

**CITY OF SAN FERNANDO
ADOPTED BUDGET
FY 2005-2006**

**FINANCE DEPARTMENT
EXECUTIVE SUMMARY**

NARRATIVE

The Finance Department provides accounting, financial planning and reporting, business licensing, payroll services, purchasing, vendor payments, utility billing and cashiering, networking services, risk management, long-term financing and central services necessary to meet all City departments operating needs including the preparation and monitoring of the City Budget and the City's Comprehensive Annual Financial Report (CAFR). The Finance Department is also in charge of the budget for the Employee Retirement Division (01-180) and the Non-Departmental Division (01-190).

Highlights: The Fiscal Year 2004-2005 brought many challenges to cities throughout California because of the State's budget deficit. However, staff was able to work closely with all departments and the City Council to ensure that services continued and that the City maintained a positive General Fund reserves.

The department has undergone several retirements of long time employees in the last two years; these were significant losses since it is difficult to replace the amount of knowlegde they had. One of the major challenges encountered was the compilation of information to transfer and implement Governmental Accounting Standards Board (GASB) Statement #34 to the City's CAFR. The department successfully accomplished and implemented GASB 34 for the CAFR report and received an Award for Excellence in Reporting.

During Fiscal Year 2004-2005, we completed the successful conversion of the current Financial (accounts payables, general ledger budgeting, payroll) accounting systems into a new, user-friendly windows based system. The department also coordinated and provided support for the human resources module implementation and began the implementation of the utility billing system. The conversions have been a long process that have required a lot of effort from everyone in the department. To minimize problems with understanding the new system, staff created easy to follow handouts and conducted in-house training for other departments. Others highlights during the year included the following: Completion and continued expansion of the official City of San Fernando Website; Receipt of Awards for Excellence in Financial Reporting by the National and State organizations for Municipal Finance Officers for the City CAFR; Early Adoption of the City budget; Rapid expansion of the City's networking capabilities and Updating of the City's fixed assets records. The department also provided direct support for labor negotiations and risk management activities.

Goals and objectives for FY 2005-2006 include the following: Prepare for the final phase of implementing the Retroactive Conformance of Government Accounting Standards Board #34 (GASB #34) which will require extensive valuation/costing of the City's Infrastructures Capital Assets; Finalize the conversion of the Utility Billing software; create an On-line system for Purchase Orders citywide; Enhance or replace the current Business License software; Automation of various manual accounting practices; Extension of the Audit contract; Complete the connections of all outlying city departments to the main network; Enhance employee cross-training program needed to avoid any processing delays when encountered with employee sickness or vacations, and continue the formal Equipment Replacement Fund to assist in the replacement of the City's vehicle fleet.

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PERSONNEL	ACTUAL 2003-2004	BUDGETED 2004-2005	ESTIMATED 2004-2005	ADOPTED 2005-2006
Finance Director	1.00	1.00	1.00	1.00
Accounting Manager	1.00	1.00	1.00	1.00
Junior Accountant	0.00	1.00	1.00	1.00
Senior Accounting Technician	1.00	0.00	0.00	0.00
Accounting Technician	1.00	1.00	1.00	0.00
Senior Account Clerk II	1.00	1.00	1.00	1.00
Senior Account Clerk	2.00	2.00	2.00	2.00
Senior Account Clerk (Water Dept.)	1.00	1.00	1.00	1.00
Account Clerk	1.00	1.00	1.00	1.00
Total	9.00	9.00	9.00	8.00
APPROPRIATIONS	ACTUAL 2003-2004	BUDGETED 2004-2005	ESTIMATED 2004-2005	ADOPTED 2005-2006
Personnel Services	\$ 495,499	\$ 535,815	\$ 535,815	\$ 490,250
Operating Expenses	105,388	113,100	103,100	114,000
Capital Outlay	9,603	0	-	0
Total	\$ 610,490	\$ 648,915	\$ 638,915	\$ 604,250
SOURCE OF FUNDS				
General Fund	\$ 610,490	\$ 648,915	\$ 638,915	\$ 604,250
Total	\$ 610,490	\$ 648,915	\$ 638,915	\$ 604,250

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Supporting Information **Division No. 130**

4100 PERSONNEL SERVICES \$490,250

Reflects the labor distribution of the Finance Department. The Senior Account Clerk responsible for Utility Billing is fully paid by the Enterprise Funds. The Account Clerk who assists the Senior Account Clerk with cashiering functions will also be partially funded (75%) through the Enterprise Fund.

4200 OPERATING EXPENSES \$114,000

4220	Telephone Expenses.	\$1,800	
4260	Contractual Services (For conversion training cost and other services)	\$0	
4270	Professional Services for:	\$60,000	
	Sales Tax audits & analysis \$3,500		
	Property Tax audits & reviews \$3,500		
	Cost Allocation Plan review & update \$9,000		
	City Audit Services \$35,000		
	State Mandated Cost Claims (SB-90) \$9,000		
4300	Department Supplies Various department supplies, such as computer paper, toner, business licenses, checks, w-2's, 1099's Misc., computer tapes & disks.	\$8,700	
4320	Department Equipment Maintenance Eden system licenses \$25,000	\$25,000	
4360	Personnel Training.	\$3,000	
4365	Tuition Reimbursement.	\$9,000	
4370	Meetings, Memberships & Travel	\$3,300	
	Government Finance Officers Conference \$1,700		
	League of California Cities /Finance Conference (\$1,500) \$0		
	California Society of Finance Officers / Conference \$1,600		
	EDEN Annual Conference (Accounting Software) (\$1,000) \$0		
	CMRTA Annual Conference (Business License) (\$500) \$0		
4380	Subscriptions, Dues & Memberships CSMFO, GFOA & IMA \$2,000	\$2,000	
4390	Vehicle Allowance & Mileage	\$1,200	

4500 CAPITAL EXPENSES \$0

TOTAL \$604,250

**CITY OF SAN FERNANDO
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DIVISION	DIVISION NO.
Employee Retirement	180

NARRATIVE

This division is to account for payments made for retirement related costs directly by the General Fund. These retirement costs include payment to PERS for current city employees.

FY 2005-2006 is the fifth year that this division will be used. In previous years, the payments for the retirement costs were made out of the division where the employee was accounted for and where the retired employee was working at the time of their retirement.

Beginning with fiscal year 2001-2002 and continuing with 2005-2006, the payment of retired employees health benefits and service charges paid to PERS for their administration of the retired employees health insurance was paid directly from the Retirement Fund.

A voter approved special tax levy is used to pay for all costs of the City's membership in the Public Employees Retirement System (PERS). The Retirement Fund pays for the retired employee's health insurance directly.

Based on information provided by PERS the rates will continue to be high in the upcoming years. In Fiscal Year 2004-2005, the budget reflected a 50% increase based on the new rates received. The amount budgeted in the General Fund for Fiscal Year 2005-2006 has decreased because the Special, Enterprise, and Redevelopment Agency Funds will paying for their portion of retirement costs.

APPROPRIATIONS	ACTUAL 2003-2004	BUDGETED 2004-2005	ESTIMATED 2004-2005	ADOPTED 2005-2006
Personnel Services:				
4124 General Fund Retirement				
Costs for PERS	\$ 1,289,785	\$ 1,953,976	\$ 1,850,000	\$ 1,858,930
<i>Fresh Start</i>				<i>(286,000)</i>
Total	\$ 1,289,785	\$ 1,953,976	\$ 1,850,000	\$ 1,572,930

SOURCE OF FUNDS

Retirement Fund	\$ 0	\$ 0	\$ 0	\$ 1,572,930
<i>Total Employee Retirement Expenditures:</i>				
Retirement Fund	\$ 1,289,785	\$ 1,953,976	\$ 1,850,000	\$ 1,858,930
Fresh Start Program	0	0	0	(286,000)
Subtotal				1,572,930
Special Funds / Enterprise Funds	0	0	0	397,770
Agency Fund	0	0	0	96,000
Total	\$ 1,289,785	\$ 1,953,976	\$ 1,850,000	\$ 2,066,700

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DIVISION	DIVISION NO.
Non-Departmental	190

NARRATIVE

The Non-Departmental budget provides for those activities that are not easily segregated into individual budgets or would cost more to segregate than economically feasible. Such items include, but are not limited to: City Hall telephones, insurance, unemployment charges, computer servicing for non-Police locations, City Hall copy and fax equipment and non-utility mail costs. The budget for the current year reflects an increase in the City's property insurance premium. It also includes a subsidy to the Grants fund for payment of the Las Palmas Phase III loan. Due to the expected \$250,000 annual shifts in Fiscal Year 04-05 and 05-06 of funds from the City to the State the amount allocated for this subsidy was maintained at \$100,000. The Council will be reviewing this amount and anticipates a higher subsidy once the shift to the State is no longer present.

There were two major changes to this division's budget. The first one focused on the funding for the Community Based Organizations (CBO's), which was moved to the Legislative Division (101) since these are funded and allocated directly by each Council member. The second, which was a great accomplishment, was the creation of a special events budget. This allows the special event budgets to be centralized under the Non-departmental division. The current budget, \$720,090, includes an allocation of \$136,290 for various events approved by Council. Any corresponding revenue will return to the General Fund to help support the cost of these events. A list of projects approved for the current fiscal year is also included.

	ACTUAL	BUDGETED	ESTIMATED	ADOPTED
PERSONNEL	2003-2004	2004-2005	2004-2005	2005-2006

None

APPROPRIATIONS

Personnel Services	\$ 27,195	\$ 24,040	\$ 25,485	\$ 30,000
Operating Expenses	645,040	694,791	670,000	675,090
Capital Outlay	23,970	9,000	16,000	15,000
Total	\$ 696,205	\$ 727,831	\$ 711,485	\$ 720,090

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DIVISION					DIVISION NO.
Non-Departmental					190
SOURCE OF FUNDS	ACTUAL 2003-2004	BUDGETED 2004-2005	ESTIMATED 2004-2005	ADOPTED 2005-2006	
General Fund	\$ 696,205	\$ 727,831	\$ 711,485	\$ 720,090	
Total	\$ 696,205	\$ 727,831	\$ 711,485	\$ 720,090	
Supporting Information					
4100		PERSONNEL SERVICES			\$30,000
4111	Commissioner Reimbursement		\$0		
4132	Unemployment Insurance		\$30,000		
4200		OPERATING EXPENSES			\$675,090
4220	Telephone.		\$45,500		
4240	Insurance & Surety Bonds-Reflects costs for Property & Earthquake insurance, Employee blanket surety bonds.		\$220,000		
4250	Rents and Leases.		\$1,100		
4260	Contractual Services-misc. contractual services i.e. Computer network / departmental services.		\$92,500		
4280	Office Supplies for City Hall / Postage.		\$31,000		
4300	Department Supplies-Citywide supplies i.e. postage, computer & fax supplies, xerox & maintenance supplies, and postage for newsletters.		\$16,000		
4320	Department Equipment Maintenance.		\$15,000		
4380	Subscription Dues and Memberships to League of Calif. Cities and Southern California Association of Governments.		\$12,000		
4430	Activities & Programs, which include the Employee Recognition Dinner @ \$5,000.		\$5,000		
4435	Bank Charges.		\$700		
4450	Special Events Budget (See attached detail).		\$136,290		
4910	Transfer to Grants Fund to subsidize the Las Palmas loan repayment.		\$100,000		
4500		CAPITAL EXPENSES			\$15,000
4500	Reflects the purchase of a network server and other capital equipment.		\$15,000		
TOTAL					\$720,090

CITY OF SAN FERNANDO
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FY 2005-2006

Division No.
01-19X-XXXX

Special Events

NARRATIVE

During Fiscal Year 2004-2005 the City Council recommended the adoption of a Special Events budget. As compared to previous years, this budget would account for costs incurred by all departments and help track all the special events sponsored by the City. For FY 2005-2006 the budget was reduced from \$136,491 to \$136,290 without removing any events and with the addition of the Relay for Life Event.

Description	Cost	Estimated Revenues
<u>July 4th (Cesar Chavez Park)</u>		
Rec & Comm. Serv. (Fireworks \$14,442)	\$ 16,942	\$ 2,000
Police Dept.	\$ 1,108	
Public Works	\$ 1,950	
	\$ 20,000	
<u>Relay for Life</u>		
Rec & Comm. Serv.	\$ 900	\$ -
Police Dept.	\$ 2,532	
Public Works	\$ 4,196	
	\$ 7,628	
<u>Concerts</u>		
Rec & Comm. Serv.	\$ 13,950	\$ 1,000
Police Dept.	\$ 837	
Public Works	\$ 1,800	
	\$ 16,587	
<u>El Grito (September 15)</u>		
Rec & Comm. Serv.	\$ 3,520	\$ 0
Police Dept.	\$ -	
Public Works	\$ 500	
	\$ 4,020	
<u>Menudo Festival</u>		
Rec & Comm. Serv.	\$ 40,941	\$ 29,000
Police Dept.	\$ 9,052	
Public Works	\$ 4,000	
	\$ 53,993	
<u>Cesar Chavez</u>		
Rec & Comm. Serv.	\$ 6,300	\$ 1,700
Police Dept.	\$ 1,495	
Public Works	\$ 4,600	
	\$ 12,395	

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Division No.
01-19X-XXXX

Special Events

NARRATIVE

Description	Cost	Estimated Revenues
<u>Holiday Parade</u>		
Rec & Comm. Serv.	\$ 2,988	\$ 0
Police Dept.	\$ 2,989	
Public Works	\$ 10,000	
	\$ 15,977	
<u>Criterion (Bike Race)</u>		
Rec & Comm. Serv.		\$ 1,500
Police Dept.		
Public Works		
	\$ -	
<u>5km Mission Run</u>		
Rec & Comm. Serv.	\$ 3,700	\$ 600
Police Dept.	\$ 190	
Public Works	\$ 1,800	
	\$ 5,690	

The following is the total of the cost and estimated revenues for all of the above events per department:

	Total	Total
Rec & Comm. Serv.	\$ 89,241	
Police Dept.	\$ 18,203	
Public Works	\$ 28,846	
Total Expenditures	\$ 136,290	\$ 35,800
Net Cost of Special Events (Cost minus Estimated Revenues)		\$ 100,490