The decrease is primarily due to reporting the increase in net pension and OPEB related liabilities 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 facility maintenance, vehicle maintenance and replacement, and insurance premiums and claims costs. The total net position of the internal service funds decrease from (\$2,817,232) as of June 30, 2015 to (\$2,579,502) as of June 30, 2016; a total decrease of \$237,730, or 8.4%. The decrease is due to a decrease in future 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. Actual General Fund revenues were \$17,921,934 in fiscal year 2015-16, compared to the \$17,064,481 final budget; a difference of \$857,453, or 5%. The difference is predominately due to approximately \$500,000 in one-time sales tax revenue received as a result of the state ending the "triple flip" revenue swap, additional property tax received from the dissolution of the former redevelopment agency, and an overall improvement in the economy.

**Summary of General Fund Revenues
Budget and Actual
June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues				
Taxes	\$ 11,639,000	\$ 11,739,000	\$ 12,427,945	\$ 688,945
Licenses and Permits	277,000	277,000	335,010	58,010
Charges for Services	1,727,881	1,752,881	1,794,335	41,454
Fines and Forfeitures	511,200	511,200	562,134	50,934
Investment Earnings	202,400	202,400	181,137	(21,263)
Intergovernmental	2,185,500	2,185,500	2,197,774	12,274
Other	396,500	396,500	423,599	27,099
Total Revenues	\$ 16,939,481	\$ 17,064,481	\$ 17,921,934	\$ 857,453

CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

Expenditures. Actual General Fund expenditures were \$17,014,524 in fiscal year 2015-16, compared to the \$17,097,881 final budget; a difference of \$83,357, or less than 1%. The largest variances were in Finance, due to additional costs related to the network infrastructure upgrade, Fire Services contract, and Public Works, due to accrual payouts for separation of long term employees.

Summary of General Fund Expenditures
Budget and Actual
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Expenditures				
General government:				
City Council	\$ 110,356	\$ 125,956	\$ 126,383	\$ (427)
Treasurer	170,504	171,820	157,574	14,246
Administration	396,149	422,623	421,385	1,238
Personnel	300,323	302,468	308,005	(5,537)
City Attorney (contract)	380,000	380,000	379,907	93
City Clerk	181,105	215,687	230,640	(14,953)
Elections	1,000	1,000	300	700
Finance	592,647	610,665	645,317	(34,652)
Retirement and Nondepartmental	1,878,125	1,737,415	1,687,678	49,737
Public safety:				
Police	7,309,272	7,361,784	7,296,163	65,621
Fire (contract)	2,800,000	2,800,000	2,841,310	(41,310)
Community development	952,737	1,008,557	940,654	67,903
Public works	1,101,659	874,085	937,602	(63,517)
Parks and recreation	1,080,395	1,085,821	1,041,606	44,215
Total Expenditures	17,254,272	17,097,881	17,014,524	83,357
Other Financing Sources (Uses)				
Transfers In	\$ 639,198	\$ 423,438	\$ 400,483	\$ (22,955)
Transfers Out	(320,000)	(524,095)	(274,095)	250,000
Total Other Financing Sources (Uses)	\$ 319,198	\$ (100,657)	\$ 126,388	\$ 227,045
Net Change in Fund Balance	4,407	(134,057)	1,033,798	1,167,855
Fund Balance, Beginning of Year	(4,114,045)	(4,114,045)	(4,114,045)	-
Fund Balance, End of Year	(4,109,638)	(4,248,102)	(3,080,247)	1,167,855

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities, net of accumulated depreciation, amounts to \$44,534,761 as of June 30, 2016. 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, 2016 was (\$1,463,574), due to depreciation. Additional information on the City's capital assets can be found in Note 4 to the basic financial statements on pages 51-52 of this report.

**Capital Assets
Net of Accumulated Depreciation
June 30, 2016**

	Governmental Activities	Business-type Activities	Total
Capital assets not being depreciated	\$ 5,201,529	\$ 2,456,153	\$ 7,657,682
Capital assets being depreciated	93,328,262	35,605,923	128,934,185
Less accumulated depreciation	(53,995,030)	(23,469,139)	(77,464,169)
Net Capital Assets	44,534,761	14,592,937	59,127,698

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

- ❖ *Governmental activities:* Capital asset additions in governmental activities include: two (2) police detective vehicles, one (1) Police Interceptor vehicle, multiple network servers, park exercise equipment, and various street and facility improvement projects.
- ❖ *Business-type activities:* Capital asset additions related to the water and sewer operations include: completion of the Nitrate Removal System Project, one (1) heavy duty sewer jetting truck, one (1) water utility truck, and various water and sewer main replacements.

Debt Administration. Long-term debts for Governmental Activities increased from \$40,306,484 as of June 30, 2015 to \$48,242,267 as of June 30, 2016; a total increase of \$7,935,783, or 19.7%. The increase is a result of Certificates of Participation issued by the City to finance eligible street improvements as well as increased net pension and OPEB liabilities. Total long-term debts in governmental and business activities consist of the following:

**Long-Term Liabilities (Note 6)
June 30, 2016**

	Beginning Balance	Additions	Reductions	Outstanding Balance	Due Within One Year
Governmental Activities:					
2016 TRIP COP	\$ -	\$ 2,785,000	\$ -	\$ 2,785,000	\$ 65,000
COP Premium	-	131,355	-	131,355	-
Claims Payable	2,927,556	1,664,964	(1,633,520)	2,959,000	711,000
Compensated Absences	1,524,228	841,984	(806,983)	1,559,229	288,457
Net Pension Liability (Note 7)	24,938,436	4,973,453	(2,163,220)	27,748,669	-
Other Post-Employment Benefits	10,916,264	3,040,000	(897,250)	13,059,014	-
Total	\$ 40,306,484	\$ 13,436,756	\$ (5,500,973)	\$ 48,242,267	\$ 1,064,457
Business-type Activities:					
Net Pension Liability (Note 7)	1,871,467	333,474	(170,330)	2,034,611	-
Total	\$ 1,871,467	\$ 333,474	\$ (170,330)	\$ 2,034,611	\$ -

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 2015-2016 was \$421,419,020. The current debt limitation for the City is approximately \$63.2 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 52-56 of this report.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

Economy. The National and State economies have been steadily growing over the last few years, and that trend is expected to continue through 2017; however, optimism is fading as many economists have pointed out that the United States is past due for another economic contraction. Since the end of World War II, the United States has experienced a recession roughly every five years. There have been four recessions in the last twenty five years; beginning in 1981, 1990, 2000, and 2007.

According to the Bureau of Labor Statistics, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow less than 2.5% annually over the next few years, which is a downgrade from the 3% expectation this time last year. The national job market has remained steady as the employment rate has hovered around 5% and fuel prices have also stabilized somewhat over the last few years as the U.S. has continued to steadily produce fossil fuels. However, the Federal Reserve Bank has held the federal funds rate at historic lows (i.e. less than 2%) for almost 8 years as the economy remains fragile.

Unfortunately, keeping the federal funds rate so low over the long term is unsustainable as it can eventually lead to hyper-inflation and destabilization of the U.S. dollar as a world currency.

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; although stable at the moment, gas prices, which have a significant impact on Californians' disposable income, is still a potentially volatile market; and the persistent drought could have dire consequences for the state's economy. The state has also recently acted to increase minimum wage to \$15 per hour by 2022. Reactions are mixed and the economic impact of that legislation is unknown.

Overall, growth in California is slowing, but economic forecasters predict the tech boom and stable job markets in Silicon Valley and Silicon Beach should help the state ward off a recession until at least 2018.

Locally, Sales Tax has shown steady growth over the last few years, which is expected to continue for the next few years due to development and investment by the local business community. Over the past year, a number of new businesses have opened in the City, including a rebranded Ganas Auto (formerly TriColor), San Fernando Brewing Company, Gamestop, Waba Grill, Helados Pops Ice Cream, Mariscos Camarena Restaurant, Cricket Wireless, T-mobile Wireless, and La Michoacana Ice Cream Parlor, Papa Juan's and Tacos Way. New construction includes a new 6,000 square foot multi-tenant building with second story dental office and more than 14,000 square foot commercial/retail space currently under construction.

Budget Outlook. The fiscal year 2016-2017 Budget is another Maintenance of Effort budget, which means it is based on providing the same level of service as fiscal year 2015-2016. Departments prepared their FY 2016-2017 budget proposals assuming no Consumer Price Index (CPI) increase. After initial review of the budget, Departments were asked to look for efficiencies and propose cuts to their operating budgets. Ultimately, more than \$57,000 was trimmed from the General Fund operating budget.

In addition to reducing expenditures, the fiscal year 2016-2017 budget focusses on increasing on-going revenue sources. The City began taking steps to increase on-going revenues in fiscal year 2015-2016 by approving funding for a user fee study, cost allocation plan update, and development impact fee study. All of these studies are intended to ensure the General Fund is fairly and justifiably recovering costs from customers receiving a specific service and from other funds to which the General Fund provides support. The Cost Allocation Plan has been completed and resulted in approximately \$300,000 in additional revenue. The user fee and development impact fee studies are under way and are expected to be completed in the spring. It is too early to speculate how much additional revenue may be generated by adjusting user fees and development impact fees; however, a 10% - 15% adjustment, possibly implemented over a number of years, is common considering the City has not had such a study done in many years.

ECONOMIC FACTORS AND NEXT YEARS BUDGET (cont.)

The fiscal year 2016-2017 budget includes funding for economic development activity, including feasibility studies, business outreach, and marketing in an effort to spur economic growth and bolster ongoing revenue. In order to continue to provide the current level of service to the community, it is necessary to grow the City's tax base through economic development.

Lastly, enhancement requests were carefully considered. The enhancements included in the Adopted Budget are: a) required by law or contract, b) result in, or are offset by, additional revenue to the City, c) meet one of the citywide strategic goals, and/or d) provided a net long-term benefit 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 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 or 117 Macneil Street, San Fernando, California, 91340.

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BASIC FINANCIAL STATEMENTS

City of San Fernando
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 6,489,673	\$ 9,390,588	\$ 15,880,261
Restricted Cash and Investments	2,695,218	-	2,695,218
Receivables:			
Taxes	1,897,064	-	1,897,064
Accounts	219,779	1,030,618	1,250,397
Interest	12,981	-	12,981
Grants	460,506	-	460,506
Loans Receivable	1,981,718	-	1,981,718
Due From Fiduciary Fund	1,934,691	-	1,934,691
Internal Balances	(158,407)	158,407	-
Prepaid Items	4,522	-	4,522
Inventories	37,967	-	37,967
Capital Assets, Not Depreciated	5,201,529	2,456,153	7,657,682
Capital Assets, Depreciated, Net	39,333,232	12,136,784	51,470,016
Total Assets	<u>60,110,473</u>	<u>25,172,550</u>	<u>85,283,023</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>2,981,680</u>	<u>237,377</u>	<u>3,219,057</u>
LIABILITIES			
Accounts Payable	1,158,756	1,032,439	2,191,195
Accrued Liabilities	211,633	29,837	241,470
Interest Payable	29,244	-	29,244
Deposits Payable	77,847	176,464	254,311
Due to Other Agencies	342,147	-	342,147
Long-Term Liabilities			
Due Within One Year	353,457	-	353,457
Due in More Than One Year	47,888,810	2,034,611	49,923,421
Total Liabilities	<u>50,061,894</u>	<u>3,273,351</u>	<u>53,335,245</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>2,376,951</u>	<u>138,735</u>	<u>2,515,686</u>
NET POSITION			
Net Investment in Capital Assets	44,313,624	14,592,937	58,906,561
Restricted for:			
Transportation	2,205,300	-	2,205,300
Housing	3,220,482	-	3,220,482
Parks & Recreation	335,249	-	335,249
Public Safety	165,849	-	165,849
Unrestricted	(39,587,196)	7,404,904	(32,182,292)
Total Net Position	<u>\$ 10,653,308</u>	<u>\$ 21,997,841</u>	<u>\$ 32,651,149</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 7,744,559	\$ 647,141	\$ -	\$ -
Public Safety	10,122,343	2,367,700	1,099,052	-
Community Development	1,358,166	339,593	10,000	-
Public Works	5,380,601	414,979	1,123,612	854,622
Parks and Recreation	1,963,627	254,491	177,002	188,050
Interest Expense	56,803	-	-	-
Total Governmental Activities	26,626,099	4,023,904	2,409,666	1,042,672
Business-type Activities:				
Water	3,260,071	3,813,635	-	-
Sewer	4,556,154	3,336,251	-	-
Waste Disposal	27,550	6,651	-	-
Total Business-type Activities	7,843,775	7,156,537	-	-
Total Primary Government	<u>\$ 34,469,874</u>	<u>\$ 11,180,441</u>	<u>\$ 2,409,666</u>	<u>\$ 1,042,672</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

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>
\$ (7,097,418)	\$ -	\$ (7,097,418)
(6,655,591)	-	(6,655,591)
(1,008,573)	-	(1,008,573)
(2,987,388)	-	(2,987,388)
(1,344,084)	-	(1,344,084)
(56,803)	-	(56,803)
<u>(19,149,857)</u>	<u>-</u>	<u>(19,149,857)</u>
-	553,564	553,564
-	(1,219,903)	(1,219,903)
-	(20,899)	(20,899)
<u>-</u>	<u>(687,238)</u>	<u>(687,238)</u>
<u>(19,149,857)</u>	<u>(687,238)</u>	<u>(19,837,095)</u>
8,739,138	-	8,739,138
6,437,739	-	6,437,739
962,590	-	962,590
1,184,994	-	1,184,994
636,652	-	636,652
334,419	-	334,419
72,181	64,545	136,726
-	-	-
107,561	-	107,561
181,000	(181,000)	-
<u>18,656,274</u>	<u>(116,455)</u>	<u>18,539,819</u>
(493,583)	(803,693)	(1,297,276)
<u>11,146,891</u>	<u>22,801,534</u>	<u>33,948,425</u>
<u>\$ 10,653,308</u>	<u>\$ 21,997,841</u>	<u>\$ 32,651,149</u>

City of San Fernando
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue	
		Retirement Tax	Housing
ASSETS			
Cash and Investments	\$ 219,682	\$ 2,872,921	\$ 175,884
Restricted Cash and Investments	-	-	-
Receivables:			
Taxes	1,819,699	59,540	-
Accounts	148,779	-	-
Interest	12,981	-	-
Grants	-	-	-
Inventories	113	-	-
Loans Receivable	-	-	1,639,571
Due from Successor Agency	189,604	-	1,745,087
Advances to Other Funds	140,000	5,147,138	-
Prepaid Items	-	-	-
Total Assets	<u>\$ 2,530,858</u>	<u>\$ 8,079,599</u>	<u>\$ 3,560,542</u>
LIABILITIES			
Accounts Payable	\$ 521,071	\$ 2,819	\$ -
Accrued Liabilities	164,335	26,288	60
Deposits	76,780	-	-
Due to Other Funds	-	-	-
Due to Other Agencies	-	-	-
Advances From Other Funds	4,848,919	-	340,000
Total Liabilities	<u>5,611,105</u>	<u>29,107</u>	<u>340,060</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Grants	-	-	-
FUND BALANCES			
Nonspendable:			
Inventories	113	-	-
Prepaid Items	-	-	-
Advances to Other Funds	329,604	-	-
Restricted For:			
Transportation	-	-	-
Housing	-	-	3,220,482
Air Pollution	-	-	-
Parks and Recreation	-	-	-
Public Safety	-	-	-
Retirement	-	8,050,492	-
Unassigned	(3,409,964)	-	-
Total Fund Balances	<u>(3,080,247)</u>	<u>8,050,492</u>	<u>3,220,482</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,530,858</u>	<u>\$ 8,079,599</u>	<u>\$ 3,560,542</u>

The accompanying notes are an integral part of this statement.

<u>Special Revenue</u>	<u>Other</u>	
<u>Measure R</u>	<u>Governmental</u>	<u>Total</u>
	<u>Funds</u>	
\$ 1,007,384	\$ 1,769,717	\$ 6,045,588
2,695,218	-	2,695,218
-	17,825	1,897,064
-	11,214	159,993
-	-	12,981
-	460,506	460,506
-	-	113
-	342,147	1,981,718
-	-	1,934,691
-	200,000	5,487,138
-	4,522	4,522
<u>\$ 3,702,602</u>	<u>\$ 2,805,931</u>	<u>\$ 20,679,532</u>
\$ 60,768	\$ 420,162	\$ 1,004,820
-	12,659	203,342
-	1,067	77,847
-	432,995	432,995
-	342,147	342,147
-	-	5,188,919
<u>60,768</u>	<u>1,209,030</u>	<u>7,250,070</u>
<u>-</u>	<u>353,569</u>	<u>353,569</u>
-	-	113
-	-	-
-	-	329,604
3,641,834	905,115	4,546,949
-	-	3,220,482
-	195,651	195,651
-	335,249	335,249
-	165,849	165,849
-	64,993	8,115,485
-	(423,525)	(3,833,489)
<u>3,641,834</u>	<u>1,243,332</u>	<u>13,075,893</u>
<u>\$ 3,702,602</u>	<u>\$ 2,805,931</u>	<u>\$ 20,679,532</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, 2016

Fund Balances for Governmental Funds	\$ 13,075,893
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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	98,529,791
Accumulated Depreciation	(53,995,030)

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, 2016 are:

Net Pension Liability	(27,748,669)
Compensated Absences	(1,559,229)
Other Post-employment Benefit Obligation	(13,059,014)
Installment Sale Agreement	(2,916,355)

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

Deferred Outflows Related to Pensions	2,981,680
Deferred Inflows Related to Pensions	(2,376,951)

Long-term receivables that are not available for current use. Amounts are recorded as unavailable revenue under the modified accrual basis of accounting.	353,569
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Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.	(29,244)
---	----------

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 Governmental Activities in the Statement of Net Position.	(2,603,133)
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Net Position of Governmental Activities	\$ 10,653,308
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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, 2016

	General Fund	Special Revenue	
		Retirement Tax	Housing
REVENUES			
Taxes	\$ 12,427,945	\$ 4,361,531	\$ -
Licenses and Permits	335,010	-	-
Charges for Services	1,794,335	-	-
Fines and Forfeitures	562,134	-	-
Investment Earnings	181,137	29,575	4,419
Intergovernmental	2,197,774	34,107	-
Other	423,599	-	-
Total Revenues	17,921,934	4,425,213	4,419
EXPENDITURES			
Current:			
General Government	3,856,626	2,044,115	-
Public Safety	10,126,084	809,384	-
Community Development	937,035	84,722	-
Public Works	897,643	225,999	-
Parks and Recreation	1,041,606	173,201	-
Capital Outlay	127,971	-	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	27,559	-	-
Total Expenditures	17,014,524	3,337,421	-
Excess of Revenues Over (Under) Expenditures	907,410	1,087,792	4,419
OTHER FINANCING SOURCES (USES)			
Issuance of Installment Sale Agreement	-	-	-
Premium on Issuance of Installment Sale Agreement	-	-	-
Transfers In	400,483	-	-
Transfers Out	(274,095)	-	-
Total Other Financing Sources (Uses)	126,388	-	-
Net Change in Fund Balances	1,033,798	1,087,792	4,419
Fund Balances, Beginning of Year	(4,114,045)	6,962,700	3,216,063
Fund Balances, End of Year	\$ (3,080,247)	\$ 8,050,492	\$ 3,220,482

The accompanying notes are an integral part of this statement.

<u>Special Revenue</u>	<u>Other</u>	
<u>Measure R</u>	<u>Governmental</u>	<u>Total</u>
	<u>Funds</u>	
\$ 272,157	\$ 1,181,391	\$ 18,243,024
-	-	335,010
-	321,471	2,115,806
-	81,793	643,927
6,156	18,762	240,049
-	1,409,154	3,641,035
-	-	423,599
<u>278,313</u>	<u>3,012,571</u>	<u>25,642,450</u>
-	14,682	5,915,423
-	53,000	10,988,468
-	-	1,021,757
231,152	1,929,464	3,284,258
-	559,992	1,774,799
129,700	1,034,146	1,291,817
-	-	-
-	-	27,559
<u>360,852</u>	<u>3,591,284</u>	<u>24,304,081</u>
<u>(82,539)</u>	<u>(578,713)</u>	<u>1,338,369</u>
2,785,000	-	2,785,000
131,355	-	131,355
9,095	219,080	628,658
-	(303,563)	(577,658)
<u>2,925,450</u>	<u>(84,483)</u>	<u>2,967,355</u>
2,842,911	(663,196)	4,305,724
<u>798,923</u>	<u>1,906,528</u>	<u>8,770,169</u>
<u>\$ 3,641,834</u>	<u>\$ 1,243,332</u>	<u>\$ 13,075,893</u>

City of San Fernando
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 4,305,724

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	1,163,916
Depreciation Expense	(2,585,894)

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:

Installment Sale Agreement	(2,785,000)
Premium on Installment Sale Agreement	(131,355)

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	(35,001)
Net Pension Liability	(2,810,233)
Other Post-employment Benefits	(2,142,750)
Accrued Interest Payable	(29,244)

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 Outflows Related to Pensions	541,499
Deferred Inflows Related to Pensions	3,481,966

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.	309,064
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The change in net position of the internal service fund is reported with governmental activities	223,725
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Change in Net Position of Governmental Activities	\$ (493,583)
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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, 2016

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal	Totals	
ASSETS					
Current Assets:					
Cash and Investments	\$ 3,273,687	\$ 6,009,854	\$ 107,047	\$ 9,390,588	\$ 444,085
Customer Accounts Receivable, Net	557,732	470,127	2,759	1,030,618	59,786
Inventory	-	-	-	-	37,854
Due From Other Funds	432,995	-	-	432,995	-
Total Current Assets	4,264,414	6,479,981	109,806	10,854,201	541,725
Noncurrent Assets:					
Advances to Other Funds	-	1,448,042	-	1,448,042	-
Capital Assets:					
Land	26,345	-	-	26,345	-
Water Rights	624,659	-	-	624,659	-
Construction in Progress	1,788,149	17,000	-	1,805,149	-
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	7,002,484	1,013,356	53,657	8,069,497	-
Less: Accumulated Depreciation	(19,113,074)	(4,321,254)	(34,811)	(23,469,139)	-
Total Noncurrent Assets	11,942,704	4,079,429	18,846	16,040,979	-
Total Assets	16,207,118	10,559,410	128,652	26,895,180	541,725
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Pension Contributions	157,195	69,864	-	227,059	-
Pension Actuarial Amounts	7,143	3,175	-	10,318	-
Total Deferred Outflows of Resources	164,338	73,039	-	237,377	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	452,414	574,405	5,620	1,032,439	153,936
Accrued Liabilities	18,786	11,051	-	29,837	8,291
Current Portion of Claims Payable	-	-	-	-	711,000
Customer Deposits	176,464	-	-	176,464	-
Total Current Liabilities	647,664	585,456	5,620	1,238,740	873,227
Noncurrent Liabilities:					
Advances From other Funds	1,446,761	299,500	-	1,746,261	-
Claims Payable	-	-	-	-	2,248,000
Net Pension Liability	1,408,577	626,034	-	2,034,611	-
Total Noncurrent Liabilities	2,855,338	925,534	-	3,780,872	2,248,000
Total Liabilities	3,503,002	1,510,990	5,620	5,019,612	3,121,227
DEFERRED INFLOWS OF RESOURCES					
Pension Actuarial Amounts	88,832	39,481	-	128,313	-
Proportionate Share Contribution Differences	7,215	3,207	-	10,422	-
Total Deferred Inflows of Resources	96,047	42,688	-	138,735	-
NET POSITION					
Net Investment In Capital Assets	11,942,704	2,631,387	18,846	14,592,937	-
Unrestricted	829,703	6,447,384	104,186	7,381,273	(2,579,502)
Total Net Position	\$ 12,772,407	\$ 9,078,771	\$ 123,032	21,974,210	\$ (2,579,502)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				23,631	
Net Position of Business-type Activities				<u>\$ 21,997,841</u>	

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, 2016

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal	Totals	
OPERATING REVENUES					
Charges for Services	\$ 3,797,445	\$ 3,336,251	\$ -	\$ 7,133,696	\$ 2,726,418
Other	16,190	-	6,651	22,841	1,139,105
Total Operating Revenues	3,813,635	3,336,251	6,651	7,156,537	3,865,523
OPERATING EXPENSES					
Contractual Services	258,656	1,456,205	25,152	1,740,013	192,237
Maintenance and Operations	2,413,582	2,974,002	(1,634)	5,385,950	670,685
Administration and General	-	-	-	-	1,718,676
Claims	-	-	-	-	1,176,195
Depreciation	587,829	132,949	4,032	724,810	-
Total Operating Expenses	3,260,067	4,563,156	27,550	7,850,773	3,757,793
Operating Income (Loss)	553,568	(1,226,905)	(20,899)	(694,236)	107,730
NONOPERATING REVENUES (EXPENSES)					
Interest Income	21,787	42,078	680	64,545	-
Interest Expense	(7,007)	-	-	(7,007)	-
Total Nonoperating Revenues (Expenses)	14,780	42,078	680	57,538	-
Income (Loss) Before Transfers	568,348	(1,184,827)	(20,219)	(636,698)	107,730
Transfers In	-	-	-	-	130,000
Transfers Out	(121,000)	(60,000)	-	(181,000)	-
Change in Net Position	447,348	(1,244,827)	(20,219)	(817,698)	237,730
Net Position, Beginning of Year	12,325,059	10,323,598	143,251		(2,817,232)
Net Position, End of Year	\$ 12,772,407	\$ 9,078,771	\$ 123,032		\$ (2,579,502)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				14,005	
Change in Net Position of Business-type Activities				\$ (803,693)	

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 3,743,987	\$ 3,341,052	\$ 3,892	\$ 7,088,931	\$ 2,838,195
Payments to Suppliers and Contractors	(1,238,571)	(3,042,887)	(20,179)	(4,301,637)	(1,874,623)
Payments to Employees	(1,388,183)	(899,236)	-	(2,287,419)	(662,684)
Claims Paid	(1,251,581)	(846,456)	-	(2,098,037)	(1,144,751)
Other Operating Income	(1,144,476)	(329,179)	-	(1,473,655)	1,023,332
Net Cash Provided (Used) by Operating Activities	1,117,233	(601,071)	(16,287)	499,875	179,469
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans from (to) Other Funds	(513,422)	95,075	-	(418,347)	-
Interest Expense Paid on Advances	(7,007)	-	-	(7,007)	-
Transfers from Other Funds	-	-	-	-	130,000
Transfers to Other Funds	(121,000)	(60,000)	-	(181,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(641,429)	35,075	-	(606,354)	130,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(599,931)	(83,282)	-	(683,213)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	21,787	42,078	680	64,545	-
Net Increase (Decrease) in Cash and Cash Equivalents	(102,340)	(607,200)	(15,607)	(725,147)	309,469
Cash and Cash Equivalents - Beginning of Year	3,376,027	6,617,054	122,654	10,115,735	134,616
Cash and Cash Equivalents - End of Year	<u>\$ 3,273,687</u>	<u>\$ 6,009,854</u>	<u>\$ 107,047</u>	<u>\$ 9,390,588</u>	<u>\$ 444,085</u>

City of San Fernando
Statement of Cash Flows
Proprietary Funds - Continued
Year Ended June 30, 2016

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 553,568	\$ (1,226,905)	\$ (20,899)	\$ (694,236)	\$ 107,730
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	587,829	132,949	4,032	724,810	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(47,742)	4,801	(2,759)	(45,700)	(3,996)
(Increase) Decrease in Deferred Outflows Pensions	(45,908)	(20,404)	-	(66,312)	-
(Increase) Deferred in Inventory	-	-	-	-	(37,854)
Increase (Decrease) in Accounts Payable	182,086	540,864	3,339	726,289	73,854
Increase (Decrease) in Accrued Liabilities	(37,619)	(8,789)	-	(46,408)	8,291
Increase (Decrease) in Net Pension Liability	112,945	50,199	-	163,144	-
Increase (Decrease) in Deferred Inflows - Pensions	(166,020)	(73,786)	-	(239,806)	-
Increase (Decrease) in Claims Payable	-	-	-	-	31,444
Increase (Decrease) in Customer Deposits	(21,906)	-	-	(21,906)	-
TOTAL CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,117,233	\$ (601,071)	\$ (16,287)	\$ 499,875	\$ 179,469

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and Investments	\$ 112,108	\$ 909,816
Receivables		
MOU - Swap Meet Property Loan	-	4,069,335
Other Loans	-	778,034
Land Held for Resale	-	468,733
Restricted Assets:		
Cash and Investments with Fiscal Agents	-	1,419,155
	<u>-</u>	<u>1,419,155</u>
Total Assets	<u>\$ 112,108</u>	<u>7,645,073</u>
LIABILITIES		
Accounts Payable	\$ 9,311	-
Accrued Liabilities	-	300
Deposits	102,797	-
Interest Payable	-	25,756
Due to City of San Fernando	-	1,934,691
County Deferral	-	3,009,992
Bonds Payable	-	4,350,000
	<u>-</u>	<u>4,350,000</u>
Total Liabilities	<u>\$ 112,108</u>	<u>9,320,739</u>
NET POSITION		
Net Position Held in Trust for Successor Agency		<u>\$ (1,675,666)</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2016

	Successor Agency Private-Purpose Trust Fund
ADDITIONS	
Taxes	\$ 2,387,513
Interest Income	265
Other Income	<u>6,071</u>
Total Additions	<u>2,393,849</u>
DEDUCTIONS	
Administrative and Passthrough Costs	654,446
Interest on Bonds	<u>192,776</u>
Total Deductions	<u>847,222</u>
Change in Net Position	1,546,627
Net Position - Beginning of Year	<u>(3,222,293)</u>
Net Position - End of Year	<u><u>\$ (1,675,666)</u></u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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, 2016

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, 2016

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 Measure R Special Revenue Fund accounts for the receipt of Measure R funds, to be used for traffic relief.

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:

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Internal Service Funds are 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 facility maintenance, equipment maintenance, equipment replacements and self-insurance.

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 received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. 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, 2016

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% of existing balance up to 160 hours 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, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M) Interfund Transactions

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

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

N) Property Taxes

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

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

O) Use of Estimates

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

P) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City 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, 2016

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, 2016

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 December 5, 2016 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, 2016

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) plan (Plan) and additions to/deductions from the Plan 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. The City has implemented this statement as of June 30, 2016.

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, 2016

2) CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2016:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Assets and Liabilities	Total
Cash and Investments	\$ 15,880,261	\$ 1,021,924	\$ 16,902,185
Restricted Cash and Investments	2,695,218	1,419,155	4,114,373
Total Cash and Investments	<u>\$ 18,575,479</u>	<u>\$ 2,441,079</u>	<u>\$ 21,016,558</u>

Cash and investments at June 30, 2016 consisted of the following:

Demand Deposits	\$ 4,808,701
Petty Cash	2,800
Investments	<u>16,205,057</u>
Total Cash and Investments	<u>\$ 21,016,558</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	\$ 65,000,000

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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, 2016 is as follows:

Investment Type	Remaining Maturity (in Months)			Fair Value
	12 Months or Less	13 to 24 Months	25 to 60 Months	
Local Agency Investment Fund	\$ 8,044,993	\$ -	\$ -	\$ 8,044,993
Money Market	305,012	-	-	305,012
Certificates of Deposit	248,372	249,747	1,991,957	2,490,076
Federal Agency Securities	-	-	1,250,603	1,250,603
Held by Bond Trustees:				
Money Market Mutual Funds	4,114,373	-	-	4,114,373
Total	\$ 12,712,750	\$ 249,747	\$ 3,242,560	\$ 16,205,057

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 year-end for each investment type:

Investment Type	Total Investments	Minimum Legal Rating	Rating as of Year End		
			AAA	Not Required to be Rated	Unrated
Local Agency Investment Fund	\$ 8,044,993	N/A	\$ -	\$ -	\$ 8,044,993
Money Market	305,012	N/A	-	-	305,012
Certificates of Deposit	2,490,076	N/A	-	-	2,490,076
Federal Agency Securities	1,250,603	N/A	-	-	1,250,603
Held by Bond Trustees:					
Money Market Mutual Funds	4,114,373	A	4,114,373	-	-
Total	\$ 16,205,057		\$ 4,114,373	\$ -	\$ 12,090,684

Concentration of Credit Risk

At June 30, 2016, 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, 2016

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, 2016, the carrying amount of the City's deposits was \$5,224,090 and the book balances were \$4,808,701. The differences of \$415,389 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.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- Federal Agency Securities of \$11,009,880 are valued using quoted market prices (Level 2 inputs)

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To and Due From Other Funds

The following amounts due to/due from other funds result mainly from interfund borrowings to cover temporary operating deficits:

Receivable	Payable	Amount
Water Fund	Other Governmental Funds	\$ 432,995
		<u>\$ 432,995</u>

Long-term Advances

At June 30, 2016, 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	\$ -	\$ 4,548,138	\$ -	\$ 300,781	\$4,848,919
	Water Fund	-	299,500	-	1,147,261	1,446,761
	Sewer Fund	-	299,500	-	-	299,500
	Housing Fund	140,000	-	200,000	-	340,000
	Total	<u>\$ 140,000</u>	<u>\$ 5,147,138</u>	<u>\$ 200,000</u>	<u>\$ 1,448,042</u>	<u>\$6,935,180</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 assumed the advance payable of \$869,150 from the Capital Grants Capital Projects Fund. As of June 30, 2016, the outstanding balance due to the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund are \$300,781 and \$300,781, 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, 2016, the outstanding balance of the advance is \$1,147,261.
- (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 transfers 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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

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, 2016, 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, 2016, the outstanding balance is \$1,745,087.

Transfers In and Transfers Out

Transfers in and out for the year ended June 30, 2016 are as follows:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 279,483
	Water Enterprise Fund	61,000
	Sewer Enterprise Fund	60,000
Measure R Fund	General Fund	9,095
Other Governmental Funds	General Fund	195,000
	Other Governmental Funds	24,080
Internal Service Fund	General Fund	70,000
	Water Fund	60,000
		<u>\$ 758,658</u>

The transfers to the General Fund from the Other Governmental Funds of \$279,483 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, were for annual lease payments for use of the City's facilities.

The General Fund transferred \$9,095 to the Measure R fund to reimburse for unallowable costs.

The General Fund transferred \$195,000 to the Other Governmental Funds to reimburse those funds for various project costs and to cover operating deficits. The Other Governmental Funds (Pavement Management Fund) transferred \$24,080 to Other Governmental Funds (Gas Tax Fund) to cover for operating costs.

The General Fund transferred \$70,000 to the Internal Service Fund to cover operating deficits from prior years and the Water Fund transferred \$60,000 to the Internal Service Fund for the Water Fund's portion of property tax premiums for covered well sites.

4) CAPITAL ASSETS

The following is a summary of capital assets for the 2015-16 fiscal year:

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

4) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 4,397,105	\$ -	\$ -	\$ 4,397,105
Construction in Progress	-	804,424	-	804,424
Total Capital Assets Not Depreciated	4,397,105	804,424	-	5,201,529
Capital Assets, Being Depreciated:				
Buildings	28,628,398	-	-	28,628,398
Improvements Other than Buildings	5,118,376	27,281	-	5,145,657
Machinery and Equipment	8,360,399	332,211	-	8,692,610
Infrastructure	50,861,597	-	-	50,861,597
Total Capital Assets Being Depreciated	92,968,770	359,492	-	93,328,262
Less Accumulated Depreciation:				
Buildings	(8,815,085)	(761,971)	-	(9,577,056)
Improvements Other than Buildings	(3,022,508)	(172,079)	-	(3,194,587)
Machinery and Equipment	(6,942,340)	(400,516)	-	(7,342,856)
Infrastructure	(32,629,203)	(1,251,328)	-	(33,880,531)
Total Accumulated Depreciation	(51,409,136)	(2,585,894)	-	(53,995,030)
Net Capital Assets Being Depreciated	41,559,634	(2,226,402)	-	39,333,232
Total Capital Assets	\$ 45,956,739	\$ (1,421,978)	\$ -	\$ 44,534,761
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 26,345	\$ -	\$ -	\$ 26,345
Water Rights	624,659	-	-	624,659
Construction in Progress	1,517,379	462,090	174,320	1,805,149
Total Capital Assets Not Depreciated	2,168,383	462,090	174,320	2,456,153
Capital Assets, Being Depreciated:				
Buildings	5,749,295	-	-	5,749,295
Improvements Other than Buildings	29,200	-	-	29,200
Machinery and Equipment	7,674,053	395,444	-	8,069,497
Infrastructure	21,757,931	-	-	21,757,931
Total Capital Assets Being Depreciated	35,210,479	395,444	-	35,605,923
Less Accumulated Depreciation:				
Buildings	(3,122,763)	(105,737)	-	(3,228,500)
Improvements Other than Buildings	(29,200)	-	-	(29,200)
Machinery and Equipment	(6,004,191)	(184,323)	-	(6,188,514)
Infrastructure	(13,588,175)	(434,750)	-	(14,022,925)
Total Accumulated Depreciation	(22,744,329)	(724,810)	-	(23,469,139)
Net Capital Assets Being Depreciated	12,466,150	(329,366)	-	12,136,784
Total Capital Assets	\$ 14,634,533	\$ 132,724	\$ 174,320	\$ 14,592,937

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

4) CAPITAL ASSETS - Continued

Depreciation expense was charged to functions/programs as follows:

Function/Program	Governmental Activities	Business-type Activities
General Government	\$ 8,344	\$ -
Public Safety	349,069	-
Public Works	1,957,186	-
Parks and Recreation	81,691	-
Community Development	189,604	-
Water	-	587,829
Sewer	-	132,949
Waste Disposal	-	4,032
Total Depreciation	<u>\$ 2,585,894</u>	<u>\$ 724,810</u>

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 \$342,147, 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, 2016.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
2016 Installment Sale Agreement	\$ -	\$ 2,785,000	\$ -	\$ 2,785,000	\$ 65,000
Premium	-	131,355	-	131,355	-
Claims Payable	2,927,556	1,664,964	1,633,520	2,959,000	711,000
Compensated Absences	1,524,228	841,984	806,983	1,559,229	288,457
Net Pension Liability	24,938,436	4,973,453	2,163,220	27,748,669	-
OPEB Obligation	10,916,264	3,040,000	897,250	13,059,014	-
Total	<u>\$ 40,306,484</u>	<u>\$ 13,436,756</u>	<u>\$ 5,500,973</u>	<u>\$ 48,242,267</u>	<u>\$ 1,064,457</u>
Business-type Activities:					
Net Pension Liability	\$ 1,871,467	\$ 333,474	\$ 170,330	\$ 2,034,611	\$ -
Total	<u>\$ 1,871,467</u>	<u>\$ 333,474</u>	<u>\$ 170,330</u>	<u>\$ 2,034,611</u>	<u>\$ -</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

6) LONG-TERM LIABILITIES - Continued

2016 Installment Sale Agreement

In March 2016, the City entered into an installment sale agreement with the California Statewide Communities Development Authority (Authority), for the Local Measure R Sales Tax Revenue Certificates of Participation, Series 2016 (Certificates), Total Road Improvement Program. The Authority issued \$6,355,000 in Certificates to finance the design, acquisition, and construction of certain local roadway and street improvement projects for both the City of Azusa and the City of San Fernando.

The Certificates are secured by installment payments due from the two cities, with the City of San Fernando's share being \$2,785,000. The installment payments, including principal and interest, are due on June 1 and December 1 of each year, commencing on December 1, 2016, and are to be made from Measure R revenues received by the City. Interest rates on the installment agreement range from 2% to 5%.

The following represents the future debt service requirements for the 2016 installment sale agreement:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 65,000	\$ 114,942	\$ 179,942
2018	80,000	96,988	176,988
2019	85,000	94,587	179,587
2020	85,000	92,038	177,038
2021	90,000	88,638	178,638
2022	95,000	85,037	180,037
2023	95,000	81,238	176,238
2024	100,000	77,437	177,437
2025	105,000	72,438	177,438
2026	110,000	67,187	177,187
2027	115,000	61,688	176,688
2028	120,000	57,087	177,087
2029	125,000	52,288	177,288
2030	130,000	47,287	177,287
2031	135,000	43,388	178,388
2032	140,000	39,337	179,337
2033	145,000	35,138	180,138
2034	150,000	30,787	180,787
2035	155,000	26,100	181,100
2036	155,000	21,256	176,256
2037	160,000	16,413	176,413
2038	170,000	11,212	181,212
2039	175,000	5,687	180,687
Totals	<u>\$ 2,785,000</u>	<u>\$ 1,318,198</u>	<u>\$ 4,103,198</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

6) LONG-TERM LIABILITIES - Continued

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$1,559,229 is expected to be repaid from future resources, typically liquidated from the General Fund.

Net Pension Liability

On April 9, 1946, the voters of the City of San Fernando approved an ad valorem property tax to raise the funds necessary to pay the City's annual obligation to CalPERS for the retirement benefits of City employees. In 1978, California voters approved Proposition 13, which limited the levy on ad valorem property taxes to one-percent (1%) of assessed value.

In 1985, the State Legislature adopted Revenue and Taxation Code Section 96.31, which authorized a jurisdiction to continue to impose an ad valorem property tax levy to make payments in support of pension programs provided: 1) it was approved by voters prior to July 1, 1978, and 2) the jurisdiction imposed the property tax levy in either FY 1982-1983 or FY 1983-1984. It also capped the rate the jurisdiction could impose to the rate imposed in FY 1982-1983 or FY 1983-1984, whichever is higher. Consequently, the maximum rate that can be levied by the City is \$0.28420 for each \$100 of assessed property value, as establish in FY 1982-1983.

Tax revenues raised through this special tax levy are accounted for in the Retirement Tax Special Revenue fund. The City's annual retirement costs are liquidated from this fund. In FY 2015-2016, the levy was \$0.247631 per \$100 of assessed valuation, which was sufficient to fully fund the City's CalPERS retirement costs. If the annual cost exceeds the amount that can be raised through the maximum special retirement tax levy, the remaining cost would be liquidated primarily from the General Fund.

More information related to the City's Net Pension Liability is included in Note 7.

Other Post-Employment Benefits (OPEB) Obligation

OPEB, i.e. retiree medical benefits, are liquidated from the City's General Fund. The City successfully negotiated restructuring retiree medical benefits with all bargaining units. Employees hired after July 1, 2015 will receive the minimum retiree medical benefits required by the Public Employees Medical and Health Care Act (PEMHCA), which is \$128 per month for calendar year 2017, and is adjusted by CalPERS annually to account for inflation. The City will establish retiree health savings accounts for employees that only qualify for the PEMHCA minimum. The amount contributed by the City is negotiated with each bargaining unit and currently ranges from \$50 - \$150 per month. This will result in a significant long term savings as employees covered under the old plan retire.

Over the next few years, the City will work to establish an OPEB Trust and identify funds to deposit into the Trust to pre-fund the long-term liability.

More information related to the City's OPEB liability is included in Note 8.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2016A Tax Allocation Bonds	\$ -	\$ 4,350,000	\$ -	\$ 4,350,000	\$ 1,375,000
2006 Tax Allocation Bonds	6,435,000	-	6,435,000	-	-
County Deferral	3,213,076	196,916	400,000	3,009,992	-
Total	<u>\$ 9,648,076</u>	<u>\$ 4,546,916</u>	<u>\$ 6,835,000</u>	<u>\$ 7,359,992</u>	<u>\$ 1,375,000</u>

2016A Tax Allocation Bonds

In February 2016, the Successor Agency issued \$4,350,000 in Tax Allocation Refunding Bonds, Series 2016. Proceeds from the 2016 bonds, along with \$1,149,123 in funds remaining on the 2006 bonds, were used to establish a refunding escrow account to advance refund the 2006 bonds, and also to pay costs of issuance. As a result, the 2006 bonds are considered defeased, and the related debt has been removed from the financial statements of the Successor Agency. The refunding of the 2006 bonds will result in cash savings of approximately \$1.13 million over the life of the bonds. Future debt service requirements for the 2016 bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,375,000	\$ 74,349	\$ 1,449,349
2018	1,280,000	47,401	1,327,401
2019	740,000	26,897	766,897
2020	470,000	14,616	484,616
2021	485,000	4,923	489,923
Totals	<u>\$ 4,350,000</u>	<u>\$ 168,186</u>	<u>\$ 4,518,186</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

6) LONG-TERM LIABILITIES - Continued

County Deferral

The Redevelopment Agency and County of Los Angeles (the County) entered into an agreement whereby the County will defer tax increment (County Deferral) generated within the project area to meet the Agency's debt service obligations. The County Deferral, accrued at an interest rate of 7% was to be repaid whenever the Agency received property tax in excess of its bonded debt payment requirements. Due to the dissolution of the Agency as of February 1, 2012, this debt is reported in the Fiduciary Funds of the City (Successor Agency). At June 30, 2016, the balance of the County Deferral, including interest, was \$3,009,992.

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 Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors seven rate plans (three miscellaneous and four safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan 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, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The rate plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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

	Miscellaneous	Miscellaneous	Miscellaneous
	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	12.949% + \$885,376	9.454% + \$8,896	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	26.078% + \$593,089	17.557% + \$98,806	15.627%
	Safety		
	Tier IV		
	On or after		
	January 1, 2013		
Hire date			
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%		

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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

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 Plan 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.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,586,167 in fiscal year 2016.

The City's contributions to the Plan for the year ended June 30, 2016 were \$3,079,817.

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

As of June 30, 2016, the City reported a liability of \$29,783,281 for its proportionate share of the net pension liability. The City's net pension liability for the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the Plan's net pension liability as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.43086%
Proportion - June 30, 2015	0.43391%
Change - Increase (Decrease)	0.00305%

For the year ended June 30, 2016, the City recognized pension expense of \$1,723,612. At June 30, 2016, 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	\$ 3,079,817	\$ -
Differences between actual and expected experience	73,705	116,610
Changes in assumptions	-	1,233,655
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	65,535	544,029
Net differences between projected and actual earnings on plan investments	-	621,392
Total	<u>\$ 3,219,057</u>	<u>\$ 2,515,686</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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

The \$3,079,817 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, 2017. 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 Ending June 30,	
2017	\$ (1,174,541)
2018	(1,151,366)
2019	(948,206)
2020	897,667
2021	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

- (1) Depending on age, service and type of employment
(2) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 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.

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

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. 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 testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS’ website under the GASB 68 section.

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 they have changed their 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	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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

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

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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:

1% Decrease		6.65%
Net Pension Liability	\$	48,634,820
Current Discount Rate		7.65%
Net Pension Liability	\$	29,783,281
1% Increase		8.65%
Net Pension Liability	\$	14,283,508

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

Payable to the Pension Plan

At June 30, 2016, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2016.

8) 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 of service within the PERS system 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 \$125 per month for calendar year 2016 and adjusted by CalPERS annually to account for inflation.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

8) 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 components 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 obligation:

Annual Required Contribution (ARC)	\$ 3,159,000
Interest on Net OPEB Obligation	415,000
Adjustment to ARC	(534,000)
Annual OPEB Cost	<u>3,040,000</u>
Contributions Made	<u>(897,250)</u>
Increase in Net OPEB Obligation	2,142,750
Net OPEB Obligation at June 30, 2015	<u>10,916,264</u>
Net OPEB Obligation at June 30, 2016	<u><u>\$ 13,059,014</u></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)	
6/30/14	\$ 2,557,173	\$ 898,796	35.14%	\$	9,104,016
6/30/15	\$ 2,697,211	\$ 884,963	32.81%	\$	10,916,264
6/30/16	\$ 3,040,000	\$ 897,250	29.51%	\$	13,059,014

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$37,050,000, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAL) of \$37,050,000. The covered payroll (annual payroll of active employees covered by the plan) was \$8,402,000 and the ratio of the UAL to the covered payroll was 441.00%.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

8) 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 June 30, 2015, 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.

9) 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, 2016, the amount of these liabilities was \$2,093,000. This liability is the City's best estimate based on available information.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

9) 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, 2016, the amount of these liabilities was \$866,000. 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:

	<u>2015 - 2016</u>	<u>2014 - 2015</u>
Beginning of Fiscal Year	\$ 2,927,556	\$ 3,498,556
Claims and Changes in Claim Estimates	1,664,964	725,134
Claim Payments	<u>(1,633,520)</u>	<u>(1,296,134)</u>
	<u>\$ 2,959,000</u>	<u>\$ 2,927,556</u>

10) DEFICIT NET POSITION/FUND BALANCES AND EXCESS EXPENDITURES

The following funds reported deficits in net position/fund balances at June 30, 2016:

	<u>Deficit</u>
Major Fund:	
General Fund	\$ 3,080,247
Other Governmental Funds:	
Community Development Block Grant Fund	10,143
Operating Grants Special Revenue Fund	85,395
Capital Grants Capital Projects Fund	327,987

In addition to these deficits, the City's obligation for other post-employment benefits has increased to \$13,059,014 as of June 30, 2016 (see Note 8). Also, the City is reporting a net pension liability of approximately \$29.8 million and an unrestricted net position in the Statement of Net Position for the Governmental Activities of approximately \$42 million.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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 two and a half years to stabilize ongoing finances, including re-negotiating labor contracts, reducing programs and services, reducing professional development and membership opportunities for 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, it is prudent to use the revenue 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 the City's outdated technology infrastructure, 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 two and one-half (2 ½) years 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;

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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

- Restructured future retiree health benefits to decrease the City's OPEB liability;
- Updated user fees, development fees, cost allocation calculations to ensure an appropriate cost recovery for City services;
- Re-established reserves for the Self Insurance and Equipment Replacement Funds; 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 2016-2017, the Adopted Budget includes the following:

- A General Fund budget surplus of \$378,000 to further reduce the deficit fund balance;
- Funding to increase Self Insurance and Facility Maintenance reserves;
- Funding to increase public safety by replacing the Mobile Data Terminals in all Police vehicles;
- Funding for additional economic development activity; and
- Investment in staff training and education to maximize utilization of existing staff resources.

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 in California) 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.

Community Development Block Grant Fund - The Community Development Block Grant Fund has a deficit of (\$10,143) as of June 30, 2016. This is a result of a reimbursement request that was pending as of June 30, 2016.

Operating Grants Special Revenue Fund - The deficit in the Operating Grants Special Revenue Fund increased from (\$55,704) as of June 30, 2015 to (\$85,395) as of June 30, 2016. This is a result of reimbursement requests to the granting agencies that were pending as of June 30, 2016.

Capital Grants Special Revenue Fund - The deficit in the Capital Grants Fund has increased from (\$23,970) as of June 30, 2015, to the current deficit of (\$327,987) as of June 30, 2016. This is due primarily to a reimbursement request from the State Department of Transportation for the Safe Routes to School project that was pending on June 30, 2016. A reimbursement check for \$323,058 was received for the Safe Routes to School project on October 19, 2016.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2016

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

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

Major Funds:	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund:			
General Government:			
City Council	\$ 125,956	\$ 126,383	\$ (427)
Personnel	302,468	308,005	(5,537)
City Clerk	215,687	230,640	(14,953)
Financial Management	610,665	645,317	(34,652)
Public Safety:			
Fire	2,800,000	2,841,311	(41,311)
Public Works	874,085	937,602	(63,517)
Retirement Tax Fund:			
Public Safety	643,868	809,384	(165,516)
Public Works	143,608	225,999	(82,391)
Parks and Recreation	67,347	173,201	(105,854)
Community Development	79,521	84,722	(5,201)
Measure R Fund:			
Public Works	-	231,152	(231,152)

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

REQUIRED SUPPLEMENTARY INFORMATION

City of San Fernando
Required Supplementary Information
For the Year Ended June 30, 2016

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)
04/01/11	\$ -	\$ 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%
06/30/15	-	37,050,000	37,050,000	0.00%	8,402,000	441.00%

City of San Fernando
Required Supplementary Information
For the Year Ended June 30, 2016

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

	Measurement Period	
	2015	2014
Proportion of the Net Pension Liability	0.43391%	0.43086%
Proportionate Share of Net Pension Liability	\$ 29,783,281	\$ 26,809,903
Covered - Employee Payroll	\$ 6,907,444	\$ 6,342,163
Proportionate Share of the Net Pension Liability as a percentage of Payroll	431.18%	422.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.67%	75.28%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

City of San Fernando
Required Supplementary Information
For the Year Ended June 30, 2016

SCHEDULE OF PLAN CONTRIBUTIONS
Last 10 Years*

	2016	2015
Contractually Required Contributions (actuarially determined)	\$ 3,079,817	\$ 2,314,312
Contributions in Relation to the Actuarially Determined Contributions	(3,079,817)	(2,314,312)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll	\$ 8,694,954	\$ 6,907,444
Contributions as a Percentage of Covered Employee Payroll	35.42%	33.50%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2014

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 11,639,000	\$ 11,739,000	\$ 12,427,945	\$ 688,945
Licenses and Permits	277,000	277,000	335,010	58,010
Charges for Services	1,727,881	1,752,881	1,794,335	41,454
Fines and Forfeitures	511,200	511,200	562,134	50,934
Investment Earnings	202,400	202,400	181,137	(21,263)
Intergovernmental	2,185,500	2,185,500	2,197,774	12,274
Other	396,500	396,500	423,599	27,099
Total Revenues	16,939,481	17,064,481	17,921,934	857,453
EXPENDITURES				
Current:				
General Government:				
City Council	110,356	125,956	126,383	(427)
Treasurer	170,504	171,820	157,574	14,246
Administration	396,149	422,623	421,385	1,238
Personnel	300,323	302,468	308,005	(5,537)
City Attorney	380,000	380,000	379,907	93
City Clerk	181,105	215,687	230,640	(14,953)
Elections	1,000	1,000	300	700
Financial Management	592,647	610,665	645,317	(34,652)
Retirement and Nondepartmental	1,878,125	1,737,415	1,687,678	49,737
Public Safety:				
Police	7,309,272	7,361,784	7,296,163	65,621
Fire	2,800,000	2,800,000	2,841,310	(41,310)
Community Development	952,737	1,008,557	940,654	67,903
Public Works	1,101,659	874,085	937,602	(63,517)
Parks and Recreation	1,080,395	1,085,821	1,041,606	44,215
Total Expenditures	17,254,272	17,097,881	17,014,524	83,357
Excess (Deficiency) of Revenues over Expenditures	(314,791)	(33,400)	907,410	940,810
OTHER FINANCING SOURCES (USES)				
Transfers In	639,198	423,438	400,483	(22,955)
Transfers Out	(320,000)	(524,095)	(274,095)	250,000
Total Other Financing Sources (Uses)	319,198	(100,657)	126,388	227,045
Net Change in Fund Balances	4,407	(134,057)	1,033,798	1,167,855
Fund Balance, Beginning of Year	(4,114,045)	(4,114,045)	(4,114,045)	-
Fund Balance, End of Year	<u>\$ (4,109,638)</u>	<u>\$ (4,248,102)</u>	<u>\$ (3,080,247)</u>	<u>\$ 1,167,855</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Retirement Tax Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 2,750,000	\$ 3,750,000	\$ 4,361,531	\$ 611,531
Investment Earnings	-	-	29,575	29,575
Intergovernmental	-	-	34,107	34,107
Other	-	-	-	-
Total Revenues	2,750,000	3,750,000	4,425,213	675,213
EXPENDITURES				
Current:				
General Government	1,950,842	2,988,592	2,044,115	944,477
Public Safety	512,048	643,868	809,384	(165,516)
Public Works	107,338	143,608	225,999	(82,391)
Parks and Recreation	49,377	67,347	173,201	(105,854)
Community Development	59,761	79,521	84,722	(5,201)
Total Expenditures	2,679,366	3,922,936	3,337,421	585,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,634	(172,936)	1,087,792	1,260,728
OTHER FINANCING SOURCES (USES)				
Transfers In	224,868	224,868	-	(224,868)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	224,868	224,868	-	(224,868)
Net Change in Fund Balances	295,502	51,932	1,087,792	1,035,860
Fund Balance, Beginning of Year	6,962,700	6,962,700	6,962,700	-
Fund Balance, End of Year	\$ 7,258,202	\$ 7,014,632	\$ 8,050,492	\$ 1,035,860

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure R Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 262,307	\$ 262,307	\$ 272,157	\$ 9,850
Investment Earnings	-	-	6,156	6,156
Total Revenues	262,307	262,307	278,313	16,006
EXPENDITURES				
Current:				
Public Works	-	-	231,152	(231,152)
Capital Outlay	592,000	592,000	129,700	462,300
Total Expenditures	592,000	592,000	360,852	231,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	(329,693)	(329,693)	(82,539)	247,154
OTHER FINANCING SOURCES (USES)				
Issuance of Installment Sale Agreement	-	-	2,785,000	2,785,000
Premium on Issuance of Instl. Sale Agreement	-	-	131,355	131,355
Transfers In	-	-	9,095	9,095
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	2,925,450	2,925,450
Net Change in Fund Balances	(329,693)	(329,693)	2,842,911	3,172,604
Fund Balance, Beginning of Year	798,923	798,923	798,923	-
Fund Balance, End of Year	\$ 469,230	\$ 469,230	\$ 3,641,834	\$ 3,172,604

City of San Fernando
Notes to Required Supplementary Information
Year Ended June 30, 2016

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 2015-16 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, 2016

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.

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.

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.

City of San Fernando
Other Governmental Funds – Continued
June 30, 2016

SPECIAL REVENUE FUNDS - Continued

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 Outlay - Accounts for capital projects funded by unrestricted general revenues for specific capital projects.

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

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City of San Fernando
Combining Balance Sheet
Other Governmental Funds
June 30, 2016

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
ASSETS				
Cash and Investments	\$ 164,694	\$ 20,589	\$ -	\$ 277,447
Restricted Cash and Investments	-	-	-	-
Receivables:				
Taxes	-	-	-	1,401
Accounts	-	-	953	-
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 164,694</u>	<u>\$ 20,589</u>	<u>\$ 953</u>	<u>\$ 278,848</u>
LIABILITIES				
Accounts Payable	\$ 50,342	\$ -	\$ 288	\$ 5,915
Accrued Liabilities	391	-	43	1,198
Deposits	-	-	-	1,067
Due to Other Funds	-	-	-	-
Due to Other Agencies	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>50,733</u>	<u>-</u>	<u>331</u>	<u>8,180</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Restricted for:				
Transportation	113,961	20,589	-	-
Air Pollution	-	-	-	-
Parks and Recreation	-	-	-	270,668
Public Safety	-	-	-	-
Community Development	-	-	622	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>113,961</u>	<u>20,589</u>	<u>622</u>	<u>270,668</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 164,694</u>	<u>\$ 20,589</u>	<u>\$ 953</u>	<u>\$ 278,848</u>

<u>Local Transportation</u>	<u>Recreation</u>	<u>Quimby Act Fees</u>	<u>Street Lighting</u>	<u>State Asset Forfeiture</u>	<u>State Gas Tax</u>	<u>Federal Asset Forfeiture</u>
\$ -	\$ 81,288	\$ 7,136	\$ 30,689	\$ 112,876	\$ 154,171	\$ 16,207
-	-	-	-	-	-	-
-	-	-	8,022	-	-	-
-	-	-	-	209	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,020	-	-	-	-	-
<u>\$ -</u>	<u>\$ 82,308</u>	<u>\$ 7,136</u>	<u>\$ 38,711</u>	<u>\$ 113,085</u>	<u>\$ 154,171</u>	<u>\$ 16,207</u>
\$ -	\$ 15,176	\$ 3,459	\$ 21,836	\$ -	\$ 134,396	\$ -
-	6,076	152	1,367	-	2,416	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,252	3,611	23,203	-	136,812	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	17,359	-
-	-	-	-	-	-	-
-	61,056	3,525	-	-	-	-
-	-	-	15,508	113,085	-	16,207
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	61,056	3,525	15,508	113,085	17,359	16,207
<u>\$ -</u>	<u>\$ 82,308</u>	<u>\$ 7,136</u>	<u>\$ 38,711</u>	<u>\$ 113,085</u>	<u>\$ 154,171</u>	<u>\$ 16,207</u>

Continued

City of San Fernando
Combining Balance Sheet
Other Governmental Funds - Continued
June 30, 2016

	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>	<u>Proposition C</u>
ASSETS				
Cash and Investments	\$ 187,519	\$ 71,672	\$ 33,300	\$ 208,229
Restricted Cash and Investments	-	-	-	-
Receivables:				
Taxes	8,402	-	-	-
Accounts	-	-	-	-
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	-	200,000	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 195,921</u>	<u>\$ 271,672</u>	<u>\$ 33,300</u>	<u>\$ 208,229</u>
LIABILITIES				
Accounts Payable	\$ 270	\$ -	\$ -	\$ 42,971
Accrued Liabilities	-	-	-	987
Deposits	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Agencies	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>270</u>	<u>-</u>	<u>-</u>	<u>43,958</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Transportation	-	271,672	33,300	164,271
Air Pollution	195,651	-	-	-
Parks and Recreation	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>195,651</u>	<u>271,672</u>	<u>33,300</u>	<u>164,271</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 195,921</u>	<u>\$ 271,672</u>	<u>\$ 33,300</u>	<u>\$ 208,229</u>

Community Development Block Grant	Operating Grants	STP Local Fund	SLESF	Capital Outlay	Capital Grants	Total
\$ 17,339	\$ -	\$ 283,963	\$ 21,049	\$ 81,549	\$ -	\$ 1,769,717
-	-	-	-	-	-	-
-	-	-	-	-	-	17,825
-	10,000	-	-	52	-	11,214
10,143	105,377	-	-	-	344,986	460,506
342,147	-	-	-	-	-	342,147
-	-	-	-	-	-	200,000
-	3,502	-	-	-	-	4,522
<u>\$ 369,629</u>	<u>\$ 118,879</u>	<u>\$ 283,963</u>	<u>\$ 21,049</u>	<u>\$ 81,601</u>	<u>\$ 344,986</u>	<u>\$ 2,805,931</u>
\$ 27,482	\$ 26,538	\$ -	\$ -	\$ 17,230	\$ 74,259	\$ 420,162
-	-	-	-	-	29	12,659
-	-	-	-	-	-	1,067
-	115,084	-	-	-	317,911	432,995
342,147	-	-	-	-	-	342,147
<u>369,629</u>	<u>141,622</u>	<u>-</u>	<u>-</u>	<u>17,230</u>	<u>392,199</u>	<u>1,209,030</u>
<u>10,143</u>	<u>62,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,774</u>	<u>353,569</u>
-	-	283,963	-	-	-	905,115
-	-	-	-	-	-	195,651
-	-	-	-	-	-	335,249
-	-	-	21,049	-	-	165,849
-	-	-	-	64,371	-	64,993
(10,143)	(85,395)	-	-	-	(327,987)	(423,525)
<u>(10,143)</u>	<u>(85,395)</u>	<u>283,963</u>	<u>21,049</u>	<u>64,371</u>	<u>(327,987)</u>	<u>1,243,332</u>
<u>\$ 369,629</u>	<u>\$ 118,879</u>	<u>\$ 283,963</u>	<u>\$ 21,049</u>	<u>\$ 81,601</u>	<u>\$ 344,986</u>	<u>\$ 2,805,931</u>

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2016

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
REVENUES				
Taxes	\$ 437,213	\$ -	\$ -	\$ 42,413
Charges for Services	29,001	-	-	126,292
Fines and Forfeitures	-	-	13,495	-
Investment Earnings	840	120	-	12,800
Intergovernmental	-	-	-	-
Other	-	-	-	-
	<u>467,054</u>	<u>120</u>	<u>13,495</u>	<u>181,505</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	439,922	-	-	114,225
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	22,116
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>439,922</u>	<u>-</u>	<u>-</u>	<u>136,341</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,132</u>	<u>120</u>	<u>13,495</u>	<u>45,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(6,045)	-
	<u>-</u>	<u>-</u>	<u>(6,045)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	27,132	120	7,450	45,164
Fund Balances, Beginning of Year	<u>86,829</u>	<u>20,469</u>	<u>(6,828)</u>	<u>225,504</u>
Fund Balances, End of Year	<u>\$ 113,961</u>	<u>\$ 20,589</u>	<u>\$ 622</u>	<u>\$ 270,668</u>

<u>Local Transportation</u>	<u>Recreation</u>	<u>Quimby Act Fees</u>	<u>Street Lighting</u>	<u>State Asset Forfeiture</u>	<u>State Gas Tax</u>	<u>Federal Asset Forfeiture</u>
\$ -	\$ -	\$ -	\$ 338,732	\$ -	\$ -	\$ -
-	166,178	-	-	-	-	-
-	-	-	-	83,785	-	(15,487)
-	-	46	-	-	-	106
7,500	-	-	-	-	534,234	-
-	-	-	-	-	-	-
<u>7,500</u>	<u>166,178</u>	<u>46</u>	<u>338,732</u>	<u>83,785</u>	<u>534,234</u>	<u>(15,381)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
340	-	-	323,224	-	602,260	-
-	159,010	1,976	-	-	-	-
7,160	-	15,522	-	-	313,877	21,051
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,500</u>	<u>159,010</u>	<u>17,498</u>	<u>323,224</u>	<u>-</u>	<u>916,137</u>	<u>21,051</u>
-	7,168	(17,452)	15,508	83,785	(381,903)	(36,432)
-	-	-	-	-	-	-
-	-	-	-	-	(73,438)	-
-	-	-	-	-	(73,438)	-
-	7,168	(17,452)	15,508	83,785	(455,341)	(36,432)
-	53,888	20,977	-	29,300	472,700	52,639
<u>\$ -</u>	<u>\$ 61,056</u>	<u>\$ 3,525</u>	<u>\$ 15,508</u>	<u>\$ 113,085</u>	<u>\$ 17,359</u>	<u>\$ 16,207</u>

Continued

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Continued
Year Ended June 30, 2016

	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>	<u>Proposition C</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 362,981
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	1,034	-	482	1,496
Intergovernmental	31,154	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>32,188</u>	<u>-</u>	<u>482</u>	<u>364,477</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	106	-	-	348,480
Parks and Recreation	-	-	-	-
Capital Outlay	1,755	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,861</u>	<u>-</u>	<u>-</u>	<u>348,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,327</u>	<u>-</u>	<u>482</u>	<u>15,997</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(124,080)	-
	<u>-</u>	<u>-</u>	<u>(124,080)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(124,080)</u>	<u>-</u>
Net Change in Fund Balances	30,327	-	(123,598)	15,997
Fund Balances, Beginning of Year	<u>165,324</u>	<u>271,672</u>	<u>156,898</u>	<u>148,274</u>
Fund Balances, End of Year	<u>\$ 195,651</u>	<u>\$ 271,672</u>	<u>\$ 33,300</u>	<u>\$ 164,271</u>

Community Development Block Grant	Operating Grants	STP Local Fund	SLESF	Capital Outlay	Capital Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ 52	\$ -	\$ 1,181,391
-	-	-	-	-	-	321,471
-	-	-	-	-	-	81,793
-	-	1,658	180	-	-	18,762
-	467,122	-	114,618	-	254,526	1,409,154
-	-	-	-	-	-	-
-	467,122	1,658	114,798	52	254,526	3,012,571
-	14,682	-	-	-	-	14,682
-	-	-	-	-	53,000	53,000
-	-	-	-	-	-	-
3,381	83,125	-	-	-	14,401	1,929,464
-	399,006	-	-	-	-	559,992
6,762	-	-	-	130,681	515,222	1,034,146
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,143	496,813	-	-	130,681	582,623	3,591,284
(10,143)	(29,691)	1,658	114,798	(130,629)	(328,097)	(578,713)
-	-	-	-	195,000	24,080	219,080
-	-	-	(100,000)	-	-	(303,563)
-	-	-	(100,000)	195,000	24,080	(84,483)
(10,143)	(29,691)	1,658	14,798	64,371	(304,017)	(663,196)
-	(55,704)	282,305	6,251	-	(23,970)	1,906,528
<u>\$ (10,143)</u>	<u>\$ (85,395)</u>	<u>\$ 283,963</u>	<u>\$ 21,049</u>	<u>\$ 64,371</u>	<u>\$ (327,987)</u>	<u>\$ 1,243,332</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, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Taxes	\$ 421,639	\$ 437,213	\$ 15,574
Charges for Services	22,000	29,001	7,001
Investment Earnings	<u>-</u>	<u>840</u>	<u>840</u>
Total Revenues	<u>443,639</u>	<u>467,054</u>	<u>23,415</u>
EXPENDITURES			
Current:			
Public Works	<u>425,639</u>	<u>439,922</u>	<u>(14,283)</u>
Total Expenditures	<u>425,639</u>	<u>439,922</u>	<u>(14,283)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,000</u>	<u>27,132</u>	<u>9,132</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	18,000	27,132	9,132
Fund Balance, Beginning of Year	<u>86,829</u>	<u>86,829</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 104,829</u></u>	<u><u>\$ 113,961</u></u>	<u><u>\$ 9,132</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, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ -	\$ 120	\$ 120
Fund Balance, Beginning of Year	<u>20,469</u>	<u>20,469</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 20,469</u></u>	<u><u>\$ 20,589</u></u>	<u><u>\$ 120</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, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 25,000	\$ 13,495	\$ (11,505)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>25,000</u>	<u>13,495</u>	<u>(11,505)</u>
EXPENDITURES			
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>25,000</u>	<u>13,495</u>	<u>(11,505)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(30,000)</u>	<u>(6,045)</u>	<u>23,955</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(6,045)</u>	<u>23,955</u>
Net Change in Fund Balances	(5,000)	7,450	12,450
Fund Balance, Beginning of Year	<u>(6,828)</u>	<u>(6,828)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (11,828)</u></u>	<u><u>\$ 622</u></u>	<u><u>\$ 12,450</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, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Taxes	\$ -	\$ 42,413	\$ 42,413
Charges for Services	190,000	126,292	(63,708)
Investment Earnings	40,000	12,800	(27,200)
	<u>230,000</u>	<u>181,505</u>	<u>(48,495)</u>
EXPENDITURES			
Current:			
Public Works	152,325	114,225	38,100
Capital Outlay	206,000	22,116	183,884
	<u>358,325</u>	<u>136,341</u>	<u>221,984</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(128,325)</u>	<u>45,164</u>	<u>173,489</u>
OTHER FINANCING SOURCES (USES)			
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	(128,325)	45,164	173,489
Fund Balance, Beginning of Year	<u>225,504</u>	<u>225,504</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 97,179</u></u>	<u><u>\$ 270,668</u></u>	<u><u>\$ 173,489</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, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	<u>16,000</u>	<u>7,500</u>	<u>(8,500)</u>
Total Revenues	<u>16,000</u>	<u>7,500</u>	<u>(8,500)</u>
EXPENDITURES			
Current:			
Public Works	15,903	340	15,563
Capital Outlay	<u>-</u>	<u>7,160</u>	<u>(7,160)</u>
Total Expenditures	<u>15,903</u>	<u>7,500</u>	<u>8,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>97</u>	<u>-</u>	<u>(97)</u>
OTHER FINANCING SOURCES (USES)			
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	-	(97)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ (97)</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 119,650	\$ 166,178	\$ 46,528
Total Revenues	119,650	166,178	46,528
EXPENDITURES			
Current:			
Parks and Recreation	135,710	159,010	(23,300)
Capital Outlay	10,000	-	10,000
Total Expenditures	145,710	159,010	(13,300)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,060)	7,168	33,228
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(26,060)	7,168	33,228
Fund Balance, Beginning of Year	53,888	53,888	-
Fund Balance, End of Year	\$ 27,828	\$ 61,056	\$ 33,228

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Quimby Act Fees Fund
Year Ended June 30, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 46	\$ 46
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>46</u>	<u>46</u>
EXPENDITURES			
Current:			
Parks and Recreation	-	1,976	(1,976)
Capital Outlay	<u>5,524</u>	<u>15,522</u>	<u>(9,998)</u>
Total Expenditures	<u>5,524</u>	<u>17,498</u>	<u>(11,974)</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(5,524)	(17,452)	(11,928)
Fund Balance, Beginning of Year	<u>20,977</u>	<u>20,977</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 15,453</u></u>	<u><u>\$ 3,525</u></u>	<u><u>\$ (11,928)</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Street Lighting Fund
Year Ended June 30, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 335,000	\$ 338,732	\$ 3,732
Total Revenues	<u>335,000</u>	<u>338,732</u>	<u>3,732</u>
EXPENDITURES			
Current:			
Public Works	390,279	323,224	67,055
Capital Outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>395,279</u>	<u>323,224</u>	<u>72,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(60,279)</u>	<u>15,508</u>	<u>75,787</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(60,279)	15,508	75,787
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (60,279)</u></u>	<u><u>\$ 15,508</u></u>	<u><u>\$ 75,787</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, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ -	\$ 83,785	\$ 83,785
Total Revenues	-	83,785	83,785
EXPENDITURES			
Current:			
Public Safety	4,000	-	4,000
Capital Outlay	-	-	-
Total Expenditures	4,000	-	4,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	83,785	87,785
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(4,000)	83,785	87,785
Fund Balance, Beginning of Year	29,300	29,300	-
Fund Balance, End of Year	\$ 25,300	\$ 113,085	\$ 87,785

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Gas Tax Fund
Year Ended June 30, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	<u>543,470</u>	<u>534,234</u>	<u>(9,236)</u>
Total Revenues	<u>543,470</u>	<u>534,234</u>	<u>(9,236)</u>
EXPENDITURES			
Current:			
Public Works	555,940	602,260	(46,320)
Capital Outlay	<u>351,508</u>	<u>313,877</u>	<u>37,631</u>
Total Expenditures	<u>907,448</u>	<u>916,137</u>	<u>(8,689)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(363,978)</u>	<u>(381,903)</u>	<u>(17,925)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(73,438)</u>	<u>(73,438)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(73,438)</u>	<u>(73,438)</u>	<u>-</u>
Net Change in Fund Balances	(437,416)	(455,341)	(17,925)
Fund Balance, Beginning of Year	<u>472,700</u>	<u>472,700</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 35,284</u>	<u>\$ 17,359</u>	<u>\$ (17,925)</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, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ -	\$ (15,487)	\$ (15,487)
Investment Earnings	<u>-</u>	<u>106</u>	<u>106</u>
Total Revenues	<u>-</u>	<u>(15,381)</u>	<u>(15,381)</u>
EXPENDITURES			
Capital Outlay	<u>30,000</u>	<u>21,051</u>	<u>8,949</u>
Total Expenditures	<u>30,000</u>	<u>21,051</u>	<u>8,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,000)</u>	<u>(36,432)</u>	<u>(6,432)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(30,000)	(36,432)	(6,432)
Fund Balance, Beginning of Year	<u>52,639</u>	<u>52,639</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 22,639</u></u>	<u><u>\$ 16,207</u></u>	<u><u>\$ (6,432)</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AQMD Fund
Year Ended June 30, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 1,034	\$ 1,034
Intergovernmental	29,100	31,154	2,054
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>29,100</u>	<u>32,188</u>	<u>3,088</u>
EXPENDITURES			
Current:			
Public Works	107	106	1
Capital Outlay	174,893	1,755	173,138
	<u>174,893</u>	<u>1,755</u>	<u>173,138</u>
Total Expenditures	<u>175,000</u>	<u>1,861</u>	<u>173,139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(145,900)</u>	<u>30,327</u>	<u>176,227</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(145,900)	30,327	176,227
Fund Balance, Beginning of Year	165,324	165,324	-
	<u>165,324</u>	<u>165,324</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 19,424</u>	<u>\$ 195,651</u>	<u>\$ 176,227</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, 2016

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

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Pavement Management Fund
Year Ended June 30, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ -	\$ 482	\$ 482
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>482</u>	<u>482</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>482</u>	<u>482</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(100,000)</u>	<u>(124,080)</u>	<u>(24,080)</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(124,080)</u>	<u>(24,080)</u>
Net Change in Fund Balances	(100,000)	(123,598)	(23,598)
Fund Balance, Beginning of Year	<u>156,898</u>	<u>156,898</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 56,898</u></u>	<u><u>\$ 33,300</u></u>	<u><u>\$ (23,598)</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, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 349,736	\$ 362,981	\$ 13,245
Investment Earnings	-	1,496	1,496
Total Revenues	349,736	364,477	14,741
EXPENDITURES			
Current:			
Public Works	343,925	348,480	(4,555)
Capital Outlay	143,544	-	143,544
Total Expenditures	487,469	348,480	138,989
Excess (Deficiency) of Revenues Over (Under) Expenditures	(137,733)	15,997	153,730
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(137,733)	15,997	153,730
Fund Balance, Beginning of Year	148,274	148,274	-
Fund Balance, End of Year	\$ 10,541	\$ 164,271	\$ 153,730

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Block Grant Fund
Year Ended June 30, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 245,705	\$ -	\$ (245,705)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>245,705</u>	<u>-</u>	<u>(245,705)</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
Public Works	29,618	3,381	26,237
Capital Outlay	216,087	6,762	209,325
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>245,705</u>	<u>10,143</u>	<u>235,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(10,143)</u>	<u>(10,143)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(10,143)	(10,143)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ (10,143)</u></u>	<u><u>\$ (10,143)</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Operating Grants Fund
Year Ended June 30, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	327,900	467,122	139,222
Other	-	-	-
Total Revenues	327,900	467,122	139,222
EXPENDITURES			
Current:			
General Government	9,000	14,682	(5,682)
Public Works	126,119	83,125	42,994
Parks and Recreation	318,900	399,006	(80,106)
Total Expenditures	454,019	496,813	(42,794)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,119)	(29,691)	96,428
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(126,119)	(29,691)	96,428
Fund Balance, Beginning of Year	(55,704)	(55,704)	-
Fund Balance, End of Year	<u>\$ (181,823)</u>	<u>\$ (85,395)</u>	<u>\$ 96,428</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - STP Local Fund
Year Ended June 30, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 1,658	\$ 1,658
Intergovernmental	-	-	-
Other	-	-	-
Total Revenues	-	1,658	1,658
EXPENDITURES			
Current:			
Public Safety	-	-	-
Public Works	-	-	-
Capital Outlay	281,831	-	281,831
Total Expenditures	281,831	-	281,831
Excess (Deficiency) of Revenues Over (Under) Expenditures	(281,831)	1,658	283,489
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(281,831)	1,658	283,489
Fund Balance, Beginning of Year	282,305	282,305	-
Fund Balance, End of Year	\$ 474	\$ 283,963	\$ 283,489

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - SLESF Local Fund
Year Ended June 30, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Investment Earnings	\$ -	\$ 180	\$ 180
Intergovernmental	100,000	114,618	14,618
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>100,000</u>	<u>114,798</u>	<u>14,798</u>
EXPENDITURES			
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>114,798</u>	<u>14,798</u>
OTHER FINANCING SOURCES (USES)			
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	-	14,798	14,798
Fund Balance, Beginning of Year	<u>6,251</u>	<u>6,251</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 6,251</u></u>	<u><u>\$ 21,049</u></u>	<u><u>\$ 14,798</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Outlay Fund
Year Ended June 30, 2016

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 52	\$ 52
Total Revenues	-	52	52
EXPENDITURES			
Capital Outlay	195,000	130,681	64,319
Total Expenditures	195,000	130,681	64,319
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,000)	(130,629)	64,371
OTHER FINANCING SOURCES (USES)			
Transfers In	195,000	195,000	-
Total Other Financing Sources (Uses)	195,000	195,000	-
Net Change in Fund Balances	-	64,371	64,371
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ 64,371	\$ 64,371

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Grants Fund
Year Ended June 30, 2016

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	144,200	254,526	110,326
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>144,200</u>	<u>254,526</u>	<u>110,326</u>
EXPENDITURES			
Current:			
Public Safety	-	53,000	(53,000)
Public Works	1,483,660	14,401	1,469,259
Parks and Recreation	-	-	-
Capital Outlay	<u>771,594</u>	<u>515,222</u>	<u>256,372</u>
Total Expenditures	<u>2,255,254</u>	<u>582,623</u>	<u>1,672,631</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,111,054)</u>	<u>(328,097)</u>	<u>1,782,957</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>24,080</u>	<u>24,080</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>24,080</u>	<u>24,080</u>
Net Change in Fund Balances	(2,111,054)	(304,017)	1,807,037
Fund Balance, Beginning of Year	<u>(23,970)</u>	<u>(23,970)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (2,135,024)</u></u>	<u><u>\$ (327,987)</u></u>	<u><u>\$ 1,807,037</u></u>

INTERNAL SERVICE FUNDS

City of San Fernando
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Governmental Activities Internal Service Funds			
	Equipment Replacement	Facilities Maintenance	Self Insurance	Totals
ASSETS				
Current Assets:				
Cash and Investments	\$ 179,092	\$ 5,646	\$ 259,347	\$ 444,085
Accounts Receivable	-	-	59,786	59,786
Inventory	37,854	-	-	37,854
Total Current Assets	<u>216,946</u>	<u>5,646</u>	<u>319,133</u>	<u>541,725</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	70,833	72,688	10,415	153,936
Accrued Liabilities	3,570	4,721	-	8,291
Current Portion of Claims Payable	-	-	711,000	711,000
Total Current Liabilities	<u>74,403</u>	<u>77,409</u>	<u>721,415</u>	<u>873,227</u>
Noncurrent Liabilities:				
Claims Payable	-	-	2,248,000	2,248,000
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>2,248,000</u>	<u>2,248,000</u>
Total Liabilities	<u>74,403</u>	<u>77,409</u>	<u>2,969,415</u>	<u>3,121,227</u>
NET POSITION				
Unrestricted	142,543	(71,763)	(2,650,282)	(2,579,502)
Total Net Position	<u>\$ 142,543</u>	<u>\$ (71,763)</u>	<u>\$ (2,650,282)</u>	<u>\$ (2,579,502)</u>

City of San Fernando
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2016

	Governmental Activities Internal Service Funds			
	Equipment Replacement	Facilities Maintenance	Self Insurance	Totals
OPERATING REVENUES				
Charges for Services	\$ 692,206	\$ 1,004,761	\$ 1,029,451	\$ 2,726,418
Other	115,773	-	1,023,332	1,139,105
Total Operating Revenues	807,979	1,004,761	2,052,783	3,865,523
OPERATING EXPENSES				
Administration and General	310,698	859,817	740,398	1,910,913
Maintenance and Operations	453,978	216,707	-	670,685
Claims	-	-	1,176,195	1,176,195
Total Operating Expenses	764,676	1,076,524	1,916,593	3,757,793
Operating Income (Loss)	43,303	(71,763)	136,190	107,730
NONOPERATING REVENUES (EXPENSES)				
Interest Income	-	-	-	-
Interest Expense	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Transfers	43,303	(71,763)	136,190	107,730
Transfers In	70,000	-	60,000	130,000
Transfers Out	-	-	-	-
Change in Net Position	113,303	(71,763)	196,190	237,730
Net Position, Beginning of Year	29,240	-	(2,846,472)	(2,817,232)
Net Position, End of Year	<u>\$ 142,543</u>	<u>\$ (71,763)</u>	<u>\$ (2,650,282)</u>	<u>\$ (2,579,502)</u>

City of San Fernando
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016

	Governmental Activities Internal Service Funds			
	Equipment Replacement	Facilities Maintenance	Self Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Interfund Services Provided	\$ 812,837	\$ 1,004,761	\$ 1,020,597	\$ 2,838,195
Cash Paid to Suppliers for Goods and Services	(454,318)	(610,240)	(810,065)	(1,874,623)
Cash Paid to Employees	(273,809)	(388,875)	-	(662,684)
Claims Paid	-	-	(1,144,751)	(1,144,751)
Other Operating Income	-	-	1,023,332	1,023,332
Net Cash Provided (Used) by Operating Activities	84,710	5,646	89,113	179,469
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	70,000	-	60,000	130,000
Net Cash Provided (Used) by Noncapital Financing Activities	70,000	-	60,000	130,000
Net Increase (Decrease) in Cash and Cash Equivalents	154,710	5,646	149,113	309,469
Cash and Cash Equivalents - Beginning of Year	24,382	-	110,234	134,616
Cash and Cash Equivalents - End of Year	<u>\$ 179,092</u>	<u>\$ 5,646</u>	<u>\$ 259,347</u>	<u>\$ 444,085</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 43,303	\$ (71,763)	\$ 136,190	\$ 107,730
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	-	(8,854)	(3,996)
(Increase) Decrease in Inventory	(37,854)	-	-	(37,854)
Increase (Decrease) in Accounts Payable	70,833	72,688	(69,667)	73,854
Increase (Decrease) in Accrued Liabilities	3,570	4,721	-	8,291
Increase (Decrease) in Claims Payable	-	-	31,444	31,444
Total Cash Provided by Operating Activities	<u>\$ 84,710</u>	<u>\$ 5,646</u>	<u>\$ 89,113</u>	<u>\$ 179,469</u>

City of San Fernando
Fiduciary Fund
June 30, 2016

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, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 129,413	\$ 229,661	\$ 246,966	\$ 112,108
Accounts Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 129,413</u>	<u>\$ 229,661</u>	<u>\$ 246,966</u>	<u>\$ 112,108</u>
LIABILITIES				
Accounts Payable	\$ 10,294	\$ 232,125	\$ 233,108	\$ 9,311
Deposits	<u>119,119</u>	<u>223,496</u>	<u>239,818</u>	<u>102,797</u>
Total Liabilities	<u>\$ 129,413</u>	<u>\$ 455,621</u>	<u>\$ 472,926</u>	<u>\$ 112,108</u>

SECTION III.

Statistical Section

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City of San Fernando
Description of Statistical Section Contents
June 30, 2016

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	118
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	128
<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	135
<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	140
<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	143

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 43,237,994	\$ 42,548,031	\$ 42,804,903	\$ 42,262,518
Restricted	11,957,932	13,204,186	14,329,955	14,364,410
Unrestricted	<u>(10,844,681)</u>	<u>(11,650,513)</u>	<u>(14,751,986)</u>	<u>(17,503,004)</u>
Total governmental activities net position	<u>\$ 44,351,245</u>	<u>\$ 44,101,704</u>	<u>\$ 42,382,872</u>	<u>\$ 39,123,924</u>
Business-type activities:				
Net investment in capital assets	\$ 17,439,596	\$ 16,950,800	\$ 16,267,470	\$ 15,547,758
Restricted	-	-	-	-
Unrestricted	<u>7,858,369</u>	<u>7,846,843</u>	<u>7,920,801</u>	<u>7,206,906</u>
Total business-type activities net position	<u>\$ 25,297,965</u>	<u>\$ 24,797,643</u>	<u>\$ 24,188,271</u>	<u>\$ 22,754,664</u>
Primary government:				
Net investment in capital assets	\$ 60,677,590	\$ 59,498,831	\$ 59,072,373	\$ 57,810,276
Restricted	11,957,932	13,204,186	14,329,955	14,364,410
Unrestricted	<u>(2,986,312)</u>	<u>(3,803,670)</u>	<u>(6,831,185)</u>	<u>(10,296,098)</u>
Total primary government net position	<u>\$ 69,649,210</u>	<u>\$ 68,899,347</u>	<u>\$ 66,571,143</u>	<u>\$ 61,878,588</u>

Source: City Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 43,598,683	\$ 50,993,498	\$ 49,532,007	\$ 47,859,172	\$ 45,956,739	\$ 44,313,624
13,040,082	2,533,805	1,802,498	11,909,107	5,887,197	5,926,880
<u>(19,365,287)</u>	<u>(14,057,614)</u>	<u>(16,643,447)</u>	<u>(20,208,301)</u>	<u>(40,687,419)</u>	<u>(39,587,196)</u>
<u>\$ 37,273,478</u>	<u>\$ 39,469,689</u>	<u>\$ 34,691,058</u>	<u>\$ 39,559,978</u>	<u>\$ 11,156,517</u>	<u>\$ 10,653,308</u>
\$ 15,324,618	\$ 14,811,543	\$ 14,420,860	\$ 14,866,478	\$ 14,634,533	\$ 14,592,937
-	-	-	-	-	-
<u>7,733,239</u>	<u>7,887,577</u>	<u>8,492,168</u>	<u>8,626,377</u>	<u>8,157,375</u>	<u>7,404,904</u>
<u>\$ 23,057,857</u>	<u>\$ 22,699,120</u>	<u>\$ 22,913,028</u>	<u>\$ 23,492,855</u>	<u>\$ 22,791,908</u>	<u>\$ 21,997,841</u>
\$ 58,923,301	\$ 65,805,041	\$ 63,952,867	\$ 62,725,650	\$ 60,591,272	\$ 58,906,561
13,040,082	2,533,805	1,802,498	11,909,107	5,887,197	5,926,880
<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>(32,182,292)</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>	<u>\$ 32,651,149</u>

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses:					
Governmental activities:					
General government	\$ 6,472,343	\$ 9,724,823	\$ 7,343,319	\$ 8,393,942	\$ 9,051,209
Public safety	9,322,543	9,881,438	10,101,285	9,917,154	10,137,119
Community development	1,945,956	2,891,460	3,220,792	5,547,132	3,658,552
Public works	5,764,469	5,383,561	6,102,140	5,591,332	4,960,530
Parks and recreation	1,944,663	2,123,999	3,745,511	2,960,683	2,375,034
Capital outlay	-	-	-	-	-
Interest on long-term debt	1,009,135	1,045,722	963,737	1,141,113	1,092,731
Total governmental activities expenses	<u>26,459,109</u>	<u>31,051,003</u>	<u>31,476,784</u>	<u>33,551,356</u>	<u>31,275,175</u>
Business-type activities:					
Water	3,380,128	2,946,107	3,183,923	3,282,758	3,227,843
Sewer	2,969,735	2,812,307	2,731,323	2,614,749	1,867,044
Waste disposal	1,261,254	1,142,613	1,125,434	1,098,303	1,077,641
Total business-type activities expenses	<u>7,611,117</u>	<u>6,901,027</u>	<u>7,040,680</u>	<u>6,995,810</u>	<u>6,172,528</u>
Total primary government expenses	<u>34,070,226</u>	<u>37,952,030</u>	<u>38,517,464</u>	<u>40,547,166</u>	<u>37,447,703</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	2,351,218	2,095,604	2,455,039	2,698,964	2,503,993
Public safety	1,192,594	1,383,612	1,710,327	1,642,838	1,583,487
Community development	308,974	287,403	334,666	425,299	581,323
Public works	931,094	903,091	916,211	975,160	903,323
Parks and recreation	575,260	1,702,639	878,659	871,337	526,198
Operating grants and contributions	2,371,022	2,100,154	3,425,677	3,287,154	4,432,649
Capital grants and contributions	2,314,280	1,674,190	2,063,580	1,094,301	1,896,595
Total governmental activities program revenues	<u>10,044,442</u>	<u>10,146,693</u>	<u>11,784,159</u>	<u>10,995,053</u>	<u>12,427,568</u>
Business-type activities:					
Charges for services:					
Water	2,878,972	2,839,207	2,795,599	2,737,198	3,064,458
Sewer	2,482,039	2,458,857	2,562,997	2,367,243	2,383,329
Waste disposal	1,153,329	1,063,799	1,097,873	1,110,869	1,125,037
Total business-type activities program revenues	<u>6,514,340</u>	<u>6,361,863</u>	<u>6,456,469</u>	<u>6,215,310</u>	<u>6,572,824</u>
Total primary government program revenues	<u>16,558,782</u>	<u>16,508,556</u>	<u>18,240,628</u>	<u>17,210,363</u>	<u>19,000,392</u>
Net revenues (expenses):					
Governmental activities	(16,414,667)	(20,904,310)	(19,692,625)	(22,556,303)	(18,847,607)
Business-type activities	(1,096,777)	(539,164)	(584,211)	(780,500)	400,296
Total net revenues (expenses)	<u>(17,511,444)</u>	<u>(21,443,474)</u>	<u>(20,276,836)</u>	<u>(23,336,803)</u>	<u>(18,447,311)</u>

Source: City Finance Department

Fiscal Year				
2012	2013	2014	2015	2016
\$ 6,397,275	\$ 6,459,914	\$ 4,619,200	\$ 4,935,760	\$ 7,744,559
10,346,561	9,414,862	10,190,441	10,731,526	10,122,343
1,944,293	999,751	981,236	988,973	1,358,166
5,423,605	5,503,387	6,052,317	7,017,740	5,380,601
2,145,767	2,224,370	1,781,749	1,740,259	1,963,627
-	-	-	-	-
509,971	72,425	58,565	170,118	56,803
<u>26,767,472</u>	<u>24,674,709</u>	<u>23,683,508</u>	<u>25,584,376</u>	<u>26,626,099</u>
3,248,148	3,172,962	2,981,710	3,204,499	3,260,071
2,445,675	2,802,013	2,893,127	2,491,408	4,556,154
<u>1,027,810</u>	<u>1,021,804</u>	<u>827,986</u>	<u>16,734</u>	<u>27,550</u>
<u>6,721,633</u>	<u>6,996,779</u>	<u>6,702,823</u>	<u>5,712,641</u>	<u>7,843,775</u>
<u>33,489,105</u>	<u>31,671,488</u>	<u>30,386,331</u>	<u>31,297,017</u>	<u>34,469,874</u>
584,356	513,512	820,334	758,286	647,141
1,359,010	1,553,828	1,538,619	1,407,121	2,367,700
413,067	295,199	431,884	412,683	339,593
565,723	757,265	912,209	763,728	414,979
458,090	576,507	564,742	397,055	254,491
3,197,798	3,139,513	2,851,032	3,386,430	2,409,666
<u>930,527</u>	<u>719,000</u>	<u>1,204,330</u>	<u>704,193</u>	<u>1,042,672</u>
<u>7,508,571</u>	<u>7,554,824</u>	<u>8,323,150</u>	<u>7,829,496</u>	<u>7,476,242</u>
2,769,412	3,291,272	3,806,797	3,849,880	3,813,635
2,580,623	2,892,407	3,326,587	3,401,436	3,336,251
<u>1,122,709</u>	<u>1,131,929</u>	<u>858,516</u>	<u>-</u>	<u>6,651</u>
<u>6,472,744</u>	<u>7,315,608</u>	<u>7,991,900</u>	<u>7,251,316</u>	<u>7,156,537</u>
<u>13,981,315</u>	<u>14,870,432</u>	<u>16,315,050</u>	<u>15,080,812</u>	<u>14,632,779</u>
(19,258,901)	(17,119,885)	(15,360,358)	(17,754,880)	(19,149,857)
<u>(248,889)</u>	<u>318,829</u>	<u>1,289,077</u>	<u>1,538,675</u>	<u>(687,238)</u>
<u>(19,507,790)</u>	<u>(16,801,056)</u>	<u>(14,071,281)</u>	<u>(16,216,205)</u>	<u>(19,837,095)</u>

(Continued)

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property	\$ 10,591,345	\$ 11,937,517	\$ 12,976,749	\$ 13,101,490	\$ 12,596,288
Sales and use	3,673,550	3,154,930	2,599,450	2,478,957	2,323,994
Property taxes in lieu of sales and use taxes	-	1,029,267	998,834	927,430	596,449
Business license taxes	-	-	-	-	-
Franchise	373,991	325,742	418,974	341,642	333,522
Motor fuel	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental, unrestricted	1,873,488	100,464	85,783	74,236	115,898
Investment income	796,038	472,572	108,972	264,448	244,419
Gain on sale of property	-	2,569,335	-	-	298,411
Other	729,944	832,593	892,153	1,014,000	1,467,179
Transfers	220,810	232,349	222,623	340,902	121,000
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>18,259,166</u>	<u>20,654,769</u>	<u>18,303,538</u>	<u>18,543,105</u>	<u>18,097,160</u>
Business-type activities:					
Investment income	354,850	271,191	197,462	45,256	23,897
Other	-	-	-	-	-
Transfers	<u>(220,810)</u>	<u>(232,349)</u>	<u>(222,623)</u>	<u>(340,902)</u>	<u>(121,000)</u>
Total business-type activities	<u>134,040</u>	<u>38,842</u>	<u>(25,161)</u>	<u>(295,646)</u>	<u>(97,103)</u>
Total primary government	<u>18,393,206</u>	<u>20,693,611</u>	<u>18,278,377</u>	<u>18,247,459</u>	<u>18,000,057</u>
Changes in net position					
Governmental activities	1,844,499	(249,541)	(1,389,087)	(4,013,198)	(750,447)
Business-type activities	<u>(962,737)</u>	<u>(500,322)</u>	<u>(609,372)</u>	<u>(1,076,146)</u>	<u>303,193</u>
Total primary government	<u>\$ 881,762</u>	<u>\$ (749,863)</u>	<u>\$ (1,998,459)</u>	<u>\$ (5,089,344)</u>	<u>\$ (447,254)</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.

Fiscal Year				
2012	2013	2014	2015	2016
\$ 10,198,997	\$ 6,650,806	\$ 8,406,309	\$ 7,871,457	\$ 8,739,138 (1)
2,380,675	2,637,297	4,175,825	5,313,426	6,437,739
603,373	867,581	963,741	1,022,777	962,590
1,082,584	1,031,924	1,043,365	1,114,416	1,184,994 (1)
307,119	297,319	409,176	613,793	636,652
-	-	-	-	-
1,002,816	357,190	374,933	315,247	334,419 (1)
264,443	-	-	-	-
918	1,530	16,790	50,748	72,181
120,000	-	-	1,033,066	-
562,404	376,607	573,853	43,010	107,561
121,000	121,000	4,265,286	187,688	181,000
4,810,783	-	-	-	- (2)
<u>21,455,112</u>	<u>12,341,254</u>	<u>20,229,278</u>	<u>17,565,628</u>	<u>18,656,274</u>
11,152	16,079	10,458	17,287	64,545
-	-	-	-	-
<u>(121,000)</u>	<u>(121,000)</u>	<u>(719,708)</u>	<u>(187,688)</u>	<u>(181,000)</u>
<u>(109,848)</u>	<u>(104,921)</u>	<u>(709,250)</u>	<u>(170,401)</u>	<u>(116,455)</u>
<u>21,345,264</u>	<u>12,236,333</u>	<u>19,520,028</u>	<u>17,395,227</u>	<u>18,539,819</u>
2,196,211	(4,778,631)	4,868,920	(189,252)	(493,583)
<u>(358,737)</u>	<u>213,908</u>	<u>579,827</u>	<u>1,368,274</u>	<u>(803,693)</u>
<u>\$ 1,837,474</u>	<u>\$ (4,564,723)</u>	<u>\$ 5,448,747</u>	<u>\$ 1,179,022</u>	<u>\$ (1,297,276)</u>

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General fund:					
Reserved	\$ 2,055,539	\$ 69,999	\$ 639,172	\$ 768,679	\$ -
Unreserved	3,992,140	2,362,813	(492,513)	(666,295)	-
Total general fund	<u>\$ 6,047,679</u>	<u>\$ 2,432,812</u>	<u>\$ 146,659</u>	<u>\$ 102,384</u>	<u>\$ -</u>
All other governmental funds:					
Reserved	\$ 12,189,553	\$ 8,760,628	\$ 7,112,657	\$ 8,245,010	\$ -
Unreserved, reported in:					
Special revenue funds	(2,020,353)	(3,636,210)	(422,538)	(614,082)	-
Debt service funds	(565,199)	(611,346)	611,990	(2,222,757)	-
Capital projects funds	4,979,008	(1,105,235)	(2,896,209)	(2,759,950)	-
Other	-	-	-	-	-
Total all other governmental funds	<u>\$ 14,583,009</u>	<u>\$ 3,407,837</u>	<u>\$ 4,405,900</u>	<u>\$ 2,648,221</u>	<u>\$ -</u>
General fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 237,378
Unassigned	-	-	-	-	(856,695)
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (619,317)</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 5,448,274
Restricted	-	-	-	-	2,890,223
Unassigned	-	-	-	-	(7,022,933)
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,564</u>

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

Source: City Finance Department

Fiscal Year				
2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<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>
\$ 335,766	\$ 392,931	\$ 739,783	\$ 371,547	\$ 329,717
<u>(1,572,548)</u>	<u>(2,139,983)</u>	<u>(6,433,688)</u>	<u>(4,485,592)</u>	<u>(3,409,964)</u>
<u>\$ (1,236,782)</u>	<u>\$ (1,747,052)</u>	<u>\$ (5,693,905)</u>	<u>\$ (4,114,045)</u>	<u>\$ (3,080,247)</u>
\$ 492,395	\$ 94,787	\$ 118,720	\$ -	\$ -
2,199,614	1,836,005	11,840,461	12,970,716	16,579,665
<u>(2,508,607)</u>	<u>(164,377)</u>	<u>(238,284)</u>	<u>(86,502)</u>	<u>(423,525)</u>
<u>\$ 183,402</u>	<u>\$ 1,766,415</u>	<u>\$ 11,720,897</u>	<u>\$ 12,884,214</u>	<u>\$ 16,156,140</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 17,869,675	\$ 19,597,729	\$ 20,136,147	\$ 18,114,573
Licenses and permits	235,143	254,159	260,071	223,748
Charges for services	1,997,264	3,307,933	2,814,217	2,876,980
Fines and forfeitures	886,395	1,074,122	1,268,174	1,226,322
Investment earnings	1,084,708	731,934	699,154	700,719
Intergovernmental	5,607,795	3,608,832	5,481,477	6,017,833
Sale of inventory	-	500,000	125,000	-
Other	1,563,678	1,424,980	1,931,944	2,177,633
Total revenues	<u>29,244,658</u>	<u>30,499,689</u>	<u>32,716,184</u>	<u>31,337,808</u>
Expenditures				
Current:				
General government	7,499,986	8,998,389	8,362,675	7,870,484
Public safety	9,664,425	9,977,618	10,620,149	10,382,127
Community development	2,189,345	5,051,488	2,033,620	1,636,343
Public works	9,192,018	7,060,897	4,383,266	3,274,845
Parks and recreation	1,925,068	5,093,249	3,731,142	2,921,263
Pass-throughs	927,114	1,004,484	1,367,117	1,745,906
SERAF	-	-	-	2,063,811
Capital outlay	2,826,135	6,167,164	1,538,552	989,588
Debt service:				
Principal	832,000	1,309,000	1,418,388	1,663,887
Interest and fiscal charges	682,275	859,788	771,988	932,410
Cost of issuance	383,621	-	-	-
Total expenditures	<u>36,121,987</u>	<u>45,522,077</u>	<u>34,226,897</u>	<u>33,480,664</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,877,329)</u>	<u>(15,022,388)</u>	<u>(1,510,713)</u>	<u>(2,142,856)</u>
Other financing sources (uses):				
Transfers in	4,078,292	4,451,217	5,468,685	6,818,161
Transfers out	(3,857,482)	(4,218,868)	(5,246,062)	(6,477,259)
Payment to/from bond escrow agent	-	-	-	-
Issuance of debt	11,490,000	-	-	-
Premium/(Discount)	(74,426)	-	-	-
Sale of property	-	-	-	-
Total other financing sources (uses)	<u>11,636,384</u>	<u>232,349</u>	<u>222,623</u>	<u>340,902</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 4,759,055</u>	<u>\$ (14,790,039)</u>	<u>\$ (1,288,090)</u>	<u>\$ (1,801,954)</u>
Debt service as a percentage of noncapital expenditures	4.5%	5.5%	6.7%	8.0%
	1,514,275	2,168,788	2,190,376	2,596,297
	33,295,852	39,354,913	32,688,345	32,491,076

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					
2011	2012	2013	2014	2015	2016
\$ 17,433,856	\$ 14,941,249	\$ 11,120,845	\$ 14,372,140	\$ 15,890,424	\$ 18,243,024
249,754	279,825	337,085	410,512	437,765	335,010
2,697,601	1,508,783	2,714,937	2,919,857	2,403,038	2,115,806
1,183,299	888,136	734,210	589,571	576,778	643,927
570,661	280,368	218,923	232,404	231,535	240,049
7,005,399	5,234,049	4,467,012	4,615,312	4,636,669	3,641,035
-	-	-	-	-	-
2,331,930	1,013,941	512,402	1,013,376	402,521	423,599
31,472,500	24,146,351	20,105,414	24,153,172	24,578,730	25,642,450
7,710,354	4,623,271	4,967,021	2,398,576	2,902,267	5,915,423
10,556,689	9,961,760	9,032,340	9,811,572	10,473,341	10,988,468
2,364,956	1,222,182	791,977	775,446	779,446	1,021,757
3,085,317	3,748,331	4,034,856	4,248,932	4,675,026	3,284,258
2,332,198	2,055,715	2,134,851	1,693,085	1,649,985	1,774,799
1,712,477	1,067,046	-	-	-	-
424,902	-	-	-	-	-
2,835,433	-	427,999	464,855	239,126	1,291,817
1,933,535	-	268,000	384,000	1,572,692	-
870,409	378,568	72,425	58,565	170,118	27,559
-	-	-	-	-	-
33,826,270	23,056,873	21,729,469	19,835,031	22,462,001	24,304,081
(2,353,770)	1,089,478	(1,624,055)	4,318,141	2,116,729	1,338,369
7,603,439	3,233,411	3,338,164	11,677,345	1,520,854	628,658
(7,482,439)	(3,112,411)	(3,217,164)	(7,412,059)	(1,927,472)	(577,658)
-	-	-	-	-	-
-	-	-	-	-	2,785,000
-	-	-	-	-	131,355
178,411	245,000	-	-	1,033,066	-
299,411	366,000	121,000	4,265,286	626,448	2,967,355
-	(1,723,105)	-	-	-	-
\$ (2,054,359)	\$ (267,627)	\$ (1,503,055)	\$ 8,583,427	\$ 2,743,177	\$ 4,305,724
9.0%	1.6%	1.6%	2.3%	7.8%	0.1%
2,803,944	378,568	340,425	442,565	1,742,810	27,559
30,990,837	23,056,873	21,301,470	19,370,176	22,385,539	23,140,165

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
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%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts 5% collected by the City and Redevelopment Agency that were passed-through to other agencies.

Information for 2007 not available. 3%

5%

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 2006/07 - 2015/16 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>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>	<u>2016</u>
City Direct Rates:										
City basic rate ³	0.4269	0.4298	0.4298	0.4298	0.4298	0.4298	0.42980	0.40214	0.39392	0.39323
Redevelopment Rate ⁴	0.2868	0.2887	0.2886	0.2885	0.2879	0.2879	-	-	-	-
Total Direct Rate ⁵	0.6874	0.6794	0.6831	0.7308	0.7351	0.7317	0.73694	0.39186	0.38353	0.38353

Notes:

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.

Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴ 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.

⁵ Because basic and debt rates vary by tax rate area individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information.

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	2016		Taxpayer	2007	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CPF San Fernando LLC	\$ 73,932,541	4.39%	CLPF San Fernando LP	\$ 46,393,315	3.46%
Pharmavite LLC	50,094,005	2.97%	SFVS Company LLC	18,696,374	1.40%
SFVS Company LLC	21,375,363	1.27%	Foothill HD Retail Center LLC	17,663,340	1.32%
Foothill HD Retail Center LLC	20,084,446	1.19%	Barmazel Family	16,195,666	1.21%
Ahi Glenoaks Inc.	16,325,508	0.97%	Omnipoint Communications Inc.	14,357,520	1.07%
San Fernando Gateway LLC	15,125,735	0.90%	315 Partners LLC	12,692,879	0.95%
315 Partners LLC	15,045,623	0.89%	San Fernando Associates	9,344,881	0.70%
YNG LLC	13,520,000	0.80%	San Fernando Gateway LLC	7,948,679	0.59%
San Fernando Associates	10,729,454	0.64%	Selective San Fernando Partners LLC	7,859,000	0.59%
San Fernando Valley Automotive LLC	9,068,748	0.54%	816 Partners LLC	6,807,801	0.51%
Total Top Ten	<u>\$ 245,301,423</u>	<u>14.55%</u>	Total Top Ten	<u>\$ 157,959,455</u>	<u>11.79%</u>
Total Property Taxes	<u>\$ 1,685,676,080</u>		Total Property Taxes	<u>\$ 1,339,513,248</u>	

Data Source: L.A. County Assessor 2015/16 and 2006/07 Combined Tax Rolls and the SBE Non Unitary Tax Roll provided by HdL, Coren & C

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
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%
2016	5,660,595	6,559,722	115.88%	(2,899)	6,556,823	115.83%

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%.

*Beginning in FY 2013, former Redevelopment Agency property tax increment is not included.

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

**City of San Fernando
Top 25 Sales Tax Producers
For Fiscal Year 2015- 16**

<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
Ferguson Enterprises	Plumbing/Electrical Supplies
Goodman Distribution	Contractors
Home Depot	Lumber/Building Materials
IHOP	Casual Dining
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
Smart & Final	Grocery Stores Liquor
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 = 71.75%

* Firms Listed Alphabetically

Period: April 2015 Thru March 2016

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>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>
Apparel Stores	\$ 10,552	\$ 10,919	\$ 10,162	\$ 8,559	\$ 8,514	\$ 8,641	\$ 9,656	\$ 9,330	\$ 9,263	\$ 10,354
Food Stores	13,492	13,884	14,489	14,249	13,775	13,840	15,229	17,782	16,364	16,820
Eating and Drinking Places	44,343	46,898	46,279	43,883	44,895	45,605	49,119	51,141	53,092	60,484
Building Materials	107,115	102,467	88,717	75,495	67,619	69,053	70,031	78,036	88,016	94,181
Auto Dealers and Supplies	97,777	83,187	55,153	46,441	33,183	24,999	29,361	47,954	90,797	87,365
Service Stations	15,309	12,062	12,907	11,977	14,845	17,812	19,014	20,081	16,708	15,215
Other Retail Stores	89,527	85,351	75,095	68,497	59,120	55,156	52,967	50,729	53,425	58,092
All Other Outlets	87,603	91,826	84,607	75,174	76,052	81,038	85,513	95,341	101,039	113,967
Total	<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>	<u>\$ 456,478</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	2016		Water Customer	2007	
	Water Charges	Percent of Total Water Revenues		Water Charges	Percent of Total Water Revenues
Pharmavite Corporation	\$ 48,029	1.26%	Puretek Corp.	25,151	0.88%
Pharmavite Corporation	24,919	0.66%	Foods, Solomon	19,051	0.67%
Mission Park Apartments	22,083	0.58%	Samco Scientific Corp.	18,164	0.64%
Bitman, Boris Bruce	19,263	0.51%	Mission Car Wash	12,307	0.43%
Martin & Denise Rile	17,775	0.47%	Pharmavite Corporation	11,866	0.41%
MRCA	16,153	0.43%	K.V. Mart #19	9,909	0.35%
Fresenius Medical CA	15,281	0.40%	Majers, Olin	9,188	0.32%
LA Board of Education	14,943	0.39%	CLPE - San Fernando	9,105	0.32%
Glenoaks Village H.O	14,016	0.37%	Martin & Denise Rile	8,982	0.31%
LA Board of Education	<u>13,583</u>	<u>0.36%</u>	Macaly Coin Laundry	<u>8,597</u>	<u>0.30%</u>
Total Top Ten	<u>\$ 206,044</u>	<u>5.43%</u>		<u>\$ 132,320</u>	<u>4.63%</u>
Total Water Revenue	<u>\$ 3,797,445</u>			<u>2,860,065</u>	

Source: Eden UB System (Water only)

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

Fiscal Year Ended June 30	Governmental Activities					Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Loans	Certificates of Participation	Total Governmental Activities		
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
2016	-	-	-	2,785,000	2,785,000	0.63%	112

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.

Date Source: City Finance Department

**CITY OF SAN FERNANDO
DIRECT AND OVERLAPPING DEBT AS OF JUNE 30, 2016**

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt:			
*Metropolitan Water District	44,916,916	0.106	47,808
LA CCD DS 2001, 2006 Series B	53,535,000	0.239	128,079
LA CCD DS 2001, 2008 SER E-1	20,620,000	0.239	49,332
LA CCD DS 2003, 2008 SER F-1	20,270,000	0.239	48,495
LA CCD DS 2008, 2009 Taxable SER B	75,000,000	0.239	179,432
LA CCD DS 2008, 2010 Tax Series D	175,000,000	0.239	418,675
LA CCD DS 2008, 2010 Tax SER E (BABS)	900,000,000	0.239	2,153,187
LA CCD DS 2008, 2010 Series C	125,000,000	0.239	299,054
LA CCD DS 2013 REF BONDS	261,585,000	0.239	625,824
LA CCD DS 2015 REF Series A	230,000,000	0.239	550,259
LA CCD DS 2015 REF Series B	1,462,085,000	0.239	3,497,937
LA CCD DS 2015 REF Series C	42,000,000	0.239	100,482
LA CCD DS 2015	305,905,000	0.239	731,856
Los Angeles Unif DS 2002 REF Bond	58,280,000	0.296	172,302
Los Angeles Unif DS 2005 REF Bonds A-1	87,510,000	0.296	258,719
Los Angeles Unif DS 2004 Series F	17,270,000	0.296	51,058
Los Angeles Unif DS 2005 Series A (2006)	8,450,000	0.296	24,982
Los Angeles Unif DS 2005 Series B (2006)	1,331,240,000	0.296	3,935,741
Los Angeles Unif DS 2005 Series C (2006)	267,190,000	0.296	789,933
Los Angeles Unif DS 2004 Series G (2006)	417,375,000	0.296	1,233,947
Los Angeles Unif DS 2002 Series B (2007)	773,100,000	0.296	2,285,630
Los Angeles Unif DS 2002 Series C	96,815,000	0.296	286,228
Los Angeles Unif DS 2004 Series H	432,865,000	0.296	1,279,743
Los Angeles Unif DS 2005 Series E	55,405,000	0.296	163,802
Los Angeles Unif DS 2005 Series H (QSCBS)	608,955,000	0.296	1,800,343
LAUSD Measure R Series 2009	319,480,000	0.296	944,526
LAUSD Measure R Series KRY BABS	200,000,000	0.296	591,289
LAUSD Measure Y 2009 Series KRY BABS	363,005,000	0.296	1,073,205
LAUSD Measure R 2010 Series RY BABS	806,795,000	0.296	2,385,247
LAUSD Measure Y 2010 Series RY BABS	1,250,585,000	0.296	3,697,289
Los Angeles Unif DS 2014 Ref Bond Series A	140,445,000	0.296	415,218
Los Angeles Unif DS 2014 Ref Bond Series B	1,602,125,000	0.296	4,736,598
Los Angeles Unif DS 2014 Ref Bond Series C	76,245,000	0.296	225,414
Los Angeles Unif DS 2014 Ref Bond Series D	318,085,000	0.296	940,402
Los Angeles Unif DS 2004 Series J	1,226,355,000	0.296	3,625,654
Total Overlapping Debt:			39,747,690

2015/16 Assessed Valuation: \$1,094,786,719 After Deducting \$590,889,361 Incremental Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	3.63%
	Total Debt	3.63%

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 certificates of participation, unless provided by the city.

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

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 2015/16 Lien Date Tax Rolls.

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

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed Valuation	1,339,513,248	1,458,563,882	1,515,160,559	1,494,474,452	1,453,887,926
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	334,878,312	364,640,971	378,790,140	373,618,613	363,471,982
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	50,231,747	54,696,146	56,818,521	56,042,792	54,520,797
Total Net Debt Applicable To Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>50,231,747</u>	<u>54,696,146</u>	<u>56,818,521</u>	<u>56,042,792</u>	<u>54,520,797</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	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 2015/16 Combined Tax Rolls, provided by HdL, Coren & Cone and City Finance Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1,470,643,956	1,522,426,847	1,559,841,135	1,632,412,360	1,685,676,080
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
367,660,989	380,606,712	389,960,284	408,103,090	421,419,020
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
55,149,148	57,091,007	58,494,043	61,215,464	63,212,853
-	-	-	-	-
<u>55,149,148</u>	<u>57,091,007</u>	<u>58,494,043</u>	<u>61,215,464</u>	<u>63,212,853</u>
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF SAN FERNANDO

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population ¹	Calif. Metropolitan Personal Income (in thousands) ²	Calif. Metropolitan Per Capita Personal Income ²	Unemployment Rate ³
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%
2016	24,931	442,924,000	17,766	5.6%

Data Sources: ¹ US Census Bureau² L.A.-Long Beach-Santa Ana through 2009; thereafter it is specific to the City of San Fernando)³ US Census Bureau (data shown is for the metropolitan area of L.A.-Long Beach-Anaheim).

CITY OF SAN FERNANDO
MISCELLANEOUS AND DEMOGRAPHIC STATISTICS (continued)

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

Building Permits	<u>Calendar Year</u>	<u># Permits</u>	<u>Valuation</u>
	1995	650	4,802,623
	1996	354	5,321,998
	1997	379	6,229,912
	1998	241	5,314,484
	1999	277	6,879,355
	2000	481	8,530,618
	2001	499	11,829,627
	2002	527	5,852,529
	2003	985	9,610,033
	2004	551	10,249,858
	2005	1,390	15,845,473
	2006	1,421	13,860,435
	2007	1,137	9,549,375
	2008	1,035	15,742,359
	2009	858	9,888,598
	2010	797	8,024,919
	2011	760	7,146,062
	2012	810	19,328,819
	2013	714	11,262,235
	2014	904	17,514,200
	2015	880	9,313,800
	2016	1,075	10,771,178

Source : Various City Departments

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

2015-16			2006-07		
<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	1978	16.91%	Los Angeles Unified School District	490	0.00%
Pepsi Bottling	281	2.40%	Los Angeles County Superior Court*	350	0.00%
Los Angeles County Superior Court*	258	2.21%	Puretek Corporation	400	0.00%
Home Depot	216	1.85%	7 Up RC Bottling	300	0.00%
Puretek Corporation	180	1.54%	Sigue Corporation	480	0.00%
Sam's Club	170	1.45%	JT Contractors, Inc.	400	0.00%
Vallarta Supermarkets	163	1.39%	Future Graphics LLC	220	0.00%
Ricon Corp	149	1.27%	City of San Fernando	190	0.00%
Valley Crest Landscape Co.	136	1.16%	United Presort Services	140	0.00%
7 Up RC Bottling	101	0.86%	All American Products	130	0.00%
Total Top Ten Employers	<u>3,632</u>	<u>31.04%</u>		<u>3,100</u>	<u>0.00%</u>
Total City Labor Force ⁽¹⁾	<u>11,700</u>			<u>-</u>	

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

* Includes all employees at courthouse location

⁽¹⁾ 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>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	36	35	50	48	59	87	105	72
Public safety	59	62	65	65	60	55	50	55	53
Public works	43	46	47	38	38	35	33	35	31
Community Development	<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>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>

Source: City Personnel Records

CITY OF SAN FERNANDO
Operating Indicators by Function
Last Ten Years

Function	Calendar Year		
	<u>2007</u>	<u>2008</u>	<u>2009</u>

Police:

Arrests	1,571	2,471	2,721
Parking Citations Issued	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>	<u>2016</u>

1,933	1,424	887	683	581	612	1007
16,583	14,799	13,407	10,699	8,654	10,730	9,745

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

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

Data Source: City of San Fernando Public Works Department

2012	2013	2014	2015	2016
1	1	1	1	1
0	0	0	0	0
50.00	50.00	50.00	50.00	50.00
1,848	1,848	1,848	1,848	1,848
45	45	45	45	45
6	6	8	8	8
2	2	2	2	2
66.88	66.88	66.88	66.88	66.88
600	600	600	600	3,600
40.00	40.00	40.00	40.00	40.00
0.68	0.68	0.68	0.68	0.68