

STATE OF CALIFORNIA
CITY OF SIMI VALLEY



2010-11 COMPREHENSIVE ANNUAL
Financial Report

FISCAL YEAR ENDED JUNE 30, 2011

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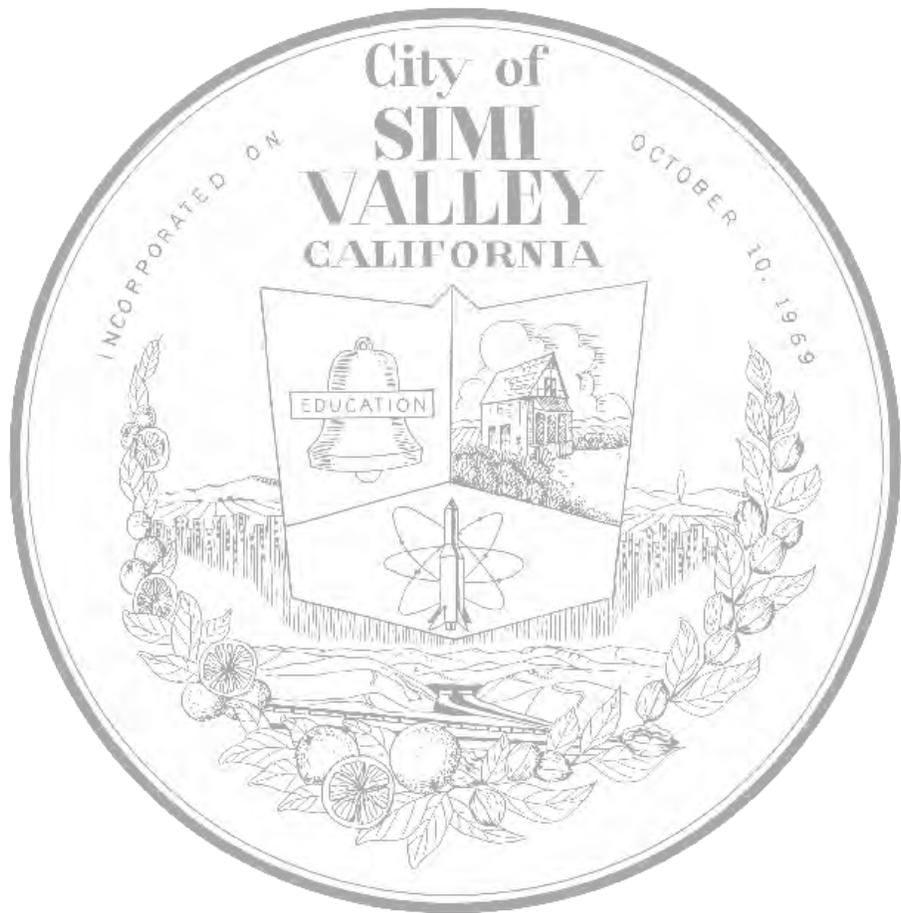
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INTRODUCTORY SECTION



December 12, 2011

To the Honorable Mayor, Members of the City Council, and City Manager of the City of Simi Valley, California

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Simi Valley for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City. 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, management of the City has established a comprehensive internal control framework that is designed both to protect the government'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 has 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 aspects.

Lance, Soll and Lunghard, LLP, a firm of licensed certified public accountants, have audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2011, are free of material misstatement. The independent audit involved 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 auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require 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 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.

Profile of the City of Simi Valley

The City, incorporated in 1969, has a population of 126,366, and is the third largest of Ventura County's ten cities. It is located on the County's southeastern border, nestled between the Santa Susana Mountains and the Simi Hills. The City, which covers a land area of 38.9 square miles, has a mean elevation of 765 feet.

The City operates under the Council-Manager form of government. The City's four Council Members are elected at-large to staggered four-year terms, with two members being elected every two years. The City's Mayor is elected at-large every two years. The Mayor presides over Council meetings and has one vote. Council Members also serve as Board members of the Ventura County Waterworks District No. 8 and the Simi Valley Community Development Agency.

The City Council appoints both the City Manager and the City Attorney. The City Manager heads the executive branch of the government, implements City Council directives and policies, and manages the administration and operational functions through the various department heads. The City Manager is responsible for the appointment of department heads, and also serves as the City Clerk and City Treasurer.

City government is divided into five departments: Police, Public Works, Administrative Services, Environmental Services, and Community Services. The City has its own sanitation division that collects and treats wastewater. Certain potable and reclaimed water services are provided through the legally separate Ventura County Waterworks District No. 8 which functions, in essence, as an agency of the City and therefore has been included as an integral part of the City's financial statements. The City also provides transportation services. The County of Ventura provides fire, paramedic, and animal regulation services. The Rancho Simi Recreation and Park District, an independent special district, provides leisure service facilities and activities.

The annual budget serves as the foundation for the City's financial planning and control. The budget also contains detailed goals and objectives, a working financial plan, and financial projections for the departments and agencies that comprise the City's governmental structure.

The City's fiscal year runs from July 1 to June 30. Departments and agencies submit current level expense budgets, requests for budget increases (Policy Items), requests for replacement of equipment items (Capital Asset Requests), and possible budget reductions (Reverse Priority Items) to the Budget Office in early April. The City Manager and his staff conduct a series of budget review meetings with departments and agencies in April. The City Manager then presents a Preliminary Base Budget, Draft Five-Year Capital Improvement Program, and a Supporting Document that contains line item budget information to the City Council for review in mid-May.

The City Council conducts one or more budget hearings during the month of June, modifies the Preliminary Base Budget and Draft Five-Year Capital Improvement Program as appropriate, and adopts the Annual Budget and Five-Year Capital Improvement Program not later than June 30.

Expenditures are budgeted at the line-item level according to fund and operational area. Overall budgetary control, however, is exercised at the fund level, except for the City's General Fund, where control is exercised at the department level. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager is also authorized to make administrative amendments to the budget, provided the amendments do not have a significant policy impact or affect budgeted year-end fund balances.

Interim financial reports can be generated on demand by operating departments. In addition, comprehensive financial reviews are prepared and submitted to the City Council at the end of the first quarter and at mid-year of each fiscal year and are reviewed publicly at regularly scheduled City Council meetings. Interim financial reports are made available to the general public upon request. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and major special revenue funds, this comparison is presented in the *Basic Financial Statements* section of this report. For other governmental funds with appropriated annual budgets, this comparison is presented in the *Supplementary Information* section.

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 operates.

Local economy. The City enjoyed more than ten consecutive years of General Fund growth prior to FY 2007-08. This growth was fueled by annual increases in assessed valuation, population increases, new development, the opening of a regional shopping center and a robust economy. The revenue allowed the City to accomplish a number of projects that increased the level of public safety, improved services to the public, and improved the effectiveness and efficiency of City operations. However, due to an economic downturn at the national level, an ongoing State budget crisis, and virtual build-out at the local level, revenues have decreased in FY 2008-09, FY 2009-10, and FY 2010-11. In response to these revenue decreases, the City has trimmed its General Fund expenditures by 8.8% over the past two fiscal years.

The City's economic indicators continue to point to a slowdown in nearly all revenue-generating areas, reflective of the State and national economic conditions. Therefore, efforts to reduce expenditures and make long-term structural changes to the expenditure budget are ongoing.

While impacted by the economy and an unemployment rate of 8.5%, the City's commercial and industrial base continues to be diverse. Major industries with headquarters or divisions located within the City's boundaries, or in close proximity, include retail sales, real estate

lending, health care, insurance, computer hardware, light manufacturing, and home improvement materials.

Residential development activity in the City continues to decline, reflective of the nation-wide trend, and is expected to remain slow in the upcoming year. The residential and commercial real estate market has slowed and no major additions to the City's property tax roll are anticipated in the upcoming year.

Long-term financial planning. The City's population has remained virtually unchanged during the current fiscal year. Turnover in the real estate market continues to be low and no major additions to the City's property tax roll are anticipated. Property tax revenues declined during this fiscal year, but sales tax revenue, and development fee revenues increased slightly as development activity returned. However, it is unlikely that development revenues will increase significantly in the future, as the City is moving toward build-out. In addition, both discretionary and non-discretionary employment and post-employment benefits such as health insurance and retirement contributions have increased as revenues have decreased. Over the last three years, the combined result of these economic problems has necessitated significant reductions in staffing and operating expenses, coupled with the use of one-time non-General Fund resources to generate balanced budgets with only minimal impacts to the service provided to the public.

In view of this structural shortfall, and with the expectation that revenues will not return to their highest levels for several years, staff updated the Five-Year General Fund Financial Projection plan in January 2011. The update was prepared with assumptions that the current staffing level with 28.5 full time equivalent General Fund position vacancies would be continued, that minimal General Fund monies would be appropriated to the City's Streets and Roads Program, and that salaries and benefits would remain unchanged through FY 2013-14. The results of the projection and the assumptions used to develop it point to a structural shortfall in the General Fund. The City updates the Five-Year General Fund Financial Projection annually in an effort to identify and address these structural issues while continuing to maintain sufficient cash reserves and providing quality service to residents into the future without the need for significant additional local revenues. The Five-Year General Fund Financial Projection will continue to be used to provide a road map of the long-term actions necessary to address structural budget issues, even when the level of General Fund revenues are restored to previous levels. The Governmental Accounting Standards Board is currently considering whether to issue a rule requiring government agencies to provide such projections in the future.

Despite this difficult financial environment, the City continues to be fiscally conservative, maintaining a prudent set-aside amount in unassigned fund balance, which equals 17% of the General Fund expenditure budget; this is a 4% increase over prior years. The City also continues to set aside committed fund balance amounts for vehicle and equipment replacement based on their useful life expectancies. The City maintains an A+ bond rating on two bond issues, and an A rating on the third bond issue. The total debt of the City and related agencies is currently \$54 million, with debt service requirements of approximately \$2.1 million per year.

The City's Community Development Agency continues to monitor the status of its portfolio of loans made for development, acquisition, and/or rehabilitation of affordable housing; and for community and economic development purposes. During FY 2008-09, the Agency acquired three residential properties, where the owners had violated the resale restriction covenants, over-encumbered the properties, or abandoned them. One of the three properties was sold in July 2010 and one in April 2011. During FY 2010-11, the Agency acquired four additional residential properties under the same circumstances. The remaining five properties are in the process of being rehabilitated and will be sold to eligible low-income buyers.

Financial Policies. During this year of declining revenues, the City Council implemented a number of mid-year budget adjustments to align spending with available resources while continuing to maintain service levels.

The City's vehicle replacement program was restructured. A total of 55 vehicles were scheduled for replacement in FY 2011-12. Departmental review of each vehicle resulted in the deferral of 39 vehicles for an additional year, resulting in a \$1.0 million savings.

Major Initiatives.

- An update of the City General Plan, the City's map to the future, is scheduled for completion in early 2012. This long-range planning project involves extensive public input to address the community's planning challenges and opportunities over the next twenty years.
- The Arroyo Simi Greenway Project and specific plan was initiated in FY 2010-11. It is a joint effort among the City, the Rancho Simi Recreation and Park District, and the Ventura County Watershed Protection District. The project scope includes visual, recreational and educational enhancements along the Arroyo Simi's entire 11.9 mile-length from Corriganville Park in the eastern end of the City to the western City limits. To date, a Phase I grant of \$0.8 million for project funding has been awarded with matching funds from the City and the Rancho Simi Recreation and Park District of \$0.1 million each. Staff has applied for an additional \$1.0 million grant to fund Phase II of the project.
- The City continued to work with homeowners and developers to assure that affordable housing programs, such as: First Time Home Buyer, Home Rehabilitation Loans, Senior and Mobile Home Rent Subsidy, provided opportunities for low-income households and seniors.
- An Armed Forces Banner Program was initiated in July 2010 to honor City residents who are currently serving on active duty in the military or who have lost their lives defending their country. To date, a total of 208 banners have been installed on streetlight poles along Los Angeles Avenue and Alamo Street, funded mostly by private donations.
- The City adopted a Green Community Action Plan in August 2010 that provides clear guidance for fulfilling the City's sustainability mission. As demands on resources grow – demands that can present adverse impacts for the natural environment and the community's quality of life – the Plan will reinforce and guide the City's commitment to sustainability and well being.
- During FY 2010-11, The City completed the widening of Madera Road between Presidential Drive and the westerly City limits, rehabilitated or repaved streets at 13

locations throughout the City, initiated the planting of 380 oak trees at the Madera Road and Yosemite Avenue 118 Freeway interchanges, continued efforts to replace aging sewer trunk lines throughout the City, and coordinated with the California Department of Transportation to complete a major project to widen the westbound lanes of the 118 Freeway from Tapo Canyon Road to the Los Angeles County line.

Gann Appropriations Limitation. Article XIII B of the State of California Constitution sets limits on the amount of tax revenues that the City can appropriate within a given fiscal year. Only tax proceeds are subject to the limit. Charges for services, regulatory fees, grants, loans, donations, and other non-tax proceeds are not subject to the limit. Exemptions are also made for voter-approved debt and debt that existed prior to January 1, 1979, and for the cost of compliance with Court or Federal government mandates. Fiscal Year 1978-79 appropriations serve as the basis for this limit, with adjustments being made annually to reflect increases in population, the cost of living, and service responsibility transfers. The City's appropriations limit for the fiscal year ended June 30, 2011 was \$55,485,375. Actual tax revenues subject to this limit and received and appropriated during the fiscal year were well under this amount.

Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the thirty-first consecutive year (fiscal years ended 1980-2010) that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City believes that its current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Fiscal Services Division. Special thanks go to Jody Kershberg, Deputy Director/Fiscal Services, for her extensive work in preparing this report. I would also like to express my appreciation to all members of the Administrative Services Department who assisted with the preparation of this report, and to Lance, Soll and Lunghard, LLP, the City's independent auditors, who also contributed to its preparation.

Additionally, I would like to thank the Mayor, City Council Members, and City Manager for their continued direction and support in planning and conducting the financial operations of the City in a progressive and responsible manner.

Respectfully submitted,


James Purtee
Department of Administrative Services

OFFICIALS OF THE CITY OF SIMI VALLEY
(as of June 30, 2011)

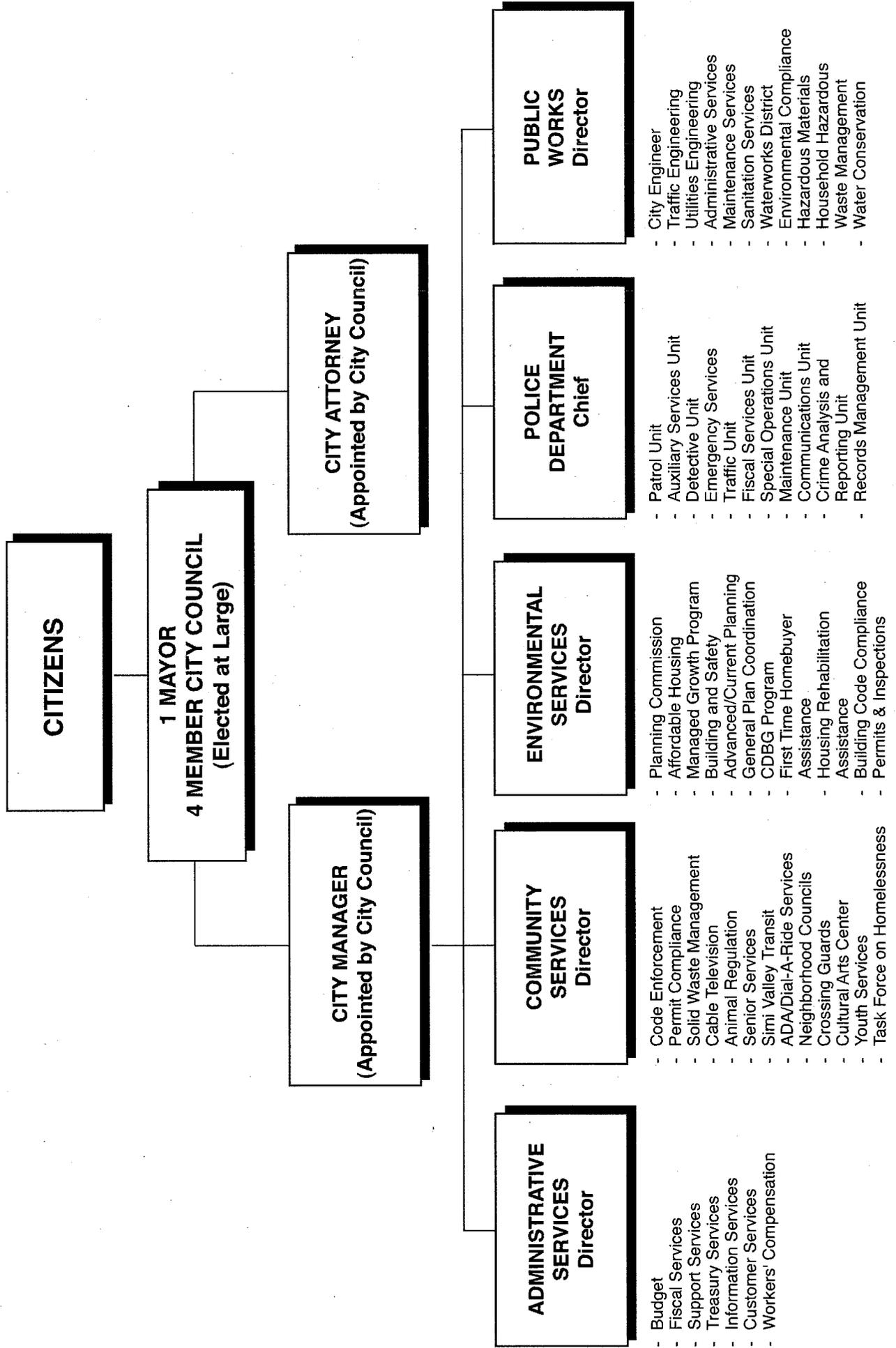
Members of the City Council

BOB HUBER, Mayor
STEVEN T. SOJKA, Mayor Pro Tem
BARBRA WILLIAMSON, Council Member
GLEN T. BECERRA, Council Member
MIKE JUDGE, Council Member

Administrative Staff

Mike Sedell City Manager
Tracy Noonan City Attorney
James Purtee Director of Administrative Services
Debbie Solomon Director of Community Services
Peter Lyons Director of Environmental Services
Ron Fuchiwaki Director of Public Works
Mike Lewis Chief of Police

ORGANIZATION of the City of SIMI VALLEY



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Simi Valley
California

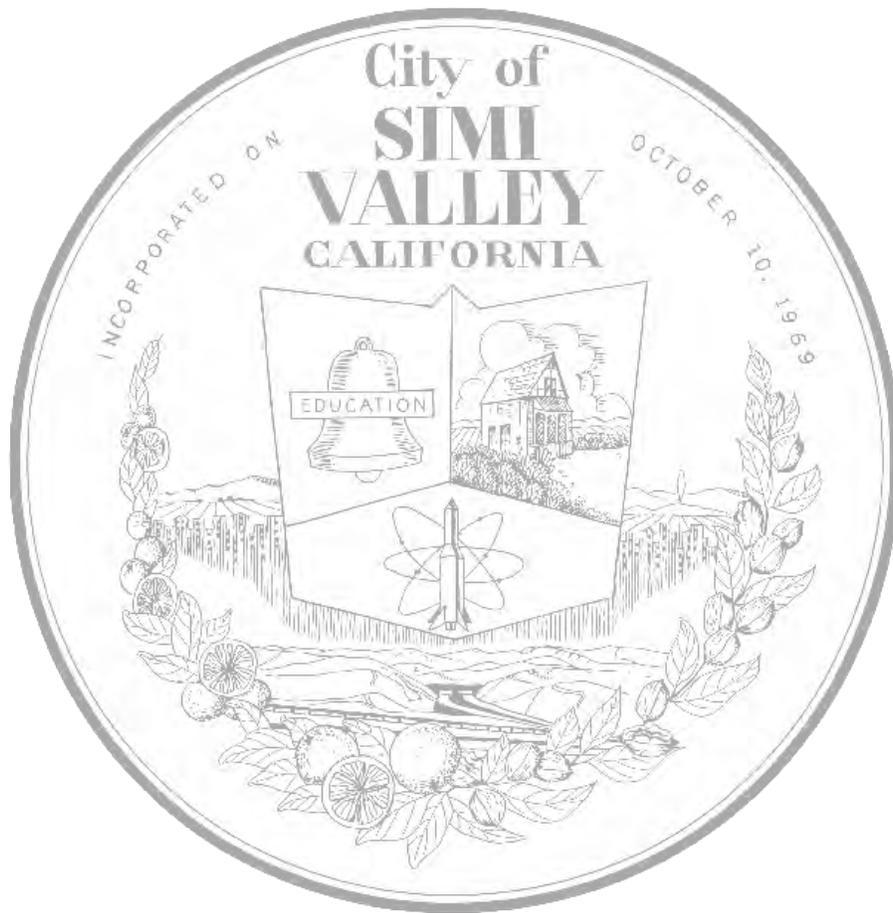
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



FINANCIAL SECTION



**Independent
Auditors' Report**



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Simi Valley, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simi Valley, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Simi Valley's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simi Valley, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund, Community Development Agency Housing Administration Fund, Merged Tapo Canyon and West End Tax Increment Fund, and Development Related Fees Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note IV.G. – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the City of Simi Valley internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.



To The Honorable Mayor and City Council
City of Simi Valley, California

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Simi Valley's basic financial statements. The accompanying introductory section, the combining and individual fund statements, budgetary schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Lance, Soll & Lughard, LLP

Brea, California
November 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Simi Valley
Management's Discussion and Analysis
(UNAUDITED)

The management of the City of Simi Valley provides this narrative overview and analysis of the financial activities of the City of Simi Valley for the fiscal year ended June 30, 2011. Please consider this information in conjunction with additional information that we have furnished in the letter of transmittal, which is located in the *Introductory Section* of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$461,235,067. Of this amount, \$44,326,438 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$6,443,235. This amount was comprised of a \$4.7 million increase in capital assets, net of related debt, a \$2.9 million decrease in the restricted net assets category, and a \$4.6 million increase in unrestricted net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$90,436,887, a decrease of \$376,758 in comparison with the prior year. Of the ending fund balance, approximately 24.6% or \$22,252,241 is Non-spendable in form, 60.0% or \$54,236,645 is Restricted for housing projects, public improvements and special programs, 8.6% or \$7,767,446 is Committed to street projects, retiree benefits and equipment replacement, and 11.0%, or \$10,013,567 is Assigned to capital projects. An offsetting deficit fund equity amount of (4.2%) consists of Unassigned fund balance totaling (\$3,833,012), which is comprised of the General fund prudent reserve, offset by advances made to the community Development Agency. Further detail regarding deficit fund equity can be found in note II C on page 49 (Notes to the Basic Financial Statements).
- At the end of the current fiscal year, the unassigned fund balance for the General fund was \$10,015,178. This amount represents the *Prudent Reserve* established by the City Council at 17% of budgeted General fund expenditures. This percentage was increased from 13% to 17% by Council action on August 30, 2010.
- The City of Simi Valley's total liabilities increased by \$4.5 million during the current fiscal year. This increase is due to a \$2.6 million increase in accounts payable, a \$2.4 million increase in unearned revenue for capital projects, a \$1.5 million increase in other post employment benefits obligation and compensated absences, off-set by a \$2.0 million decrease in bonded indebtedness from scheduled debt service payments.

Overview of the Financial Statements

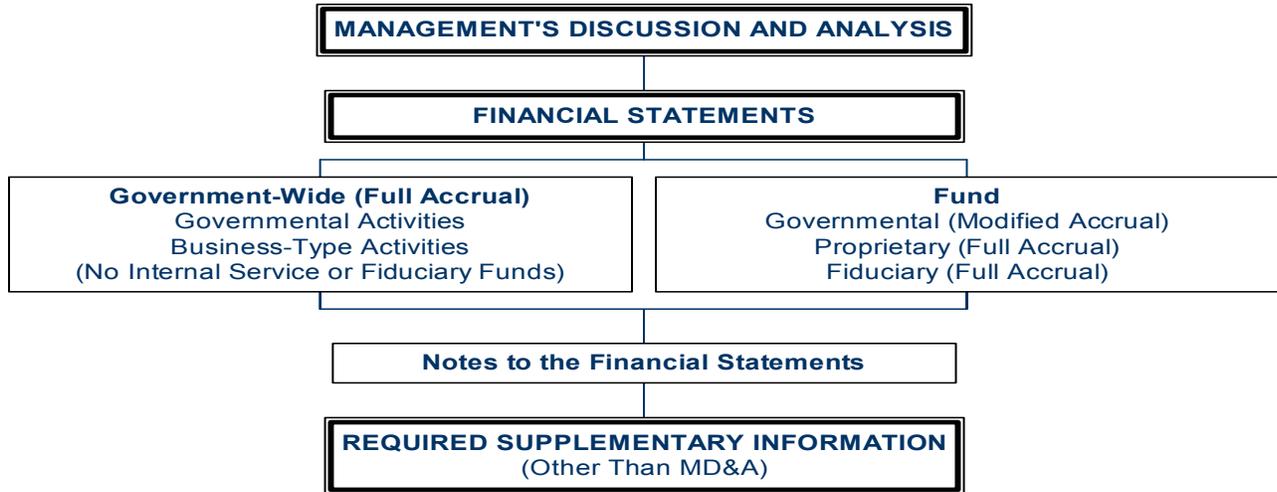
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements include three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

In addition, this report also contains required supplementary information, supplementary information, and statistical information.

The following diagram displays the interrelationships of this report.



Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The City has presented information from prior years in this letter for comparative purposes.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, community services, planning, public ways and facilities, and public safety. The business-type activities of the City include a Sanitation fund, a Waterworks District, and a Transit fund.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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 government's near-term financing 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 over 70 individual governmental funds in its financial system and presents them grouped by related activities as 5 major and 22 nonmajor separate governmental funds for this report. 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 five major funds: the General fund, the Community Development Agency Housing Administration fund, the Merged Tapo Canyon and West End Tax Increment fund, the Development Related Fees fund, and the Streets and Roads fund. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the *Supplementary Information* section of this report.

The City adopts annual appropriated budgets for the General fund, proprietary funds and all special revenue funds. Project-length budgets are adopted for the capital project funds. A budgetary comparison statement has been provided for the General fund and the major special revenue funds to demonstrate compliance with the budget. Budgetary comparison schedules are also provided for the budgeted nonmajor special revenue funds in the *Supplementary Information* section.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City holds these funds in a custodial capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's programs. A combining statement of changes in assets and liabilities of fiduciary funds is provided in the *Supplementary Information* section of this report.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in government-wide financial statements. The City uses enterprise funds to account for its sanitation, waterworks, and transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its liability insurance and workers' compensation insurance operations, as well as the geographical information and permitting systems operations, and the financial information computer systems operations. Because these operations predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the sanitation, waterworks, and transit operations, all of which are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the *Supplementary Information* section of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Simi Valley, assets exceeded liabilities by \$461,235,067 at the close of the most recent fiscal year.

A significant portion of the City's net assets (70%) reflects its investment in capital assets net of accumulated depreciation (land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in capital assets is reported net of related debt, the resources

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net assets (20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (10%) may be used to meet the City’s ongoing obligations to citizens and creditors.

City of Simi Valley’s Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10
Current and other assets	\$139,163,301	\$136,142,940	\$57,628,465	\$53,162,307	\$196,791,766	\$189,305,247
Capital assets	220,921,405	221,287,500	130,816,874	126,957,605	351,738,279	348,245,105
Total assets	<u>360,084,706</u>	<u>357,430,440</u>	<u>188,445,339</u>	<u>180,119,912</u>	<u>548,530,045</u>	<u>537,550,352</u>
Long-term liabilities outstanding	65,482,657	66,053,802	895,184	943,674	66,377,841	66,997,476
Other liabilities	12,950,607	11,218,094	7,966,530	4,542,950	20,917,137	15,761,044
Total liabilities	<u>78,433,264</u>	<u>77,271,896</u>	<u>8,861,714</u>	<u>5,486,624</u>	<u>87,294,978</u>	<u>82,758,520</u>
Net assets:						
Invested in capital assets, net of related debt	193,042,793	192,161,001	130,816,874	126,957,605	323,859,667	319,118,606
Restricted	86,293,818	87,739,866	6,755,144	8,239,133	93,048,962	95,978,999
Unrestricted	2,314,831	257,677	42,011,607	39,436,550	44,326,438	39,694,227
Total net assets	<u>\$281,651,442</u>	<u>\$280,158,544</u>	<u>\$179,583,625</u>	<u>\$174,633,288</u>	<u>\$461,235,067</u>	<u>\$454,791,832</u>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for its separate governmental and business-type activities. The same was true for the prior fiscal year.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

City of Simi Valley's Changes in Net Assets

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>FY 2010-11</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2009-10</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 6,690,701	\$ 4,594,337	\$ 46,419,566	\$ 45,311,863	\$ 53,110,267	\$ 49,906,200
Operating grants and contributions	6,903,665	7,436,473	2,179,217	2,352,998	9,082,882	9,789,471
Capital grants and contributions	8,467,152	21,281,299	4,991,973	7,118,535	13,459,125	28,399,834
General Revenues:						
Property taxes & tax increment	42,035,083	45,160,385	-	-	42,035,083	45,160,385
Other taxes	23,323,487	20,863,999	-	-	23,323,487	20,863,999
Interest on investments	1,604,653	2,255,728	930,122	1,301,289	2,534,775	3,557,017
Other	-	-	438,359	180,356	438,359	180,356
Total revenues	89,024,741	101,592,221	54,959,237	56,265,041	143,983,978	157,857,262
Expenses:						
General government	31,039,154	34,554,638	-	-	31,039,154	34,554,638
Community services	3,925,587	4,124,494	-	-	3,925,587	4,124,494
Planning	7,690,961	8,141,714	-	-	7,690,961	8,141,714
Public ways and facilities	15,229,119	15,637,194	-	-	15,229,119	15,637,194
Public safety	30,259,418	31,040,123	-	-	30,259,418	31,040,123
Interest on long-term debt	2,976,163	3,040,452	-	-	2,976,163	3,040,452
Indirect expense allocation	(6,065,200)	(5,744,300)	6,065,200	5,744,300	-	-
Sanitation	-	-	11,884,202	11,658,794	11,884,202	11,658,794
Water	-	-	29,737,149	27,103,066	29,737,149	27,103,066
Transit	-	-	4,763,497	5,223,572	4,763,497	5,223,572
Total expenses	85,055,202	90,794,315	52,450,048	49,729,732	137,505,250	140,524,047
Change in net assets before transfers	3,969,539	10,797,906	2,509,189	6,535,309	6,478,728	17,333,215
Transfers	(2,476,641)	(2,326,794)	2,476,641	2,326,794	-	-
Change in Net Assets	1,492,898	8,471,112	4,985,830	8,862,103	6,478,728	17,333,215
Net assets - beginning of the year, as restated	280,158,544	271,687,432	174,597,795	165,771,185	454,756,339	437,458,617
Net Assets - ending	\$281,651,442	\$280,158,544	\$179,583,625	\$174,633,288	\$461,235,067	\$454,791,832

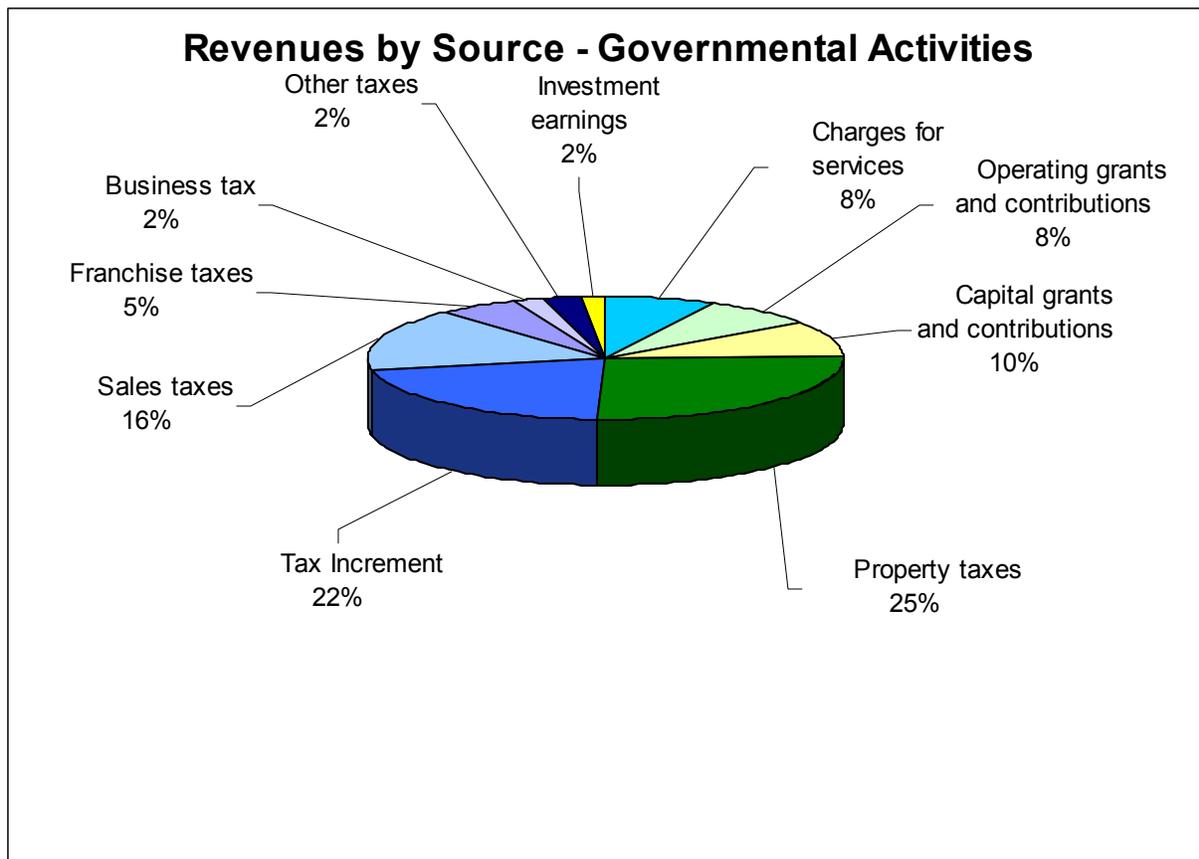
During the current fiscal year, City-wide revenues decreased by \$13.8 million, and expenses decreased by \$3.0 million as compared to the prior year. However, total net assets increased by \$6,443,235. Charges for services increased by \$3.2 million, and revenue for sales, franchise and business taxes increased by \$2.7 million. Revenue decreases included property taxes by \$3.1 million and investment earnings by \$1.0 million. As compared to the prior year, grants and contributions decreased significantly, by \$15.6 million.

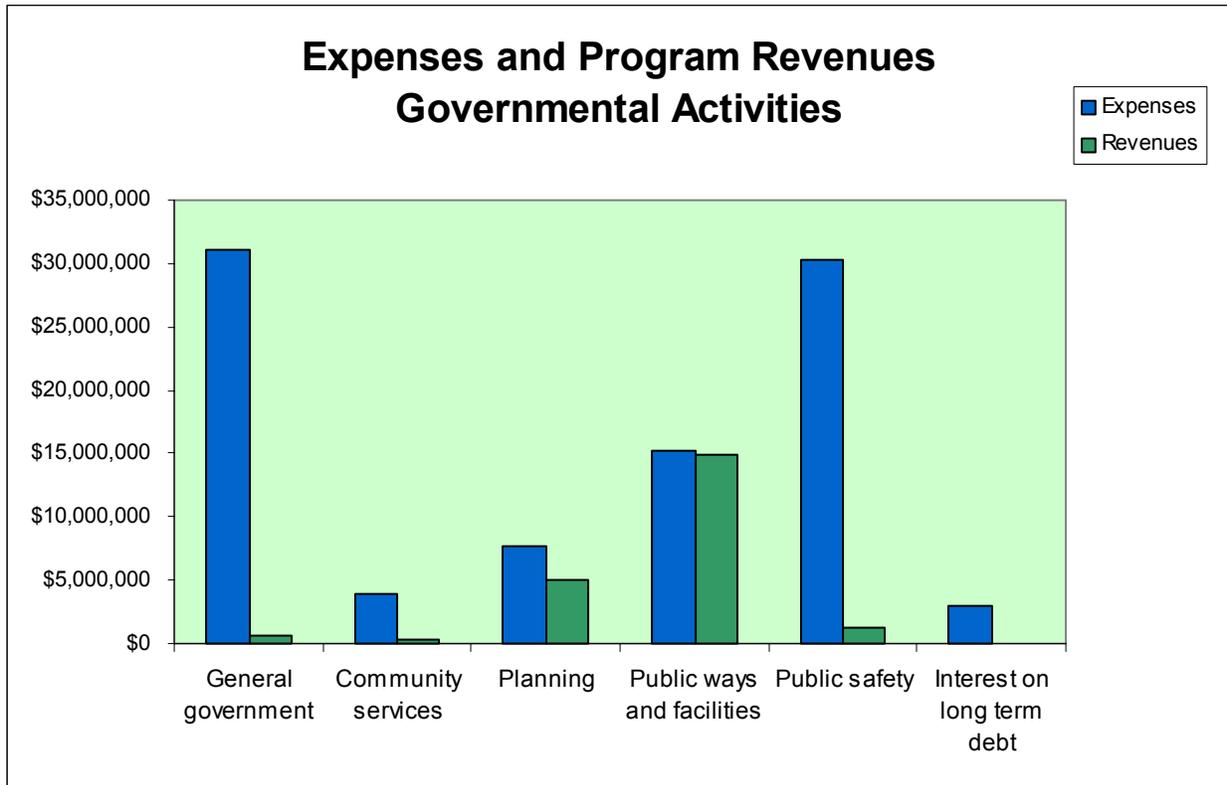
CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Governmental Activities. Governmental activities increased the City's net assets by \$1,492,898, accounting for 23.0% of the total growth in the net assets of the City. Governmental activities increased the City's net assets by \$1.5 million as compared to \$8.5 million in the prior year. All revenue categories posted decreases, except for service charges and other taxes.

Service charges posted an increase of 45.6% (\$2.0 million), and revenue for sales, franchise and business taxes increased by 11.8% (\$2.5 million). Property tax revenue declined by 6.9% (\$3.1 million) partly due to reassessments as the housing market continues to struggle. Operating grants and contributions also decreased by 7.2% (\$0.5 million) due to the economic downturn at the national level and the ongoing State of California budget crisis. In addition, interest on investments decreased by 28.9% (\$0.6 million) due to overall declining yield on the securities in which the City invests. Capital grants and contributions showed a significant decrease of 60.2% (\$12.8) million due to a decrease in the number of street projects undertaken, including those funded by Federal stimulus programs.

Expenses in the functional areas ranged from a decrease of 2.5% to a decrease of 10.2% in comparison with the previous fiscal year. General government expenses decreased the most, by 10.2% (\$3.5 million), as associated with personnel costs and capital project expenditures. Public safety expenses decreased the least, by 2.5% (\$0.8 million).





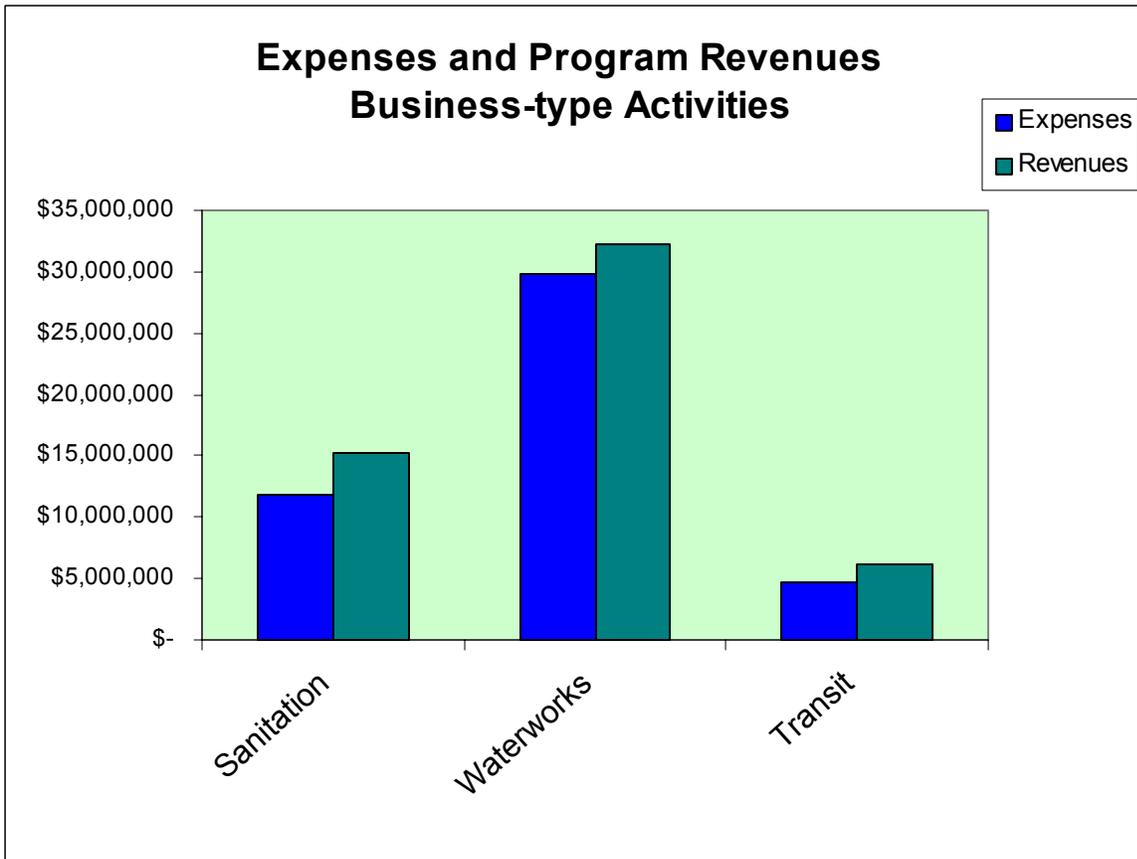
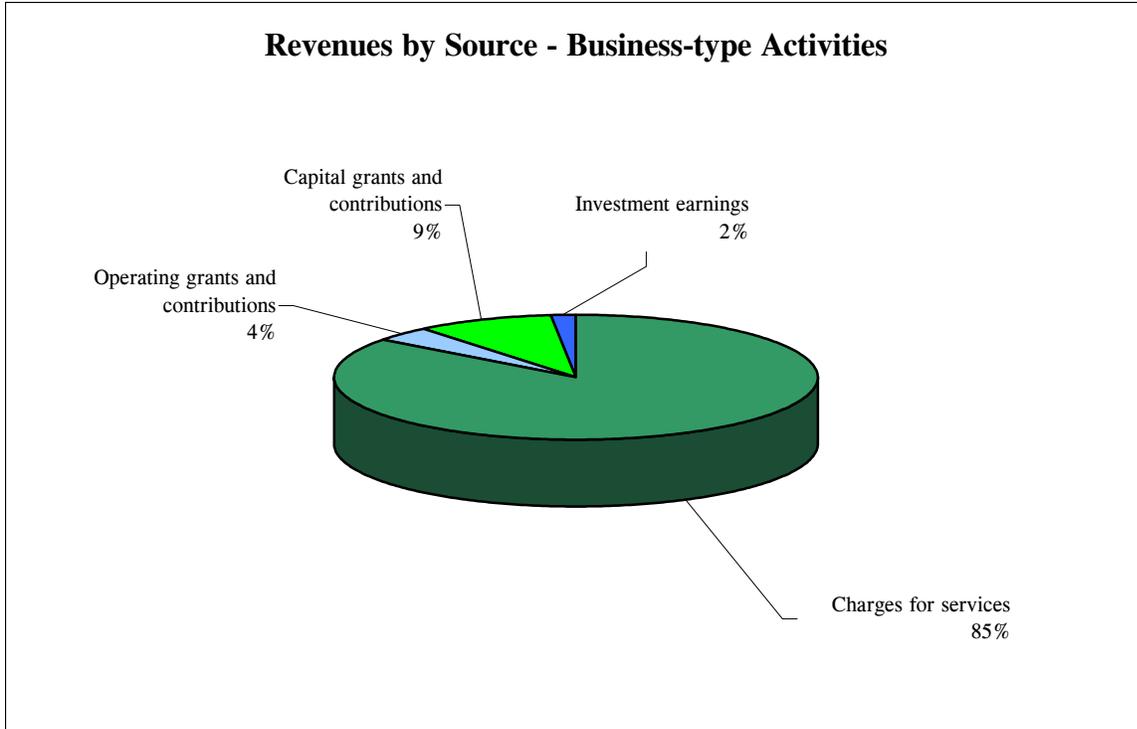
Business-type Activities. Business-type activities increased the City’s net assets by \$4,985,830, accounting for 77.7% of the total growth in the net assets of the City.

Business-type activities increased the City’s net assets by \$5.0 million as compared to \$8.9 million in the prior year. The key elements for the increase in growth of net assets during the fiscal year are as follows:

Charges for services revenue increased by 2.4% (\$1.1 million). The combination of operating grants and contributions plus other revenues resulted in a nominal net increase (\$0.1 million) over the prior year. This was offset by a decrease in capital grants and contributions 29.9% (\$2.1 million), primarily due to a reduction in public improvements contributions to the City from developers. There was a 28.5% (\$0.4 million) drop in interest on investments, as the yield on securities in which the City invests remains at low levels due to the sluggish economy.

Overall expenses increased by 5.47% as compared to prior fiscal year, with most of the increases occurring in the water enterprise fund. Key elements for the increases included an increase in the cost for water purchases. Additional increases were associated with maintenance expenditures for water tank recoating and main line valve replacements as well as the Tapo Canyon Aquifer study and telemetry upgrade.

The transit operation was primarily funded by a General Fund subsidy and grants.



CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

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 is necessary in assessing the City's financing requirements. The following fund balance categories may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

- *Non-spendable* fund balance represents funds that are not immediately available to support government operations. Examples are inventory and long-term receivables that will not be converted to cash in the near future.
- *Restricted* fund balance has constraints imposed by external parties such as creditors, grantors, or contributors; legislation or regulations of other governments; or imposed by constitutional provisions.
- *Committed* fund balance represents funds that can only be designated for specific purposes by formal City Council action. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.
- *Assigned* fund balance is similar to committed fund balance except that the City Council can authorize the City Manager to designate the funds for specific purposes. An example is budgeted line-item expenditures to which the City Manager has the authority to make administrative amendments, provided they do not have a significant policy impact or affect budgeted year-end fund balances.
- *Unassigned* fund balance is portion of General Fund balance that does not fall into any of the other fund balance categories. These funds are available for any legitimate government purpose and are customarily reported in the General Fund.

At the end of the current fiscal year, the City's governmental funds experienced combined ending fund balances of \$90,436,887, a decrease of just under \$0.4 million as compared to the prior year. Of this total amount, 24.6% (\$22.3 million) is *Non-spendable* in form, comprised of long-term receivables. Of the ending governmental fund balances, 60.0% (\$54.2 million) is *Restricted* for specific activities including housing programs, public improvements, streets, lighting, landscape, debt service and law enforcement programs. Of the governmental fund balances, 8.6% (\$7.8 million) is *Committed* to street programs, retiree benefits and equipment replacement programs, and 11.0% (\$10 million) is *Assigned* to capital projects such as public facility improvements and a police training facility. The remainder of the governmental fund balances is *Unassigned*. Of this amount, \$10 million is in the General Fund as a prudent reserve. The prudent reserve represents 17% of budgeted expenditures (two months of budgeted expenditures) and is set aside for responses to catastrophic events such as earthquakes, fires, floods, civil disturbances, etc.

The fund balance of the City's General fund increased by \$3,032,289 during the current fiscal year. A large part of this amount is attributable to a 3.5% (\$1.7 million) increase in sales tax,

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

and an increase of net transfers-in from other funds, of \$3.4 million. There was a 0.6% (\$0.3 million) decrease in property taxes. The net overall decrease in other revenue categories was less than \$0.1 million. Expenditures decreased in all functional areas, except for the Administrative services and city-wide support program area. The overall decrease is indicative of the City Council's and staff's continuing efforts to reduce expenditures wherever possible. Administrative services and city-wide support costs increased by 5.5% (\$1.2 million). In this area, there was an increase of \$1.3 million for retiree benefit costs, but an overall reduction of \$0.1 million in other expenditures. In prior years, the Retiree Benefits fund activity was presented as a special revenue fund. Beginning with the fiscal year ended June 30, 2011, this activity is now included in the General fund activity. The net effect of this change in financial statement presentation is an increase in expenditures of \$1.3 million and an increase in transfers-in of \$1.3 million, as compared to the prior year.

The net change in the fund balance of the Community Development Housing Administration fund was a decrease of \$340,991. This decrease is primarily due to expenditure increases of \$0.8 million associated with general government, planning and other financing (transfers-out) uses, balanced against a \$0.5 million increase in housing loan revenue (loan principal and interest payments).

The fund balance of the Merged Tapo Canyon and West End Tax Increment fund decreased by \$429,032. This was primarily due to a \$1.8 million decrease in tax increment collections. Transfers-out increased by \$1.1 million, but there was a decrease of \$0.7 million in tax pass-through payments. Additionally, the City's \$1.3 million payment into the County of Ventura's Supplemental Educational Revenue Augmentation Fund (ERAF) was \$5.0 million less than the prior year.

The fund balance of the Development Related Fees fund increased by \$1,699,479. This increase is due largely to development agreement revenue in the amount of \$1.9 million from the Runkle Canyon project area. Development-related revenues, which had declined significantly in prior years, are experiencing modest increases as some development activity returns. However, it is unlikely that development-related revenues will increase significantly in the future, as the City is moving toward build-out.

The fund balance of the Streets and Roads fund increased by \$345,864. Budgeted projects in this fund are pre-funded with transfers from various funds. In addition, a significant portion of these expenditures is reimbursed by Federal grants.

Proprietary Funds. The information provided below about the City's proprietary funds is similar to the information about Business-type Activities found in the government-wide financial statements, but by individual funds rather than in aggregate.

Unrestricted net assets of the Sanitation, Waterworks and Transit funds were \$19,820,519, \$21,418,197, and \$151,069, respectively. The growth in total net assets for Sanitation, Waterworks and Transit funds were \$919,514, \$1,036,173 and \$2,981,439, respectively. The growth in Sanitation net assets has been reduced by a prior period adjustment of \$35,493.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Other factors concerning the finances of these funds have already been addressed in the discussion of Business-type activities on page 10.

General Fund Budgetary Highlights

The General fund final amended expenditure budget of \$51.7 million was \$1.0 million higher than the original expenditure budget of \$50.7 million and can be briefly summarized as follows:

- \$0.4 million were re-appropriated for prior year commitments that were carried forward across all City departments. These consisted of approved expenditure increases in various categories and were offset by available fund balance. This amount was not included in the original adopted budget.
- \$0.6 million is associated with supplemental funding during the year for one capital project (City Hall heating ventilation and air conditioning system), an increase in transfers-in, and various grants and budgetary adjustments approved by the City Council.

Actual expenditures of \$49.9 million were \$1.8 million less than the General fund final amended expenditure budget of \$51.7 million. The significant variances are summarized below:

- Personnel costs were \$0.2 million over budget. Expected salary savings were not fully achieved and some budgeted positions previously held vacant were filled during the year. In addition, retiree benefit expenditures were slightly higher than budgeted.
- \$1.9 million of expenditure savings were achieved in the Current Expenses category (\$0.9 million in the Services category and \$1.0 million in the Supplies and Materials category).
- \$0.1 million of expenditure savings were achieved in the capital projects and capital purchases categories.

Actual revenues were \$0.2 million less than the final budgeted amount of \$48.6 million, an overall difference of 0.4%. Although sales taxes, and licenses and permits were higher than budgeted, all other revenue categories did not reach expected collection amounts.

Capital Asset and Debt Administration

Capital assets. The City of Simi Valley's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$351,738,279 (net of accumulated depreciation). This is an increase of \$3,493,174 as compared to the prior year.

The investment in capital assets includes land, plant and buildings, furnishings and equipment, computers and software, vehicles, and infrastructure consisting of roads and highways, and water and sewer distribution systems.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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

- \$5.7 million in street projects were completed.
- \$4.9 million in streets, and \$1.2 million in water and sewer lines were donated by developers for projects completed and accepted by the City.
- \$5.5 million in street project expenses were incurred for projects in progress during the year.

Additional information on the City’s capital assets can be found in note III D on pages 57-58.

City of Simi Valley’s Capital Assets
(net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>FY 2010-11</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2009-10</u>
Land	\$ 11,737,857	\$ 11,737,857	\$ 1,216,994	\$ 1,216,994	\$ 12,954,851	\$ 12,954,851
Buildings	25,213,105	26,317,393	6,891,090	7,023,672	32,104,195	33,341,065
Furnishings and equipment	4,704,824	5,199,354	1,090,186	1,099,041	5,795,010	6,298,395
Computers	1,329,899	1,542,584	299,519	299,519	1,629,418	1,842,103
Vehicles	1,201,508	1,308,376	2,463,969	2,312,152	3,665,477	3,620,528
Infrastructure	164,927,325	162,470,084	95,408,396	95,266,235	260,335,721	257,736,319
Intangibles	3,130,300	3,500,565	-	-	3,130,300	3,500,565
Construction in progress	8,676,587	9,211,287	23,446,720	19,739,992	32,123,307	28,951,279
Total	\$220,921,405	\$221,287,500	\$130,816,874	\$126,957,605	\$351,738,279	\$348,245,105

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$54,088,842. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Simi Valley’s Outstanding Bonded Debt

	Governmental Activities	
	<u>FY 2010-11</u>	<u>FY 2009-10</u>
1995 SVPFA variable rate lease revenue bonds	\$ 4,120,000	\$ 4,815,000
2003 tax allocation bonds	26,250,000	27,060,000
2004 certificates of participation	23,460,000	24,000,000
Add (less) deferred amounts	258,842	259,553
Total	\$ 54,088,842	\$ 56,134,553

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

The City's bonded debt decreased by \$2,045,711 (3.6%) during the current fiscal year as a result of scheduled debt service payments.

From Standard & Poor's, the City maintains an "A+" rating on the lease revenue bonds and certificates of participation, and an "A" rating on the tax allocation bond issue. There is no outstanding general obligation debt at this time.

Additional information on the City's long-term debt can be found in note III G on pages 61-63.

Economic Factors and Next Year's Budgets and Rates

- After several years of strong growth, General Fund revenues decreased in FY 2009-10 by 7.5%, but increased slightly in FY 2010-11 by 2.8%, largely due to an increase in sales tax. Current national economic indicators suggest that the economy is recovering; however, the pace of the recovery is very slow. Consumer spending is rising but remains significantly below what is considered typical in previous recoveries as consumers still face ongoing job losses, sluggish income growth, lower housing equity, tight credit, and uncertainty regarding future taxes and health care costs. Despite the recovery, reduced tax revenues both at the state and local level will affect the General Fund such that revenues are expected to remain relatively flat in the near future.
- Effective August 30, 2010, the City froze the PARS supplemental pension benefit accruals, and closed the plan to new employees, to contain retiree benefit costs.
- Development activity increased slightly in FY 2010-11 as compared to the prior year and is expected to experience modest increases during the next fiscal year.
- FY 2010-11 is the fourth consecutive year property tax revenue has declined and this trend is expected to continue, although at a more moderate pace. This decrease is primarily due to assessment value appeals and subsequent reductions affecting several major property holdings in the City.
- Sales and Use tax receipts increased modestly in FY 2010-11 and are expected to again slightly increase during FY 2011-12. The City's unemployment rate is currently at 8.5%.
- A three-tiered water rate structure for single-family residential customers was established on January 1, 2010, and water rates were increased by 6% to 23% depending on residential water usage, and are expected to increase by about 6% in the next calendar year. These increases are primarily a result of increases in the cost of water purchased from Calleguas Municipal Water District. Water rates throughout the region have increased dramatically due to the water supply shortage and the high cost of water from additional sources. There was no increase in sewer rates during this fiscal year. However, it is anticipated that the City will consider increasing sewer

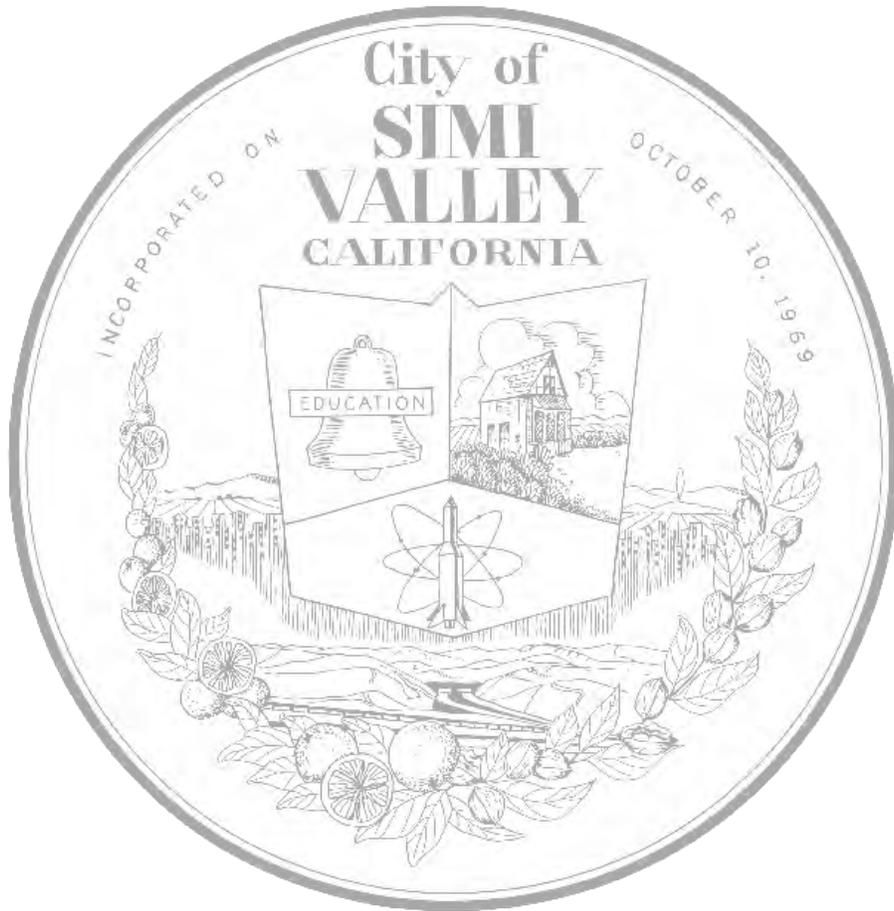
CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

rates in the next fiscal year to maintain adequate cash reserves, fund the replacement of existing facilities and equipment, and construct new facilities.

- Currently there is uncertainty regarding the future of the redevelopment agencies in the State of California. This uncertainty has a direct effect on the Simi Valley Community Development Agency (Agency). On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently, the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued their estimated payment amounts, and the Agency filed an appeal regarding the calculation. The estimated payment amount based on the revised calculation is \$7,162,746. Additional information regarding this subsequent event can be found in note IV G on pages 73-74.

Requests for Information

This financial report is designed to provide a general overview of the City of Simi Valley’s finances for all those with an interest in the City’s financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Simi Valley, Department of Administrative Services, 2929 Tapo Canyon Road, CA 93063.



BASIC FINANCIAL STATEMENTS



Government-Wide Financial Statements

**CITY OF SIMI VALLEY
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments (note III A)	\$ 96,394,092	\$ 40,520,379	\$ 136,914,471
Accounts receivable (net of allowance for uncollectibles) (note III C)	1,096,067	6,000,229	7,096,296
Taxes receivable	4,353,912	267,135	4,621,047
Grants receivable	1,189,030	3,834,768	5,023,798
Interest receivable	409,086	199,163	608,249
Internal balances (note I D 2)	2,550,788	(2,550,788)	-
Inventories	-	1,316,561	1,316,561
Property held for resale	926,595	-	926,595
Restricted cash and investments (note III A):			
Customer deposits	-	883,888	883,888
Debt service	5,286,018	-	5,286,018
Connection fees	-	7,157,130	7,157,130
Total current assets	<u>112,205,588</u>	<u>57,628,465</u>	<u>169,834,053</u>
Noncurrent assets:			
Loans receivable (note III B)	25,793,032	-	25,793,032
Deferred charges	1,164,681	-	1,164,681
Capital assets (note III D):			
Capital assets not being depreciated	20,414,444	24,663,714	45,078,158
Capital assets being depreciated, net	<u>200,506,961</u>	<u>106,153,160</u>	<u>306,660,121</u>
Total noncurrent assets	<u>247,879,118</u>	<u>130,816,874</u>	<u>378,695,992</u>
Total assets	<u>360,084,706</u>	<u>188,445,339</u>	<u>548,530,045</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	3,842,492	3,473,541	7,316,033
Salaries and benefits payable	2,693,209	358,355	3,051,564
Accrued interest payable	863,453	-	863,453
Deposits	317,790	-	317,790
Liabilities payable from restricted assets	-	1,285,874	1,285,874
Unearned revenues	1,569	2,749,296	2,750,865
Current portion of long-term obligations	<u>5,232,094</u>	<u>99,464</u>	<u>5,331,558</u>
Total current liabilities	<u>12,950,607</u>	<u>7,966,530</u>	<u>20,917,137</u>
Noncurrent liabilities (note III G):			
Noncurrent portion of long-term obligations	<u>65,482,657</u>	<u>895,184</u>	<u>66,377,841</u>
Total liabilities	<u>78,433,264</u>	<u>8,861,714</u>	<u>87,294,978</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	193,042,793	130,816,874	323,859,667
Restricted for:			
Capital projects	32,972,368	-	32,972,368
Debt service	6,763,374	-	6,763,374
Community development	45,239,847	-	45,239,847
Other purposes	1,318,229	-	1,318,229
Sewer connection fees and water capital improvement charges	-	6,755,144	6,755,144
Unrestricted	<u>2,314,831</u>	<u>42,011,607</u>	<u>44,326,438</u>
Total net assets	<u>\$ 281,651,442</u>	<u>\$ 179,583,625</u>	<u>\$ 461,235,067</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Full Cost by Function</u>	<u>Program Revenues</u>	
				<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:					
Governmental activities:					
General government	\$ 31,039,154	\$ (7,912,617)	\$ 23,126,537	\$ 324,088	\$ 313,078
Community services (CS)	3,925,587	-	3,925,587	199,441	91,677
Planning (ES)	7,690,961	1,279,747	8,970,708	3,668,347	1,416,687
Public ways and facilities (PW)	15,229,119	567,670	15,796,789	1,728,219	4,655,440
Public safety (PD)	30,259,418	-	30,259,418	770,606	426,783
Interest on long term debt	2,976,163	-	2,976,163	-	-
Total governmental activities	<u>91,120,402</u>	<u>(6,065,200)</u>	<u>85,055,202</u>	<u>6,690,701</u>	<u>6,903,665</u>
Business-type activities:					
Sanitation	11,884,202	2,733,200	14,617,402	14,527,144	-
Waterworks District No. 8	29,737,149	2,131,700	31,868,849	31,426,920	50,357
Transit	4,763,497	1,200,300	5,963,797	465,502	2,128,860
Total business-type activities	<u>46,384,848</u>	<u>6,065,200</u>	<u>52,450,048</u>	<u>46,419,566</u>	<u>2,179,217</u>
Total primary government	<u>\$ 137,505,250</u>	<u>\$ -</u>	<u>\$ 137,505,250</u>	<u>\$ 53,110,267</u>	<u>\$ 9,082,882</u>

General revenues:

- Property taxes
- Tax increment
- Sales taxes
- Motor fuel tax
- Franchise taxes
- Business tax
- Other taxes
- Investment earnings
- Miscellaneous

Transfers

Total general revenues, contributions and transfers

Change in net assets

Net assets-beginning

Prior period adjustment (note IV F)

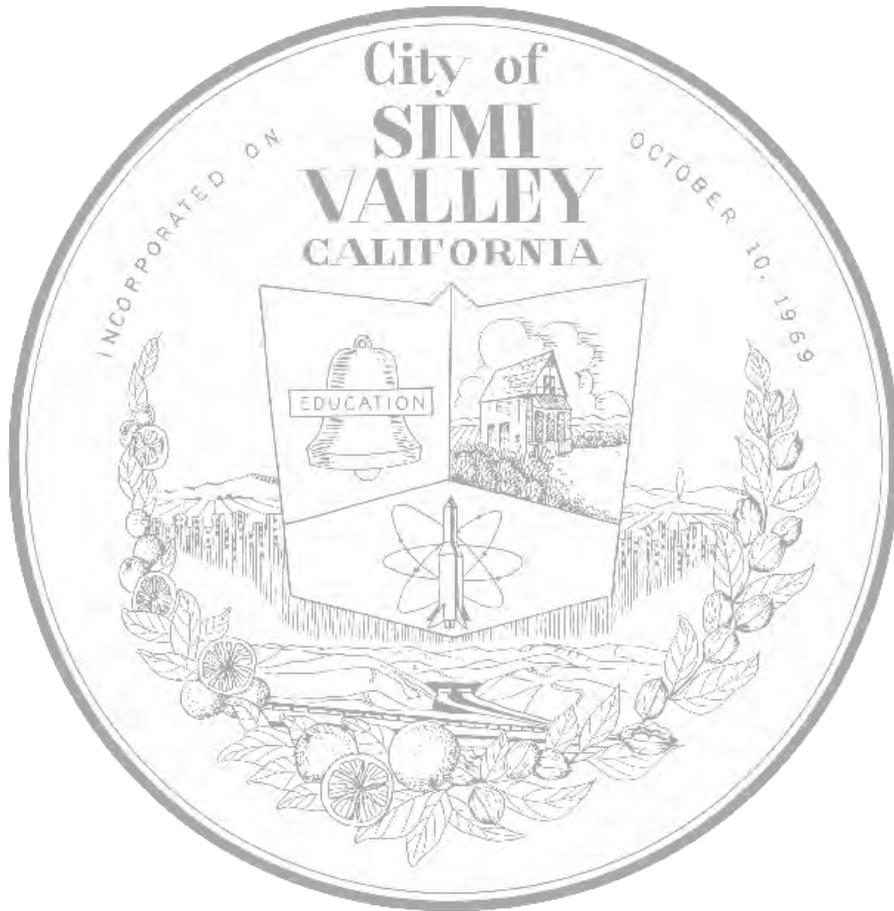
Net assets-beginning, as restated

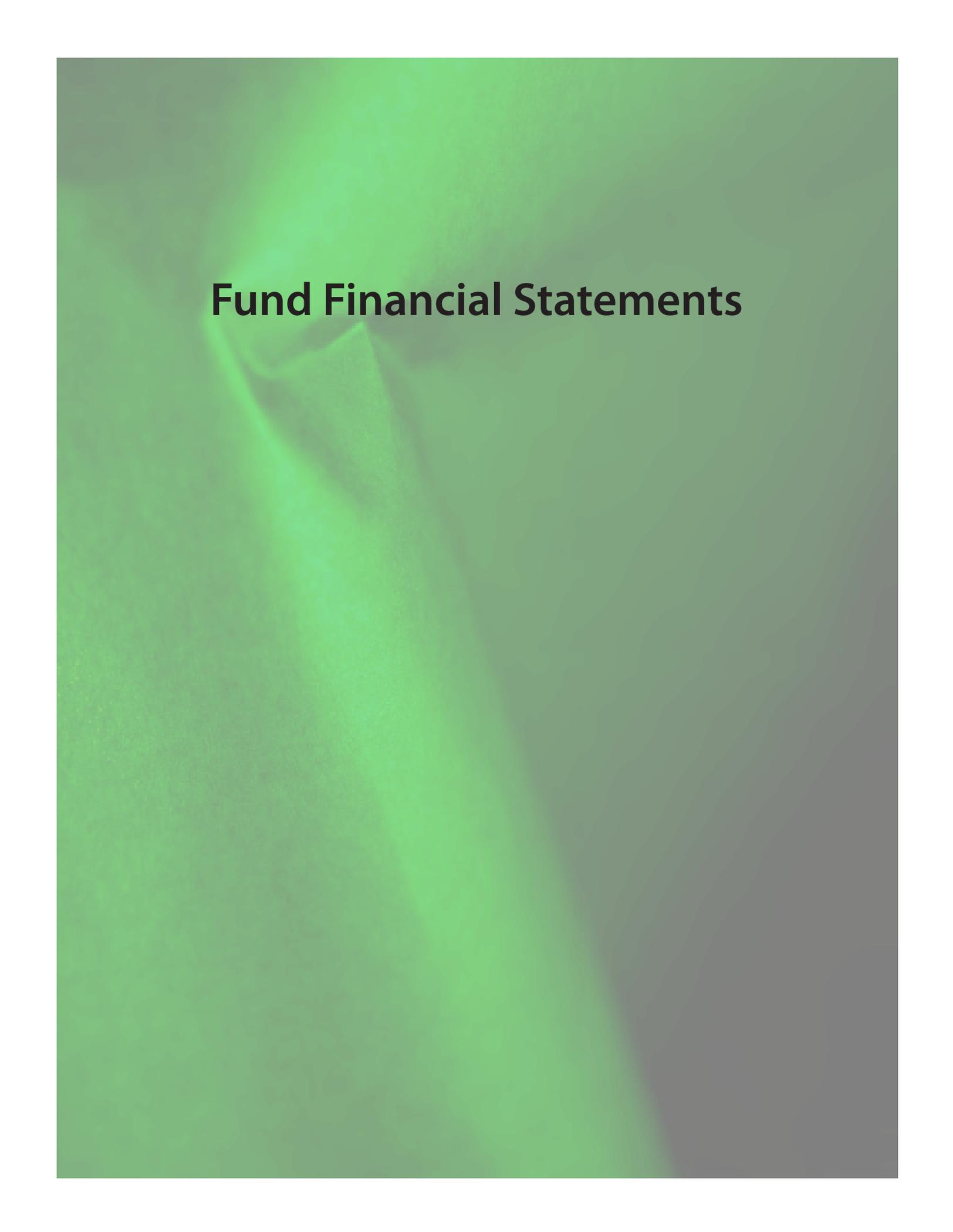
Net assets-ending

**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

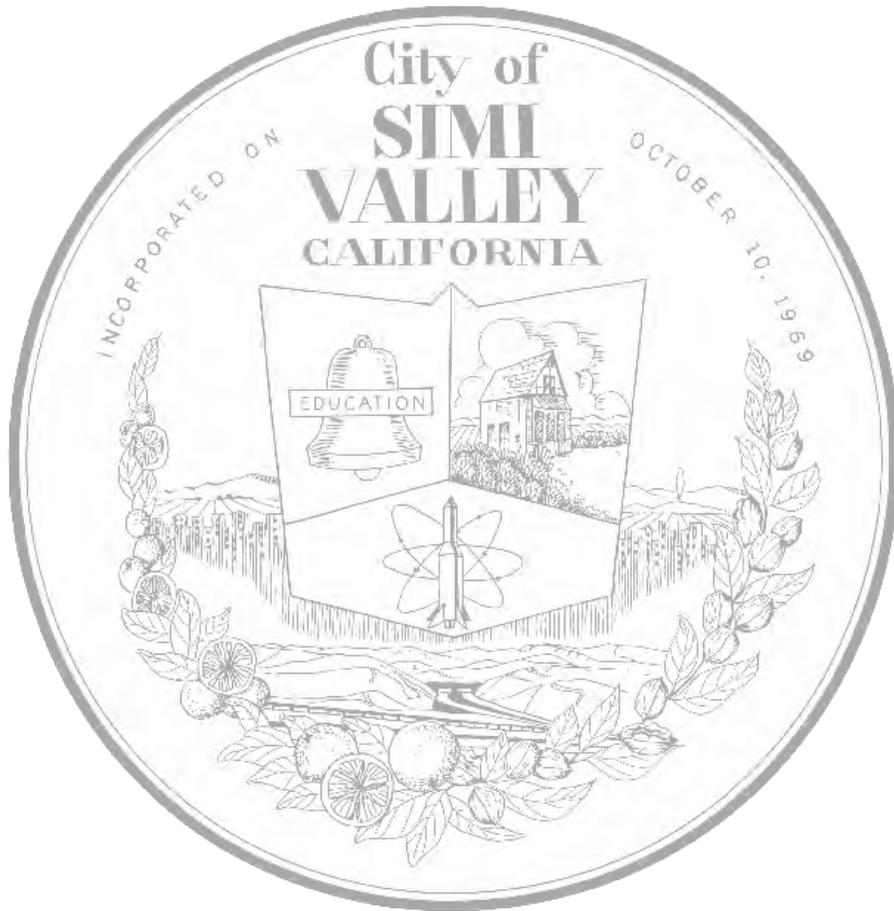
Program Revenues	Net (Expense) Revenue and Changes in Net Assets			Total	
	Primary Government				
Capital Grants and Contributions	Governmental Activities	Business-type Activities			
\$ -	\$ (22,489,371)	\$ -	\$ -	\$ (22,489,371)	Primary government:
-	(3,634,469)	-	-	(3,634,469)	Governmental activities:
-	(3,885,674)	-	-	(3,885,674)	General government
8,465,874	(947,256)	-	-	(947,256)	Community services (CS)
1,278	(29,060,751)	-	-	(29,060,751)	Planning (ES)
-	(2,976,163)	-	-	(2,976,163)	Public ways and facilities (PW)
					Public safety (PD)
					Interest on long term debt
<u>8,467,152</u>	<u>(62,993,684)</u>	<u>-</u>	<u>-</u>	<u>(62,993,684)</u>	Total governmental activities
					Business-type activities:
727,031	-	636,773	-	636,773	Sanitation
755,906	-	364,334	-	364,334	Waterworks District No. 8
<u>3,509,036</u>	<u>-</u>	<u>139,601</u>	<u>-</u>	<u>139,601</u>	Transit
					Total business-type activities
<u>4,991,973</u>	<u>-</u>	<u>1,140,708</u>	<u>-</u>	<u>1,140,708</u>	Total primary government
<u>\$ 13,459,125</u>	<u>(62,993,684)</u>	<u>1,140,708</u>	<u>-</u>	<u>(61,852,976)</u>	
	22,864,848	-	-	22,864,848	General revenues:
	19,170,235	-	-	19,170,235	Property taxes
	14,632,972	-	-	14,632,972	Tax increment
	641,204	-	-	641,204	Sales taxes
	4,719,987	-	-	4,719,987	Motor fuel tax
	1,751,072	-	-	1,751,072	Franchise taxes
	1,578,252	-	-	1,578,252	Business tax
	1,604,653	930,122	-	2,534,775	Other taxes
	-	438,359	-	438,359	Investment earnings
	(2,476,641)	2,476,641	-	-	Miscellaneous
	<u>64,486,582</u>	<u>3,845,122</u>	<u>68,331,704</u>		Transfers
	1,492,898	4,985,830	6,478,728		Total general revenues, contributions and transfers
	280,158,544	174,633,288	454,791,832		Change in net assets
	-	(35,493)	(35,493)		Net assets-beginning
	<u>280,158,544</u>	<u>174,597,795</u>	<u>454,756,339</u>		Prior period adjustment (note IV F)
					Net assets-beginning, as restated
<u>\$ 281,651,442</u>	<u>\$ 179,583,625</u>	<u>\$ 461,235,067</u>			Net assets-ending

See accompanying independent auditors' report and notes to the basic financial statements.





Fund Financial Statements



**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue			
	General	Community Development Agency Housing Administration	Merged Tapo Canyon & West End Tax Increment	Development Related Fees
ASSETS				
Cash and investments:				
Held by city	\$ 15,910,951	\$ 12,531,367	\$ 220,753	\$ 22,993,524
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles) (note III C)	806,544	-	171,607	-
Taxes receivable	4,195,895	3,449	13,797	-
Grants receivable	26,270	-	-	1,959
Interest receivable	127,580	54,831	11,359	80,360
Due from other funds (note III F)	3,341,706	10,435	-	-
Loans receivable (note III B)	367,671	21,617,791	-	504,561
Advances to other funds (note III F)	19,384,570	-	-	-
Property held for resale	-	926,595	-	-
TOTAL ASSETS	\$ 44,161,187	\$ 35,144,468	\$ 417,516	\$ 23,580,404
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 731,513	\$ 72,629	\$ 417,516	\$ 13,413
Salaries and benefits payable	2,625,890	30,927	-	-
Due to other funds (note III F)	-	-	-	-
Advances from other funds (note III F)	-	-	13,826,760	-
Deposits	308,855	8,935	-	-
Deferred revenues	1,104,263	21,617,791	-	504,561
Unearned revenues	-	-	-	-
TOTAL LIABILITIES	4,770,521	21,730,282	14,244,276	517,974
FUND BALANCES (note III H)				
Nonspendable				
Long-term receivables	19,752,241	-	-	-
Restricted				
Housing programs	-	13,414,186	-	3,201,304
Public improvements	-	-	-	19,015,261
Streets	-	-	-	845,865
Lighting	-	-	-	-
Landscape	-	-	-	-
Debt service	-	-	-	-
Special programs	-	-	-	-
Law enforcement	-	-	-	-
Committed				
Streets	-	-	-	-
Retiree benefits	628,659	-	-	-
Equipment	-	-	-	-
Assigned				
Capital	8,994,588	-	-	-
Unassigned	10,015,178	-	(13,826,760)	-
TOTAL FUND BALANCES (DEFICITS)	39,390,666	13,414,186	(13,826,760)	23,062,430
TOTAL LIABILITIES AND FUND BALANCES	\$ 44,161,187	\$ 35,144,468	\$ 417,516	\$ 23,580,404

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

Capital Projects

	Streets & Roads	Nonmajor Governmental	Total Governmental Funds	
ASSETS				
Cash and investments:				
\$	5,113,433	\$ 20,158,299	\$ 76,928,327	Held by city
	-	5,286,018	5,286,018	Held by bond trustee
	112,310	5,606	1,096,067	Accounts receivable (net of allowance for uncollectibles) (note III C)
	-	140,771	4,353,912	Taxes receivable
	11,351	1,149,450	1,189,030	Grants receivable
	-	70,988	345,118	Interest receivable
	-	-	3,352,141	Due from other funds (note III F)
	-	3,303,009	25,793,032	Loans receivable (note III B)
	-	2,500,000	21,884,570	Advances to other funds (note III F)
	-	-	926,595	Property held for resale
\$	5,237,094	\$ 32,614,141	\$ 141,154,810	TOTAL ASSETS
LIABILITIES AND FUND BALANCES				
LIABILITIES				
\$	1,383,182	\$ 1,188,617	\$ 3,806,870	Accounts payable
	-	29,152	2,685,969	Salaries and benefits payable
	-	179,531	179,531	Due to other funds (note III F)
	-	3,369,810	17,196,570	Advances from other funds (note III F)
	-	-	317,790	Deposits
	-	3,303,009	26,529,624	Deferred revenues
	-	1,569	1,569	Unearned revenues
	1,383,182	8,071,688	50,717,923	TOTAL LIABILITIES
FUND BALANCES (note III H)				
Nonspendable				
	-	2,500,000	22,252,241	Long-term receivables
Restricted				
	-	561,013	17,176,503	Housing programs
	-	2,262,385	21,277,646	Public improvements
	-	3,939	849,804	Streets
	-	5,892,439	5,892,439	Lighting
	-	1,373,263	1,373,263	Landscape
	-	6,763,374	6,763,374	Debt service
	-	638,599	638,599	Special programs
	-	265,017	265,017	Law enforcement
Committed				
	3,853,912	-	3,853,912	Streets
	-	-	628,659	Retiree benefits
	-	3,284,875	3,284,875	Equipment
Assigned				
	-	1,018,979	10,013,567	Capital
	-	(21,430)	(3,833,012)	Unassigned
	3,853,912	24,542,453	90,436,887	TOTAL FUND BALANCES (DEFICITS)
\$	5,237,094	\$ 32,614,141	\$ 141,154,810	TOTAL LIABILITIES AND FUND BALANCES

See accompanying independent auditors' report and notes to the basic financial statements.

CITY OF SIMI VALLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Fund balances - total governmental funds \$ 90,436,887

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (note III D). 220,921,405

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:
 Unamortized bond issuance costs 1,164,681

Internal service funds are used by management to charge the costs of workers' compensation and general liability. The assets and liabilities are included in governmental activities in the statement of net assets. 5,578,574

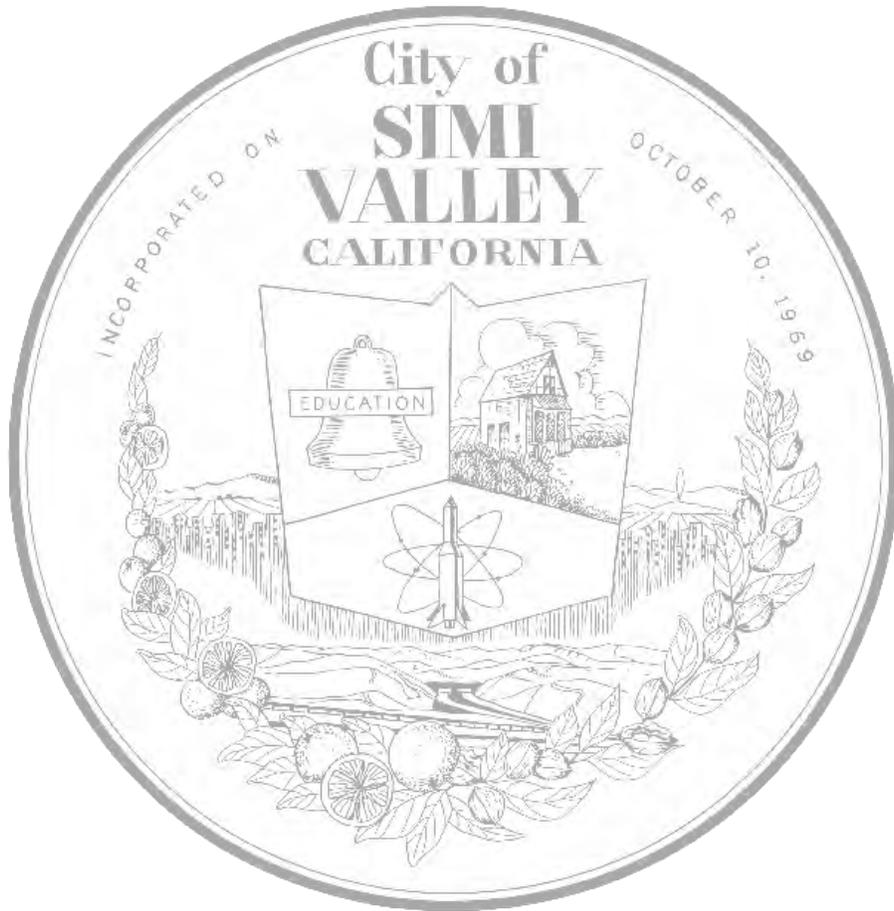
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:
 Accrued interest payable (863,453)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Deferred revenue adjustment for loans receivable	\$ 26,529,624	
Compensated absences payable	(4,602,644)	
OPEB obligation	(3,424,790)	
1995 Lease revenue bonds	(4,120,000)	
2003 Tax allocation bonds	(26,250,000)	
2004 Certificates of participation	(23,460,000)	
Unamortized bond premium	(618,885)	
Unamortized bond payable deferred on refunding	360,043	(35,586,652)

Net assets of governmental activities \$ 281,651,442

See accompanying independent auditors' report and notes to the basic financial statements.



**CITY OF SIMI VALLEY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General	Special Revenue		
		Community Development Agency Housing Administration	Merged Tapo Canyon & West End Tax Increment	Development Related Fees
REVENUES				
Taxes	\$ 43,170,114	\$ -	\$ -	\$ -
Tax increment revenues	-	-	19,166,464	-
Licenses and permits	1,200,244	-	-	-
Fines and forfeitures	566,057	-	-	-
Use of money and property	820,220	775,534	108,961	259,365
From other governments	816,681	-	-	-
Grants	117,671	-	-	16,834
Service charges	1,041,255	23,395	-	131,463
Other revenues	747,648	293,607	-	1,942,091
Total revenues	48,479,890	1,092,536	19,275,425	2,349,753
EXPENDITURES				
Current:				
General government	2,567,823	1,051,300	206,524	130,600
Community services (CS)	3,951,371	-	-	-
Planning (ES)	4,880,112	4,171,007	-	29,674
Public ways and facilities (PW)	11,502,387	-	-	-
Public safety (PD)	27,077,567	-	-	-
Total current expenditures	49,979,260	5,222,307	206,524	160,274
Capital outlay:				
Streets and roads	-	-	-	-
Other capital projects	-	-	-	-
Total capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	314,397	-
Other	-	-	-	-
Total debt service	-	-	314,397	-
Intergovernmental	-	-	7,423,382	-
Total expenditures	49,979,260	5,222,307	7,944,303	160,274
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,499,370)	(4,129,771)	11,331,122	2,189,479
OTHER FINANCING SOURCES (USES)				
Transfers in (note III F)	9,722,972	3,833,293	-	-
Transfers out (note III F)	(5,191,313)	(44,513)	(11,760,154)	(490,000)
Total other financing sources (uses)	4,531,659	3,788,780	(11,760,154)	(490,000)
NET CHANGE IN FUND BALANCES	3,032,289	(340,991)	(429,032)	1,699,479
FUND BALANCES (DEFICITS)-BEGINNING	36,358,377	13,755,177	(13,397,728)	21,362,951
FUND BALANCES (DEFICITS)-ENDING	\$ 39,390,666	\$ 13,414,186	\$ (13,826,760)	\$ 23,062,430

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Capital Projects

Streets & Roads	Nonmajor Governmental	Total Governmental Funds	
			REVENUES
\$ -	\$ 2,565,975	\$ 45,736,089	Taxes
-	3,771	19,170,235	Tax increment revenues
-	-	1,200,244	Licenses and permits
-	-	566,057	Fines and forfeitures
-	473,883	2,437,963	Use of money and property
13,491	6,582,485	7,412,657	From other governments
737,901	2,630,216	3,502,622	Grants
-	794,517	1,990,630	Service charges
64,255	45,319	3,092,920	Other revenues
<u>815,647</u>	<u>13,096,166</u>	<u>85,109,417</u>	Total revenues
			EXPENDITURES
			Current:
-	1,909,012	5,865,259	General government
-	6,048	3,957,419	Community services (CS)
-	2,443,625	11,524,418	Planning (ES)
-	3,368,848	14,871,235	Public ways and facilities (PW)
-	1,004,270	28,081,837	Public safety (PD)
-	<u>8,731,803</u>	<u>64,300,168</u>	Total current expenditures
			Capital outlay:
3,865,841	-	3,865,841	Streets and roads
-	2,163,222	2,163,222	Other capital projects
<u>3,865,841</u>	<u>2,163,222</u>	<u>6,029,063</u>	Total capital outlay
			Debt service:
-	2,045,000	2,045,000	Principal
-	2,648,483	2,962,880	Interest
-	16,441	16,441	Other
-	<u>4,709,924</u>	<u>5,024,321</u>	Total debt service
-	-	7,423,382	Intergovernmental
<u>3,865,841</u>	<u>15,604,949</u>	<u>82,776,934</u>	Total expenditures
<u>(3,050,194)</u>	<u>(2,508,783)</u>	<u>2,332,483</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
3,816,093	9,362,973	26,735,331	Transfers in (note III F)
(420,035)	(11,538,557)	(29,444,572)	Transfers out (note III F)
<u>3,396,058</u>	<u>(2,175,584)</u>	<u>(2,709,241)</u>	Total other financing sources (uses)
<u>345,864</u>	<u>(4,684,367)</u>	<u>(376,758)</u>	NET CHANGE IN FUND BALANCES
<u>3,508,048</u>	<u>29,226,820</u>	<u>90,813,645</u>	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 3,853,912</u>	<u>\$ 24,542,453</u>	<u>\$ 90,436,887</u>	FUND BALANCES (DEFICITS)-ENDING

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ (376,758)

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 their estimated useful lives and reported as depreciation expense.

Infrastructure contributed by developers	\$ 4,872,825	
Capital outlay	5,769,124	
Depreciation expense	<u>(10,996,388)</u>	(354,439)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net assets. (11,656)

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.

Principal payments:		
Tax allocation bonds	810,000	
Lease revenue bonds	695,000	
Certificates of participation	<u>540,000</u>	2,045,000

Expenditures that do not use current financial resources are not reported in governmental funds, but are recorded as expenses in the statement of activities.

Triple Flip repayment by the State	(188,958)	
Net debt service interest accrual	29,136	
Amortization of bond issuance costs	(55,325)	
Amortization of deferral on refunding	(28,482)	
Amortized premium on bonds	29,193	
Compensated absences (net)	359,392	
Unfunded OPEB liability	<u>(1,939,036)</u>	(1,794,080)

Loan receivable transactions offset by deferred revenue are reported as revenue and expenditures in governmental funds, but they do not provide revenue or expenses in the statement of activities. 1,654,533

Internal service funds are used by the City to account for liability and workers' compensation insurance. The net expense of these funds is reported with governmental activities. 330,298

Change in net assets of governmental activities \$ 1,492,898

**CITY OF SIMI VALLEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes:				
Sales	\$ 13,633,200	\$ 13,633,200	\$ 14,632,972	\$ 999,772
Property	20,888,500	20,888,500	20,771,321	(117,179)
Franchise	4,484,600	4,484,600	4,436,497	(48,103)
Business and other	3,685,800	3,685,800	3,329,324	(356,476)
Licenses and permits	1,075,700	1,075,700	1,200,244	124,544
From other governments	407,700	407,700	816,681	408,981
Grants	111,000	137,700	117,671	(20,029)
Service charges	1,390,500	1,390,500	1,041,255	(349,245)
Fines and forfeitures	614,700	614,700	566,057	(48,643)
Use of money and property	1,725,200	1,725,200	820,220	(904,980)
Other revenues	629,200	629,200	747,648	118,448
Total revenues	<u>48,646,100</u>	<u>48,672,800</u>	<u>48,479,890</u>	<u>(192,910)</u>
<u>EXPENDITURES</u>				
Current:				
City administration	2,824,700	2,849,200	2,824,525	24,675
Attorney	983,400	983,400	945,004	38,396
Administrative services and city-wide support (AS)*	(390,900)	288,800	(1,201,706)	1,490,506
Community services (CS)	3,936,300	3,956,300	3,951,371	4,929
Planning (ES)	4,698,800	4,841,500	4,880,112	(38,612)
Public ways and facilities (PW)	11,606,700	11,766,200	11,502,387	263,813
Public safety (PD)	27,089,300	27,105,311	27,077,567	27,744
Total expenditures	<u>50,748,300</u>	<u>51,790,711</u>	<u>49,979,260</u>	<u>1,811,451</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,102,200)</u>	<u>(3,117,911)</u>	<u>(1,499,370)</u>	<u>1,618,541</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	9,663,100	9,908,100	9,722,972	(185,128)
Transfers out	(6,123,900)	(7,122,100)	(5,191,313)	1,930,787
Total other financing sources (uses)	<u>3,539,200</u>	<u>2,786,000</u>	<u>4,531,659</u>	<u>1,745,659</u>
NET CHANGE IN FUND BALANCE	1,437,000	(331,911)	3,032,289	3,364,200
FUND BALANCES (DEFICITS)-BEGINNING	36,358,377	36,358,377	36,358,377	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 37,795,377</u>	<u>\$ 36,026,466</u>	<u>\$ 39,390,666</u>	<u>\$ 3,364,200</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
COMMUNITY DEVELOPMENT AGENCY HOUSING ADMINISTRATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ 443,100	\$ 443,100	\$ 775,534	\$ 332,434
Service charges	8,000	8,000	23,395	15,395
Other revenues	-	19,800	293,607	273,807
Total revenues	<u>451,100</u>	<u>470,900</u>	<u>1,092,536</u>	<u>621,636</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
Reimbursement to general fund	1,051,300	1,051,300	1,051,300	-
Planning (ES):				
Personnel	1,177,200	1,164,000	1,102,718	61,282
Materials, supplies and services	13,255,400	15,861,400	3,068,289	12,793,111
Total environmental services	<u>14,432,600</u>	<u>17,025,400</u>	<u>4,171,007</u>	<u>12,854,393</u>
Total expenditures	<u>15,483,900</u>	<u>18,076,700</u>	<u>5,222,307</u>	<u>12,854,393</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,032,800)</u>	<u>(17,605,800)</u>	<u>(4,129,771)</u>	<u>13,476,029</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	4,458,600	4,653,700	3,833,293	(820,407)
Transfers out	(35,400)	(35,400)	(44,513)	(9,113)
Other financing sources	195,100	-	-	-
Total other financing sources (uses)	<u>4,618,300</u>	<u>4,618,300</u>	<u>3,788,780</u>	<u>(829,520)</u>
NET CHANGE IN FUND BALANCES	(10,414,500)	(12,987,500)	(340,991)	12,646,509
FUND BALANCES (DEFICITS)-BEGINNING	<u>13,755,177</u>	<u>13,755,177</u>	<u>13,755,177</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 3,340,677</u>	<u>\$ 767,677</u>	<u>\$ 13,414,186</u>	<u>\$ 12,646,509</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
MERGED TAPO CANYON AND WEST END TAX INCREMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Tax increment revenues	\$ 22,203,100	\$ 22,203,100	\$ 19,166,464	\$ (3,036,636)
Use of money and property	169,500	169,500	108,961	(60,539)
Total revenues	<u>22,372,600</u>	<u>22,372,600</u>	<u>19,275,425</u>	<u>(3,097,175)</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
Materials, supplies and services	88,900	296,800	51,996	244,804
Contract services	185,200	185,200	154,528	30,672
Total general government	<u>274,100</u>	<u>482,000</u>	<u>206,524</u>	<u>275,476</u>
Debt service:				
Interest	<u>742,100</u>	<u>742,100</u>	<u>314,397</u>	<u>427,703</u>
Intergovernmental	<u>8,687,000</u>	<u>8,687,000</u>	<u>7,423,382</u>	<u>1,263,618</u>
Total expenditures	<u>9,703,200</u>	<u>9,911,100</u>	<u>7,944,303</u>	<u>1,966,797</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>12,669,400</u>	<u>12,461,500</u>	<u>11,331,122</u>	<u>(1,130,378)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(11,113,100)</u>	<u>(15,548,700)</u>	<u>(11,760,154)</u>	<u>3,788,546</u>
Total other financing sources (uses)	<u>(11,113,100)</u>	<u>(15,548,700)</u>	<u>(11,760,154)</u>	<u>3,788,546</u>
NET CHANGE IN FUND BALANCES	1,556,300	(3,087,200)	(429,032)	2,658,168
FUND BALANCES (DEFICITS)-BEGINNING	<u>(13,397,728)</u>	<u>(13,397,728)</u>	<u>(13,397,728)</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (11,841,428)</u>	<u>\$ (16,484,928)</u>	<u>\$ (13,826,760)</u>	<u>\$ 2,658,168</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
DEVELOPMENT RELATED FEES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 524,800	\$ 524,800	\$ 259,365	\$ (265,435)
Grants	-	185,000	16,834	(168,166)
Service charges	36,400	36,400	131,463	95,063
Other revenues	1,975,000	1,975,000	1,942,091	(32,909)
Total revenues	<u>2,536,200</u>	<u>2,721,200</u>	<u>2,349,753</u>	<u>(371,447)</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
Reimbursement to general fund	130,600	143,800	130,600	13,200
Planning (ES):				
Housing programs	81,800	2,118,300	29,674	2,088,626
Total expenditures	<u>212,400</u>	<u>2,262,100</u>	<u>160,274</u>	<u>2,101,826</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(490,000)	(490,000)	(490,000)	-
NET CHANGE IN FUND BALANCES	1,833,800	(30,900)	1,699,479	1,730,379
FUND BALANCES (DEFICITS)-BEGINNING	<u>21,362,951</u>	<u>21,362,951</u>	<u>21,362,951</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 23,196,751</u>	<u>\$ 21,332,051</u>	<u>\$ 23,062,430</u>	<u>\$ 1,730,379</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Simi Valley Sanitation	Ventura County Waterworks District No. 8	Simi Valley Transit System	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 19,374,737	\$ 18,395,381	\$ 2,750,261	\$ 40,520,379	\$ 19,465,765
Customer receivable	435,016	4,941,367	-	5,376,383	-
Other receivable	282,035	278,584	63,227	623,846	-
Taxes receivable	267,135	-	-	267,135	-
Grants receivable	-	-	3,834,768	3,834,768	-
Inventories	472,411	628,474	215,676	1,316,561	-
Interest receivable	95,209	103,954	-	199,163	63,968
Restricted cash and investments:					
Customer deposits	-	883,888	-	883,888	-
Connection fees	3,613,808	3,543,322	-	7,157,130	-
Total current assets	<u>24,540,351</u>	<u>28,774,970</u>	<u>6,863,932</u>	<u>60,179,253</u>	<u>19,529,733</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation) (note III D):					
Land	765,660	451,334	-	1,216,994	-
Buildings and improvements	4,957,869	621,193	1,312,028	6,891,090	-
Furnishings and equipment	524,271	235,999	629,435	1,389,705	-
Vehicles	910,295	351,919	1,201,755	2,463,969	-
Distribution system (note IV F)	56,879,456	38,524,982	3,958	95,408,396	-
Construction-in-progress	10,730,439	9,014,144	3,702,137	23,446,720	-
Total noncurrent assets	<u>74,767,990</u>	<u>49,199,571</u>	<u>6,849,313</u>	<u>130,816,874</u>	<u>-</u>
TOTAL ASSETS	<u>99,308,341</u>	<u>77,974,541</u>	<u>13,713,245</u>	<u>190,996,127</u>	<u>19,529,733</u>
LIABILITIES					
Current liabilities:					
Accounts payable	469,716	2,520,787	483,038	3,473,541	35,622
Salaries and benefits payable	162,964	113,353	82,038	358,355	7,240
Compensated absences	47,334	29,542	22,588	99,464	4,315
Due to other funds (note III F)	-	-	3,172,610	3,172,610	-
Unearned revenue	-	-	2,749,296	2,749,296	-
Claims and legal services payable	-	-	-	-	2,637,514
Current liabilities payable from restricted assets:					
Water service prepayments	-	883,888	-	883,888	-
Accounts payable restricted	-	401,986	-	401,986	-
Total current liabilities	<u>680,014</u>	<u>3,949,556</u>	<u>6,509,570</u>	<u>11,139,140</u>	<u>2,684,691</u>
Noncurrent liabilities:					
Advances from other funds (note III F)	-	-	-	-	4,688,000
Compensated absences	426,010	265,881	203,293	895,184	38,840
Claims and legal services payable	-	-	-	-	5,917,806
Total noncurrent liabilities	<u>426,010</u>	<u>265,881</u>	<u>203,293</u>	<u>895,184</u>	<u>10,644,646</u>
TOTAL LIABILITIES	<u>1,106,024</u>	<u>4,215,437</u>	<u>6,712,863</u>	<u>12,034,324</u>	<u>13,329,337</u>
NET ASSETS					
Invested in capital assets	74,767,990	49,199,571	6,849,313	130,816,874	-
Restricted for:					
Sewer connection fees and water capital improvement charges	3,613,808	3,141,336	-	6,755,144	-
Unrestricted	<u>19,820,519</u>	<u>21,418,197</u>	<u>151,069</u>	<u>41,389,785</u>	<u>6,200,396</u>
TOTAL NET ASSETS	<u>\$ 98,202,317</u>	<u>\$ 73,759,104</u>	<u>\$ 7,000,382</u>	<u>178,961,803</u>	<u>\$ 6,200,396</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Beginning adjustment to unrestricted net assets				608,611	
Current adjustment to unrestricted net assets				<u>13,211</u>	
Net assets of business-type activities				<u>\$ 179,583,625</u>	

See accompanying independent auditors' report and notes to the basic financial statements.

CITY OF SIMI VALLEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Ventura County		Simi Valley		
	Simi Valley Sanitation	Waterworks District No. 8	Transit System	Total	
<u>OPERATING REVENUES</u>					
Charges for sales and services	\$ 14,527,144	\$ 31,426,920	\$ 465,502	\$ 46,419,566	\$ 4,045,700
<u>OPERATING EXPENSES</u>					
Salaries and benefits	5,786,523	3,862,431	3,174,201	12,823,155	328,825
Materials and supplies:					
Water purchases	-	20,833,451	-	20,833,451	-
Utilities	812,250	706,238	-	1,518,488	-
Chemicals	438,152	-	-	438,152	-
Other	174,567	635,648	416,317	1,226,532	172,096
Services:					
Maintenance projects	621,443	1,477,924	-	2,099,367	-
Other	1,422,920	913,258	561,466	2,897,644	-
Insurance	195,700	123,600	157,800	477,100	614,392
Claims and legal expenses	-	-	-	-	2,010,831
General administration	2,710,800	2,098,700	1,200,300	6,009,800	976,900
Depreciation	2,450,016	1,202,688	486,866	4,139,570	-
Total operating expenses	<u>14,612,371</u>	<u>31,853,938</u>	<u>5,996,950</u>	<u>52,463,259</u>	<u>4,103,044</u>
OPERATING INCOME (LOSS)	<u>(85,227)</u>	<u>(427,018)</u>	<u>(5,531,448)</u>	<u>(6,043,693)</u>	<u>(57,344)</u>
<u>NONOPERATING REVENUES AND EXPENSES</u>					
Grants	-	50,357	2,128,860	2,179,217	-
Interest	306,202	623,920	-	930,122	168,253
Other	153,177	39,090	246,092	438,359	-
Total nonoperating revenues (expenses)	<u>459,379</u>	<u>713,367</u>	<u>2,374,952</u>	<u>3,547,698</u>	<u>168,253</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	374,152	286,349	(3,156,496)	(2,495,995)	110,909
<u>CONTRIBUTIONS AND TRANSFERS</u>					
Capital contributions	727,031	755,906	3,509,036	4,991,973	-
Transfers in (note III F)	111,224	193,718	2,628,899	2,933,841	240,200
Transfers out (note III F)	(257,400)	(199,800)	-	(457,200)	(7,600)
Total contributions and transfers	<u>580,855</u>	<u>749,824</u>	<u>6,137,935</u>	<u>7,468,614</u>	<u>232,600</u>
CHANGE IN NET ASSETS	955,007	1,036,173	2,981,439	4,972,619	343,509
TOTAL NET ASSETS-BEGINNING	97,282,803	72,722,931	4,018,943		5,856,887
PRIOR PERIOD ADJUSTMENTS (note IV F)	(35,493)	-	-		-
TOTAL NET ASSETS-BEGINNING, AS RESTATED	<u>97,247,310</u>	<u>72,722,931</u>	<u>4,018,943</u>		<u>5,856,887</u>
TOTAL NET ASSETS-ENDING	<u>\$ 98,202,317</u>	<u>\$ 73,759,104</u>	<u>\$ 7,000,382</u>		<u>\$ 6,200,396</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				13,211	
Current adjustment				<u>13,211</u>	
Change in net assets of business-type activities				<u>\$ 4,985,830</u>	

See accompanying independent auditors' report and notes to the basic financial statements.

CITY OF SIMI VALLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds				
	Ventura County		Simi Valley		Internal Service Funds
	Simi Valley Sanitation	Waterworks District No. 8	Transit System	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from service charges and other revenues	\$ 14,727,523	\$ 31,962,538	\$ 694,652	\$ 47,384,713	\$ 4,045,700
Cash paid for salaries and benefits	(5,795,960)	(3,842,040)	(3,207,231)	(12,845,231)	(343,939)
Cash paid for supplies and materials	(1,466,062)	(21,956,719)	(112,965)	(23,535,746)	-
Cash paid for general administration	(2,710,800)	(2,098,700)	(1,200,300)	(6,009,800)	(976,900)
Cash paid for services and insurance	(2,240,064)	(2,514,782)	(719,266)	(5,474,112)	(163,016)
Cash paid for insurance premiums and claims	-	-	-	-	(2,696,147)
Net cash provided (used) by operating activities	<u>2,514,637</u>	<u>1,550,297</u>	<u>(4,545,110)</u>	<u>(480,176)</u>	<u>(134,302)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received for transfers from other funds	111,224	193,718	-	304,942	240,200
Cash paid for transfers to other funds	(257,400)	(199,800)	-	(457,200)	(7,600)
Cash received from grants and other governments	-	50,357	3,405,647	3,456,004	-
Cash received from interfund borrowing	-	-	3,672,248	3,672,248	-
Net cash provided (used) by noncapital financing activities	<u>(146,176)</u>	<u>44,275</u>	<u>7,077,895</u>	<u>6,975,994</u>	<u>232,600</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Sewer connection fees and water capital improvement charges	183,883	116,164	-	300,047	-
Contribution received from other governments	-	-	3,509,036	3,509,036	-
Acquisition of capital assets	(2,662,068)	(593,607)	(3,398,353)	(6,654,028)	-
Net cash provided (used) by capital and related financing activities	<u>(2,478,185)</u>	<u>(477,443)</u>	<u>110,683</u>	<u>(2,844,945)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	286,294	595,688	22,261	904,243	159,869
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	176,570	1,712,817	2,665,729	4,555,116	258,167
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,811,975	21,109,774	84,532	44,006,281	19,207,598
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,988,545</u>	<u>\$ 22,822,591</u>	<u>\$ 2,750,261</u>	<u>\$ 48,561,397</u>	<u>\$ 19,465,765</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (85,227)	\$ (427,018)	\$ (5,531,448)	\$ (6,043,693)	\$ (57,344)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,450,016	1,202,688	486,866	4,139,570	-
(Increase) decrease in accounts receivable	78,487	502,954	(12,563)	568,878	-
(Increase) decrease in inventory	(26,189)	2,404	12,119	(11,666)	-
Increase (decrease) in accounts payable	(14,905)	216,214	291,234	492,543	12,517
Increase (decrease) in accrued payroll	14,482	14,940	2,380	31,802	(1,456)
Increase (decrease) in compensated absences	(23,919)	5,451	(35,410)	(53,878)	(13,658)
Increase (decrease) in water service prepayments	-	15,474	-	15,474	-
Increase (decrease) in claims and legal services payable	-	-	-	-	(74,361)
Adjustment for revenues and expenses classified as nonoperating	121,892	17,190	241,712	380,794	-
Total adjustments	<u>2,599,864</u>	<u>1,977,315</u>	<u>986,338</u>	<u>5,563,517</u>	<u>(76,958)</u>
Net cash provided (used) by operating activities	<u>\$ 2,514,637</u>	<u>\$ 1,550,297</u>	<u>\$ (4,545,110)</u>	<u>\$ (480,176)</u>	<u>\$ (134,302)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital additions	\$ (543,148)	\$ (639,742)	-	\$ (1,182,890)	-
Capital contributions	543,148	639,742	-	1,182,890	-
Services to be provided from settlement agreement	242,266	-	-	-	-

See accompanying independent auditors' report and notes to the basic financial statements.

**CITY OF SIMI VALLEY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2011**

	Total
<hr/>	
<u>ASSETS</u>	
Current assets:	
Cash and investments:	
Held by city	\$ 7,185,220
Held by bond trustee	2,876,040
Accounts receivable	<u>8,526</u>
TOTAL ASSETS	<u><u>\$ 10,069,786</u></u>
<u>LIABILITIES</u>	
Intergovernmental payable	<u>\$ 10,069,786</u>
TOTAL LIABILITIES	<u><u>\$ 10,069,786</u></u>

See accompanying independent auditors' report and notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF SIMI VALLEY • LISTING OF NOTES TO THE BASIC FINANCIAL
STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2011

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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I. Summary of significant accounting policies

A. Reporting entity

The City of Simi Valley is a municipal corporation governed by an elected mayor and four-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The following blended component units are included in the City's financial statements:

- Ventura County Waterworks District No. 8 provides water services to the residents of the City of Simi Valley. The activity of the District is reported as an Enterprise Fund.
- Simi Valley Community Development Agency established under "Community Redevelopment Law" in the California Health and Safety Code serves to eliminate blight, enhance job creation and retention, and improve the tax base for the City by promoting development. The activity of the Agency is reported in special revenue, debt service and capital projects funds.
- Simi Valley Industrial Development Authority facilitates certain types of development projects.
- Simi Valley Public Financing Authority provides a financing mechanism for various public projects. The activity of the Authority is reported in the debt service funds.

These entities are financially accountable to the primary government, and are governed by a board comprised of the City's elected council. Stand-alone financial statements for the Community Development Agency are available from the Department of Administrative Services. Separate financial statements are not prepared for the Ventura County Waterworks District No. 8, the Simi Valley Industrial Development Authority and the Simi Valley Public Financing Authority.

B. Financial statements

The basic financial statements of the City are comprised of:

- Government-wide financial statements,
- Fund financial statements,
- Budget-to-actual comparisons for the General fund and major special revenue funds,
- Notes to the basic financial statements, and
- Required supplementary information.

In addition, supplementary information is provided for:

- Nonmajor governmental funds,
- Budget-to-actual comparisons for nonmajor special revenue funds,
- Internal service funds, and
- Fiduciary funds.

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The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function 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. *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.

The statement of net assets, statement of activities, and a management's discussion and analysis section provides an analysis of the City's overall financial position and changes in financial position.

Net assets are classified into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

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 those 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 not properly included among program revenues are reported instead as *general revenues*.

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Fund financial statements for the City's governmental, enterprise, and internal service funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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. The principal operating revenues of the sanitation, water and transit funds, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, with the exception of agency funds, which use the accrual basis of accounting but cannot be said to have a measurement focus. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the government are reported. 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Their reported fund balances (net current assets) are considered 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

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available spendable resources during a period. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. 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, except reimbursement grant revenues and interest, which are considered available, if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, service charges, rents, intergovernmental revenue, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The underlying accounting system of the City is based on funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The City reports the following major governmental and enterprise funds:

General fund:

The *General* fund is the City's primary operating fund. It accounts for all financial resources of the government except those required to be accounted for in another fund.

Special revenue funds:

Community Development Agency Housing Administration fund accounts for housing set-aside funds used to reimburse the costs associated with the administration and coordination of affordable housing programs, processing of affordable housing agreements, amendment or update of the Housing element of the general plan, as well as any general plan amendments for affordable housing projects.

Merged Tapo Canyon and West End Tax Increment fund accounts for tax increment revenues restricted by the Health and Safety code for debt service requirements.

Development Related Fees fund accounts for fees paid by developers for infrastructure construction and improvements, traffic and air quality impact mitigation, and program participation in low- and moderate-income housing programs. This fund also accounts for performance and other deposits held by the City.

Capital project funds:

Streets and Roads fund accounts for all street-related improvements. Grants, transfers of funds from special revenue funds, accumulated via service charges, or transfers from the General fund primarily fund these improvements.

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Enterprise funds:

Simi Valley Sanitation fund accounts for providing wastewater collection and treatment services in all the incorporated areas within the City of Simi Valley, as well as adjacent unincorporated areas.

Ventura County Waterworks District No. 8 fund accounts for the activities of the District, a blended component unit of the government. The District provides water services to 65% of Simi Valley residents and businesses.

Simi Valley Transit System fund accounts for the activities of the City's transit system.

Additionally, the City reports the following fund types:

Debt service funds:

The City utilizes debt service funds to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Internal service funds:

The City utilizes four internal service funds to account for management services provided to other departments of the City, on a cost reimbursement basis.

Liability Insurance fund provides for losses arising from general liability, property, automobile, physical damage, employee fiduciary, and unemployment claims. It is financed through contributions paid by each operating program based on factors similar to those used by insurance companies (i.e. payroll, property values, and number of employees).

Workers' Compensation Insurance fund accounts for the workers' compensation program. It is financed through contributions paid by each operating program based on factors similar to those used by the State Compensation Insurance Fund in calculating premium amounts; i.e., percentage rates by class of employee applied against related payroll costs.

GIS Permits Operations fund accounts for operational costs associated with the City's geographical information and permitting computer systems. It is financed through contributions paid by each operating program based on allocated use of the systems.

FIS Operations fund accounts for operational costs associated with the City's financial information computer systems. It is financed through contributions paid by each operating program based on allocated use of the systems.

Fiduciary funds:

The City accounts for assets held by the City in a trustee capacity or as an agent for individuals or private organizations in agency funds.

City Agency Fund accounts for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, or other governments.

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Assessment District funds account for special assessments collected on the property tax roll by the City on behalf of the property owners.

Tax Increment Pass-Through funds are utilized to accumulate tax increment revenues on behalf of taxing entities in the Community Development project areas until they are remitted to these agencies.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and the City Investment Policy, authorize the government to invest in obligations of the U.S. Treasury, the State and local agencies, Federal Government-Sponsored Agency Securities, the State Treasurer's Investment Pool, and other public agency investment pools meeting specific criteria.

Investments are reported at fair value. The State Treasurer's Investment Pool and the California Asset Management Pool (CAMP) operate in accordance with appropriate state laws and regulations. The reported value of the pool funds is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables are shown net of an allowance for uncollectibles.

3. Property taxes

Property taxes in California are levied in accordance with Article 13A of the State Constitution and statutory provisions by the County Assessor for the secured and unsecured tax rolls, and State Board of Equalization for the utility property tax rolls. The tax levy to support general operations is limited to one percent of full value at time of purchase with subsequent annual increases up to two percent. Increase to full value is allowed for property improvements or upon change in ownership. Amounts required to finance voter-approved debt are excluded from this limitation and are calculated and levied each fiscal year. Property taxes are levied on both real and personal

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property. Secured property taxes are levied July 1, payable in two equal installments: the first is due November 1 and delinquent with penalties after December 10; the second is due on February 1 and delinquent with penalties after April 10. Unsecured property taxes become delinquent with penalties after August 31. Secured property taxes become a lien on the property on January 1.

The County of Ventura bills and collects the property taxes and remits them to the City throughout the year. Property tax revenue is recognized in the fiscal year for which taxes have been levied, provided the revenue is collected in the current period, or within 60 days thereafter.

Taxes levied for all property within the Community Development Agency project areas is remitted to the Agency. The amount of tax, computed by applying the current tax rate to the assessed valuation prior to the adoption of the redevelopment plan, is paid to the various taxing agencies. The excess tax received is deposited in the Agency funds. In accordance with the Health and Safety Code, 20% of gross tax increment revenues are set-aside in the Community Development Agency Housing Administration fund, to be used for replacement or improvement of low-income housing.

4. Inventories and prepaid items

In governmental funds the purchase method is used to account for inventories. Under this method inventories are recorded as expenditures when purchased rather than capitalized as an asset. If inventory amounts are significant at year-end they are reported as an asset. Inventory amounts in the governmental funds were not significant in fiscal year 2010-11.

In proprietary funds, inventories are valued at cost. They are accounted for using the consumption method, on a first-in / first-out basis.

5. Restricted assets

Customer deposits and connection fees are classified as restricted assets on the statement of net assets, business-type activities. Customer deposits offset the liability for water service prepayments, and the cash received for water and sewer connection fees is restricted for infrastructure or plant improvements.

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (the infrastructure limit is \$25,000, the intangible limit is \$100,000) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated infrastructure assets are recorded at estimated historical cost provided by the developer.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	25
Vehicles	4-7
Machinery and equipment	3-15
Water/Sewer lines	30-100
Intangibles	5-15
Infrastructure	25-50

7. Compensated absences

Vacation and sick leave benefits are consolidated into a leave benefit program. It is the City's policy to permit employees to accumulate earned but unused leave. All such leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The deferred gain or loss on a refunding is netted with the debt and amortized over the shorter of the remaining life of the refunded debt or the new debt using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund equity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balance that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

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- *Non-spendable* fund balance represents funds that are not immediately available to support government operations. Examples are inventory and long-term receivables that will not be converted to cash in the near future.
- *Restricted* fund balance has constraints imposed by external parties such as creditors, grantors, or contributors; legislation or regulations of other governments; or imposed by constitutional provisions.
- *Committed* fund balance represents funds that can only be designated for specific purposes by formal City Council action. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.
- *Assigned* fund balance is similar to committed fund balance except that the City Council can authorize the City Manager to designate the funds for specific purposes. An example is budgeted line-item expenditures to which the City Manager has the authority to make administrative amendments, provided they do not have a significant policy impact or affect budgeted year-end fund balances.
- *Unassigned* fund balance is the portion of General Fund balance that does not fall into any of the other fund balance categories. These funds are available for any legitimate government purpose and are customarily reported only in the General Fund.

10. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General fund, enterprise funds, and all special revenue funds. Project-length budgets are adopted for the capital project funds. Debt service funds are not budgeted. Public Education, Government Fees Fund did not have an adopted budget for FY 2010-11, therefore no budget to actual schedule is included with the supplemental schedules. All appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations that do not have a significant policy impact or affect budgeted year-end fund balances. The City Council may amend the budget at any time during the year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for all funds except the General fund for which the legal level of budgetary control is the department level.

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B. Excess of expenditures over appropriations

For fiscal year ended June 30, 2011, expenditures exceeded appropriations in the Madera Royal (nonmajor) and the Transportation (nonmajor) special revenue funds by \$15,666 and \$32,331 respectively. The over-expenditure in the Madera Royal Tax Increment fund was a result of negative tax revenue associated with supplemental tax rolls. The Transportation funds over-expenditure was a result of payments to the Rancho Simi Recreation and Park District for class 1 trail maintenance fees for fiscal years 2008 through 2011. In addition, the Environmental Services' (Planning) department expenditures exceeded appropriations by \$38,612. The department's expenditures were within budget for all expenditure categories except for salaries. It was unable to meet targeted salary savings. For FY 2011-12, the Environmental Services personnel budget was increased by \$157,900 over the prior fiscal year. However, the current expenses budget for supplies and services was reduced by \$157,100, for an overall Environmental Services budget increase of \$800 for FY 2011-12.

C. Deficit fund equity

Two special revenue funds had deficit fund balances as of June 30, 2011, the Merged Tapo Canyon and West End Tax Increment (major), and the Madera Royal Tax Increment (nonmajor) of \$13,826,760, and \$21,430 respectively, due to the amounts advanced from the City's General fund to the Community Development Agency, a blended component unit of the City, to finance community development projects. The advance will be repaid from available tax increment revenues.

III. Detailed notes on all funds

A. Cash and investments

The cash balances of all funds held by the City are pooled and invested for the purpose of increasing interest earnings through investment activities. The interest earned on these investments is allocated to participating funds based on their daily average cash balances. The carrying amounts of cash and investments have been increased by \$801,537 in order to reflect the fair value at June 30, 2011.

Cash and investments at June 30, 2011 are classified as follows:

Statement of net assets:	
Cash and investments	\$ 144,955,489
Cash and investments held by bond trustee	5,286,018
Fiduciary funds:	
Cash and investments	7,185,220
Cash and investments held by bond trustee	<u>2,876,040</u>
Total cash and investments	<u>\$ 160,302,767</u>

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Cash and investments at June 30, 2011 consisted of the following:

Cash on hand	\$ 6,550
Deposits with financial institutions	2,090,706
Outstanding checks	(3,883,214)
Investments	162,088,725
Total cash and investments	\$ 160,302,767

The table below identifies the **investment types** that are authorized by the California Government Code (or the City’s investment policy or debt agreements, whichever is more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy or debt agreements, whichever is more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**. Debt proceeds held by bond trustee are invested in accordance with the provisions of debt agreements of the City, when more restrictive than the City’s investment policy.

<u>Authorized Investments</u>	<u>Maximum Maturity Constraints</u>	<u>City Policy Legal Limit (% or \$)</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Banker’s Acceptances	180 days	40%	30%
Commercial Paper	270 days	Prohibited	10%
Negotiable Certificates of Deposit	5 years	30%	\$1,000,000
CD Placement Service	5 years	30%	\$1,000,000
Repurchase Agreements	1 year	Prohibited	None
Corporate Notes	5 years	Prohibited	None
Investment Pools	5 years	20%	10%
Shares of Beneficial Interest	5 years	20%	10%
Mutual Funds	5 years	20%	10%
Money Market Mutual Funds	5 years	20%	10%
Collateralized Certificates of Deposit	5 years	None	25% of S & L
Collateralized Mortgage Obligations	5 years	Prohibited	None
Financial Futures	5 years	Prohibited	None
Financial Option Contracts	5 years	Prohibited	None
County Pooled Investment Funds	N/A	\$30,000,000	None
Joint Powers Authority Pool	N/A	\$30,000,000	None
LAIF	N/A	\$30,000,000	None

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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Interest Rate Risk

To minimize the impact of changes in market interest rates, the City holds investments to maturity, matches investment maturities with specific cash flow requirements, invests in a combination of shorter term and longer term investments, and invests in securities maturing in 5 years or less from the settlement date.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity in Years</u>		
		<u>1 Year Or Less</u>	<u>1-2 Years</u>	<u>2-5 Years</u>
U.S. Treasury Obligations	\$ 5,079,500	\$ -	\$ 5,079,500	\$ -
U.S. Agencies	110,672,900	-	5,002,500	105,670,400
Joint Powers Authority Pool	4,778,419	4,778,419	-	-
LAIF	33,395,848	33,395,848	-	-
<u>Held by bond trustee:</u>				
LAIF	2,656,741	2,656,741	-	-
Money market and mutual funds	5,505,317	5,505,317	-	-
Total	\$ 162,088,725	\$ 46,336,325	\$ 10,082,000	\$ 105,670,400

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. On August 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on August 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. The City also invests in LAIF, which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

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<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>				
			<u>S & P AA+</u>	<u>S & P Not Rated</u>	<u>Moody's Aaa</u>	<u>Moody's Not Rated</u>	<u>Not Rated</u>
U.S. Treasury Obligations	\$ 5,079,500	N/A	\$ -	\$ 5,079,500	\$ 5,079,500	\$ -	\$ -
U.S. Agencies	110,672,900	N/A	110,672,900	-	110,672,900	-	-
Joint Powers Authority Pool	4,778,419	N/A	4,778,419	-	-	4,778,419	-
LAIF	33,395,848	N/A	-	-	-	-	33,395,848
<u>Held by bond trustee:</u>							
LAIF	2,656,741	N/A	-	-	-	-	2,656,741
Money market and mutual funds	5,505,317	A	5,505,317	-	5,505,317	-	-
Total	\$162,088,725		\$ 120,956,636	\$ 5,079,500	\$ 121,257,717	\$ 4,778,419	\$ 36,052,589

Concentration of Credit Risk

In addition to the limitations stipulated in the *Authorized Investments* table, the City's investment policy lists the following limitations:

- No more than 15% of the City's portfolio (exclusive of investments in government agency issues and LAIF) shall be invested with one financial institution.
- No more than 25% of the City's portfolio shall be invested in collateralized certificates of deposit issued by Savings and Loan institutions.
- No more than 15% of the City's portfolio shall be invested in negotiable and collateralized Certificates of Deposits.
- No more than 5% of the City's portfolio shall be invested in negotiable certificates of deposit and no more than \$1 million shall be invested with any one financial institution that has total assets in excess of \$200 million and maintains an equity to total assets ratio of at least 5%.
- Investments in LAIF and other investment pools are limited to \$30 million per agency or account.
- Investments of bond proceeds, held by fiscal agents, in LAIF shall be limited to \$30 million per bond issue.
- Investments of bond proceeds, held by fiscal agents, shall follow alternate investment instructions to the extent required by bond documents.

Custodial Credit Risk

All demand deposits and certificates of deposit held by the City are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a local government agency's deposits by pledging government securities with a market value equal to 110% of the deposits or pledging first trust deed mortgage notes with a market value equal to 150% of the total deposits.

To protect investments against custodial credit risk caused by collapse of individual securities dealers, all securities owned by the City are held by the City's custodial bank, a third party bank trust department, acting as agent for the City under the terms of a custody agreement.

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Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	U.S. Agencies	\$20,089,650
Federal Home Loan Bank	U.S. Agencies	30,179,350
Federal Home Loan Mortgage Corporation	U.S. Agencies	20,073,050
Federal National Mortgage Association	U.S. Agencies	40,330,850

As of June 30, 2011, the City had no investments which were uninsured, unregistered and not held in the City's name.

Investment in State Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Code Section 16429 under the oversight of the Treasurer of the State of California. In addition to the primary City account, LAIF accounts are also maintained for the following blended component units of the City: Waterworks District No. 8, Community Development Agency, and Industrial Development Authority. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. 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.

B. Loans receivable

The Simi Valley Community Development Agency (Agency) engages in projects designed to improve, construct and preserve low- and moderate-income housing units. One of the primary means of providing affordable housing is through negotiation with developers to incorporate affordable units within new residential developments. In addition, the City maintains an active first-time homebuyer program, offering no-interest deferred loans to low-income homebuyers, as well as a home rehabilitation program, offering low-interest deferred loans to very low-, low- and median-income homeowners.

Affordable Housing Program

- **Amcal Wood Ranch Fund XXXVII (Sorrento Villas):**
In December 1997, the Agency entered into an amended and restated affordable housing agreement with Amcal Wood Ranch Fund XXXVII regulating the sale and transfer of a 148-unit senior apartment project, Sorrento Villas, and restricting the rental of 72 affordable units to very low- and low-income senior households. The Agency provided a CDA-funded loan and a HOME-funded loan, both of which are to be repaid from residual receipts, and are due and payable 40 years from the last certificate of occupancy dated July 7, 1999.

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- **Rory Lane Seniors (Seasons):**
In June 1998, the Agency entered into an affordable housing agreement with Rory Lane Seniors, L.P., to provide financial assistance in exchange for reserving 69 affordable senior units to very low-income households at an affordable rent. In December 1999, the first amendment to the affordable agreement was made to increase the Agency's financial assistance from \$306,000 to \$564,500. The loan is to be repaid from residual receipts and is due and payable 30 years from the certificate of occupancy dated January 1, 2005.

- **Casa de Paz:**
In July 2001, the Agency entered into an affordable housing agreement with Casa de Paz Housing, Inc. to provide financial assistance for the acquisition and rehabilitation of a 14-unit apartment complex, restricting occupancy to very low income persons with disabilities. The City and Agency approved an amended affordable agreement on November 20, 2001, to incorporate additional provisions required by HUD. The loan is due 50 years from the certificate of occupancy dated October 25, 2002.

- **Association for Retarded Citizens (ARC), Ventura Co.**
In April 2002, the Agency entered into an affordable housing agreement with ARC, Ventura County, Inc., to provide financial assistance for the acquisition of four condominium units for occupancy of very low-income developmentally disabled persons. The loan is due and payable 55 years from the Affordable Housing Agreement dated August 16, 2002, or within 60 days after HUD provides notice to the developer that it will no longer provide project-based rental assistance.

- **ESG Properties (Hidden Valley Apartments)**
In November 2002, the Agency entered into an amended and restated affordable housing agreement with ESG Properties to provide the financing for constructing and operating a 324-unit multifamily apartment project, Hidden Valley Apartments. The project provides affordable rental units for 65 very low- and 16 low-income households. The note is to be repaid in two installments; the first installment of \$1,620,000 is due on August 1, 2036, and the second installment of \$1,620,000 is due 55 years from the certificate of occupancy, dated January 15, 2004.

- **Paseo Simi Senior Apartments (Vintage Paseo)**
In December 2002, the Agency entered into an affordable housing agreement with Paseo Simi Senior Apartments, L.P. to provide financial assistance for the construction and operation of a 176-unit multifamily senior apartment complex located at the southeast corner of Tapo Canyon Road and Avenida Simi. The agreement restricts the rental of 86 units to very low- and low-income senior households. Interest accrues up to the end of the 7th year following the commencement of bond amortization. Repayment of the note is to be made from residual receipts and begins in the 8th year following commencement of bond amortization; the note becomes due and payable 55 years from the last certificate of occupancy dated December 16, 2004.

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- Alamo & Fairbanks Associates (Plaza del Sol)
In September 2003, the Agency entered into an amended affordable housing agreement with Alamo & Fairbanks Associates, to assist with the financing for constructing and operating a 70-unit multi-family apartment project, Plaza del Sol Apartments. The agreement restricts the rental of 34 units to very low- and low-income households. The note is to be repaid from residual receipts and is due and payable 55 years from the last certificate of occupancy dated August 11, 2005.
- Many Mansions (La Rahada Apartments)
In June 2008, the Agency entered into an affordable housing agreement with Many Mansions to provide financial assistance for the acquisition and rehabilitation of an 8-unit apartment complex, La Rahada Apartments, for occupancy by extremely low-income, mentally disabled, and homeless individuals. The note is due and payable 55 years from the promissory note dated June 17, 2008.

First-Time Home Buyer Program

- This program is available to low-income first-time homebuyers. Income limits are based upon household size and are adjusted annually for Ventura County by the Department of Housing and Community Development and the Department of Housing and Urban Development. These loans are due upon the first sale after 55 years. The Program offers low-income households a deferred payment second trust deed loan up to \$50,000 per bedroom, not to exceed \$200,000. Resale of the unit is restricted at a price-affordable to low-income first-time homebuyers for 55 years.

Home Rehabilitation Program

- This Program was established in 1981. The Program offers low interest deferred loans to very low-, low-, and median-income homeowners. Qualified owners of detached single-family residences are eligible for a deferred 2% loan that accrues interest for a maximum of 15 years. Full repayment is required when the property is sold, refinanced, leased, or changes title. The maximum loan amount is \$30,000.

Mobile Home Rehabilitation Program

- This Program was established in 2001. Qualified mobile home owners are eligible to obtain a deferred 0% personal loan up to a maximum of \$10,000 with no payments. The loan is forgiven if the borrower continues to reside in the mobile home five years after loan execution. If the owner moves within 5 years, the principal balance becomes due but is reduced by 20% for each full year the homeowner resided in the mobile home after the loan is issued.

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Other loans receivable of the City are comprised of:

- Simi Valley Cultural Arts Center Foundation
During Fiscal Years 1995 – 1996 the City entered into a loan agreement with the Simi Valley Cultural Arts Center Foundation to fund start up costs of the Center. One dollar of this loan is retired for every three dollars deposited in the Simi Valley Cultural Arts Center Foundation fund, or provided for operations in excess of the annual support campaign.
- El Rancho Simi Cemetery District (formerly Simi Valley Public Cemetery District)
During Fiscal Years 1991 – 1993 the City funded capital improvements at the Cemetery for \$256,797. This amount was a loan from the City to the Cemetery at an interest rate of 6.08 percent to be repaid in 10 years. The cemetery fell into financial hardship and was unable to repay this loan. In Fiscal Year 1996, the repayment terms of the loan were revised, and the Cemetery’s pass-thru funds were applied to retire the loan until there was a change in the Cemetery’s ability to repay the loan.
- Employee Section 125 Plan
This plan was established in 1998 to provide employees with expanded healthcare options. The City advanced the funds for startup costs to be refunded when a sufficient balance has been accumulated.

Loans receivable balances at June 30, 2011, were as follows:

	<u>Interest Rate</u>	<u>Term (Yrs)</u>	<u>Year Due</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
Affordable Housing Program:						
Sorrento Villas	0.0 - 7.0%	40	2039	740,636	76,684	817,320
Seasons	3.0%	30	2035	564,500	110,078	674,578
Casa de Paz	0.0%	50	2052	122,551	-	122,551
ARC	0.0%	55	2057	175,000	-	175,000
Hidden Valley Apartments	0.0%	55	2061	3,240,000	-	3,240,000
Vintage Paseo	3.0%	55	2059	1,672,500	343,389	2,015,889
Plaza del Sol	3.0%	55	2060	1,900,000	348,202	2,248,202
La Rahada Apartments	3.0%	55	2063	250,000	22,767	272,767
Total Affordable Housing Program				8,665,187	901,120	9,566,307
First Time Homebuyer Program	Equity Share			13,723,757	-	13,723,757
Home Rehabilitation Program	0.0 - 3.0%			1,876,643	258,654	2,135,297
Total housing loans receivable				24,265,587	1,159,774	25,425,361
Other City loans receivable:						
Cultural Arts Center Foundation	0.0%			184,175	-	184,175
Cemetery District	0.0%			178,496	-	178,496
Employee Sect 125 Plan	0.0%			5,000	-	5,000
Total other City loans receivable				367,671	-	367,671
Total loans receivable				\$ 24,633,258	\$ 1,159,774	\$ 25,793,032

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FISCAL YEAR ENDED JUNE 30, 2011

C. Allowance for uncollectible accounts

Accounts receivable as of year-end are listed net of allowances for uncollectibles as follows:

	<u>General Fund</u>	<u>Merged Tapo Canyon & West End Tax Increment</u>	<u>Streets and Roads</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Accounts receivable	\$1,464,812	\$ 171,607	\$ 112,310	\$ 5,606	\$1,754,335
Allowance for uncollectibles	(658,268)	-	-	-	(658,268)
Total accounts receivable net	<u>\$ 806,544</u>	<u>\$ 171,607</u>	<u>\$ 112,310</u>	<u>\$ 5,606</u>	<u>\$1,096,067</u>

D. Capital assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,737,857	\$ -	\$ -	\$ 11,737,857
Construction-in-progress	9,211,287	5,517,730	(6,052,430)	8,676,587
Total capital assets, not being depreciated	<u>20,949,144</u>	<u>5,517,730</u>	<u>(6,052,430)</u>	<u>20,414,444</u>
Capital assets, being depreciated:				
Buildings and improvements	40,621,321	24,995	-	40,646,316
Furnishings and equipment	8,058,951	21,094	-	8,080,045
Computers	4,544,289	181,535	-	4,725,824
Vehicles	5,369,342	371,952	(440,310)	5,300,984
Infrastructure	251,390,916	10,577,073	-	261,967,989
Intangibles	5,553,985	-	-	5,553,985
Total capital assets being depreciated	<u>315,538,804</u>	<u>11,176,649</u>	<u>(440,310)</u>	<u>326,275,143</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,303,928)	(1,129,283)	-	(15,433,211)
Furnishings and equipment	(2,859,597)	(515,624)	-	(3,375,221)
Computers	(3,001,705)	(394,220)	-	(3,395,925)
Vehicles	(4,060,966)	(467,164)	428,654	(4,099,476)
Infrastructure	(88,920,832)	(8,119,832)	-	(97,040,664)
Intangibles	(2,053,420)	(370,265)	-	(2,423,685)
Total accumulated depreciation	<u>(115,200,448)</u>	<u>(10,996,388)</u>	<u>428,654</u>	<u>(125,768,182)</u>
Total capital assets, being depreciated, net	<u>200,338,356</u>	<u>180,261</u>	<u>(11,656)</u>	<u>200,506,961</u>
Governmental activities capital assets, net	<u>\$ 221,287,500</u>	<u>\$ 5,697,991</u>	<u>\$ (6,064,086)</u>	<u>\$ 220,921,405</u>

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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	Beginning Balance as Restated*	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,216,994	\$ -	\$ -	\$ 1,216,994
Construction-in-progress	19,739,992	5,796,425	(2,089,697)	23,446,720
Total capital assets, not being depreciated	<u>20,956,986</u>	<u>5,796,425</u>	<u>(2,089,697)</u>	<u>24,663,714</u>
Capital assets, being depreciated:				
Buildings and improvements	12,196,811	150,113	-	12,346,924
Furnishings and equipment	5,971,007	222,629	(88,364)	6,105,272
Vehicles	9,192,615	691,564	(1,683,909)	8,200,270
Distribution system	164,869,713	3,272,586		168,142,299
Total capital assets being depreciated	<u>192,230,146</u>	<u>4,336,892</u>	<u>(1,772,273)</u>	<u>194,794,765</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,173,139)	(282,695)	-	(5,455,834)
Furnishings and equipment	(4,607,940)	(195,991)	88,364	(4,715,567)
Vehicles	(6,880,463)	(530,459)	1,674,621	(5,736,301)
Distribution system	(69,603,478)	(3,130,425)		(72,733,903)
Total accumulated depreciation	<u>(86,265,020)</u>	<u>(4,139,570)</u>	<u>1,762,985</u>	<u>(88,641,605)</u>
Total capital assets, being depreciated, net	<u>105,965,126</u>	<u>197,322</u>	<u>(9,288)</u>	<u>106,153,160</u>
Business-type activities capital assets, net	<u>\$ 126,922,112</u>	<u>\$ 5,993,747</u>	<u>\$ (2,098,985)</u>	<u>\$ 130,816,874</u>

*Beginning balance for accumulated depreciation for furnishings and equipment includes prior period adjustment. See Note IV.F.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 9,547,089
Community Services	606
Public Ways & Facilities (PW)	1,270,175
Public Safety	178,518
Total depreciation expense-governmental activities	<u>\$ 10,996,388</u>
Business-type activities:	
Sanitation	\$ 2,450,016
Waterworks	1,202,688
Transit	486,866
Total depreciation expense-business-type activities	<u>\$ 4,139,570</u>

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E. Construction commitments

The City has active construction projects as of June 30, 2011. The commitments for governmental fund projects are included in the reserved fund balances. The project commitments for enterprise funds at year end are as follows:

Street construction and improvements	\$ 660,566
Water treatment plant construction and improvements	381,957
Transit facilities improvements	329,709
Water Quality Control Plant upgrades	217,814
Water and recycled water master plan	105,461
Sewerline improvements	94,140
Water tank construction and improvements	78,419
Total construction commitments	\$ 1,868,066

F. Interfund receivables, payables, and transfers

The interfund amounts between the General fund, the Simi Valley Transit enterprise fund, and nonmajor governmental funds are for short-term loans to cover operations. The interfund amount between the Community Development Agency Housing Administration and nonmajor governmental funds are also for short-term loans to cover operations.

Due to / from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Simi Valley transit system	\$ 3,172,610
	Nonmajor governmental funds	169,096
Community development agency housing administration fund	Nonmajor governmental funds	10,435
Total		\$ 3,352,141

Advances from / to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Merged Tapo Canyon and West End tax increment	\$ 11,326,760
	Nonmajor governmental funds	3,369,810
	Internal Service funds	4,688,000
Nonmajor governmental funds	Merged Tapo Canyon and West End tax increment	2,500,000
Total		\$ 21,884,570

The advances from the General fund to the Merged Tapo Canyon and West End Tax Increment fund, and nonmajor governmental fund (Madera Royal Tax Increment fund) are to fund various CDA projects. This advance will be repaid from available tax increment revenues. The advance from the General fund to the Internal Service funds is to maintain required reserves in accordance with actuarial valuations. The advance from nonmajor governmental funds (Lighting

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Maintenance District) to the Merged Tapo Canyon and West End Tax Increment fund funded the purchase of land for the mall site and will also be repaid from available tax increment revenues. The composition of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General	Simi Valley transit system	2,628,899	Subsidy for transit operations
	Nonmajor governmental funds	2,562,414	Fund Special Problems Section, landscape zones, scheduled debt service, and contributions to replacement funds
		<u>5,191,313</u>	
CDA housing administration	General fund	27,400	Contribution for pension costs
	Nonmajor governmental funds	17,113	Fund tax increment area closing costs, and contributions to replacement funds
		<u>44,513</u>	
Merged Tapo Canyon and West End tax increment	CDA housing administration	3,833,293	Fund 20% low and moderate income set-aside
	Streets and roads	1,781,115	Fund street projects
	Nonmajor governmental funds	6,145,746	Fund CDA admin costs, scheduled debt service, and capital improvement projects
		<u>11,760,154</u>	
Development related fees funds	Nonmajor governmental funds	<u>490,000</u>	Scheduled debt service
Streets and roads	General fund	115,093	Return excess funds
	Simi Valley Sanitation	111,224	Return excess funds
	Ventura County Waterworks District No. 8	193,718	Return excess funds
		<u>420,035</u>	
Nonmajor governmental funds	General	9,235,079	Fund transportation needs, and return excess funds
	Streets and roads	2,034,978	Fund street projects
	Nonmajor governmental funds	28,300	Contributions to replacements funds
	Internal Service funds	240,200	Contributions to establish new fund balances
		<u>11,538,557</u>	
Total governmental funds		<u>29,444,572</u>	
<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
Proprietary funds	General Fund	345,400	Contributions for pension costs
Proprietary funds	Nonmajor governmental funds	111,800	Contributions to replacement funds
Internal service funds	Nonmajor governmental funds	7,600	Contributions to replacement funds
		<u>464,800</u>	
Total		<u>\$29,909,372</u>	

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G. Long-term debt

The Simi Valley Public Financing Authority (SVPFA), a blended component unit of the City, issues bonded debt on behalf of the City for certain types of financing structures, such as lease revenue bonds and certificates of participation. The Community Development Agency (CDA), also a blended component unit of the City, issues tax allocation bonds on behalf of the City. The City does not have any general obligation bonded indebtedness. At year-end, outstanding long-term bonded debt was comprised of the following:

- **Simi Valley Public Financing Authority 1995 Fixed Rate Lease Revenue Bonds:**
Original issue amount \$16,620,000; interest rates at 4.00% to 5.75%; maturing September 1, 2000-2015. The bonds are payable in annual installments ranging from \$260,000 to \$920,000. These bonds were issued to finance certain capital improvements, including the Police Facility, and are secured by the Police Facility. Total interest and principal remaining on the bonds is \$4,738,987, payable through September 2015.
- **Community Development Agency 2003 Tax Allocation Bonds:**
Original issue amount \$31,795,000; interest rates at 2.0% to 5.0%; maturing September 1, 2003-2030. The bonds are payable in annual installments ranging from \$360,000 to \$2,000,000. These bonds were issued to fully refund the 1993 Revenue Bond issue with a carrying amount of \$30,245,000. They were issued at a premium, which has been added to the new debt and is being amortized over the life of the bonds. The excess reacquisition price has been netted against the new debt and is being amortized over the remaining life of the refunded debt. Issuance costs are shown as deferred charges and are being amortized over the life of the bonds. The 2003 Tax Allocation Bonds are secured by a lien on tax increment revenues net of low- and moderate-income housing set-asides and tax sharing agreements. The tax increment revenues are projected to produce at least 125 percent of the debt service requirements over the life of the bonds. Total interest and principal remaining on the bonds is \$41,359,123, payable through September 2030. For the current fiscal year principal and interest paid, and the tax increment revenues net of pass-thrus and set-asides were \$2,086,606, and \$9,968,539, respectively.
- **City of Simi Valley 2004 Certificates of Participation (COP):**
Original issue amount \$25,955,000; interest rates at 3.75% to 5.0%; maturing September 1, 2006-2034. The COP are payable in annual installments ranging from \$460,000 to \$1,615,000. They were issued at a premium, which has been added to the new debt and is being amortized over the life of the bonds. Issuance costs are shown as deferred charges and are being amortized over the life of the bonds. These COP were issued to provide financing for improvements to and expansion of the Senior Citizens' Center and public capital improvements relating to the construction of a shopping mall. The annual lease/debt service payments will be supported by contributions from various City funds based on the benefit received. The identified funds have the long-term financial capacity to support the required payments. To meet the conditions of the COP financing structure and to avoid costly capitalized interest costs during the construction period, the City's Wastewater Treatment Plant, which has an estimated value in excess of \$50 million, is the leased asset during the construction period. Total interest and principal remaining on the bonds is \$39,693,734, payable through September 2034.

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Other long-term debt of the City is comprised of:

- Claims and legal services payable of \$8,555,320, consisting of general liability and workers' compensation liability. These liabilities are estimates based on the requirements of Governmental Accounting Standards Board Statement No. 10, and include estimated claims incurred but not yet reported as of June 30, 2011.
- Compensated absences liability of \$5,640,447 at fiscal year end. This liability consists of accumulated earned but unused leave of employees charged to the General fund, certain Special Revenue funds, Enterprise funds and the Workers' Compensation – Internal Service fund. The liability is liquidated from the funds to which an employee is charged.
- The net Other Post Employment Benefits (OPEB) liability of \$3,424,790. This liability consists of the unfunded portion of the actuarially determined Annual Required Contribution (ARC) for Fiscal Years 2008-11.

Annual debt service requirements to maturity

Annual debt service requirements to maturity, including interest, for the outstanding debt are as follows:

Year Ending	2003 Tax Allocation		Year Ending	1995 Lease Revenue	
	Refunding Bond			Bonds	
June 30:	Principal	Interest	June 30:	Principal	Interest
2012	\$ 835,000	\$ 1,248,831	2012	\$ 735,000	\$ 215,769
2013	865,000	1,218,000	2013	775,000	172,356
2014	900,000	1,183,781	2014	820,000	126,500
2015	935,000	1,147,081	2015	870,000	77,912
2016	970,000	1,108,375	2016	920,000	26,450
2017-2021	5,545,000	4,819,386		\$ 4,120,000	\$ 618,987
2022-2026	7,110,000	3,202,919			
2027-2031	9,090,000	1,180,750			
	<u>\$ 26,250,000</u>	<u>\$ 15,109,123</u>			

2004 Certificates of Participation			
Year Ending	Refunding Bond		
	June 30:	Principal	Interest
2012	\$	560,000	\$ 1,092,969
2013		585,000	1,070,069
2014		610,000	1,046,169
2015		635,000	1,021,269
2016		655,000	996,287
2017-2021		3,720,000	4,547,994
2022-2026		4,675,000	3,589,797
2027-2031		6,010,000	2,263,562
2031-2035		6,010,000	605,618
	<u>\$</u>	<u>23,460,000</u>	<u>\$ 16,233,734</u>

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Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Balances</u> <u>June 30, 2010</u>	<u>Debt</u> <u>Incurred</u>	<u>Debt</u> <u>Retired</u>	<u>Balances</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
1995 lease revenue bonds	\$ 4,815,000	\$ -	\$ (695,000)	\$ 4,120,000	\$ 735,000
2003 tax allocation bonds	27,060,000	-	(810,000)	26,250,000	835,000
Add (less) deferred amounts:					
Bond premium	336,579	-	(16,306)	320,273	-
Deferred amount	(388,525)	-	28,482	(360,043)	-
2004 certificates of participation	24,000,000	-	(540,000)	23,460,000	560,000
Add (less) deferred amounts:					
Bond premium	311,499	-	(12,887)	298,612	-
Total bonds payable	56,134,553	-	(2,045,711)	54,088,842	2,130,000
Claims and legal services	8,629,681	1,988,427	(2,062,788)	8,555,320	2,637,514
Compensated absences	5,018,849	1,715,076	(2,088,126)	4,645,799	464,580
Net OPEB obligation	1,485,754	3,111,226	(1,172,190)	3,424,790	-
Governmental activity long-term liabilities	<u>\$ 71,268,837</u>	<u>\$ 6,814,729</u>	<u>\$(7,368,815)</u>	<u>\$ 70,714,751</u>	<u>\$ 5,232,094</u>
Business-type activities:					
Compensated absences	1,048,526	20,424	(74,302)	994,648	99,464
Business-type activity long-term liabilities	<u>\$ 1,048,526</u>	<u>\$ 20,424</u>	<u>\$ (74,302)</u>	<u>\$ 994,648</u>	<u>\$ 99,464</u>

For governmental activities, compensated absences are generally liquidated by the General fund.

H. Fund balance designations

Fund balance is categorized as Nonspendable, Restricted, Committed, Assigned or Unassigned. The City Council adopts and amends committed fund balance amounts through a resolution. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

I. Assessment district bonds

The City has formed several special assessment districts and subsequently issued bonds for the construction of public improvements within these districts. The City acts as an agent for the property owners in collecting assessments for the payment of principal and interest amounts due by the property owners to the assessment district bondholders, and initiating foreclosure

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proceedings, if appropriate. However, the City is not obligated in any manner for repayment of these special assessment bonds, and the bonds are not reported in the accompanying financial statements.

The outstanding assessment district bonds at June 30, 2011, consisted of the following:

Community Facilities District (District No. 04-1)	\$ 8,570,000
Royal Corto Improvements (District No. 89-1)	800,000
Madera Royal (District No. 98-1)	2,230,000

J. Conduit debt obligations

The City has been associated with the issuance of several housing, mortgage and commercial development debt issues. These debt obligations were issued under provisions of State and Federal laws that explicitly state that they do not constitute any indebtedness of the City. The total amount of conduit debt outstanding at June 30, 2011 was \$97,170,155. The City is not involved with these bonds in any manner; as such, the conduit debt obligations are not reflected in the accompanying financial statements. Listed below is a brief description of the bonds outstanding at year-end:

- Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1989, were issued in the amount of \$25,000,000 to finance the Shadowridge Apartments Project; the outstanding principal at June 30, 2011, is \$24,800,000.
- Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, 1993 Series A, were issued in the amount of \$22,070,000 to refund Multifamily Housing Revenue Bonds, 1984 Series A to finance the Creekside Village Apartments Project; the outstanding principal at June 30, 2011, is \$19,070,000.
- Multifamily Housing Revenue Bonds, Series 1998A, were issued in the amount of \$6,165,000 to finance the Sorrento Villas Apartments Project; the outstanding principal at June 30, 2011, is \$5,035,000.
- Multifamily Housing Revenue Refunding Bonds, 2002 Series A, were issued in the amount of \$3,650,000 to refinance Multifamily Housing Revenue Bonds, 1987, Series A, which financed the Ashlee Manor Apartments Project; the outstanding principal at June 30, 2011, is \$3,325,155.
- Subordinate Multifamily Housing Revenue Bonds, Subordinate Series 2002B were issued in the amount of \$3,000,000 to finance the Vintage Paseo Senior Apartments; the outstanding principal at June 30, 2011, is \$2,760,000.
- Multifamily Housing Revenue Bonds, Series 2002A were issued in the amount of \$12,000,000 to finance the Vintage Paseo Senior Apartments; the outstanding principal at June 30, 2011, is \$10,980,000.

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- Variable Rate Demand Multifamily Housing Revenue Bonds, Series 2002A were issued in the amount of \$30,000,000 to finance the Parker Ranch Project; the outstanding principal at June 30, 2011, is \$30,000,000.
- Variable Rate Demand Multifamily Housing Revenue Bonds, Taxable Series 2002A-T were issued in the amount of \$3,900,000 to finance the Parker Ranch Project; the outstanding principal at June 30, 2011, is \$1,200,000.

IV. Other information

A. Arbitrage rebate liability

The City is required to rebate to the federal government the excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related bonds issued. Rebates are payable every five years or upon the maturity of the bonds, whichever is earlier. At June 30, 2011, no such amounts were due.

B. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains two Internal Service Funds, General Liability and Workers' Compensation, to account for and finance its uninsured risks of loss.

Under this program, the City is self-insured for up to \$1 million for each general liability claim and up to \$500,000 for each workers' compensation claim. The City purchases commercial insurance for property loss, as well as for claims in excess of the preceding coverage amounts.

All operating funds of the City participate in the program and make payments to the General Liability and Workers' Compensation funds based on actuarial estimates of the amounts needed to pay prior and current-year claims and legal expenses.

Liabilities are estimated when a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an amount for claims that have been incurred, but not reported as of the end of the year. Changes in the combined balances of General Liability and Workers' Compensation funds' claims and legal liability during the past two years are as follows:

	<u>Year ended June 30, 2011</u>	<u>Year ended June 30, 2010</u>
Unpaid claims beginning of fiscal year	\$ 8,629,681	\$ 8,625,943
Incurred claims (including IBNRs)	1,988,427	2,286,681
Claims payments	(2,062,788)	(2,282,943)
Unpaid claims, end of fiscal year	<u>\$ 8,555,320</u>	<u>\$ 8,629,681</u>

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C. Deferred compensation plans

The City offers its employees deferred compensation plans in accordance with Internal Revenue Code Sections 401(k) and 457 (as amended on August 20, 1996 per additional subsection (g)). The plans permit participants to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or the occurrence of an unforeseeable emergency. Since the City neither owns the funds nor has any administrative involvement and does not perform the investing function for these plans, the assets and related liabilities are not recorded in the City's financial statements.

D. Pension plans

The City participates in the statewide California Public Employees' Retirement System (CalPERS) that covers all employees, and the Public Agency Retirement System (PARS) for executive management employees.

California Public Employees' Retirement System

Plan Description - The City contributes to the CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office located at Lincoln Plaza, 400 Q Street, Sacramento, CA 95811.

Funding Policy - Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of all City employees (except members of the General Unit) on their behalf and for their account. General Unit employees hired prior to July 1, 2010 are required to contribute 3.97% of their covered salary, and the City contributes 3.03%. General Unit employees hired after July 1, 2010 are required to contribute the full 7% of their covered salary. The City is also required to contribute an employer's cost share at an actuarially determined rate; the rate is 12.468% for miscellaneous (non-safety) employees and 24.013% for police (safety) employees of annual covered payroll for the year ended June 30, 2011. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost - For fiscal year 2010-11, the City's annual pension cost of \$6,554,175 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.55% to 14.45% for non-safety employees, and 3.55% to 13.15% for police employees, depending on age, service, and type of employment, and (c) 3% inflation component. The actuarial value of CalPERS assets was determined using a technique that smooths the effect of volatility in the market value of investments over a fifteen-year period. CalPERS' initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS.

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Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period.

<u>Miscellaneous Employees</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Fiscal Year</u>			
6/30/2009	3,841,841	100%	-
6/30/2010	3,823,180	100%	-
6/30/2011	3,793,853	100%	-

<u>Safety Employees</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Fiscal Year</u>			
6/30/2009	2,961,465	100%	-
6/30/2010	2,876,271	100%	-
6/30/2011	2,760,322	100%	-

Funded Status and Funding Progress

Miscellaneous Employees - As of the most recent actuarial valuation date of June 30, 2010, the plan was 79.9% funded. The actuarial accrued liability (AAL) for benefits was \$188,424,739, and actuarial value of net assets was \$150,519,257, resulting in an unfunded actuarial liability (UAAL) of \$37,905,482. The covered payroll (annual payroll of active employees covered by the plan) was \$30,749,015, and the ratio of the UAAL to the covered payroll was 123.3%.

Safety Employees - As of the most recent actuarial valuation date of June 30, 2010, the plan was 79.5% funded. The AAL for benefits was \$113,622,273, and actuarial value of net assets was \$90,290,272, resulting in an UAAL of \$23,332,001. The covered payroll was \$11,500,440, and the ratio of the UAAL to the covered payroll was 202.9%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Public Agency Retirement System, Retirement Enhancement Plan (PARS-REP)

Plan Description - The City established a Public Agency Retirement System, Retirement Enhancement Plan (PARS-REP) for executive management employees, effective July 1, 2001. The plan is closed to any new employees hired after August 30, 2010. PARS is a defined benefit 401(a) tax-qualified multiple agency trust. It meets the requirements of a pension trust under California Government code. The plan provides supplemental retirement benefits in addition to CalPERS. Phase II Systems is the PARS Trust Administrator. Upon meeting the eligibility requirements, plan members receive a monthly lifetime benefit of one-twelfth the sum of: 0.004 times their compensation (as of August 30, 2010) multiplied by their years of City service prior to

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July 1, 2001, and .005 times their compensation (as of August 30, 2010) multiplied by their years of City service between June 30, 2001 and August 30, 2010. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Funding Policy - The City contributed 5.77% of eligible employee gross wages from July through September, 2010, and the contribution was reduced to 4.34% for the remainder of the fiscal year. The annual covered payroll for the year ended June 30, 2011 was \$1,504,794. Because of the plan freeze and the establishment of an excess benefits trust for one of the Plan retirees, the City's annual pension contribution of \$70,517 for PARS was \$11,378 more than the annual actuarial required contribution. Plan assets held in trust at June 30, 2011 were \$755,822.

E. Other post employment benefits

The City provides post-retirement health benefits to the various employee groups, which vary depending upon a retiree's years of service and bargaining unit.

Plan Description - The Simi Valley Other Post Employment Benefit Plan (SVOPEB) is a single-employer defined benefit plan administrated by PFM Asset Management, LLC, partnering with US National Bank Association as Trustee. SVOPEB provides medical and dental benefits to eligible employees and their spouses. PFM issues financial statements for the Plan, which may be obtained by writing to PFM Asset Management LLC, 50 California Street, Suite 2300, San Francisco, CA 94111.

Management and Sworn (police) employees' retiree health benefits are provided per resolution numbers 2010-41 and 2010-53, respectively. The benefits vary depending upon a retiree's years of service and employee unit. The City currently contributes up to \$1,500/month for Management employees for employee only, or employee plus one dependent. The City currently pays 100 percent of premiums for health care coverage for employee, or employee plus one dependent, for a specified period, for the Sworn Unit. Additionally, the City provides funding for retiree health benefits to General Unit employees under a defined contribution plan, per resolution numbers 2002-55 and 2010-44. The defined contribution is currently set by contract at 1.00% of salary for General Unit members.

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	Number of Years Covered*			
	More Than 10 Years Service	More Than 10 Years Service	20-25 Years**	More Than 20 Years Service
Management employees:*				
Employee only	10 years		1 additional year for each year over 20	
Employee plus one dependent	5 years		Additional 6 months for each year over 20	
	Less Than 10 Years Service	More Than 10 Years Service	20-25 Years**	More Than 20 Years Service
Sworn (police) employees:***				
Employee only	2 years	10 years	up to 20 years	life-time coverage
Employee plus one dependent	1 year	5 years	up to 20 years	life-time coverage
	10 Years Service	More Than 10 Years Service	20-25 Years**	More Than 10 Years Service
General unit employees:****				
Employee only	2 years		4 months for each additional year over 10 up to maximum of 8 years	
Employee plus one dependent	1 year		2 months for each additional year over 10 up to maximum of 4 years	

* Only employees who retire from the City are eligible to receive these benefits. This benefit is only for employees hired on or prior to June 20, 2010. Management employees hired on or after June 21, 2010 receive a contribution of \$200/month to a retiree savings account.

** Police Captains and Lieutenants are also eligible for these benefits.

*** Employees hired on or after January 1, 2010, are not eligible for retiree medical benefits, but will receive a \$300/month contribution to a retiree health savings account.

**** For employees who were hired on or before June 30, 2010. Employees hired on or after July 1, 2010 are not eligible to receive retiree medical benefits.

The City provides a defined contribution of \$90,000 per year to the Police Officers' Association to be used by the Association for dental and vision coverage for its Sworn members.

Funding Policy – The contribution requirement of Management employees is established and may be amended by the City Council. Contribution requirements of Sworn and General Unit employees can be amended via the negotiation process. Currently, contributions are not required from Management and Sworn Plan members. The actuarially determined annual required contribution (ARC), based on parameters of GASB Statement No. 45, was partially funded for Fiscal Year 2010-11 in the amount of \$1,172,190. Each employee group's funds are maintained in a separate trust for the benefit of that particular employee group.

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Net OPEB Obligation

Annual required contribution	\$ 3,160,728
Interest on net OPEB	\$ 27,041
Adjustments to annual required contribution	(76,543)
Annual OPEB Cost	<u>3,111,226</u>
Contributions made	<u>(1,172,190)</u>
Increase in net OPEB obligation	1,939,036
Net OPEB obligation-beginning of the year	<u>1,485,754</u>
Net OPEB obligation-end of the year	<u><u>\$ 3,424,790</u></u>

Annual OPEB Costs and Net OPEB Obligation - For Fiscal Year 2010-11, the City's annual OPEB cost (expense) of \$3,111,226 was less than the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (UAL) over a thirty-year period. Three-year trend information for the net OPEB obligation is presented in the table below.

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	Adjusted Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	ARC Adjustment	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Change in Net OPEB Obligation	Net OPEB Obligation
<u>Misc. Employees - Management</u>							
<u>Fiscal Year</u>							
6/30/2009	\$ 938,431	\$ -	\$ -	\$ 752,300	80%	\$ -	\$ 186,131
6/30/2010	\$ 941,111	\$ 9,496	\$ 9,496	\$ 558,115	59%	\$ 382,996	\$ 569,127
6/30/2011	\$ 1,105,479	\$ 10,284	\$ 29,316	\$ 478,337	43%	\$ 608,110	\$1,177,237

<u>Sworn Employees - Management</u>							
<u>Fiscal Year</u>							
6/30/2009	\$ 321,226	\$ -	\$ -	\$ 286,124	89%	\$ -	\$ 35,102
6/30/2010	\$ 322,143	\$ 1,791	\$ 1,791	\$ 191,043	59%	\$ 131,100	\$ 166,202
6/30/2011	\$ 415,364	\$ 3,281	\$ 8,575	\$ 210,049	51%	\$ 200,021	\$ 366,223

<u>Sworn Employees - Officers</u>							
<u>Fiscal Year</u>							
6/30/2009	\$ 1,058,867	\$ -	\$ -	\$ 614,860	58%	\$ -	\$ 444,007
6/30/2010	\$ 1,061,891	\$ 22,654	\$ 22,654	\$ 629,742	59%	\$ 432,149	\$ 876,156
6/30/2011	\$ 1,351,905	\$ 13,556	\$ 45,018	\$ 349,004	26%	\$ 971,439	\$1,847,595

<u>Misc. Employees - General Unit</u>							
<u>Fiscal Year</u>							
6/30/2009	\$ 93,298	\$ -	\$ -	\$ 276,494	296%	\$ -	\$ (183,196)
6/30/2010	\$ 93,565	\$ (9,347)	\$ (9,347)	\$ 36,100	39%	\$ 57,465	\$ (125,731)
6/30/2011	\$ 287,980	\$ (80)	\$ (6,366)	\$ 134,800	47%	\$ 159,466	\$ 33,735

Funded Status and Funding Progress – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the possibility of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. 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.

Management Employees - As of the most recent actuarial valuation date of January 1, 2011, the plan was 3.9% funded*. The actuarial accrued liability (AAL) for benefits was \$16,756,293, and the book value of plan assets was \$654,376 resulting in an unfunded actuarial accrued liability (UAAL) of \$16,101,917. The covered payroll (annual payroll of active employees covered by the plan) was \$17,897,334, and the ratio of the UAAL to the covered payroll was 90.0%.

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Sworn Employees - As of the most recent actuarial valuation date of January 1, 2011, the plan was 4.9% funded*. The AAL for benefits was \$15,444,608, and the book value of plan assets was \$760,877, resulting in an UAAL of \$14,683,731. The covered payroll was \$9,059,737, and the ratio of the UAAL to the covered payroll was 162.1%.

General Unit Employees - As of the most recent actuarial valuation date of January 1, 2011, the plan was 16.2% funded*. The AAL for benefits was \$2,189,327, and the book value of plan assets was \$354,208, resulting in an UAAL of \$1,835,119. The covered payroll was \$11,838,318, and the ratio of the UAAL to the covered payroll was 15.5%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

*The OPEB trust was established and funded in June 2009.

Actuarial Methods and Assumptions – Projection of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) based on written plan documents and historical information regarding practices with respect to employer and employee contributions and other factors. In the January 1, 2011 actuarial valuation, the Entry Age Normal method, using level percentage of payroll to allocate OPEB costs over years of service was used. This method determines an attribution period as the difference between the date of hire and the expected date of retirement. Actuarial assumptions used for each of the City’s covered employee groups are presented in the table below. The UAAL is amortized using a closed amortization period of thirty years. Since the January 1, 2011 actuarial valuation is being used, the City has not made an election with respect to an asset smoothing formula, or method.

	Miscellaneous Employees	Safety Employees	Miscellaneous Employees
	<u>Management</u>	<u>Sworn and Management</u>	<u>General Unit</u>
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Interest rate assumption	6.00%	6.00%	6.00%
Inflation assumption	3%	3%	3%
Health inflation assumption	4%	4%	4%
Mortality	CalPERS for Miscellaneous employees	CalPERS for Sworn employees	CalPERS for Sworn employees
Retirement rates	2% at 55	3% at 55	2% at 55
Vesting percentage	100%	100%	100%
Vesting period	Varies by benefit duration	Varies by benefit duration	Varies by benefit duration
Turnover	CalPERS for Miscellaneous employees	CalPERS for Sworn employees	CalPERS for Miscellaneous employees

*All funds are invested in an irrevocable trust at the same rate of return in a pooled account.

F. Prior period adjustments

The City depreciates capital assets over their estimated useful lives using the straight-line method. In the prior fiscal years ended June 30, 2009, and June 30, 2010, it was determined that depreciation in the Simi Valley Sanitation fund was understated by a cumulative amount of

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\$35,493. Accordingly, the City has restated the beginning net assets of Business-type activities and the Simi Valley Sanitation fund balance by \$35,493.

	<u>Net Assets - Beginning Balance</u>	<u>Adjustment</u>	<u>Net Assets - Beginning Balance as Restated</u>
Business-type activities			
Additional depreciation prior years	\$ 174,633,288	\$ (35,493)	\$ 174,597,795

	<u>Fund Balance - Beginning Balance</u>	<u>Adjustment</u>	<u>Fund Balance - Beginning Balance as Restated</u>
Simi Valley Sanitation			
Additional depreciation prior years	\$ 97,282,803	\$ (35,493)	\$ 97,247,310

G. Subsequent events

California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, gives redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a statewide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city’s or county’s share of these payments is determined based on its proportionate share of statewide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22, which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies’ tax increment funds to benefit the State and other units of local government, by way of threatening to dissolve redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay, which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is

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unknown, and consequently, the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue, and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued their estimated payment amounts and the Agency filed an appeal regarding the calculation. The estimated payment amount based on the revised calculation is \$7,162,746.

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

City of Simi Valley
Schedule of Funding Progress
California Public Employees' Retirement System (CalPERS)

The following schedule of funding progress is related to CalPERS, an agent multiple-employer defined benefit pension plan.

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratios	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/08	132,388,641 ¹	158,055,081	25,666,440	83.8%	31,035,447	82.7%
	80,800,480 ²	100,157,787	19,357,307	80.7%	12,058,733	160.5%
6/30/09	141,241,746 ¹	178,006,319	36,764,573	79.3%	31,175,985	117.9%
	85,459,810 ²	110,338,886	24,879,076	77.5%	12,578,932	197.8%
6/30/10	150,519,257 ¹	188,424,739	37,905,482	79.9%	30,749,015	123.3%
	90,290,272 ²	113,622,273	23,332,001	79.5%	11,500,440	202.9%

1 Miscellaneous

2 Sworn

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

City of Simi Valley
Schedule of Funding Progress
Simi Valley Other Post Employment Benefit Plan (SVOPEB)

The following schedule of funding progress is related to SVOPEB, a single-employer defined benefit pension plan. This is the first year of this plan. Three-year trend information will be presented in future years.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets*	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratios	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>6/30/2009</u>						
1/1/2009	\$ - ¹	\$ 13,242,514	\$ 13,242,514	0.0%	\$ 18,757,012	70.6%
	- ²	10,056,965	10,056,965	0.0%	12,802,111	78.6%
	- ³	1,119,291	1,119,291	0.0%	12,608,311	8.9%
<u>6/30/2010</u>						
1/1/2009	\$ - ¹	\$ 13,242,514	\$ 13,242,514	0.0%	\$ 18,435,958	71.8%
	- ²	10,056,965	10,056,965	0.0%	11,977,985	84.0%
	- ³	1,119,291	1,119,291	0.0%	12,229,853	9.2%
<u>6/30/2011</u>						
1/1/2011	\$ 654,376 ¹	\$ 16,756,293	\$ 16,101,917	3.9%	\$ 17,897,334	90.0%
	760,877 ²	15,444,608	14,683,731	4.9%	9,059,737	162.1%
	354,208 ³	2,189,327	1,835,119	16.2%	11,838,318	15.5%

*OPEB trust was created on June 24, 2009

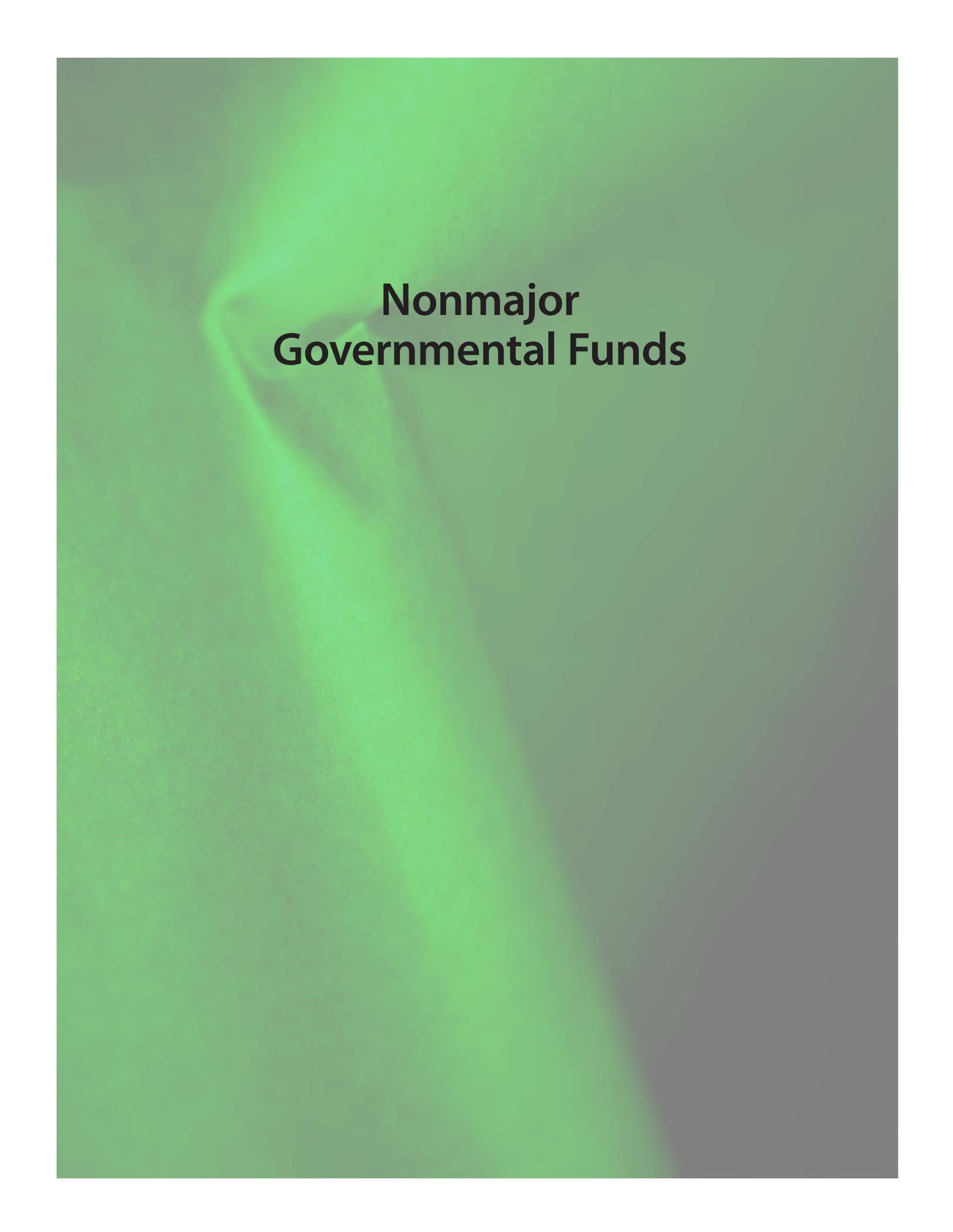
¹Management

²Sworn

³General Unit (defined contribution)

See independent auditors' report.

SUPPLEMENTARY INFORMATION



**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Community Development Agency Administration fund accounts for those financial activities of the Simi Valley Community Development Agency that are not directly related to debt service, capital projects, or designated low- and moderate-income housing program transactions.

Madera Royal Tax Increment fund accounts for tax increment revenues related to the Madera Royal project area, which are restricted by State statute for debt service requirements.

HOME Grant fund accounts for allocation of Federal funds, administered by the State of California, for low- and moderate-income housing programs.

Public, Education, and Government fund accounts for one-percent franchise fees remitted by cable television providers restricted by federal and state legislation for program related expenditures.

Gasoline Tax fund - Portions of the tax per gallon levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These revenues are restricted to expenditures for street-related purposes.

Transportation funds account for Article 3, Article 8, AB 2928, and Proposition 1B funds received pursuant to State of California, Transportation Development Act; Traffic Congestion Relief Act; and Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. These funds are restricted for the improvement and maintenance of street systems, and State allocations for street and mass transit improvements.

Green Projects fund accounts for grant funding and other revenues used for expenditures to promote sustainable programs, practices, and activities through training, education, research, and marketing efforts; and to fund City-sponsored projects aimed at conservation of energy and other resources utilized in the normal course of City operations.

Lighting Maintenance District fund accounts for street lighting services and is financed primarily through property taxes levied specifically for this purpose.

Police Grants funds account for funding received from various governmental entities for police activities. Current programs and funding sources include:

- Reimbursement for City's participation in joint agency drug enforcement efforts from the U.S. Department of Justice, Drug Enforcement Administration, and the State of California,
- State funding for front-line municipal police services, including anti-gang and community crime prevention programs, and
- Local Law Enforcement Block Grant funding from the Bureau of Justice Assistance, U.S. Department of Justice for purchasing police equipment, or expanding existing capabilities.

Community Development Block Grant (CDBG) fund accounts for the receipt and expenditure of CDBG funds allocated to the City by the U.S. Department of Housing and Urban Development.

Landscape Maintenance District No. 1 fund accounts for benefit assessments, primarily perimeter landscaping in the public rights-of-way. The general fund finances landscape maintenance costs not associated with specific neighborhoods.

The *Retiree Benefits fund*, which accounts for post employment retirement benefits, is no longer presented as a special revenue fund. In accordance with GASB Statement 54 guidelines, the activity is now presented as part of the General fund.

Debt Service Funds

1995 Lease Revenue Bonds fund was established to account for the debt service transactions related to the sale of variable rate lease revenue bonds issued to finance the cost of certain public capital improvements, including a replacement police facility.

2003 Tax Allocation Refunding Bonds fund was established to account for the debt service transactions related to this issuance.

2004 Certificates of Participation fund was established to account for the debt service transactions related to this issuance.

Capital Project Funds

CDA Projects funds account for capital improvements in the Community Development Agency project areas, financed by CDA bond issues.

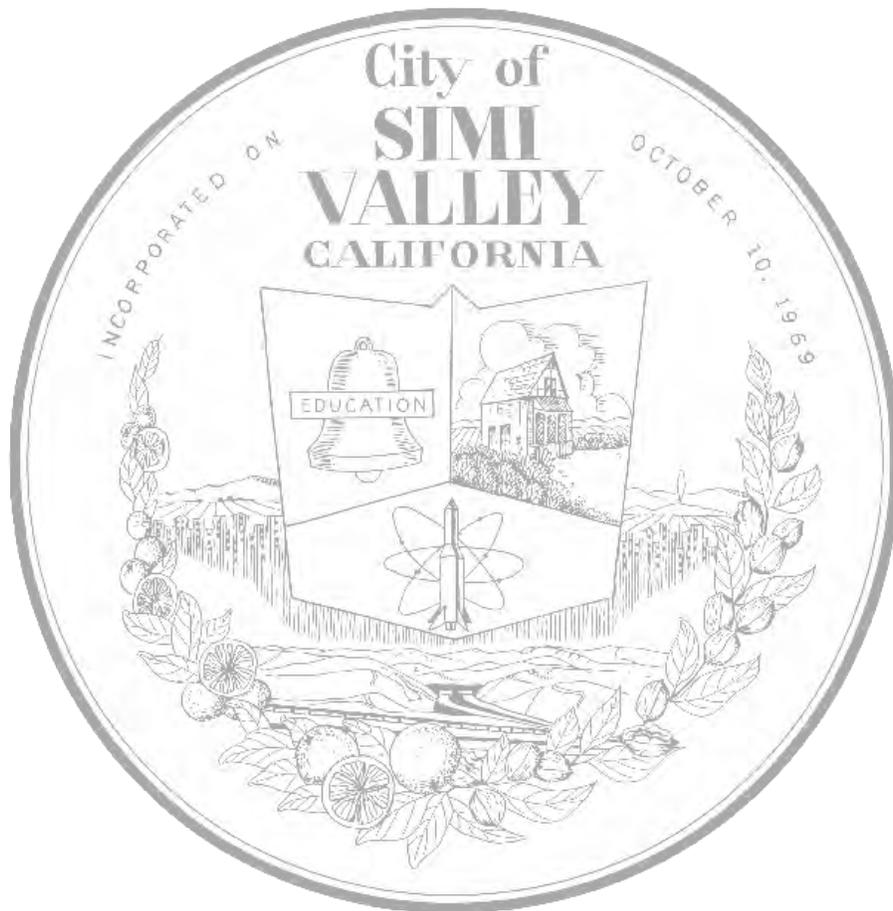
Equipment Replacement funds account for the replacement of personal computers, terminals, and printers; and establish a reserve for the replacement of vehicles.

Geographic Information System (GIS) fund accounts for geographic based information related to economic development, land use, demographic information, mapping for crime analysis, traffic safety management, permit issuance, and work order administration.

Public Facility Improvements fund provides for the building needs of various City facilities, including the planned expansion of City Hall and the Senior Citizens' Center.

Financial Information System (FIS) fund was established to replace the City's legacy Financial Management Information System with a new Financial Information System, and is used to maintain and optimize the FIS system.

Police Capital Projects fund accounts for capital projects related to the police department.



**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue			
	Community Development Agency Administration	Madera Royal Tax Increment	HOME Grant	Public, Education, and Government Fees
<u>ASSETS</u>				
Cash and investments:				
Held by city	\$ 158,454	\$ -	\$ 571,448	\$ 406,554
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	5,199	-	407
Taxes receivable	-	-	-	70,549
Grants receivable	-	-	-	-
Interest receivable	-	11	-	1,101
Loans receivable (net of allowance for uncollectibles)	-	-	2,758,058	-
Advances to other funds	-	-	-	-
TOTAL ASSETS	\$ 158,454	\$ 5,210	\$ 3,329,506	\$ 478,611
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ 147,715	\$ -	\$ -	\$ 469
Salaries and benefits payable	10,739	-	-	-
Due to other funds	-	5,210	10,435	-
Advances from other funds	-	21,430	-	-
Deferred revenues	-	-	2,758,058	-
Unearned revenues	-	-	-	-
TOTAL LIABILITIES	158,454	26,640	2,768,493	469
<u>FUND BALANCES</u>				
Nonspendable				
Long-term receivables	-	-	-	-
Restricted				
Housing programs	-	-	561,013	-
Public improvements	-	-	-	-
Streets	-	-	-	-
Lighting	-	-	-	-
Landscape	-	-	-	-
Debt service	-	-	-	-
Special programs	-	-	-	478,142
Law enforcement	-	-	-	-
Committed				
Streets	-	-	-	-
Retiree benefits	-	-	-	-
Equipment	-	-	-	-
Assigned				
Capital	-	-	-	-
Unassigned	-	(21,430)	-	-
TOTAL FUND BALANCES (DEFICITS)	-	(21,430)	561,013	478,142
TOTAL LIABILITIES AND FUND BALANCES	\$ 158,454	\$ 5,210	\$ 3,329,506	\$ 478,611

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

Special Revenue

Gasoline Tax	Transportation Funds	Green Projects	Lighting Maintenance District	
				ASSETS
\$	-	\$ 296	-	\$ 5,911,449
				Cash and investments:
				Held by city
				Held by bond trustee
				Accounts receivable (net of allowance for uncollectibles)
			70,222	Taxes receivable
			4,556	Grants receivable
	5,212		24,403	Interest receivable
				Loans receivable (net of allowance for uncollectibles)
			2,500,000	Advances to other funds
\$	-	\$ 5,508	\$ 4,556	\$ 8,506,074
				TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				LIABILITIES
\$	-	-	\$ 36	\$ 113,635
				Accounts payable
				Salaries and benefits payable
			4,520	Due to other funds
				Advances from other funds
				Deferred revenues
	1,569			Unearned revenues
	1,569	4,556	113,635	TOTAL LIABILITIES
				FUND BALANCES
			2,500,000	Nonspendable
				Long-term receivables
				Restricted
				Housing programs
	3,939			Public improvements
				Streets
			5,892,439	Lighting
				Landscape
				Debt service
				Special programs
				Law enforcement
				Committed
				Streets
				Retiree benefits
				Equipment
				Assigned
				Capital
				Unassigned
	3,939		8,392,439	TOTAL FUND BALANCES (DEFICITS)
\$	-	\$ 5,508	\$ 4,556	\$ 8,506,074
				TOTAL LIABILITIES AND FUND BALANCES

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue			
	Police Grants	Community Development Block Grant	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>				
Cash and investments:				
Held by city	\$ 254,878	\$ -	\$ 1,452,526	\$ 8,755,605
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	5,606
Taxes receivable	-	-	-	140,771
Grants receivable	173,600	266,514	-	444,670
Interest receivable	1,041	-	7,535	39,303
Loans receivable (net of allowance for uncollectibles)	-	544,951	-	3,303,009
Advances to other funds	-	-	-	2,500,000
TOTAL ASSETS	\$ 429,519	\$ 811,465	\$ 1,460,061	\$ 15,188,964
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ 14,336	\$ 78,444	\$ 86,798	\$ 441,433
Salaries and benefits payable	18,413	-	-	29,152
Due to other funds	131,753	27,613	-	179,531
Advances from other funds	-	-	-	21,430
Deferred revenues	-	544,951	-	3,303,009
Unearned revenues	-	-	-	1,569
TOTAL LIABILITIES	164,502	651,008	86,798	3,976,124
<u>FUND BALANCES</u>				
Nonspendable				
Long-term receivables	-	-	-	2,500,000
Restricted				
Housing programs	-	-	-	561,013
Public improvements	-	-	-	-
Streets	-	-	-	3,939
Lighting	-	-	-	5,892,439
Landscape	-	-	1,373,263	1,373,263
Debt service	-	-	-	-
Special programs	-	160,457	-	638,599
Law enforcement	265,017	-	-	265,017
Committed				
Streets	-	-	-	-
Retiree benefits	-	-	-	-
Equipment	-	-	-	-
Assigned				
Capital	-	-	-	-
Unassigned	-	-	-	(21,430)
TOTAL FUND BALANCES (DEFICITS)	265,017	160,457	1,373,263	11,212,840
TOTAL LIABILITIES AND FUND BALANCES	\$ 429,519	\$ 811,465	\$ 1,460,061	\$ 15,188,964

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

Debt Service				
1995 Lease Revenue Bonds	2003 Tax Allocation Refunding Bonds	2004 Certificates of Participation	Total Nonmajor Debt Service	
				<u>ASSETS</u>
				Cash and investments:
\$ 7,718	\$ 1,467,518	\$ -	\$ 1,475,236	Held by city
972,933	2,105,073	2,208,012	5,286,018	Held by bond trustee
-	-	-	-	Accounts receivable (net of allowance for uncollectibles)
-	-	-	-	Taxes receivable
-	-	-	-	Grants receivable
-	2,946	-	2,946	Interest receivable
-	-	-	-	Loans receivable (net of allowance for uncollectibles)
-	-	-	-	Advances to other funds
\$ 980,651	\$ 3,575,537	\$ 2,208,012	\$ 6,764,200	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				<u>LIABILITIES</u>
\$ 767	\$ -	\$ 59	\$ 826	Accounts payable
-	-	-	-	Salaries and benefits payable
-	-	-	-	Due to other funds
-	-	-	-	Advances from other funds
-	-	-	-	Deferred revenues
-	-	-	-	Unearned revenues
767	-	59	826	TOTAL LIABILITIES
				<u>FUND BALANCES</u>
				Nonspendable
-	-	-	-	Long-term receivables
				Restricted
-	-	-	-	Housing programs
-	-	-	-	Public improvements
-	-	-	-	Streets
-	-	-	-	Lighting
-	-	-	-	Landscape
979,884	3,575,537	2,207,953	6,763,374	Debt service
-	-	-	-	Special programs
-	-	-	-	Law enforcement
				Committed
-	-	-	-	Streets
-	-	-	-	Retiree benefits
-	-	-	-	Equipment
				Assigned
-	-	-	-	Capital
-	-	-	-	Unassigned
979,884	3,575,537	2,207,953	6,763,374	TOTAL FUND BALANCES (DEFICITS)
\$ 980,651	\$ 3,575,537	\$ 2,208,012	\$ 6,764,200	TOTAL LIABILITIES AND FUND BALANCES

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Capital Projects			
	CDA Projects	Equipment Replacement	Geographic Information System (GIS)	Public Facility Improvements
<u>ASSETS</u>				
Cash and investments:				
Held by city	\$ 1,885,570	\$ 2,934,474	\$ 158,921	\$ 4,669,502
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Taxes receivable	-	-	-	-
Grants receivable	-	-	-	704,780
Interest receivable	8,331	1,992	725	16,266
Loans receivable (net of allowance for uncollectibles)	-	-	-	-
Advances to other funds	-	-	-	-
TOTAL ASSETS	\$ 1,893,901	\$ 2,936,466	\$ 159,646	\$ 5,390,548
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 4,219	\$ -	\$ 742,139
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	3,348,380
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
TOTAL LIABILITIES	-	4,219	-	4,090,519
<u>FUND BALANCES</u>				
Nonspendable				
Long-term receivables	-	-	-	-
Restricted				
Housing programs	-	-	-	-
Public improvements	1,893,901	-	-	368,484
Streets	-	-	-	-
Lighting	-	-	-	-
Landscape	-	-	-	-
Debt service	-	-	-	-
Special programs	-	-	-	-
Law enforcement	-	-	-	-
Committed				
Streets	-	-	-	-
Retiree benefits	-	-	-	-
Equipment	-	2,932,247	159,646	-
Assigned				
Capital	-	-	-	931,545
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,893,901	2,932,247	159,646	1,300,029
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,893,901	\$ 2,936,466	\$ 159,646	\$ 5,390,548

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

Capital Projects				
Financial Information System (FIS)	Police Capital Projects	Total Nonmajor Capital Projects	Total Nonmajor Funds	
\$ 191,942	\$ 87,049	\$ 9,927,458	\$ 20,158,299	ASSETS
-	-	-	5,286,018	Cash and investments:
-	-	-	5,606	Held by city
-	-	-	140,771	Held by bond trustee
-	-	704,780	1,149,450	Accounts receivable (net of allowance for uncollectibles)
1,040	385	28,739	70,988	Taxes receivable
-	-	-	3,303,009	Grants receivable
-	-	-	2,500,000	Interest receivable
-	-	-	2,500,000	Loans receivable (net of allowance for uncollectibles)
-	-	-	2,500,000	Advances to other funds
\$ 192,982	\$ 87,434	\$ 10,660,977	\$ 32,614,141	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
\$ -	\$ -	\$ 746,358	\$ 1,188,617	LIABILITIES
-	-	-	29,152	Accounts payable
-	-	-	179,531	Salaries and benefits payable
-	-	3,348,380	3,369,810	Due to other funds
-	-	-	3,303,009	Advances from other funds
-	-	-	1,569	Deferred revenues
-	-	-	1,569	Unearned revenues
-	-	4,094,738	8,071,688	TOTAL LIABILITIES
				FUND BALANCES
-	-	-	2,500,000	Nonspendable
-	-	-	561,013	Long-term receivables
-	-	2,262,385	2,262,385	Restricted
-	-	-	3,939	Housing programs
-	-	-	5,892,439	Public improvements
-	-	-	1,373,263	Streets
-	-	-	6,763,374	Lighting
-	-	-	638,599	Landscape
-	-	-	265,017	Debt service
-	-	-	265,017	Special programs
-	-	-	265,017	Law enforcement
-	-	-	-	Committed
-	-	-	-	Streets
-	-	-	-	Retiree benefits
192,982	-	3,284,875	3,284,875	Equipment
-	87,434	1,018,979	1,018,979	Assigned
-	-	-	(21,430)	Capital
-	-	-	(21,430)	Unassigned
192,982	87,434	6,566,239	24,542,453	TOTAL FUND BALANCES (DEFICITS)
\$ 192,982	\$ 87,434	\$ 10,660,977	\$ 32,614,141	TOTAL LIABILITIES AND FUND BALANCES

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Special Revenue			
	Community Development Agency Administration	Madera Royal Tax Increment	HOME Grant	Public, Education, and Government Fees
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 283,490
Tax increment revenues	-	3,771	-	-
Use of money and property	-	8	104,208	4,182
From other governments	-	16,566	-	-
Grants	-	-	-	-
Service charges	-	-	-	-
Other revenues	-	175	-	-
Total revenues	-	20,520	104,208	287,672
EXPENDITURES				
Current:				
General government	1,183,600	49,339	-	-
Community services (CS)	-	-	-	6,048
Planning	1,235,151	-	10,435	-
Public ways and facilities	-	-	-	-
Public safety	-	-	-	-
Total current expenditures	2,418,751	49,339	10,435	6,048
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	27	-	-
Other	-	-	-	-
Total debt service	-	27	-	-
Intergovernmental	-	-	-	-
Total expenditures	2,418,751	49,366	10,435	6,048
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,418,751)	(28,846)	93,773	281,624
OTHER FINANCING SOURCES (USES)				
Transfers in	2,435,251	9,113	-	-
Transfers out	(16,500)	-	-	-
Total other financing sources (uses)	2,418,751	9,113	-	-
NET CHANGE IN FUND BALANCES	-	(19,733)	93,773	281,624
FUND BALANCES (DEFICITS)-BEGINNING	-	(1,697)	467,240	196,518
FUND BALANCES (DEFICITS)-ENDING	\$ -	\$ (21,430)	\$ 561,013	\$ 478,142

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Special Revenue</u>				
Gasoline Tax	Transportation Funds	Green Projects	Lighting Maintenance District	
\$ -	\$ -	\$ -	\$ 2,282,485	REVENUES
-	-	-	-	Taxes
-	13,577	-	174,933	Tax increment revenues
2,985,418	3,536,789	-	24,802	Use of money and property
-	-	10,556	-	From other governments
-	-	-	1,776	Grants
-	-	-	15,417	Service charges
2,985,418	3,550,366	10,556	2,499,413	Other revenues
				Total revenues
				EXPENDITURES
				Current:
-	-	10,556	453,200	General government
-	-	-	-	Community services (CS)
-	-	-	-	Planning
-	32,331	-	1,563,392	Public ways and facilities
-	-	-	-	Public safety
-	32,331	10,556	2,016,592	Total current expenditures
-	-	-	-	Capital outlay
				Debt service:
-	-	-	-	Principal
-	-	-	-	Interest
-	-	-	-	Other
-	-	-	-	Total debt service
-	-	-	-	Intergovernmental
-	32,331	10,556	2,016,592	Total expenditures
2,985,418	3,518,035	-	482,821	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
-	-	-	-	Transfers in
(2,985,418)	(4,968,297)	-	(208,000)	Transfers out
(2,985,418)	(4,968,297)	-	(208,000)	Total other financing sources (uses)
-	(1,450,262)	-	274,821	NET CHANGE IN FUND BALANCES
-	1,454,201	-	8,117,618	FUND BALANCES (DEFICITS)-BEGINNING
\$ -	\$ 3,939	\$ -	\$ 8,392,439	FUND BALANCES (DEFICITS)-ENDING

(continued)

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Special Revenue			
	Police Grants	Community Development Block Grant	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 2,565,975
Tax increment revenues	-	-	-	3,771
Use of money and property	3,484	91,287	24,611	416,290
From other governments	18,910	-	-	6,582,485
Grants	384,764	1,302,775	-	1,698,095
Service charges	-	-	792,741	794,517
Other revenues	96	-	-	15,688
Total revenues	<u>407,254</u>	<u>1,394,062</u>	<u>817,352</u>	<u>12,076,821</u>
EXPENDITURES				
Current:				
General government	-	97,847	114,470	1,909,012
Community services (CS)	-	-	-	6,048
Planning	-	1,198,039	-	2,443,625
Public ways and facilities	-	-	1,773,125	3,368,848
Public safety	1,004,270	-	-	1,004,270
Total current expenditures	<u>1,004,270</u>	<u>1,295,886</u>	<u>1,887,595</u>	<u>8,731,803</u>
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	27
Other	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
Intergovernmental	-	-	-	-
Total expenditures	<u>1,004,270</u>	<u>1,295,886</u>	<u>1,887,595</u>	<u>8,731,830</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(597,016)</u>	<u>98,176</u>	<u>(1,070,243)</u>	<u>3,344,991</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	737,414	-	1,236,300	4,418,078
Transfers out	(104,042)	-	-	(8,282,257)
Total other financing sources (uses)	<u>633,372</u>	<u>-</u>	<u>1,236,300</u>	<u>(3,864,179)</u>
NET CHANGE IN FUND BALANCES	36,356	98,176	166,057	(519,188)
FUND BALANCES (DEFICITS)-BEGINNING	<u>228,661</u>	<u>62,281</u>	<u>1,207,206</u>	<u>11,732,028</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 265,017</u>	<u>\$ 160,457</u>	<u>\$ 1,373,263</u>	<u>\$ 11,212,840</u>

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Debt Service				
1995 Lease Revenue Bonds	2003 Tax Allocation Refunding Bonds	2004 Certificates of Participation	Total Nonmajor Debt Service	
\$	-	-	-	-
-	-	-	-	-
-	11,759	436	12,195	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	11,759	436	12,195	-
				REVENUES
				Taxes
				Tax increment revenues
				Use of money and property
				From other governments
				Grants
				Service charges
				Other revenues
				Total revenues
				EXPENDITURES
				Current:
				General government
				Community services (CS)
				Planning
				Public ways and facilities
				Public safety
				Total current expenditures
				Capital outlay
				Debt service:
				Principal
				Interest
				Other
				Total debt service
				Intergovernmental
				Total expenditures
695,000	810,000	540,000	2,045,000	
256,881	1,276,606	1,114,969	2,648,456	
8,291	4,600	3,550	16,441	
960,172	2,091,206	1,658,519	4,709,897	
				EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
(960,172)	(2,079,447)	(1,658,083)	(4,697,702)	
				OTHER FINANCING SOURCES (USES)
				Transfers in
				Transfers out
				Total other financing sources (uses)
959,497	2,088,240	1,080,758	4,128,495	
-	-	-	-	
959,497	2,088,240	1,080,758	4,128,495	
(675)	8,793	(577,325)	(569,207)	NET CHANGE IN FUND BALANCES
980,559	3,566,744	2,785,278	7,332,581	FUND BALANCES (DEFICITS)-BEGINNING
\$ 979,884	\$ 3,575,537	\$ 2,207,953	\$ 6,763,374	FUND BALANCES (DEFICITS)-ENDING

(continued)

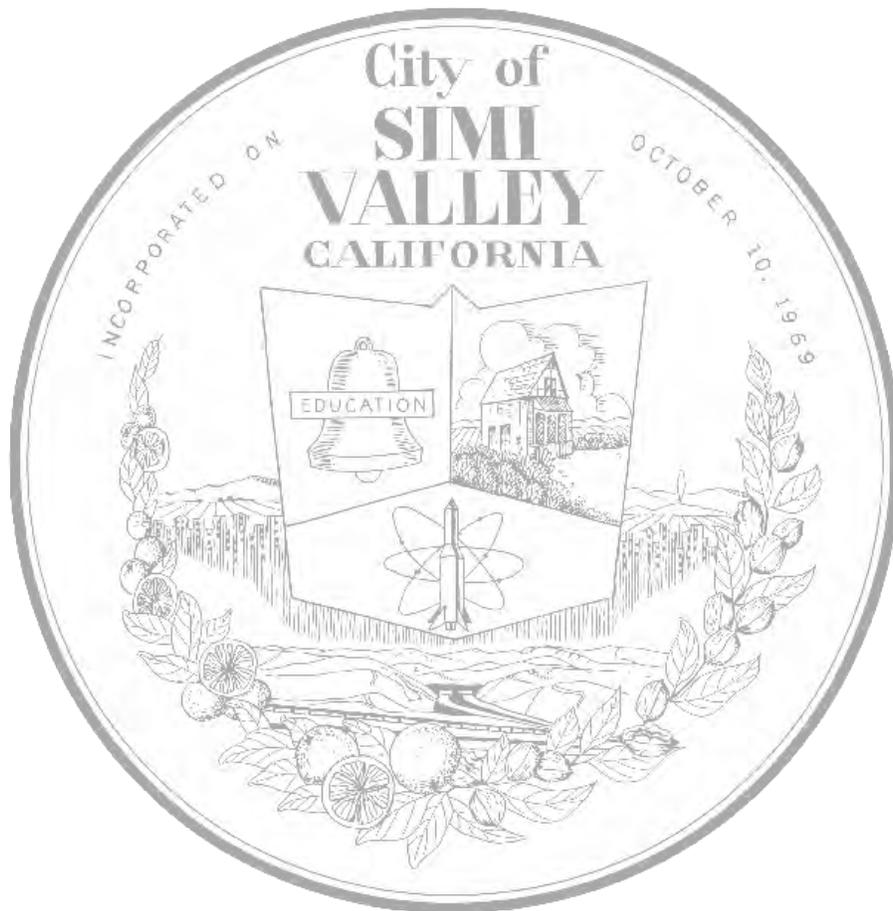
**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Capital Projects			
	CDA Projects	Equipment Replacement	Geographic Information System (GIS)	Public Facility Improvements
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-	-
Use of money and property	27,684	5,663	2,251	4,959
From other governments	-	-	-	-
Grants	-	-	-	932,121
Service charges	-	-	-	-
Other revenues	-	29,631	-	-
Total revenues	<u>27,684</u>	<u>35,294</u>	<u>2,251</u>	<u>937,080</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Community services (CS)	-	-	-	-
Planning	-	-	-	-
Public ways and facilities	-	-	-	-
Public safety	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>72,000</u>	<u>981,265</u>	<u>15,105</u>	<u>1,089,452</u>
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental	-	-	-	-
Total expenditures	<u>72,000</u>	<u>981,265</u>	<u>15,105</u>	<u>1,089,452</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,316)</u>	<u>(945,971)</u>	<u>(12,854)</u>	<u>(152,372)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	72,000	744,400	-	-
Transfers out	-	-	(80,000)	(3,016,100)
Total other financing sources (uses)	<u>72,000</u>	<u>744,400</u>	<u>(80,000)</u>	<u>(3,016,100)</u>
NET CHANGE IN FUND BALANCES	27,684	(201,571)	(92,854)	(3,168,472)
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,866,217</u>	<u>3,133,818</u>	<u>252,500</u>	<u>4,468,501</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,893,901</u>	<u>\$ 2,932,247</u>	<u>\$ 159,646</u>	<u>\$ 1,300,029</u>

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Capital Projects</u>					
Financial Information System (FIS)	Police Capital Projects	Total Nonmajor Capital Projects	Total Nonmajor Funds		
\$	-	-	-	\$ 2,565,975	REVENUES
-	-	-	-	3,771	Taxes
3,563	1,278	45,398	473,883	6,582,485	Tax increment revenues
-	-	-	-	2,630,216	Use of money and property
-	-	932,121	2,630,216	794,517	From other governments
-	-	-	-	45,319	Grants
-	-	29,631	45,319	13,096,166	Service charges
3,563	1,278	1,007,150	13,096,166		Other revenues
					Total revenues
					EXPENDITURES
					Current:
-	-	-	-	1,909,012	General government
-	-	-	-	6,048	Community services (CS)
-	-	-	-	2,443,625	Planning
-	-	-	-	3,368,848	Public ways and facilities
-	-	-	-	1,004,270	Public safety
-	-	-	-	8,731,803	Total current expenditures
5,400	-	2,163,222	2,163,222		Capital outlay
					Debt service:
-	-	-	-	2,045,000	Principal
-	-	-	-	2,648,483	Interest
-	-	-	-	16,441	Other
-	-	-	-	4,709,924	Total debt service
-	-	-	-		Intergovernmental
5,400	-	2,163,222	15,604,949		Total expenditures
(1,837)	1,278	(1,156,072)	(2,508,783)		EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
					OTHER FINANCING SOURCES (USES)
-	-	816,400	9,362,973		Transfers in
(160,200)	-	(3,256,300)	(11,538,557)		Transfers out
(160,200)	-	(2,439,900)	(2,175,584)		Total other financing sources (uses)
(162,037)	1,278	(3,595,972)	(4,684,367)		NET CHANGE IN FUND BALANCES
355,019	86,156	10,162,211	29,226,820		FUND BALANCES (DEFICITS)-BEGINNING
\$ 192,982	\$ 87,434	\$ 6,566,239	\$ 24,542,453		FUND BALANCES (DEFICITS)-ENDING

(concluded)



Schedules-Budget and Actual-Individual Funds

**CITY OF SIMI VALLEY
COMMUNITY DEVELOPMENT AGENCY ADMINISTRATION
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	1,183,600	1,183,600	-
Planning:			
Personnel	710,000	640,221	69,779
Materials, supplies and services	733,500	594,930	138,570
Total planning	1,443,500	1,235,151	208,349
Total expenditures	2,627,100	2,418,751	208,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,627,100)	(2,418,751)	208,349
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	2,439,700	2,435,251	(4,449)
Transfers out	(16,500)	(16,500)	-
Total other financing sources (uses)	2,423,200	2,418,751	(4,449)
NET CHANGE IN FUND BALANCES	(203,900)	-	203,900
FUND BALANCES (DEFICITS)-BEGINNING	-	-	-
FUND BALANCES (DEFICITS)-ENDING	\$ (203,900)	\$ -	\$ 203,900

**CITY OF SIMI VALLEY
MADERA ROYAL TAX INCREMENT
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Tax increment revenues	\$ 89,900	\$ 3,771	\$ (86,129)
Use of money and property	600	8	(592)
From other governments	-	16,566	16,566
Other revenue	-	175	175
Total revenues	<u>90,500</u>	<u>20,520</u>	<u>(69,980)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Materials, supplies, and services	900	49,339	(48,439)
Debt service:			
Interest	-	27	(27)
Intergovernmental	<u>32,800</u>	<u>-</u>	<u>32,800</u>
Total expenditures	<u>33,700</u>	<u>49,366</u>	<u>(15,666)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>56,800</u>	<u>(28,846)</u>	<u>(85,646)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	9,113	9,113
Transfers out	<u>(18,000)</u>	<u>-</u>	<u>18,000</u>
Total other financing sources (uses)	<u>(18,000)</u>	<u>9,113</u>	<u>27,113</u>
NET CHANGE IN FUND BALANCES	38,800	(19,733)	(58,533)
FUND BALANCES (DEFICITS)-BEGINNING	<u>(1,697)</u>	<u>(1,697)</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 37,103</u>	<u>\$ (21,430)</u>	<u>\$ (58,533)</u>

**CITY OF SIMI VALLEY
HOME GRANT
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 83,500	\$ 104,208	\$ 20,708
Total revenues	<u>83,500</u>	<u>104,208</u>	<u>20,708</u>
<u>EXPENDITURES</u>			
Current:			
Planning:			
Materials, supplies, and services	300,000	-	300,000
Reimbursements to housing fund	8,300	10,435	(2,135)
Total expenditures	<u>308,300</u>	<u>10,435</u>	<u>297,865</u>
 NET CHANGE IN FUND BALANCES	 (224,800)	 93,773	 318,573
FUND BALANCES (DEFICITS)-BEGINNING	<u>467,240</u>	<u>467,240</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 242,440</u>	<u>\$ 561,013</u>	<u>\$ 318,573</u>

CITY OF SIMI VALLEY
GASOLINE TAX
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance with Budget Positive (Negative)
<hr/>			
<u>REVENUES</u>			
From other governments	\$ 3,266,800	\$ 2,985,418	\$ (281,382)
<hr/>			
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(3,266,800)	(2,985,418)	281,382
<hr/>			
NET CHANGE IN FUND BALANCES	-	-	-
<hr/>			
FUND BALANCES (DEFICITS)-BEGINNING	-	-	-
<hr/>			
FUND BALANCES (DEFICITS)-ENDING	\$ -	\$ -	\$ -
<hr/> <hr/>			

**CITY OF SIMI VALLEY
TRANSPORTATION FUNDS
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 18,500	\$ 13,577	\$ (4,923)
From other governments	3,137,500	3,536,789	399,289
Grants	45,000	-	(45,000)
Total revenues	<u>3,201,000</u>	<u>3,550,366</u>	<u>349,366</u>
<u>EXPENDITURES</u>			
Current:			
Public ways and facilities:			
Other contract services	-	32,331	(32,331)
Total expenditures	<u>-</u>	<u>32,331</u>	<u>(32,331)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,201,000	3,518,035	3,518,035
<u>OTHER FINANCING (USES)</u>			
Transfers out	<u>(3,339,200)</u>	<u>(4,968,297)</u>	<u>(1,629,097)</u>
NET CHANGE IN FUND BALANCES	(138,200)	(1,450,262)	1,888,938
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,454,201</u>	<u>1,454,201</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,316,001</u>	<u>\$ 3,939</u>	<u>\$ (1,312,062)</u>

**CITY OF SIMI VALLEY
GREEN PROJECTS
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Grants	\$ 130,000	\$ 10,556	\$ (119,444)
Total revenues	<u>130,000</u>	<u>10,556</u>	<u>(119,444)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Personnel	-	10,520	(10,520)
Materials, supplies, and services	<u>130,000</u>	<u>36</u>	<u>129,964</u>
Total expenditures	<u>130,000</u>	<u>10,556</u>	<u>119,444</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES (DEFICITS)-BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SIMI VALLEY
LIGHTING MAINTENANCE DISTRICT
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Taxes	\$ 2,472,000	\$ 2,282,485	\$ (189,515)
Use of money and property	328,700	174,933	(153,767)
From other governments	25,800	24,802	(998)
Service charges	1,000	1,776	776
Other revenues	-	15,417	15,417
Total revenues	<u>2,827,500</u>	<u>2,499,413</u>	<u>(328,087)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	453,200	453,200	-
Public ways and facilities:			
Utilities	1,110,000	1,127,318	(17,318)
Services	488,100	436,074	52,026
Total public ways and facilities	<u>1,598,100</u>	<u>1,563,392</u>	<u>34,708</u>
Total expenditures	<u>2,051,300</u>	<u>2,016,592</u>	<u>34,708</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	776,200	482,821	(293,379)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	-
Transfers out	(447,300)	(208,000)	239,300
Total other financing sources (uses)	<u>(447,300)</u>	<u>(208,000)</u>	<u>239,300</u>
NET CHANGE IN FUND BALANCES	328,900	274,821	(54,079)
FUND BALANCES (DEFICITS)-BEGINNING	<u>8,117,618</u>	<u>8,117,618</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 8,446,518</u>	<u>\$ 8,392,439</u>	<u>\$ (54,079)</u>

**CITY OF SIMI VALLEY
POLICE GRANTS
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

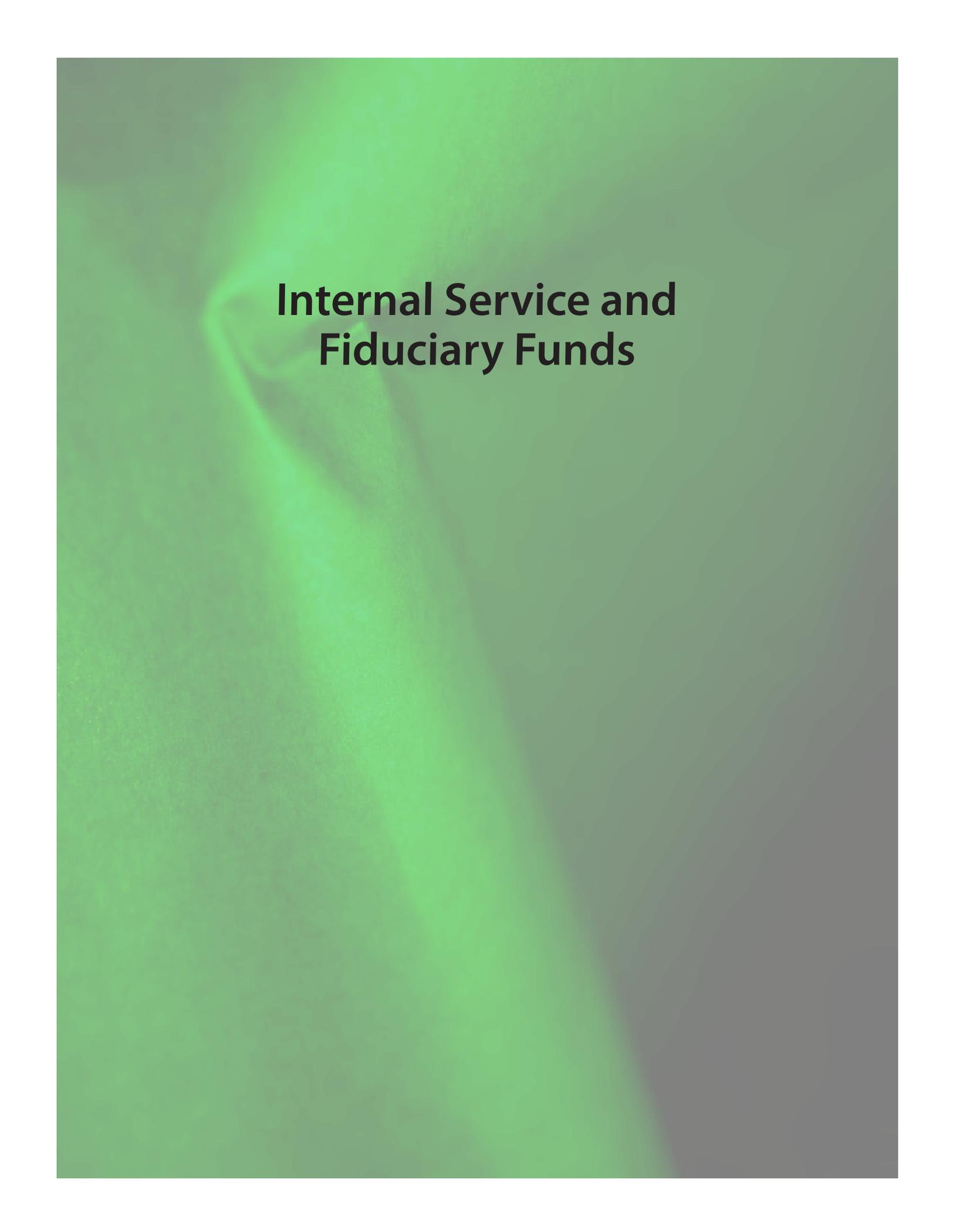
	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 5,900	\$ 3,484	\$ (2,416)
From other governments	\$ -	18,910	18,910
Grants	896,800	384,764	(512,036)
Other Revenues	-	96	96
Total revenues	<u>902,700</u>	<u>407,254</u>	<u>(495,446)</u>
<u>EXPENDITURES</u>			
Current:			
Public safety:			
Personnel	884,700	831,247	53,453
Material, supplies and services	361,500	173,023	188,477
Total public safety	<u>1,246,200</u>	<u>1,004,270</u>	<u>241,930</u>
Total expenditures	<u>1,246,200</u>	<u>1,004,270</u>	<u>241,930</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(343,500)</u>	<u>(597,016)</u>	<u>(253,516)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	778,700	737,414	(41,286)
Transfers out	<u>(122,900)</u>	<u>(104,042)</u>	18,858
Total other financing sources (uses)	<u>655,800</u>	<u>633,372</u>	<u>(22,428)</u>
NET CHANGE IN FUND BALANCES	312,300	36,356	(275,944)
FUND BALANCES (DEFICITS)-BEGINNING	<u>228,661</u>	<u>228,661</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 540,961</u>	<u>\$ 265,017</u>	<u>\$ (275,944)</u>

**CITY OF SIMI VALLEY
COMMUNITY DEVELOPMENT BLOCK GRANT
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ -	\$ 91,287	\$ 91,287
Grants	800,800	1,302,775	501,975
Total revenues	<u>800,800</u>	<u>1,394,062</u>	<u>593,262</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	<u>97,800</u>	<u>97,847</u>	<u>(47)</u>
Planning:			
Reimbursement to housing fund	70,600	70,555	45
Social programs	416,000	321,413	94,587
Other programs	1,140,100	806,071	334,029
Total planning	<u>1,626,700</u>	<u>1,198,039</u>	<u>428,661</u>
Total expenditures	<u>1,724,500</u>	<u>1,295,886</u>	<u>428,614</u>
NET CHANGE IN FUND BALANCES	(923,700)	98,176	1,021,876
FUND BALANCES (DEFICITS)-BEGINNING	<u>62,281</u>	<u>62,281</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (861,419)</u>	<u>\$ 160,457</u>	<u>\$ 1,021,876</u>

**CITY OF SIMI VALLEY
LANDSCAPE MAINTENANCE DISTRICT NO. 1
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 36,987	\$ 24,611	\$ (12,376)
Service charges	788,593	792,741	4,148
Total revenues	<u>825,580</u>	<u>817,352</u>	<u>(8,228)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	<u>118,713</u>	<u>114,470</u>	<u>4,243</u>
Public ways and facilities:			
Utilities	599,457	380,182	219,275
Landscape maintenance contract	1,325,185	1,283,770	41,415
Other contract services	96,700	109,173	(12,473)
Total public ways and facilities	<u>2,021,342</u>	<u>1,773,125</u>	<u>248,217</u>
Total expenditures	<u>2,140,055</u>	<u>1,887,595</u>	<u>252,460</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,314,475)	(1,070,243)	244,232
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	2,472,554	1,236,300	(1,236,254)
Transfers out	(1,236,300)	-	1,236,300
Total other financing sources (uses)	<u>1,236,254</u>	<u>1,236,300</u>	<u>46</u>
NET CHANGE IN FUND BALANCES	(78,221)	166,057	244,278
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,207,206</u>	<u>1,207,206</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,128,985</u>	<u>\$ 1,373,263</u>	<u>\$ 244,278</u>



Internal Service and Fiduciary Funds

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011**

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
ASSETS					
Current assets:					
Cash and investments	\$ 7,243,492	\$ 12,139,051	\$ 22,784	\$ 60,438	\$ 19,465,765
Interest receivable	18,977	44,455	165	371	63,968
TOTAL ASSETS	7,262,469	12,183,506	22,949	60,809	19,529,733
LIABILITIES					
Current liabilities:					
Accounts payable	-	26,542	1,080	8,000	35,622
Salaries and benefits payable	-	7,240	-	-	7,240
Compensated absences	-	4,315	-	-	4,315
Claims and legal services payable	726,301	1,911,213	-	-	2,637,514
Total current liabilities	726,301	1,949,310	1,080	8,000	2,684,691
Noncurrent liabilities:					
Advances from other funds	2,344,000	2,344,000	-	-	4,688,000
Compensated absences	-	38,840	-	-	38,840
Claims and legal services payable	1,439,638	4,478,168	-	-	5,917,806
Total noncurrent liabilities	3,783,638	6,861,008	-	-	10,644,646
TOTAL LIABILITIES	4,509,939	8,810,318	1,080	8,000	13,329,337
NET ASSETS					
Unrestricted	2,752,530	3,373,188	21,869	52,809	6,200,396
TOTAL NET ASSETS	\$ 2,752,530	\$ 3,373,188	\$ 21,869	\$ 52,809	\$ 6,200,396

CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
OPERATING REVENUES					
Total charges for sales and services	\$ 1,576,600	\$ 2,469,100	\$ -	\$ -	4,045,700
OPERATING EXPENSES					
Salaries and benefits	-	328,825	-	-	328,825
Excess insurance premiums	350,934	263,458	-	-	614,392
Claims and legal expenses	522,696	1,488,135	-	-	2,010,831
General administration	220,000	756,900	-	-	976,900
Other	-	4,490	58,771	108,835	172,096
Total operating expenses	1,093,630	2,841,808	58,771	108,835	4,103,044
OPERATING INCOME (LOSS)	482,970	(372,708)	(58,771)	(108,835)	(57,344)
NONOPERATING REVENUES AND EXPENSES:					
Interest	59,868	106,301	640	1,444	168,253
INCOME (LOSS) BEFORE TRANSFERS	542,838	(266,407)	(58,131)	(107,391)	110,909
TRANSFERS					
Transfers in	-	-	80,000	160,200	240,200
Transfers out	(4,000)	(3,600)	-	-	(7,600)
Total transfers	(4,000)	(3,600)	80,000	160,200	232,600
CHANGE IN NET ASSETS	538,838	(270,007)	21,869	52,809	343,509
TOTAL NET ASSETS-BEGINNING	2,213,692	3,643,195	-	-	5,856,887
TOTAL NET ASSETS-ENDING	\$ 2,752,530	\$ 3,373,188	\$ 21,869	\$ 52,809	\$ 6,200,396

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

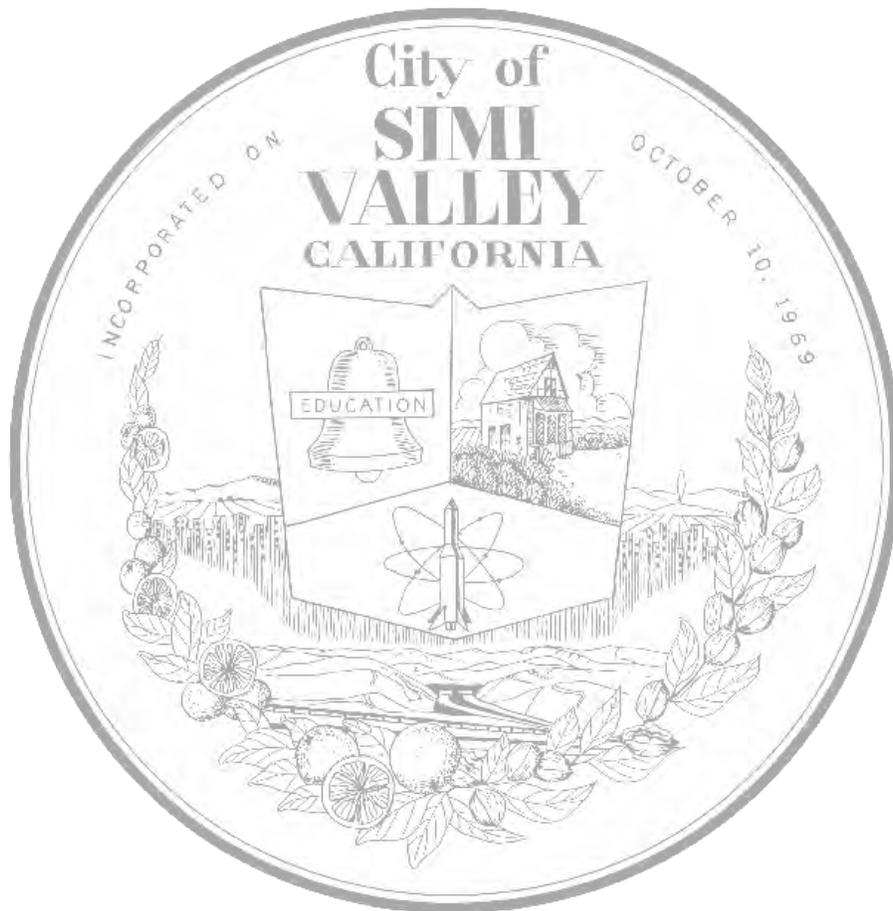
	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash received from service charges and other revenues (net of refunds)	\$ 1,576,600	\$ 2,469,100	\$ -	\$ -	\$ 4,045,700
Cash paid for salaries and benefits	-	(343,939)	-	-	(343,939)
Cash paid for general administration	(220,000)	(756,900)	-	-	(976,900)
Cash paid for services	-	(4,490)	(57,691)	(100,835)	(163,016)
Cash paid for insurance premiums and claims	(798,604)	(1,897,543)	-	-	(2,696,147)
Net cash provided (used) by operating activities	<u>557,996</u>	<u>(533,772)</u>	<u>(57,691)</u>	<u>(100,835)</u>	<u>(134,302)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers from other funds	-	-	80,000	160,200	240,200
Transfers to other funds	(4,000)	(3,600)	-	-	(7,600)
Net cash provided (used) by noncapital financing activities	<u>(4,000)</u>	<u>(3,600)</u>	<u>80,000</u>	<u>160,200</u>	<u>232,600</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest on investments	54,331	103,990	475	1,073	159,869
Net cash provided (used) by investing activities	<u>54,331</u>	<u>103,990</u>	<u>475</u>	<u>1,073</u>	<u>159,869</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	608,327	(433,382)	22,784	60,438	258,167
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,635,165	12,572,433	-	-	19,207,598
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,243,492</u>	<u>\$ 12,139,051</u>	<u>\$ 22,784</u>	<u>\$ 60,438</u>	<u>\$ 19,465,765</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>					
Operating income (loss)	\$ 482,970	\$ (372,708)	\$ (58,771)	\$ (108,835)	\$ (57,344)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Increase (decrease) in accounts payable	(11,462)	14,899	1,080	8,000	12,517
Increase (decrease) in accrued payroll	-	(1,456)	-	-	(1,456)
Increase (decrease) in compensated absences	-	(13,658)	-	-	(13,658)
Increase (decrease) in claims and legal services payable	86,488	(160,849)	-	-	(74,361)
Total adjustments	<u>75,026</u>	<u>(161,064)</u>	<u>1,080</u>	<u>8,000</u>	<u>(76,958)</u>
Net cash provided (used) by operating activities	<u>\$ 557,996</u>	<u>\$ (533,772)</u>	<u>\$ (57,691)</u>	<u>\$ (100,835)</u>	<u>\$ (134,302)</u>

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2011**

	City Agency Fund	Assessment Districts - City of Simi Valley	Tax Increment Pass-Through Simi Valley Unified School District	Tax Increment Pass-Through Ventura County Community College District	Total
<u>ASSETS</u>					
Current assets:					
Cash and investments:					
Held by city	\$ 4,659,157	\$ 1,167,895	\$ 1,115,380	\$ 242,788	\$ 7,185,220
Held by bond trustee	-	2,876,040	-	-	2,876,040
Accounts receivable	-	3,813	3,998	715	8,526
TOTAL ASSETS	\$ 4,659,157	\$ 4,047,748	\$ 1,119,378	\$ 243,503	\$ 10,069,786
<u>LIABILITIES</u>					
Intergovernmental payable	\$ 4,659,157	\$ 4,047,748	\$ 1,119,378	\$ 243,503	\$ 10,069,786
TOTAL LIABILITIES	\$ 4,659,157	\$ 4,047,748	\$ 1,119,378	\$ 243,503	\$ 10,069,786

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
AGENCY FUND - CITY OF SIMI VALLEY				
ASSETS:				
Cash and investments held by city	\$ 4,843,662	\$ 1,210,780	\$ 1,395,285	\$ 4,659,157
TOTAL ASSETS	\$ 4,843,662	\$ 1,210,780	\$ 1,395,285	\$ 4,659,157
LIABILITIES:				
Intergovernmental payable	\$ 4,843,662	\$ 1,210,780	\$ 1,395,285	\$ 4,659,157
TOTAL LIABILITIES	\$ 4,843,662	\$ 1,210,780	\$ 1,395,285	\$ 4,659,157
ASSESSMENT DISTRICT - CITY OF SIMI VALLEY				
ASSETS:				
Cash and investments held by city	\$ 1,116,579	\$ 909,263	\$ 857,947	\$ 1,167,895
Cash and investments held by bond trustee	2,976,427	679,773	780,160	2,876,040
Accounts receivable	2,923	3,813	2,923	3,813
TOTAL ASSETS	\$ 4,095,929	\$ 1,592,849	\$ 1,641,030	\$ 4,047,748
LIABILITIES:				
Intergovernmental payable	\$ 4,095,929	\$ 1,592,849	\$ 1,641,030	\$ 4,047,748
TOTAL LIABILITIES	\$ 4,095,929	\$ 1,592,849	\$ 1,641,030	\$ 4,047,748
SIMI VALLEY UNIFIED SCHOOL DISTRICT				
ASSETS:				
Cash and investments held by city	\$ 713,320	\$ 1,019,060	\$ 617,000	\$ 1,115,380
Accounts receivable	1,854	3,998	1,854	3,998
TOTAL ASSETS	\$ 715,174	\$ 1,023,058	\$ 618,854	\$ 1,119,378
LIABILITIES:				
Intergovernmental payable	\$ 715,174	\$ 1,023,058	\$ 618,854	\$ 1,119,378
TOTAL LIABILITIES	\$ 715,174	\$ 1,023,058	\$ 618,854	\$ 1,119,378
VENTURA COUNTY COMMUNITY COLLEGE DISTRICT				
ASSETS:				
Cash and investments held by city	\$ 270,647	\$ 248,497	\$ 276,356	\$ 242,788
Accounts receivable	573	715	573	715
TOTAL ASSETS	\$ 271,220	\$ 249,212	\$ 276,929	\$ 243,503
LIABILITIES:				
Intergovernmental payable	\$ 271,220	\$ 249,212	\$ 276,929	\$ 243,503
TOTAL LIABILITIES	\$ 271,220	\$ 249,212	\$ 276,929	\$ 243,503
TOTAL AGENCY FUNDS				
ASSETS:				
Cash and investments held by city	\$ 6,944,208	\$ 3,387,600	\$ 3,146,588	\$ 7,185,220
Cash and investments held by bond trustee	2,976,427	679,773	780,160	2,876,040
Accounts receivable	5,350	8,526	5,350	8,526
TOTAL ASSETS	\$ 9,925,985	\$ 4,075,899	\$ 3,932,098	\$ 10,069,786
LIABILITIES:				
Intergovernmental payable	\$ 9,925,985	\$ 4,075,899	\$ 3,932,098	\$ 10,069,786
TOTAL LIABILITIES	\$ 9,925,985	\$ 4,075,899	\$ 3,932,098	\$ 10,069,786



STATISTICAL SECTION

**STATISTICAL SECTION
(UNAUDITED)**

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

	PAGE
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	110
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	120
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.....	128
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	132
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.....	134

SOURCE:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF SIMI VALLEY
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS**

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
Governmental activities					
Invested in capital assets, net of related debt	\$ 25,526,553	\$ 27,714,331	\$ 39,280,006	\$ 55,108,472	\$ 153,537,599
Restricted	24,562,489	23,136,350	28,718,649	39,933,025	60,444,524
Unrestricted	35,835,826	38,529,028	38,041,664	37,929,875	42,886,026
Total governmental activities net assets	<u>\$ 85,924,868</u>	<u>\$ 89,379,709</u>	<u>\$ 106,040,319</u>	<u>\$ 132,971,372</u>	<u>\$ 256,868,149</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 61,454,844	\$ 66,493,449	\$ 72,475,306	\$ 74,114,013	\$ 109,436,007
Restricted	21,191,489	14,666,713	15,279,959	19,733,407	18,981,595
Unrestricted	12,356,930	15,361,347	18,553,722	22,524,125	27,974,098
Total business-type activities net assets	<u>\$ 95,003,263</u>	<u>\$ 96,521,509</u>	<u>\$ 106,308,987</u>	<u>\$ 116,371,545</u>	<u>\$ 156,391,700</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 86,981,397	\$ 94,207,780	\$ 111,755,312	\$ 129,222,485	\$ 262,973,606
Restricted	45,753,978	37,803,063	43,998,608	59,666,432	79,426,119
Unrestricted	48,192,756	53,890,375	56,595,386	60,454,000	70,860,124
Total primary government net assets	<u>\$ 180,928,131</u>	<u>\$ 185,901,218</u>	<u>\$ 212,349,306</u>	<u>\$ 249,342,917</u>	<u>\$ 413,259,849</u>

Continued

This is the ninth year reporting net assets by component. Additional years will be added prospectively until ten years are reported.

**CITY OF SIMI VALLEY
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS**

Fiscal Year				
2007-08	2008-09	2009-10	2010-11	
\$ 157,564,195	\$ 180,128,561	\$ 192,161,001	\$ 193,042,793	Governmental activities
76,340,295	84,285,014	87,739,866	86,293,818	Invested in capital assets, net of related debt
39,459,540	8,499,742	257,677	2,314,831	Restricted
				Unrestricted
<u>\$ 273,364,030</u>	<u>\$ 272,913,317</u>	<u>\$ 280,158,544</u>	<u>\$ 281,651,442</u>	Total governmental activities net assets
				Business-type activities
\$ 112,913,342	\$ 121,094,906	\$ 126,957,605	\$ 130,816,874	Invested in capital assets, net of related debt
17,622,173	9,527,814	8,239,133	6,755,144	Restricted
31,027,488	35,330,465	39,436,550	42,011,607	Unrestricted
<u>\$ 161,563,003</u>	<u>\$ 165,953,185</u>	<u>\$ 174,633,288</u>	<u>\$ 179,583,625</u>	Total business-type activities net assets
				Primary Government
\$ 270,477,537	\$ 301,223,467	\$ 319,118,606	\$ 323,859,667	Invested in capital assets, net of related debt
93,962,468	93,812,828	95,978,999	93,048,962	Restricted
70,487,028	43,830,207	39,694,227	44,326,438	Unrestricted
<u>\$ 434,927,033</u>	<u>\$ 438,866,502</u>	<u>\$ 454,791,832</u>	<u>\$ 461,235,067</u>	Total primary government net assets

Concluded

This is the ninth year reporting net assets by component. Additional years will be added prospectively until ten years are reported.

**CITY OF SIMI VALLEY
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
Expenses					
Governmental activities:					
General government	\$ 11,876,586	\$ 10,568,288	\$ 11,514,749	\$ 13,435,816	\$ 18,475,995
Community services	4,579,466	3,306,481	3,339,200	3,958,051	3,645,993
Planning	5,773,894	11,305,548	9,451,696	8,527,778	9,229,296
Public ways and facilities	13,881,770	15,650,878	14,900,957	15,623,621	16,326,888
Public safety	22,380,396	24,888,781	24,910,100	26,693,489	26,677,974
Interest on long-term debt	2,487,785	2,089,477	2,766,273	2,525,366	3,232,084
Total governmental activities expenses	<u>60,979,897</u>	<u>67,809,453</u>	<u>66,882,975</u>	<u>70,764,121</u>	<u>77,588,230</u>
Business-type activities:					
Sanitation	10,933,862	11,614,065	12,073,824	12,198,794	13,144,836
Waterworks district no. 8	18,745,001	21,418,765	21,018,081	23,687,693	26,668,732
Transit	4,156,448	4,833,583	5,025,660	5,825,189	5,747,532
Total business-type activities expenses	<u>33,835,311</u>	<u>37,866,413</u>	<u>38,117,565</u>	<u>41,711,676</u>	<u>45,561,100</u>
Total primary government expenses	<u>\$ 94,815,208</u>	<u>\$ 105,675,866</u>	<u>\$ 105,000,540</u>	<u>\$ 112,475,797</u>	<u>\$ 123,149,330</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 748,516	\$ 472,549	\$ 501,517	\$ 353,114	\$ 495,979
Community services	130,830	60,832	118,096	117,070	171,938
Planning	3,618,017	5,554,610	7,626,881	7,210,902	4,156,265
Public ways and facilities	3,293,810	4,621,730	8,146,699	6,708,878	2,782,618
Public safety	908,274	907,401	1,040,695	1,002,882	982,303
Operating grants and contributions	7,167,543	10,447,345	10,041,651	10,231,371	9,025,966
Capital grants and contributions	2,670,613	1,950,267	1,280,369	2,891,199	7,683,123
Total governmental activities program revenues	<u>18,537,603</u>	<u>24,014,734</u>	<u>28,755,908</u>	<u>28,515,416</u>	<u>25,298,192</u>
Business-type activities:					
Charges for services:					
Sanitation	9,184,395	10,945,852	11,964,388	12,745,553	13,725,483
Waterworks district no. 8	18,854,358	21,621,197	21,018,081	23,765,476	27,250,693
Transit	390,523	391,127	400,129	479,426	546,520
Operating grants and contributions	1,768,330	2,277,103	1,953,733	848,402	2,480,838
Capital grants and contributions	192,736	121,815	999,383	2,339,931	707,834
Total business-type activities program revenues	<u>30,390,342</u>	<u>35,357,094</u>	<u>36,335,714</u>	<u>40,178,788</u>	<u>44,711,368</u>
Total primary governmental program revenues	<u>\$ 48,927,945</u>	<u>\$ 59,371,828</u>	<u>\$ 65,091,622</u>	<u>\$ 68,694,204</u>	<u>\$ 70,009,560</u>
Net (Expense)/Revenue					
Governmental activities	(42,442,294)	(43,794,719)	(38,127,067)	(42,248,705)	(52,290,038)
Business-type activities	(3,444,969)	(2,509,319)	(1,781,851)	(1,532,888)	(849,732)
Total primary government net expense	<u>\$ (45,887,263)</u>	<u>\$ (46,304,038)</u>	<u>\$ (39,908,918)</u>	<u>\$ (43,781,593)</u>	<u>\$ (53,139,770)</u>

Continued

This is the ninth year reporting changes in net assets by activities. Additional years will be added prospectively until ten years are reported.

**CITY OF SIMI VALLEY
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

Fiscal Year				
2007-08	2008-09	2009-10	2010-11	
				Expenses
				Governmental activities:
\$ 21,311,700	\$ 21,908,817	\$ 27,176,047	\$ 23,126,537	General government
4,076,877	3,952,073	4,124,494	3,925,587	Community services
11,839,627	9,621,707	9,188,637	8,970,708	Planning
17,695,954	16,951,872	16,224,562	15,796,789	Public ways and facilities
30,600,433	29,911,781	31,040,123	30,259,418	Public safety
3,123,397	3,256,626	3,040,452	2,976,163	Interest on long-term debt
<u>88,647,988</u>	<u>85,602,876</u>	<u>90,794,315</u>	<u>85,055,202</u>	Total governmental activities expenses
				Business-type activities:
14,391,154	14,329,152	14,165,394	14,617,402	Sanitation
28,067,587	28,899,962	29,110,566	31,868,849	Waterworks district no. 8
6,271,344	6,468,506	6,453,772	5,963,797	Transit
<u>48,730,085</u>	<u>49,697,620</u>	<u>49,729,732</u>	<u>52,450,048</u>	Total business-type activities expenses
<u>\$ 137,378,073</u>	<u>\$ 135,300,496</u>	<u>\$ 140,524,047</u>	<u>\$ 137,505,250</u>	Total primary government expenses
				Program Revenues
				Governmental activities:
				Charges for services:
\$ 304,549	\$ 438,812	\$ 395,880	\$ 324,088	General government
200,067	150,084	214,853	199,441	Community services
3,168,280	1,885,710	1,506,323	3,668,347	Planning
2,605,869	1,811,768	1,711,132	1,728,219	Public ways and facilities
950,923	914,693	766,149	770,606	Public safety
11,082,867	8,532,799	7,436,473	6,903,665	Operating grants and contributions
1,623,965	5,077,276	21,281,299	8,467,152	Capital grants and contributions
<u>19,936,520</u>	<u>18,811,142</u>	<u>33,312,109</u>	<u>22,061,518</u>	Total governmental activities program revenues
				Business-type activities:
				Charges for services:
14,767,859	14,780,226	14,783,194	14,527,144	Sanitation
28,247,611	30,138,375	30,010,924	31,426,920	Waterworks district no. 8
524,771	542,194	517,745	465,502	Transit
2,285,871	2,606,392	2,352,998	2,179,217	Operating grants and contributions
312,537	1,969,465	7,118,535	4,991,973	Capital grants and contributions
<u>46,138,649</u>	<u>50,036,652</u>	<u>54,783,396</u>	<u>53,590,756</u>	Total business-type activities program revenues
<u>\$ 66,075,169</u>	<u>\$ 68,847,794</u>	<u>\$ 88,095,505</u>	<u>\$ 75,652,274</u>	Total primary governmental program revenues
				Net (Expense)/Revenue
(68,711,468)	(66,791,734)	(57,482,206)	(62,993,684)	Governmental activities
(2,591,436)	339,032	5,053,664	1,140,708	Business-type activities
<u>\$ (71,302,904)</u>	<u>\$ (66,452,702)</u>	<u>\$ (52,428,542)</u>	<u>\$ (61,852,976)</u>	Total primary government net expense

Continued

This is the ninth year reporting changes in net assets by activities. Additional years will be added prospectively until ten years are reported.

**CITY OF SIMI VALLEY
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes ¹	\$ 9,747,556	\$ 10,724,918	\$ 17,290,860	\$ 19,723,474	\$ 22,717,838
Tax increment	9,147,579	10,256,245	10,608,367	12,531,554	18,945,240
Sales tax	12,830,405	13,878,702	14,829,984	16,301,320	17,705,751
Motor fuel tax ¹	6,951,826	5,686,714	2,930,485	888,988	711,694
Franchise tax	3,366,958	3,773,013	3,856,273	4,062,464	3,686,160
Business tax	1,370,609	1,287,934	1,355,601	1,831,590	1,778,116
Other taxes	1,581,920	1,941,061	2,250,647	2,870,368	2,417,554
Investment earnings	2,532,486	1,141,578	2,270,336	2,896,300	5,472,452
Gain (loss) on asset disposition	-	144,972	(812,649)	259,062	-
Capital contributions-unrestricted ²	12,742,118	83,857	1,765,510	9,131,630	3,178,901
Transfers	(1,066,859)	(1,669,434)	(1,557,737)	(1,316,992)	(2,463,585)
Total governmental activities	<u>59,204,598</u>	<u>47,249,560</u>	<u>54,787,677</u>	<u>69,179,758</u>	<u>74,150,121</u>
Business-type activities:					
Investment earnings	831,423	439,098	985,444	1,323,549	2,484,909
Miscellaneous	23,995	54,047	2,672	112,361	128,494
Capital contributions-unrestricted ²	8,149,624	1,864,986	8,295,223	8,842,544	3,275,376
Transfers	1,066,859	1,669,434	1,557,737	1,316,992	2,463,585
Total business-type activities	<u>10,071,901</u>	<u>4,027,565</u>	<u>10,841,076</u>	<u>11,595,446</u>	<u>8,352,364</u>
Total primary government	<u>\$ 69,276,499</u>	<u>\$ 51,277,125</u>	<u>\$ 65,628,753</u>	<u>\$ 80,775,204</u>	<u>\$ 82,502,485</u>
Change in Net Assets					
Governmental activities	\$ 16,762,304	\$ 3,454,841	\$ 16,660,610	\$ 26,931,053	\$ 21,860,083
Business-type activities	6,626,932	1,518,246	9,059,225	10,062,558	7,502,632
Total primary government	<u>\$ 23,389,236</u>	<u>\$ 4,973,087</u>	<u>\$ 25,719,835</u>	<u>\$ 36,993,611</u>	<u>\$ 29,362,715</u>

Continued

NOTES:

1. In FY 2004-05 the State of California eliminated the back-fill portion of motor fuel tax. An equivalent amount is distributed by the County of Ventura as property taxes-in-lieu.
2. In FY 2008-09 capital contributions - unrestricted was re-classified to program revenues.

**CITY OF SIMI VALLEY
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

Fiscal Year				
2007-08	2008-09	2009-10	2010-11	
				General Revenues and Other Changes in Net Assets
				Governmental activities:
				Taxes:
\$ 24,296,361	\$ 24,367,498	\$ 24,022,375	\$ 22,864,848	Property taxes ¹
20,185,134	21,359,827	21,138,010	19,170,235	Tax increment
16,894,319	13,955,998	12,969,115	14,632,972	Sales tax
552,184	427,121	369,992	641,204	Motor fuel tax ¹
3,708,972	4,756,938	4,304,353	4,719,987	Franchise tax
1,851,630	1,698,692	1,659,666	1,751,072	Business tax
1,939,615	1,733,444	1,560,873	1,578,252	Other taxes
5,382,599	3,894,585	2,255,728	1,604,653	Investment earnings
-	-	-	-	Gain (loss) on asset disposition
2,910,688	-	-	-	Capital contributions-unrestricted ²
(2,207,435)	(2,306,909)	(2,326,794)	(2,476,641)	Transfers
<u>75,514,067</u>	<u>69,887,194</u>	<u>65,953,318</u>	<u>64,486,582</u>	Total governmental activities
				Business-type activities:
2,598,413	1,956,342	1,301,289	930,122	Investment earnings
186,032	343,518	180,356	438,359	Miscellaneous
2,770,859	-	-	-	Capital contributions-unrestricted ²
2,207,435	2,306,909	2,326,794	2,476,641	Transfers
<u>7,762,739</u>	<u>4,606,769</u>	<u>3,808,439</u>	<u>3,845,122</u>	Total business-type activities
<u>\$ 83,276,806</u>	<u>\$ 74,493,963</u>	<u>\$ 69,761,757</u>	<u>\$ 68,331,704</u>	Total primary government
				Change in Net Assets
\$ 6,802,599	\$ 3,095,460	\$ 8,471,112	\$ 1,492,898	Governmental activities
5,171,303	4,945,801	8,862,103	4,985,830	Business-type activities
<u>\$ 11,973,902</u>	<u>\$ 8,041,261</u>	<u>\$ 17,333,215</u>	<u>\$ 6,478,728</u>	Total primary government

Concluded

This is the ninth year reporting changes in net assets by activities. Additional years will be added prospectively until ten years are reported.

**CITY OF SIMI VALLEY
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2001-02	2002-03	2003-04	2004-05	2005-06
General fund					
Reserved	\$ 20,288,031	\$ 18,743,283	\$ 17,901,412	\$ 19,006,034	\$ 20,485,438
Unreserved	7,486,603	12,250,374	14,550,312	18,434,960	16,312,509
Nonspendable, reported in:					
Long-term receivables					
Committed, reported in:					
Retiree benefits					
Assigned, reported in:					
Capital					
Unassigned					
Total general fund	<u>\$ 27,774,634</u>	<u>\$ 30,993,657</u>	<u>\$ 32,451,724</u>	<u>\$ 37,440,994</u>	<u>\$ 36,797,947</u>
All other government funds					
Reserved	\$ 14,421,027	\$ 9,191,350	\$ 11,978,656	\$ 14,648,683	\$ 18,731,386
Unreserved, reported in:					
Special revenue funds	23,605,317	13,502,727	12,230,705	14,756,384	23,321,320
Debt service	-	-	-	22,264,306	-
Capital projects funds	11,005,067	11,830,004	11,838,036	7,715,385	7,275,862
Non-spendable, reported in:					
Long-term receivables					
Restricted, reported in:					
Housing programs					
Public improvements					
Streets					
Lighting					
Landscape					
Debt service					
Special programs					
Law enforcement					
Committed, reported in:					
Streets					
Equipment					
Assigned, reported in:					
Capital					
Unassigned					
Total all other governmental funds	<u>\$ 49,031,411</u>	<u>\$ 34,524,081</u>	<u>\$ 36,047,397</u>	<u>\$ 59,384,758</u>	<u>\$ 49,328,568</u>

Continued

NOTE:

Prior to fiscal year 2010-2011, fund balances were presented in the categories of Reserved and Unreserved. In fiscal year 2010-2011, the Governmental Accounting Standards Board (GASB) statement 54 was implemented. GASB 54 requires the fund balance amounts to be properly reported within one of the expanded fund balance categories of: Non-spendable, Restricted, Committed, Assigned or Unassigned.

SOURCE:
City of Simi Valley

**CITY OF SIMI VALLEY
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

Fiscal Year					
2006-07	2007-08	2008-09	2009-10	2010-11	
\$ 16,758,264	\$ 17,270,243	\$ 16,947,665	\$ 19,550,414		General fund
20,594,252	20,134,592	19,161,964	16,176,234		Reserved
					Unreserved
				\$ 19,752,241	Nonspendable, reported in:
					Long-term receivables
				628,659	Committed, reported in:
					Retiree benefits
				9,209,774	Assigned, reported in:
				9,799,992	Capital
					Unassigned
<u>\$ 37,352,516</u>	<u>\$ 37,404,835</u>	<u>\$ 36,109,629</u>	<u>\$ 35,726,648</u>	<u>\$ 39,390,666</u>	Total general fund
\$ 12,313,808	\$ 23,160,249	\$ 27,405,118	\$ 11,750,943		All other government funds
					Reserved
30,922,948	33,772,808	35,983,148	30,816,901		Unreserved, reported in:
-	-	-	-		Special revenue funds
13,981,864	14,481,613	14,356,308	12,519,153		Debt service
					Capital projects funds
				\$ 2,500,000	Non-spendable, reported in:
					Long-term receivables
				17,176,503	Restricted, reported in:
				21,277,646	Housing programs
				849,804	Public improvements
				5,892,439	Streets
				1,373,263	Lighting
				6,763,374	Landscape
				638,599	Debt service
				265,017	Special programs
					Law enforcement
				3,853,912	Committed, reported in:
				3,284,875	Streets
					Equipment
				1,018,979	Assigned, reported in:
				(13,848,190)	Capital
					Unassigned
<u>\$ 57,218,620</u>	<u>\$ 71,414,670</u>	<u>\$ 77,744,574</u>	<u>\$ 55,086,997</u>	<u>\$ 51,046,221</u>	Total all other governmental funds
					Concluded

SOURCE:
City of Simi Valley

**CITY OF SIMI VALLEY
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2001-02	2002-03	2003-04	2004-05	2005-06
Revenues					
Taxes	\$ 27,555,182	\$ 29,297,747	\$ 31,605,628	\$ 39,583,365	\$ 44,789,216
Tax increment	8,806,439	9,147,579	10,256,245	10,608,367	12,531,554
Licenses and permits	2,611,829	3,000,142	3,910,943	5,761,949	4,489,743
Fines and forfeitures	747,781	759,786	692,871	744,172	630,175
Use of money and property	2,964,359	2,455,014	2,966,909	4,668,436	4,887,835
From other governments	13,169,562	13,094,236	12,072,537	9,228,523	8,059,121
Grants	4,727,219	3,595,929	4,662,677	3,000,993	3,641,439
Service charges	3,574,203	3,380,322	5,482,337	4,123,659	3,706,112
Other revenues	2,075,997	1,548,029	1,530,971	6,844,687	6,589,485
Total revenues	66,232,571	66,278,784	73,181,118	84,564,151	89,324,680
Expenditures					
Current:					
General government	4,739,066	6,656,623	5,360,370	5,705,571	5,629,708
Community services	3,022,864	4,481,811	3,233,192	3,327,916	3,976,095
Planning	5,851,490	5,576,295	11,432,418	10,409,949	8,989,679
Public ways and facilities	12,293,447	12,464,375	13,847,391	14,674,133	15,380,796
Public safety	18,643,300	19,828,550	23,086,299	25,427,341	27,244,060
Capital outlay	12,576,967	5,545,599	4,916,881	12,400,928	36,854,154
Debt service:					
Principal	3,518,781	1,249,101	863,166	1,210,000	1,250,000
Interest	2,805,898	2,552,923	2,168,481	2,753,209	3,516,184
Refunding escrow	-	1,666,163	-	-	-
Bond issuance costs	-	930,403	-	662,894	-
Administration	14,553	7,594	-	-	-
Other	-	-	8,640	328,503	12,033
Intergovernmental	2,771,780	3,132,557	3,628,878	4,126,132	4,649,143
Total expenditures	66,238,146	64,091,994	68,545,716	81,026,576	107,501,852
Excess of revenues over (under) expenditures	(5,575)	2,186,790	4,635,402	3,537,575	(18,177,172)
Other Financing Sources (Uses)					
Transfers in	19,243,028	16,244,221	18,790,186	22,547,788	44,861,615
Transfers out	(20,276,040)	(17,668,880)	(20,455,120)	(24,100,325)	(46,173,207)
Bonds issued	-	32,251,576	-	26,341,593	-
Payment to escrow agent	-	(29,176,958)	-	-	-
Proceeds from loans, notes & cash advances	1,401,121	-	-	-	-
Gain on property held for sale	-	-	144,972	-	3,446,150
Refund excess reserves	-	-	(24,245)	-	-
Payments of notes payable	-	-	(109,812)	-	-
Contributions	-	-	-	-	5,343,377
Total other financing sources (uses)	368,109	1,649,959	(1,654,019)	24,789,056	7,477,935
Net change in fund balances	\$ 362,534	\$ 3,836,749	\$ 2,981,383	\$ 28,326,631	\$ (10,699,237)
Debt service as a percentage of noncapital expenditures	11.81%	6.34%	4.72%	5.77%	6.42%

Continued

SOURCE:
City of Simi Valley

CITY OF SIMI VALLEY
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year					
2006-07	2007-08	2008-09	2009-10	2010-11	
					Revenues
\$ 48,305,419	\$ 48,690,897	\$ 46,635,899	\$ 44,026,482	\$ 45,736,089	Taxes
18,945,240	20,185,134	21,359,827	21,138,010	19,170,235	Tax increment
2,446,051	1,863,206	1,229,773	1,150,132	1,200,244	Licenses and permits
608,633	639,866	644,896	489,711	566,057	Fines and forfeitures
6,030,520	5,875,792	4,293,281	2,715,919	2,437,963	Use of money and property
9,178,483	7,562,068	8,914,197	9,287,441	7,412,657	From other governments
8,154,157	2,824,043	2,852,825	4,917,901	3,502,622	Grants
3,330,461	2,743,227	2,311,017	2,197,536	1,990,630	Service charges
2,736,158	4,705,669	1,015,381	825,701	3,092,920	Other revenues
<u>99,735,122</u>	<u>95,089,902</u>	<u>89,257,096</u>	<u>86,748,833</u>	<u>85,109,417</u>	Total revenues
					Expenditures
					Current:
6,254,640	5,478,843	5,113,701	4,605,291	5,865,259	General government
3,714,488	4,062,966	3,986,859	3,992,786	3,957,419	Community services
10,449,668	9,728,843	9,737,257	12,369,305	11,524,418	Planning
16,165,062	17,794,518	16,488,718	15,462,223	14,871,235	Public ways and facilities
28,625,276	30,020,374	30,202,106	28,094,953	28,081,837	Public safety
11,720,213	9,542,356	8,345,726	8,687,535	6,029,063	Capital outlay
					Debt service:
1,750,000	1,805,000	1,870,000	1,955,000	2,045,000	Principal
3,674,962	3,410,710	3,316,982	3,038,631	2,962,880	Interest
-	-	-	-	-	Refunding escrow
-	-	-	-	-	Bond issuance costs
-	-	-	-	-	Administration
217,473	31,863	14,569	12,838	16,441	Other
<u>6,260,334</u>	<u>6,455,707</u>	<u>7,198,990</u>	<u>13,109,707</u>	<u>7,423,382</u>	Intergovernmental
<u>88,832,116</u>	<u>88,331,180</u>	<u>86,274,908</u>	<u>91,328,269</u>	<u>82,776,934</u>	Total expenditures
					Excess of revenues
10,903,006	6,758,722	2,982,188	(4,579,436)	2,332,483	over (under) expenditures
					Other Financing Sources (Uses)
28,486,035	26,256,128	30,315,435	25,099,047	26,735,331	Transfers in
(30,944,420)	(28,459,763)	(32,616,244)	(27,418,641)	(29,444,572)	Transfers out
-	-	-	-	-	Bonds issued
-	-	-	-	-	Payment to escrow agent
-	-	-	-	-	Proceeds from loans, notes & cash advances
-	-	-	-	-	Gain on property held for sale
-	-	-	-	-	Refund excess reserves
-	-	-	-	-	Payments of notes payable
-	-	-	-	-	Contributions
<u>(2,458,385)</u>	<u>(2,203,635)</u>	<u>(2,300,809)</u>	<u>(2,319,594)</u>	<u>(2,709,241)</u>	Total other financing sources (uses)
<u>\$ 8,444,621</u>	<u>\$ 4,555,087</u>	<u>\$ 681,379</u>	<u>\$ (6,899,030)</u>	<u>\$ (376,758)</u>	Net change in fund balances
6.69%	6.66%	6.59%	6.08%	6.50%	Debt service as a percentage of noncapital expenditures

Concluded

SOURCE:
City of Simi Valley

**CITY OF SIMI VALLEY
 ASSESSED VALUE AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (See Notes)**

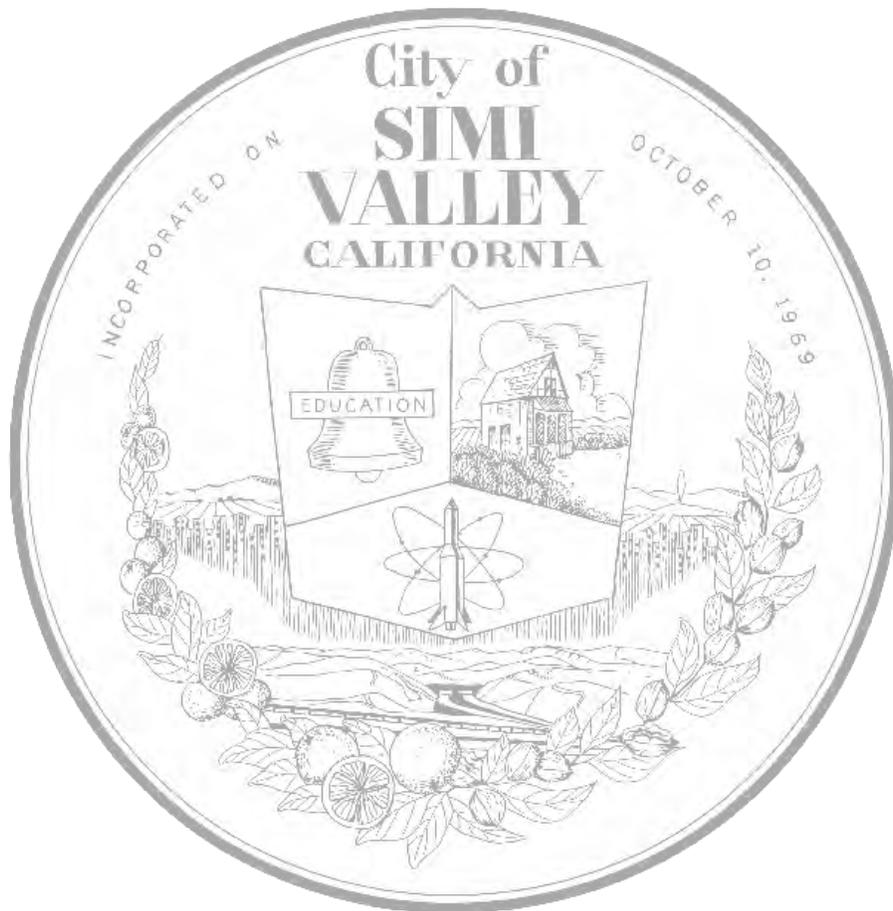
Fiscal Year	Gross Assessed Valuation ¹			Total	Percent Change	Total Direct Tax Rate
	Secured	Utility ²	Unsecured			
2001-02	8,338,284,943	4,535,050	319,123,415	8,661,943,408	8.7%	1.00%
2002-03	9,001,962,570	4,738,971	309,184,285	9,315,885,826	7.5%	1.00%
2003-04	9,674,185,767	4,137,416	311,473,006	9,989,796,189	7.2%	1.00%
2004-05	10,657,955,181	4,468,429	300,722,955	10,963,146,565	9.7%	1.00%
2005-06	11,865,261,607	4,078,386	313,933,434	12,183,273,427	11.1%	1.00%
2006-07	13,749,651,553	3,821,485	361,949,212	14,115,422,250	15.9%	1.00%
2007-08	14,923,264,537	2,626,282	396,920,281	15,322,811,100	8.6%	1.00%
2008-09	15,106,591,466	2,626,282	401,827,296	15,511,045,044	1.2%	1.00%
2009-10	14,462,957,257	2,626,282	402,295,019	14,867,878,558	-4.1%	1.00%
2010-11	14,407,261,728	2,322,792	384,620,402	14,794,204,922	-0.5%	1.00%

NOTES:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price 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 this is the data used for taxation purposes. It is subject to the limitations described above.

1. For comparison purposes, gross assessed valuations includes homeowners' exemption. Although this exemption reduces property tax collections, a portion of the revenue loss is reimbursed by the State of California. As such, gross assessed valuation is the revenue base used in establishing property tax-related revenues.

2. Valuations are established by the County Assessor of the County of Ventura, except for property owned by private utility companies, which is valued by the State of California.



**CITY OF SIMI VALLEY
DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)**

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Basic Tax Levy per Article 13A of California State Constitution	1.000000	1.000000	1.000000	1.000000	1.000000
City	-	-	-	-	-
Total direct	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
County Flood Control District	0.001632	0.000624	0.000297	-	-
Simi Valley Unified School District	0.026700	0.025700	0.024700	0.065800	0.051200
Metropolitan Water District	0.007700	0.006700	0.006100	0.005800	0.005200
Ventura College District	-	0.017800	0.016600	0.013000	0.013000
Total direct and overlapping	<u><u>1.036032</u></u>	<u><u>1.050824</u></u>	<u><u>1.047697</u></u>	<u><u>1.084600</u></u>	<u><u>1.069400</u></u>

Continued

NOTES:

The tax rate information provided is for Tax Rate Area 09006, the largest tax rate area in the City.

Overlapping rates are those of local and county governments that apply to property owners within the City of Simi Valley. Not all overlapping rates apply to all Simi Valley property owners; for example, although the county property tax rates apply to all city property owners, the Flood Control District rates apply only to city property owners whose property is located within that district's geographic boundaries.

**CITY OF SIMI VALLEY
DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)**

<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	
1.000000	1.000000	1.000000	1.000000	1.000000	Basic Tax Levy per Article 13A of California State Constitution
-	-	-	-	-	City
<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	Total direct
-	-	-	-	-	County Flood Control District
0.048900	0.048300	0.048400	0.051900	0.054400	Simi Valley Unified School District
0.004700	0.004500	0.004300	0.004300	0.003700	Metropolitan Water District
0.012700	0.005000	0.015200	0.013900	0.015100	Ventura College District
<u><u>1.066300</u></u>	<u><u>1.057800</u></u>	<u><u>1.067900</u></u>	<u><u>1.070100</u></u>	<u><u>1.073200</u></u>	Total direct and overlapping

Concluded

SOURCE:
California Municipal Statistics, Inc.

**CITY OF SIMI VALLEY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Bank of America	\$ 115,856,108	1	0.77%	-		
Tishman Speyer Archstone	101,700,000	2	0.68%	-		
Fountains Apt Ltd	74,752,683	3	0.50%	-		
Target Corporation	59,828,448	4	0.40%	-		
Essex Meadowood	57,798,455	5	0.38%	\$ 25,568,431	6	0.30%
South Street Center LLC	51,181,018	6	0.34%	-		
Mountaingate Associates LLC	43,314,998	7	0.29%	-		
Stone Creek Investors	40,907,764	8	0.27%	35,353,033	3	0.42%
ESG Properties I LLC	40,340,631	9	0.27%	-		
CLF Simi Valley Business TR/ CLF Galena SV Business TR	39,146,000	10	0.26%	-		
Countrywide Funding Corporation	-			75,288,068	1	0.89%
Lincoln Wood Ranch	-			41,890,092	2	0.49%
Simi Entertainment Plaza	-			30,873,104	4	0.36%
Mountaingate Plaza	-			29,700,578	5	0.35%
Casden Creekside LP	-			25,478,342	7	0.30%
Big Sky Country Club LLC	-			24,876,435	8	0.29%
F I G Holding Co	-			21,520,000	9	0.25%
Strategic Performance Fund - II	-			21,071,949	10	0.25%
Total Taxable Assessed Value Ten Largest Taxpayers	\$ 624,826,105		4.16%	\$ 331,620,032		3.90%

SOURCE:
Ventura County Auditor-Controller

**CITY OF SIMI VALLEY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2001-02	\$ 96,624,697	\$ 94,486,989	97.79%		\$ 94,486,989	97.79%
2002-03	104,460,998	102,875,792	98.48%		102,875,792	98.48%
2003-04	113,380,764	111,280,050	98.15%		111,280,050	98.15%
2004-05	128,172,093	125,407,288	97.84%	\$ 2,731,373	128,138,661	99.97%
2005-06	138,585,819	128,788,614	92.93%	4,781,686	133,570,300	96.38%
2006-07	29,433,179 ¹	26,416,030	89.75%	2,912,199	29,328,229	99.64%
2007-08	32,687,821	29,366,179	89.84%	1,674,643	31,040,822	94.96%
2008-09	34,099,599	30,065,640	88.17%	401,864	30,467,504	89.35%
2009-10	33,690,500	27,706,277	82.24%	104,059	27,810,336	82.55%
2010-11	32,672,899	28,924,095	88.53%		28,924,095	88.53%

1. To comply with the requirements of GASB Statement 44 the County must now make data available for individual taxing entities. Starting with Fiscal Year 2006-07 only the secured property tax data for the City of Simi Valley and its Redevelopment Agency is presented in this table.

NOTE:

Data presented for Fiscal Years 2001-02 thru 2005-06 consisted of the total secured levy and collections for all taxing entities within the boundaries of the City of Simi Valley. Proposition 13, enacted on June 6, 1978, established a maximum County-wide levy for general purpose revenues of 1% of market value. The complexity of the distribution formula made it difficult for the County to identify general purpose tax rates for specific taxing entities during these years.

In Fiscal Year 2010-11, the Ventura County Auditor-Controller provided additional and detailed historical data, dating back to 2004-05, regarding subsequent year collections. Using the new data provided, the statistical data for years 2004-05 through 2009-10 has been restated to reflect a more accurate presentation of the tax levy and collection data.

The Ventura County Tax Collector is responsible for all property tax roll levies and collections within the City of Simi Valley.

The City of Simi Valley has not levied a general purpose property tax subsequent to the passage of Proposition 13.

Collections presented do not include penalty charges or interest collected.

SOURCE:
Ventura County Controller-Auditor

**CITY OF SIMI VALLEY
GOVERNMENTAL REVENUES AND NET OTHER FINANCING SOURCES
LAST TEN FISCAL YEARS ¹**

Revenues

Fiscal Year	Property Taxes	Sales Taxes	Other Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	From Other Govt's
2001-02	17,410,850	12,683,123	6,267,648	2,611,829	747,781	2,964,359	13,169,562
2002-03	19,295,434	12,830,405	6,319,487	3,000,142	759,786	2,455,014	13,094,236
2003-04	20,981,163	13,878,702	7,002,008	3,910,943	692,871	2,966,909	12,072,537
2004-05	27,899,227	14,829,984	7,462,521	5,761,949	744,172	4,668,436	9,228,523
2005-06	32,255,028	16,301,320	8,764,422	4,489,743	630,175	4,887,835	8,059,121
2006-07	41,663,078	17,705,751	7,881,830	2,446,051	608,633	6,030,520	9,178,483
2007-08	44,481,495	16,894,319	7,500,217	1,863,206	639,866	5,875,792	7,562,068
2008-09	45,727,325	14,079,329	8,189,072	1,229,773	644,896	4,293,281	8,914,197
2009-10	44,522,170	12,969,115	7,673,207	1,150,132	489,711	2,715,919	9,287,441
2010-11	42,224,041	14,632,972	8,049,311	1,200,244	566,057	2,437,963	7,412,657

Continued

NOTE:

1. Includes all Governmental Fund Types.

**CITY OF SIMI VALLEY
GOVERNMENTAL REVENUES AND NET OTHER FINANCING SOURCES
LAST TEN FISCAL YEARS ¹**

Revenues						
Grants	Service Charges	Other Revenues	Total Revenues	Net Other Financing Sources	Total	Fiscal Year
4,727,219	3,574,203	2,075,997	66,232,571	368,109	66,600,680	2001-02
3,595,929	3,380,322	1,548,029	66,278,784	1,649,959	67,928,743	2002-03
4,662,677	5,482,337	1,530,971	73,181,118	(1,654,019)	71,527,099	2003-04
3,000,993	4,123,659	6,844,687	84,564,151	24,789,056	109,353,207	2004-05
3,641,439	3,706,112	11,932,862	94,668,057	2,134,558	96,802,615	2005-06
8,154,157	3,330,461	2,736,158	99,735,122	(2,458,385)	97,276,737	2006-07
2,824,043	2,743,227	4,705,669	95,089,902	(2,203,635)	92,886,267	2007-08
2,852,825	2,311,017	1,015,381	89,257,096	(2,300,809)	86,956,287	2008-09
4,917,901	2,197,536	825,701	86,748,833	(2,319,594)	84,429,239	2009-10
3,502,622	1,990,630	3,092,920	85,109,417	(2,709,241)	82,400,176	2010-11
						Concluded

SOURCE:
City of Simi Valley

**City of Simi Valley
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Total Primary Government	Percent of Personal Income ²	Debt Per Capita ²
	Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Special Assessment Bonds ¹			
2002	\$31,015,000	\$ 9,300,000	-	\$ 21,497,968	\$ 61,812,968	1.85%	526.37
2003	31,795,000	8,825,000	-	18,750,000	59,370,000	1.71%	502.75
2004	31,435,000	8,325,000	-	17,690,000	57,450,000	1.59%	480.39
2005	30,745,000	7,805,000	\$ 25,955,000	17,405,000	81,910,000	2.17%	675.35
2006	30,040,000	7,260,000	25,955,000	16,600,000	79,855,000	2.01%	644.39
2007	29,320,000	6,690,000	25,495,000	15,710,000	77,215,000	1.89%	613.60
2008	28,590,000	6,095,000	25,015,000	12,380,000	72,080,000	1.70%	571.42
2009	27,840,000	5,470,000	24,520,000	12,150,000	69,980,000	1.61%	554.08
2010	27,060,000	4,815,000	24,000,000	11,870,000	67,745,000	1.70%	536.26
2011	26,250,000	4,120,000	23,460,000	11,600,000	65,430,000	1.47%	517.78

NOTES:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1. The City is not obligated for these bonds.

2. See Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF SIMI VALLEY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2011 (See Notes)**

2010-11 Assessed Valuation	\$ 14,794,204,922
Less Redevelopment Agency Incremental Valuation	1,974,831,381
Adjusted Assessed Valuation	\$ 12,819,373,541

	Outstanding Debt 6/30/11	Percentage Applicable ¹	Estimated Share of Overlapping Debt 6/30/11
<u>Overlapping and Assessment Debt Repaid with Property Taxes</u>			
Metropolitan Water District	\$ 227,670,000	0.718 %	\$ 1,634,671
Ventura County Community College District	314,522,814	13.534	42,567,518
Simi Valley Unified School District	151,409,790	96.333	145,857,593
City of Simi Valley Community Facilities Dist No.2004-1	8,570,000	100.000	8,570,000
City of Simi Valley 1915 Act Bonds	3,030,000	100.000	3,030,000
<u>Overlapping Other Debt</u>			
Ventura County General Fund Obligations	101,290,000	13.530	13,704,537
Ventura County Superintendent of Schools Certificates	12,140,000	13.530	1,642,542
Simi Valley Unified School District Certificates	11,255,000	96.333	10,842,279
Rancho Simi Recreation & Park District Authority	175,000	82.199	143,848
Total overlapping and assessment debt			227,992,988
<u>City Direct Debt</u>			
City of Simi Valley Lease Revenue Bonds	4,120,000	100.000	4,120,000
City of Simi Valley Certificates of Participation	23,460,000	100.000	23,460,000
Total direct debt			27,580,000
Total direct and overlapping debt			\$ 255,572,988

NOTES:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. The process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

1. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property 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.

SOURCE:
City of Simi Valley
California Municipal Statistics, Inc.

**City of Simi Valley
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt limit	\$ 324,822,878	\$ 349,345,718	\$ 374,617,357	\$ 411,117,996	\$ 456,872,754
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 324,822,878</u>	<u>\$ 349,345,718</u>	<u>\$ 374,617,357</u>	<u>\$ 411,117,996</u>	<u>\$ 456,872,754</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Continued

NOTE:

1. California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

SOURCE:
California Municipal Statistics, Inc.

**City of Simi Valley
Legal Debt Margin Information
Last Ten Fiscal Years**

Fiscal Year					
2007	2008	2009	2010	2011	
\$ 529,328,334	\$ 574,605,416	\$ 581,664,189	\$ 557,545,466	\$ 554,782,685	Debt limit
-	-	-	-	-	Total net debt applicable to limit
<u>\$ 529,328,334</u>	<u>\$ 574,605,416</u>	<u>\$ 581,664,189</u>	<u>\$ 557,545,466</u>	<u>\$ 554,782,685</u>	Legal debt margin
0%	0%	0%	0%	0%	Total net debt applicable to the limit as a percentage of debt limit
Concluded					

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$	14,794,204,922
Debt limit (3.75% of assessed value) ¹	\$	554,782,685
General obligation bonds		-
Legal debt margin	\$	554,782,685

SOURCE:
California Municipal Statistics, Inc.

**CITY OF SIMI VALLEY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income ¹	Median Age	Public School Enrollment	Unemployment Rate
2002	117,432	3,337,770	28,423	35.3	21,127	4.5%
2003	118,090	3,464,997	29,342	35.6	21,359	4.7%
2004	119,590	3,618,793	30,260	35.9	21,377	4.4%
2005	121,286	3,781,576	31,179	36.2	21,329	3.8%
2006	123,924	3,977,713	32,098	36.5	21,205	3.6%
2007	125,840	4,085,521	32,466	35.8	21,040	3.8%
2008	126,142	4,246,949	33,668	35.9	21,700	5.0%
2009	126,300	4,338,026	34,347	38.8	21,500	8.5%
2010	126,329	3,978,227	31,491	37.4	20,681	8.8%
2011	126,366	4,436,078	35,105	36.0	20,340	8.5%

NOTE:

1. Per capita income for year 2005 and 2010 was obtained from the US Census Bureau. Per capita income for interim years has been inflation adjusted by the US Census Bureau.

SOURCES:

City of Simi Valley
State of California Employment Development Department
US Census Bureau
Ventura County Statistical Abstract

**CITY OF SIMI VALLEY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Employed Labor Force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Employed Labor Force</u>
Simi Valley Unified School District	2,016	1	2.92%	2,873	2	4.56%
Simi Valley Hospital & Health Care	724	2	1.05%	850	4	1.35%
Rancho Simi Parks & Recreation District	626	3	0.91%	270	9	0.43%
City of Simi Valley	545	4	0.79%	650	5	1.03%
Aerovironment Inc	475	5	0.69%	-		
Vons Grocery Stores	377	6	0.55%	-		
Meggitt Safety Systems, Inc	321	7	0.47%	291	8	0.46%
Nexicore	274	8	0.40%	-		
Albertsons, Inc	265	9	0.38%	-		
Wal-Mart	250	10	0.36%	-		
Countrywide Home Loans ¹	-			4,751	1	7.54%
Farmers Insurance Group	-			1,000	3	1.59%
Milgard Manufacturing, Inc	-			312	6	0.50%
Polytainer, Inc	-			308	7	0.49%
Cerwin Vega Inc	-			270	9	0.43%
Computer Parts Unlimited	-			250	10	0.40%
Total	<u>5,873</u>		<u>8.51%</u>	<u>11,825</u>		<u>18.77%</u>

NOTE:

1. From 1998 to 2008 Countrywide Home Loans was ranked as the number one principal employer. In July 2008, Bank of America acquired Countrywide Financial Corp. Due to security reasons, Bank of America will not disclose the number of employees at their Simi Valley locations.

Of fifty-four employers surveyed by the City of Simi Valley, forty-four employers responded (81%).

SOURCES:
City of Simi Valley
State of California, Employment Development Department
Labor Market Information Division

**CITY OF SIMI VALLEY
CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Full & Part Time Employees as of June 30¹									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	62	68	67	67	70	70	68	62	55	57
Community services	34	35	31	32	34	35	35	34	34	32
Planning	60	58	62	63	61	62	60	56	54	51
Public ways and facilities	118	117	114	111	107	110	102	102	97	92
Public safety										
Sworn police personnel	120	120	122	122	120	125	127	122	118	119
Civilians	68	69	66	63	70	68	64	58	57	55
Sanitation	55	54	52	53	53	53	60	54	54	54
Waterworks district no. 8	39	40	40	40	38	38	37	41	43	43
Transit	41	41	40	42	43	46	46	47	46	42
Total	597	602	594	593	596	607	599	576	558	545

NOTE:

1. Totals do not include temporary employees or part-time crossing guards.

SOURCE:
City of Simi Valley

**CITY OF SIMI VALLEY
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Business tax applications and renewals	10,286	10,392	10,426	8,696	8,546	8,675	8,735	9,253	10,310	10,177
Business tax receipts issued	7,081	7,420	7,808	7,514	8,273	8,316	8,211	8,312	8,352	9,463
Business tax revenues (\$)	1,397,335	1,370,609	1,287,934	1,355,601	1,831,590	1,778,116	1,851,630	1,698,692	1,662,604	1,751,072
Community services										
Cultural arts center events	213	230	232	220	334	227	211	380	372	349
Cultural arts center attendance	24,200	27,900	34,000	28,400	31,000	31,345	31,070	40,475	40,682	40,994
Senior center attendance	107,100	102,000	109,300	101,000	107,000	126,838	141,528	162,961	184,511	187,968
Planning										
Building permits	2,654	2,532	2,693	2,738	2,891	2,004	1,700	1,232	1,196	1,362
Plumbing, mechanical, and electrical permits	4,390	4,487	5,015	5,679	5,220	3,716	2,691	2,366	1,899	2,284
Permit valuation (thousands \$)	141,835	182,953	216,442	415,846	284,767	99,392	74,530	38,025	34,197	37,685
Public Safety										
Arrests	3,613	3,281	3,201	3,818	3,686	3,552	4,170	4,051	3,310	3,507
Enforcement citations	12,164	11,948	9,878	10,249	11,585	10,905	10,280	10,941	6,350	7,301
Public ways and facilities										
Street resurfacing (miles)	13.99	3.52	14.34	6.43	5.86	7.68	0.46	13.57	16.57	9.66
Sanitation										
Wastewater customers	30,789	30,824	34,502	35,059	35,192	35,289	35,451	36,483	36,428	36,250
Average dry weather flow (MGD)	9.00	9.00	9.20	8.84	9.50	8.80	10.00	9.50	9.30	9.20
Waterworks district no. 8										
Customers	22,925	23,053	23,292	23,757	25,195	25,375	25,452	25,642	24,920	24,942 ¹
Water delivered (million gallons)	7,126.9	7,570.5	8,188.3	8,125.6	8,128.0	8,137.0	8,679.0	7,981.4	7,192.0	6,502.0
Transit										
Fixed-route revenue miles	371,601	354,000	353,999	367,787	449,223	509,743	477,005	464,784	471,267	415,973
Fixed-route passengers	398,401	393,854	432,833	432,714	450,106	483,653	454,440	477,032	479,456	435,416
Fixed-route revenue hours	26,303	20,300	23,449	24,114	28,526	30,893	30,768	31,189	31,223	26,177
Paratransit revenue miles	280,883	276,500	260,121	235,556	238,061	240,979	199,570	189,810	189,264	179,944
Paratransit passengers	44,172	42,484	39,637	40,199	42,815	45,210	43,457	48,123	51,204	47,054
Paratransit revenue hours	25,290	25,310	20,383	20,690	19,059	18,959	17,976	17,663	17,571	17,604

NOTE:

1. Balance of community, approximately 13,300 customers, serviced by Golden State Water Co. for fiscal year 2011.

SOURCE:
City of Simi Valley
Golden State Water Co.

**CITY OF SIMI VALLEY
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fleet size	91	94	94	94	96	97	97	93	90	91
Public ways and facilities										
Streets (miles)	297.74	304.83	306.25	307.67	308.03	308.62	321.00	322.71	324.10	324.10
Streetlights ¹	7,190	7,239	7,494	7,551	7,645	7,660	7,701	7,687	7,815	7,932
Traffic signals ²	103	107	107	108	116	117	117	118	118	121
Sanitation										
Sewerlines (miles) ³	450	450	500	500	400	400	400	362	362	362
Treatment capacity (million gallons per day)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Waterworks district no. 8 ⁴										
Water mains (miles)	-	-	-	-	370	375	375	375	375	375
Fire hydrants	-	-	-	-	2,700	2,750	2,755	2,773	2,844	2,844
Storage capacity (million gallons)	-	-	-	-	51	53.5	53.5	53.5	55.8	55.8
Transit										
Buses - 40 foot	11	11	11	11	11	11	11	11	11	11
Buses - 35 foot	2	2	2	2	2	2	2	2	2	2
Paratransit Vehicles	10	11	11	13	13	12	12	10	12	12

NOTES:

No capital asset indicators are available for the general government, community services or planning function.

1. Streetlights are owned by Southern California Edison.
2. Traffic signals listed are those owned by the City. Fourteen additional signals, owned by Caltrans, are located at ramps.
3. Collection system information was estimated in fiscal years 2002 through 2005. Data for subsequent years was obtained from the City of Simi Valley's Geographical Information System. In fiscal year 2009 the number was derived from a Sewer System Management Plan update.
4. Waterworks district no 8 information will continue to be reported prospectively.

Source:
City of Simi Valley
Southern California Edison