



THE CITY OF
SAN FERNANDO

CITY OF SAN FERNANDO
INCORPORATED
AUG 21 1911
CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING JUNE 30, 2017

SAN FERNANDO, CA

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, 2017

Prepared By:
Finance Department

City of San Fernando
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS

PAGE

I.	INTRODUCTORY SECTION		
	Letter of Transmittal		i - xii
	Directory of Officials		xiii
	Organization Chart		xiv
	Certificate of Achievement for Excellence in Financial Reporting		xv
II.	FINANCIAL SECTION		
	Independent Auditor's Report		1 - 3
	Management's Discussion & Analysis		4 - 18
	Basic Financial Statements:		
	Government-wide Financial Statements:		
	Statement of Net Position		21
	Statement of Activities		22 - 23
	Fund Financial Statements:		
	Governmental Funds:		
	Balance Sheet		24 - 25
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position		27
	Statement of Revenues, Expenditures and Changes in Fund Balances		28 - 29
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		30
	Proprietary Funds:		
	Statement of Net Position		31
	Statement of Revenues, Expenses and Changes in Net Position		32
	Statement of Cash Flows		33 - 34
	Fiduciary Fund:		
	Statement of Fiduciary Net Position		35
	Statement of Changes in Fiduciary Net Position		36
	Notes to Financial Statements		37- 68
	Required Supplementary Information:		
	Schedule of Funding Progress:		
	Other Post-Employment Benefits Plan		70
	Schedule of the City's Proportionate Share of the Net Pension Liability		71
	Schedule of Plan Contributions		72
	Major Governmental Funds:		
	Budgetary Comparison Schedules:		
	General Fund		73
	Retirement Tax Fund		74
	Measure R Fund		75
	Notes to Required Supplementary Information		76
	Supplementary Information:		
	Other Governmental Funds:		
	Combining Balance Sheet - Other Governmental Funds		78 - 79
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds		80 - 83
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
	Proposition A Local Transit Fund		88
	Proposition C Discretionary Fund		89

City of San Fernando
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS - Continued

	PAGE
Supplementary Information - Continued:	
Traffic Safety Fund	90
Parking Maintenance and Operations Fund	91
Local Transportation Fund	92
Recreation Fund	93
Quimby Act Fees Fund	94
Street Lighting Fund	95
State Asset Forfeiture Fund	96
State Gas Tax Fund	97
Federal Asset Forfeiture Fund	98
AQMD Fund	99
Cash-in-Lieu of Parking Fund	100
Pavement Management Fund	101
Proposition C Fund	102
Community Development Block Grant Fund	103
Operating Grants Fund	104
STP Local Fund	105
SLESF Fund	106
Capital Outlay Fund	107
Capital Grants Capital Projects Fund	108
Internal Service Funds:	109
Combining Statement of Net Position – Internal Service Funds	110
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	111
Combining Statement of Cash Flows – Internal Service Funds	112
Fiduciary Fund:	113
Schedule of Changes in Assets and Liabilities - Agency Fund	114
 III. STATISTICAL SECTION	
Description of Statistical Section Contents	117
Financial Trends:	
Net Position by Component - Last Ten Fiscal Years	118 - 119
Changes in Net Position - Last Ten Years	120 - 123
Fund Balances of Governmental Funds - Last Ten Fiscal Years	124 - 125
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	126 - 127
Revenue Capacity:	
Assessed Value of Taxable Property - Last Ten Fiscal Years	128
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	129
Principal Property Tax Payers (Top Ten) - Current Year and Nine Years Ago	130
Property Tax Levies and Collections - Last Ten Fiscal Years	131
Top 25 Sales Tax Producers – Current Year and Nine Years Ago	132 - 133
Taxable Sales by Category – Last Ten Calendar Years	134 - 135
Water Customers - Current Year and Nine Years Ago	136
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	137
Direct and Overlapping Debt	138 - 139
Legal Debt Margin Information - Last Ten Fiscal Years	140 - 141
Demographic and Economic Information:	
Demographic and Economic Statistics	142
Miscellaneous and Demographic Statistics	143
Principal Employers - Current Year and Nine Years Ago	145

City of San Fernando
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS – Continued

III. STATISTICAL SECTION - Continued

Operating Information:

Full-time and Part-time City Employees by Function - Last Ten Fiscal Years	146 - 147
Operating Indicators by Function - Last Ten Calendar Years	148 - 149
Capital Asset Statistics by Function - Last Ten Fiscal Years	150 - 151

SECTION I.
Introductory Section

CITY COUNCIL

December 21, 2017

MAYOR
SYLVIA BALLIN

Honorable Mayor and City Council Members
Residents of San Fernando

VICE MAYOR
ANTONIO LOPEZ

COUNCILMEMBER
JOEL FAJARDO

COUNCILMEMBER
ROBERT C. GONZALES

COUNCILMEMBER
JAIME SOTO

The Comprehensive Annual Financial Report (CAFR) of the City of San Fernando, California for the fiscal year ended June 30, 2017, 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, 2017, 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, 2017, 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 the Uniform Guidance. The Single Audit Report, which is issued separately, includes the schedule of federal expenditures, findings and recommendations,

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Residents of San Fernando
December 21, 2017

the auditors' reports on the internal control structure and compliance with applicable laws and regulations.

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

Profile of the City of San Fernando

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

The City operates under the City Council - City Manager form of government and provides a full range of municipal services, including police protection; construction and maintenance of streets and infrastructure; community development activities; recreational and cultural activities; and general administrative and support services. Fire and ambulance services are provided by contract with the City of Los Angeles Fire Department. In addition, the City provides refuse services through an exclusive franchise agreement and water and sanitary sewer under an Enterprise Fund system whereby customer user fees cover the cost of providing service.

The City adopts an annual budget by July 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.

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Residents of San Fernando
December 21, 2017

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 in the near term; however, optimism is fading as many economists have pointed out that the United States is 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-six years; beginning in 1981, 1990, 2000, and 2007.

There is also a fair amount of uncertainty related to the impact the Trump Administration's policies will have on the economy. There has already been a measurable impact on the Country's tourism economy, presumably resulting from the travel ban implemented by the President. However, the stock market, which tends to be a leading economic indicator, has

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Residents of San Fernando
December 21, 2017

experienced strong growth. Much of the growth is related to optimism by the business community that this Administration will focus on deregulation and over-hauling the tax system.

Federal Economy

According to the Bureau of Labor Statistics, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow about 2.1% in 2017 and less than 2.5% annually over the next few years. Over the last ten years, GDP growth has averaged 3.3% per year. The national job market has remained steady as the employment rate has hovered around 4.5% over the last few months. Personal savings as a percentage of disposable income, which measures an individual's ability to weather economic downturns, has averaged approximate 6% over the last few years. Immediately prior to the Great Recession, the Personal Savings Rate was between 2% and 3%.

Low unemployment and an increasing Savings Rate are indicators of solid underlying fundamentals in the United States' consumer driven economy. However, the Federal Reserve Bank has held the federal funds rate at historic lows (i.e. less than 2%) for almost 9 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.

State Economy

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 unemployed or under-employed; gas prices, which have a significant impact on Californians' disposable income, have been increasing over the past few months; and policies enacted by the Trump Administration, particularly related to travel and immigration, may have significant negative impacts on the state's tourism industry and seasonal migrant worker population. The state has also enacted legislation to increase minimum wage to \$15 per hour by 2022. Reactions are mixed and the economic impact of that legislation is unknown.

There have also been a slew of bankruptcy filings and store closings from major retailers such as Macy's, Payless Shoes, JC Penney, Sears, and Kmart. The loss of revenue from these brick and mortar stores has been offset by substantial increases in online retailers, led by Amazon.com. This further emphasizes the fundamental economic shift away from physical retail locations toward online shopping.

The passage of Proposition 64 legalizing the adult use of recreational marijuana is expected to generate a significant amount of on-going tax revenue for the state. After an expected influx of tax dollars in 2018 and 2019, revenues will most likely level out after 2020 as the market normalizes.

Overall, the California economy is expected to remain strong through at least 2018. Beyond that, federal economic policies may begin to have a significant impact on the state economy.

Local Economy

Locally, sales and property taxes have shown steady growth over the last few years, which is expected to continue through 2018 due to strong market conditions and local investment.

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Residents of San Fernando
December 21, 2017

Median Single Family Residential sales price has hovered around \$420,000 over the last year, which is up from approximately \$320,000 three years ago.

The local economy is expanding in-line with the state and Los Angeles County economies and, as such, is exposed to the same risk of a slow down due to the Trump Administration's policies. In particular, San Fernando has a largely Latino population and workforce that may be disproportionately impacted by more restrictive immigration policies.

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.

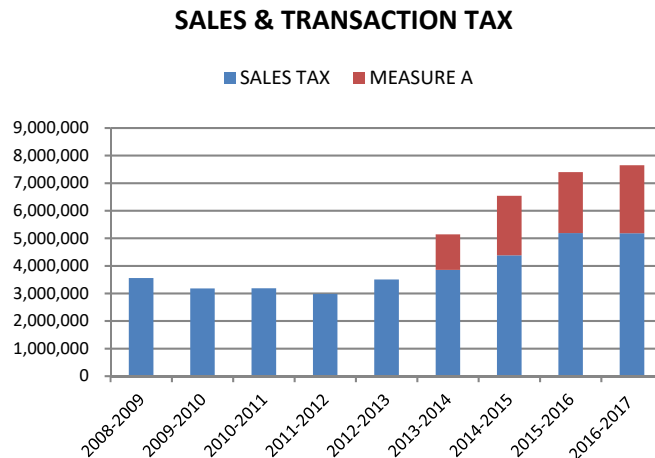
Sales & Transaction Tax

Retail sales and transaction tax is the City's largest revenue, accounting for approximately 40% of total General Fund revenues in FY 2016-2017. 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 be not be considered to fund ongoing operations.

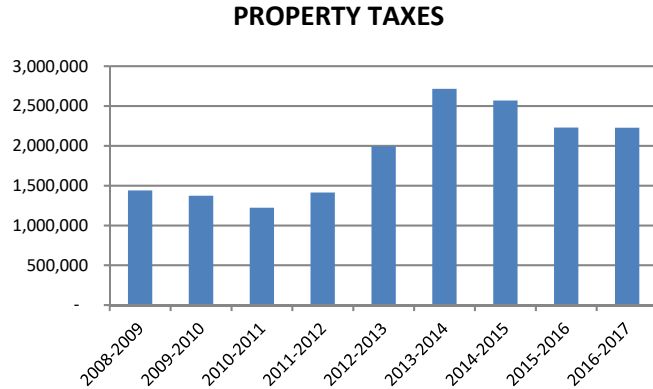
Sales Tax revenue is estimated to increase by 7% in FY 2017-2018 due to continued economic expansion; however, the long-term projections include a slowing of revenue growth beginning in 2019 to account for a potential economic slow-down in the near future.



Property Tax

Property tax, accounting for approximately 12% of General Fund revenue in FY 2016-2017, is the City’s second largest revenue source. Property tax is an ad valorem tax levied on property owners in the City of San Fernando. The property tax rate is limited by Proposition 13 to 1% of the property’s assessed value. The City receives approximately fifteen cents for every dollar in

property tax paid by property owners in San Fernando. The remaining amount is distributed to Los Angeles County agencies and local school districts.

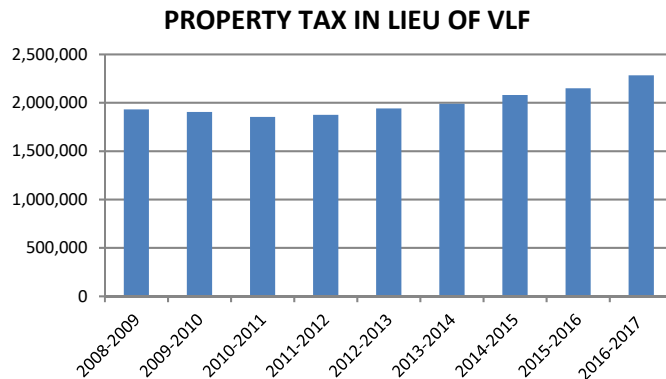


Assessed property values are steadily rebounding since they bottomed out in FY 2010-2011. Additionally, the elimination of redevelopment agencies and tax increment by the state has resulted in additional property tax for the City, which accounts for the large increases in FY 2012-2013 and FY 2013-2014. 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 3% in FY 2017-2018.

Property Tax In-Lieu of Motor Vehicle License Fee

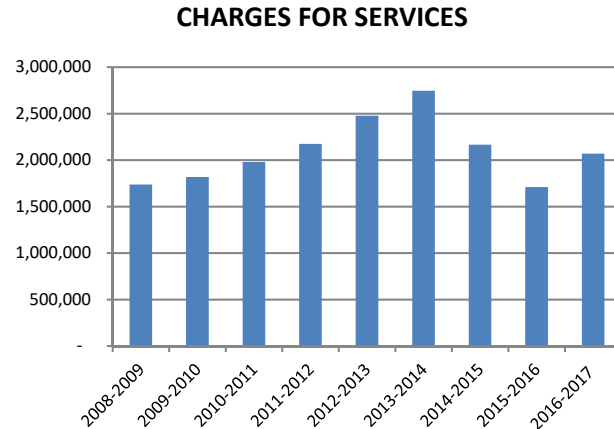
Prior to 2004, cities in California received a share of the state’s Motor Vehicle License Fee (VLF), which is a fee imposed on motor vehicles based on the original sale price of the vehicle. In 2004, the state shifted revenues from the Motor Vehicle License Fee to fund other programs. To make cities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



Property tax in-lieu of Motor Vehicle License Fee is the City’s third largest revenue as it accounted for almost 12% of General Fund revenues in FY 2016-2017. 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 3.6% in FY 2017-2018.

Charges for Services

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

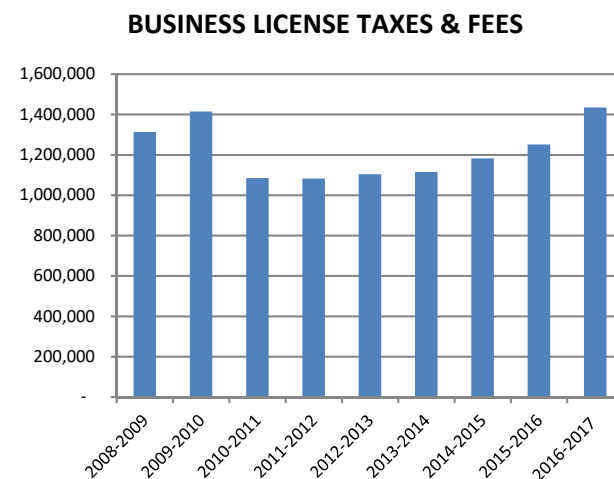


Administrative costs include, but are not limited to; recruiting and benefit administration services; billing, accounts payable, payroll and accounting services; information technology services; facility use services; and equipment maintenance services. Charges for services are the City's fourth largest revenues source and accounted for 9% of total General Fund revenues in FY 2016-2017.

In FY 2012-2013 and FY 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 7% in FY 2017-2018 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 7.5% of General Fund revenues in FY 2016-2017.



Business License revenue is also very sensitive to economic conditions and decreased by more than 25% from FY 2009-2010 to FY 2010-2011. Reductions over the last few years have necessitated directing staff resources away from Business License compliance efforts, further compounding the reduction in revenue.

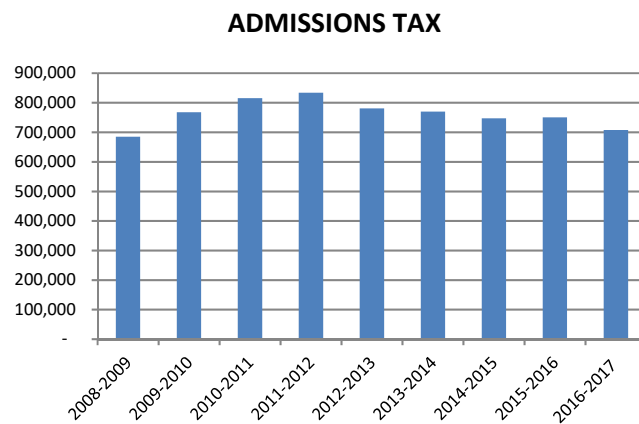
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December 21, 2017

In FY 2015-2016, the City partnered with a private firm to provide full Business License Administration services. In FY 2016-2017, the City offered an amnesty program to waive late penalties for delinquent businesses that became current between January 2017 and June 2017. That program generated over \$100,000 in one-time Business License revenue as business owners paid prior year taxes. Due to the increased contract resources dedicated to Business License operations and a successful amnesty program, Business Tax revenues increased by almost 6% from FY 2015-2016.

After adjusting for one-time revenues received in FY 2016-2017 from the amnesty program, Business License Taxes and Fees are conservatively projected to remain relatively flat in FY 2017-2018.

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 almost 4% of General Fund revenues in FY 2015-2016.



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.

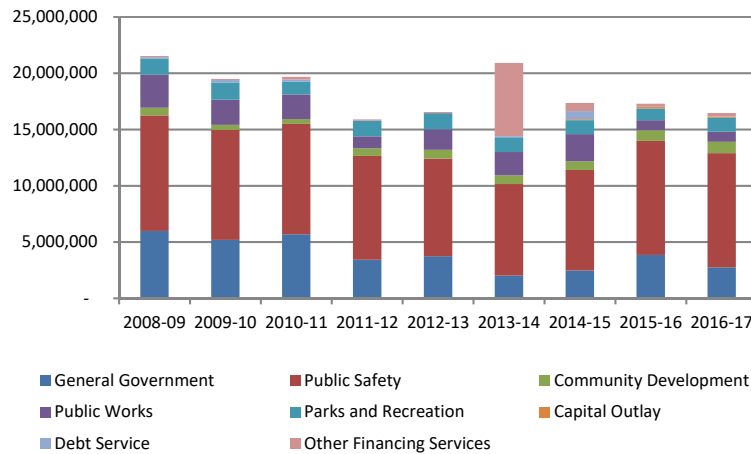
Consumers' anti-cyclical behavior is apparent with an increase in attendance, and consequently Admission Tax revenues, during and following the Great Recession. As the economy has steadily improved over the last few years, attendance, and consequently Admission Tax Revenues, has steadily declined. Therefore, staff has projected Admission Tax revenue remain flat in FY 2017-2018.

General Fund Expenditures

Since fiscal year 2008-2009, total General Fund expenditures have decreased by more than 23% 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 decreased by 7% from FY 2015-2016. The decrease from the prior year is due primarily to a number of vacant positions, including multiple department head and police officer positions.

**General Fund
 Statement of Expenditures**



Public Safety (including the Fire Service contract with City of Los Angeles) expenditures accounted for 62% of General Fund expenditures in FY 2016-2017 as expenditures remained flat from FY 2015-2016. The savings realized from vacant Police Officer positions were offset by additional overtime and an increase of approximately 2% in the Fire Services contract with LAFD.

General Government expenditures decreased by approximately 29% due to an adjustment removing internal charges to other funds from General Fund expenditures to avoid double counting those activities. This adjustment was not made in FY 2015-2016. After accounting for the adjustment, General Government expenditures remained relatively flat from FY 2015-2016 to FY 2016-2017.

There were no significant changes in expenditures for the Public Works and Community Development Departments from FY 2015-2016 to FY 2016-2017.

Parks and Recreation expenditures increased by approximately 19% due to additional part-time resources allocated to revenue generating recreation programming and increased special events.

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.

Long Term Financial Planning

The City's General Fund has been in a deficit fund balance position since FY 2010-2011. The City took a number of steps 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, originally projected to raise less than \$2 million per year, has generated close to \$2.5 million per year in additional general tax 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 three 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.

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December 21, 2017

To continue implementation of the deficit reduction plan in FY 2017-2018, the Adopted Budget includes the following:

- Funding to replace the final two police patrol vehicles that have exceeded their useful life. All police patrol vehicles are now on a five-year replacement schedule with dedicated funding set aside for future replacements.
- Investment in staff training and education to maximize utilization of existing staff resources.
- A General Fund budget surplus of \$351,000 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, 2016. This was the 32nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for the 2017 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 Senior Accountant Sonia Garcia. 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

Honorable Mayor and City Council Members
Residents of San Fernando
December 21, 2017

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
Deputy City Manager/Director of Finance



THE CITY OF
SAN FERNANDO

DIRECTORY OF OFFICIALS
AS OF JUNE 30, 2017

ELECTED OFFICIALS

CITY COUNCIL

MAYOR
SYLVIA BALLIN

VICE MAYOR
ANTONIO LOPEZ

COUNCILMEMBERS
JOEL FAJARDO
ROBERT C. GONZALES
JAIME SOTO

CITY TREASURER
MARGARITA SOLIS

EXECUTIVE MANAGEMENT

INTERIM CITY MANAGER

NICK KIMBALL

DEPUTY CITY MANAGER/
DIRECTOR OF PUBLIC WORKS

VACANT

CHIEF OF POLICE

ANTHONY VAIRO

DIRECTOR OF COMMUNITY DEVELOPMENT

VACANT

INTERIM DIRECTOR OF FINANCE

SONIA GOMEZ-GARCIA

DIRECTOR OF RECREATION AND
COMMUNITY SERVICES

VACANT

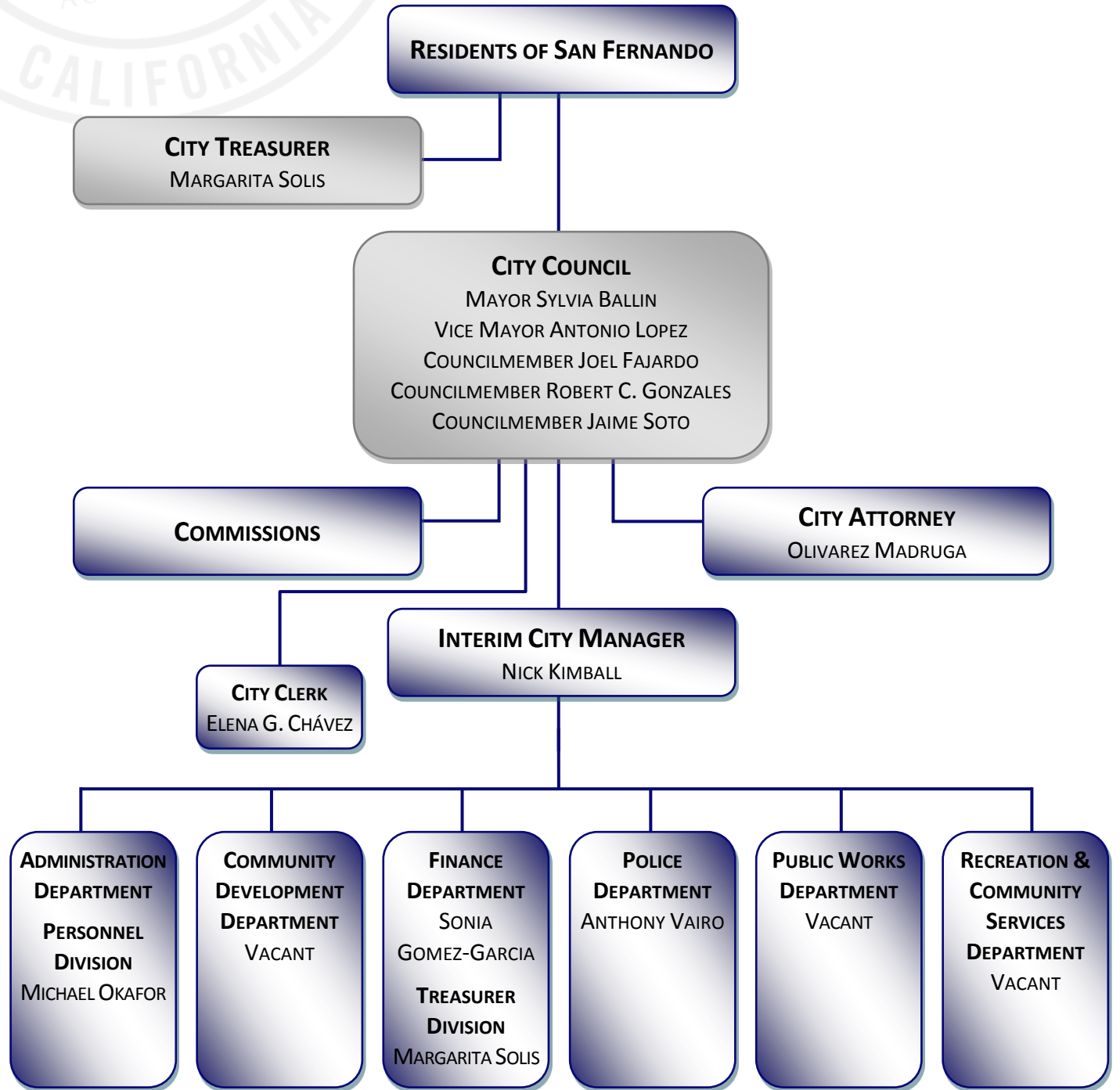
CITY CLERK

ELENA G. CHÁVEZ

THE CITY OF
SAN FERNANDO

ORGANIZATIONAL CHART

AS OF JUNE 30, 2017



ELECTED
 OFFICIAL



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of San Fernando
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

SECTION II.
Financial Section



Independent Auditor's Report

The Honorable City Council
City of San Fernando, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Fernando (City), as of and for the year ended June 30, 2017, 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, 2017, 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, 2017, 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 \$35.9 million as of June 30, 2017. Management's plans regarding these matters are described in Note 10. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 21, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

December 21, 2017

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 - xii, and the City's financial statements beginning on page 21.

FINANCIAL HIGHLIGHTS

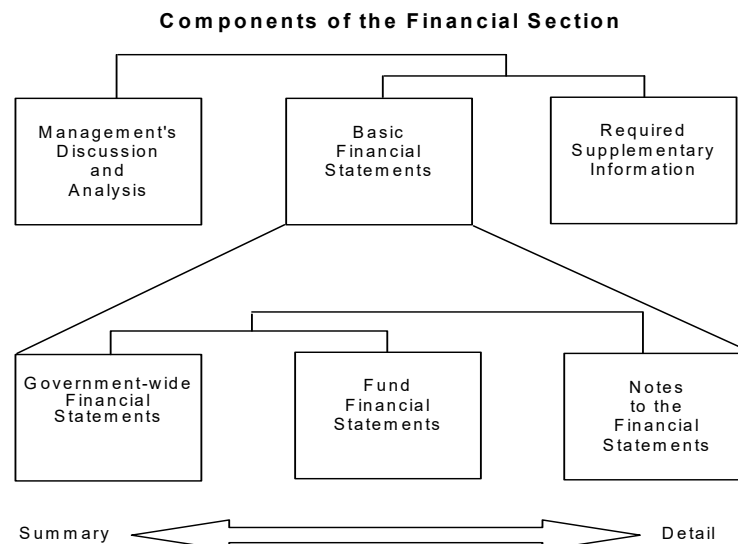
The following are some key financial highlights for the fiscal year ending June 30, 2017:

- ↓ The City's total net position decreased from \$32,651,149 as of June 30, 2016 to \$32,064,934 as of June 30, 2017 for a total decrease of \$586,215, or 1.8%. 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 increased from (\$32,182,292) at June 30, 2016 to (\$29,300,905) at June 30, 2017 for a total deficit reduction of \$2,881,387, or 9.0%.
- ↑ The City's total fund balances for governmental funds increased from \$13,075,893 as of June 30, 2016 to \$15,772,535 as of June 30, 2017 for a total increase of \$2,696,642, or 21%.
- ↑ The total fund balance for the General Fund increased from (\$3,080,247) as of June 30, 2016 to (\$1,475,089) as of June 30, 2017 for a total deficit reduction of \$1,605,158, or 52%. Fund balance is classified per GASB Statement No. 54 as Nonspendable: \$66,703, Restricted: \$ - ,and Unassigned: (\$1,541,792). Additional information on the fund balances is located in Note 1.
- ↑ The combined fund balance for the City's other governmental funds, excluding the General Fund, increased from \$16,156,140 as of June 30, 2016 to \$17,247,624 as of June 30, 2017 for a total increase of \$1,091,484, or 6.7%.

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 the City (known as the primary government) and 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 80-114.

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 \$32,651,149 as of June 30, 2016 to \$32,064,934 as of June 30, 2017 for a total decrease of \$586,215, or 1.8%. Total assets increased by more than \$3 million, due primarily to increased Cash and Investments in the General Fund and Retirement Fund. The increase in cash in the General Fund is a result of continued implementation of the Deficit Reduction Plan and the increase in the Retirement Fund is a result of the City accumulating funds to offset increasing future retirement liabilities.

The increase in assets was offset by an increase in liabilities of more than \$9.5 million due to significant increases in the City's long-term liabilities; specifically, net pension obligation and Other Post-Employment Benefits (OPEB) for retiree healthcare.

Government Accounting Standards Board, Statement No. 68 (GASB 68) requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. These changes in the City's retirement obligation are reported as Deferred Outflows, which reflect payments made in the current fiscal year as well as an adjustment for actual investment returns earned by CalPERS, and Deferred Inflows, which reflect adjustments to actuarial and investment assumptions made by CalPERS since the last measurement period.

As a result of GASB 68, the City's long-term net pension liability increased by \$3,424,941 (Note 6). Specific information related to the City's long-term pension liability can be found in Note 7. Additionally, the City's long-term Other Post-Employment Benefit (OPEB) obligation for retiree healthcare increased by \$2,334,932 to \$15,393,946 (Note 8).

The largest portion of the City's net position, \$55,517,129, 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, \$5,848,710, 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.

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Government-wide Financial Analysis (cont.)

As of June 30, 2017, 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 (\$29,300,905). This large deficit is primarily the result of long-term liabilities, most notably, pension liabilities as detailed in Notes 6 and 7.

The following table summarizes the Statement of Net Position for Governmental and Business-Type Activities for the fiscal year ended June 30, 2017, with comparative totals for the fiscal year ended June 30, 2016.

Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets:						
Current and other assets	\$ 20,141,756	\$ 15,575,712	\$ 9,776,679	\$ 10,579,613	\$ 29,918,435	\$ 26,155,325
Capital assets	43,847,534	44,534,761	14,515,239	14,592,937	58,362,773	59,127,698
Total assets	63,989,290	60,110,473	24,291,918	25,172,550	88,281,208	85,283,023
Deferred Outflows of Resources:						
Deferred Pension Contributions	6,158,372	2,981,680	1,739,677	237,377	7,898,049	3,219,057
Total Deferred Outflows	6,158,372	2,981,680	1,739,677	237,377	7,898,049	3,219,057
Liabilities:						
Current and other liabilities	3,457,874	2,173,084	627,407	1,238,740	4,085,281	3,411,824
Long-term liabilities	51,763,039	47,888,810	7,037,334	2,034,611	58,800,373	49,923,421
Total liabilities	55,220,913	50,061,894	7,664,741	3,273,351	62,885,654	53,335,245
Deferred Inflows of Resources:						
Pension Actuarial Amounts	1,016,140	2,376,951	212,529	138,375	1,228,669	2,515,326
Total Deferred Intflows	1,016,140	2,376,951	212,529	138,375	1,228,669	2,515,326
Net position:						
Net Investment in Capital Assets	41,001,890	44,313,624	14,515,239	14,592,937	55,517,129	58,906,561
Restricted	5,848,710	5,926,880	-	-	5,848,710	5,926,880
Unrestricted	(32,939,991)	(39,587,196)	3,639,086	7,404,904	(29,300,905)	(32,182,292)
Total net position	\$ 13,910,609	\$ 10,653,308	\$ 18,154,325	\$ 21,997,841	\$ 32,064,934	\$ 32,651,149

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, 2017, in relation to a year earlier.

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Government-wide Financial Analysis (cont.)

The City's total net position decreased from \$32,651,149 as of June 30, 2016 to \$32,064,934 as of June 30, 2017 for a total decrease of \$586,215, or 1.8%. Key elements of this decrease are as follows:

- ❖ Net position of governmental activities increased from \$10,653,308 as of June 30, 2016 to \$13,910,609 as of June 30, 2017; a total increase of \$3,257,301, or 30.6%. The increase is primarily due to a prior period adjustment shifting the fair share of net pension liability that should have been allocated to the business-type Activities in the prior fiscal year (Note 12).
- ❖ Net position of business-type activities decreased from \$22,997,841 as of June 30, 2016 to \$18,154,325 as of June 30, 2017; a total decrease of \$3,843,516, or 17.5%. As previously described, the decrease is primarily due to a prior period adjustment shifting the fair share of net pension liability that should have been allocated to the business-type Activities in the prior fiscal year (Note 12).

The following table summarizes the Statement of Activities for Governmental Activities and Business-Type Activities for the fiscal year ended June 30, 2017, with comparative totals for the fiscal year ended June 30, 2016.

Summary of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenues						
Charges for services	\$ 3,112,939	\$ 4,023,904	\$ 7,655,177	\$ 7,156,537	\$10,768,116	\$11,180,441
Operating grants and contributions	2,272,862	2,409,666	-	-	2,272,862	2,409,666
Capital grants and contributions	1,732,169	1,042,672	-	-	1,732,169	1,042,672
General revenues						
Taxes	19,249,260	18,295,532	-	-	19,249,260	18,295,532
Investment earnings and other	150,834	179,742	30,788	64,545	181,622	244,287
Total revenue	<u>26,518,064</u>	<u>25,951,516</u>	<u>7,685,965</u>	<u>7,221,082</u>	<u>34,204,029</u>	<u>33,172,598</u>
Expenses						
General government	4,769,539	7,744,559	-	-	4,769,539	7,744,559
Public safety	13,881,037	10,122,343	-	-	13,881,037	10,122,343
Community development	1,349,334	1,358,166	-	-	1,349,334	1,358,166
Public works	5,306,102	5,380,601	-	-	5,306,102	5,380,601
Parks and recreation	1,926,959	1,963,627	-	-	1,926,959	1,963,627
Capital Outlay	-	-	-	-	-	-
Interest and fiscal charges	120,506	56,803	-	-	120,506	56,803
Water operations	-	-	3,692,438	3,260,071	3,692,438	3,260,071
Sewer operations	-	-	3,651,883	4,556,154	3,651,883	4,556,154
Wastewater operations	-	-	92,446	27,550	92,446	27,550
Total expenses	<u>27,353,477</u>	<u>26,626,099</u>	<u>7,436,767</u>	<u>7,843,775</u>	<u>34,790,244</u>	<u>34,469,874</u>
Increase (decrease) in net position before transfers	(835,413)	(674,583)	249,198	(622,693)	(586,215)	(1,297,276)
Transfers (out)	180,000	181,000	(180,000)	(181,000)	-	-
Prior Period Adjustments	3,912,714	-	(3,912,714)	-	-	-
Increase (decrease) in net position	<u>3,257,301</u>	<u>(493,583)</u>	<u>(3,843,516)</u>	<u>(803,693)</u>	<u>(586,215)</u>	<u>(1,297,276)</u>
Net position – beginning	<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>
Net position – ending	<u>\$13,910,609</u>	<u>\$10,653,308</u>	<u>\$18,154,325</u>	<u>\$21,997,841</u>	<u>\$32,064,934</u>	<u>\$32,651,149</u>

Government-wide Financial Analysis (cont.)

Governmental Activities

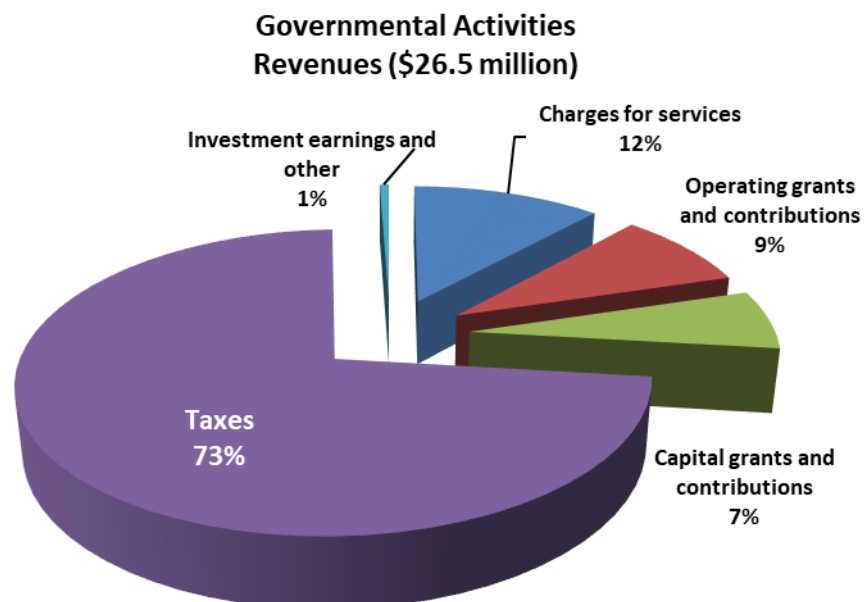
The City's net position from governmental activities increased from \$10,653,308 as of June 30, 2016 to \$13,910,609 as of June 30, 2017; a total increase of \$3,257,301, or 30.6%. The increase is primarily due to a prior period adjustment shifting the fair share of net pension liability that should have been allocated to the business-type Activities in the prior fiscal year (Note 12).

Revenue Highlights

Total governmental activities revenues were \$26,518,064; an increase of \$566,548, or 2.1%, from 2016. The largest component of governmental activities' revenue are taxes at \$19,249,260, making up 72.5% 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 (\$8.9 million), Sales Tax (\$7.9 million), and business license tax (\$1.5 million). Some key changes in revenues include:

- Sales tax revenues increased by \$1.5 million (23%) compared to the prior year. This is due to the end of the "triple flip" program implemented by the state in 2004 to finance state projects. Under the program, a portion of the local sales tax was used by the state to issue bonds. The state made cities whole by backfilling with additional property tax. That program ended in June 2016; therefore, the City is now receiving the full local sales tax allocation.
- Business licenses tax revenues increased by more than \$520,000 (54%) compared to the prior year. This is due, in part, to a successful amnesty program that provided a waiver of late penalties for businesses that self-reported delinquent business taxes during the program, which generated more than \$100,000 in prior year business tax revenue. The City also enhanced the amount of resources dedicated to the business license program by partnering with a private entity to manage the program.

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 73% of total governmental revenue. Charges for services make up 12% of revenues while operating and capital grants and contributions amount to 9% of total governmental revenues.



Governmental Activities (cont.)

Expense Highlights

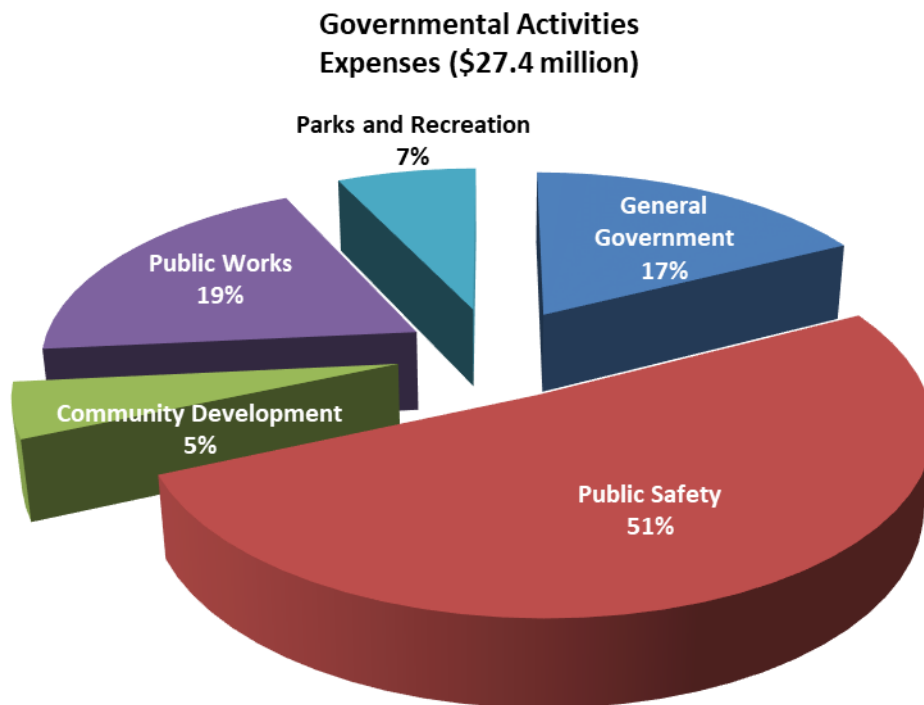
Functional expenses for fiscal year 2016-2017 governmental activities totaled \$27.4 million, an increase of \$727,378 from the prior year. Public Safety activities, consisting of the San Fernando Police Department and Fire Services contract with the Los Angeles Fire Department, accounted for approximately \$13.9 million (51%) and Public Works activities accounted for approximately \$5.3 million (19%) 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 \$4.8 million (17%) of total expenses. Community Development (\$1.3 million) and Recreation and Community Services (\$1.9 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 \$21,997,841 as of June 30, 2016 to \$18,154,325 as of June 30, 2017; a decrease of \$3,843,516, or 17.4%. The decrease is primarily due to the increase in the Enterprise Fund's proportionate share of the net pension liability and OPEB obligation (see Notes 6 and 7) 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 12 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, 2017**

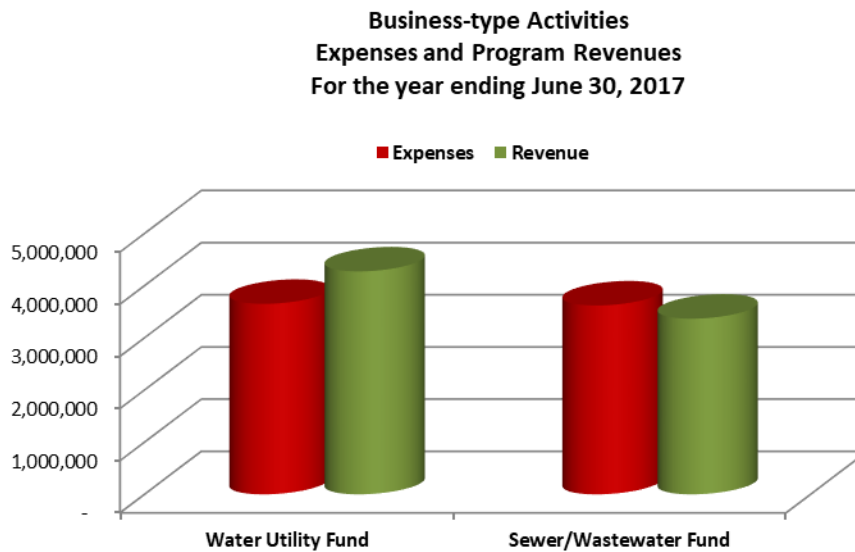
Business-Type Activities (cont.)

Revenue Highlights

Total program revenues for the fiscal year ended June 30, 2017 were approximately \$7.7 million; an increase of \$498,640, or 6.9%, from 2016. California received a significant amount of rain during the last rainy season, which caused the state to relax conservation efforts. Consequently, residents used more water in fiscal year 2016-2017.

Expense Highlights

Total expenses for the fiscal year ended June 30, 2017 were approximately \$7.4 million; a decrease of \$407,008, or 5.1%, from 2016. The decrease is primarily the result of reduced capital expenditures. However, there was a prior period adjustment to increase expenses by \$3.9 million to record the Enterprise Fund's proportionate share of net pension expenses in prior years.



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 \$13,075,892 as of June 30, 2016 to \$15,772,535 as of June 30, 2017; a total increase of \$2,696,642, or 21%. The City's governmental funds report an *unassigned fund balance* deficit of (\$2,022,176), which is a \$1,811,313 decrease in the deficit from June 30, 2016.

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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) \$2,099 for prepaid items;
- 2) \$64,604 for advances to other funds; and
- 3) \$17,728,008 restricted for transportation, housing, air pollution, parks and recreation, public safety and retirement.

**Summary of Governmental Funds
Balance Sheet**

	2017	2016
Assets:		
Cash and Investments	\$ 9,472,378	\$ 6,045,588
Other assets	14,102,251	14,633,944
Total assets	23,574,629	20,679,532
Liabilities:		
Accounts Payable	1,277,874	1,004,821
Other liabilities	5,765,261	6,245,249
Total liabilities	7,043,135	7,250,070
Total deferred Inflows of Resources	758,959	353,569
Fund balances:		
Nonspendable	66,703	329,717
Restricted	17,728,008	16,579,665
Unassigned	(2,022,176)	(3,833,489)
Total fund balances	\$ 15,772,535	\$ 13,075,893

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 (\$3,080,247) as of June 30, 2016 to (\$1,475,089) as of June 30, 2017. 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 \$8,050,492 as of June 30, 2016 to \$9,526,040 as of June 30, 2017; a total increase of \$1,475,548, or 18.3%. Assets in the Retirement Tax fund are restricted to pay the City's long-term pension obligation to CalPERS.

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 increased from a \$3,220,482 as of June 30, 2016 to \$3,457,504 as of June 30, 2017 due to repayment of outstanding housing loans. 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, 2017**

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 decreased from \$3,641,834 as of June 30, 2016 to \$3,316,392 as of June 30, 2017. In fiscal year 2015-2016, the City issued approximately \$2.7 million in Certificates of Participation to finance a number of eligible street projects. The City will spend down those funds in the coming years on a number of planned capital 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 \$21,997,841 as of June 30, 2016 to \$18,154,325 as of June 30, 2017; a total decrease of \$3,843,516, or 17.4%. The decrease is primarily due to the increase in the Enterprise Fund's proportionate share of the net pension liability and OPEB obligation (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 decreased from (\$2,579,502) as of June 30, 2016 to (\$2,947,421) as of June 30, 2017; a total decrease of \$367,919, or 14.2%. The decrease in net position is due to an increase 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 \$17,491,895 in fiscal year 2016-17, compared to the \$16,717,900 final budget; a difference of \$883,995, or 4.6%. The difference is predominately due to additional 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.

	Budget and Actual			
	June 30, 2017			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
Original	Final			
Revenues				
Taxes	\$ 12,148,500	\$ 12,163,500	\$ 12,938,865	\$ 775,365
Licenses and Permits	278,500	278,500	243,960	(34,540)
Charges for Services	905,800	914,200	929,634	15,434
Fines and Forfeitures	461,000	465,300	521,043	55,743
Investment Earnings	134,900	154,900	174,241	19,341
Intergovernmental	2,255,000	2,314,000	2,307,966	(6,034)
Other	421,500	427,500	376,186	(51,314)
Total Revenues	\$ 16,605,200	\$ 16,717,900	\$ 17,491,895	\$ 773,995

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

Expenditures. Actual General Fund expenditures were \$16,170,648 in fiscal year 2016-17, compared to the \$16,607,728 final budget; a difference of \$437,080, or 2.6%. The largest variances were in Police (vacant budgeted positions), Fire Services contract, and Non-Departmental/Retirement (savings due to multiple vacant positions).

	Budget and Actual June 30, 2017			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Expenditures				
General Government:				
City Council	\$ 198,723	\$ 246,723	\$ 229,571	\$ 17,152
Treasurer	161,833	161,833	166,589	(4,756)
Administration	385,077	385,077	422,979	(37,902)
Personnel	318,304	318,304	313,802	4,502
City Attorney (contract)	315,000	335,000	353,629	(18,629)
City Clerk	228,570	230,804	229,553	1,251
Elections	68,200	68,200	34,743	33,457
Finance	627,345	685,445	713,625	(28,180)
Retirement and Nondepartmental	394,278	478,292	315,223	163,069
Public Safety:				
Police	7,541,335	7,621,946	7,420,438	201,508
Fire (contract)	2,900,000	2,900,000	2,765,294	134,706
Community Development	1,008,941	1,030,014	1,025,137	4,877
Public Works	914,234	935,899	925,985	9,914
Parks and Recreation	1,123,991	1,210,191	1,254,080	(43,889)
Total Expenditures	16,185,831	16,607,728	16,170,648	437,080
Other Financing Sources (Uses)				
Transfers In	\$ 349,164	\$ 389,164	\$ 373,911	\$ (15,253)
Transfers Out	(390,000)	(390,000)	(90,000)	300,000
Total Other Financing Sources (Uses)	\$ (40,836)	\$ (836)	\$ 283,911	\$ 284,747
Net Change in Fund Balance	378,533	109,336	1,605,158	1,495,822
Fund Balance, Beginning of Year	(3,080,247)	(3,080,247)	(3,080,247)	-
Fund Balance, End of Year	(2,701,714)	(2,970,911)	(1,475,089)	1,495,822

**CITY OF SAN FERNANDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities, net of accumulated depreciation, amounts to \$43,847,534 as of June 30, 2017. 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, 2017 was (\$687,227), due primarily to depreciation. Additional information on the City's capital assets can be found in Note 4 to the basic financial statements on pages 52-53 of this report.

**Capital Assets (Note 4)
Net of Accumulated Depreciation
June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Capital assets not being depreciated	\$ 4,477,099	\$ 2,256,640	\$ 6,733,739
Capital assets being depreciated	95,831,703	36,481,131	132,312,834
Less accumulated depreciation	(56,461,268)	(24,222,532)	(80,683,800)
Net Capital Assets	43,847,534	14,515,239	58,362,773

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

- ❖ *Governmental activities:* Capital asset additions in governmental activities include: completion of a Safe Routes to School project, Compressed Natural Gas Station improvements, and various street and facility improvement projects.
- ❖ *Business-type activities:* Capital asset additions related to the water and sewer operations include: Nitrate Removal System Project and various water and sewer main replacements.

Debt Administration. Long-term debts for Governmental Activities increased from \$48,242,267 as of June 30, 2016 to \$52,869,807 as of June 30, 2017; a total increase of \$4,627,540, or 9.5%. The increase is a result of increased net pension and OPEB liabilities. Total long-term debts in governmental and business activities consist of the following:

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 assessed valuation for the General Fund in fiscal year 2016-2017 was \$1,030,761,009. Therefore, the debt limitation for the City is approximately \$154.6 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 53-57 of this report.

**Long-Term Liabilities (Note 6)
June 30, 2017**

	Beginning Balance	Additions	Reductions	Outstanding Balance	Due Within One Year
Governmental Activities:					
2016 TRIP COP	\$ 2,785,000	-	\$ (65,000)	\$ 2,720,000	\$ 80,000
COP Premium	131,355	-	(5,711)	125,644	5,711
Claims Payable	2,959,000	1,956,230	(1,548,230)	3,367,000	940,000
Insurance Assessment Payable	-	848,269	(37,699)	810,570	81,057
Compensated Absences	1,559,229	682,189	(721,073)	1,520,345	685,000
Net Pension Liability (Note 7)	23,835,955	5,096,347	-	28,932,302	-
Other Post-Employment Benefits	13,059,014	3,204,000	(869,068)	15,393,946	-
Total	\$ 44,329,553	\$ 11,787,035	\$ (3,246,781)	\$ 52,869,807	\$ 1,791,768
Business-type Activities:					
Net Pension Liability (Note 7)	5,947,325	1,090,009	-	7,037,334	-
Total	\$ 5,947,325	\$ 1,090,009	\$ -	\$ 7,037,334	\$ -

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 in the near term; however, optimism is fading as many economists have pointed out that the United States is 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-six years; beginning in 1981, 1990, 2000, and 2007.

There is also a fair amount of uncertainty related to the impact the Trump Administration's policies will have on the economy. There has already been a measurable impact on the Country's tourism economy, presumably resulting from the travel ban implemented by the President. However, the stock market, which tends to be a leading economic indicator, has experienced strong growth. Much of the growth is related to optimism by the business community that this Administration will focus on deregulation and over-hauling the tax system.

Federal Economy

According to the Bureau of Labor Statistics, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow about 2.1% in 2017 and less than 2.5% annually over the next few years. Over the last ten years, GDP growth has averaged 3.3% per year. The national job market has remained steady as the employment rate has hovered around 4.5% over the last few months. Personal savings as a percentage of disposable income, which measures an individual's ability to weather economic downturns, has averaged approximate 6% over the last few years. Immediately prior to the Great Recession, the Personal Savings Rate was between 2% and 3%.

Low unemployment and an increasing Savings Rate are indicators of solid underlying fundamentals in the United States' consumer driven economy. However, the Federal Reserve Bank has held the federal funds rate at historic lows (i.e. less than 2%) for almost 9 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.

State Economy

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 unemployed or under-employed; gas prices, which have a significant impact on Californians' disposable income, have been increasing over the past few months; and policies enacted by the Trump Administration, particularly related to travel and immigration, may have significant negative impacts on the state's tourism industry and seasonal migrant worker population. The state has also enacted legislation to increase minimum wage to \$15 per hour by 2022. Reactions are mixed and the economic impact of that legislation is unknown.

There have also been a slew of bankruptcy filings and store closings from major retailers such as Macy's, Payless Shoes, JC Penney, Sears, and Kmart. The loss of revenue from these brick and mortar stores has been offset by substantial increases in online retailers, led by Amazon.com. This further emphasizes the fundamental economic shift away from physical retail locations toward online shopping.

The passage of Proposition 64 legalizing the adult use of recreational marijuana is expected to generate a significant amount of on-going tax revenue for the state. After an expected influx of tax dollars in 2018 and 2019, revenues will most likely level out after 2020 as the market normalizes.

Overall, the California economy is expected to remain strong through at least 2018. Beyond that, federal economic policies may begin to have a significant impact on the state economy.

Local Economy

Locally, sales and property taxes have shown steady growth over the last few years, which is expected to continue through 2018 due to strong market conditions and local investment. Median Single Family Residential sales price has hovered around \$420,000 over the last year, which is up from approximately \$320,000 three years ago.

ECONOMIC FACTORS AND NEXT YEARS BUDGET (cont.)

The local economy is expanding in-line with the state and Los Angeles County economies and, as such, is exposed to the same risk of a slow down due to the Trump Administration's policies. In particular, San Fernando has a largely Latino population and workforce that may be disproportionately impacted by more restrictive immigration policies.

Budget Outlook. The fiscal year 2017-2018 Budget is another Maintenance of Effort budget, which means it is based on providing the same level of service as fiscal year 2016-2017. Departments were asked to prepare their FY 2017-2018 budgets assuming no Consumer Price Index (CPI) increase. 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) provide a net long-term benefit to the City.

Considering the current vacancies in key Department Head positions and planning for the sunset of Measure A, the emphasis of the fiscal year 2017-2018 budget is to get back to basics by focusing on maintaining the quality of the services the City currently provides, completing capital projects that are currently underway, and continuing to make significant strides toward reducing the operating budget deficit and General Fund deficit fund balance.

Since the focus of the fiscal year 2017-2018 Budget is to maintain existing services and complete current capital projects, enhancements are focused on replacing outdated vehicles and equipment necessary to maintain service levels as well as training to provide staff with the tools necessary to increase efficiency and effectiveness.

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.

BASIC FINANCIAL STATEMENTS

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City of San Fernando
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 10,971,983	\$ 9,070,307	\$ 20,042,290
Restricted Cash and Investments	2,693,840	-	2,693,840
Receivables:			
Taxes	1,643,830	-	1,643,830
Accounts	293,473	1,079,967	1,373,440
Interest	32,710	-	32,710
Grants	578,123	-	578,123
Loans Receivable	1,702,753	-	1,702,753
Due From Fiduciary Fund	1,809,691	-	1,809,691
Internal Balances	373,595	(373,595)	-
Prepaid Items	3,099	-	3,099
Inventories	38,659	-	38,659
Capital Assets, Not Depreciated	4,477,099	2,256,640	6,733,739
Capital Assets, Depreciated, Net	39,370,435	12,258,599	51,629,034
Total Assets	63,989,290	24,291,918	88,281,208
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	6,158,372	1,739,677	7,898,049
LIABILITIES			
Accounts Payable	1,611,754	419,265	2,031,019
Accrued Liabilities	257,707	31,927	289,634
Interest Payable	8,191	-	8,191
Deposits Payable	169,768	176,215	345,983
Due to Other Agencies	303,686	-	303,686
Long-Term Liabilities			
Due Within One Year	1,791,768	-	1,791,768
Due in More Than One Year	51,078,039	7,037,334	58,115,373
Total Liabilities	55,220,913	7,664,741	62,885,654
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,016,140	212,529	1,228,669
NET POSITION			
Net Investment in Capital Assets	41,001,890	14,515,239	55,517,129
Restricted for:			
Transportation	2,092,835	-	2,092,835
Housing	3,257,504	-	3,257,504
Parks & Recreation	329,472	-	329,472
Public Safety	167,899	-	167,899
Unrestricted	(32,938,991)	3,639,086	(29,299,905)
Total Net Position	\$ 13,910,609	\$ 18,154,325	\$ 32,064,934

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 4,769,539	\$ 583,386	\$ -	\$ -
Public Safety	13,881,037	1,235,131	671,462	-
Community Development	1,349,334	380,342	366,190	-
Public Works	5,306,102	438,527	1,098,962	1,732,169
Parks and Recreation	1,926,959	475,553	136,248	-
Interest Expense	120,506	-	-	-
Total Governmental Activities	<u>27,353,477</u>	<u>3,112,939</u>	<u>2,272,862</u>	<u>1,732,169</u>
Business-type Activities:				
Water	3,692,438	4,274,122	-	-
Sewer	3,651,883	3,368,071	-	-
Waste Disposal	92,446	12,984	-	-
Total Business-type Activities	<u>7,436,767</u>	<u>7,655,177</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 34,790,244</u>	<u>\$ 10,768,116</u>	<u>\$ 2,272,862</u>	<u>\$ 1,732,169</u>

General Revenues:

Taxes:

Property
Sales and Use
Business License Taxes
Franchise
Other Taxes

Investment Income

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Prior Period Adjustments

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (4,186,153)	\$ -	\$ (4,186,153)
(11,974,444)	-	(11,974,444)
(602,802)	-	(602,802)
(2,036,444)	-	(2,036,444)
(1,315,158)	-	(1,315,158)
<u>(120,506)</u>	<u>-</u>	<u>(120,506)</u>
<u>(20,235,507)</u>	<u>-</u>	<u>(20,235,507)</u>
-	581,684	581,684
-	(283,812)	(283,812)
-	(79,462)	(79,462)
<u>-</u>	<u>218,410</u>	<u>218,410</u>
<u>(20,235,507)</u>	<u>218,410</u>	<u>(20,017,097)</u>
8,867,169	-	8,867,169
7,911,392	-	7,911,392
1,483,606	-	1,483,606
636,457	-	636,457
350,636	-	350,636
102,733	30,788	133,521
48,101	-	48,101
<u>180,000</u>	<u>(180,000)</u>	<u>-</u>
<u>19,580,094</u>	<u>(149,212)</u>	<u>19,430,882</u>
(655,413)	69,198	(586,215)
10,653,308	21,997,841	32,651,149
<u>3,912,714</u>	<u>(3,912,714)</u>	<u>-</u>
<u>\$ 13,910,609</u>	<u>\$ 18,154,325</u>	<u>\$ 32,064,934</u>

City of San Fernando
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue	
		Retirement Tax	Housing
ASSETS			
Cash and Investments	\$ 2,264,578	\$ 4,507,096	\$ 313,350
Restricted Cash and Investments	-	-	-
Receivables:			
Taxes	1,522,479	104,462	-
Accounts	218,172	-	-
Interest	32,710	-	-
Grants	-	-	-
Due From Other Funds	263,181	-	-
Loans Receivable	-	-	1,399,067
Due from Successor Agency	64,604	-	1,745,087
Advances to Other Funds	-	4,914,482	-
Prepaid Items	2,099	-	-
Total Assets	<u>\$ 4,367,823</u>	<u>\$ 9,526,040</u>	<u>\$ 3,457,504</u>
LIABILITIES			
Accounts Payable	\$ 624,647	\$ 27	\$ -
Accrued Liabilities	207,766	28,713	-
Deposits	167,501	-	-
Due to Other Funds	-	-	-
Due to Other Agencies	-	-	-
Advances From Other Funds	4,578,085	-	200,000
Total Liabilities	<u>5,577,999</u>	<u>28,740</u>	<u>200,000</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Taxes	264,913	-	-
Unavailable Revenues - Grants	-	-	-
Total Deferred Inflows of Resources	<u>264,913</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	2,099	-	-
Advances to Other Funds	64,604	-	-
Restricted For:			
Transportation	-	-	-
Housing	-	-	3,257,504
Air Pollution	-	-	-
Parks and Recreation	-	-	-
Public Safety	-	-	-
Retirement	-	9,497,300	-
Unassigned	(1,541,792)	-	-
Total Fund Balances	<u>(1,475,089)</u>	<u>9,497,300</u>	<u>3,257,504</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,367,823</u>	<u>\$ 9,526,040</u>	<u>\$ 3,457,504</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>	
\$ 640,424	\$ 1,746,930	\$ 9,472,378
2,693,840	-	2,693,840
-	16,889	1,643,830
-	42,370	260,542
-	-	32,710
-	578,123	578,123
-	-	263,181
-	303,686	1,702,753
-	-	1,809,691
-	200,000	5,114,482
-	1,000	3,099
<u>\$ 3,334,264</u>	<u>\$ 2,888,998</u>	<u>\$ 23,574,629</u>
\$ 17,259	\$ 635,941	\$ 1,277,874
613	13,449	250,541
-	2,267	169,768
-	263,181	263,181
-	303,686	303,686
-	-	4,778,085
<u>17,872</u>	<u>1,218,524</u>	<u>7,043,135</u>
-	-	264,913
-	494,046	494,046
-	494,046	758,959
-	1,000	3,099
-	-	64,604
3,316,392	977,615	4,294,007
-	-	3,257,504
-	131,074	131,074
-	329,472	329,472
-	167,899	167,899
-	49,752	9,547,052
-	(480,384)	(2,022,176)
<u>3,316,392</u>	<u>1,176,428</u>	<u>15,772,535</u>
<u>\$ 3,334,264</u>	<u>\$ 2,888,998</u>	<u>\$ 23,574,629</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, 2017

Fund Balances for Governmental Funds \$ 15,772,535

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	100,308,802
Accumulated Depreciation	(56,461,268)

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, 2017 are:

Net Pension Liability	(28,932,302)
Compensated Absences	(1,520,345)
Other Post-employment Benefit Obligation	(15,393,946)
Installment Sale Agreement	(2,845,644)

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	6,158,372
Deferred Inflows Related to Pensions	(1,016,140)

Long-term receivables that are not available for current use. Amounts are recorded as unavailable revenue under the modified accrual basis of accounting. 758,959

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (8,191)

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. (2,910,223)

Net Position of Governmental Activities \$ 13,910,609

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, 2017

	General Fund	Special Revenue	
		Retirement Tax	Housing
REVENUES			
Taxes	\$ 12,938,865	\$ 4,388,698	\$ -
Licenses and Permits	243,960	-	-
Charges for Services	929,634	-	-
Fines and Forfeitures	521,043	-	-
Investment Earnings	174,241	30,379	40,185
Intergovernmental	2,307,966	-	-
Other	376,186	-	-
Total Revenues	17,491,895	4,419,077	40,185
EXPENDITURES			
Current:			
General Government	2,750,548	1,813,782	-
Public Safety	10,142,336	820,211	-
Community Development	1,016,299	77,131	-
Public Works	891,460	156,356	-
Parks and Recreation	1,241,401	104,789	-
Capital Outlay	99,438	-	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	29,166	-	3,163
Total Expenditures	16,170,648	2,972,269	3,163
Excess of Revenues Over (Under) Expenditures	1,321,247	1,446,808	37,022
OTHER FINANCING SOURCES (USES)			
Transfers In	373,911	-	-
Transfers Out	(90,000)	-	-
Total Other Financing Sources (Uses)	283,911	-	-
Net Change in Fund Balances	1,605,158	1,446,808	37,022
Fund Balances, Beginning of Year	(3,080,247)	8,050,492	3,220,482
Fund Balances, End of Year	\$ (1,475,089)	\$ 9,497,300	\$ 3,257,504

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>	
\$ 278,844	\$ 1,208,035	\$ 18,814,442
-	-	243,960
-	352,647	1,282,281
-	55,667	576,710
9,979	13,584	268,368
-	2,235,262	4,543,228
-	7,500	383,686
<u>288,823</u>	<u>3,872,695</u>	<u>26,112,675</u>
-	10,878	4,575,208
-	14,175	10,976,722
-	-	1,093,430
43,971	1,798,763	2,890,550
-	383,946	1,730,136
390,352	1,527,926	2,017,716
65,000	-	65,000
114,942	-	147,271
<u>614,265</u>	<u>3,735,688</u>	<u>23,496,033</u>
<u>(325,442)</u>	<u>137,007</u>	<u>2,616,642</u>
-	50,351	424,262
-	(254,262)	(344,262)
-	(203,911)	80,000
(325,442)	(66,904)	2,696,642
<u>3,641,834</u>	<u>1,243,332</u>	<u>13,075,893</u>
<u>\$ 3,316,392</u>	<u>\$ 1,176,428</u>	<u>\$ 15,772,535</u>

City of San Fernando
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 2,696,642

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	1,847,556
Depreciation Expense	(2,534,783)

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

Principal payment on Installment Sale Agreement	65,000
Amortization of Premium on Installment Sale Agreement	5,711

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	38,884
Net Pension Liability	(5,096,347)
Other Post-employment Benefits	(2,334,932)
Accrued Interest Payable	21,053

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	3,176,692
Deferred Inflows Related to Pensions	1,360,811

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.	405,390
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The change in net position of the internal service fund is reported with governmental activities.	<u>(307,090)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (655,413)</u></u>
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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, 2017

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal		
ASSETS					
Current Assets:					
Cash and Investments	\$ 3,698,657	\$ 5,350,983	\$ 20,667	\$ 9,070,307	\$ 1,499,605
Customer Accounts Receivable, Net	612,731	458,148	9,088	1,079,967	32,931
Inventory	-	-	-	-	38,659
Total Current Assets	<u>4,311,388</u>	<u>5,809,131</u>	<u>29,755</u>	<u>10,150,274</u>	<u>1,571,195</u>
Noncurrent Assets:					
Advances to Other Funds	-	1,265,797	-	1,265,797	-
Capital Assets:					
Land	26,345	-	-	26,345	-
Water Rights	624,659	-	-	624,659	-
Construction in Progress	1,605,636	-	-	1,605,636	-
Buildings and Plant	5,630,795	118,500	-	5,749,295	-
Infrastructure	16,464,066	6,105,024	-	22,569,090	-
Land Improvements	29,200	-	-	29,200	-
Equipment	7,066,533	1,013,356	53,657	8,133,546	-
Less: Accumulated Depreciation	(19,723,259)	(4,461,283)	(37,990)	(24,222,532)	-
Total Noncurrent Assets	<u>11,723,975</u>	<u>4,041,394</u>	<u>15,667</u>	<u>15,781,036</u>	<u>-</u>
Total Assets	<u>16,035,363</u>	<u>9,850,525</u>	<u>45,422</u>	<u>25,931,310</u>	<u>1,571,195</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension Actuarial Amounts	<u>1,103,026</u>	<u>636,651</u>	<u>-</u>	<u>1,739,677</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	106,027	311,455	1,783	419,265	333,880
Accrued Liabilities	20,514	11,413	-	31,927	7,166
Current Portion of Insurance Payable	-	-	-	-	81,057
Current Portion of Claims Payable	-	-	-	-	940,000
Customer Deposits	176,215	-	-	176,215	-
Total Current Liabilities	<u>302,756</u>	<u>322,868</u>	<u>1,783</u>	<u>627,407</u>	<u>1,362,103</u>
Noncurrent Liabilities:					
Advances From other Funds	1,313,391	288,803	-	1,602,194	-
Insurance Assessment Payable	-	-	-	-	729,513
Claims Payable	-	-	-	-	2,427,000
Net Pension Liability	4,461,956	2,575,378	-	7,037,334	-
Total Noncurrent Liabilities	<u>5,775,347</u>	<u>2,864,181</u>	<u>-</u>	<u>8,639,528</u>	<u>3,156,513</u>
Total Liabilities	<u>6,078,103</u>	<u>3,187,049</u>	<u>1,783</u>	<u>9,266,935</u>	<u>4,518,616</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Actuarial Amounts	<u>134,752</u>	<u>77,777</u>	<u>-</u>	<u>212,529</u>	<u>-</u>
NET POSITION					
Net Investment In Capital Assets	11,723,975	2,775,597	15,667	14,515,239	-
Unrestricted	(798,441)	4,446,753	27,972	3,676,284	(2,947,421)
Total Net Position	<u>\$ 10,925,534</u>	<u>\$ 7,222,350</u>	<u>\$ 43,639</u>	<u>18,191,523</u>	<u>\$ (2,947,421)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(37,198)	
Net Position of Business-type Activities				<u>\$ 18,154,325</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, 2017

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water	Sewer	Waste Disposal		
OPERATING REVENUES					
Charges for Services	\$ 4,234,020	\$ 3,368,071	\$ -	\$ 7,602,091	\$ 2,787,098
Other	40,102	-	12,984	53,086	975,243
Total Operating Revenues	<u>4,274,122</u>	<u>3,368,071</u>	<u>12,984</u>	<u>7,655,177</u>	<u>3,762,341</u>
OPERATING EXPENSES					
Contractual Services	10,888	1,129,016	-	1,139,904	192,237
Maintenance and Operations	3,030,585	2,352,424	89,267	5,472,276	569,578
Administration and General	-	-	-	-	2,502,449
Claims	-	-	-	-	965,996
Depreciation	610,185	140,029	3,179	753,393	-
Total Operating Expenses	<u>3,651,658</u>	<u>3,621,469</u>	<u>92,446</u>	<u>7,365,573</u>	<u>4,230,260</u>
Operating Income (Loss)	<u>622,464</u>	<u>(253,398)</u>	<u>(79,462)</u>	<u>289,604</u>	<u>(467,919)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	8,656	22,063	69	30,788	-
Interest Expense	(10,365)	-	-	(10,365)	-
Total Nonoperating Revenues (Expenses)	<u>(1,709)</u>	<u>22,063</u>	<u>69</u>	<u>20,423</u>	<u>-</u>
Income (Loss) Before Transfers	620,755	(231,335)	(79,393)	310,027	(467,919)
Transfers In	-	-	-	-	100,000
Transfers Out	(120,000)	(60,000)	-	(180,000)	-
Change in Net Position	500,755	(291,335)	(79,393)	130,027	(367,919)
Net Position, Beginning of Year	12,772,407	9,078,771	123,032		(2,579,502)
Prior Period Adjustment	(2,347,628)	(1,565,086)	-	(3,912,714)	-
Net Position, End of Year	<u>\$ 10,925,534</u>	<u>\$ 7,222,350</u>	<u>\$ 43,639</u>		<u>\$ (2,947,421)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(60,829)</u>	
Change in Net Position of Business-type Activities				<u>\$ (3,843,516)</u>	

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 4,178,772	\$ 3,380,050	\$ (6,329)	\$ 7,552,493	\$ 2,813,953
Payments to Suppliers and Contractors	(1,877,253)	(2,891,773)	(93,104)	(4,862,130)	(1,735,586)
Payments to Employees	(1,703,111)	(996,520)	-	(2,699,631)	(540,094)
Claims Paid	-	-	-	-	(557,996)
Other Operating Income	40,102	-	12,984	53,086	975,243
Net Cash Provided (Used) by Operating Activities	<u>638,510</u>	<u>(508,243)</u>	<u>(86,449)</u>	<u>43,818</u>	<u>955,520</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans from (to) Other Funds	299,625	171,548	-	471,173	-
Interest Expense Paid on Advances	(10,365)	-	-	(10,365)	-
Transfers from Other Funds	-	-	-	-	100,000
Transfers to Other Funds	(120,000)	(60,000)	-	(180,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>169,260</u>	<u>111,548</u>	<u>-</u>	<u>280,808</u>	<u>100,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	<u>(391,456)</u>	<u>(284,239)</u>	<u>-</u>	<u>(675,695)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	<u>8,656</u>	<u>22,063</u>	<u>69</u>	<u>30,788</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	424,970	(658,871)	(86,380)	(320,281)	1,055,520
Cash and Cash Equivalents - Beginning 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>
Cash and Cash Equivalents - End of Year	<u>\$ 3,698,657</u>	<u>\$ 5,350,983</u>	<u>\$ 20,667</u>	<u>\$ 9,070,307</u>	<u>\$ 1,499,605</u>

City of San Fernando
Statement of Cash Flows
Proprietary Funds - Continued
Year Ended June 30, 2017

	Business-type Activities Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water	Sewer	Waste Disposal		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 622,464	\$ (253,398)	\$ (79,462)	\$ 289,604	\$ (467,919)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	610,185	140,029	3,179	753,393	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(54,999)	11,979	(6,329)	(49,349)	26,855
(Increase) Decrease in Deferred Outflows Pensions	(938,688)	(563,612)	-	(1,502,300)	-
(Increase) Deferred in Inventory	-	-	-	-	(805)
Increase (Decrease) in Accounts Payable	(346,387)	(262,950)	(3,837)	(613,174)	179,944
Increase (Decrease) in Accrued Liabilities	1,728	362	-	2,090	(1,125)
Increase (Decrease) in Net Pension Liability	705,751	384,258	-	1,090,009	-
Increase (Decrease) in Deferred Inflows - Pensions	38,705	35,089	-	73,794	-
Increase (Decrease) in Insurance Assessments Payable	-	-	-	-	810,570
Increase (Decrease) in Claims Payable	-	-	-	-	408,000
Increase (Decrease) in Customer Deposits	(249)	-	-	(249)	-
Total Cash Provided by Operating Activities	<u>\$ 638,510</u>	<u>\$ (508,243)</u>	<u>\$ (86,449)</u>	<u>\$ 43,818</u>	<u>\$ 955,520</u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Statement of Net Position
Fiduciary Funds
June 30, 2017

	<u>Agency Funds</u>	<u>Successor Agency Private-Purpose Trust Fund</u>
ASSETS		
Cash and Investments	\$ 101,563	\$ 958,379
Receivables		
MOU - Swap Meet Property Loan	-	3,944,335
Other Loans	-	739,668
Land Held for Resale	-	468,733
Restricted Assets:		
Cash and Investments with Fiscal Agents	-	1,310,197
	<u>\$ 101,563</u>	<u>7,421,312</u>
LIABILITIES		
Accounts Payable	\$ 9,151	-
Deposits	92,412	-
Interest Payable	-	17,614
Due to City of San Fernando	-	1,809,691
County Deferral	-	2,792,691
Bonds Payable	-	2,975,000
	<u>\$ 101,563</u>	<u>7,594,996</u>
NET POSITION		
Net Position Held in Trust for Successor Agency		<u>\$ (173,684)</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, 2017

	<u>Successor Agency Private-Purpose Trust Fund</u>
ADDITIONS	
Taxes	\$ 2,111,432
Interest Income	<u>785</u>
Total Additions	<u>2,112,217</u>
DEDUCTIONS	
Administrative and Passthrough Costs	445,664
Interest on Bonds	<u>164,571</u>
Total Deductions	<u>610,235</u>
Change in Net Position	1,501,982
Net Position - Beginning of Year	<u>(1,675,666)</u>
Net Position - End of Year	<u><u>\$ (173,684)</u></u>

The accompanying notes are an integral part of this statement.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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, 2017

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, 2017

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, which is a county-wide half-cent (\$0.50) transaction tax restricted 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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City also reports the following fund types:

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 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.

GASB 83, Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 86, Certain Debt Extinguishment Issues: This Statement establishes reporting requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. In financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB 87, Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

2) CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2017:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Assets and Liabilities	Total
Cash and Investments	\$ 20,042,290	\$ 1,059,942	\$ 21,102,232
Restricted Cash and Investments	2,693,840	1,310,197	4,004,037
Total Cash and Investments	\$ 22,736,130	\$ 2,370,139	\$ 25,106,269

Cash and investments at June 30, 2017 consisted of the following:

Demand Deposits	\$ 5,465,239
Petty Cash	2,800
Investments	19,638,230
Total Cash and Investments	\$ 25,106,269

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

Investment Policies

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

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

2) CASH AND INVESTMENTS - Continued

Authorized Investment Type	Maximum Maturity	Maximum Allowable Investment Percentage	Maximum Percentage Per Issuer
U.S. Treasury Obligations	5 years	None	N/A
U.S. Government Sponsored Agency Securities	5 years	30%	None
Certificates of Deposits or Time Deposits (collateralized)	5 years	None	Lesser of \$1,000,000 or 1%
Banker's Acceptances	180 days	25%	5%
Corporate Notes	270 days	15%	5%
Repurchase Agreements	75 days	25%	N/A
Municipal Bonds	5 years	None	N/A
Local Agency Investment Fund (LAIF)	N/A	Unlimited	\$ 65,000,000

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Most of the City's investments are held in trust by a fiscal agent as required by the bond indenture. A table summarizing distribution of the City's investment by maturity as of June 30, 2017 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	\$ 8,913,838	\$ -	\$ -	\$ 8,913,838
Money Market	9,486	-	-	9,486
Certificates of Deposit	248,741	247,536	3,437,257	3,933,534
Federal Agency Securities	-	-	1,977,733	1,977,733
Corporate Notes	-	-	495,915	495,915
Municipal Bonds	-	-	303,687	303,687
Held by Bond Trustees:				
Money Market Mutual Funds	4,004,037	-	-	4,004,037
Total	\$ 13,176,102	\$ 247,536	\$ 6,214,592	\$ 19,638,230

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:

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

2) CASH AND INVESTMENTS - Continued

Investment Type	Total Investments	Minimum Legal Rating	Rating as of Year End		
			AAA	Not Required to be Rated	Unrated
Local Agency Investment Fund	\$ 8,913,838	N/A	\$ -	\$ -	\$ 8,913,838
Money Market	9,486	N/A	-	-	9,486
Certificates of Deposit	3,933,534	N/A	-	-	3,933,534
Federal Agency Securities	1,977,733	N/A	1,977,733	-	-
Corporate Notes	495,915	AA	495,915	-	-
Municipal Bonds	303,687	AA	303,687	-	-
Held by Bond Trustees:					
Money Market Mutual Funds	4,004,037	AAA	4,004,037	-	-
Total	\$ 19,638,230		\$ 6,781,372	\$ -	\$ 12,856,858

Concentration of Credit Risk

At June 30, 2017, the City had no investments in any one issuer that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2017, the carrying amount of the City's deposits was \$5,383,692 and the book balances were \$5,465,239. The differences of \$81,548 represents outstanding checks, deposits in transit and other reconciling items. The City did not have any deposits with financial institutions in excess of Federal depository insurance limits and held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

2) CASH AND INVESTMENTS - Continued

Investment in State Investment Pool

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

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, 2017:

- Federal Agency Securities of \$1,977,733 are valued using a matrix pricing model (Level 2 inputs)
- Corporate Notes of \$495,915 are valued using a matrix pricing model (Level 2 inputs)
- Municipal Bonds of \$303,687 are valued using a matrix pricing model (Level 2 inputs)

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
General Fund	Other Governmental Funds	\$ 263,181
		\$ 263,181

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Long-term Advances

At June 30, 2017, the City had the following interfund long-term advances:

		ADVANCES FROM			Total
		Retirement Tax Fund	Other Govt. Funds	Sewer Fund	
ADVANCES TO	General Fund	\$ 4,336,876	\$ -	\$ 241,209	\$ 4,578,085
	Water Fund	288,803	-	1,024,588	1,313,391
	Sewer Fund	288,803	-	-	288,803
	Housing Fund	-	200,000	-	200,000
	Total	\$ 4,914,482	\$ 200,000	\$ 1,265,797	\$ 6,380,279

- (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 due to the Capital Grants Fund's inability to repay the advance. As of June 30, 2017, the outstanding balance due to the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund are \$241,209 and \$241,209, 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, 2017, the outstanding balance of the advance is \$1,024,588.
- (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 \$4,095,667, \$288,803, and \$288,803, 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 advance to the Housing Successor Fund from the Other Governmental Funds of \$200,000 was 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.

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, 2017, the outstanding balance on the note is \$64,604. 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, 2017, the outstanding balance is \$1,809,691.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Transfers In and Transfers Out

Transfers in and out for the year ended June 30, 2017 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 253,911
	Water Enterprise Fund	60,000
	Sewer Enterprise Fund	60,000
Other Governmental Funds	General Fund	50,000
	Other Governmental Funds	351
Internal Service Fund	General Fund	40,000
	Water Fund	60,000
		<u>\$ 524,262</u>

The transfers to the General Fund from the Other Governmental Funds of \$253,911 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 \$60,000 and \$60,000 respectively, were for annual lease payments for use of the City's facilities.

The General Fund transferred \$50,000 to the Other Governmental Funds to reimburse those funds for various project costs and to cover operating deficits.

The General Fund transferred \$40,000 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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

4) CAPITAL ASSETS

The following is a summary of capital assets activity for the 2016-17 fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 4,397,105	\$ -	\$ -	\$ 4,397,105
Construction in Progress	804,424	79,994	804,424	79,994
Total Capital Assets Not Depreciated	<u>5,201,529</u>	<u>79,994</u>	<u>804,424</u>	<u>4,477,099</u>
Capital Assets, Being Depreciated:				
Buildings	28,628,398	-	-	28,628,398
Improvements Other than Buildings	5,145,657	-	-	5,145,657
Machinery and Equipment	8,692,610	184,969	68,545	8,809,034
Infrastructure	50,861,597	2,387,017	-	53,248,614
Total Capital Assets Being Depreciated	<u>93,328,262</u>	<u>2,571,986</u>	<u>68,545</u>	<u>95,831,703</u>
Less Accumulated Depreciation:				
Buildings	(9,577,056)	(761,972)	-	(10,339,028)
Improvements Other than Buildings	(3,194,587)	(166,522)	-	(3,361,109)
Machinery and Equipment	(7,342,856)	(363,001)	(68,545)	(7,637,312)
Infrastructure	(33,880,531)	(1,243,288)	-	(35,123,819)
Total Accumulated Depreciation	<u>(53,995,030)</u>	<u>(2,534,783)</u>	<u>(68,545)</u>	<u>(56,461,268)</u>
Net Capital Assets Being Depreciated	<u>39,333,232</u>	<u>37,203</u>	<u>-</u>	<u>39,370,435</u>
Total Capital Assets	<u>\$ 44,534,761</u>	<u>\$ 117,197</u>	<u>\$ 804,424</u>	<u>\$ 43,847,534</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 26,345	\$ -	\$ -	\$ 26,345
Water Rights	624,659	-	-	624,659
Construction in Progress	1,805,149	151,659	351,172	1,605,636
Total Capital Assets Not Depreciated	<u>2,456,153</u>	<u>151,659</u>	<u>351,172</u>	<u>2,256,640</u>
Capital Assets, Being Depreciated:				
Buildings	5,749,295	-	-	5,749,295
Improvements Other than Buildings	29,200	-	-	29,200
Machinery and Equipment	8,069,497	64,049	-	8,133,546
Infrastructure	21,757,931	811,159	-	22,569,090
Total Capital Assets Being Depreciated	<u>35,605,923</u>	<u>875,208</u>	<u>-</u>	<u>36,481,131</u>
Less Accumulated Depreciation:				
Buildings	(3,228,500)	(105,736)	-	(3,334,236)
Improvements Other than Buildings	(29,200)	-	-	(29,200)
Machinery and Equipment	(6,188,514)	(196,095)	-	(6,384,609)
Infrastructure	(14,022,925)	(451,562)	-	(14,474,487)
Total Accumulated Depreciation	<u>(23,469,139)</u>	<u>(753,393)</u>	<u>-</u>	<u>(24,222,532)</u>
Net Capital Assets Being Depreciated	<u>12,136,784</u>	<u>121,815</u>	<u>-</u>	<u>12,258,599</u>
Total Capital Assets	<u>\$ 14,592,937</u>	<u>\$ 273,474</u>	<u>\$ 351,172</u>	<u>\$ 14,515,239</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

4) CAPITAL ASSETS - Continued

Depreciation expense was charged to functions/programs as follows:

Function/Program	Governmental Activities	Business-type Activities
General Government	\$ 8,179	\$ -
Public Safety	342,170	-
Public Works	1,918,502	-
Parks and Recreation	80,076	-
Community Development	185,856	-
Water	-	610,186
Sewer	-	140,029
Waste Disposal	-	3,178
Total Depreciation	\$ 2,534,783	\$ 753,393

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 \$303,686, 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, 2017.

	Beginning Balance*	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
2016 Installment Sale Agreement	\$ 2,785,000	\$ -	\$ 65,000	\$ 2,720,000	\$ 80,000
Premium	131,355	-	5,711	125,644	5,711
Claims Payable	2,959,000	1,956,230	1,548,230	3,367,000	940,000
Insurance Assessment Payable	-	848,269	37,699	810,570	81,057
Compensated Absences	1,559,229	682,189	721,073	1,520,345	685,000
Net Pension Liability	23,835,955	5,096,347	-	28,932,302	-
OPEB Obligation	13,059,014	3,204,000	869,068	15,393,946	-
Total	\$ 44,329,553	\$ 11,787,035	\$ 3,246,781	\$ 52,869,807	\$ 1,791,768
Business-type Activities:					
Net Pension Liability	\$ 5,947,325	\$ 1,090,009	\$ -	\$ 7,037,334	\$ -
Total	\$ 5,947,325	\$ 1,090,009	\$ -	\$ 7,037,334	\$ -

*Beginning balance for Net Pension Liability in Governmental Activities was reduced by \$3,912,714 and beginning balance for Net Pension Liability in Business-type activities was increased by \$3,912,714. See prior period adjustment Note 12 for more information.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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
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	\$ 2,720,000	\$ 1,203,256	\$ 3,923,256

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

6) LONG-TERM LIABILITIES - Continued

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 2016-2017, the levy was \$0.232469 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.

Insurance Assessment Payable

In 2017, the City was assessed a Liability Program Assessment of \$848,269 for its share of insurance pool program, Independent Cities Risk Management Authority (ICRMA). The liability is payable over a 10-year period with the first payment of \$37,699 made in the period ended June 30, 2017, and future annual payments of \$81,057 over the next 10 years.

The following represents the future debt service requirements on the Insurance Assessment Payable:

Fiscal Year Ending	Principal
June 30,	
2018	\$ 81,057
2019	81,057
2020	81,057
2021	81,057
2022	81,057
2023	81,057
2024	81,057
2025	81,057
2026	81,057
2027	81,057
Totals	<u>\$ 810,570</u>

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

6) LONG-TERM LIABILITIES - Continued

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. In 2015, 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.

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, 2017:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2016A Tax Allocation Bonds	\$ 4,350,000	\$ -	\$ 1,375,000	\$ 2,975,000	\$ 1,280,000
County Deferral	3,009,992	182,699	400,000	2,792,691	-
Total	\$ 7,359,992	\$ 182,699	\$ 1,775,000	\$ 5,767,691	\$ 1,280,000

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:

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

6) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 2,975,000</u>	<u>\$ 93,837</u>	<u>\$ 3,068,837</u>

County Deferral

The Redevelopment Agency and County of Los Angeles (the County) entered into an agreement whereby the County will defer tax increment (County Deferral) generated within the project area to meet the Agency's debt service obligations. The County Deferral, accrued at an interest rate of 7% was to be repaid whenever the Agency received property tax in excess of its bonded debt payment requirements. Due to the dissolution of the Agency as of February 1, 2012, this debt is reported in the Fiduciary Funds of the City (Successor Agency). At June 30, 2017, the balance of the County Deferral, including interest, was \$2,792,691.

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

General Information about the Defined Benefit Pension Plan

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, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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

The rate plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	Miscellaneous Tier II	Miscellaneous PEPRA
	Prior to November 12, 2005	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 60 single highest year	2% @ 55 36 month average	2% @ 62 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	13.962% + \$935,458	9.846% + \$11,390	7.066% + \$40
	Safety Tier I	Safety Tier II	Safety Tier III
	Prior to January 6, 1994	Prior to September 8, 2012	Prior to January 1, 2013
Hire date			
Benefit formula	3% @ 50 single highest year	3% @ 50 36 month average	3% @ 55 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	21.628% + \$652,707	18.428% + \$113,572	16.656%
	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	11.50%		
Required employer contribution rates	11.50%		

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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 \$1,713,167 in fiscal year 2017.

The City’s contributions to the Plan for the year ended June 30, 2017 were \$2,850,313.

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

As of June 30, 2017, the City reported a liability of \$35,969,636 for its proportionate share of the net pension liability. The City’s net pension liability for the Plan is measured as of June 30, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.43391%
Proportion - June 30, 2016	0.41569%
Change - Increase (Decrease)	-0.01822%

For the year ended June 30, 2017, the City recognized pension expense of \$3,070,659. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,850,313	\$ -
Differences between actual and expected experience	-	51,031
Changes in assumptions	-	894,206
Change in employer’s proportion	299,815	8,573
Differences between the employer’s contributions and the employer’s proportionate share of contributions	210,144	274,859
Net differences between projected and actual earnings on plan investments	4,537,777	-
Total	\$ 7,898,049	\$ 1,228,669

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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

The \$2,850,273 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,	
2018	\$ 122,457
2019	337,599
2020	2,181,094
2021	1,177,917
2022	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
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, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. 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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as 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	20%	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	1%	-0.55%	-1.05%

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

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

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

The following presents the City's proportionate share of the net pension liability for 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:

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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

1% Decrease		6.65%
Net Pension Liability	\$	51,353,968
Current Discount Rate		7.65%
Net Pension Liability	\$	35,969,639
1% Increase		8.65%
Net Pension Liability	\$	23,298,256

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, 2017, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2017.

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 \$128 per month for calendar year 2017 and adjusted by CalPERS annually to account for inflation, and \$50 - \$150 per month into a Retiree Health Savings Account (RSA), depending on bargaining unit.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council, 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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

8) OTHER POST-EMPLOYMENT BENEFITS - Continued

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)	\$	3,367,000
Interest on Net OPEB Obligation		493,000
Adjustment to ARC		(656,000)
Annual OPEB Cost		3,204,000
Contributions Made		(869,068)
Increase in Net OPEB Obligation		2,334,932
Net OPEB Obligation at June 30, 2016		13,059,014
Net OPEB Obligation at June 30, 2017	\$	15,393,946

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)
6/30/15	\$ 2,697,211	\$ 884,963	32.81%	\$ 10,916,264
6/30/16	\$ 3,040,000	\$ 897,250	29.51%	\$ 13,059,014
6/30/17	\$ 3,204,000	\$ 869,068	27.12%	\$ 15,393,946

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%.

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.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

8) OTHER POST-EMPLOYMENT BENEFITS - Continued

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 16 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, 2017, the amount of these liabilities was \$1,704,000. This liability is the City's best estimate based on available information.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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, 2017, the amount of these liabilities was \$1,663,000. 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:

	2016 - 2017	2015 - 2016
Beginning of Fiscal Year	\$ 2,959,000	\$ 2,927,556
Claims and Changes in Claim Estimates	1,956,230	1,664,964
Claim Payments	(1,548,230)	(1,633,520)
	\$ 3,367,000	\$ 2,959,000

10) DEFICIT NET POSITION/FUND BALANCES AND EXCESS EXPENDITURES

The following funds reported deficits in net position/fund balances at June 30, 2017:

	Deficit
Major Fund:	
General Fund	\$ 1,475,089
Other Governmental Funds:	
Community Development Block Grant Fund	263,753
Operating Grants Special Revenue Fund	39,004
Capital Grants Capital Projects Fund	177,627

In addition to these deficits, the City's obligation for other post-employment benefits has increased to \$15,393,946 as of June 30, 2017 (see Note 8). Also, the City is reporting a deficit unrestricted net position in the Statement of Net Position for the Governmental Activities of approximately \$32 million. Also, the Internal Services Funds are reporting a deficit net position of \$2,947,421.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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

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

The City's General Fund has been in a deficit fund balance position since FY 2010-2011. The City took a number of steps 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, originally projected to raise less than \$2 million per year, has generated close to \$2.5 million per year in additional general tax 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 three 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

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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

- 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 2017-2018, the Adopted Budget includes the following:

- Funding to replace the final two police patrol vehicles that have exceeded their useful life. All police patrol vehicles are now on a five-year replacement schedule with dedicated funding set aside for future replacements.
- Investment in staff training and education to maximize utilization of existing staff resources.
- A General Fund budget surplus of \$351,000 to further reduce the deficit fund balance.

The City plans to issue Request for Proposals to establish a Supplement Pension Trust Fund and OPEB Trust Fund in the coming fiscal year.

Despite the progress that has been made over the past few years, 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 (\$263,735) as of June 30, 2017. This is a result of a reimbursement request related to a residential street improvement project that was pending as of June 30, 2017. Reimbursement was subsequently received after the City's 60-day accrual period.

Operating Grants Special Revenue Fund – The deficit in the Operating Grants Special Revenue Fund decreased from (\$85,395) as of June 30, 2016 to (\$39,004) as of June 30, 2017. This is a result of reimbursement requests that were pending as of June 30, 2017 and received after the City's 60-day accrual period.

Capital Grants Capital Projects Fund – The deficit in the Capital Grants Capital Projects Fund decreased from (\$327,987) as of June 30, 2016 to the current deficit of (\$177,627) as of June 30, 2017. This is due primarily to reimbursement requests for the CNG station upgrade project and Pedestrian Countdown Signal project that were pending on June 30, 2017 and had had been received prior to the City's 60-day accrual period.

City of San Fernando
Notes to Financial Statements
Year Ended June 30, 2017

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:			
Treasurer	\$ 161,833	\$ 166,589	\$ (4,756)
Administration	385,077	422,979	(37,902)
City Attorney	335,000	353,629	(18,629)
Financial Management	685,445	713,625	(28,180)
Parks and Recreation	1,210,191	1,254,080	(43,889)
Retirement Tax Fund:			
Parks and Recreation	89,856	104,789	(14,933)
Measure R Fund			
Public Works	25,566	43,971	(18,405)

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.

12) PRIOR PERIOD ADJUSTMENTS

The prior period adjustment in the Statement of Activities of \$3,912,714 is to restate the distribution of Net Pension Liability to the Business-type Activities from Governmental Activities. The \$3,912,714 is the amount of the Net Pension Liability that should have been allocated to the Business-type Activities as of June 30, 2016. The prior period adjustment on the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds reflects the amounts adjusted for the Water and Sewer Funds.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Fernando
Required Supplementary Information
For the Year Ended June 30, 2017

SCHEDULE OF FUNDING PROGRESS

Other Post-Employment Benefits Plan

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
04/01/11	\$ -	\$ 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, 2017

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years*

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2016	0.41569%	\$ 35,969,636	\$ 7,744,402	464.46%	68.39%
2015	0.43391%	29,783,281	6,907,444	431.18%	72.67%
2014	0.43086%	26,809,903	6,342,163	422.72%	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, 2015 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: None

*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, 2017

Schedule of Plan Contributions
Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	\$ 2,850,313	\$ (2,850,313)	\$ -	\$ 7,744,402	36.80%
2016	3,079,817	(3,079,817)	-	6,907,444	44.59%
2015	2,314,312	(2,314,312)	-	6,342,163	36.49%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, and 6/30/2015

*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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 12,148,500	\$ 12,163,500	\$ 12,938,865	\$ 775,365
Licenses and Permits	278,500	278,500	243,960	(34,540)
Charges for Services	905,800	914,200	929,634	15,434
Fines and Forfeitures	461,000	465,300	521,043	55,743
Investment Earnings	134,900	154,900	174,241	19,341
Intergovernmental	2,255,000	2,314,000	2,307,966	(6,034)
Other	421,500	427,500	376,186	(51,314)
Total Revenues	16,605,200	16,717,900	17,491,895	773,995
EXPENDITURES				
Current:				
General Government:				
City Council	198,723	246,723	229,571	17,152
Treasurer	161,833	161,833	166,589	(4,756)
Administration	385,077	385,077	422,979	(37,902)
Personnel	318,304	318,304	313,802	4,502
City Attorney	315,000	335,000	353,629	(18,629)
City Clerk	228,570	230,804	229,553	1,251
Elections	68,200	68,200	34,743	33,457
Financial Management	627,345	685,445	713,625	(28,180)
Retirement and Nondepartmental	394,278	478,292	315,223	163,069
Public Safety:				
Police	7,541,335	7,621,946	7,420,438	201,508
Fire	2,900,000	2,900,000	2,765,294	134,706
Community Development	1,008,941	1,030,014	1,025,137	4,877
Public Works	914,234	935,899	925,985	9,914
Parks and Recreation	1,123,991	1,210,191	1,254,080	(43,889)
Total Expenditures	16,185,831	16,607,728	16,170,648	437,080
Excess (Deficiency) of Revenues over Expenditures	419,369	110,172	1,321,247	1,211,075
OTHER FINANCING SOURCES (USES)				
Transfers In	349,164	389,164	373,911	(15,253)
Transfers Out	(390,000)	(390,000)	(90,000)	300,000
Total Other Financing Sources (Uses)	(40,836)	(836)	283,911	284,747
Net Change in Fund Balances	378,533	109,336	1,605,158	1,495,822
Fund Balance, Beginning of Year	(3,080,247)	(3,080,247)	(3,080,247)	-
Fund Balance, End of Year	<u>\$ (2,701,714)</u>	<u>\$ (2,970,911)</u>	<u>\$ (1,475,089)</u>	<u>\$ 1,495,822</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Retirement Tax Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,530,000	\$ 3,530,000	\$ 4,388,698	\$ 858,698
Investment Earnings	25,000	25,000	30,379	5,379
	<u>3,555,000</u>	<u>3,555,000</u>	<u>4,419,077</u>	<u>864,077</u>
EXPENDITURES				
Current:				
General Government	3,415,824	3,415,824	1,813,782	1,602,042
Public Safety	850,549	850,549	820,211	30,338
Public Works	161,740	161,740	156,356	5,384
Parks and Recreation	89,856	89,856	104,789	(14,933)
Community Development	114,067	114,067	77,131	36,936
	<u>4,632,036</u>	<u>4,632,036</u>	<u>2,972,269</u>	<u>1,659,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,077,036)</u>	<u>(1,077,036)</u>	<u>1,446,808</u>	<u>2,523,844</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	274,868	274,868	-	(274,868)
Transfers Out	-	-	-	-
	<u>274,868</u>	<u>274,868</u>	<u>-</u>	<u>(274,868)</u>
Net Change in Fund Balances	(802,168)	(802,168)	1,446,808	2,248,976
Fund Balance, Beginning of Year	<u>8,050,492</u>	<u>8,050,492</u>	<u>8,050,492</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,248,324</u>	<u>\$ 7,248,324</u>	<u>\$ 9,497,300</u>	<u>\$ 2,248,976</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Measure R Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 280,000	\$ 280,000	\$ 278,844	\$ (1,156)
Investment Earnings	-	-	9,979	9,979
	<u>280,000</u>	<u>280,000</u>	<u>288,823</u>	<u>8,823</u>
EXPENDITURES				
Current:				
Public Works	25,566	25,566	43,971	(18,405)
Capital Outlay	2,785,000	3,103,967	390,352	2,713,615
Debt Service:				
Principal	65,000	65,000	65,000	-
Interest and Fiscal Charges	113,000	113,000	114,942	(1,942)
	<u>2,988,566</u>	<u>3,307,533</u>	<u>614,265</u>	<u>2,693,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,708,566)	(3,027,533)	(325,442)	2,702,091
Fund Balance, Beginning of Year	<u>3,641,834</u>	<u>3,641,834</u>	<u>3,641,834</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 933,268</u>	<u>\$ 614,301</u>	<u>\$ 3,316,392</u>	<u>\$ 2,702,091</u>

City of San Fernando
Notes to Required Supplementary Information
Year Ended June 30, 2017

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 2016-17 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, 2017

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, 2017

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.

City of San Fernando
Combining Balance Sheet
Other Governmental Funds
June 30, 2017

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ 229,855	\$ 20,633	\$ -	\$ 289,835
Restricted Cash and Investments	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	1,325	1,629
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 229,855</u>	<u>\$ 20,633</u>	<u>\$ 1,325</u>	<u>\$ 291,464</u>
LIABILITIES				
Accounts Payable	\$ 164,749	\$ -	\$ -	\$ 2,838
Accrued Liabilities	59	-	42	1,797
Deposits	-	-	-	1,067
Due to Other Funds	-	-	1,039	-
Due to Other Agencies	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>164,808</u>	<u>-</u>	<u>1,081</u>	<u>5,702</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	244	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted for:				
Transportation	65,047	20,633	-	-
Air Pollution	-	-	-	-
Parks and Recreation	-	-	-	285,762
Public Safety	-	-	-	-
Community Development	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>65,047</u>	<u>20,633</u>	<u>-</u>	<u>285,762</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 229,855</u>	<u>\$ 20,633</u>	<u>\$ 1,325</u>	<u>\$ 291,464</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>
\$ -	\$ 69,172	\$ 3,677	\$ 60,260	\$ 68,984	\$ 43,489	\$ 35,814
-	-	-	-	-	-	-
-	-	-	8,925	-	-	-
-	-	-	-	-	-	-
11,635	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,000	-	-	-	-	-
<u>\$ 11,635</u>	<u>\$ 70,172</u>	<u>\$ 3,677</u>	<u>\$ 69,185</u>	<u>\$ 68,984</u>	<u>\$ 43,489</u>	<u>\$ 35,814</u>
\$ -	\$ 21,435	\$ -	\$ 35,038	\$ -	\$ 29,253	\$ -
-	7,552	152	1,578	-	510	-
-	-	-	-	-	-	-
11,634	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,634</u>	<u>28,987</u>	<u>152</u>	<u>36,616</u>	<u>-</u>	<u>29,763</u>	<u>-</u>
-	-	-	-	-	-	-
-	1,000	-	-	-	-	-
1	-	-	-	-	13,726	-
-	-	-	-	-	-	-
-	40,185	3,525	-	-	-	-
-	-	-	32,569	68,984	-	35,814
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1</u>	<u>41,185</u>	<u>3,525</u>	<u>32,569</u>	<u>68,984</u>	<u>13,726</u>	<u>35,814</u>
<u>\$ 11,635</u>	<u>\$ 70,172</u>	<u>\$ 3,677</u>	<u>\$ 69,185</u>	<u>\$ 68,984</u>	<u>\$ 43,489</u>	<u>\$ 35,814</u>

Continued

City of San Fernando
Combining Balance Sheet
Other Governmental Funds - Continued
June 30, 2017

	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>	<u>Proposition C</u>
ASSETS				
Cash and Investments	\$ 123,110	\$ 71,672	\$ 13,300	\$ 193,718
Restricted Cash and Investments	-	-	-	-
Receivables:				
Taxes	7,964	-	-	-
Accounts	-	-	-	-
Grants	-	-	-	-
Loans Receivable	-	-	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 131,074</u>	<u>\$ 271,672</u>	<u>\$ 13,300</u>	<u>\$ 193,718</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 27,226
Accrued Liabilities	-	-	-	661
Deposits	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Agencies	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,887</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted for:				
Transportation	-	271,672	13,300	165,831
Air Pollution	131,074	-	-	-
Parks and Recreation	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>131,074</u>	<u>271,672</u>	<u>13,300</u>	<u>165,831</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 131,074</u>	<u>\$ 271,672</u>	<u>\$ 13,300</u>	<u>\$ 193,718</u>

<u>Community Development Block Grant</u>	<u>Operating Grants</u>	<u>STP Local Fund</u>	<u>SLESF</u>	<u>Capital Outlay</u>	<u>Capital Grants</u>	<u>Total</u>
\$ -	\$ -	\$ 427,405	\$ 30,532	\$ 65,474	\$ -	\$ 1,746,930
-	-	-	-	-	-	-
-	-	-	-	-	-	16,889
-	-	-	39,416	-	-	42,370
263,754	63,320	-	-	-	239,414	578,123
303,686	-	-	-	-	-	303,686
-	-	-	-	-	-	1,000
<u>\$ 567,440</u>	<u>\$ 63,320</u>	<u>\$ 427,405</u>	<u>\$ 69,948</u>	<u>\$ 65,474</u>	<u>\$ 239,414</u>	<u>\$ 2,888,998</u>
\$ 252,122	\$ 25,682	\$ -	\$ -	\$ 15,722	\$ 61,876	\$ 635,941
-	751	-	-	-	347	13,449
-	1,200	-	-	-	-	2,267
11,631	61,796	-	-	-	177,081	263,181
303,686	-	-	-	-	-	303,686
<u>567,439</u>	<u>89,429</u>	<u>-</u>	<u>-</u>	<u>15,722</u>	<u>239,304</u>	<u>1,218,524</u>
<u>263,754</u>	<u>12,895</u>	<u>-</u>	<u>39,416</u>	<u>-</u>	<u>177,737</u>	<u>494,046</u>
-	-	-	-	-	-	1,000
-	-	427,405	-	-	-	977,615
-	-	-	-	-	-	131,074
-	-	-	-	-	-	329,472
-	-	-	30,532	-	-	167,899
-	-	-	-	49,752	-	49,752
<u>(263,753)</u>	<u>(39,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(177,627)</u>	<u>(480,384)</u>
<u>(263,753)</u>	<u>(39,004)</u>	<u>427,405</u>	<u>30,532</u>	<u>49,752</u>	<u>(177,627)</u>	<u>1,176,428</u>
<u>\$ 567,440</u>	<u>\$ 63,320</u>	<u>\$ 427,405</u>	<u>\$ 69,948</u>	<u>\$ 65,474</u>	<u>\$ 239,414</u>	<u>\$ 2,888,998</u>

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2017

	Proposition A Local Transit	Proposition C Discretionary	Traffic Safety	Parking Maintenance and Operations
REVENUES				
Taxes	\$ 448,119	\$ -	\$ -	\$ 49,518
Charges for Services	18,750	-	-	135,238
Fines and Forfeitures	-	-	14,125	-
Investment Earnings	452	44	-	12,800
Intergovernmental	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>467,321</u>	<u>44</u>	<u>14,125</u>	<u>197,556</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	516,235	-	-	181,859
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	603
Total Expenditures	<u>516,235</u>	<u>-</u>	<u>-</u>	<u>182,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(48,914)</u>	<u>44</u>	<u>14,125</u>	<u>15,094</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(14,747)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(14,747)</u>	<u>-</u>
Net Change in Fund Balances	(48,914)	44	(622)	15,094
Fund Balances, Beginning of Year	<u>113,961</u>	<u>20,589</u>	<u>622</u>	<u>270,668</u>
Fund Balances, End of Year	<u>\$ 65,047</u>	<u>\$ 20,633</u>	<u>\$ -</u>	<u>\$ 285,762</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>
\$ -	\$ -	\$ -	\$ 338,344	\$ -	\$ -	\$ -
-	198,659	-	-	-	-	-
-	-	-	-	22,034	-	19,508
-	-	-	-	-	-	99
11,635	-	-	-	-	468,296	-
-	-	-	-	-	-	-
<u>11,635</u>	<u>198,659</u>	<u>-</u>	<u>338,344</u>	<u>22,034</u>	<u>468,296</u>	<u>19,607</u>
-	-	-	-	-	-	-
-	-	-	-	6,050	-	-
-	-	-	371,283	-	328,378	-
-	218,530	-	-	-	-	-
11,634	-	-	-	60,085	44,036	-
<u>11,634</u>	<u>218,530</u>	<u>-</u>	<u>371,283</u>	<u>66,135</u>	<u>372,414</u>	<u>-</u>
<u>1</u>	<u>(19,871)</u>	<u>-</u>	<u>(32,939)</u>	<u>(44,101)</u>	<u>95,882</u>	<u>19,607</u>
-	-	-	50,000	-	-	-
-	-	-	-	-	(99,515)	-
-	-	-	50,000	-	(99,515)	-
1	(19,871)	-	17,061	(44,101)	(3,633)	19,607
-	61,056	3,525	15,508	113,085	17,359	16,207
<u>\$ 1</u>	<u>\$ 41,185</u>	<u>\$ 3,525</u>	<u>\$ 32,569</u>	<u>\$ 68,984</u>	<u>\$ 13,726</u>	<u>\$ 35,814</u>

Continued

City of San Fernando
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Continued
Year Ended June 30, 2017

	<u>AQMD</u>	<u>Cash-in-Lieu of Parking</u>	<u>Pavement Management</u>	<u>Proposition C</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 371,999
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	264	-	-	(106)
Intergovernmental	31,329	-	-	-
Other	-	-	-	-
	<u>31,593</u>	<u>-</u>	<u>-</u>	<u>371,893</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	156,721
Parks and Recreation	-	-	-	-
Capital Outlay	96,170	-	-	213,612
	<u>96,170</u>	<u>-</u>	<u>-</u>	<u>370,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,577)</u>	<u>-</u>	<u>-</u>	<u>1,560</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(20,000)	-
	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balances	(64,577)	-	(20,000)	1,560
Fund Balances, Beginning of Year	<u>195,651</u>	<u>271,672</u>	<u>33,300</u>	<u>164,271</u>
Fund Balances, End of Year	<u>\$ 131,074</u>	<u>\$ 271,672</u>	<u>\$ 13,300</u>	<u>\$ 165,831</u>

<u>Community Development Block Grant</u>	<u>Operating Grants</u>	<u>STP Local Fund</u>	<u>SLESF</u>	<u>Capital Outlay</u>	<u>Capital Grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 55	\$ -	\$ 1,208,035
-	-	-	-	-	-	352,647
-	-	-	-	-	-	55,667
-	-	(128)	159	-	-	13,584
207,312	241,807	425,401	129,324	-	720,158	2,235,262
-	7,500	-	-	-	-	7,500
<u>207,312</u>	<u>249,307</u>	<u>425,273</u>	<u>129,483</u>	<u>55</u>	<u>720,158</u>	<u>3,872,695</u>
-	10,878	-	-	-	-	10,878
-	8,125	-	-	-	-	14,175
23,558	18,497	-	-	-	202,232	1,798,763
-	165,416	-	-	-	-	383,946
437,364	-	281,831	-	14,674	367,917	1,527,926
<u>460,922</u>	<u>202,916</u>	<u>281,831</u>	<u>-</u>	<u>14,674</u>	<u>570,149</u>	<u>3,735,688</u>
<u>(253,610)</u>	<u>46,391</u>	<u>143,442</u>	<u>129,483</u>	<u>(14,619)</u>	<u>150,009</u>	<u>137,007</u>
-	-	-	-	-	351	50,351
-	-	-	(120,000)	-	-	(254,262)
-	-	-	(120,000)	-	351	(203,911)
(253,610)	46,391	143,442	9,483	(14,619)	150,360	(66,904)
(10,143)	(85,395)	283,963	21,049	64,371	(327,987)	1,243,332
<u>\$ (263,753)</u>	<u>\$ (39,004)</u>	<u>\$ 427,405</u>	<u>\$ 30,532</u>	<u>\$ 49,752</u>	<u>\$ (177,627)</u>	<u>\$ 1,176,428</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, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 449,959	\$ 448,119	\$ (1,840)
Charges for Services	28,000	18,750	(9,250)
Investment Earnings	-	452	452
	<u>477,959</u>	<u>467,321</u>	<u>(10,638)</u>
EXPENDITURES			
Current:			
Public Works	531,765	516,235	15,530
	<u>531,765</u>	<u>516,235</u>	<u>15,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(53,806)</u>	<u>(48,914)</u>	<u>4,892</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(53,806)	(48,914)	4,892
Fund Balance, Beginning of Year	113,961	113,961	-
Fund Balance, End of Year	<u>\$ 60,155</u>	<u>\$ 65,047</u>	<u>\$ 4,892</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, 2017

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment Earnings	\$ -	\$ 44	\$ 44
Fund Balance, Beginning of Year	<u>20,589</u>	<u>20,589</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 20,589</u></u>	<u><u>\$ 20,633</u></u>	<u><u>\$ 44</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, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 30,000	\$ 14,125	\$ (15,875)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>30,000</u>	<u>14,125</u>	<u>(15,875)</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>30,000</u>	<u>14,125</u>	<u>(15,875)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(30,000)</u>	<u>(14,747)</u>	<u>15,253</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(14,747)</u>	<u>15,253</u>
Net Change in Fund Balances	-	(622)	(622)
Fund Balance, Beginning of Year	<u>622</u>	<u>622</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 622</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (622)</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, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 49,518	\$ 49,518
Charges for Services	170,000	135,238	(34,762)
Investment Earnings	12,800	12,800	-
Total Revenues	<u>182,800</u>	<u>197,556</u>	<u>14,756</u>
EXPENDITURES			
Current:			
Public Works	274,835	181,859	92,976
Capital Outlay	7,000	603	6,397
Total Expenditures	<u>281,835</u>	<u>182,462</u>	<u>99,373</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(99,035)</u>	<u>15,094</u>	<u>114,129</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(99,035)	15,094	114,129
Fund Balance, Beginning of Year	<u>270,668</u>	<u>270,668</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 171,633</u></u>	<u><u>\$ 285,762</u></u>	<u><u>\$ 114,129</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, 2017

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	Final		
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	19,600	11,635	(7,965)
Total Revenues	19,600	11,635	(7,965)
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	19,000	11,634	7,366
Total Expenditures	19,000	11,634	7,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	600	1	(599)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	600	1	(599)
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ 600	\$ 1	\$ (599)

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Charges for Services	\$ 155,566	\$ 198,659	\$ 43,093
Total Revenues	<u>155,566</u>	<u>198,659</u>	<u>43,093</u>
EXPENDITURES			
Current:			
Parks and Recreation	207,134	218,530	(11,396)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>207,134</u>	<u>218,530</u>	<u>(11,396)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(51,568)</u>	<u>(19,871)</u>	<u>31,697</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	(51,568)	(19,871)	31,697
Fund Balance, Beginning of Year	<u>61,056</u>	<u>61,056</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 9,488</u></u>	<u><u>\$ 41,185</u></u>	<u><u>\$ 31,697</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Quimby Act Fees Fund
Year Ended June 30, 2017

	<u>Budgeted Amounts</u> Final	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Parks and Recreation	-	-	-
Capital Outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>3,525</u>	<u>3,525</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,525</u>	<u>\$ 3,525</u>	<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, 2017

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 347,000	\$ 338,344	\$ (8,656)
Total Revenues	347,000	338,344	(8,656)
EXPENDITURES			
Current:			
Public Works	397,007	371,283	25,724
Capital Outlay	-	-	-
Total Expenditures	397,007	371,283	25,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,007)	(32,939)	17,068
OTHER FINANCING SOURCES (USES)			
Transfers In	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	-
Net Change in Fund Balances	(7)	17,061	17,068
Fund Balance, Beginning of Year	15,508	15,508	-
Fund Balance, End of Year	\$ 15,501	\$ 32,569	\$ 17,068

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Asset Forfeiture Fund
Year Ended June 30, 2017

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Fines and Forfeitures	\$ 45,000	\$ 22,034	\$ (22,966)
Total Revenues	<u>45,000</u>	<u>22,034</u>	<u>(22,966)</u>
EXPENDITURES			
Current:			
Public Safety	6,050	6,050	-
Capital Outlay	<u>95,000</u>	<u>60,085</u>	<u>34,915</u>
Total Expenditures	<u>101,050</u>	<u>66,135</u>	<u>34,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(56,050)</u>	<u>(44,101)</u>	<u>11,949</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	(56,050)	(44,101)	11,949
Fund Balance, Beginning of Year	<u>113,085</u>	<u>113,085</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 57,035</u>	<u>\$ 68,984</u>	<u>\$ 11,949</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Gas Tax Fund
Year Ended June 30, 2017

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	556,000	468,296	(87,704)
Total Revenues	556,000	468,296	(87,704)
EXPENDITURES			
Current:			
Public Works	358,837	328,378	30,459
Capital Outlay	76,231	44,036	32,195
Total Expenditures	435,068	372,414	62,654
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,932	95,882	(25,050)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(99,164)	(99,515)	(351)
Total Other Financing Sources (Uses)	(99,164)	(99,515)	(351)
Net Change in Fund Balances	21,768	(3,633)	(25,401)
Fund Balance, Beginning of Year	17,359	17,359	-
Fund Balance, End of Year	\$ 39,127	\$ 13,726	\$ (25,401)

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Federal Asset Forfeiture Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Fines and Forfeitures	\$ 19,500	\$ 19,508	\$ 8
Investment Earnings	-	99	99
Total Revenues	<u>19,500</u>	<u>19,607</u>	<u>107</u>
EXPENDITURES			
Capital Outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Expenditures	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,500)</u>	<u>19,607</u>	<u>30,107</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	(10,500)	19,607	30,107
Fund Balance, Beginning of Year	<u>16,207</u>	<u>16,207</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,707</u>	<u>\$ 35,814</u>	<u>\$ 30,107</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AQMD Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 264	\$ 264
Intergovernmental	29,100	31,329	2,229
Other	-	-	-
	<u>29,100</u>	<u>31,593</u>	<u>2,493</u>
Total Revenues			
EXPENDITURES			
Current:			
Public Works	-	-	-
Capital Outlay	186,469	96,170	90,299
	<u>186,469</u>	<u>96,170</u>	<u>90,299</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(157,369)</u>	<u>(64,577)</u>	<u>92,792</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(157,369)	(64,577)	92,792
Fund Balance, Beginning of Year	195,651	195,651	-
	<u>195,651</u>	<u>195,651</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 38,282</u>	<u>\$ 131,074</u>	<u>\$ 92,792</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, 2017

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
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	<u>271,672</u>	<u>271,672</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 271,672</u></u>	<u><u>\$ 271,672</u></u>	<u><u>\$ -</u></u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Pavement Management Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts <u> </u>	Variance with Final Budget Positive (Negative) <u> </u>
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(20,000)	(20,000)	-
	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balances	(20,000)	(20,000)	-
Fund Balance, Beginning of Year	<u>33,300</u>	<u>33,300</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 13,300</u>	<u>\$ 13,300</u>	<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, 2017

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 376,500	\$ 371,999	\$ (4,501)
Investment Earnings	-	(106)	(106)
	<u>376,500</u>	<u>371,893</u>	<u>(4,607)</u>
EXPENDITURES			
Current:			
Public Works	189,471	156,721	32,750
Capital Outlay	441,337	213,612	227,725
	<u>630,808</u>	<u>370,333</u>	<u>260,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(254,308)</u>	<u>1,560</u>	<u>255,868</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(254,308)	1,560	255,868
Fund Balance, Beginning of Year	<u>164,271</u>	<u>164,271</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (90,037)</u></u>	<u><u>\$ 165,831</u></u>	<u><u>\$ 255,868</u></u>

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, 2017

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 305,000	\$ 207,312	\$ (97,688)
Other	-	-	-
	<u>305,000</u>	<u>207,312</u>	<u>(97,688)</u>
Total Revenues			
EXPENDITURES			
Current:			
Community Development	-	-	-
Public Works	56,608	23,558	33,050
Capital Outlay	483,954	437,364	46,590
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
	<u>540,562</u>	<u>460,922</u>	<u>79,640</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(235,562)</u>	<u>(253,610)</u>	<u>(18,048)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(235,562)	(253,610)	(18,048)
Fund Balance, Beginning of Year	<u>(10,143)</u>	<u>(10,143)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (245,705)</u></u>	<u><u>\$ (263,753)</u></u>	<u><u>\$ (18,048)</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, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Intergovernmental	233,402	241,807	8,405
Other	-	7,500	7,500
	<u>233,402</u>	<u>249,307</u>	<u>15,905</u>
Total Revenues	<u>233,402</u>	<u>249,307</u>	<u>15,905</u>
EXPENDITURES			
Current:			
General Government	25,000	10,878	14,122
Public Safety	43,202	8,125	35,077
Public Works	42,094	18,497	23,597
Parks and Recreation	165,200	165,416	(216)
	<u>275,496</u>	<u>202,916</u>	<u>72,580</u>
Total Expenditures	<u>275,496</u>	<u>202,916</u>	<u>72,580</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,094)</u>	<u>46,391</u>	<u>88,485</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	(42,094)	46,391	88,485
Fund Balance, Beginning of Year	<u>(85,395)</u>	<u>(85,395)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (127,489)</u>	<u>\$ (39,004)</u>	<u>\$ 88,485</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - STP Local Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ (128)	\$ (128)
Intergovernmental	-	425,401	425,401
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>425,273</u>	<u>425,273</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Public Works	-	-	-
Capital Outlay	<u>281,831</u>	<u>281,831</u>	<u>-</u>
Total Expenditures	<u>281,831</u>	<u>281,831</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(281,831)</u>	<u>143,442</u>	<u>425,273</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	(281,831)	143,442	425,273
Fund Balance, Beginning of Year	<u>283,963</u>	<u>283,963</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,132</u>	<u>\$ 427,405</u>	<u>\$ 425,273</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - SLESF Local Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 159	\$ 159
Intergovernmental	120,000	129,324	9,324
Other	-	-	-
	<u>120,000</u>	<u>129,483</u>	<u>9,483</u>
Total Revenues			
EXPENDITURES			
Current:			
Public Safety	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>120,000</u>	<u>129,483</u>	<u>9,483</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Net Change in Fund Balances	-	9,483	9,483
Fund Balance, Beginning of Year	<u>21,049</u>	<u>21,049</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 21,049</u>	<u>\$ 30,532</u>	<u>\$ 9,483</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Outlay Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget Positive (Negative) <u></u>
REVENUES			
Taxes	\$ -	\$ 55	\$ 55
Total Revenues	<u>-</u>	<u>55</u>	<u>55</u>
EXPENDITURES			
Capital Outlay	76,126	14,674	61,452
Total Expenditures	<u>76,126</u>	<u>14,674</u>	<u>61,452</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(76,126)</u>	<u>(14,619)</u>	<u>61,507</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	(76,126)	(14,619)	61,507
Fund Balance, Beginning of Year	<u>64,371</u>	<u>64,371</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (11,755)</u>	<u>\$ 49,752</u>	<u>\$ 61,507</u>

City of San Fernando
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Grants Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	4,253,071	720,158	(3,532,913)
Other	-	-	-
Total Revenues	<u>4,253,071</u>	<u>720,158</u>	<u>(3,532,913)</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Public Works	283,475	202,232	81,243
Parks and Recreation	-	-	-
Capital Outlay	<u>3,628,042</u>	<u>367,917</u>	<u>3,260,125</u>
Total Expenditures	<u>3,911,517</u>	<u>570,149</u>	<u>3,341,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>341,554</u>	<u>150,009</u>	<u>(191,545)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	351	351
Total Other Financing Sources (Uses)	<u>-</u>	<u>351</u>	<u>351</u>
Net Change in Fund Balances	341,554	150,360	(191,194)
Fund Balance, Beginning of Year	<u>(327,987)</u>	<u>(327,987)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 13,567</u>	<u>\$ (177,627)</u>	<u>\$ (191,194)</u>

INTERNAL SERVICE FUNDS

City of San Fernando
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Governmental Activities			Totals
	Internal Service Funds			
	Equipment Replacement	Facilities Maintenance	Self Insurance	
ASSETS				
Current Assets:				
Cash and Investments	\$ 294,360	\$ 120,219	\$ 1,085,026	\$ 1,499,605
Accounts Receivable	1,608	-	31,323	32,931
Inventory	38,659	-	-	38,659
Total Current Assets	<u>334,627</u>	<u>120,219</u>	<u>1,116,349</u>	<u>1,571,195</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	23,659	83,945	226,276	333,880
Accrued Liabilities	2,860	4,306	-	7,166
Current Portion of Insurance Assessment Payable	-	-	81,057	81,057
Current Portion of Claims Payable	-	-	940,000	940,000
Total Current Liabilities	<u>26,519</u>	<u>88,251</u>	<u>1,247,333</u>	<u>1,362,103</u>
Noncurrent Liabilities:				
Insurance Assessment Payable	-	-	729,513	729,513
Claims Payable	-	-	2,427,000	2,427,000
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>3,156,513</u>	<u>3,156,513</u>
Total Liabilities	<u>26,519</u>	<u>88,251</u>	<u>4,403,846</u>	<u>4,518,616</u>
NET POSITION				
Unrestricted	308,108	31,968	(3,287,497)	(2,947,421)
Total Net Position	<u>\$ 308,108</u>	<u>\$ 31,968</u>	<u>\$ (3,287,497)</u>	<u>\$ (2,947,421)</u>

City of San Fernando
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2017

	Governmental Activities Internal Service Funds			Totals
	Equipment Replacement	Facilities Maintenance	Self Insurance	
OPERATING REVENUES				
Charges for Services	\$ 651,165	\$ 1,074,749	\$ 1,061,184	\$ 2,787,098
Other	110,913	-	864,330	975,243
Total Operating Revenues	<u>762,078</u>	<u>1,074,749</u>	<u>1,925,514</u>	<u>3,762,341</u>
OPERATING EXPENSES				
Administration and General	268,839	769,114	1,656,733	2,694,686
Maintenance and Operations	367,674	201,904	-	569,578
Claims	-	-	965,996	965,996
Total Operating Expenses	<u>636,513</u>	<u>971,018</u>	<u>2,622,729</u>	<u>4,230,260</u>
Operating Income (Loss)	<u>125,565</u>	<u>103,731</u>	<u>(697,215)</u>	<u>(467,919)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	-	-	-	-
Interest Expense	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	125,565	103,731	(697,215)	(467,919)
Transfers In	40,000	-	60,000	100,000
Transfers Out	-	-	-	-
Change in Net Position	165,565	103,731	(637,215)	(367,919)
Net Position, Beginning of Year	<u>142,543</u>	<u>(71,763)</u>	<u>(2,650,282)</u>	<u>(2,579,502)</u>
Net Position, End of Year	<u>\$ 308,108</u>	<u>\$ 31,968</u>	<u>\$ (3,287,497)</u>	<u>\$ (2,947,421)</u>

City of San Fernando
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2017

	Governmental Activities Internal Service Funds			Totals
	Equipment Replacement	Facilities Maintenance	Self Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Interfund Services Provided	\$ 649,557	\$ 1,074,749	\$ 1,089,647	\$ 2,813,953
Cash Paid to Suppliers for Goods and Services	(459,311)	(645,973)	(630,302)	(1,735,586)
Cash Paid to Employees	(225,891)	(314,203)	-	(540,094)
Claims Paid	-	-	(557,996)	(557,996)
Other Operating Income	110,913	-	864,330	975,243
 Net Cash Provided (Used) by Operating Activities	 75,268	 114,573	 765,679	 955,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	40,000	-	60,000	100,000
Transfers to Other Funds	-	-	-	-
 Net Cash Provided (Used) by Noncapital Financing Activities	 40,000	 -	 60,000	 100,000
 Net Increase (Decrease) in Cash and Cash Equivalents	 115,268	 114,573	 825,679	 1,055,520
Cash and Cash Equivalents - Beginning of Year	179,092	5,646	259,347	444,085
Cash and Cash Equivalents - End of Year	<u>\$ 294,360</u>	<u>\$ 120,219</u>	<u>\$ 1,085,026</u>	<u>\$ 1,499,605</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 125,565	\$ 103,731	\$ (697,215)	\$ (467,919)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(1,608)	-	28,463	26,855
(Increase) Decrease in Inventory	(805)	-	-	(805)
Increase (Decrease) in Accounts Payable	(47,174)	11,257	215,861	179,944
Increase (Decrease) in Accrued Liabilities	(710)	(415)	-	(1,125)
Increase (Decrease) in Insurance Payable	-	-	810,570	810,570
Increase (Decrease) in Claims Payable	-	-	408,000	408,000
 Total Cash Provided by Operating Activities	 <u>\$ 75,268</u>	 <u>\$ 114,573</u>	 <u>\$ 765,679</u>	 <u>\$ 955,520</u>

City of San Fernando
Fiduciary Fund
June 30, 2017

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, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 112,108	\$ 187,923	\$ 198,468	\$ 101,563
Total Assets	<u>\$ 112,108</u>	<u>\$ 187,923</u>	<u>\$ 198,468</u>	<u>\$ 101,563</u>
LIABILITIES				
Accounts Payable	\$ 9,311	\$ 195,259	\$ 195,419	\$ 9,151
Deposits	102,797	185,523	195,908	92,412
Total Liabilities	<u>\$ 112,108</u>	<u>\$ 380,782</u>	<u>\$ 391,327</u>	<u>\$ 101,563</u>

SECTION III.
Statistical Section

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City of San Fernando
Description of Statistical Section Contents
June 30, 2017

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	137
<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	142
<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	146

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 42,548,031	\$ 42,804,903	\$ 42,262,518	\$ 43,598,683
Restricted	13,204,186	14,329,955	14,364,410	13,040,082
Unrestricted	<u>(11,650,513)</u>	<u>(14,751,986)</u>	<u>(17,503,004)</u>	<u>(19,365,287)</u>
Total governmental activities net position	<u>\$ 44,101,704</u>	<u>\$ 42,382,872</u>	<u>\$ 39,123,924</u>	<u>\$ 37,273,478</u>
Business-type activities:				
Net investment in capital assets	\$ 16,950,800	\$ 16,267,470	\$ 15,547,758	\$ 15,324,618
Restricted	-	-	-	-
Unrestricted	<u>7,846,843</u>	<u>7,920,801</u>	<u>7,206,906</u>	<u>7,733,239</u>
Total business-type activities net position	<u>\$ 24,797,643</u>	<u>\$ 24,188,271</u>	<u>\$ 22,754,664</u>	<u>\$ 23,057,857</u>
Primary government:				
Net investment in capital assets	\$ 59,498,831	\$ 59,072,373	\$ 57,810,276	\$ 58,923,301
Restricted	13,204,186	14,329,955	14,364,410	13,040,082
Unrestricted	<u>(3,803,670)</u>	<u>(6,831,185)</u>	<u>(10,296,098)</u>	<u>(11,632,048)</u>
Total primary government net position	<u>\$ 68,899,347</u>	<u>\$ 66,571,143</u>	<u>\$ 61,878,588</u>	<u>\$ 60,331,335</u>

Source: City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 50,993,498	\$ 49,532,007	\$ 47,859,172	\$ 45,956,739	\$ 44,313,624	\$ 41,001,890
2,533,805	1,802,498	11,909,107	5,887,197	5,926,880	5,847,710
<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>(32,938,991)</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>	<u>\$ 13,910,609</u>
\$ 14,811,543	\$ 14,420,860	\$ 14,866,478	\$ 14,634,533	\$ 14,592,937	\$ 14,515,239
-	-	-	-	-	-
<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>3,639,086</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>	<u>\$ 18,154,325</u>
\$ 65,805,041	\$ 63,952,867	\$ 62,725,650	\$ 60,591,272	\$ 58,906,561	\$ 55,517,129
2,533,805	1,802,498	11,909,107	5,887,197	5,926,880	5,847,710
<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>(29,299,905)</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>	<u>\$ 32,064,934</u>

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

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

Source: City Finance Department

Fiscal Year				
2013	2014	2015	2016	2017
\$ 6,459,914	\$ 4,619,200	\$ 4,935,760	\$ 7,744,559	\$ 4,769,539
9,414,862	10,190,441	10,731,526	10,122,343	13,881,037
999,751	981,236	988,973	1,358,166	1,349,334
5,503,387	6,052,317	7,017,740	5,380,601	5,306,102
2,224,370	1,781,749	1,740,259	1,963,627	1,926,959
-	-	-	-	-
<u>72,425</u>	<u>58,565</u>	<u>170,118</u>	<u>56,803</u>	<u>120,506</u>
<u>24,674,709</u>	<u>23,683,508</u>	<u>25,584,376</u>	<u>26,626,099</u>	<u>27,353,477</u>
3,172,962	2,981,710	3,204,499	3,260,071	3,692,438
2,802,013	2,893,127	2,491,408	4,556,154	3,651,883
<u>1,021,804</u>	<u>827,986</u>	<u>16,734</u>	<u>27,550</u>	<u>92,446</u>
<u>6,996,779</u>	<u>6,702,823</u>	<u>5,712,641</u>	<u>7,843,775</u>	<u>7,436,767</u>
<u>31,671,488</u>	<u>30,386,331</u>	<u>31,297,017</u>	<u>34,469,874</u>	<u>34,790,244</u>
513,512	820,334	758,286	647,141	583,386
1,553,828	1,538,619	1,407,121	2,367,700	1,235,131
295,199	431,884	412,683	339,593	380,342
757,265	912,209	763,728	414,979	438,527
576,507	564,742	397,055	254,491	475,553
3,139,513	2,851,032	3,386,430	2,409,666	2,272,862
<u>719,000</u>	<u>1,204,330</u>	<u>704,193</u>	<u>1,042,672</u>	<u>1,732,169</u>
<u>7,554,824</u>	<u>8,323,150</u>	<u>7,829,496</u>	<u>7,476,242</u>	<u>7,117,970</u>
3,291,272	3,806,797	3,849,880	3,813,635	4,274,122
2,892,407	3,326,587	3,401,436	3,336,251	3,368,071
<u>1,131,929</u>	<u>858,516</u>	<u>-</u>	<u>6,651</u>	<u>12,984</u>
<u>7,315,608</u>	<u>7,991,900</u>	<u>7,251,316</u>	<u>7,156,537</u>	<u>7,655,177</u>
<u>14,870,432</u>	<u>16,315,050</u>	<u>15,080,812</u>	<u>14,632,779</u>	<u>14,773,147</u>
(17,119,885)	(15,360,358)	(17,754,880)	(19,149,857)	(20,235,507)
<u>318,829</u>	<u>1,289,077</u>	<u>1,538,675</u>	<u>(687,238)</u>	<u>218,410</u>
<u>(16,801,056)</u>	<u>(14,071,281)</u>	<u>(16,216,205)</u>	<u>(19,837,095)</u>	<u>(20,017,097)</u>

(Continued)

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

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

- (1) The fluctuations beginning in fiscal year 2012 compared to prior years resulted from reclassifications of certain revenues.
(2) The extraordinary gain in 2012 resulted from the dissolution of the City's Redevelopment Agency in accordance with State law.

Source: City Finance Department

		Fiscal Year							
		2013	2014	2015	2016	2017			
\$	6,650,806	\$	8,406,309	\$	7,871,457	\$	8,739,138	\$	8,867,169 (1)
	2,637,297		4,175,825		5,313,426		6,437,739		7,911,392
	867,581		963,741		1,022,777		962,590		-
	1,031,924		1,043,365		1,114,416		1,184,994		1,483,606 (1)
	297,319		409,176		613,793		636,652		636,457
	-		-		-		-		-
	357,190		374,933		315,247		334,419		350,636 (1)
	-		-		-		-		-
	1,530		16,790		50,748		72,181		102,733
	-		-		1,033,066		-		-
	376,607		573,853		43,010		107,561		48,101
	121,000		4,265,286		187,688		181,000		180,000
	-		-		-		-		- (2)
	<u>12,341,254</u>		<u>20,229,278</u>		<u>17,565,628</u>		<u>18,656,274</u>		<u>19,580,094</u>
	16,079		10,458		17,287		64,545		30,788
	-		-		-		-		-
	<u>(121,000)</u>		<u>(719,708)</u>		<u>(187,688)</u>		<u>(181,000)</u>		<u>(180,000)</u>
	<u>(104,921)</u>		<u>(709,250)</u>		<u>(170,401)</u>		<u>(116,455)</u>		<u>(149,212)</u>
	<u>12,236,333</u>		<u>19,520,028</u>		<u>17,395,227</u>		<u>18,539,819</u>		<u>19,430,882</u>
	(4,778,631)		4,868,920		(189,252)		(493,583)		(655,413)
	213,908		579,827		1,368,274		(803,693)		69,198
\$	<u>(4,564,723)</u>	\$	<u>5,448,747</u>	\$	<u>1,179,022</u>	\$	<u>(1,297,276)</u>	\$	<u>(586,215)</u>

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

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

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

Source: City Finance Department

Fiscal Year				
2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<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>
\$ 392,931	\$ 739,783	\$ 371,547	\$ 329,717	\$ 66,703
<u>(2,139,983)</u>	<u>(6,433,688)</u>	<u>(4,485,592)</u>	<u>(3,409,964)</u>	<u>(1,541,792)</u>
<u>\$ (1,747,052)</u>	<u>\$ (5,693,905)</u>	<u>\$ (4,114,045)</u>	<u>\$ (3,080,247)</u>	<u>\$ (1,475,089)</u>
\$ 94,787	\$ 118,720	\$ -	\$ -	\$ 1,000
1,836,005	11,840,461	12,970,716	16,579,665	17,727,008
<u>(164,377)</u>	<u>(238,284)</u>	<u>(86,502)</u>	<u>(423,525)</u>	<u>(480,384)</u>
<u>\$ 1,766,415</u>	<u>\$ 11,720,897</u>	<u>\$ 12,884,214</u>	<u>\$ 16,156,140</u>	<u>\$ 17,247,624</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Taxes	\$ 19,597,729	\$ 20,136,147	\$ 18,114,573	\$ 17,433,856
Licenses and permits	254,159	260,071	223,748	249,754
Charges for services	3,307,933	2,814,217	2,876,980	2,697,601
Fines and forfeitures	1,074,122	1,268,174	1,226,322	1,183,299
Investment earnings	731,934	699,154	700,719	570,661
Intergovernmental	3,608,832	5,481,477	6,017,833	7,005,399
Sale of inventory	500,000	125,000	-	-
Other	1,424,980	1,931,944	2,177,633	2,331,930
Total revenues	<u>30,499,689</u>	<u>32,716,184</u>	<u>31,337,808</u>	<u>31,472,500</u>
Expenditures				
Current:				
General government	8,998,389	8,362,675	7,870,484	7,710,354
Public safety	9,977,618	10,620,149	10,382,127	10,556,689
Community development	5,051,488	2,033,620	1,636,343	2,364,956
Public works	7,060,897	4,383,266	3,274,845	3,085,317
Parks and recreation	5,093,249	3,731,142	2,921,263	2,332,198
Pass-throughs	1,004,484	1,367,117	1,745,906	1,712,477
SERAF	-	-	2,063,811	424,902
Capital outlay	6,167,164	1,538,552	989,588	2,835,433
Debt service:				
Principal	1,309,000	1,418,388	1,663,887	1,933,535
Interest and fiscal charges	859,788	771,988	932,410	870,409
Cost of issuance	-	-	-	-
Total expenditures	<u>45,522,077</u>	<u>34,226,897</u>	<u>33,480,664</u>	<u>33,826,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,022,388)</u>	<u>(1,510,713)</u>	<u>(2,142,856)</u>	<u>(2,353,770)</u>
Other financing sources (uses):				
Transfers in	4,451,217	5,468,685	6,818,161	7,603,439
Transfers out	(4,218,868)	(5,246,062)	(6,477,259)	(7,482,439)
Payment to/from bond escrow agent	-	-	-	-
Issuance of debt	-	-	-	-
Discount	-	-	-	-
Sale of property	-	-	-	178,411
Total other financing sources (uses)	<u>232,349</u>	<u>222,623</u>	<u>340,902</u>	<u>299,411</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	<u>\$ (14,790,039)</u>	<u>\$ (1,288,090)</u>	<u>\$ (1,801,954)</u>	<u>\$ (2,054,359)</u>
Debt service as a percentage of noncapital expenditures	5.5%	6.7%	8.0%	9.0%
	2,168,788	2,190,376	2,596,297	2,803,944
	39,354,913	32,688,345	32,491,076	30,990,837

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						
	2012	2013	2014	2015	2016	2017
\$	14,941,249	\$ 11,120,845	\$ 14,372,140	\$ 15,890,424	\$ 18,243,024	\$ 18,814,442
	279,825	337,085	410,512	437,765	335,010	243,960
	1,508,783	2,714,937	2,919,857	2,403,038	2,115,806	1,282,281
	888,136	734,210	589,571	576,778	643,927	576,710
	280,368	218,923	232,404	231,535	240,049	268,368
	5,234,049	4,467,012	4,615,312	4,636,669	3,641,035	4,543,228
	-	-	-	-	-	-
	1,013,941	512,402	1,013,376	402,521	423,599	383,686
	<u>24,146,351</u>	<u>20,105,414</u>	<u>24,153,172</u>	<u>24,578,730</u>	<u>25,642,450</u>	<u>26,112,675</u>
	4,623,271	4,967,021	2,398,576	2,902,267	5,915,423	4,575,208
	9,961,760	9,032,340	9,811,572	10,473,341	10,988,468	10,976,722
	1,222,182	791,977	775,446	779,446	1,021,757	1,093,430
	3,748,331	4,034,856	4,248,932	4,675,026	3,284,258	2,890,550
	2,055,715	2,134,851	1,693,085	1,649,985	1,774,799	1,730,136
	1,067,046	-	-	-	-	-
	-	-	-	-	-	-
	-	427,999	464,855	239,126	1,291,817	2,017,716
	-	268,000	384,000	1,572,692	-	65,000
	378,568	72,425	58,565	170,118	27,559	147,271
	-	-	-	-	-	-
	<u>23,056,873</u>	<u>21,729,469</u>	<u>19,835,031</u>	<u>22,462,001</u>	<u>24,304,081</u>	<u>23,496,033</u>
	1,089,478	(1,624,055)	4,318,141	2,116,729	1,338,369	2,616,642
	3,233,411	3,338,164	11,677,345	1,520,854	628,658	424,262
	(3,112,411)	(3,217,164)	(7,412,059)	(1,927,472)	(577,658)	(344,262)
	-	-	-	-	-	-
	-	-	-	-	2,785,000	-
	-	-	-	-	131,355	-
	245,000	-	-	1,033,066	-	-
	<u>366,000</u>	<u>121,000</u>	<u>4,265,286</u>	<u>626,448</u>	<u>2,967,355</u>	<u>80,000</u>
	(1,723,105)	-	-	-	-	-
\$	<u>(267,627)</u>	<u>(1,503,055)</u>	<u>8,583,427</u>	<u>2,743,177</u>	<u>4,305,724</u>	<u>2,696,642</u>
	1.6%	1.6%	2.3%	7.8%	0.1%	1.0%
	378,568	340,425	442,565	1,742,810	27,559	212,271
	23,056,873	21,301,470	19,370,176	22,385,539	23,140,165	21,436,206

**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
2008	900,052,366	240,006,510	216,095,061	25,461,983	76,947,962	-	1,458,563,882	0.67939%
2009	924,249,336	254,066,849	223,073,530	35,618,563	78,152,281	-	1,515,160,559	0.68605%
2010	834,108,715	256,442,463	258,825,850	32,405,858	112,691,566	-	1,494,474,452	0.73077%
2011	796,187,198	259,924,017	257,840,462	31,707,331	108,228,918	-	1,453,887,926	0.73507%
2012	810,126,651	261,333,463	254,802,905	36,235,560	108,145,377	-	1,470,643,956	0.73170%
2013	832,506,508	264,733,131	258,909,717	44,405,697	121,871,794	-	1,522,426,847	0.73694%
2014	867,056,835	274,616,719	261,395,589	32,346,933	124,425,059	-	1,559,841,135	0.39186%
2015	923,896,596	279,949,485	263,990,591	41,954,560	122,621,128	-	1,632,412,360	0.38353%
2016	957,625,272	298,635,774	274,576,052	40,631,968	114,207,014	-	1,685,676,080	0.38306%
2017	1,023,912,662	320,409,250	283,710,434	50,016,536	113,200,408	-	1,791,249,290	0.36884%

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.

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

Agency	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
LA Community College District	0.00879	0.02212	0.02311	0.04031	0.03530	0.04875	0.04454	0.04017	0.03575	0.03596
LA Unified School District	0.12334	0.12478	0.15181	0.18695	0.16819	0.17561	0.14644	0.14688	0.12971	0.13110
Metropolitan Water District	0.00450	0.00430	0.0043	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350
Tax District No. 1	0.28420	0.28420	0.2842	0.28420	0.28420	0.28420	0.25654	0.24832	0.24763	0.23247
Direct and Overlapping Tax Rates ²	1.42083	1.43540	1.46342	1.51516	1.49139	1.51206	1.45102	1.43887	1.41659	1.40303
City Share of 1% Levy Per Prop 13 ³	0.14560	0.14560	0.14560	0.14560	0.14560	0.14560	0.14560	0.14560	0.14560	0.14560
Voter Approved City Debt Rate	0.28420	0.28420	0.28420	0.28420	0.28420	0.28420	0.25654	0.24832	0.24763	0.23247
Redevelopment Rate ⁴	1.28874	1.28856	1.28850	1.28790	1.28790	-	-	-	-	-
Total Direct Rate ⁵	0.67939	0.68605	0.73077	0.73507	0.73170	0.73694	0.39186	0.38353	0.38306	0.36884

Notes:

¹In 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.

²Overlapping 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 Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in same proportions as general fund revenue.

Data Source: L.A. County Assessor 2007/08 - 2016/17 Tax Rate Table provided by HdL, Coren and Cone.

**City of San Fernando
Principal Property Tax Payers
Top Ten Property Owners By Assessed Value
Current and Ten Years Ago**

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CPF San Fernando LLC	\$ 77,549,581	4.33%	CLPF San Fernando LP	\$ 47,334,028	3.25%
Pharmavite LLC	47,893,797	2.67%	SFVS Company LLC	19,070,299	1.31%
SFVS Company LLC	21,701,336	1.21%	Barmazel Family	19,006,341	1.30%
Foothill HD Retail Center LLC	20,390,732	1.14%	Foothill HD Retail Center LLC	18,016,606	1.24%
Ahi Glenoaks Inc.	16,574,471	0.93%	Omnipoint Communications Inc.	14,644,670	1.00%
San Fernando Gateway LLC	15,356,401	0.86%	315 Partners LLC	12,946,735	0.89%
315 Partners LLC	15,221,308	0.85%	San Fernando Associates	9,531,774	0.65%
YNG LLC	13,726,179	0.77%	San Fernando Valley Automotive LL	9,056,856	0.62%
1150 San Fernando Road LLC	13,705,874	0.77%	Nathan O. Shaw Company Trust	8,360,408	0.57%
San Fernando Community Housing I	<u>12,014,724</u>	<u>0.67%</u>	San Fernando Gateway LLC	<u>8,107,651</u>	<u>0.56%</u>
Total Top Ten	<u>\$ 254,134,403</u>	<u>14.19%</u>	Total Top Ten	<u>\$ 166,075,368</u>	<u>11.39%</u>
Total Property Taxes	<u>\$ 1,791,249,290</u>		Total Property Taxes	<u>\$ 1,458,563,882</u>	

Data Source: L.A. County Assessor 2016/17 and 2007/08 Combined Tax Rolls and the SBE Non Unitary Tax Roll provided by HdL, Coren and Cone.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	*Collected within the Fiscal Year of Levy		*Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2017	5,991,659	6,616,033	110.42%	(4,283)	6,611,750	110.35%

Notes:

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

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

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

**City of San Fernando
Top 25 Sales Tax Producers**

For Fiscal Year 2016- 17

<u>Business Name</u>	<u>Business Category</u>
Acey Decy Lighting	Repair Shop/Equip. Rentals
Arco	Service Stations
Arroyo Building Materials	Building Materials
Casco	Contractors
El Pollo Loco	Quick Service Restaurants
El Super	Grocery Stores Liquor
Ferguson Enterprises	Plumbing/Electrical Supplies
Ganas Auto	Used Automotive Dealers
General Motors Acceptance	Auto Lease
Goodman Distribution	Contractors
Home Depot	Building Materials
IHOP	Casual Dining
Jack in the Box	Quick Service Restaurants
McDonald's	Quick Service Restaurants
Nachos Ornamental	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
T Mobil	Electronics/Appliance Stores
TMB Production Supplies & Servs.	Electrical Equipment
Vallarta Supermarket	Grocery Stores
Western Motor Sport	Used Automotive Dealers
WSS	Shoe Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 68.70%

* Firms Listed Alphabetically

Period: April 2016 Thru March 2017

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

**City of San Fernando
Top 25 Sales Tax Producers**

For Fiscal Year 2007-08

<u>Business Name</u>	<u>Business Category</u>
Acey Decy Lighting	Repair Shop/Equip. Rentals
Arco	Service Stations
Arco AM PM Mini Mart	Service Stations
Arco Budget Mini Market	Service Stations
Arroyo Building Materials	Building Materials
Casco	Contractors
El Pollo Loco	Quick Service Restaurants
Famsa	Home Furnishings
Food 4 Less	Grocery Stores
Goodman Distribution	Contractors
Goodman Sales Company	Contractors
Home Depot	Building Materials
Jack in the Box	Quick Service Restaurants
JC Penney	Department Stores
McDonald's	Quick Service Restaurants
Murphy & Shelby Dodge	New Motor Vehicle Dealers
Nachos Ornamental Supply	Discount Department Stores
Payless Foods	Grocery Stores
Pep Boys	Automotive Supply Stores
Pool & Electrical Products	Plumbing/Electrical Supplies
Rydell Chevy Buick Pontiac GMC	New Motor Vehicle Dealers
Sams Club	Discount Dept. Stores
Southland Lighting	Plumbing/Electrical Supplies
Truman 76	Service Stations
WSS	Shoe Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 70.53%

* Firms Listed Alphabetically

Period: April 2007 Thru March 2008

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Apparel Stores	\$ 11,073	\$ 10,276	\$ 8,533	\$ 8,643	\$ 8,844
Food Stores	11,708	12,196	11,969	11,697	11,818
Eating and Drinking Places	46,890	46,204	44,119	44,846	45,542
Building Materials	105,035	90,999	77,433	69,549	71,102
Auto Dealers and Supplies	82,123	55,592	45,175	32,488	24,268
Service Stations	12,062	12,907	11,977	14,845	17,810
Other Retail Stores	87,702	77,535	70,859	61,523	57,648
All Other Outlets	90,126	83,269	74,886	75,769	80,060
	<hr/>				
Total	\$ 446,719	\$ 388,978	\$ 344,951	\$ 319,360	\$ 317,092
	<hr/>				

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.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Apparel Stores	\$ 9,752	\$ 9,467	\$ 9,438	\$ 10,407	\$ 12,131
Food Stores	13,847	15,902	14,052	14,349	15,270
Eating and Drinking Places	48,810	51,888	54,309	60,844	65,276
Building Materials	69,324	86,372	90,590	96,420	102,863
Auto Dealers and Supplies	28,349	46,742	82,929	85,722	106,114
Service Stations	19,006	17,864	16,640	15,215	13,545
Other Retail Stores	56,274	54,157	56,658	63,021	63,462
All Other Outlets	82,692	88,381	101,523	113,133	125,763
	<hr/>				
Total	<u>\$ 328,054</u>	<u>\$ 370,773</u>	<u>\$ 426,139</u>	<u>\$ 459,111</u>	<u>\$ 504,424</u>

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

Water Customer	2017		Water Customer	2008	
	Water Charges	Percent of Total Water Revenues		Water Charges	Percent of Total Water Revenues
Pharmavite Corporation	\$ 64,425	1.52%	Puretek Corp.	21,809	0.77%
Pharmavite Corporation	27,781	0.66%	Foods, Solomon	17,570	0.62%
Mission Park Apartments	24,861	0.59%	Pharmavite Corporation	15,416	0.55%
Bitman, Boris Bruce	20,118	0.48%	Samco Scientific Corp	13,435	0.48%
LA Board of Education	18,777	0.44%	K.V. Mart #19	10,722	0.38%
Fresh & Ready Foods	17,486	0.41%	CLPE - San Fernando L	10,563	0.37%
MRCA	16,907	0.40%	Laco-Int Serv Dept.	10,373	0.37%
Fresenius Medical CA	15,931	0.38%	Majers, Olin	9,969	0.35%
Majers, Olin	15,175	0.36%	Martin & Denise Rile	9,872	0.35%
Martin & Denise Rile	<u>14,795</u>	<u>0.35%</u>	Mission Car Wash	<u>9,761</u>	<u>0.35%</u>
Total Top Ten	\$ 236,255	5.58%	Total Top Ten	\$ 129,490	4.59%
Total Water Revenue	<u>\$ 4,234,020</u>		Total Water Revenue	<u>2,823,770</u>	

Data Source: City of San Fernando Finance Department 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			
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%	-	
2016	-	-	-	2,916,355	2,916,355	0.66%	117	
2017	-	-	-	2,845,644	2,845,644	0.63%	115	

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Personal income and Population numbers from <https://www.census.gov/quickfacts/fact/table/US/PST045216> visited 12/20/2017.

City of San Fernando
Direct and Overlapping Debt As Of June 30, 2017

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Direct Debt:			
240.01 Bonds, Loans, & County Deferral	-	-	-
Total Direct Debt	-	-	-
Overlapping Debt:			
310.30 *Metropolitan Water District	36,281,674	0.106	38,637
805.55 LA CCD DS 2003 TAXABLE SERIES 2004B	33,670,000	0.240	80,751
805.58 LA CCD DS 2001, 2006 Series B	4,880,000	0.240	11,704
805.60 LA CCD DS 2001, 2008 SER E-1	14,440,000	0.240	34,632
805.62 LA CCD DS 2003, 2008 SER F-1	14,320,000	0.240	34,344
805.65 LA CCD DS 2008, 2009 Taxable SER B	75,000,000	0.240	179,873
805.66 LA CCD DS 2008, 2010 Tax Series D	125,000,000	0.240	299,789
805.67 LA CCD DS 2008, 2010 Tax SER E (BABS)	900,000,000	0.240	2,158,479
805.70 LA CCD DS 2013 REF BONDS	254,505,000	0.240	610,382
805.71 LA CCD DS 2008 SERIES G	224,160,000	0.240	537,605
805.73 LA CCD DS 2015 REF Series A	1,459,300,000	0.240	3,499,854
805.74 LA CCD DS 2015 REF Series B	37,655,000	0.240	90,308
805.75 LA CCD DS 2015 REF Series C	289,955,000	0.240	695,402
805.77 LA CCD DS 2008 SER J	414,995,000	0.240	995,287
887.56 Los Angeles Unif DS 2002 REF Bond	15,215,000	0.296	44,976
887.66 Los Angeles Unif DS 2005 REF Bonds A-1	71,850,000	0.296	212,389
887.67 Los Angeles Unif DS 2005 REF Bonds A-2	14,790,000	0.296	43,719
887.76 Los Angeles Unif DS 2007 REF BDS SER A-1	4,225,000	0.296	12,489
887.77 Los Angeles Unif DS 2007 REF BDS SER A-2	17,510,000	0.296	51,760
887.79 Los Angeles Unif DS 2007 REF BDS SER B	32,100,000	0.296	94,888
887.86 Los Angeles Unif DS 2002 SERIES E	200,000,000	0.296	591,202
887.87 Los Angeles Unif DS 2004 SERIES J	756,510,000	0.296	2,236,250
887.89 Los Angeles Unif DS 2005 SERIES H	608,995,000	0.296	1,800,194
887.91 LAUSD Measure R Series 2009	75,630,000	0.296	223,563
887.92 LAUSD Measure R Series KRY BABS	363,005,000	0.296	1,073,046
887.93 LAUSD Measure Y 2009 Series KRY BABS	806,795,000	0.296	2,384,893
887.95 LAUSD Measure K 2010 Series KRY	145,250,000	0.296	429,360
887.96 LAUSD Measure R 2010 Series KRY	157,165,000	0.296	464,581
887.97 LAUSD Measure Y 2010 Series KRY	130,450,000	0.296	385,611
887.98 LAUSD Measure R 2010 Series RY BABS	477,630,000	0.296	1,411,878
887.99 LAUSD Measure Y 2010 Series RY BABS	772,955,000	0.296	2,284,861
888.54 LAUSD Measure Y 2010 Series KY	29,100,000	0.296	86,020
888.57 Los Angeles Unif DS 2011 Ref Bond Series A-1	146,935,000	0.296	434,341
888.58 Los Angeles Unif DS 2011 Ref Bond Series A-2	146,930,000	0.296	434,326

Data Source: HDL Coren and Cone, L.A. County Assessor and Auditor Combined 2016/17 Lien Date Tax Rolls.

City of San Fernando
Direct and Overlapping Debt As Of June 30, 2017

Overlapping Debt (Continued):

888.59 Los Angeles Unif DS 2012 Ref Bond Series A	139,510,000	0.296	412,393
888.60 Los Angeles Unif DS 2014 Ref Bond Series A	142,415,000	0.296	420,980
888.61 Los Angeles Unif DS 2014 Ref Bond Series B	323,170,000	0.296	955,293
888.62 Los Angeles Unif DS 2014 Ref Bond Series C	934,275,000	0.296	2,761,724
888.63 Los Angeles Unif DS 2014 Ref Bond Series D	153,385,000	0.296	453,407
888.64 Los Angeles Unif DS 2004 Series J	12,285,000	0.296	36,315
888.65 Los Angeles Unif DS 2004 Series K	1,235,000	0.296	3,651
888.66 Los Angeles Unif DS 2005 Series K	14,480,000	0.296	42,803
888.67 Los Angeles Unif DS 2005 Series L	4,410,000	0.296	13,036
888.68 Los Angeles Unif DS 2015 Ref Bonds Series A	318,085,000	0.296	940,262
888.69 Los Angeles Unif DS 2008 Series A 2016	1,217,135,000	0.296	3,597,861
888.70 Los Angeles Unif DS 2016 Ref Bonds Series A	1,581,685,000	0.296	4,675,474
Total Overlapping Debt:			<u>38,280,593</u>

2016/2017 Assessed Valuation: \$1,151,398,338 After Deducting \$639,850,952 Incremental Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	3.32%
	Total Debt	3.32%

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 and Cone, L.A. County Assessor and Auditor Combined 2016/17 Lien Date Tax Rolls.

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

Fiscal Year	2008	2009	2010	2011	2012
Assessed Valuation	1,458,563,882	1,515,160,559	1,494,474,452	1,453,887,926	1,470,643,956
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	364,640,971	378,790,140	373,618,613	363,471,982	367,660,989
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	54,696,146	56,818,521	56,042,792	54,520,797	55,149,148
Total Net Debt Applicable To Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>54,696,146</u>	<u>56,818,521</u>	<u>56,042,792</u>	<u>54,520,797</u>	<u>55,149,148</u>
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 2016/17 Combined Tax Rolls, provided by HdL, Coren and Cone and City Finance Department

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

Fiscal Year	2013	2014	2015	2016	2017
Assessed Valuation	1,522,426,847	1,559,841,135	1,632,412,360	1,685,676,080	1,791,249,290
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	380,606,712	389,960,284	408,103,090	421,419,020	447,812,323
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	57,091,007	58,494,043	61,215,464	63,212,853	67,171,848
Total Net Debt Applicable To Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>57,091,007</u>	<u>58,494,043</u>	<u>61,215,464</u>	<u>63,212,853</u>	<u>67,171,848</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Data Source: L.A. County Assessor 2016/17 Combined Tax Rolls, provided by HdL, Coren and Cone and City Finance Department

**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
2008	25,044	349,815,000	13,968	7.6%
2009	25,198	343,776,000	13,643	11.8%
2010	23,662	359,081,000	14,156	12.9%
2011	23,712	362,556,000	15,290	12.9%
2012	23,818	379,016,000	15,913	11.5%
2013	23,880	403,190,000	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%
2017	24,717	454,373,000	18,383	4.9%

Data Sources:

¹ US Census Bureau

² HdL Report/Bureau of Economic Analysis (data shown is for the metropolitan area of L.A.-Long Beach-Santa Ana through 2009; thereafter US Census Bureau Data).

US Census Bureau (data shown is for the metropolitan area of L.A.-Long Beach-

³ Anaheim).

City of San Fernando
Miscellaneous and Demographic Statics

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>
		1991	220
	1993	307	3,390,293
	1994	383	14,150,921
	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
	2017	1,078	11,430,654

Date Source: City of San Fernando Community Development Department

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

	<u>2016-17</u>		<u>2007-08</u>		
	<u>Business Name</u>	Number of Employees	Percent of Total Employment	<u>Business Name</u>	Number of Employees
Los Angeles Unified School District	2021	16.98%	Los Angeles Unified School District	490	0.00%
Pharmavite LLC	370	3.11%	Los Angeles County Superior Court *	350	0.00%
Los Angeles County Superior Court *	276	2.32%	Pepsi Bottling	300	0.00%
Pepsi Bottling	268	2.25%	Puretek Corp**	400	0.00%
Home Depot	254	2.13%	Sigue Corporation	480	0.00%
Puretek Corp**	200	1.68%	JT Contractors	400	0.00%
Production Resource Group LLC (PRG)	200	1.68%	Samco Scientific	300	0.00%
Sam's Club	170	1.43%	Future Graphics	220	0.00%
Vallarta Supermarkets	162	1.36%	Bernard Brothers	250	0.00%
Ricon Corp	149	1.25%	Padilla Construction	200	0.00%
Total Top Ten Employers	<u>4,070</u>	<u>34.20%</u>		<u>3,390</u>	<u>0.00%</u>
Total City Labor Force ⁽¹⁾	<u>11,900</u>			<u>-</u>	

Notes:

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

* Includes all employees at courthouse, including state and county

** Includes 2 locations

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

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

City of San Fernando
 Full-Time Equivalent City Employees
 by Function
 Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	20	19	17	17	15
Community Development	10	10	10	7	5
Public Safety	62	62	62	62	57
Public Works	47	46	43	41	39
Recreation and Community Services	<u>21</u>	<u>20</u>	<u>27</u>	<u>22</u>	<u>31</u>
Total	<u>160</u>	<u>158</u>	<u>159</u>	<u>149</u>	<u>148</u>

City of San Fernando
 Full-Time Equivalent City Employees
 by Function
 Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	14	14	14	15	15
Community Development	9	8	8	8	8
Public Safety	50	48	48	47	48
Public Works	36	35	34	34	34
Recreation and Community Services	<u>24</u>	<u>30</u>	<u>32</u>	<u>24</u>	<u>24</u>
	<u>132</u>	<u>133</u>	<u>135</u>	<u>127</u>	<u>128</u>

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

Function	Calendar Year				
	2008	2009	2010	2011	2012
Police:					
Arrests	2,471	2,721	1,933	1,424	887
Parking Citations Issued	19,096	16,966	16,583	14,799	13,407

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

Function	Calendar Year				
	2013	2014	2015	2016	2017
Police:					
Arrests	683	581	612	1007	965
Parking Citations Issued	10,699	8,654	10,730	9,745	8,691

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

Function	Fiscal Year				
	2008	2009	2010	2011	2012
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	1,848	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	66.88
Maximum Daily Pumping Capacity	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

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

Function	Fiscal Year				
	2013	2014	2015	2016	2017
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	1,848	1,848	1,848	1,848	1,848
Traffic Signals Intersections	45	45	45	45	45
Parks and Recreation:					
Parks	6	8	8	8	8
Recreation Centers	2	2	2	2	2
Water:					
Water mains (miles)	66.88	66.88	66.88	66.88	66.88
Maximum Daily Pumping Capa	600	600	600	3,600	3,600
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