

City of Simi Valley  
State of California  
2014-2015

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended  
June 30, 2015



City of Simi Valley  
State of California  
2014-2015

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**ANNUAL  
FINANCIAL  
REPORT**

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June 30, 2015



Bob Huber, Mayor Steven T. Sojka, Mayor Pro Tem Glen T. Becerra, Council Member Mike Judge, Council Member Keith L. Mashburn, Council Member

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015

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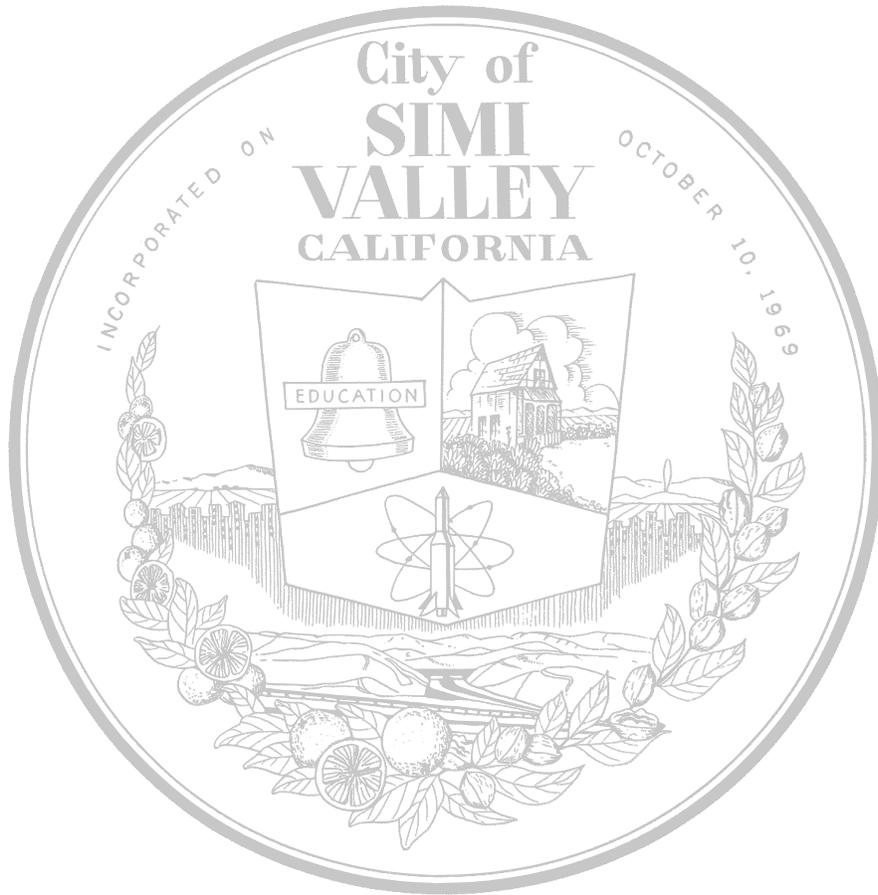
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# INTRODUCTORY SECTION



# CITY OF SIMI VALLEY

*Home of The Ronald Reagan Presidential Library*

February 10, 2016

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 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, 2015.

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.

Vasquez & Company LLP, a firm of licensed certified public accountants, has 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, 2015, 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2015, 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 126,827, 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 42.3 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, Directors of the Simi Valley Public Facilities Financing Authority, and as Board Trustees for the Simi Valley Public Library.

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.

Five operating departments report to the City Manager: Police, Public Works, Administrative Services, Environmental Services, and Community Services. The Simi Valley Public Library, Cultural Arts Center and Senior Center all operate under the umbrella of the Community Services Department. The City has its own sanitation division which 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 via the Simi Valley Transit system. 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 reports on a fiscal year basis from July 1 to June 30. Departments and agencies submit current level expenditure 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 Officer in early April. The City Manager and his/her staff conduct a series of budget review meetings with departments and agencies in April. The City Manager then presents a Proposed 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. A citizen participation meeting is held for public review and comment on the Proposed Budget.

The City Council conducts one or more budget hearings during the month of June, modifies the Proposed 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. The City Council is committed to a budget process that is open and clear to the public and which provides for public input.

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. Due to an economic downturn at the national level, an ongoing State budget crisis, dissolution of redevelopment, and virtual build-out at the local level, revenues decreased in FY 2008-09 through FY 2010-11, but since then, this downward trend appears to have tapered off. Fiscal year 2014-15 locally generated revenues from property, sales, franchise and business taxes increased by \$1.5 million, or 3.0%, over the prior fiscal year. Over the past year, total General Fund revenues increased 3.7% and over the last two fiscal years, those revenues increased 10.5%.

In recent years, the California economy has reflected a modest rebound, and City revenues are beginning to follow suit. At the City level, the year-over-year revenue increase experienced is positive evidence of a recovering local economy, albeit one that is accelerating much more slowly than it decelerated. The City remains in strong financial shape in comparison to most cities in the state of California, and will remain so in consideration of the conservative budget practices of the City Council.

The local unemployment rate as of June 30, 2015 was 4.6%, a one-half percentage point lower than reported in the previous fiscal year. 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, computer hardware, and light manufacturing.

Residential development activity in the City continues to slowly build, reflective of the nationwide trend, and is expected to continue this increase in the upcoming year. Activity in the residential and commercial real estate market is expanding, and continued, modest additions to the City's property tax roll are anticipated next year.

**Long-term Financial Planning.** The City's population has remained virtually unchanged during the current fiscal year, reflecting a nominal increase. Turnover in the real estate market is increasing, and further additions to the City's property tax roll are anticipated. In FY 2014-15, property tax revenues showed positive improvement, increasing by 3.3%, and sales tax revenues also increased by 3.3%. Other than two known major residential developments and a few smaller developments now moving forward, one of which has broken ground, significant increases in development revenues are unlikely in the long-term as the City moves toward build-out. Both discretionary and non-discretionary employment and post-employment benefits such as health insurance and retirement contributions have increased at rates higher than recognized revenue increases. Over recent years, the combined result of these economic problems has necessitated continued hiring freezes coupled with the use of some one-time fund resources to generate balanced budgets and minimize impacts to service provided to the public.

The City updates the Five-Year General Fund Financial Projection formally each year and informally throughout the year 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 update was prepared with assumption that the Consumer Price Index (CPI) will increase by 2.0% annually. Property tax revenues are projected to increase by 2% per year from FY 2015-16 through FY 2019-20 plus revenue projected for specific development projects, and sales tax is projected to increase by 2% per year through FY 2019-20. The projection plan also includes assumptions that the current staffing level, with 33 full time equivalent General Fund frozen (authorized but not funded) positions and two part time positions would be continued, that a modest \$0.6 million in General Fund monies would be appropriated to the City's Streets and Roads Program for FY 2014-15, and that any salary increases after FY 2014-15 will be partially offset by new and current employee contributions to the CalPERS retirement plan.

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 is restored to previous levels.

Despite a challenging financial environment, the City continues to be fiscally conservative, maintaining a prudent set-aside amount in committed fund balance, which equals 17% of the General Fund expenditure budget. The City also continues to set aside committed fund balance amounts for vehicle and equipment replacement based on their useful life expectancies.

The total debt of the City is currently \$20.5 million, with debt service requirements of approximately \$0.8 million (interest only) per year for fiscal years ending in 2016 and 2017. Thereafter, annual debt service requirements will be approximately \$1.5 million. On July 21, 2014, the City Council and the Board of Directors of the Simi Valley Public Facilities Financing Authority approved early repayment of the 2004 COPs through the issuance and sale of Lease Revenue Refund Bonds, Series 2014A. The sale of bonds to refund the City's 2004 COP took place on August 13, 2014. This action provided cash debt service savings of approximately \$4.2 million with a net present value savings of \$3.2 million. Initial debt service savings averaged \$865,000 for the first three years, followed by annual savings averaging \$182,000 for the next 17 years.

The total debt of the Successor Agency to the CDA, reported in the fiduciary funds, is \$23.0 million, with debt service requirements of approximately \$2.1 million per year, which are now paid through the county Redevelopment Property Tax Trust Fund (RPTTF).

**Financial Policies.** Actual results for the fiscal year resulted in a General Fund operating surplus of \$248,320. This amount includes a post fiscal year closing fund balance adjustment to reduce sales tax by \$1.7 million. Because of action by the State, an entry was required to record a triple-flip (sales tax in-lieu) true-up amount. The City's next fiscal year budget does not anticipate utilizing economic stabilization fund reserves. The City continues to actively narrow the gap between revenues and expenditures, but this will be an ongoing effort. Several opportunities for long-term financial solutions are available but will take time to implement. Staff will be bringing cost-saving and revenue development items before Council for consideration throughout the year. The current focus is on addressing the City's aging facilities and infrastructure. Because of increasing capital reserve needs and commodity costs the Sanitation and Waterworks

utility rates were increased. The City's landscape assessment districts continue to be subsidized by the General Fund. Beginning in fiscal year 2014-15, transit operations were substantially funded by Federal (FTA) grants and State TDA Article 4 grants, eliminating the General Fund subsidy which was utilized in prior fiscal years.

### **Major Initiatives**

- Refinanced the City's 2004 Certificates of Participation (bonds), saving over \$254,000 per year in payments
- Created the Simi Valley Tourism Marketing District
- Prepared a comprehensive review of all City fees and services charges
- After completing studies of Sanitation and Waterworks operations, adopted new rates to ensure adequate funding for infrastructure and to maintain a rate structure consistent with the increases in purchasing water from Calleguas Municipal Water District.
- Planning and design for the Simi Valley West recycled water projects continues

### **Recent and Planned Changes**

- During the past year, the City has experienced a large number of retirements across many departments, as well as an Assistant City Manager's departure in October, 2015, to assume a promotional opportunity with another agency. Changes in key positions provide an opportunity to analyze staffing requirements and adjust assignments and personnel resources to maximize effectiveness. Such efforts will continue to enhance the City Council's ongoing vision to provide the community with responsive, accountable, and transparent City government.
- In December, 2015, the City signed a contract with Tyler Technologies to provide technical project oversight and project implementation of a full Enterprise Resource Planning (ERP) system. The contract award equals \$4.1 million, which includes a 10% contingency cost amount. The current SAP ERP system is over fifteen years old. Replacement of current financial, people management and land management software will provide increased efficiencies and enhanced reporting capability; this is a multi-year project which will be initiated in the Spring of 2016.
- In an effort to address the City's long-term pension liabilities, effective January 1, 2016, employees enrolled in CalPERS participate in higher cost sharing for pension benefits. Depending upon the employee group and tenure with the City, employee deductions range from 5% to 12% of reportable earnings.
- In November, 2015, the City initiated a priority based budgeting project. The goal of priority based budgeting is to improve the agency's budget development to become more efficient in its financial strategies and achieve sustainable fiscal health while maintaining effective delivery of services to the public. Using analyses provided by all departments, the City will be able to make better short-term resource allocation decisions based on the relative priority of various programs and services, and also provide a methodology to link budget decisions to meet long term goals.

- The City implemented GASB Standard No. 68, which requires reporting of the net amount of the City's unfunded pension liability attributable to services rendered to date on the government-wide financial statements. The long term portion of this debt is \$98.7 million of which \$81.6 million is attributable to governmental funds and \$17.1 million is attributable to enterprise funds. See Notes section IV D for more details.

**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, 2015 was \$63,753,480. 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, 2014. This was the thirty-fifth consecutive year (fiscal years ended 1980-2014) 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. 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 Vasquez and Company 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,



Ken Al-Imam  
Interim Director, Department of Administrative Services

**OFFICIALS OF THE CITY OF SIMI VALLEY**  
(as of June 30, 2015)

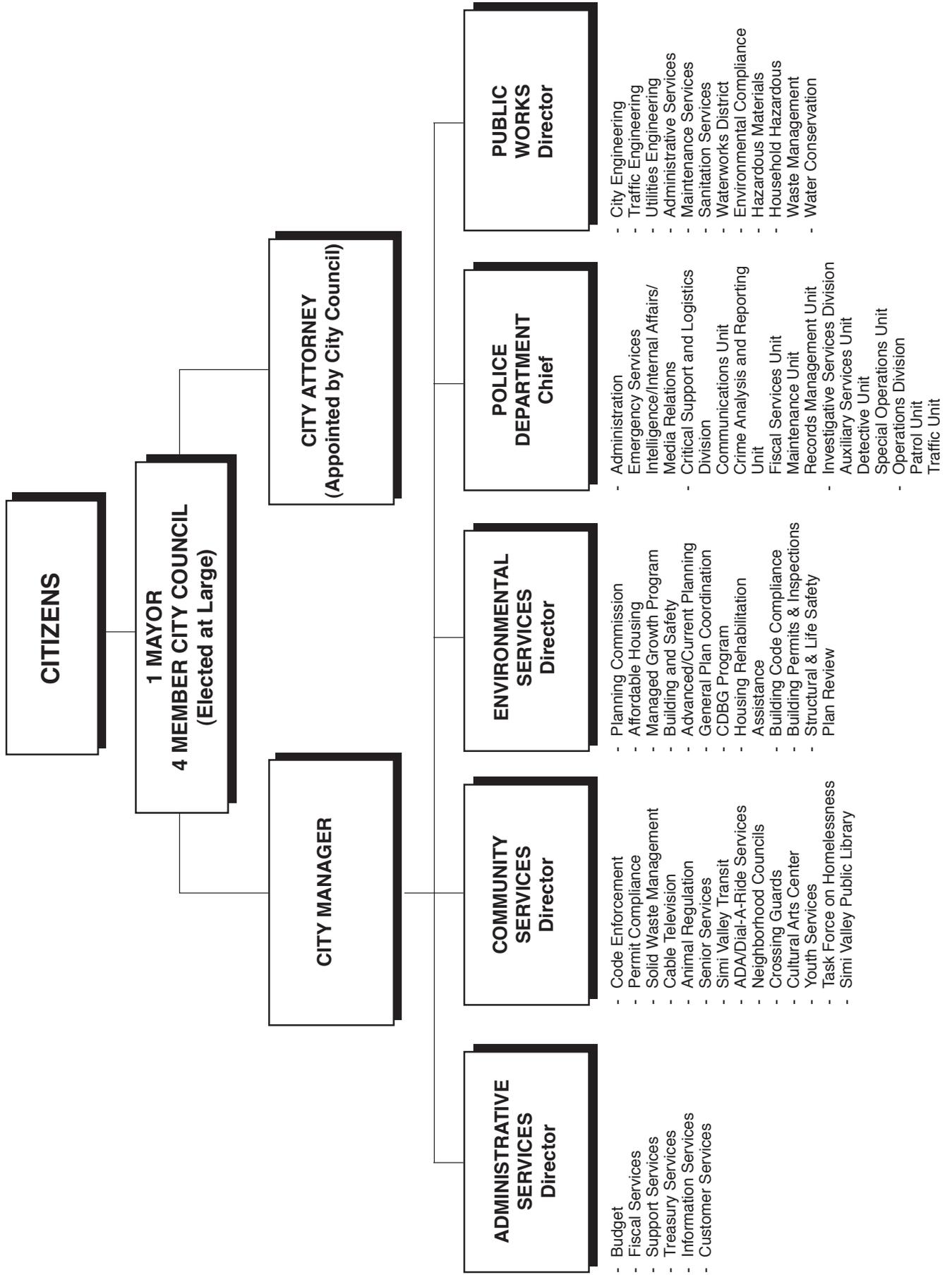
**Members of the City Council**

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

**Administrative Staff**

Eric J. Levitt . . . . . City Manager  
Lonnie Eldridge . . . . . City Attorney  
Maureen McGoldrick . . . . . Director of Administrative Services  
Sommer Barwick. . . . . Director of Community Services  
Peter Lyons . . . . . Director of Environmental Services  
Ron Fuchiwaki . . . . . Director of Public Works  
Mitch McCann. . . . . Chief of Police

# ORGANIZATION of the City of SIMI VALLEY





Government Finance Officers Association

**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, 2014**

Executive Director/CEO

# FINANCIAL SECTION

# Independent Auditors' Report



## REPORT OF INDEPENDENT AUDITORS

### **The Honorable Mayor and Members of the City Council City of Simi Valley, California**

#### **Report on the Financial Statements**

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 (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinion***

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, as of June 30, 2015, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20 and the required supplementary information on pages 95 through 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



*Implementation of New Accounting Standards*

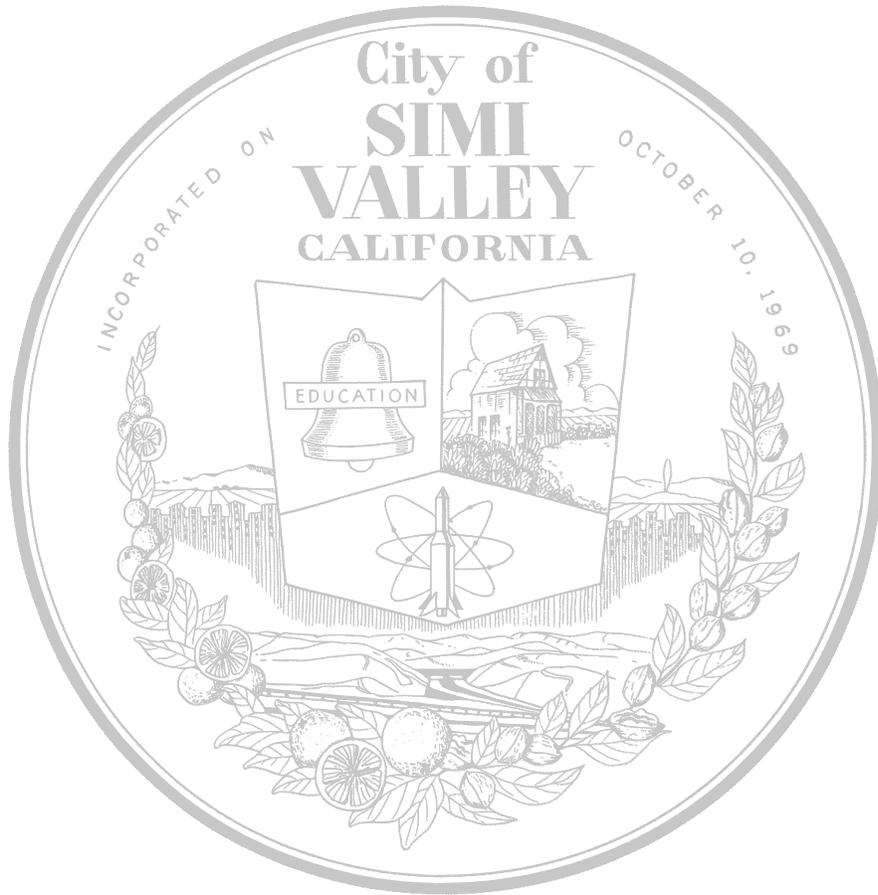
As discussed in Note 1, City has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, effective for the fiscal year ended June 30, 2015. As a result of this required implementation, the City's beginning net position was restated to retroactively report the net pension liability as of the beginning of the fiscal year. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Vasquez + Company LLP*

**Los Angeles, California  
February 8, 2016**



# 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, 2015. Please consider this information in conjunction with additional information that has been furnished in the letter of transmittal, which is located in the *Introductory Section* of this report.

### **Financial Highlights**

- At the close of the fiscal year, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$371,797,799.
- The City's total net position decreased by \$86,160,452. This amount was comprised of a \$30.0 million increase in net investment in capital assets, a \$1.1 million decrease in the restricted net position category, and a \$115.1 million decrease in unrestricted net position. \$110.3 million of this decrease was due to the prior period adjustment necessary to recognize the portion of the unfunded pension obligation associated with prior periods.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$80,855,834, an increase of \$1,474,509 in comparison with the prior year. Of the ending fund balance, approximately 21.0% or \$16,988,891 is Non-spendable in form; 36.1% or \$29,148,254 is Restricted for housing projects, public improvements, streets, transportation, landscape zones, law enforcement debt service and special programs; 33.1% or \$26,784,809 is Committed to street projects, retiree benefits, equipment replacement, economic recovery, and the prudent reserve; 10.0%, or \$8,098,815 is Assigned to capital projects; and <0.2%>, or <\$164,935> is Unassigned.
- At the end of the current fiscal year, the *Prudent Reserve* established by the City Council totaled \$11,682,715. This portion of Committed fund balance for the General fund is equal to 17% of budgeted General fund expenditures, including transfers out.
- The City of Simi Valley's total liabilities increased by \$98.9 million during the current fiscal year. This is comprised of a \$2.7 million combined decrease in accounts payable, salaries and benefits payable, interest payable, and unearned revenues and a \$1.5 million decrease in bonded indebtedness from scheduled debt service payments off-set by a \$4.4 million increase in claims, other post-employment benefits obligations, and compensated absences. Lastly, the most significant portion of the total \$98.9 million increase is attributable to the recognition of net pension liability of \$98.7 million. In prior years, this liability was not included in the liabilities section of financial statements. Effective fiscal year 2014-15, GASB standard 68 requires that the entire amount of the City's unfunded pension obligation be reported on the face of financial statements. See Notes section IV D for more detailed information.

# CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

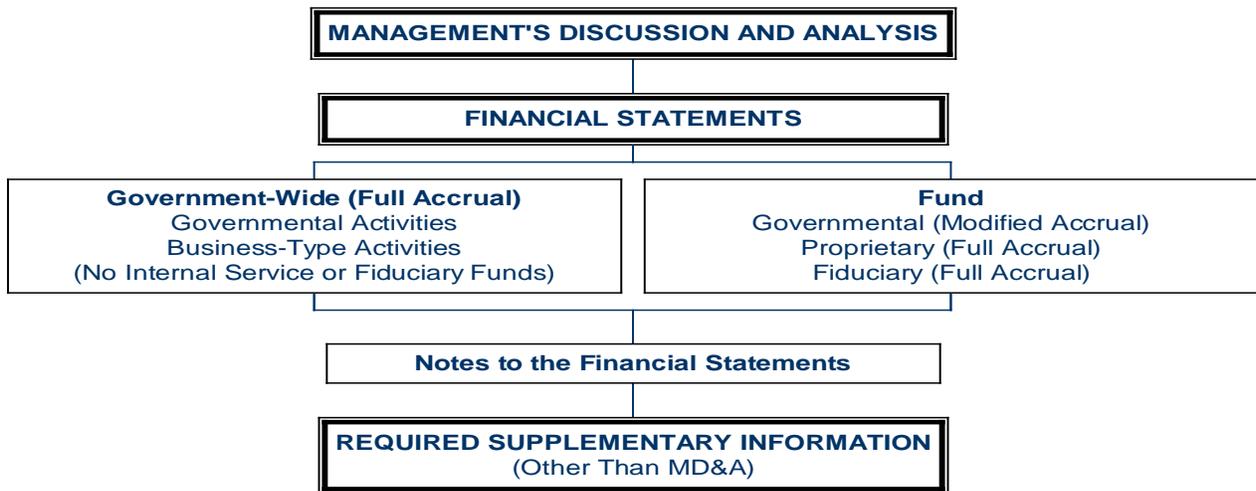
## Overview of the Financial Statements

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.

In addition, this report 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial standing of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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.

### 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 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 4 major and 17 non-major 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 three major funds: the General fund, the Successor Agency to Community Development Agency Housing Administration fund, the Development Related Fees fund, and the Streets and Roads fund. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 non-major special revenue funds in the *Supplementary Information* section.

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

**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 net position of fiduciary funds is provided in the *Supplementary Information* section of this report.

The City accounts for and reports upon two fiduciary fund-types, Agency funds and the Private-Purpose Trust fund. Agency funds account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, or other governments. The Private Purpose Trust fund accounts for the assets, deferred outflow of resources, and liabilities of the former Community Development Agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

**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 systems operations. Because the internal service 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.

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Simi Valley, assets and deferred outflows exceeded liabilities and deferred inflows by \$371,797,799 at the close of the most recent fiscal year.

A significant portion of the City's net position (94%) reflects its net investment in capital assets (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 are reported net of related debt, the resources 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 position (17%) represents resources that are subject to external restrictions on how they may be used. The remaining 11% of the City's net position represents unrestricted net position. Unrestricted net position is in a negative position due to the implementation of GASB 68. As a result of GASB 68, all local governments must now recognize on their statements of net position the full impact of the local government's unfunded pension liability. This liability is long-term in nature and its repayment is factored into future year funding contributions to be made to the pension trust as determined by plan actuaries.

### City of Simi Valley's Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
Current and other assets	\$125,790,404	\$125,279,323	\$46,584,272	\$52,583,817	\$172,374,676	\$177,863,140
Capital assets	227,956,395	208,771,198	141,770,140	132,775,502	369,726,535	341,546,700
Total assets	<u>353,746,799</u>	<u>334,050,521</u>	<u>188,354,412</u>	<u>185,359,319</u>	<u>542,101,211</u>	<u>519,409,840</u>
Deferred outflows	<u>8,568,510</u>	<u>0</u>	<u>1,535,111</u>	<u>0</u>	<u>10,103,621</u>	<u>0</u>
Long-term liabilities outstanding	117,166,748	41,270,663	16,055,692	977,906	133,222,440	42,248,569
Other liabilities	19,260,975	10,724,250	7,873,389	8,478,770	27,134,364	19,203,020
Total liabilities	<u>136,427,723</u>	<u>51,994,913</u>	<u>23,929,081</u>	<u>9,456,676</u>	<u>160,356,804</u>	<u>61,451,589</u>
Deferred inflows	<u>16,417,825</u>	<u>0</u>	<u>3,632,404</u>	<u>0</u>	<u>20,050,229</u>	<u>0</u>
Net position:						
Net investment in capital assets	207,788,585	186,806,245	141,770,140	132,775,502	349,558,725	319,581,747
Restricted	57,372,815	58,246,665	4,716,713	4,894,656	62,089,528	63,141,321
Unrestricted	(55,691,639)	37,002,698	15,841,185	38,232,485	(39,850,454)	75,235,183
Total net position	<u>\$209,469,761</u>	<u>\$282,055,608</u>	<u>\$162,328,038</u>	<u>\$175,902,643</u>	<u>\$371,797,799</u>	<u>\$457,958,251</u>

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of net position for the government as a whole, as well as for its separate governmental and business-type activities. For the prior fiscal year, the City reported positive balances in all three categories. As noted above, the negative unrestricted balances associated with the current year are a result of a new accounting requirement for all local governments to now recognize their liability for unfunded pension benefits. Prior to this change in accounting standards, local governments were not permitted to report the full impacts of this liability on their statements of net position.

### City of Simi Valley's Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 6,396,376	\$ 7,660,503	\$ 48,184,744	\$ 52,289,429	\$ 54,581,120	\$ 59,949,932
Operating grants and contributions	12,519,780	11,617,046	2,526,193	2,573,874	15,045,973	14,190,920
Capital grants and contributions	28,819,982	11,108,870	11,698,157	4,016,047	40,518,139	15,124,917
<b>General Revenues:</b>						
Property taxes	28,340,047	27,438,436			28,340,047	27,438,436
Other taxes	24,572,615	23,867,836			24,572,615	23,867,836
Interest on investments	819,685	1,046,411	955,624	1,030,711	1,775,309	2,077,122
Contributions from other governments	373,512	3,074,897			373,512	3,074,897
Other	-	-	105,367	227,858	105,367	227,858
<b>Total revenues</b>	<b>101,841,997</b>	<b>85,813,999</b>	<b>63,470,085</b>	<b>60,137,919</b>	<b>165,312,082</b>	<b>145,951,918</b>
<b>Expenses:</b>						
General government	26,057,333	26,760,161	-	-	26,057,333	26,760,161
Community services	6,264,358	6,042,418	-	-	6,264,358	6,042,418
Planning	5,634,357	5,521,272	-	-	5,634,357	5,521,272
Public ways and facilities	16,724,605	16,910,851	-	-	16,724,605	16,910,851
Public safety	31,445,540	30,548,834	-	-	31,445,540	30,548,834
Interest on long-term debt	265,922	1,059,055	-	-	265,922	1,059,055
Refunding bond issuance costs	194,069	-			194,069	-
Indirect expense allocation	(6,289,000)	(6,580,700)	6,289,000	6,580,700	-	-
Sanitation	-	-	13,349,964	14,146,203	13,349,964	14,146,203
Water	-	-	35,800,887	38,843,419	35,800,887	38,843,419
Transit	-	-	5,403,292	4,798,220	5,403,292	4,798,220
<b>Total expenses</b>	<b>80,297,184</b>	<b>80,261,891</b>	<b>60,843,143</b>	<b>64,368,542</b>	<b>141,140,327</b>	<b>144,630,433</b>
Change in net position before transfers	21,544,813	5,552,108	2,626,942	(4,230,623)	24,171,755	1,321,485
Transfers	(2,869,014)	(1,672,300)	2,869,014	1,672,300	-	-
<b>Change in Net Position</b>	<b>18,675,799</b>	<b>3,879,808</b>	<b>5,495,956</b>	<b>(2,558,323)</b>	<b>24,171,755</b>	<b>1,321,485</b>
Net position - beginning of the year,	282,055,608	278,450,800	175,902,643	178,460,966	457,958,251	456,911,766
Prior period adjustment (note IV F)	(91,261,646)	(275,000)	(19,070,561)	-	(110,332,207)	(275,000)
<b>Net Position - ending</b>	<b>\$ 209,469,761</b>	<b>\$ 282,055,608</b>	<b>\$ 162,328,038</b>	<b>\$ 175,902,643</b>	<b>\$ 371,797,799</b>	<b>\$ 457,958,251</b>

During the current fiscal year, **City-wide revenues increased by \$19.4 million, and expenses decreased by \$3.5 million as compared to the prior year.** The combination of these amounts provided an increase of \$22.9 million toward net position. Property tax revenue increased by \$0.9 million, and revenue for sales, franchise and business tax showed combined increases of \$0.7 million. Capital grants and

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

contributions increased by \$25.4 million, and operating grants and contributions revenue increased by \$0.9 million. Charges for services and miscellaneous revenue decreased by \$5.5 million. Other decreases included investment earnings, which decreased by \$0.3 million, and contributions from other governments, which decreased by \$2.7 million.

**Governmental Activities.** Governmental activities increased the City's net position by \$18,675,799 as compared to an increase of \$3.9 million in the prior year. This is a \$14.8 million swing in the positive direction and accounts for 77.7% of the City's combined increase in net position of \$24.2 million.

For governmental activities, revenues generally reflected increases as compared to the prior fiscal year. Property taxes posted a modest increase of 3.3% (\$0.9 million), and combined revenue for sales, franchise, business and other taxes increased by 3.0% (\$0.7 million). Operating grants and contributions increased by 7.8% (\$0.9 million) while capital grants and contributions increased by 159.4% (\$17.7 million). The capital grants increase is comprised of an increase in donated infrastructure of \$18.3 million, along with a \$0.6 million decrease in public works grants. Service charges decreased by 16.5% (\$1.3 million). This is largely attributable to residents' and local businesses' water conservation efforts, which resulted in lower utility billings. Investment earnings declined by 21.7% (\$0.2 million) due to overall declining yield on the securities in which the City invests. Governmental funds also reflect an 87.8% (\$2.7 million) decrease in contributions from other governments. This represents a reduction in transfers from the Successor Agency fiduciary fund for reimbursement of housing program costs.

Changes in expenses in the functional areas ranged from a decrease of 2.6% to an increase of 3.7% in comparison with the previous fiscal year.

General government expenses decreased by 2.6% (\$0.7 million). Operational expenses increased by \$1.0 million; this is comprised of increases in salaries and benefits of \$0.6 million and increases in supplies and services of \$0.4 million. Other increases in expenses include \$1.7 million attributable to general government's share of the Internal Service funds' losses. Offsetting these increases, compensated absences, pension and post-employment benefits decreased by \$0.2 million, and reimbursed expenditures differed \$0.4 million from the prior year. Finally, there was a decrease in bad debt expense of \$2.8 million. This one-time expenditure in the prior year was extraordinary in nature, and there was no comparable bad debt expense in the current fiscal year.

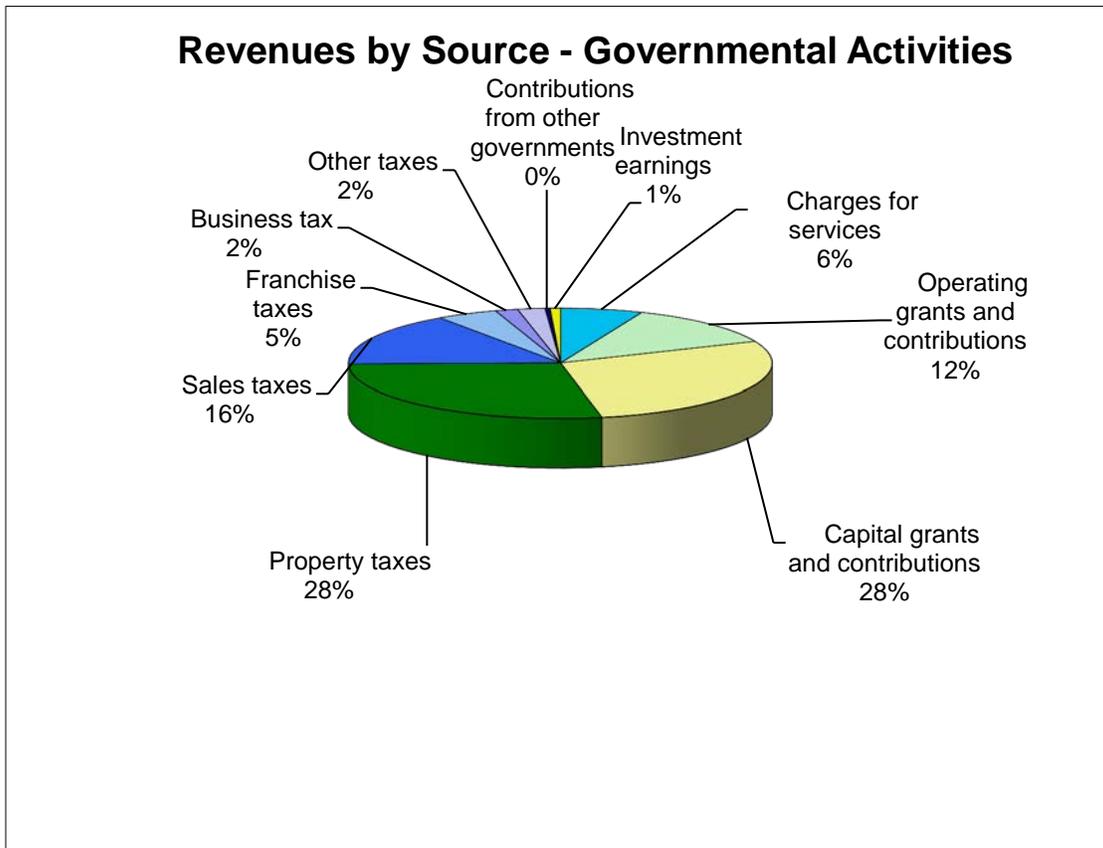
Community services expenses increased by 3.7% (\$0.2 million). Operational expenses of salaries and benefits, and supplies and services increased by \$0.4 million. Offsetting these increases, compensated absences, pension and post-employment benefits decreased by \$0.2 million.

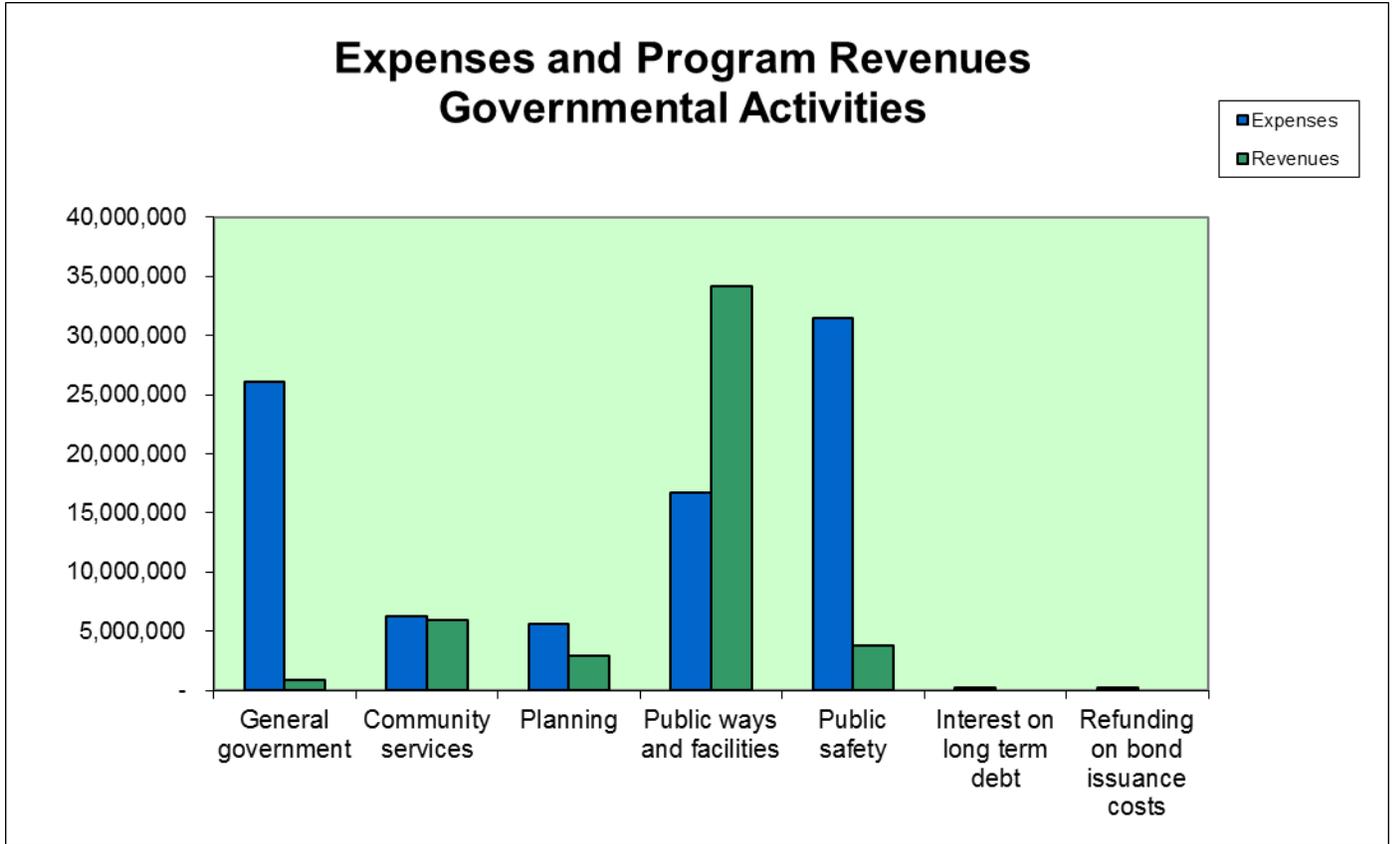
Planning expenses increased by 2.0% (\$0.1 million). Standard operational expenses reflected nominal differences from the prior year. However, there was an increase of \$0.3 million in expenses related to housing loan activity, which was offset by reductions in compensated absences, pension and post-employment benefits of \$0.2 million.

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Public ways and facilities expenses decreased by 1.1% (\$0.2 million). Public Works operational expenses of salaries and benefits increased by \$0.3 million. Offsetting these increases, compensated absences, pension and post-employment benefits decreased by \$0.5 million.

Public safety expenses increased by 2.9% (\$0.9 million). Police Department salaries and benefits increased by \$1.6 million, and expenditures for supplies services increased by \$0.3 million. Offsetting these increases, compensated absences, pension and post-employment benefits decreased by \$1.0 million.





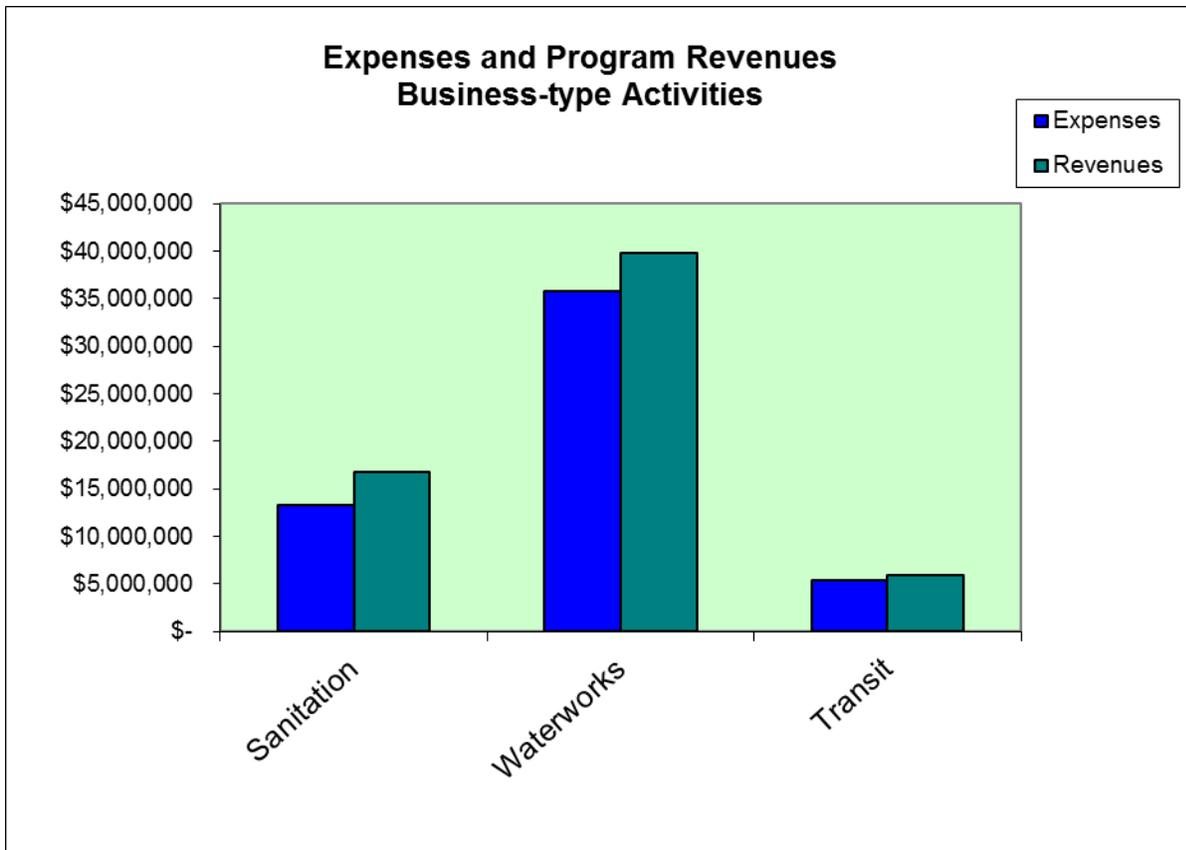
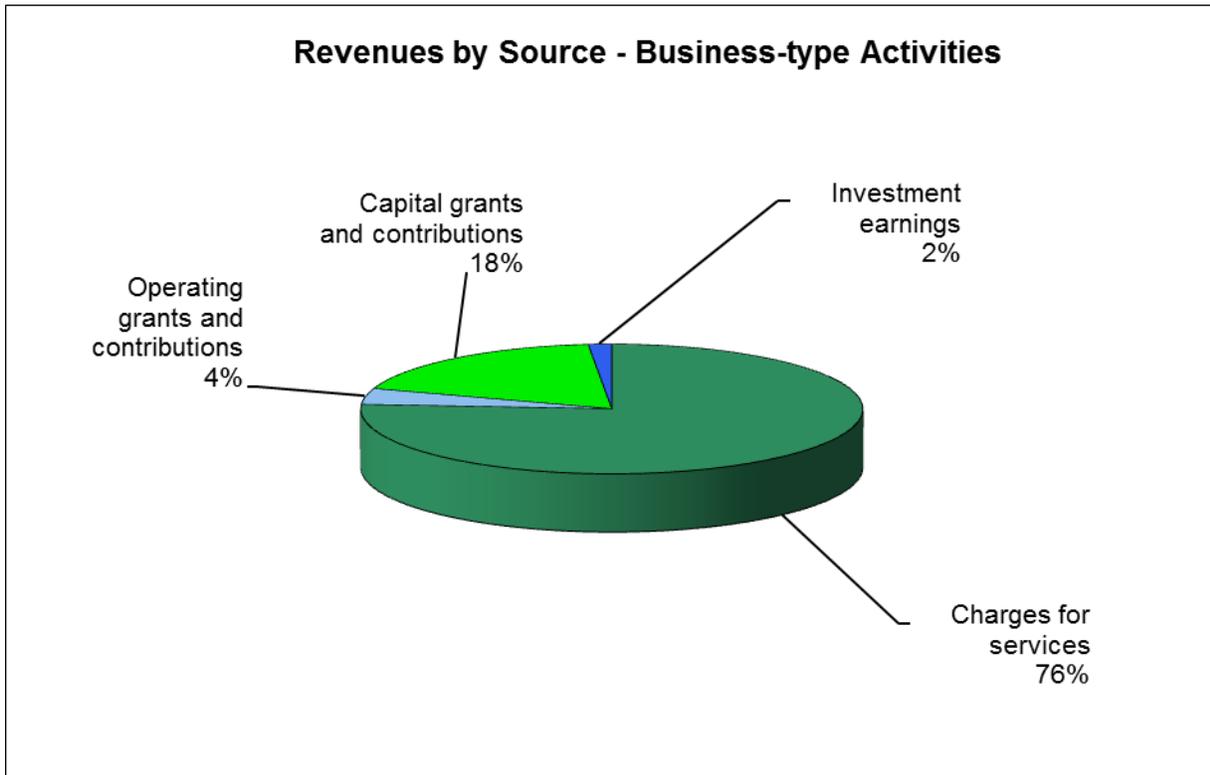
**Business-type Activities.** Business-type activities increased the City’s net position by \$5,495,956, as compared to a \$2.6 million decrease in the prior year. Key elements for the changes in net position during the fiscal year are as follows:

In comparison to the prior fiscal year, overall revenue, before transfers, increased by \$3.3 million. Charges for services decreased by 8.1% (\$4.2 million). Lower water sales resulted from a focus on water conservation embraced by residents and businesses. Operating grants and contributions decreased by 1.9% (less than \$0.1 million). Additionally, business-type activities experienced a 7.3% (\$0.1 million) decrease in investment earnings. Offsetting these decreases, there was a 191.3% (\$7.7 million) increase in capital grants and contributions. The bulk of these increases are associated with contributed infrastructure and developer contributions to the Sanitation and Waterworks Funds.

Expenses decreased by 5.6% (\$3.2 million) as compared to the prior fiscal year. Most of the decreases occurred in the waterworks enterprise fund, primarily due to decreases in water purchase costs, which were lower by 11.4% (\$3.4 million). This is due to a drop in demand, i.e. - lower water sales. Overall costs for maintenance projects decreased in the sanitation enterprise fund by 59.3% (\$1.5 million) and increased in the waterworks enterprise fund by 32.3% (\$0.1 million). Other business-type activities expense changes are attributable to combined decreases in salaries and benefits of \$0.3 million along with other supplies and services increases totaling \$0.6 million. The enterprise funds also experienced a combined 760% (\$1.3 million) increase in their equitable share of internal service fund losses for the fiscal year.

# CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

The transit operation was funded by Federal and State 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 that 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. However, in governmental funds other than the General fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

At the end of the current fiscal year, the City's governmental funds experienced combined ending fund balances of \$80,855,834, an increase of just under \$1.5 million when compared to the prior year. Of this total amount, 21.1% (\$17.0 million) is *Non-spendable* in form, comprised of long-term receivables. Of the ending governmental fund balances, 36.0% (\$29.1 million) is *Restricted* for specific activities including housing programs, public improvements, streets, landscape, debt service and law enforcement programs. Of the governmental fund balances, 33.1% is classified as *Committed*. \$15.1 million is *Committed* to street programs, retiree benefits, equipment replacement programs, and economic recovery. \$11.7 million is *Committed* to the General fund as a prudent reserve. The prudent reserve represents 17% (two months) of budgeted expenditures and is set aside for responses to catastrophic events such as earthquakes, fires, floods, civil disturbances, etc. 10.0% (\$8.1 million) of the fund balance is *Assigned* for Capital programs and improvements. The remaining negative

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

0.2% (<\$0.1> million) in governmental fund balances is *Unassigned*. This amount is attributable to negative fund balance in the CalHome special revenue fund.

The fund balance of the City's General fund increased by \$0.2 million during the current fiscal year. In comparison to last fiscal year, overall revenues in the General fund increased by \$2.0 million, expenditures and net transfers out increased by \$1.8 million. This reflects movement in a positive direction toward improvement in the overall fiscal health of the City.

The net change in the fund balance of the Successor Housing Agency (SHA) to Community Development Housing Administration fund was an increase of \$2.4 million. As compared to the FY 2013-14, overall revenues decreased by \$1.2 million, but expenditures on housing programs decreased by \$3.2 million. During fiscal year 2014-15, funding sources such as the local housing fund (a component of the Development Related Fees major special revenue fund) were used to fund housing programs in lieu of using SHA funding.

The fund balance of the Development Related Fees fund decreased by \$3,375,563. During the fiscal year, revenues exceeded expenditures by \$0.2 million. However, fund balance was reduced by net transfers out of \$3.1 million used largely for street projects, computer equipment replacement, geographic information system and financial information system improvements. Other than two known residential developments now gradually moving forward, development-related revenues continue to show a decline, and it is unlikely they will increase significantly in the future, as the City is moving toward build-out.

The fund balance of the Streets and Roads fund decreased by \$71,073. Budgeted projects in this fund are pre-funded with transfers from various funds. In addition, a significant portion of street expenditures is reimbursed by Federal grants. During this fiscal year, expenditures for street projects totaled \$3.0 million, but associated grant funding was only \$1.5 million.

**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.

During fiscal year 2014-15, the Sanitation, Waterworks and Transit funds showed increases in net position of \$695,761, \$2,586,585, and \$2,213,610, respectively. Alternately, net position was reduced due to prior period adjustments of \$8,400,164, \$6,515,165, \$4,155,232, respectively, which are related to net pension liability and the implementation of GASB standard 68. See Notes section IV D for more detailed information. Unrestricted net position of the Sanitation, Waterworks and Transit funds was \$11,351,219, \$9,668,969, and <\$3,788,677>, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Business-type activities on page 11.

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

### General Fund Budgetary Highlights

The General fund final amended expenditure budget of \$64.6 million was \$1.3 million greater than the original expenditure budget of \$63.3 million, the primary contributors of which and can be briefly summarized as follows:

- \$0.4 million in additional expenditures was appropriated for prior year commitments that were carried forward across all City departments. These consisted of approved expenditure increases in the communications, furnishings and equipment, operating supplies and professional services categories, and were offset by available fund balance. Examples of expenditure items include communication systems enhancements, new cash register system, land surveys, upgrades to the EOC AV system, contract services for traffic signals and traffic collision repairs, and ballistic shields and equipment enhancements for the police department.
- \$0.9 million in increases to supplies and services expenditures across several departments; most of the increases had matching revenue offsets in the form of additional grants, contributions or donations. Examples of specific expenditures include those for curbside recycling, an investment advisor, upgrades to the Cultural Arts Center kitchen, homeless encampment, and the Civic Center LED lighting upgrades.

Actual expenditures of \$60.4 million were \$4.2 million less than the General fund final amended expenditure budget of \$64.6 million. Significant variances are summarized as follows:

- \$4.2 million of expenditure savings were achieved in the Current Expenses category. This amount is comprised of savings of \$3.6 million in Salaries & Benefits, \$1.0 million in Supplies & Materials, and \$0.7 million in the Services category, which were offset by decreases in reimbursement offsets for general administration costs of \$1.1 million.

Actual revenues were \$1.2 million less than the final budgeted amount of \$59.8 million. Because of action by the State, an entry to reduce sales tax revenue by \$1.7 million was required to record a triple-flip (sales tax in-lieu) true-up amount. Overall sales tax revenue was \$0.4 million less than anticipated but would have reflected a \$1.3 favorable result without that entry. Revenue from business taxes, licenses and permits, other governments, grants, service charges and change in book value of investments exceeded expected amounts by \$1.9 million. Alternately, collections from property taxes were \$2.7 million lower than anticipated. \$1.2 million of this amount is attributable to amounts expected from the Casden housing development, which have not yet materialized. The balance of the property tax variance is due to fewer than expected existing property sales and delays in residential new construction, which did not take shape.

# CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

## 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, 2015, amounts to \$369,726,595 (net of accumulated depreciation). This is an increase of \$28,179,835 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.

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

- \$5.5 million in street projects were completed
- \$8.0 million in sanitation and waterworks infrastructure donated by developers
- \$27.1 million in storm drains, roads, sidewalks and traffic lights were donated by developers

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

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2013-14</u>
Land	\$ 10,613,683	\$ 10,613,683	\$ 1,216,994	\$ 1,216,994	\$ 11,830,677	\$ 11,830,677
Buildings	21,673,522	23,194,326	7,192,505	7,523,416	28,866,027	30,717,742
Furnishings and equipment	3,275,113	3,678,573	894,381	1,007,857	4,169,494	4,686,430
Computers	966,123	970,072	207,077	234,989	1,173,200	1,205,061
Vehicles	1,856,757	1,535,958	5,243,434	2,652,666	7,100,191	4,188,624
Infrastructure	178,365,854	154,746,902	109,182,263	102,487,600	287,548,117	257,234,502
Intangibles	5,293,132	5,725,795	25,387	-	5,318,519	5,725,795
Construction in progress	5,912,211	8,305,889	17,808,099	17,651,980	23,720,310	25,957,869
<b>Total</b>	<b>\$ 227,956,395</b>	<b>\$ 208,771,198</b>	<b>\$ 141,770,140</b>	<b>\$ 132,775,502</b>	<b>\$ 369,726,535</b>	<b>\$ 341,546,700</b>

**CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS**

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$20,414,513. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**City of Simi Valley’s Outstanding Bonded Debt**

	Governmental	
	<u>Activities</u>	
	<u>FY 2014-15</u>	<u>FY 2013-14</u>
2004 certificates of participation	\$ -	\$ 21,705,000
Add (less) deferred amounts	-	259,953
2014A lease revenue refunding bond	18,525,000	-
Add (less) deferred amounts	1,889,513	-
<b>Total</b>	<b>\$ 20,414,513</b>	<b>\$ 21,964,953</b>

On July 21, 2014, the City Council and the Board of Directors of the Simi Valley Public Facilities Financing Authority approved early repayment of City of Simi Valley 2004 Certificates of Participation (COP) through the issuance and sale of Lease Revenue Refunding Bonds, Series 2014A. The sale of bonds to refund the City’s 2004 COP took place on August 13, 2014. The par value of the refunding bonds, which sold at a premium, was \$18,795,000, further reducing the City’s outstanding debt by \$2,910,000.

Additional information on the City’s long-term debt can be found in note III G and note IV G.

**Economic Factors and Next Year’s Budgets and Rates**

- In June 2015, the City Council adopted the FY 2015-16 annual budget. The budget represents additional changes in terms of format and approach. For example, in the past, City departments each paid in to a vehicle maintenance line item which resulted in an offsetting reimbursement to the Public Works Department’s vehicle maintenance costs. In 2015-16, the City has now rolled vehicle maintenance into the Cost Allocation Plan for similar distribution. This action affects the Public Works Department budget due to the loss of direct reimbursement which is, instead, allocated across all General fund departments. Other changes include moving one remaining employee out of the Community Development Successor Agency into the General fund (City Administration Department) with salary and benefits almost entirely paid via the annual administration payment provided by the State. In addition the City continues implementation of a phased evolution toward a priority based budget.
- The General fund Balance is projected to be lower at the end of 2015-16 than at the beginning of the year. As in past recent years, this budget represents an attempt to plan for the future by reducing ongoing costs and eliminating a structural deficit while also ensuring that service impacts to Simi Valley residents are minimized.

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

- General Fund revenues are projected to show total growth of \$0.5 million (<1%) in FY 2015-16 over last year. Budgeted gains in property and sales tax revenues are mostly offset by an estimated \$0.45 million reduction in growth-related fees and service charges, as well as a reduction in SB90 claims of over \$0.6 million due to a one-time payment during FY 2014-15 for claims many years in arrears.
- The City Council increased the Sanitation rates, which will stabilize that utility.
- For FY 2015-16, contractual changes were implemented for all employee groups, which include a requirement that employees pay increasing portions of their pension costs. This enhances the City's ongoing efforts to control current and future personnel costs.
- Property tax revenue showed an increase in FY 2014-15 of 3.3% over FY 2013-14, the third year of positive growth since the recession. This is an indication that the housing and commercial property market is slowly continuing to recover.
- Sales and Use tax receipts increased in FY 2014-15 by 3.3%, an accelerated rate as compared to last year's increase of 2.5%. Increases are expected to continue a very slow pattern of upward growth, and new ownership and upgrades to the Simi Valley Town Center Mall are expected to bring positive returns.
- According to the most recent statistics published in the City's September, 2015, Quarterly Economic Review, the City's unemployment rate is currently at 4.97% as compared to 5.67% for Ventura County and 5.6% for California. This rate reflects a 0.53% improvement over the rate reported last year.
- Current national economic indicators suggest that the economy will continue to recover at a very slow pace. Consumer spending is rising but remains significantly below what is considered typical in previous recoveries. Gains in the automotive sales and construction sectors have helped in Simi Valley but are mitigated by modest improvement in retail and dining. Despite the recovery, reduced tax revenues at the local level will affect the General fund such that overall revenues are expected to slowly recover in the near future.

### 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, Simi Valley CA 93063.

# Basic Financial Statements

# Government-Wide Financial Statements



**CITY OF SIMI VALLEY  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments (note III A)	\$ 81,976,548	\$ 34,024,418	\$ 116,000,966
Accounts receivable (net of allowance for uncollectibles) (note III C)	1,108,242	6,102,562	7,210,804
Prepaid assets	26,558	-	26,558
Taxes receivable	2,035,211	179,954	2,215,165
Grants receivable	1,676,234	2,555,713	4,231,947
Interest receivable	99,659	51,930	151,589
Internal balances (note I D 2)	3,548,272	(3,548,272)	-
Inventories	-	1,421,272	1,421,272
Restricted cash and investments (note III A):			
Customer deposits	-	952,432	952,432
Debt service	7,963	-	7,963
Connection fees	-	4,844,263	4,844,263
Total current assets	<u>90,478,687</u>	<u>46,584,272</u>	<u>137,062,959</u>
Noncurrent assets:			
Loans receivable (note III B)	26,701,676	-	26,701,676
Loan receivable - Successor Agency (note III B)	8,610,041	-	8,610,041
Capital assets (note III D):			
Capital assets not being depreciated	16,525,894	19,025,093	35,550,987
Capital assets being depreciated, net	<u>211,430,501</u>	<u>122,745,047</u>	<u>334,175,548</u>
Total noncurrent assets	<u>263,268,112</u>	<u>141,770,140</u>	<u>405,038,252</u>
Total assets	<u>353,746,799</u>	<u>188,354,412</u>	<u>542,101,211</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Loss on debt refunding	246,703	-	246,703
Deferred pension contributions	<u>8,321,807</u>	<u>1,535,111</u>	<u>9,856,918</u>
Total deferred outflows of resources	<u>8,568,510</u>	<u>1,535,111</u>	<u>10,103,621</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,811,350	3,261,376	5,072,726
Salaries and benefits payable	2,623,492	488,145	3,111,637
Accrued interest payable	199,464	-	199,464
Deposits	535,974	-	535,974
Liabilities payable from restricted assets	-	1,079,982	1,079,982
Unearned revenues	-	1,411,379	1,411,379
Current portion of long-term obligations	<u>14,090,694</u>	<u>1,632,507</u>	<u>15,723,201</u>
Total current liabilities	<u>19,260,974</u>	<u>7,873,389</u>	<u>27,134,363</u>
Noncurrent liabilities (note III G):			
Noncurrent portion of long-term obligations	<u>117,166,748</u>	<u>16,055,692</u>	<u>133,222,440</u>
Total liabilities	<u>136,427,722</u>	<u>23,929,081</u>	<u>160,356,803</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred pension trust earnings	<u>16,417,826</u>	<u>3,632,404</u>	<u>20,050,230</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	207,788,585	141,770,140	349,558,725
Restricted for:			
Capital projects	16,946,229	-	16,946,229
Debt service	7,963	-	7,963
Community development	36,088,913	-	36,088,913
Other purposes	4,329,710	-	4,329,710
Sewer connection fees and water capital improvement charges	-	4,716,713	4,716,713
Unrestricted	<u>(55,691,639)</u>	<u>15,841,185</u>	<u>(39,850,454)</u>
Total net position	<u>\$ 209,469,761</u>	<u>\$ 162,328,038</u>	<u>\$ 371,797,799</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, 2015**

	<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	\$ 26,057,333	\$ (6,452,354)	\$ 19,604,979	\$ 531,683	\$ 361,765
Community services (CS)	6,264,358	-	6,264,358	882,739	5,065,704
Planning (ES)	5,634,357	65,559	5,699,916	2,202,730	750,231
Public ways and facilities (PW)	16,724,605	97,795	16,822,400	1,913,193	3,664,503
Public safety (PD)	31,445,540	-	31,445,540	866,031	2,677,577
Interest on long term debt	265,922	-	265,922	-	-
Refunding bond issuance costs	194,069	-	194,069	-	-
<b>Total governmental activities</b>	<b>86,586,184</b>	<b>(6,289,000)</b>	<b>80,297,184</b>	<b>6,396,376</b>	<b>12,519,780</b>
Business-type activities:					
Sanitation	13,349,964	2,786,200	16,136,164	14,567,947	-
Waterworks District No. 8	35,800,887	2,183,400	37,984,287	33,215,428	-
Transit	5,403,292	1,319,400	6,722,692	401,369	2,526,193
<b>Total business-type activities</b>	<b>54,554,143</b>	<b>6,289,000</b>	<b>60,843,143</b>	<b>48,184,744</b>	<b>2,526,193</b>
<b>Total primary government</b>	<b>\$ 141,140,327</b>	<b>\$ -</b>	<b>\$ 141,140,327</b>	<b>\$ 54,581,120</b>	<b>\$ 15,045,973</b>

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Business tax
- Other taxes
- Contributions from other governments
- Investment earnings
- Miscellaneous

Transfers

- Total general revenues, contributions and transfers
- Change in net position

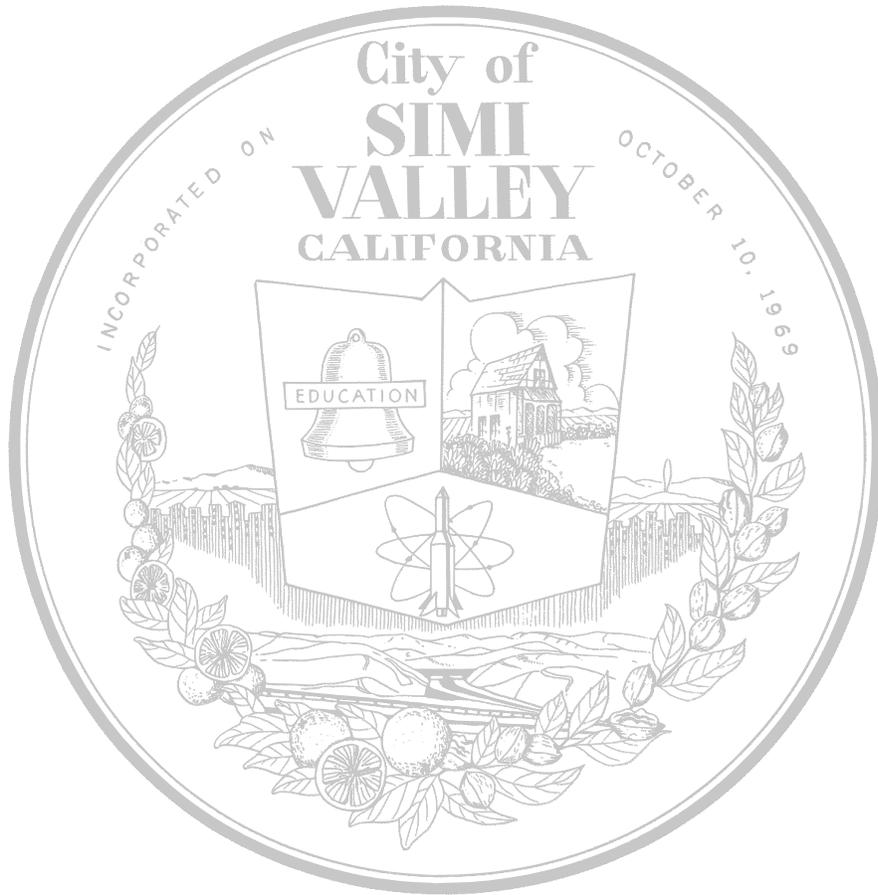
- Net position-beginning
- Prior period adjustment (note IV F)
- Net position-beginning, as restated

Net position-ending

**CITY OF SIMI VALLEY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

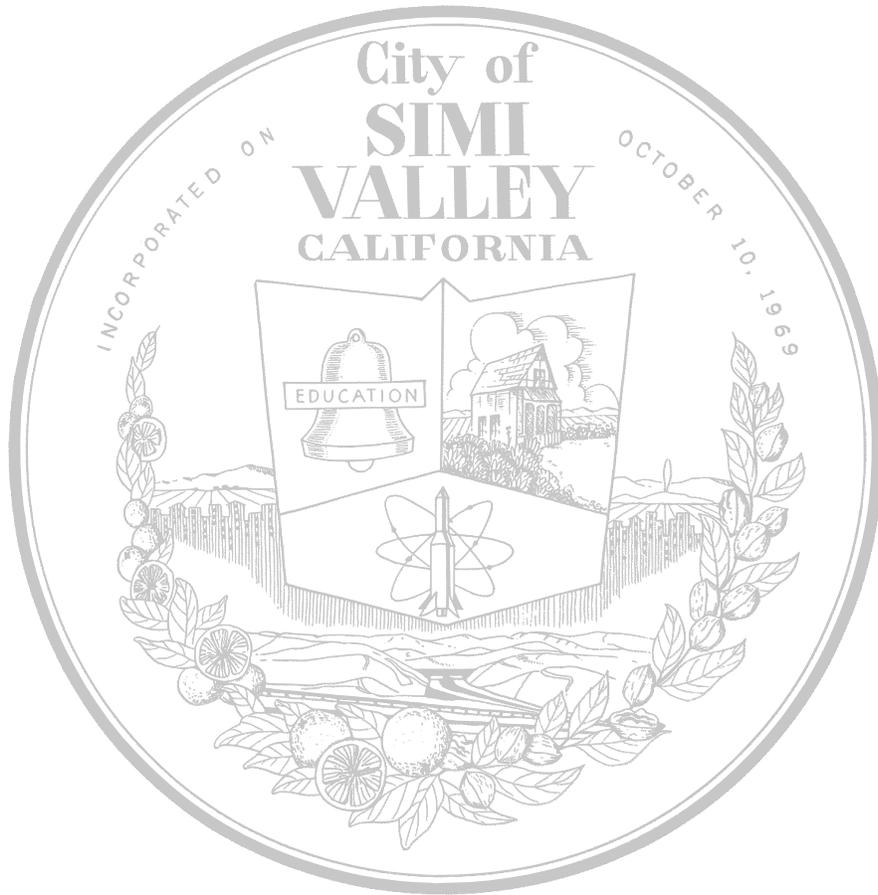
Program Revenues	Net (Expense) Revenue and Changes in Net Position			
Capital	Primary Government			
Grants and Contributions	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (18,711,531)	\$ -	\$ (18,711,531)	Primary government:
-	(315,915)	-	(315,915)	Governmental activities:
-	(2,746,955)	-	(2,746,955)	General government
28,615,812	17,371,108	-	17,371,108	Community services (CS)
204,170	(27,697,762)	-	(27,697,762)	Planning (ES)
-	(265,922)	-	(265,922)	Public ways and facilities (PW)
-	(194,069)	-	(194,069)	Public safety (PD)
				Interest on long term debt
				Refunding bond issuance costs
<u>28,819,982</u>	<u>(32,561,046)</u>	<u>-</u>	<u>(32,561,046)</u>	Total governmental activities
2,145,949	-	577,732	577,732	Business-type activities:
6,602,303	-	1,833,444	1,833,444	Sanitation
2,949,905	-	(845,225)	(845,225)	Waterworks District No. 8
				Transit
<u>11,698,157</u>	<u>-</u>	<u>1,565,951</u>	<u>1,565,951</u>	Total business-type activities
<u>\$ 40,518,139</u>	<u>(32,561,046)</u>	<u>1,565,951</u>	<u>(30,995,095)</u>	Total primary government
	28,340,047	-	28,340,047	General revenues:
	15,944,424	-	15,944,424	Property taxes
	4,757,607	-	4,757,607	Sales taxes
	1,742,469	-	1,742,469	Franchise taxes
	2,128,115	-	2,128,115	Business tax
	373,512	-	373,512	Other taxes
	819,685	955,624	1,775,309	Contributions from other governments
	-	105,367	105,367	Investment earnings
	(2,869,014)	2,869,014	-	Miscellaneous
	<u>51,236,845</u>	<u>3,930,005</u>	<u>55,166,850</u>	Transfers
	<u>18,675,799</u>	<u>5,495,956</u>	<u>24,171,755</u>	Total general revenues, contributions and transfers
	282,055,608	175,902,643	457,958,251	Change in net position
	(91,261,646)	(19,070,561)	(110,332,207)	Net position-beginning
	<u>190,793,962</u>	<u>156,832,082</u>	<u>347,626,044</u>	Prior period adjustment (note IV F)
				Net position-beginning, as restated
<u>\$ 209,469,761</u>	<u>\$ 162,328,038</u>	<u>\$ 371,797,799</u>		Net position-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, 2015**

	Special Revenue		
	General	SHA to Community Development Agency Housing Administration	Development Related Fees
<b>ASSETS</b>			
Cash and investments:			
Held by city	\$ 26,280,480	\$ 3,927,571	\$ 16,163,474
Held by bond trustee	-	-	-
Accounts receivable (net of allowance for uncollectibles) (note III C)	688,194	-	-
Taxes receivable	1,956,366	-	-
Grants receivable	-	-	-
Interest receivable	53,452	2,703	19,796
Due from other funds (note III F)	2,088,968	-	20,275
Loans receivable (note III B)	342,470	20,752,741	2,695,563
Loans receivable-Successor Agency (note III B)	8,610,041	-	-
Advances to other funds (note III F)	8,036,380	-	-
<b>TOTAL ASSETS</b>	<b>\$ 48,056,351</b>	<b>\$ 24,683,015</b>	<b>\$ 18,899,108</b>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,034,651	\$ 61,084	\$ 5,952
Salaries and benefits payable	2,613,158	-	-
Due to other funds (note III F)	-	-	-
Advances from other funds (note III F)	-	-	-
Deposits	535,974	-	-
<b>TOTAL LIABILITIES</b>	<b>4,183,783</b>	<b>61,084</b>	<b>5,952</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-housing programs	-	20,752,741	2,695,563
Unavailable revenue-public safety	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>20,752,741</b>	<b>2,695,563</b>
<b>FUND BALANCES (note III H)</b>			
Nonspendable			
Long-term receivables	16,988,891	-	-
Restricted			
Housing programs	-	3,869,190	2,964,519
Public improvements	-	-	12,161,246
Streets and transportation	-	-	1,071,828
Landscape	-	-	-
Debt service	-	-	-
Special programs	-	-	-
Law enforcement	-	-	-
Committed			
Streets	-	-	-
Retiree benefits	863,564	-	-
Special programs	283,828	-	-
Equipment	-	-	-
Economic recovery	6,084,838	-	-
Prudent reserve	11,682,715	-	-
Assigned			
Capital	7,968,732	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>43,872,568</b>	<b>3,869,190</b>	<b>16,197,593</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 48,056,351</b>	<b>\$ 24,683,015</b>	<b>\$ 18,899,108</b>

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

**CITY OF SIMI VALLEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

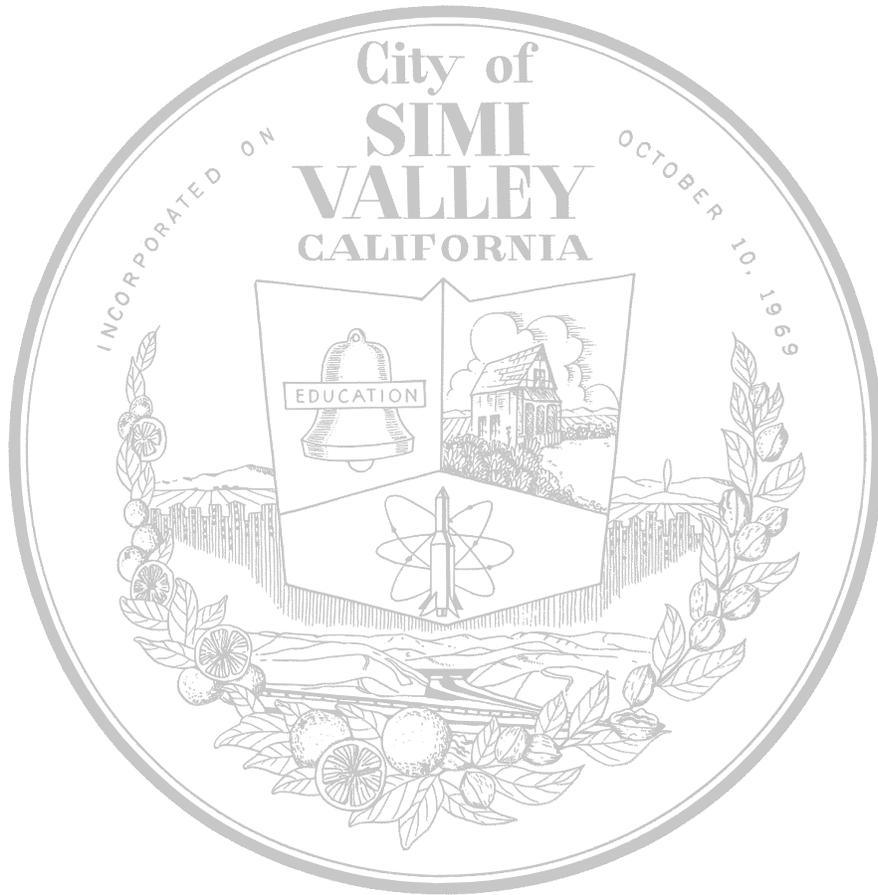
<u>Capital Projects</u>				
Streets & Roads	Nonmajor Governmental	Total Governmental Funds		
				<b>ASSETS</b>
				Cash and investments:
\$ 2,097,602	\$ 16,560,832	\$ 65,029,959		Held by city
-	7,963	7,963		Held by bond trustee
406,454	12,500	1,107,148		Accounts receivable (net of allowance for uncollectibles) (note III C)
-	78,845	2,035,211		Taxes receivable
21,636	1,654,598	1,676,234		Grants receivable
-	8,983	84,934		Interest receivable
24,934	962,314	3,096,491		Due from other funds (note III F)
-	2,910,902	26,701,676		Loans receivable (note III B)
-	-	8,610,041		Loans receivable-Successor Agency (note III B)
-	-	8,036,380		Advances to other funds (note III F)
<u>\$ 2,550,626</u>	<u>\$ 22,196,937</u>	<u>\$ 116,386,037</u>		<b>TOTAL ASSETS</b>
				<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>
				<b>LIABILITIES</b>
\$ 90,423	\$ 528,373	\$ 1,720,483		Accounts payable
-	-	2,613,158		Salaries and benefits payable
-	938,545	938,545		Due to other funds (note III F)
-	3,348,380	3,348,380		Advances from other funds (note III F)
-	-	535,974		Deposits
<u>90,423</u>	<u>4,815,298</u>	<u>9,156,540</u>		<b>TOTAL LIABILITIES</b>
				<b>DEFERRED INFLOWS OF RESOURCES</b>
-	2,910,902	26,359,206		Unavailable revenue-housing programs
-	14,457	14,457		Unavailable revenue-public safety
<u>-</u>	<u>2,925,359</u>	<u>26,373,663</u>		<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>
				<b>FUND BALANCES (note III H)</b>
				Nonspendable
-	-	16,988,891		Long-term receivables
				Restricted
-	1,543,246	8,376,955		Housing programs
-	598,985	12,760,231		Public improvements
-	2,003,366	3,075,194		Streets and transportation
-	1,233,583	1,233,583		Landscape
-	7,963	7,963		Debt service
-	1,603,522	1,603,522		Special programs
-	2,090,806	2,090,806		Law enforcement
				Committed
2,460,203	-	2,460,203		Streets
-	-	863,564		Retiree benefits
-	-	283,828		Special programs
-	5,409,661	5,409,661		Equipment
-	-	6,084,838		Economic recovery
-	-	11,682,715		Prudent reserve
				Assigned
-	130,083	8,098,815		Capital
-	(164,935)	(164,935)		Unassigned
<u>2,460,203</u>	<u>14,456,280</u>	<u>80,855,834</u>		<b>TOTAL FUND BALANCES (DEFICITS)</b>
				<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>
<u>\$ 2,550,626</u>	<u>\$ 22,196,937</u>	<u>\$ 116,386,037</u>		

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 POSITION - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015**

Fund balances - total governmental funds		\$ 80,855,834
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (note III D).		227,956,395
Internal service funds are used by management to charge the costs of workers' compensation, general liability, GIS/Permits operations, and FIS operations. The assets and liabilities are included in governmental activities in the statement of net position.		(1,858,290)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable		(199,464)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		26,373,663
Deferred outflows of resources related to pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year.		8,287,538
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	\$ (4,879,220)	
OPEB obligation	(8,937,197)	
Net pension liability	(81,624,950)	
2014A Lease Revenue Refunding	(18,525,000)	
Unamortized bond premium	(1,889,513)	
Unamortized bond payable deferred on refunding	246,703	
Deferred inflows of resources related to pensions	<u>(16,336,738)</u>	<u>(131,945,915)</u>
Net position of governmental activities		<u>\$ 209,469,761</u>

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, 2015**

	General	Special Revenue		Capital Projects
		SHA to Community Development Agency Housing Administration	Development Related Fees	Streets & Roads
<b><u>REVENUES</u></b>				
Taxes	\$ 51,499,862	\$ -	\$ -	\$ -
Licenses and permits	1,965,120	-	-	-
Fines and forfeitures	613,301	-	-	-
Use of money and property	524,400	2,090,753	153,897	-
From other governments	1,023,550	-	-	-
Grants	213,637	-	-	1,347,493
Service charges	1,241,378	-	70,420	-
Other revenues	1,546,586	-	-	139,523
Contributions from other governments	-	376,588	-	-
Total revenues	<u>58,627,834</u>	<u>2,467,341</u>	<u>224,317</u>	<u>1,487,016</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	6,603,083	-	-	-
Community services (CS)	4,523,042	-	-	-
Planning (ES)	5,002,988	60,000	454,481	-
Public ways and facilities (PW)	13,276,942	-	-	-
Public safety (PD)	31,039,093	-	-	-
Total current expenditures	<u>60,445,148</u>	<u>60,000</u>	<u>454,481</u>	<u>-</u>
Capital outlay:				
Streets and roads	-	-	-	3,070,921
Other capital projects	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,070,921</u>
Debt service:				
Refunding escrow	-	-	-	-
Refunding bond issuance costs	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>60,445,148</u>	<u>60,000</u>	<u>454,481</u>	<u>3,070,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,817,314)</u>	<u>2,407,341</u>	<u>(230,164)</u>	<u>(1,583,905)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in (note III F)	5,246,143	-	-	1,617,320
Transfers out (note III F)	(3,180,509)	-	(3,145,399)	(104,488)
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>2,065,634</u>	<u>-</u>	<u>(3,145,399)</u>	<u>1,512,832</u>
NET CHANGE IN FUND BALANCES	<u>248,320</u>	<u>2,407,341</u>	<u>(3,375,563)</u>	<u>(71,073)</u>
FUND BALANCES (DEFICITS)-BEGINNING	<u>43,624,248</u>	<u>1,461,849</u>	<u>19,573,156</u>	<u>2,531,276</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 43,872,568</u>	<u>\$ 3,869,190</u>	<u>\$ 16,197,593</u>	<u>\$ 2,460,203</u>

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, 2015**

	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>	
			<b><u>REVENUES</u></b>
\$	2,524,850	\$ 54,024,712	Taxes
	-	1,965,120	Licenses and permits
	-	613,301	Fines and forfeitures
	132,752	2,901,802	Use of money and property
	8,465,457	9,489,007	From other governments
	3,089,107	4,650,237	Grants
	799,942	2,111,740	Service charges
	179,857	1,865,966	Other revenues
	-	376,588	Contributions from other governments
	15,191,965	77,998,473	Total revenues
			<b><u>EXPENDITURES</u></b>
			Current:
	161,150	6,764,233	General government
	1,722,093	6,245,135	Community services (CS)
	922,554	6,440,023	Planning (ES)
	1,514,404	14,791,346	Public ways and facilities (PW)
	565,934	31,605,027	Public safety (PD)
	4,886,135	65,845,764	Total current expenditures
			Capital outlay:
	-	3,070,921	Streets and roads
	1,916,550	1,916,550	Other capital projects
	1,916,550	4,987,471	Total capital outlay
			Debt service:
	1,396,316	1,396,316	Refunding escrow
	194,069	194,069	Refunding bond issuance costs
	270,000	270,000	Principal
	742,212	742,212	Interest
	1,150	1,150	Other
	2,603,747	2,603,747	Total debt service
	9,406,432	73,436,982	Total expenditures
	5,785,533	4,561,491	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			<b><u>OTHER FINANCING SOURCES (USES)</u></b>
	5,351,194	12,214,657	Transfers in (note III F)
	(9,073,275)	(15,503,671)	Transfers out (note III F)
	20,767,747	20,767,747	Refunding bonds issued
	(20,565,715)	(20,565,715)	Payment to refunded bond escrow agent
	(3,520,049)	(3,086,982)	Total other financing sources (uses)
	2,265,484	1,474,509	NET CHANGE IN FUND BALANCES
	12,190,796	79,381,325	FUND BALANCES (DEFICITS)-BEGINNING
\$	14,456,280	\$ 80,855,834	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, 2015**

Net change in fund balances - total governmental funds \$ 1,474,509

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	\$ 27,166,569	
Capital outlay	4,108,619	
Depreciation expense	<u>(12,089,991)</u>	19,185,197

Refunding of long-term debt affects current financial resources in governmental funds. Also governmental funds report premiums and economic gain/loss when debt is issued. However, refunding of debt does not affect net assets, and the other costs are deferred and amortized in the statement of activities.

Issuance of lease revenue refunding bonds	(18,795,000)	
Unamortized premium on bonds	(1,972,747)	
Unamortized economic loss on refunding	257,031	
Debt issue refunded	21,705,000	
Premium on debt issue refunded	<u>259,953</u>	1,454,237

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

Principal payment on lease revenue refunding bonds		270,000
--	--	---------

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	(1,112,050)	
Debt service interest accrual (net)	143,319	
Amortized premium on bonds	83,234	
Amortized deferral on refunding	(10,328)	
Pension liability (net)	1,161,778	
Compensated absences (net)	(9,831)	
Unfunded OPEB liability	<u>(301,745)</u>	(45,623)

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

(1,601,027)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

2,894

Internal service funds are used by the City to account for liability, workers' compensation insurance, GIS/Permits operations, and FIS operations. A portion of the net expense of these funds is reported with governmental activities.

(2,064,388)

Change in net position of governmental activities \$ 18,675,799

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

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes:				
Sales	\$ 16,358,400	\$ 16,358,400	\$ 15,944,424	\$ (413,976)
Property	29,581,500	29,581,500	26,927,247	(2,654,253)
Franchise	4,545,000	4,545,000	4,757,607	212,607
Business and other	3,512,000	3,512,000	3,870,584	358,584
Licenses and permits	1,504,600	1,504,600	1,965,120	460,520
From other governments	371,000	466,000	1,023,550	557,550
Grants	145,300	213,219	213,637	418
Service charges	1,381,400	1,381,400	1,241,378	(140,022)
Fines and forfeitures	530,000	530,000	613,301	83,301
Use of money and property	404,900	411,700	524,400	112,700
Other revenues	1,275,595	1,308,519	1,546,586	238,067
Total revenues	<u>59,609,695</u>	<u>59,812,338</u>	<u>58,627,834</u>	<u>(1,184,504)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
City administration	3,507,300	3,511,180	3,289,658	221,522
Attorney	1,147,400	1,153,300	978,490	174,810
Administrative services and city-wide support (AS)*	2,419,900	3,004,620	2,334,935	669,685
Community services (CS)	4,696,795	4,804,548	4,523,042	281,506
Planning (ES)	5,270,800	5,271,580	5,002,988	268,592
Public ways and facilities (PW)	14,158,100	14,444,845	13,276,942	1,167,903
Public safety (PD)	32,143,700	32,467,880	31,039,093	1,428,787
Total expenditures	<u>63,343,995</u>	<u>64,657,953</u>	<u>60,445,148</u>	<u>4,212,805</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,734,300)</u>	<u>(4,845,615)</u>	<u>(1,817,314)</u>	<u>3,028,301</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	5,914,800	5,855,213	5,246,143	(609,070)
Transfers out	(4,056,100)	(4,063,900)	(3,180,509)	883,391
Total other financing sources (uses)	<u>1,858,700</u>	<u>1,791,313</u>	<u>2,065,634</u>	<u>274,321</u>
NET CHANGE IN FUND BALANCE	(1,875,600)	(3,054,302)	248,320	3,302,622
FUND BALANCES (DEFICITS)-BEGINNING	<u>43,624,248</u>	<u>43,624,248</u>	<u>43,624,248</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 41,748,648</u>	<u>\$ 40,569,946</u>	<u>\$ 43,872,568</u>	<u>\$ 3,302,622</u>

\*net of reimbursements

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

**CITY OF SIMI VALLEY  
SUCCESSOR HOUSING AGENCY TO COMMUNITY DEVELOPMENT AGENCY HOUSING ADMINISTRATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 2,500	\$ 2,500	\$ 2,090,753	\$ 2,088,253
Contributions from other governments	253,700	253,700	376,588	122,888
Total revenues	<u>256,200</u>	<u>256,200</u>	<u>2,467,341</u>	<u>2,211,141</u>
<b><u>EXPENDITURES</u></b>				
Planning (ES):				
Materials, supplies and services	<u>9,550,000</u>	<u>9,550,000</u>	60,000	9,490,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,293,800)</u>	<u>(9,293,800)</u>	<u>2,407,341</u>	<u>11,701,141</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>240,000</u>	<u>240,000</u>	-	(240,000)
NET CHANGE IN FUND BALANCES	(9,053,800)	(9,053,800)	2,407,341	11,461,141
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,461,849</u>	<u>1,461,849</u>	<u>1,461,849</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (7,591,951)</u>	<u>\$ (7,591,951)</u>	<u>\$ 3,869,190</u>	<u>\$ 11,461,141</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 107,700	\$ 107,700	\$ 153,897	\$ 46,197
Grants	36,000	36,000	-	(36,000)
Service charges	116,400	116,400	70,420	(45,980)
Other revenues	60,000	60,000	20,276	(39,724)
Total revenues	<u>320,100</u>	<u>320,100</u>	<u>244,593</u>	<u>(75,507)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government:				
Reimbursement to general fund	456,700	456,700	456,700	-
Planning (ES):				
Housing programs	73,800	73,800	18,057	55,743
	<u>530,500</u>	<u>530,500</u>	<u>474,757</u>	<u>55,743</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(210,400)</u>	<u>(210,400)</u>	<u>(230,164)</u>	<u>(19,764)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(3,773,500)</u>	<u>(3,773,500)</u>	<u>(3,145,399)</u>	<u>628,101</u>
NET CHANGE IN FUND BALANCES	<u>(3,983,900)</u>	<u>(3,983,900)</u>	<u>(3,375,563)</u>	<u>608,337</u>
FUND BALANCES (DEFICITS)-BEGINNING	<u>19,573,156</u>	<u>19,573,156</u>	<u>19,573,156</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 15,589,256</u>	<u>\$ 15,589,256</u>	<u>\$ 16,197,593</u>	<u>\$ 608,337</u>

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

**CITY OF SIMI VALLEY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Simi Valley Sanitation</b>	<b>Ventura County Waterworks District No. 8</b>	<b>Simi Valley Transit System</b>	<b>Total</b>	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 19,459,789	\$ 13,153,250	\$ 1,411,379	\$ 34,024,418	\$ 16,946,589
Customer receivable	532,802	4,948,652	-	5,481,454	1,094
Other receivable	159,289	436,231	25,588	621,108	-
Taxes receivable	179,954	-	-	179,954	-
Grants receivable	-	-	2,555,713	2,555,713	-
Inventories	522,927	684,487	213,858	1,421,272	-
Interest receivable	28,620	23,310	-	51,930	14,725
Prepaid items	-	-	-	-	26,558
Restricted cash and investments:					
Customer deposits	-	952,432	-	952,432	-
Connection fees	4,255,554	588,709	-	4,844,263	-
<b>Total current assets</b>	<b>25,138,935</b>	<b>20,787,071</b>	<b>4,206,538</b>	<b>50,132,544</b>	<b>16,988,966</b>
Noncurrent assets:					
Capital assets (net of accumulated depreciation) (note III D):					
Land	765,660	451,334	-	1,216,994	-
Buildings and improvements	4,294,714	545,228	2,352,563	7,192,505	-
Furnishings and equipment	325,873	214,114	586,858	1,126,845	-
Vehicles	817,179	337,623	4,088,632	5,243,434	-
Distribution system	64,178,735	45,001,570	1,958	109,182,263	-
Construction-in-progress	5,823,984	10,503,209	1,480,906	17,808,099	-
<b>Total noncurrent assets</b>	<b>76,206,145</b>	<b>57,053,078</b>	<b>8,510,917</b>	<b>141,770,140</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>101,345,080</b>	<b>77,840,149</b>	<b>12,717,455</b>	<b>191,902,684</b>	<b>16,988,966</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension contributions	676,183	524,447	334,481	1,535,111	34,269
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	531,817	2,669,725	59,834	3,261,376	90,868
Salaries and benefits payable	216,446	156,362	115,337	488,145	10,335
Compensated absences	49,783	32,420	15,193	97,396	4,578
Due to other funds (note III F)	-	-	2,157,946	2,157,946	-
Unearned revenue	-	-	1,411,379	1,411,379	-
Claims and legal services payable	-	-	-	-	5,276,387
Net pension liability	676,183	524,447	334,481	1,535,111	34,269
Current liabilities payable from restricted assets:					
Water service prepayments	-	952,432	-	952,432	-
Accounts payable restricted	-	127,550	-	127,550	-
<b>Total current liabilities</b>	<b>1,474,229</b>	<b>4,462,936</b>	<b>4,094,170</b>	<b>10,031,335</b>	<b>5,416,437</b>
Noncurrent liabilities:					
Advances from other funds (note III F)	-	-	-	-	4,688,000
Compensated absences	448,050	291,783	136,733	876,566	41,199
Claims and legal services payable	-	-	-	-	9,706,279
Net pension liability	6,686,072	5,185,716	3,307,338	15,179,126	338,849
<b>Total noncurrent liabilities</b>	<b>7,134,122</b>	<b>5,477,499</b>	<b>3,444,071</b>	<b>16,055,692</b>	<b>14,774,327</b>
<b>TOTAL LIABILITIES</b>	<b>8,608,351</b>	<b>9,940,435</b>	<b>7,538,241</b>	<b>26,087,027</b>	<b>20,190,764</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension trust earnings	1,599,994	1,240,955	791,455	3,632,404	81,087
<b>NET POSITION</b>					
Invested in capital assets	76,206,145	57,053,078	8,510,917	141,770,140	-
Restricted for:					
Sewer connection fees and water capital improvement charges	4,255,554	461,159	-	4,716,713	-
Unrestricted	11,351,219	9,668,969	(3,788,677)	17,231,511	(3,248,616)
<b>TOTAL NET POSITION</b>	<b>\$ 91,812,918</b>	<b>\$ 67,183,206</b>	<b>\$ 4,722,240</b>	<b>163,718,364</b>	<b>\$ (3,248,616)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Beginning adjustment to unrestricted net position				(64,939)	
Current adjustment to unrestricted net position				(1,325,387)	
<b>Net position of business-type activities</b>				<b>\$ 162,328,038</b>	

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

**CITY OF SIMI VALLEY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Simi Valley Sanitation</b>	<b>Ventura County Waterworks District No. 8</b>	<b>Simi Valley Transit System</b>		
<b><u>OPERATING REVENUES</u></b>					
Charges for sales and services	\$ 14,567,947	\$ 33,215,428	\$ 401,369	\$ 48,184,744	\$ 5,261,700
<b><u>OPERATING EXPENSES</u></b>					
Salaries and benefits	6,032,456	4,410,942	3,113,687	13,557,085	267,154
Materials and supplies:					
Water purchases	-	26,506,562	-	26,506,562	-
Utilities	902,216	808,761	33,044	1,744,021	-
Chemicals	336,187	-	-	336,187	-
Other	266,788	622,146	346,162	1,235,096	151,027
Services:					
Maintenance projects	1,027,901	641,617	-	1,669,518	-
Other	1,368,470	1,069,257	768,495	3,206,222	-
Insurance	250,900	143,200	148,800	542,900	-
Claims and legal expenses	-	-	-	-	8,018,185
General administration	2,786,200	2,183,400	1,319,400	6,289,000	740,300
Depreciation	2,553,810	1,252,893	624,462	4,431,165	-
Total operating expenses	<u>15,524,928</u>	<u>37,638,778</u>	<u>6,354,050</u>	<u>59,517,756</u>	<u>9,176,666</u>
OPERATING INCOME (LOSS)	<u>(956,981)</u>	<u>(4,423,350)</u>	<u>(5,952,681)</u>	<u>(11,333,012)</u>	<u>(3,914,966)</u>
<b><u>NONOPERATING REVENUES AND EXPENSES</u></b>					
Grants	-	-	2,526,193	2,526,193	-
Interest	209,002	746,622	-	955,624	105,191
Other	31,227	52,719	21,421	105,367	-
Total nonoperating revenues (expenses)	<u>240,229</u>	<u>799,341</u>	<u>2,547,614</u>	<u>3,587,184</u>	<u>105,191</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(716,752)</u>	<u>(3,624,009)</u>	<u>(3,405,067)</u>	<u>(7,745,828)</u>	<u>(3,809,775)</u>
<b><u>CONTRIBUTIONS AND TRANSFERS</u></b>					
Capital contributions	2,145,949	6,602,303	2,949,905	11,698,157	-
Transfers in (note III F)	-	-	3,037,414	3,037,414	420,000
Transfers out (note III F)	(122,200)	(46,200)	-	(168,400)	-
Total contributions and transfers	<u>2,023,749</u>	<u>6,556,103</u>	<u>5,987,319</u>	<u>14,567,171</u>	<u>420,000</u>
CHANGE IN NET POSITION	1,306,997	2,932,094	2,582,252	6,821,343	(3,389,775)
NET POSITION-BEGINNING	98,906,085	70,766,277	6,295,220		566,877
PRIOR PERIOD ADJUSTMENT (Note IV F)	<u>(8,400,164)</u>	<u>(6,515,165)</u>	<u>(4,155,232)</u>		<u>(425,718)</u>
NET POSITION-BEGINNING, as restated	<u>90,505,921</u>	<u>64,251,112</u>	<u>2,139,988</u>		<u>141,159</u>
NET POSITION-ENDING	<u>\$ 91,812,918</u>	<u>\$ 67,183,206</u>	<u>\$ 4,722,240</u>		<u>\$ (3,248,616)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Current adjustment				<u>(1,325,387)</u>	
Change in net position of business-type activities				<u>\$ 5,495,956</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, 2015**

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Ventura County</u>		<u>Simi Valley</u>		<u>Internal</u>
	<u>Simi Valley</u>	<u>Waterworks</u>	<u>Transit</u>	<u>Totals</u>	
	<u>Sanitation</u>	<u>District No. 8</u>	<u>System</u>		<u>Service Funds</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Cash received from service charges and other revenues	\$ 14,764,060	\$ 34,911,747	\$ 625,094	\$ 50,300,901	\$ 5,261,700
Cash paid for salaries and benefits	(6,180,611)	(4,555,743)	(3,218,688)	(13,955,042)	(268,062)
Cash paid for supplies and materials	(1,551,199)	(28,548,699)	(409,149)	(30,509,047)	-
Cash paid for general administration	(2,786,200)	(2,183,400)	(1,319,400)	(6,289,000)	(740,300)
Cash paid for services and insurance	(2,647,270)	(1,854,074)	(880,396)	(5,381,740)	(120,157)
Cash paid for insurance premiums and claims	-	-	-	-	(3,802,721)
Net cash provided (used) by operating activities	<u>1,598,780</u>	<u>(2,230,169)</u>	<u>(5,202,539)</u>	<u>(5,833,928)</u>	<u>330,460</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
Cash transfers from (to) other funds	(122,200)	(46,200)	-	(168,400)	420,000
Cash received from grants and other governments	-	-	2,643,064	2,643,064	-
Cash received from interfund borrowing	-	-	(278,659)	(278,659)	-
Net cash provided (used) by noncapital financing activities	<u>(122,200)</u>	<u>(46,200)</u>	<u>2,364,405</u>	<u>2,196,005</u>	<u>420,000</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Sewer connection fees and water capital improvement charges	415,637	236,674	-	652,311	-
Contribution received from other governments	-	-	4,548,238	4,548,238	-
Acquisition of capital assets	(782,743)	(1,324,259)	(3,169,789)	(5,276,791)	-
Net cash provided (used) by capital and related financing activities	<u>(367,106)</u>	<u>(1,087,585)</u>	<u>1,378,449</u>	<u>(76,242)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Interest on investments	205,327	747,174	11,568	964,069	102,626
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,314,801	(2,616,780)	(1,448,117)	(2,750,096)	853,086
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,400,542	17,311,171	2,859,496	42,571,209	16,093,503
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 23,715,343</u>	<u>\$ 14,694,391</u>	<u>\$ 1,411,379</u>	<u>\$ 39,821,113</u>	<u>\$ 16,946,589</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>					
Operating income (loss)	\$ (956,981)	\$ (4,423,350)	\$ (5,952,681)	\$ (11,333,012)	\$ (3,914,966)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,553,810	1,252,893	624,462	4,431,165	-
(Increase) decrease in prepaid expenses	-	-	-	-	29,877
(Increase) decrease in accounts receivable	194,100	1,645,827	202,247	2,042,174	-
(Increase) decrease in inventory	18,261	6,153	2,834	27,248	-
Increase (decrease) in accounts payable	16,421	(617,384)	4,179	(596,784)	(13,100)
Increase (decrease) in accrued payroll	(119,052)	(105,636)	(60,668)	(285,356)	(6,118)
Increase (decrease) in compensated absences	(29,103)	(39,164)	(44,333)	(112,600)	5,210
Increase (decrease) in water service prepayments	-	21,630	-	21,630	-
Increase (decrease) in claims and legal services payable	-	-	-	-	4,229,557
Adjustment for revenues and expenses classified as nonoperating	(78,676)	28,862	21,421	(28,393)	-
Total adjustments	<u>2,555,761</u>	<u>2,193,181</u>	<u>750,142</u>	<u>5,499,084</u>	<u>4,245,426</u>
Net cash provided (used) by operating activities	<u>\$ 1,598,780</u>	<u>\$ (2,230,169)</u>	<u>\$ (5,202,539)</u>	<u>\$ (5,833,928)</u>	<u>\$ 330,460</u>
<b><u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Capital additions	\$ (1,730,312)	\$ (6,365,629)	\$ -	\$ (8,095,941)	\$ -
Capital contributions	1,730,312	6,365,629	-	8,095,941	-
Services to be provided from settlement agreement	134,035	-	-	-	-

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

**CITY OF SIMI VALLEY  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<b>Private- Purpose Trust</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and investments:		
Held by city	\$ 3,227,212	\$ 5,366,878
Held by bond trustee	2,101,781	997,202
Accounts receivable	-	1,359
Interest receivable	2,932	-
Capital assets not being depreciated	1,124,174	-
<b>TOTAL ASSETS</b>	<b>6,456,099</b>	<b>\$ 6,365,439</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred charge on refunding	246,115	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>246,115</b>	<b>-</b>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	9,141	195,449
Accrued interest payable	374,083	-
Deposits	-	3,773,992
Intergovernmental payable	110,369	-
Loans payable - city (note III B)	8,610,041	-
Due to bondholders	-	2,395,998
Long-term debt:		
Due within one year	970,000	-
Due in more than one year	22,000,049	-
<b>TOTAL LIABILITIES</b>	<b>32,073,683</b>	<b>\$ 6,365,439</b>
<b><u>NET POSITION</u></b>		
Held in trust for other purposes	<b>\$ (25,371,469)</b>	

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

**CITY OF SIMI VALLEY  
STATEMENT OF CHANGES IN NET POSITION  
PRIVATE PURPOSE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Private- Purpose Trust</b>
<hr/>	
<b><u>ADDITIONS</u></b>	
Property taxes	\$ 3,968,387
Investment earnings	12,015
Contributions from other governments	<u>69,712</u>
 TOTAL ADDITIONS	 <u>4,050,114</u>
 <b><u>DEDUCTIONS</u></b>	
Administrative expenses	260,123
Interest and fiscal agency expenses of former Simi Valley Community Development Agency	1,155,720
Contributions to other governments	<u>376,588</u>
 TOTAL DEDUCTIONS	 <u>1,792,431</u>
 CHANGE IN NET POSITION	 2,257,683
NET POSITION - BEGINNING	<u>(27,629,152)</u>
NET POSITION - ENDING	<u><u>\$ (25,371,469)</u></u>

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

# Notes to the Basic Financial Statements

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STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

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CITY OF SIMI VALLEY ● LISTING OF NOTES TO THE BASIC FINANCIAL  
STATEMENTS  
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CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**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 Industrial Development Authority assists businesses in financing their capital projects. Through the Authority, businesses can access tax-exempt municipal bonds to finance capital projects such as land acquisition, construction, purchase of equipment, or rehabilitation of manufacturing facilities.
- 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. Debt associated with this entity was fully retired during fiscal year 2014-15.
- Simi Valley Public Facilities Financing Authority, formation of which was approved by the City Council on June 23, 2014, provides a financing mechanism for various public projects. The activity of the Authority is reported in the debt service funds.

The four entities listed above are treated as "blended" component units based on the following criteria:

- The members of the City Council also act as the governing body of each entity.
- Each entity is managed by employees of the City in essentially the same manner as it manages its own activities.

Accordingly, separate financial statements are not prepared for the Ventura County Waterworks District No. 8, the Simi Valley Industrial Development Authority, the Simi Valley Public Financing Authority, or the Simi Valley Public Facilities 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.

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

In addition, supplementary information is provided for:

Non-major governmental funds,  
Budget-to-actual comparisons for non-major special revenue funds,  
Internal service funds, and  
Fiduciary funds, which includes private-purpose trust funds.

The government-wide financial statements (i.e., the statement of net position 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 position, 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 position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of constraints placed on net position 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 position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

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.

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

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*.

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 non-major 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.

**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

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

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 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:**

*Successor Housing Agency to 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.

*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.

See independent auditors’ report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**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.

**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 60% 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.

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

*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.

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

*The Private Purpose Trust* fund accounts for the assets and liabilities of the former Community Development Agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

**D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance**

*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."

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Advances between funds, as reported in the fund financial statements, are offset by a fund balance Non-spendable 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 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 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.

*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 2014-15.

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 position, 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.

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*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.

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. Accumulations are capped at different levels, depending upon the employee group. 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 position. Bond premiums and discounts are

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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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Deferred inflows/outflows of resources*

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

In addition to liabilities, the statements of net position and governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, housing loans and forfeited assets. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*10. Fund equity*

Fund balance amounts are reported within one of the fund balance categories listed below.

- *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 ordinance 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, through resolution, 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,

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provided they do not have a significant policy impact or affect budgeted year-end fund balances.

- *Unassigned* fund balance is the portion of fund balance that does not fall into any of the other fund balance categories. These funds are available for any legitimate government purpose. The General fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the General fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

*11. Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*12. 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. Appropriations lapse at year end for all funds, with the exception of Capital Projects Funds, which have project length budgets.

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. Departments within the General fund include divisions as listed in the following

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table. A detailed City organizational chart is included in the introductory section of this document.

General Fund Program Areas by Department						
City administration	Attorney	Administrative services	Community services	Planning (ES)	Public ways and facilities (PW)	Public safety (PD)
City Manager	City Attorney	Budget	Code Enforcement	Planning Commission	Engineering	Administration
Human Resources		Fiscal Services	Solid Waste Management	Housing Programs	Traffic Engineering	Emergency Services
		Support Services	Cable Television	Managed Growth Program	Administrative Services	Communications
		Treasury Services	Animal Regulation	Building and Safety	Maintenance Services	Crime Analysis
		Information Services	Senior Services	Advanced/Current Planning	Environmental Compliance	Fiscal Services
			Neighborhood Councils	CDBG Program		Maintenance
			Crossing Guards			Investigative Services
			Cultural Arts Center			Detectives
			Youth Services			Special Operations
			Task Force on Homelessness			Patrol
			Simi Valley Public Library			Traffic

**B. Excess of expenditures over appropriations**

For fiscal year ended June 30, 2015, expenditures exceeded appropriations in the Transportation (non-major) special revenue fund by \$23,750. This recurring obligation is generally not budgeted for. The over-expenditure was a result of an obligation payable to the Rancho Simi Recreation and Park District for class 1 trail maintenance fees for the fiscal year.

**C. Deficit fund equity**

The CalHome non-major fund reflects negative fund balance of \$164,935 as of June 30, 2015. Expenditures in support of low-income housing programs occur in advance of recording grant revenue reimbursements. Negative equity exists because grant reimbursements (revenue) cannot be requested or recorded until all activity for a specific loan file is complete.

As of June 30, 2015, the Liability Insurance internal service fund reflects negative fund balance of \$636,167. Sufficient cash balances are currently available to cover short-term liabilities of \$2,607,944. However, funding is not available to fully cover the actuarially expected long-term portion of claims and legal services payable of \$2,774,736.

As of June 30, 2015, the Workers Compensation internal service fund reflects negative net position of \$3,175,626. Sufficient cash balances are currently available to cover short-term liabilities of \$2,769,154. However, funding is not available to fully cover the actuarially expected long-term portion of claims and legal services payable of \$6,931,543.

The Private Purpose Trust fund, a component of the City's Fiduciary funds, has a negative net position of \$25,371,469 as of June 30, 2015. During the current fiscal year, additions exceeded deductions by \$2,257,683 thereby reducing the negative net position from the previous fiscal year. See Note V F.

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**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 average daily cash balances.

Statement of net position:

Cash and investments	\$ 121,797,661
Cash and investments held by bond trustee	7,963
Fiduciary funds:	
Cash and investments	8,594,090
Cash and investments held by bond trustee	3,098,983
Total cash and investments	<u>\$ 133,498,697</u>

**Cash and investments at June 30, 2015 consisted of the following:**

Cash on hand	\$ 6,500
Deposits with financial institutions	3,282,725
Outstanding checks	(762,253)
Investments	<u>130,971,725</u>
Total cash and investments	<u>\$ 133,498,697</u>

The following table 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) subject to the prohibitions and limitations set forth in Sections 8.1 and 8.2 of the City's Statement of Investment Policy. 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 trustees are invested in accordance with the provisions of debt agreements of the City.

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<b>Investment Type</b>	<b>State Code Limits</b>		<b>City Portfolio Limits</b>	
	<b>Max.</b>	<b>Authorized</b>	<b>Max.</b>	<b>Authorize</b>
Local Agency Bonds	5 Years	100%	5 Years	100%
U.S. Treasury Bills, Notes, and	5 Years	100%	5 Years	100%
CA State Registered Warrants	5 Years	100%	5 Years	100%
Notes and Bonds of other States	5 Years	100%	5 Years	100%
Federal Agency Bonds	5 Years	100%	5 Years	100%
Bankers' Acceptances	180 Days	40%	180 Days	40%
Commercial Paper	270 Days	25%	*	*
Negotiable CD's	5 Years	30%	5 Years	30%
Private Deposit Placements	5 Years	30%	5 Years	30%
Repurchase Agreements	1 Year	100%	*	*
Reverse Repurchase Agreements	92 Days	20%	*	*
Medium Term Notes	5 Years	30%	*	*
Money Market Mutual Funds	N/A	20%	N/A	20%
Collateralized Bank Deposits	5 Years	100%	5 Years	25%
Mortgage Pass-through Securities	5 Years	20%	*	*
LAIF	N/A	\$50 Million	N/A	\$50 Million
County Pooled Investment Funds	N/A	100%	N/A	\$50 Million

\* Prohibited by City Investment Policy (with limited authorization for repurchase or reverse repurchase agreements)

### Interest Rate Risk

To minimize the impact on portfolio fair value caused by changes in market interest rates, the City holds investments to maturity, matches investment maturities with specific cash flow requirements, invests in a combination of short, medium, and long term investments (laddered maturities), 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 trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<b>Investment Type</b>	<b>Amount</b>	<b>Remaining Maturity in Years</b>		
		<b>1 Year Or Less</b>	<b>1-2 Years</b>	<b>2-5 Years</b>
U.S. Agencies	\$ 51,894,680	\$ 2,998,830	\$ 7,988,740	\$ 40,907,110
U.S. Treasuries	21,002,360	-	10,027,360	10,975,000
Joint Powers Authority Pool	4,802,189	4,802,189	-	-
LAIF	50,173,513	50,173,513	-	-
<b>Held by bond trustees:</b>				
Money market mutual funds	3,098,983	3,098,983	-	-
<b>Total</b>	<b>\$ 130,971,725</b>	<b>\$ 61,073,515</b>	<b>\$ 18,016,100</b>	<b>\$ 51,882,110</b>

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**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required 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.

<u>Investment Type</u>	<u>Amount</u>	Minimum	Ratings as of Year End					
		<u>Legal Rating</u>	<u>S &amp; P AA+</u>	<u>S &amp; P AAAm</u>	<u>Moody's Aaa</u>	<u>Moody's Aaa-mf</u>	<u>Moody's Not Rated</u>	<u>Not Rated</u>
U.S. Agencies	\$ 51,894,680	N/A	\$ 51,894,680	\$ -	\$ 51,894,680	\$ -	\$ -	\$ -
U.S. Treasuries	\$ 21,002,360	N/A	-	-	\$ 21,002,360	-	-	-
Joint Powers Authority Pool	4,802,189	N/A	-	4,802,189	-	-	4,802,189	-
LAIF	50,173,513	N/A	-	-	-	-	-	50,173,513
<u>Held by bond trustees:</u>								
Money market mutual funds	3,098,983	N/A	-	3,098,983	-	3,098,983	-	-
<b>Total</b>	<b>\$130,971,725</b>		<b>\$51,894,680</b>	<b>\$7,901,172</b>	<b>\$72,897,040</b>	<b>\$3,098,983</b>	<b>\$4,802,189</b>	<b>\$50,173,513</b>

**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 U.S. Treasury Obligations, government agency issues, LAIF, and other investment pools in compliance with California Government code) shall be placed with any one financial institution.
- No more than 25% of the City's portfolio shall be invested in Collateralized Bank Deposits issued by savings and loan institutions.
- Certificates of Deposit (Negotiable) and Collateralized Bank Deposits placed by the City shall not constitute more than 15% of the total assets of the institution.
- Negotiable Certificates of Deposit placed by the City shall not exceed 5% of the City's portfolio, and no more than \$1 million shall be placed with any one (1) financial institution. Additionally, Negotiable Certificates of Deposit shall only be placed with institutions having total assets in excess of \$200 million and that maintain a ratio of equity to total assets of at least 5%.
- Investments in LAIF, pursuant to California Government Code Section 16429.1, which has a maximum of \$50 million per agency/account.
- Bond proceeds held by Trustees and Fiscal Agents may be invested in LAIF, other investment pools, and other investment instruments in compliance with California Government Code and the bond indenture documents for each bond issue. For bond proceeds invested in LAIF, the City follows California's provisions stating bond proceeds are one-time deposits, have no maximum deposit amount, and are maintained on thirty day increments.
- To the extent bond documents require an alternate investment program than this investment policy, Trustees and Fiscal Agents shall follow the alternate investment instructions.

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**Custodial Credit Risk**

All demand deposits and certificates of deposit held by the City are entirely insured or collateralized. The California Government Code Section 53652 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.

Pursuant to California Government Code Section 53653, the City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

To protect investments against custodial credit risk caused by the 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.

Investments in any one issuer (other than U.S. Treasury Obligations, money market 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 National Mortgage Association	U.S. Agencies	\$18,986,500
Federal Farm Credit Bank	U.S. Agencies	15,953,220
Federal Home Loan Bank	U.S. Agencies	8,984,040
Federal Home Loan Mortgage Corporation	U.S. Agencies	7,970,920

As of June 30, 2015, the City had no investments which were 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 16429.1-16429.4 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, Successor Agency to the Community Development Agency, and Industrial Development Authority. The City's investment in LAIF is highly liquid, as deposits can be converted to cash within twenty-four hours. 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.

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**B. Loans receivable**

The City utilizes multiple sources for funding projects designed to improve, produce and preserve low- and moderate-income housing units. These include the City Local Housing fund, the CalHome fund, the HOME fund and the Successor Housing Agency to Community Development Agency Housing Administration fund. 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 home rehabilitation program, offering low-interest deferred loans to very-low, and low-income homeowners to preserve the City's housing stock.

Affordable Housing Program

- **Rory Lane Seniors (Seasons Apartments):**  
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 Apartments:**  
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.
- **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 by 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 \$3,240,000 note is to be repaid in two installments:

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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 Apartments)  
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 7<sup>th</sup> year following the commencement of bond amortization. Repayment of the note is to be made from residual receipts and begins in the 8<sup>th</sup> year following commencement of bond amortization; the note becomes due and payable 55 years from the last certificate of occupancy dated December 16, 2004.
- Alamo & Fairbanks Associates (Plaza del Sol Apartments)  
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 issuance of the promissory note dated June 17, 2008.
- Many Mansions (Peppertree Apartments)  
In June 2011, the Agency entered into an affordable housing agreement with Many Mansions to provide financial assistance in the form of both a bridge and permanent loan for the acquisition and rehabilitation of a 12-unit apartment complex, Peppertree Apartments, for occupancy by extremely low-income, mentally disabled, and homeless individuals. The bridge loan, with terms of due and payable 18 months from issuance, was paid off in January, 2015. The permanent loan is due and payable 55 years from issuance of the promissory note dated October 14, 2013.

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Home Rehabilitation Program

- This Program was established in 1981. The Program offers low interest deferred loans to very low- and low-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 \$50,000.

In response to the dissolution of state redevelopment program funding (a result of California Assembly Bill 1X 26) the City Council authorized the suspension of two affordable housing programs - the First Time Home Buyer Program and the Mobile Home Rehab Program. Over its many years of operation, the FTHB program generated several different loan types, the most recent of which would provide \$50,000 per bedroom up to \$200,000. The City maintains 147 loans generated by this program, many of which are due and payable at the end of a 55-year term of affordability.

The Mobile Home Rehabilitation Program provided \$10,000 rehabilitation loans to low-income mobile home owners. These loans were generated from 2008 to 2011 and are forgiven 20% for each year that the owner remained in the home. All of these loans will be forgiven by June of 2016.

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 endowment 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 property tax pass-thru funds were to be applied to retire the loan until there was a change in the Cemetery's ability to repay the loan. Effective, July 1, 2011, the County's pass-thru program was eliminated as part of redevelopment dissolution. The Cemetery's property tax share is now paid directly to the district, thereby removing the City's ongoing ability to directly collect upon the debt. The receivable balance reflects only outstanding principal. Because of the District's ongoing poor financial health, accrued interest has been considered uncollectible and therefore is not included in the receivable balance. In November, 2015, Cemetery staff submitted an informal request for consideration of complete loan forgiveness by the City, but no action has been taken.

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Loans receivable balances at June 30, 2015 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>
<b>Affordable Housing Program:</b>						
Seasons Apartments	3.0%	30	2035	564,500	177,817	742,317
Casa de Paz Apartments	0.0%	50	2052	122,551	0	122,551
ARC Ventura Co.	0.0%	55	2057	175,000	0	175,000
Hidden Valley Apartments	0.0%	55	2059	3,240,000	0	3,240,000
Vintage Paseo Apartments	3.0%	55	2059	1,672,500	281,140	1,953,640
Plaza del Sol Apartments	3.0%	55	2060	1,900,000	558,388	2,458,388
La Rahada Apartments	3.0%	55	2063	250,000	52,792	302,792
Peppertree Apartments	3.0%	55	2068	575,000	29,301	604,301
Total Affordable Housing Program				8,499,551	1,099,438	9,598,989
<b>First Time Homebuyer Program:</b>						
				<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
FTHB - CDA				10,653,680	0	10,653,680
FTHB - LHF				2,539,200	0	2,539,200
FTHB - HOME				1,094,444	0	1,094,444
FTHB - CDBG				20,800	0	20,800
<b>First Time Homebuyer Program</b>	Equity Share			14,308,124	0	14,308,124
<b>Home Rehabilitation Program:</b>						
				<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
Home Rehab - CDA				449,622	50,450	500,072
Home Rehab - LHF				149,123	7,240	156,363
Home Rehab - CH				783,990	21,250	805,240
Home Rehab - HOME				224,744	65,554	290,298
Home Rehab - CDBG				293,542	50,957	344,499
Home Rehab Earthquake - HOME				203,806	49,141	252,947
Home Rehab Earthquake - CDBG				78,980	23,694	102,674
<b>Home Rehabilitation Program</b>	0.0 - 3.0%			2,183,807	268,286	2,452,093
Housing loans receivable				24,991,482	1,367,724	26,359,206
Other City loans receivable:						
Cultural Arts Center Foundation	0.0%			163,974	0	163,974
Cemetery District	0.0%			178,496	0	178,496
City loans receivable				342,470	0	342,470
<b>Total loans receivable</b>				<b>25,333,952</b>	<b>1,367,724</b>	<b>26,701,676</b>

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

Loan receivable – Successor Agency:

As of June 30, 2015, advances made to the former CDA from the City totaled \$8,610,041. On September 23, 2013, the Simi Valley Oversight Board adopted Resolution OB 2013 – 12 confirming the November 10, 2010 Loan between the City and the CDA was for legitimate redevelopment purposes. In correspondence dated November 5, 2013, the California Department of Finance approved the Simi Valley Oversight Board's adoption of Resolution OB 2013 – 12. Therefore, the Simi Valley Successor Agency may now include the repayment of the loan on future Recognized Obligations Payment Schedules (ROPS). The repayment is subject to the formula outlined in California Health and Safety Code Section 34191.4(b)(2).

The composition of loans between the City and the Successor Agency for the year ended June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balances June 30, 2014</u>	<u>Debt Incurred</u>	<u>Debt Retired</u>	<u>Balances June 30, 2015</u>
General Fund	Successor Agency - Merged Tapo Canyon and West End tax increment	\$10,116,397		\$ (1,506,356)	\$ 8,610,041

**C. Allowance for uncollectible accounts**

Accounts receivable as of year-end are reported net of allowance for uncollectibles as follows:

	<u>Accounts receivable</u>	<u>Allowance for uncollectibles</u>	<u>Total accounts receivable, net</u>	
<b>General Fund</b>	\$ 1,379,398	(691,204)	\$ 688,194	
<b>Streets and Roads</b>	406,454	-	406,454	
<b>Nonmajor Governmental Funds</b>	12,500	-	12,500	
subtotal	<u>1,798,352</u>	<u>(691,204)</u>	<u>1,107,148</u>	Governmental Funds
<b>Internal Service Funds</b>	1,094	-	1,094	
Total	<u>\$ 1,799,446</u>	<u>\$ (691,204)</u>	<u>\$ 1,108,242</u>	Governmental Activities

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CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**D. Capital assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,613,683	\$ -	\$ -	\$ 10,613,683
Construction-in-progress	8,305,889	3,073,165	(5,466,843)	5,912,211
Total capital assets, not being depreciated	<u>18,919,572</u>	<u>3,073,165</u>	<u>(5,466,843)</u>	<u>16,525,894</u>
Capital assets, being depreciated:				
Buildings and improvements	42,086,937	-	(384,125)	41,702,812
Furnishings and equipment	7,944,209	134,000	(112,146)	7,966,063
Computers	5,350,179	301,057	(11,690)	5,639,546
Vehicles	5,771,313	786,804	(598,195)	5,959,922
Infrastructure	277,695,600	32,633,411	-	310,329,011
Intangibles	9,531,383	216,375	-	9,747,758
Total capital assets being depreciated	<u>348,379,621</u>	<u>34,071,647</u>	<u>(1,106,156)</u>	<u>381,345,112</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,892,611)	(1,160,367)	23,688	(20,029,290)
Furnishings and equipment	(4,265,636)	(535,612)	110,298	(4,690,950)
Computers	(4,380,107)	(305,008)	11,692	(4,673,423)
Vehicles	(4,235,355)	(425,507)	557,697	(4,103,165)
Infrastructure	(122,948,698)	(9,014,459)	-	(131,963,157)
Intangibles	(3,805,588)	(649,038)	-	(4,454,626)
Total accumulated depreciation	<u>(158,527,995)</u>	<u>(12,089,991)</u>	<u>703,375</u>	<u>(169,914,611)</u>
Total capital assets, being depreciated, net	<u>189,851,626</u>	<u>21,981,656</u>	<u>(402,781)</u>	<u>211,430,501</u>
Governmental activities capital assets, net	<u>\$ 208,771,198</u>	<u>\$ 25,054,821</u>	<u>\$ (5,869,624)</u>	<u>\$ 227,956,395</u>

See independent auditors' report.

**CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,216,994	\$ -	\$ -	\$ 1,216,994
Construction-in-progress	17,651,980	\$ 3,291,362	(3,135,243)	17,808,099
Total capital assets, not being depreciated	<u>18,868,974</u>	<u>3,291,362</u>	<u>(3,135,243)</u>	<u>19,025,093</u>
Capital assets, being depreciated:				
Buildings and improvements	13,919,776	-	-	13,919,776
Furnishings and equipment	6,274,397	61,028	(135,153)	6,200,272
Vehicles	9,651,045	1,734,189	1,192,719	12,577,953
Distribution system	184,314,838	9,862,637	-	194,177,475
Total capital assets being depreciated	<u>214,160,056</u>	<u>11,657,854</u>	<u>1,057,566</u>	<u>226,875,476</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,396,360)	(330,911)	-	(6,727,271)
Furnishings and equipment	(5,031,551)	(167,796)	125,920	(5,073,427)
Vehicles	(6,998,379)	(764,484)	428,344	(7,334,519)
Distribution system	(81,827,238)	(3,167,974)	-	(84,995,212)
Total accumulated depreciation	<u>(100,253,528)</u>	<u>(4,431,165)</u>	<u>554,264</u>	<u>(104,130,429)</u>
Total capital assets, being depreciated, net	<u>113,906,528</u>	<u>7,226,689</u>	<u>1,611,830</u>	<u>122,745,047</u>
Business-type activities capital assets, net	<u>\$ 132,775,502</u>	<u>\$ 10,518,051</u>	<u>\$ (1,523,413)</u>	<u>\$ 141,770,140</u>

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

<b>Governmental activities:</b>	
General Government	\$ 9,840,715
Community Services	245,822
Public Ways & Facilities (PW)	1,847,285
Public Safety	156,169
Total depreciation expense-governmental activities	<u>\$ 12,089,991</u>
<b>Business-type activities:</b>	
Sanitation	\$ 2,553,810
Waterworks	1,252,893
Transit	624,462
Total depreciation expense-business-type activities	<u>\$ 4,431,165</u>

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CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**E. Construction commitments**

The City has active construction projects as of June 30, 2015. 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:

Project Name	Contract Amount*	Expenditures to date as of June 30, 2015	Remaining Commitments*
Street construction and improvements	\$ 371,278	\$ -	\$ 371,278
Arroyo Simi Bank restoration at Water Quality Control Plant	773,453	683,940	89,513
Water Quality Control Plant Electrical Upgrades	571,574	204,833	366,741
Waterline improvements	818,127	662,145	155,982
Total commitments	<u>\$ 2,534,432</u>	<u>\$ 1,550,918</u>	<u>\$ 983,514</u>

\* Amount includes possible contingencies

**F. Interfund receivables, payables, and transfers**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Simi Valley transit system	\$ 1,195,632
	Nonmajor governmental funds	893,336
Local Housing	Nonmajor governmental funds	20,275
Streets and Roads	Nonmajor governmental funds	24,934
Nonmajor governmental funds	Simi Valley transit system	962,314
Total		<u>\$ 3,096,491</u>

**Advances from / to other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental funds	\$ 3,348,380
	Internal Service funds	4,688,000
Total		<u>\$ 8,036,380</u>

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**CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015**

The composition of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General	Streets and roads	\$ 700,000	Fund street projects
	Nonmajor governmental funds	<u>2,480,509</u>	Fund Landscape zones, scheduled debt service, and contributions to replacement funds
		<u>3,180,509</u>	
Development related fees funds	General fund	97,500	Fund housing program administration
	Streets and roads	439,900	Fund street projects
	Nonmajor governmental funds	2,187,999	Public facility improvements
	Internal service funds	<u>420,000</u>	Fund FIS operations
		<u>3,145,399</u>	
Streets and roads	General fund	1,802	Return excess funds
	Nonmajor governmental funds	<u>102,686</u>	Return excess funds
		<u>104,488</u>	
Nonmajor governmental funds	General fund	4,978,441	Fund transportation needs and administration of library and police programs
	Streets and roads	477,420	Fund street projects
	Simi Valley transit system	3,037,414	Fund transit operations
	Nonmajor governmental funds	<u>580,000</u>	Contributions to replacement funds and public facility improvements
		<u>9,073,275</u>	
Total governmental funds		<u>15,503,671</u>	
<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
Proprietary funds	General Fund	<u>168,400</u>	Contributions for pension costs
Total transfers		<u>\$15,672,071</u>	

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**G. Long-term debt**

The Simi Valley Public Financing Authority (SVPFA), a blended component unit of the City, issued bonded debt on behalf of the City for certain types of financing structures, such as lease revenue bonds and certificates of participation. At year-end, there was no outstanding long-term bonded debt issued through the SVPFA.

- 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 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. Although final payment was not due until September 2034, the debt was paid off in August, 2014 via proceeds from the sale of refunding bonds.

The Simi Valley Public Facilities Financing Authority (SVPFFA) was created in June, 2014. It is a blended component unit of the City which has authority to issue bonded debt on behalf of the City for certain types of financing structures, such as lease revenue bonds and certificates of participation. At year-end, outstanding long-term bonded debt was comprised of the following:

- City of Simi Valley 2014A Lease Revenue Refunding Bonds (LLRB):  
In August 2014, the City issued \$18,795,000 of 2014A Lease Revenue Refunding Bonds ("2014A Bonds") for the purpose of fully refunding the 2004 Certificates of Participation ("2004 Certificates") issue with a carrying amount of \$21,705,000. The 2004 Certificates were refunded in full on August 26, 2014, and no portion of the 2004 Certificates remained outstanding as of June 30, 2015. The 2014A Bonds were issued at a premium of \$1,972,747. Issuance costs incurred of \$151,097 were paid using reserve funds from the 2004 Certificates of \$1,656,269; the balance of these Reserve funds were applied to the refunding of the 2004 Certificates.

The 2014A Bonds are secured by base rental payments on real property consisting of the City's Police Station, City Hall building, Transit Maintenance Facility and certain ancillary facilities and related improvements. The outstanding 2014A Bonds are payable in annual installments ranging from \$300,000 to \$1,495,000 with principal payments due annually on October 1 starting October 1, 2017 to final maturity at October 1, 2034. Interest payments are due on April 1 and October 1 at interest rates ranging from 3% to 5%. The 2014A Bonds are subject to early redemptions without premium on or after October 1, 2024.

As a result of the refunding, the term of the debt was extended and an interest rate reduction was achieved. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the new and old debt) of \$3,236,199 and a reduction of total debt service payments of \$5,879,838. As of June 30, 2015, the total interest and principal remaining on the bonds is \$28,097,431.

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FISCAL YEAR ENDED JUNE 30, 2015

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

- Claims and legal services payable of \$14,982,666, 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 actuarially estimated claims incurred but not yet reported as of June 30, 2015.
- Compensated absences liability of \$5,898,959 at fiscal year-end. This liability consists of accumulated earned but unused leave of employees charged to the General fund, Enterprise funds and the Workers' Compensation – Internal Service fund. The liability is liquidated from the funds to which an employee is charged. The largest portion of the liability (83.5%) is attributable to the General fund.
- Other Post Employment Benefits (OPEB) liability of \$8,937,197. This liability consists of the unfunded portion of the actuarially determined Annual Required Contribution (ARC) for Fiscal Years 2008-15. OPEB funds health insurance benefits for retired employees.
- Net pension liability of \$98,712,306. This liability consists of the actuarially determined liability attributable to the General fund, Enterprise funds and the Workers' Compensation – Internal Service fund. The liability is liquidated from the funds to which an employee is charged. The largest portion of the liability (82.7%) is attributable to the General fund. See Note IV D for additional detail regarding this debt.

**Annual debt service requirements to maturity**

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

<b>2014A Lease Revenue Refunding Bonds</b>			
<b>Year Ending</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b>June 30:</b>			
2016	\$ -	\$ 806,625	\$ 806,625
2017	-	806,625	806,625
2018	675,000	793,125	1,468,125
2019	705,000	765,525	1,470,525
2020	735,000	738,225	1,473,225
2021-2025	4,235,000	3,117,250	7,352,250
2026-2030	5,445,000	1,913,250	7,358,250
2031-2034	6,730,000	631,806	7,361,806
	<b>\$ 18,525,000</b>	<b>\$ 9,572,431</b>	<b>\$ 28,097,431</b>

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CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Balances</u> <u>June 30, 2014</u>	<u>Debt</u> <u>Incurred</u>	<u>Debt</u> <u>Retired</u>	<u>Balances</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
2004 certificates of participation	\$ 21,705,000	\$ -	(21,705,000)	\$ -	\$ -
Add (less) deferred amounts:					
Bond premium	259,953	-	(259,953)	-	
2014A lease revenue refunding bond	-	18,795,000	(270,000)	18,525,000	-
Add (less) deferred amounts:					
Bond premium		1,972,747	(83,234)	1,889,513	
Total bonds payable	21,964,953	20,767,747	(22,318,187)	20,414,513	-
Claims and legal services	10,752,014	6,363,809	(2,133,157)	14,982,666	5,276,387
Compensated absences	4,909,956	206,407	(191,366)	4,924,997	492,500
Net OPEB obligation	8,635,452	2,016,727	(1,714,982)	8,937,197	-
Net pension liability	98,036,314	7,154,248	(23,192,493)	81,998,069	8,321,807
Governmental activity long-term liabilities	<u>\$ 144,298,689</u>	<u>\$ 36,508,938</u>	<u>\$ (49,550,185)</u>	<u>\$ 131,257,442</u>	<u>\$ 14,090,694</u>
<b>Business-type activities:</b>					
Compensated absences	1,086,562	1,662	(114,262)	973,962	97,396
Net pension liability	20,350,213	1,276,081	(4,912,057)	16,714,237	1,535,111
Business-type activity long-term liabilities	<u>\$ 1,086,562</u>	<u>\$ 1,277,743</u>	<u>\$ (5,026,319)</u>	<u>\$ 17,688,199</u>	<u>\$ 1,632,507</u>

For governmental activities- pension, other postemployment benefits, and compensated absences, obligations 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 an ordinance. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**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 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, 2015, consisted of the following:

Community Facilities District (District No. 04-1)	\$6,655,000
Royal Corto Improvements (District No. 89-1)	285,000
Madera Royal (District No. 98-1)	1,795,000

The City elected to payoff AD 89-1 one year ahead of schedule, see note Subsequent events Note IV G.

**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, 2015 was \$42,585,000. 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:

- 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, 2015, is \$2,530,000.
- 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, 2015, is \$10,045,000.
- 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, 2015, is \$29,700,000.

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CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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, 2015, 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. Two of the City's four Internal Service Funds, General Liability and Workers' Compensation, account for and finance the agency's 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 \$750,000 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:

	<b>Year ended June 30, 2015</b>	<b>Year ended June 30, 2014</b>
Unpaid claims beginning of fiscal year	\$ 10,752,014	\$ 11,135,477
Incurred claims (including IBNRs)	6,363,809	2,792,868
Claims payments	(2,133,157)	(3,176,331)
Unpaid claims, end of fiscal year	\$ 14,982,666	\$ 10,752,014

**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

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CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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 - All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website - <http://www.calpers.ca.gov>.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the 1957 Survivor Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
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The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-55
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.05 to 2.5%
Required employee contribution rates	7%	7%
Required employer contribution rates	16.990%	16.990%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9%	9%
Required employer contribution rates	30.784%	30.784%

At June 30, 2014, the following employees were covered by the benefit terms for each Plan\*:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	491	143
Inactive employees entitled to but not yet receiving benefits	224	17
Active employees	403	119
Total	1,118	279

\*The most recent data available from CalPERS is from the actuarial valuation dated June 30, 2014.

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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Funding Policy - Participants are required to contribute 7% (9% or 12% for safety employees) of their annual covered salary. Except for members of the General Unit, the City makes the contributions required of City employees hired before January 1, 2013 on their behalf and for their account. General Unit employees hired prior to July 1, 2010 are required to contribute 4.97% of their covered salary, and the City contributes 2.03%. General Unit employees hired after July 1, 2010 are required to contribute the full 7% of their covered salary. Sworn employees hired after July 1, 2013, and are considered new members to the CalPERS system, are required to contribute 12% of their covered salary.

The City is also required to contribute an employer's cost share at an actuarially determined rate; the rate is 16.990% for miscellaneous (non-safety) employees. Non-sworn management employees hired prior to July 1, 2010 are required to contribute 3.0% of this cost. For police (safety) employees, the employer rate is 30.784% of annual covered payroll for the year ended June 30, 2015. Sworn employees hired prior to July 1, 2010 are required to contribute 3.0% this cost. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Net Pension Liability - The Local Government's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Projected Salary Increase	3.3% - 14.2 % (1)	3.3% - 14.2 % (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit	Contract COLA up to 2.75%	
Payroll Growth	Protection Allowance Floor on Purchasing Power applies, thereafter:	
	2.75%	2.75%

(1) *Varies depending on age, service and type of employment*

(2) *Net of pension plan investment and administrative expenses, including inflation*

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January, 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each

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fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

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Changes in the Net Pension Liability – The changes in the Net Pension Liability for each Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<u>Miscellaneous Plan:</u>			
Balance at June 30, 2013	\$ 230,218,499	\$ 159,446,151	\$ 70,772,348
Changes in the year:			
Service cost	4,456,595		4,456,595
Interest on the total pension liability	17,085,147		17,085,147
Changes in benefit terms	-		-
Differences between actual and expected experience	-		-
Changes in assumptions	-		-
Contributions - employer		4,450,276	(4,450,276)
Contributions - employee (paid by employer)		1,480,385	(1,480,385)
Contributions - employee		666,595	(666,595)
Net investment income		27,811,620	(27,811,620)
Administrative expenses		(222,224)	222,224
Benefit payments, including refunds of employee contributions	(9,289,664)	(9,289,664)	-
Net changes	12,252,078	24,896,988	(12,644,910)
Balance at June 30, 2014	<u>\$ 242,470,577</u>	<u>\$ 184,343,139</u>	<u>\$ 58,127,438</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<u>Safety Plan:</u>			
Balance at June 30, 2013	\$ 141,316,113	\$ 93,701,934	\$ 47,614,179
Changes in the year:			
Service cost	3,396,111		3,396,111
Interest on the total pension liability	10,489,579		10,489,579
Changes in benefit terms	-		-
Differences between actual and expected experience	-		-
Changes in assumptions	-		-
Contributions - employer		3,604,044	(3,604,044)
Contributions - employee (paid by employer)		1,069,997	(1,069,997)
Contributions - employee		10,533	(10,533)
Net investment income		16,369,317	(16,369,317)
Administrative expenses		(138,890)	138,890
Benefit payments, including refunds of employee contributions	(6,306,201)	(6,306,201)	-
Net changes	7,579,489	14,608,800	(7,029,311)
Balance at June 30, 2014	<u>\$ 148,895,602</u>	<u>\$ 108,310,734</u>	<u>\$ 40,584,868</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

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	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 88,195,885	\$ 60,218,380
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 58,127,438	\$ 40,584,868
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 32,865,021	\$ 24,301,828

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2015, the City recognized total pension expense of \$8,430,328. The Miscellaneous Plan portion of pension expense was \$4,437,851, and Safety Plan portion of pension expense was \$3,992,477. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,338,686	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(12,632,486)
Total	\$ 5,338,686	\$ (12,632,486)
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,518,232	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(7,417,744)
Total	\$ 4,518,232	\$ (7,417,744)

\$9,856,918 reported as total deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous	Safety
2015	\$ (3,158,121)	\$ (1,854,436)
2016	(3,158,121)	(1,854,436)
2017	(3,158,121)	(1,854,436)
2018	(3,158,123)	(1,854,436)
2019	-	-
Thereafter	-	-

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015. Pension liability and expense is allocated to the City's proprietary funds based on the portion of Citywide pensionable earnings paid to employees from those funds.

**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 staff: City Council members, City Managers, Assistant City Managers, City Attorneys, and Department heads employed by the City on or after July 1, 2001 and prior to August 30, 2010. 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. US Bank is the PARS Trustee. Upon meeting the eligibility requirements, plan members receive a monthly lifetime benefit of one-twelfth the sum of: 0.4% of the employee's final average compensation for service prior to July 1, 2001 plus 0.5% of the employee's final average compensation for service from July 1, 2001 through August 30, 2010. Employees are eligible to retire the first of the month following or coincident with attainment of age 60, with four or more years of service at termination. Employees must be retired under CalPERS to be eligible to retire under PARS. An annual cost-of-living adjustment is provided annually following commencement of benefits equal to 2% per annum. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Funding Policy - The City's annual pension contribution for PARS was \$60,000. Plan assets held in trust at June 30, 2015 totaled \$856,523. PARS funding is based on the bi-annual actuarially required contribution calculated by an independent consultant. Because the PARS benefit has been frozen, the PARS funding is no longer based on a percentage of gross payroll for Executive Management. The funding amount is based on the demographics of actual remaining plan participants, both active and retired and future plan costs derived from the bi-annual actuarial study. The most recent study was completed on September, 2014.

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*Employees covered.* At June 30, 2014 the following employees were covered under REP:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>8</u>
	<u>20</u>

Net Pension Liability - PARS

The City's net pension liability for the PARS plan was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2 percent	
Investment rate of return	6%, net of pension plan investment expense	

Mortality rates were based on the RP2014 with projection scale MP2014 mortality table as published by the Society of Actuaries, for males and females. Retirement rates were based on past experience and assumed to be 25% retiring at age 60, 50% at age 61, and 100% at age 62.

The long-term expected rate of return on pension investment was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the real rates of return for each major asset class are summarized in the following table:

Asset Class	Current Asset Allocation	Long-Term Expected Rate of Return
Bond	64.27%	5.20%
Cash	7.53%	0.00%
International Stock	8.34%	11.00%
US Stock	19.87%	8.00%
Total	100.00%	

*Discount Rate.* The discount rate used to measure the total pension liability was 7% for the period during which current assets are expected to be sufficient to cover projected benefit payments and 3.66% for periods in which future contributions will be required to meet expected benefit payments. Please note that for purposes of determining which

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periods 3.66% discount rate will be used, no future contributions have been considered (though they may be in accordance with GASB standards). The effective discount rate is 4.55%.

Changes in the Net Pension Liability – PARS Plan

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2012	\$ 1,254,662	\$ 786,432	\$ 468,230
Changes for the 2012-2014:			
Service Cost			0
Interest	192,264		192,264
Actuarial (Gain) Loss	591,410		591,410
Contributions - employer		120,025	(120,025)
Contributions - employee			0
Net investment income		98,000	(98,000)
Benefit payments	(149,483)	(149,483)	0
Administrative expense			0
Other changes			0
Net changes	634,191	68,542	565,649
Balances at 6/30/2014	<u>\$ 1,888,853</u>	<u>\$ 854,974</u>	<u>\$ 1,033,879</u>

The General Fund is liable for PARS plan expenditures. Because the net PARS liability is not material in nature, the City has not reported this liability in the government-wide statement of net position.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 4.55%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.55%) or 1-percentage point higher (5.55%) than the current rate:

	1% Decrease (3.55%)	Current Discount Rate (4.55%)	1% Increase (5.55%)
City's net PARS-pension liability	\$ 1,335,062	\$ 1,033,879	\$ 793,775

**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. Defined-benefit post-retirement health care coverage is available only to employees hired up to June 20, 2010. Depending on the employee group, those hired after June 20, 2010, receive a defined contribution amount of either \$200 or \$300 per month, which is

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deposited into a health retirement account (HRA). There is a five-year employment vesting period before the HRA account can be held by the employee. As newer employees are hired by the agency, a greater percentage will be covered by the defined contribution plan, which allows the City to better control the overall cost of health benefits.

Plan Description - The Simi Valley Other Post Employment Benefit Plan (SVOPEB) is a single-employer defined benefit plan administered 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, Sworn Management, and Sworn (police) employees' retiree health benefits are provided per resolution numbers 2014-18, 2013-60, and 2013-55, 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 Management and Sworn Units. Additionally, the City provides funding for retiree health benefits to General Unit employees under a defined contribution plan, per resolution numbers 2002-55 and 2014-03. The defined contribution is currently set by contract at 1.00% of salary for General Unit members.

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		<u>More Than 10 Years Service</u>		
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	
	<u>Less Than 10 Years Service</u>	<u>More Than 10 Years Service</u>	<u>20-24 Years**</u>	<u>More Than 20 Years Service</u>
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
	<u>10 Years Service</u>			<u>More Than 10 Years Service</u>
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.
- \*\* Deputy Police Chiefs and Commanders (Sworn Management) 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 \$100,000 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 2014-15 in the amount of \$1,714,982. Each employee group's funds are maintained in a separate trust for the benefit of that particular group.

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**Net OPEB Obligation**

Annual required contribution	\$ 2,245,906
Interest on net OPEB obligation	280,652
Adjustment to annual required contribution	<u>(509,831)</u>
Annual OPEB cost (expense)	2,016,727
Contributions made	<u>1,714,982</u>
Increase/(decrease) in Net OPEB obligation	301,745
Net OPEB obligation - beginning of year	<u>8,635,452</u>
Net OPEB obligation - end of year	<u>\$ 8,937,197</u>

Annual OPEB Costs and Net OPEB Obligation - For Fiscal Year 2014-15, the City's annual OPEB cost (expense) of \$2,016,727 was less than the ARC of \$2,245,906. 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 following table. The General fund and enterprise funds generally fund annual OPEB costs.

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	<b>Adjusted Annual Required Contribution (ARC)</b>	<b>Interest on Net OPEB Obligation</b>	<b>ARC Adjustment</b>	<b>Annual Post-Employment Benefit Cost</b>	<b>Actual Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Change in Net OPEB Obligation</b>	<b>Net OPEB Obligation</b>
<u>Misc. Employees - Management</u>								
<u>Fiscal Year</u>								
06/30/2013	\$ 1,086,227	\$ 50,587	\$ 92,007	\$1,044,807	\$ 1,085,373	104%	\$ (40,566)	\$ 1,645,652
06/30/2014	\$ 1,086,227	\$ 49,370	\$ 92,055	\$1,043,542	\$ 672,927	64%	\$ 370,615	\$ 2,016,267
06/30/2015	\$ 583,289	\$ 65,529	\$ 119,039	\$ 529,779	\$ 583,109	110%	\$ (53,330)	\$ 1,962,937
<u>Sworn Employees - Management</u>								
<u>Fiscal Year</u>								
06/30/2013	\$ 485,624	\$ 16,139	\$ 29,353	\$ 472,410	\$ 235,805	50%	\$ 236,605	\$ 774,567
06/30/2014	\$ 485,624	\$ 23,237	\$ 43,328	\$ 465,533	\$ 231,356	50%	\$ 234,177	\$ 1,008,744
06/30/2015	\$ 324,569	\$ 32,784	\$ 59,556	\$ 297,797	\$ 253,720	85%	\$ 44,077	\$ 1,052,821
<u>Sworn Employees - Officers</u>								
<u>Fiscal Year</u>								
06/30/2013	\$ 1,795,960	\$ 82,086	\$ 149,299	\$1,728,747	\$ 433,410	25%	\$1,295,337	\$ 4,031,548
06/30/2014	\$ 1,795,960	\$ 120,946	\$ 225,518	\$1,691,388	\$ 443,846	26%	\$1,247,542	\$ 5,279,090
06/30/2015	\$ 960,016	\$ 171,570	\$ 311,673	\$ 819,913	\$ 412,406	50%	\$ 407,507	\$ 5,686,597
<u>Misc. Employees - General Unit</u>								
<u>Fiscal Year</u>								
06/30/2013	\$ 189,038	\$ 5,548	\$ 10,091	\$ 184,495	\$ 95,734	52%	\$ 88,761	\$ 273,690
06/30/2014	\$ 189,038	\$ 8,211	\$ 15,310	\$ 181,939	\$ 124,278	68%	\$ 57,661	\$ 331,351
06/30/2015	\$ 378,032	\$ 10,769	\$ 19,563	\$ 369,238	\$ 465,747	126%	\$ (96,509)	\$ 234,842

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

**Management Employees (non-sworn)** - As of the most recent actuarial valuation date of January 1, 2015, the plan was 11.0% funded. The actuarial accrued liability (AAL) for benefits was \$9,415,637 and the book value of plan assets was \$1,033,333 resulting in an unfunded actuarial accrued liability (UAAL) of \$8,379,304. The covered payroll (annual payroll of active employees covered by the plan) was \$14,961,345, and the ratio of the UAAL to the covered payroll was 56.0%.

**Sworn Management Employees** - As of the most recent actuarial valuation date of January 1, 2015, the plan was 4.7% funded. The AAL for benefits was \$4,362,353, and the book value of plan assets was \$204,531, resulting in an UAAL of \$4,157,822. The covered payroll was \$1,651,780, and the ratio of the UAAL to the covered payroll was 251.7%.

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Sworn Employees - As of the most recent actuarial valuation date of January 1, 2015, the plan was 5.3% funded. The AAL for benefits was \$16,055,012, and the book value of plan assets was \$853,800, resulting in an UAAL of \$15,202,012. The covered payroll was \$9,668,897, and the ratio of the UAAL to the covered payroll was 157.2%.

General Unit Employees - As of the most recent actuarial valuation date of January 1, 2015, the plan was 23.4% funded. The AAL for benefits was \$3,806,322, and the book value of plan assets was \$889,531 resulting in an UAAL of \$2,916,791. The covered payroll was \$11,221,340, and the ratio of the UAAL to the covered payroll was 26.0%.

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.

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, 2015 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, 2015 actuarial valuation is being used, the City has not made an election with respect to an asset smoothing formula, or method.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

	Miscellaneous Employees <u>Management</u>	Safety Employees <u>Sworn and Management</u>	Miscellaneous Employees <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	2.75%	3.00%	3.00%
Health inflation assumption	4.00%	4.00%	4.00%
Mortality	2009 CalPERS Mortality for Miscellaneous employees	2009 CalPERS Mortality for Sworn employees	CalPERS for Miscellaneous employees
Retirement rates	2% at 55 if hired prior to 1/1/2013	3% at 55 if hired prior to 7/1/2013	2% at 55 if hired prior to 1/1/2013
	2% at 60 if hired after 12/31/2012	2% at 50 if hired after 7/01/2013	2% at 60 if hired after 12/31/2012
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

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**F. Prior period adjustments**

**Statement of Activities**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position - Beginning	\$ 282,055,608	\$ 175,902,643	\$ 457,958,251
Net pension liability	(98,036,313)	(20,350,213)	(118,386,526)
Deferred outflows - pension contributions	6,774,667	1,279,652	8,054,319
Net prior period adjustment	(91,261,646)	(19,070,561)	(110,332,207)
Net Position - Beginning, as restated	<u>\$ 190,793,962</u>	<u>\$ 156,832,082</u>	<u>\$ 347,626,044</u>

To reflect change in net position attributable to net pension liability in accordance with implementation of GASB Statement No. 68. See Note IV D for additional details.

**Statement of Revenues, Expenses and Changes in Net Position**

**Proprietary Funds**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Simi Valley Sanitation</u>	<u>Ventura County Waterworks District No. 8</u>	<u>Simi Valley Transit System</u>	
Net Position - Beginning	\$ 98,906,085	\$ 70,766,277	\$ 6,295,220	\$ 566,877
Net pension liability	(8,963,823)	(6,952,339)	(4,434,052)	(454,285)
Deferred outflows - pension contributions	563,659	437,174	278,820	28,567
Net prior period adjustment	(8,400,164)	(6,515,165)	(4,155,232)	(425,718)
Net Position - Beginning, as restated	<u>\$ 90,505,921</u>	<u>\$ 64,251,112</u>	<u>\$ 2,139,988</u>	<u>\$ 141,159</u>

To reflect change in net position attributable to net pension liability in accordance with implementation of GASB statement No. 68. See Note IV D for additional details.

**G. Subsequent events**

**Assessment District pay-off:**

The City had sufficient cash balances in the debt service and reserve accounts to pay the balance of the Royal Corto (District No. 89-1) Improvements bond approximately one year prior to schedule and without further assessments to the property owners. The final payoff amount was remitted in September, 2015. After paying final debt service and consultant fees, the cash balance remaining is approximately \$96,000.

**Pending Litigation**

As a result of the normal course of operations, the City is involved in a number of legal matters. The accompanying financial statements reflect management's reasonable estimate of the potential liability associated with these matters, although the actual liability may be more or less than the estimate.

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**H. Governmental Accounting Standards Board (GASB) Statements issued but not yet effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that have effective dates which may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

GASB No. 72 – GASB has issued Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015.

GASB No. 73 – GASB has issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

GASB No. 74 – GASB has issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB No. 75 – GASB has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB No. 76 – GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015.

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

GASB No. 77 – GASB has issued Statement No. 77, Tax Abatement Disclosures. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

Original pronouncements can be found on the GASB's website: [www.gasb.org](http://www.gasb.org).

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**V. Successor Agency to the Simi Valley Community Development Agency  
Private-Purpose Trust Fund**

**A. Reporting entity**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Simi Valley that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 30, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-06.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Successor Agency is allocated revenue only in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

**B. Cash and investments**

Cash and investments reported in the accompanying financial statements for the Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund consisted of the following:

Cash and investments pooled with the City	\$ 3,227,212
Cash and investments with fiscal agent	<u>2,101,781</u>
Total cash and investments	<u>\$ 5,328,993</u>

See independent auditors’ report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**C. Capital assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land	\$ 1,124,174	\$ -	\$ -	\$ 1,124,174
Capital assets, net	<u>\$ 1,124,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,174</u>

**D. Deferred outflows of resources**

In accordance with GASB Statement 63, in addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then.

The following is a summary of deferred outflows of resources for the fiscal year ended June 30, 2015:

	<u>Balances June 30, 2014</u>	<u>Amortization</u>	<u>Balances June 30, 2015</u>
<b>Fiduciary activities:</b>			
2003 tax allocation bonds			
Deferred loss amount	<u>\$ (274,597)</u>	<u>\$ 28,482</u>	<u>\$ (246,115)</u>

**E. Long-term debt**

The Community Development Agency (CDA), formerly a blended component unit of the City, issued tax allocation bonds on behalf of the City. Effective February 1, 2012, this debt was transferred from the CDA to the Successor Agency (private purpose / fiduciary fund) as a result of dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2015, follows:

- Successor Agency to 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

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

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. The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total interest and principal remaining on the bonds is \$33,026,428, payable through September 2030. For the current fiscal year, principal and interest paid was \$2,082,081, and the Redevelopment Property Tax Trust Fund revenue received was \$3,968,387.

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

<b>2003 Tax Allocation Refunding Bond</b>			
<b>Year Ending</b>			
<b><u>June 30:</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016	\$ 970,000	\$ 1,108,375	\$ 2,078,375
2017	1,010,000	1,066,906	2,076,906
2018	1,055,000	1,022,366	2,077,366
2019	1,100,000	970,412	2,070,412
2020	1,160,000	911,088	2,071,088
2021-2025	6,765,000	3,557,906	10,322,906
2026-2030	8,655,000	1,624,375	10,279,375
2031	2,000,000	50,000	2,050,000
	<b><u>\$ 22,715,000</u></b>	<b><u>\$ 10,311,428</u></b>	<b><u>\$ 33,026,428</u></b>

Fiduciary fund long-term liability activity for the year ended June 30, 2015, was as follows:

	<b><u>Balances</u></b>	<b><u>Debt</u></b>	<b><u>Debt</u></b>	<b><u>Balances</u></b>	<b><u>Due Within</u></b>
	<b><u>June 30, 2014</u></b>	<b><u>Incurred</u></b>	<b><u>Retired</u></b>	<b><u>June 30, 2015</u></b>	<b><u>One Year</u></b>
<b>Fiduciary activities:</b>					
2003 tax allocation bonds	\$ 23,650,000		\$ (935,000)	\$ 22,715,000	\$ 970,000
Add (less) deferred amounts:					
Bond premium	271,355		(16,306)	255,049	-
Compensated absences	51,929	4,648	(56,577)	-	-
<b>Fiduciary long-term liabilities</b>	<b><u>\$ 23,973,284</u></b>	<b><u>\$ 4,648</u></b>	<b><u>\$ (1,007,883)</u></b>	<b><u>\$ 22,970,049</u></b>	<b><u>\$ 970,000</u></b>

See independent auditors' report.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2015

**F. Deficit fund equity**

As of June 30, 2015, the Private Purpose Trust, a component of the City's Fiduciary funds, has a negative net position of \$25,371,469. Below is a summary of the net position.

Net Position - Beginning Balance	\$ (27,629,152)
Total additions for the year ended June 30, 2015	4,050,114
Total deductions for the year ended June 30, 2015	<u>(1,792,431)</u>
Change in net position	<u>2,257,683</u>
Net Position - Ending Balance	<u>\$ (25,371,469)</u>

**G. Insurance**

The Successor Agency is covered under the City of Simi Valley's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note IV B.

# Required Supplementary Information

CITY OF SIMI VALLEY ● REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2015

**City of Simi Valley  
California Public Employees' Retirement System (CalPERS)  
Miscellaneous Plan  
Last Ten Years\***

Schedule of Changes in Net Pension Liability and Related Ratios

Measurement Period	2013-14 <sup>1</sup>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 4,456,595
Interest	17,085,147
Changes of Benefit Terms	0
Difference Between Expected and Actual Experience	0
Changes of Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(9,289,664)</u>
Net Change in Total Pension Liability	12,252,078
Total Pension Liability – Beginning	<u>230,218,499</u>
Total Pension Liability – Ending (a)	<u>\$ 242,470,577</u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions – Employer	\$ 4,450,276
Contributions – Employee	2,146,980
Net Investment Income <sup>2</sup>	27,589,396
Benefit Payments, Including Refunds of Employee Contributions	(9,289,664)
Other Changes in Fiduciary Net Position	<u>0</u>
Net Change in Fiduciary Net Position	24,896,988
Plan Fiduciary Net Position – Beginning	<u>159,446,151</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 184,343,139</u>
Plan Net Pension Liability/(Asset) – Ending (a) - (b)	<u>\$ 58,127,438</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.03%
Covered-Employee Payroll	\$ 28,976,557
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	200.60%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

\*Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See independent auditors' report.

CITY OF SIMI VALLEY ● REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2015

**City of Simi Valley  
California Public Employees' Retirement System (CalPERS)  
Last Ten Years\***

***Miscellaneous Plan - Schedule of Plan Contributions<sup>1</sup>***

		<b><u>Fiscal Year 2013-14</u></b>
Actuarially Determined Contribution <sup>2</sup>	\$	4,450,276
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>		(4,450,276)
Contribution Deficiency (Excess)	\$	0
Covered-Employee Payroll <sup>3,4</sup>	\$	28,976,557
Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>		15.36%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

<sup>4</sup> Payroll from prior year \$28,132,580 was assumed to increase by the 3.00 percent payroll growth assumption.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See independent auditors' report.

CITY OF SIMI VALLEY ● REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2015

**City of Simi Valley  
California Public Employees' Retirement System (CalPERS)  
Safety Plan  
Last Ten Years\***

Schedule of Changes in Net Pension Liability and Related Ratios

Measurement Period	2013-14 <sup>1</sup>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 3,396,111
Interest	10,489,579
Changes of Benefit Terms	0
Difference Between Expected and Actual Experience	0
Changes of Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(6,306,201)</u>
Net Change in Total Pension Liability	7,579,489
Total Pension Liability – Beginning	<u>141,316,113</u>
Total Pension Liability – Ending (a)	<u>\$ 148,895,602</u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions – Employer	\$ 3,604,044
Contributions – Employee	1,080,530
Net Investment Income <sup>2</sup>	16,230,427
Benefit Payments, Including Refunds of Employee Contributions	(6,306,201)
Other Changes in Fiduciary Net Position	<u>0</u>
Net Change in Fiduciary Net Position	14,608,800
Plan Fiduciary Net Position – Beginning	<u>93,701,934</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 108,310,734</u>
Plan Net Pension Liability/(Asset) – Ending (a) - (b)	<u>\$ 40,584,868</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.74%
Covered-Employee Payroll	\$ 12,471,030
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	325.43%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

\*Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See independent auditors' report.

CITY OF SIMI VALLEY ● REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2015

**City of Simi Valley  
California Public Employees' Retirement System (CalPERS)  
Last Ten Years\***

**Safety Plan - Schedule of Plan Contributions<sup>1</sup>**

		<b><u>Fiscal Year 2013-14</u></b>
Actuarially Determined Contribution <sup>2</sup>	\$	3,604,044
Contributions in Relation to the Actuarially Determined Contribution <sup>2</sup>		(3,604,044)
Contribution Deficiency (Excess)	\$	0
Covered-Employee Payroll <sup>3,4</sup>	\$	12,471,030
Contributions as a Percentage of Covered-Employee Payroll <sup>3</sup>		28.90%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

<sup>4</sup> Payroll from prior year \$28,132,580 was assumed to increase by the 3.00 percent payroll growth assumption.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See independent auditors' report.

CITY OF SIMI VALLEY ● REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2015

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

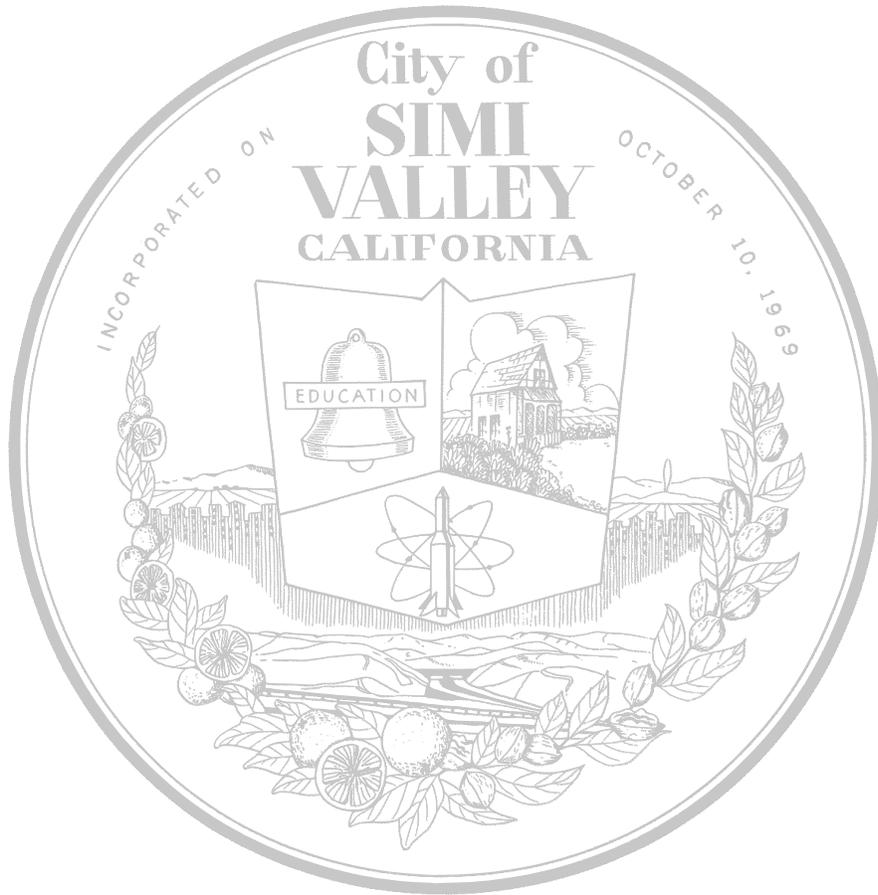
The following three-year trend of funding progress is related to SVOPEB, a single-employer defined benefit pension plan.

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Book Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratios	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>06/30/2012</u>		<u>06/30/2012</u>				
01/01/2011	\$ 543,131 <sup>1</sup>	\$ 10,687,625	\$ 10,144,494	5.1%	\$ 16,066,285	63.1%
	129,321 <sup>2</sup>	6,068,668	5,939,347	2.1%	1,422,184	417.6%
	782,531 <sup>3</sup>	15,444,608	14,662,077	5.1%	9,579,127	153.1%
	503,772 <sup>4</sup>	2,189,327	1,685,555	23.0%	11,699,093	14.4%
<u>06/30/2013</u>		<u>06/30/2013</u>				
01/01/2013	\$ 967,820 <sup>1</sup>	\$ 15,400,659	\$ 14,432,839	6.3%	\$ 15,075,532	95.7%
	131,028 <sup>2</sup>	7,436,829	7,305,801	1.8%	1,504,268	485.7%
	795,998 <sup>3</sup>	23,130,186	22,334,188	3.4%	9,633,938	231.8%
	511,609 <sup>4</sup>	2,048,905	1,537,296	25.0%	10,836,700	14.2%
<u>06/30/2014</u>		<u>06/30/2014</u>				
01/01/2013	\$ 1,000,092 <sup>1</sup>	\$ 15,400,659	\$ 14,400,567	6.5%	\$ 14,623,475	98.5%
	134,683 <sup>2</sup>	7,436,829	7,302,146	1.8%	1,603,353	455.4%
	824,286 <sup>3</sup>	23,130,186	22,305,900	3.6%	9,270,473	240.6%
	528,367 <sup>4</sup>	2,048,905	1,520,538	25.8%	11,597,033	13.1%

- <sup>1</sup> Management (non-sworn)
- <sup>2</sup> Sworn Management
- <sup>3</sup> Sworn
- <sup>4</sup> General Unit (defined contribution)

See independent auditors' report.



# Supplementary Information

# Nonmajor Governmental Funds



## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

*CalHOME Fund* accounts for the allocation of State funds to support low-income housing programs.

*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, and Proposition 1B funds received pursuant to State of California, Transportation Development Act and Port Security Bond Act of 2006. These funds are restricted for the improvement and maintenance of street systems, and State allocations for street, mass transit, and safety and security 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.

*Library Services fund* accounts for property tax revenue funding and donations from Simi Valley Friends of the Library (a non-profit organization) used for expenditures to operate the Simi Valley Public Library.

*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.

## **Debt Service Funds**

*2004 Certificates of Participation fund* was established to account for the debt service transactions related to this issuance. In August, 2014, this debt was repaid through the issuance of Lease Revenue Refunding Bonds, Series 2014A.

*2014A Lease Revenue Refunding Bonds fund* was established to account for the debt service transactions related to the sale of variable rate lease revenue bonds issued for the purpose of fully refunding the 2004 Certificates of Participation (“2004 Certificates”).

## **Capital Project Funds**

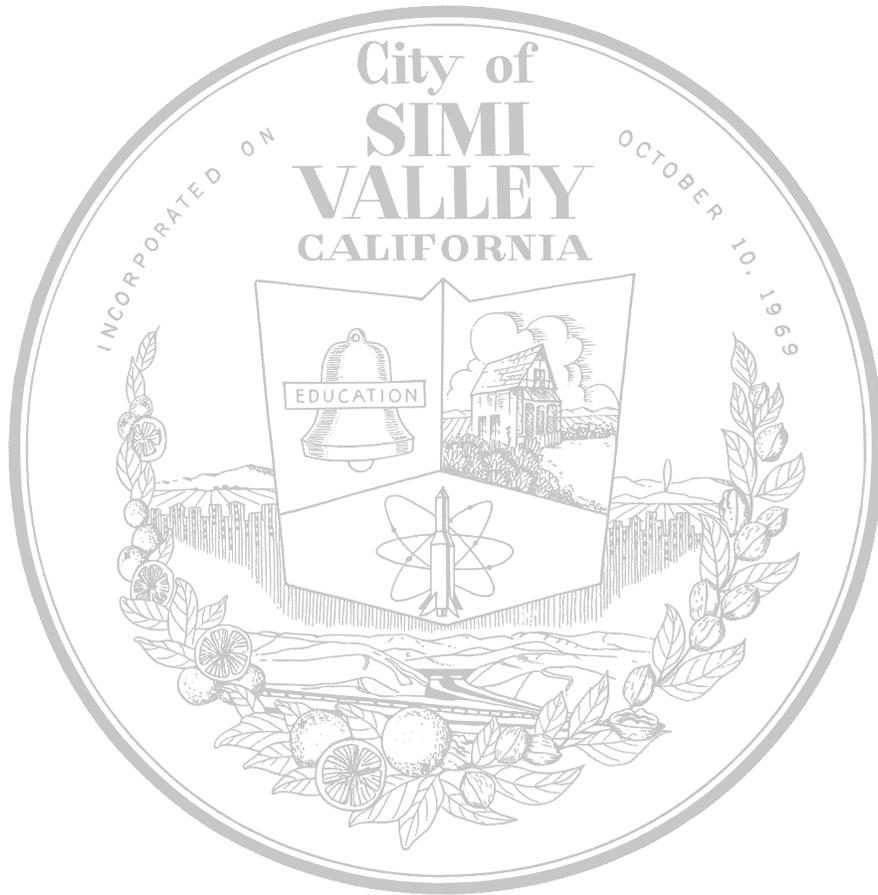
*Equipment Replacement funds* account for the replacement of personal computers, terminals, and printers; and establish a reserve for the replacement of vehicles.

*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 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 such as the police shooting range.



**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<u>Special Revenue</u>			
	CalHome Grant	HOME Grant	Public, Education & Government Fees	Gasoline Tax
<b><u>ASSETS</u></b>				
Cash and investments:				
Held by city	\$ 38,467	\$ 1,545,302	\$ 995,489	\$ -
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Taxes receivable	-	-	78,845	-
Grants receivable	363,776	-	-	-
Interest receivable	-	-	1,074	-
Due from other funds	-	-	-	-
Loans receivable (net of allowance for uncollectibles)	805,240	1,637,689	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,207,483</b>	<b>\$ 3,182,991</b>	<b>\$ 1,075,408</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 11,520	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	555,658	2,056	-	-
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>567,178</b>	<b>2,056</b>	<b>-</b>	<b>-</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue-housing programs	805,240	1,637,689	-	-
Unavailable revenue-public safety	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>805,240</b>	<b>1,637,689</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCES</u></b>				
Nonspendable	-	-	-	-
Restricted				
Housing programs	-	1,543,246	-	-
Public improvements	-	-	-	-
Streets and transportation	-	-	-	-
Landscape	-	-	-	-
Debt service	-	-	-	-
Special programs	-	-	1,075,408	-
Law enforcement	-	-	-	-
Committed				
Equipment	-	-	-	-
Assigned				
Capital	-	-	-	-
Unassigned	(164,935)	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(164,935)</b>	<b>1,543,246</b>	<b>1,075,408</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,207,483</b>	<b>\$ 3,182,991</b>	<b>\$ 1,075,408</b>	<b>\$ -</b>

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

**Special Revenue**

Transportation Funds	Green Projects	Library Services	Police Grants	
<b>ASSETS</b>				
				Cash and investments:
\$ 303,468	\$ -	\$ 581,299	\$ 2,140,007	Held by city
-	-	-	-	Held by bond trustee
-	-	-	-	- Accounts receivable (net of allowance for uncollectibles)
-	-	-	-	- Taxes receivable
785,521	-	-	212,612	Grants receivable
747	-	71	1,389	Interest receivable
962,314	-	-	-	- Due from other funds
-	-	-	-	- Loans receivable (net of allowance for uncollectibles)
<u>\$ 2,052,050</u>	<u>\$ -</u>	<u>\$ 581,370</u>	<u>\$ 2,354,008</u>	<b>TOTAL ASSETS</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
\$ 23,750	\$ -	\$ 53,532	\$ 38,637	Accounts payable
-	-	-	-	- Salaries and benefits payable
24,934	-	-	210,108	Due to other funds
-	-	-	-	- Advances from other funds
<u>48,684</u>	<u>-</u>	<u>53,532</u>	<u>248,745</u>	<b>TOTAL LIABILITIES</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
-	-	-	-	- Unavailable revenue-housing programs
-	-	-	14,457	Unavailable revenue-public safety
<u>-</u>	<u>-</u>	<u>-</u>	<u>14,457</u>	<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>
<b>FUND BALANCES</b>				
-	-	-	-	- Nonspendable
-	-	-	-	Restricted
-	-	-	-	- Housing programs
-	-	-	-	- Public improvements
2,003,366	-	-	-	- Streets and transportation
-	-	-	-	- Landscape
-	-	-	-	- Debt service
-	-	527,838	-	- Special programs
-	-	-	2,090,806	Law enforcement
-	-	-	-	Committed
-	-	-	-	- Equipment
-	-	-	-	Assigned
-	-	-	-	- Capital
-	-	-	-	- Unassigned
<u>2,003,366</u>	<u>-</u>	<u>527,838</u>	<u>2,090,806</u>	<b>TOTAL FUND BALANCES (DEFICITS)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<u>\$ 2,052,050</u>	<u>\$ -</u>	<u>\$ 581,370</u>	<u>\$ 2,354,008</u>	

(continued)

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Special Revenue			Debt Service
	Community Development Block Grant	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds	2004 Certificates of Participation
<b><u>ASSETS</u></b>				
Cash and investments:				
Held by city	\$ -	\$ 1,416,796	\$ 7,020,828	\$ -
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Taxes receivable	-	-	78,845	-
Grants receivable	292,689	-	1,654,598	-
Interest receivable	-	2,206	5,487	-
Due from other funds	-	-	962,314	-
Loans receivable (net of allowance for uncollectibles)	467,973	-	2,910,902	-
<b>TOTAL ASSETS</b>	<b>\$ 760,662</b>	<b>\$ 1,419,002</b>	<b>\$ 12,632,974</b>	<b>\$ -</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 146,624	\$ 185,419	\$ 459,482	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	145,789	-	938,545	-
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>292,413</b>	<b>185,419</b>	<b>1,398,027</b>	<b>-</b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue-housing programs	467,973	-	2,910,902	-
Unavailable revenue-public safety	-	-	14,457	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>467,973</b>	<b>-</b>	<b>2,925,359</b>	<b>-</b>
 <b><u>FUND BALANCES</u></b>				
Nonspendable	-	-	-	-
Restricted				
Housing programs	-	-	1,543,246	-
Public improvements	-	-	-	-
Streets and transportation	-	-	2,003,366	-
Landscape	-	1,233,583	1,233,583	-
Debt service	-	-	-	-
Special programs	276	-	1,603,522	-
Law enforcement	-	-	2,090,806	-
Committed				
Equipment	-	-	-	-
Assigned				
Capital	-	-	-	-
Unassigned	-	-	(164,935)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>276</b>	<b>1,233,583</b>	<b>8,309,588</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 760,662</b>	<b>\$ 1,419,002</b>	<b>\$ 12,632,974</b>	<b>\$ -</b>

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

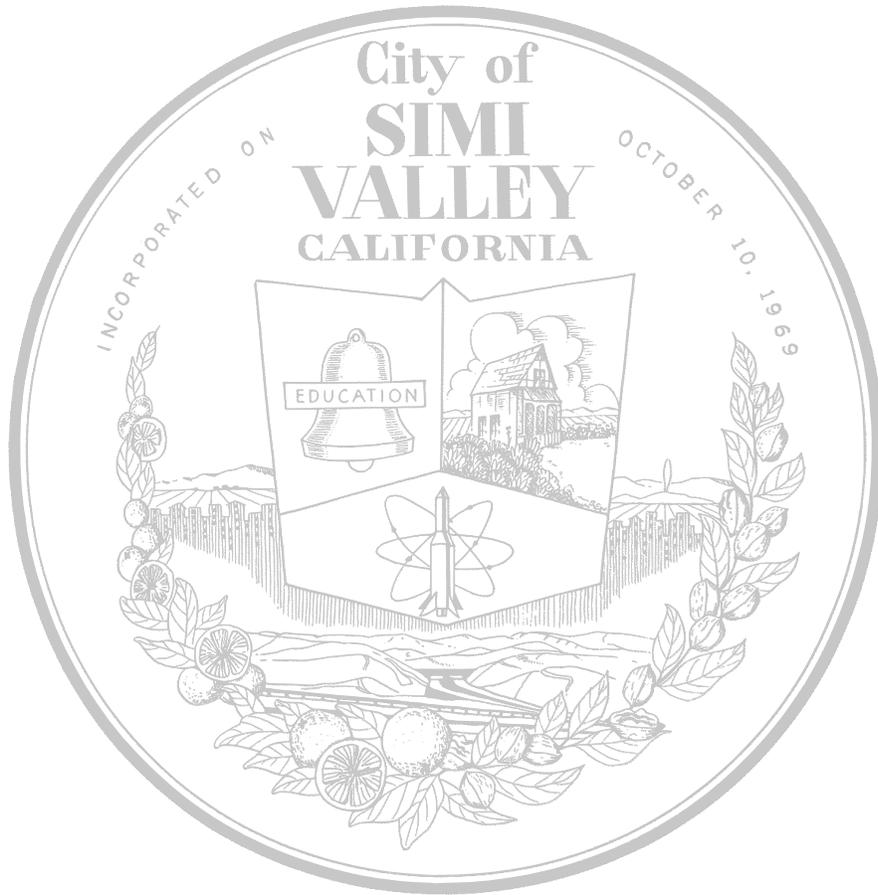
Debt Service		Capital Projects			
2014A Lease Revenue Refunding Bonds	Total Nonmajor Debt Service	Equipment Replacement	Geographic Information System (GIS)		
					<b>ASSETS</b>
					Cash and investments:
\$ -	\$ -	2,267,661	\$ 1,683,708		Held by city
7,963	7,963	-	-		Held by bond trustee
-	-	-	-		Accounts receivable (net of allowance for uncollectibles)
-	-	-	-		Taxes receivable
-	-	-	-		Grants receivable
-	-	637	1,415		Interest receivable
-	-	-	-		Due from other funds
-	-	-	-		Loans receivable (net of allowance for uncollectibles)
<u>\$ 7,963</u>	<u>\$ 7,963</u>	<u>\$ 2,268,298</u>	<u>\$ 1,685,123</u>		TOTAL ASSETS
					LIABILITIES AND FUND BALANCES
					<b>LIABILITIES</b>
\$ -	\$ -	17,164	\$ 980		Accounts payable
-	-	-	-		Salaries and benefits payable
-	-	-	-		Due to other funds
-	-	-	-		Advances from other funds
<u>-</u>	<u>-</u>	<u>17,164</u>	<u>980</u>		TOTAL LIABILITIES
					<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	-		Unavailable revenue-housing programs
-	-	-	-		Unavailable revenue-public safety
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		TOTAL DEFERRED INFLOWS OF RESOURCES
					<b>FUND BALANCES</b>
-	-	-	-		Nonspendable
					Restricted
-	-	-	-		Housing programs
-	-	-	-		Public improvements
-	-	-	-		Streets and transportation
-	-	-	-		Landscape
7,963	7,963	-	-		Debt service
-	-	-	-		Special programs
-	-	-	-		Law enforcement
					Committed
-	-	2,251,134	1,684,143		Equipment
					Assigned
-	-	-	-		Capital
-	-	-	-		Unassigned
<u>7,963</u>	<u>7,963</u>	<u>2,251,134</u>	<u>1,684,143</u>		TOTAL FUND BALANCES (DEFICITS)
<u>\$ 7,963</u>	<u>\$ 7,963</u>	<u>\$ 2,268,298</u>	<u>\$ 1,685,123</u>		TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>Capital Projects</b>				
	<b>Public Facility Improvements</b>	<b>Financial Information System (FIS)</b>	<b>Police Capital Projects</b>	<b>Total Nonmajor Capital Projects</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>					
Cash and investments:					
Held by city	\$ 3,976,277	\$ 1,475,148	\$ 137,210	\$ 9,540,004	\$ 16,560,832
Held by bond trustee	-	-	-	-	7,963
Accounts receivable (net of allowance for uncollectibles)	-	-	12,500	12,500	12,500
Taxes receivable	-	-	-	-	78,845
Grants receivable	-	-	-	-	1,654,598
Interest receivable	-	1,241	203	3,496	8,983
Due from other funds	-	-	-	-	962,314
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	2,910,902
<b>TOTAL ASSETS</b>	<b>\$ 3,976,277</b>	<b>\$ 1,476,389</b>	<b>\$ 149,913</b>	<b>\$ 9,556,000</b>	<b>\$ 22,196,937</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 28,912	\$ 2,005	\$ 19,830	\$ 68,891	\$ 528,373
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	938,545
Advances from other funds	3,348,380	-	-	3,348,380	3,348,380
<b>TOTAL LIABILITIES</b>	<b>3,377,292</b>	<b>2,005</b>	<b>19,830</b>	<b>3,417,271</b>	<b>4,815,298</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-housing programs	-	-	-	-	2,910,902
Unavailable revenue-public safety	-	-	-	-	14,457
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,925,359</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted					
Housing programs	-	-	-	-	1,543,246
Public improvements	598,985	-	-	598,985	598,985
Streets and transportation	-	-	-	-	2,003,366
Landscape	-	-	-	-	1,233,583
Debt service	-	-	-	-	7,963
Special programs	-	-	-	-	1,603,522
Law enforcement	-	-	-	-	2,090,806
Committed					
Equipment	-	1,474,384	-	5,409,661	5,409,661
Assigned					
Capital	-	-	130,083	130,083	130,083
Unassigned	-	-	-	-	(164,935)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>598,985</b>	<b>1,474,384</b>	<b>130,083</b>	<b>6,138,729</b>	<b>14,456,280</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,976,277</b>	<b>\$ 1,476,389</b>	<b>\$ 149,913</b>	<b>\$ 9,556,000</b>	<b>\$ 22,196,937</b>

(concluded)



**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Special Revenue			
	CalHome Grant	HOME Grant	Public, Education & Government Fees	Gasoline Tax
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ 305,455	\$ -
Use of money and property	68,282	22,039	4,729	-
From other governments	-	-	-	3,578,458
Grants	363,776	-	-	-
Service charges	-	-	-	-
Other revenues	-	-	-	-
Total revenues	432,058	22,039	310,184	3,578,458
<b><u>EXPENDITURES</u></b>				
Current:				
General government	-	-	-	-
Community services (CS)	-	-	23,987	-
Planning (ES)	501,949	2,204	-	-
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	501,949	2,204	23,987	-
Capital outlay	-	-	-	-
Debt service:				
Refunding escrow	-	-	-	-
Refunding bond issuance costs	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	501,949	2,204	23,987	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(69,891)	19,835	286,197	3,578,458
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(3,578,458)
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	-	-	-	(3,578,458)
NET CHANGE IN FUND BALANCES	(69,891)	19,835	286,197	-
FUND BALANCES (DEFICITS)-BEGINNING	(95,044)	1,523,411	789,211	-
FUND BALANCES (DEFICITS)-ENDING	\$ (164,935)	\$ 1,543,246	\$ 1,075,408	\$ -

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Special Revenue</u>				
Transportation Funds	Green Projects	Library Services	Police Grants	
				<b><u>REVENUES</u></b>
\$ -	\$ -	\$ 2,219,395	\$ -	Taxes
3,288	-	3,971	6,096	Use of money and property
4,886,999	-	-	-	From other governments
-	-	5,000	2,238,575	Grants
-	-	7,254	-	Service charges
-	13,007	43,409	-	Other revenues
<u>4,890,287</u>	<u>13,007</u>	<u>2,279,029</u>	<u>2,244,671</u>	Total revenues
				<b><u>EXPENDITURES</u></b>
				Current:
-	-	-	-	General government
-	-	1,698,106	-	Community services (CS)
-	-	-	-	Planning (ES)
23,750	-	-	-	Public ways and facilities (PW)
-	-	-	565,934	Public safety (PD)
<u>23,750</u>	<u>-</u>	<u>1,698,106</u>	<u>565,934</u>	Total current expenditures
-	-	-	-	Capital outlay
				Debt service:
-	-	-	-	Refunding escrow
-	-	-	-	Refunding bond issuance costs
-	-	-	-	Principal
-	-	-	-	Interest
-	-	-	-	Other
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total debt service
<u>23,750</u>	<u>-</u>	<u>1,698,106</u>	<u>565,934</u>	Total expenditures
<u>4,866,537</u>	<u>13,007</u>	<u>580,923</u>	<u>1,678,737</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				<b><u>OTHER FINANCING SOURCES (USES)</u></b>
102,686	-	-	-	Transfers in
(4,250,962)	-	(301,200)	(362,655)	Transfers out
-	-	-	-	Refunding bonds issued
-	-	-	-	Payment to refunded bond escrow agent
<u>(4,148,276)</u>	<u>-</u>	<u>(301,200)</u>	<u>(362,655)</u>	Total other financing sources (uses)
<u>718,261</u>	<u>13,007</u>	<u>279,723</u>	<u>1,316,082</u>	NET CHANGE IN FUND BALANCES
<u>1,285,105</u>	<u>(13,007)</u>	<u>248,115</u>	<u>774,724</u>	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 2,003,366</u>	<u>\$ -</u>	<u>\$ 527,838</u>	<u>\$ 2,090,806</u>	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, 2015**

	Special Revenue			Debt Service
	Community Development Block Grant	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds	2004 Certificates of Participation
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ 2,524,850	\$ -
Use of money and property	26	9,361	117,792	112
From other governments	-	-	8,465,457	-
Grants	481,756	-	3,089,107	-
Service charges	-	792,688	799,942	-
Other revenues	-	-	56,416	-
Total revenues	481,782	802,049	15,053,564	112
<b><u>EXPENDITURES</u></b>				
Current:				
General government	63,355	97,795	161,150	-
Community services (CS)	-	-	1,722,093	-
Planning (ES)	418,401	-	922,554	-
Public ways and facilities (PW)	-	1,490,654	1,514,404	-
Public safety (PD)	-	-	565,934	-
Total current expenditures	481,756	1,588,449	4,886,135	-
Capital outlay	-	-	-	-
Debt service:				
Refunding escrow	-	-	-	-
Refunding bond issuance costs	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	1,150
Total debt service	-	-	-	1,150
Total expenditures	481,756	1,588,449	4,886,135	1,150
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26	(786,400)	10,167,429	(1,038)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	1,171,800	1,274,486	1,150
Transfers out	-	-	(8,493,275)	-
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(1,656,269)
Total other financing sources (uses)	-	1,171,800	(7,218,789)	(1,655,119)
NET CHANGE IN FUND BALANCES	26	385,400	2,948,640	(1,656,157)
FUND BALANCES (DEFICITS)-BEGINNING	250	848,183	5,360,948	1,656,157
FUND BALANCES (DEFICITS)-ENDING	\$ 276	\$ 1,233,583	\$ 8,309,588	\$ -

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Debt Service</b>				
<b>2014A</b>	<b>Total</b>			
<b>Lease Revenue Refunding Bonds</b>	<b>Nonmajor Debt Service</b>	<b>Equipment Replacement</b>	<b>Geographic Information System (GIS)</b>	
\$ -	\$ -	\$ -	\$ -	
-	112	2,267	6,282	
-	-	-	-	
-	-	-	-	
-	-	48,441	-	
-	112	50,708	6,282	
				<b>REVENUES</b>
				Taxes
				Use of money and property
				From other governments
				Grants
				Service charges
				Other revenues
				Total revenues
				<b>EXPENDITURES</b>
				Current:
				General government
				Community services (CS)
				Planning (ES)
				Public ways and facilities (PW)
				Public safety (PD)
				Total current expenditures
				Capital outlay
				Debt service:
				Refunding escrow
				Refunding bond issuance costs
				Principal
				Interest
				Other
				Total debt service
				Total expenditures
				EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
(2,602,597)	(2,603,635)	(1,527,609)	(30,770)	
				<b>OTHER FINANCING SOURCES (USES)</b>
				Transfers in
				Transfers out
				Refunding bonds issued
				Payment to refunded bond escrow agent
				Total other financing sources (uses)
752,259	753,409	1,487,000	879,700	
-	-	(580,000)	-	
20,767,747	20,767,747	-	-	
(18,909,446)	(20,565,715)	-	-	
2,610,560	955,441	907,000	879,700	
7,963	(1,648,194)	(620,609)	848,930	NET CHANGE IN FUND BALANCES
-	1,656,157	2,871,743	835,213	FUND BALANCES (DEFICITS)-BEGINNING
\$ 7,963	\$ 7,963	\$ 2,251,134	\$ 1,684,143	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, 2015**

	<u>Capital Projects</u>			<u>Total Nonmajor Capital Projects</u>	<u>Total Nonmajor Funds</u>
	<u>Public Facility Improvements</u>	<u>Financial Information System (FIS)</u>	<u>Police Capital Projects</u>		
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,524,850
Use of money and property	-	5,465	834	14,848	132,752
From other governments	-	-	-	-	8,465,457
Grants	-	-	-	-	3,089,107
Service charges	-	-	-	-	799,942
Other revenues	-	-	75,000	123,441	179,857
Total revenues	-	5,465	75,834	138,289	15,191,965
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	-	-	161,150
Community services (CS)	-	-	-	-	1,722,093
Planning (ES)	-	-	-	-	922,554
Public ways and facilities (PW)	-	-	-	-	1,514,404
Public safety (PD)	-	-	-	-	565,934
Total current expenditures	-	-	-	-	4,886,135
Capital outlay	107,075	105,252	88,854	1,916,550	1,916,550
Debt service:					
Refunding escrow	-	-	-	-	1,396,316
Refunding bond issuance costs	-	-	-	-	194,069
Principal	-	-	-	-	270,000
Interest	-	-	-	-	742,212
Other	-	-	-	-	1,150
Total debt service	-	-	-	-	2,603,747
Total expenditures	107,075	105,252	88,854	1,916,550	9,406,432
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(107,075)	(99,787)	(13,020)	(1,778,261)	5,785,533
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	97,299	859,300	-	3,323,299	5,351,194
Transfers out	-	-	-	(580,000)	(9,073,275)
Refunding bonds issued	-	-	-	-	20,767,747
Payment to refunded bond escrow agent	-	-	-	-	(20,565,715)
Total other financing sources (uses)	97,299	859,300	-	2,743,299	(3,520,049)
NET CHANGE IN FUND BALANCES	(9,776)	759,513	(13,020)	965,038	2,265,484
FUND BALANCES (DEFICITS)-BEGINNING	608,761	714,871	143,103	5,173,691	12,190,796
FUND BALANCES (DEFICITS)-ENDING	\$ 598,985	\$ 1,474,384	\$ 130,083	\$ 6,138,729	\$ 14,456,280

(concluded)

# Schedules-Budget and Actual-Individual Funds



**CITY OF SIMI VALLEY**  
**CALHOME**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Grants	\$ 636,000	\$ 363,776	\$ (272,224)
Use of money and property	-	68,282	68,282
Total revenues	<u>636,000</u>	<u>432,058</u>	<u>(203,942)</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Planning (ES):			
Housing programs	600,000	481,673	118,327
Reimbursed Expenditures	36,000	20,276	15,724
Total expenditures	<u>636,000</u>	<u>501,949</u>	<u>134,051</u>
 NET CHANGE IN FUND BALANCES	 -	 (69,891)	 (69,891)
FUND BALANCES (DEFICITS)-BEGINNING	<u>(95,044)</u>	<u>(95,044)</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (95,044)</u>	<u>\$ (164,935)</u>	<u>\$ (69,891)</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, 2015**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ 32,400	\$ 22,039	\$ (10,361)
<b><u>EXPENDITURES</u></b>			
Current:			
Planning:			
Reimbursements to general fund	3,000	2,204	796
NET CHANGE IN FUND BALANCES	29,400	19,835	(9,565)
FUND BALANCES (DEFICITS)-BEGINNING	1,523,411	1,523,411	-
FUND BALANCES (DEFICITS)-ENDING	\$ 1,552,811	\$ 1,543,246	\$ (9,565)

**CITY OF SIMI VALLEY**  
**PUBLIC EDUCATION AND GOVERNMENT FEES**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Taxes	\$ 275,000	\$ 305,455	\$ 30,455
Use of money and property	1,600	4,729	3,129
Total revenues	<u>276,600</u>	<u>310,184</u>	<u>33,584</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Community services:			
Materials, supplies and services	<u>131,100</u>	<u>23,987</u>	<u>107,113</u>
NET CHANGE IN FUND BALANCES	145,500	286,197	140,697
FUND BALANCES (DEFICITS)-BEGINNING	<u>789,211</u>	<u>789,211</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 934,711</u>	<u>\$ 1,075,408</u>	<u>\$ 140,697</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, 2015**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
From other governments	\$ 3,174,700	\$ 3,578,458	\$ 403,758
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers out	(3,174,700)	(3,578,458)	(403,758)
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES (DEFICITS)-BEGINNING	-	-	-
FUND BALANCES (DEFICITS)-ENDING	\$ -	\$ -	\$ -

**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, 2015**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ -	\$ 3,288	\$ 3,288
From other governments	4,785,249	4,886,999	101,750
Total revenues	<u>4,785,249</u>	<u>4,890,287</u>	<u>105,038</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Public ways and facilities:			
Materials, supplies and services	-	23,750	(23,750)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,785,249</u>	<u>4,866,537</u>	<u>81,288</u>
<b><u>OTHER FINANCING (USES)</u></b>			
Transfers in	-	102,686	102,686
Transfers out	(5,596,349)	(4,250,962)	1,345,387
Total other financing (uses)	<u>(5,596,349)</u>	<u>(4,148,276)</u>	<u>1,448,073</u>
NET CHANGE IN FUND BALANCES	(811,100)	718,261	1,529,361
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,285,105</u>	<u>1,285,105</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 474,005</u>	<u>\$ 2,003,366</u>	<u>\$ 1,529,361</u>

**CITY OF SIMI VALLEY  
LIBRARY SERVICES  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>			
Taxes	\$ 2,233,900	\$ 2,219,395	\$ (14,505)
Fines and forfeitures	13,500	36,659	23,159
Use of money and property	5,500	3,971	(1,529)
Grants	5,000	5,000	-
Service charges	5,000	7,254	2,254
Other revenues	1,500	6,750	5,250
Total revenues	<u>2,264,400</u>	<u>2,279,029</u>	<u>14,629</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Community services:			
Materials, supplies and services	<u>1,904,400</u>	<u>1,698,106</u>	<u>206,294</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>360,000</u>	<u>580,923</u>	<u>220,923</u>
<b><u>OTHER FINANCING (USES)</u></b>			
Transfers out	<u>(301,200)</u>	<u>(301,200)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	58,800	279,723	220,923
FUND BALANCES (DEFICITS)-BEGINNING	<u>248,115</u>	<u>248,115</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 306,915</u>	<u>\$ 527,838</u>	<u>\$ 220,923</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, 2015**

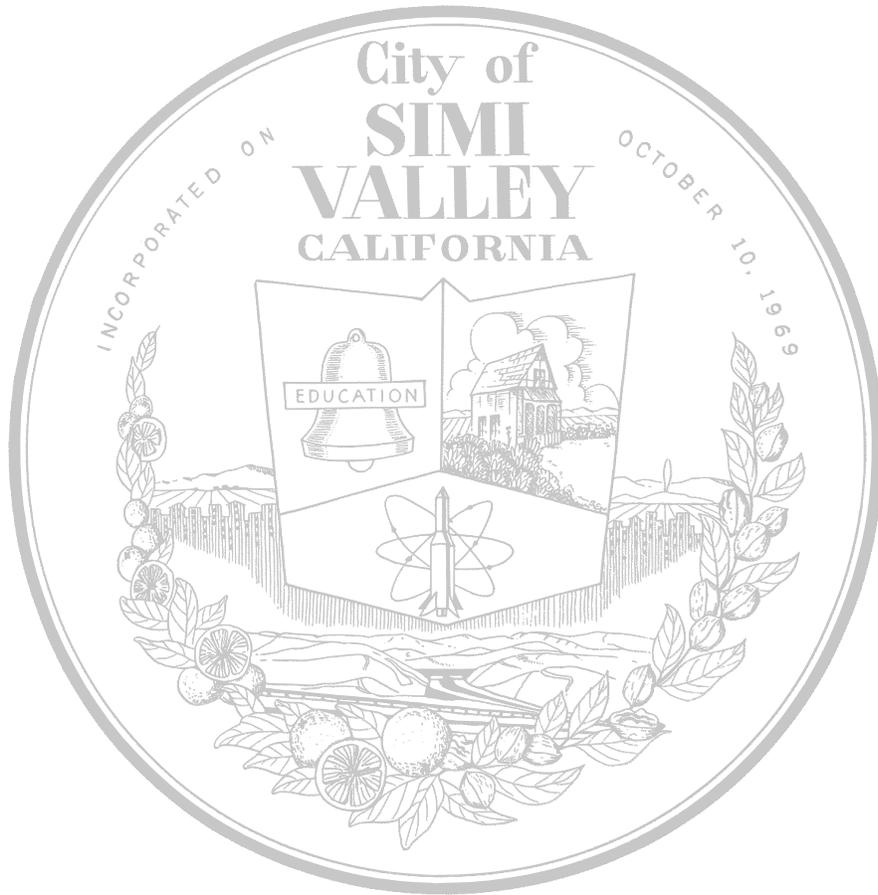
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>			
Use of money and property	\$ 1,000	\$ 6,096	\$ 5,096
From other governments	3,000	-	(3,000)
Grants	801,037	2,238,575	1,437,538
Total revenues	<u>805,037</u>	<u>2,244,671</u>	<u>1,439,634</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Public safety:			
Material, supplies and services	<u>726,837</u>	<u>565,934</u>	<u>160,903</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>78,200</u>	<u>1,678,737</u>	<u>1,600,537</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers out	<u>(360,811)</u>	<u>(362,655)</u>	<u>(1,844)</u>
NET CHANGE IN FUND BALANCES	(282,611)	1,316,082	1,598,693
FUND BALANCES (DEFICITS)-BEGINNING	<u>774,724</u>	<u>774,724</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 492,113</u>	<u>\$ 2,090,806</u>	<u>\$ 1,598,693</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, 2015**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ -	\$ 26	\$ 26
Grants	-	481,756	481,756
Total revenues	-	481,782	481,782
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Reimbursement to general fund	68,749	63,355	5,394
Planning:			
Social programs	476,857	418,401	58,456
Other programs	405,703	-	405,703
Total planning	882,560	418,401	464,159
Total expenditures	951,309	481,756	469,553
NET CHANGE IN FUND BALANCES	(951,309)	26	951,335
FUND BALANCES (DEFICITS)-BEGINNING	250	250	-
FUND BALANCES (DEFICITS)-ENDING	\$ (951,059)	\$ 276	\$ 951,335

**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, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>			
Use of money and property	\$ 8,866	\$ 9,361	\$ 495
Service charges	787,849	792,688	4,839
Total revenues	<u>796,715</u>	<u>802,049</u>	<u>5,334</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Reimbursement to general fund	<u>101,039</u>	<u>97,795</u>	<u>3,244</u>
Public ways and facilities:			
Landscape Maintenance Contract	1,094,000	1,058,579	35,421
Utilities	661,300	432,075	229,225
Total public ways and facilities	<u>1,755,300</u>	<u>1,490,654</u>	<u>264,646</u>
Total expenditures	<u>1,856,339</u>	<u>1,588,449</u>	<u>267,890</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,059,624)</u>	<u>(786,400)</u>	<u>273,224</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	<u>1,168,444</u>	<u>1,171,800</u>	<u>(3,356)</u>
NET CHANGE IN FUND BALANCES	108,820	385,400	276,580
FUND BALANCES (DEFICITS)-BEGINNING	<u>848,183</u>	<u>848,183</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 957,003</u>	<u>\$ 1,233,583</u>	<u>\$ 276,580</u>



# Internal Service and Fiduciary Funds



**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015**

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
<b><u>ASSETS</u></b>					
Current assets:					
Cash and investments	\$ 7,084,561	\$ 9,320,653	\$ 113,383	\$ 427,992	\$ 16,946,589
Customer receivable	-	1,094	-	-	1,094
Interest receivable	5,952	8,459	88	226	14,725
Prepaid expenses	-	-	-	26,558	26,558
<b>TOTAL ASSETS</b>	<b>7,090,513</b>	<b>9,330,206</b>	<b>113,471</b>	<b>454,776</b>	<b>16,988,966</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>					
Deferred pension contributions	-	34,269	-	-	34,269
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	68,499	17,299	1,070	4,000	90,868
Salaries and benefits payable	-	10,335	-	-	10,335
Compensated absences	-	4,578	-	-	4,578
Claims and legal services payable	2,539,445	2,736,942	-	-	5,276,387
Total current liabilities	2,607,944	2,769,154	1,070	4,000	5,382,168
Noncurrent liabilities:					
Advances from other funds	2,344,000	2,344,000	-	-	4,688,000
Compensated absences	-	41,199	-	-	41,199
Claims and legal services payable	2,774,736	6,931,543	-	-	9,706,279
Net pension liability	-	373,118	-	-	373,118
Total noncurrent liabilities	5,118,736	9,689,860	-	-	14,808,596
<b>TOTAL LIABILITIES</b>	<b>7,726,680</b>	<b>12,459,014</b>	<b>1,070</b>	<b>4,000</b>	<b>20,190,764</b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>					
Deferred pension trust earnings	-	81,087	-	-	81,087
<b><u>NET POSITION</u></b>					
Unrestricted	(636,167)	(3,175,626)	112,401	450,776	(3,248,616)
<b>TOTAL NET POSITION</b>	<b>\$ (636,167)</b>	<b>\$ (3,175,626)</b>	<b>\$ 112,401</b>	<b>\$ 450,776</b>	<b>\$ (3,248,616)</b>

**CITY OF SIMI VALLEY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
<b><u>OPERATING REVENUES</u></b>					
Total charges for sales and services	\$ 1,460,500	\$ 3,709,700	\$ 91,500	\$ -	\$ 5,261,700
<b><u>OPERATING EXPENSES</u></b>					
Salaries and benefits	-	267,154	-	-	267,154
Excess insurance premiums	399,920	288,695	-	-	688,615
Claims and legal expenses	3,880,586	3,448,984	-	-	7,329,570
General administration	185,900	554,400	-	-	740,300
Other	138	5,819	52,841	92,229	151,027
Total operating expenses	4,466,544	4,565,052	52,841	92,229	9,176,666
OPERATING INCOME (LOSS)	(3,006,044)	(855,352)	38,659	(92,229)	(3,914,966)
NONOPERATING REVENUES AND EXPENSES:					
Interest	42,988	60,731	377	1,095	105,191
INCOME (LOSS) BEFORE TRANSFERS	(2,963,056)	(794,621)	39,036	(91,134)	(3,809,775)
<b><u>TRANSFERS</u></b>					
Transfers in	-	-	-	420,000	420,000
CHANGE IN NET POSITION	(2,963,056)	(794,621)	39,036	328,866	(3,389,775)
NET POSITION-BEGINNING	2,326,889	(1,955,287)	73,365	121,910	566,877
PRIOR PERIOD ADJUSTMENT (Note IV F)	-	(425,718)	-	-	(425,718)
NET POSITION-BEGINNING, as restated	2,326,889	(2,381,005)	73,365	121,910	141,159
NET POSITION-ENDING	\$ (636,167)	\$ (3,175,626)	\$ 112,401	\$ 450,776	\$ (3,248,616)

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Cash received from service charges and other revenues (net of refunds)	\$ 1,460,500	\$ 3,709,700	\$ 91,500	\$ -	\$ 5,261,700
Cash paid for salaries and benefits	-	(268,062)	-	-	(268,062)
Cash paid for general administration	(185,900)	(554,400)	-	-	(740,300)
Cash paid for services	-	(5,819)	(51,986)	(62,352)	(120,157)
Cash paid for insurance premiums and claims	(1,392,137)	(2,410,584)	-	-	(3,802,721)
Net cash provided (used) by operating activities	<u>(117,537)</u>	<u>470,835</u>	<u>39,514</u>	<u>(62,352)</u>	<u>330,460</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
Transfers from other funds	-	-	-	420,000	420,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,000</u>	<u>420,000</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Interest on investments	42,135	59,262	344	885	102,626
Net cash provided (used) by investing activities	<u>42,135</u>	<u>59,262</u>	<u>344</u>	<u>885</u>	<u>102,626</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,402)	530,097	39,858	358,533	853,086
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,159,963	8,790,556	73,525	69,459	16,093,503
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,084,561</u>	<u>\$ 9,320,653</u>	<u>\$ 113,383</u>	<u>\$ 427,992</u>	<u>\$ 16,946,589</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>					
Operating income (loss)	\$ (3,006,044)	\$ (855,352)	\$ 38,659	\$ (92,229)	\$ (3,914,966)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(increase) decrease in prepaid expenses	-	-	-	29,877	29,877
Increase (decrease) in accounts payable	17,724	(31,679)	855	-	(13,100)
Increase (decrease) in accrued payroll	-	(6,118)	-	-	(6,118)
Increase (decrease) in compensated absences	-	5,210	-	-	5,210
Increase (decrease) in claims and legal services payable	2,870,783	1,358,774	-	-	4,229,557
Total adjustments	<u>2,888,507</u>	<u>1,326,187</u>	<u>855</u>	<u>29,877</u>	<u>4,245,426</u>
Net cash provided (used) by operating activities	<u>\$ (117,537)</u>	<u>\$ 470,835</u>	<u>\$ 39,514</u>	<u>\$ (62,352)</u>	<u>\$ 330,460</u>

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF NET POSITION  
PRIVATE PURPOSE TRUST FUND  
JUNE 30, 2015**

**Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund**

	<b>Community Development Agency Administration</b>	<b>Merged Tapo Canyon &amp; West End Tax Increment</b>	<b>Madera Royal Tax Increment</b>	<b>LMIH- Residual</b>
<b><u>ASSETS</u></b>				
Cash and investments:				
Held by city	\$ 9,141	\$ (313,599)	\$ -	\$ 609
Held by bond trustee	-	-	-	-
Interest receivable	-	(393)	-	156
Capital assets not being depreciated	-	1,124,174	-	-
<b>TOTAL ASSETS</b>	<b>9,141</b>	<b>810,182</b>	<b>-</b>	<b>765</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred charge on refunding	-	-	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>LIABILITIES</u></b>				
Accounts payable and accrued liabilities	9,141	-	-	-
Accrued interest payable	-	-	-	-
Intergovernmental payable	-	110,369	-	-
Loans payable - city	-	8,610,041	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>9,141</b>	<b>8,720,410</b>	<b>-</b>	<b>-</b>
<b><u>NET POSITION</u></b>				
Held in trust for other purposes	\$ -	\$ (7,910,228)	\$ -	\$ 765

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF NET POSITION  
PRIVATE PURPOSE TRUST FUND  
JUNE 30, 2015**

**Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund**

Redevelopment Obligation Retirement	2003 Tax Allocation Refunding Bonds	CDA Projects	Total Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund	
\$ 603	\$ 1,584,912	\$ 1,945,546	\$ 3,227,212	<b>ASSETS</b>
-	2,101,781	-	2,101,781	Cash and investments:
5	649	2,515	2,932	Held by city
-	-	-	1,124,174	Held by bond trustee
				Interest receivable
				Capital assets not being depreciated
608	3,687,342	1,948,061	6,456,099	<b>TOTAL ASSETS</b>
-	246,115	-	246,115	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
-	246,115	-	246,115	Deferred charge on refunding
				<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>
-	-	-	9,141	<b>LIABILITIES</b>
-	374,083	-	374,083	Accounts payable and accrued liabilities
-	-	-	110,369	Accrued interest payable
-	-	-	8,610,041	Intergovernmental payable
				Loans payable - city
				Long-term debt:
-	970,000	-	970,000	Due within one year
-	22,000,049	-	22,000,049	Due in more than one year
-	23,344,132	-	32,073,683	<b>TOTAL LIABILITIES</b>
\$ 608	\$ (19,410,675)	\$ 1,948,061	\$ (25,371,469)	<b>NET POSITION</b>
				Held in trust for other purposes

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
PRIVATE PURPOSE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund**

	<b>Community Development Agency Administration</b>	<b>Merged Tapo Canyon &amp; West End Tax Increment</b>	<b>Madera Royal Tax Increment</b>	<b>LMIH- Residual</b>
<b><u>ADDITIONS</u></b>				
Property taxes	\$ -	\$ -	\$ -	-
Investment earnings	-	-	-	-
Contributions from other governments	9,712	-	-	-
Transfers in	250,411	1,882,944	-	-
<b>TOTAL ADDITIONS</b>	<b>260,123</b>	<b>1,882,944</b>	<b>-</b>	<b>-</b>
<b><u>DEDUCTIONS</u></b>				
Administrative expenses	260,123	-	-	-
Interest and fiscal agency expenses of former Simi Valley Community Development Agency	-	1,751	22	1,555
Contributions to other governments	-	376,588	-	-
Transfers out	-	-	-	202,703
<b>TOTAL DEDUCTIONS</b>	<b>260,123</b>	<b>378,339</b>	<b>22</b>	<b>204,258</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>1,504,605</b>	<b>(22)</b>	<b>(204,258)</b>
<b>NET POSITION - BEGINNING</b>	<b>-</b>	<b>(9,414,833)</b>	<b>22</b>	<b>205,023</b>
<b>NET POSITION - ENDING</b>	<b>\$ -</b>	<b>\$ (7,910,228)</b>	<b>\$ -</b>	<b>\$ 765</b>

**CITY OF SIMI VALLEY  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 PRIVATE PURPOSE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund</b>				
<b>Redevelopment Obligation Retirement</b>	<b>2003 Tax Allocation Refunding Bonds</b>	<b>CDA Projects</b>	<b>Total Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund</b>	
				<b><u>ADDITIONS</u></b>
\$ 3,968,387	\$ -	\$ -	\$ 3,968,387	Property taxes
-	1,696	10,319	12,015	Investment earnings
-	60,000	-	69,712	Contributions from other governments
-	2,043,814	-	4,177,169	Transfers in
<u>3,968,387</u>	<u>2,105,510</u>	<u>10,319</u>	<u>8,227,283</u>	TOTAL ADDITIONS
				<b><u>DEDUCTIONS</u></b>
-	-	-	260,123	Administrative expenses
974	1,151,418	-	1,155,720	Interest and fiscal agency expenses of former Simi Valley Community Development Agency
-	-	-	376,588	Contributions to other governments
<u>3,974,466</u>	<u>-</u>	<u>-</u>	<u>4,177,169</u>	Transfers out
<u>3,975,440</u>	<u>1,151,418</u>	<u>-</u>	<u>5,969,600</u>	TOTAL DEDUCTIONS
(7,053)	954,092	10,319	2,257,683	CHANGE IN NET POSITION
7,661	(20,364,767)	1,937,742	(27,629,152)	NET POSITION - BEGINNING
<u>\$ 608</u>	<u>\$ (19,410,675)</u>	<u>\$ 1,948,061</u>	<u>\$ (25,371,469)</u>	NET POSITION - ENDING

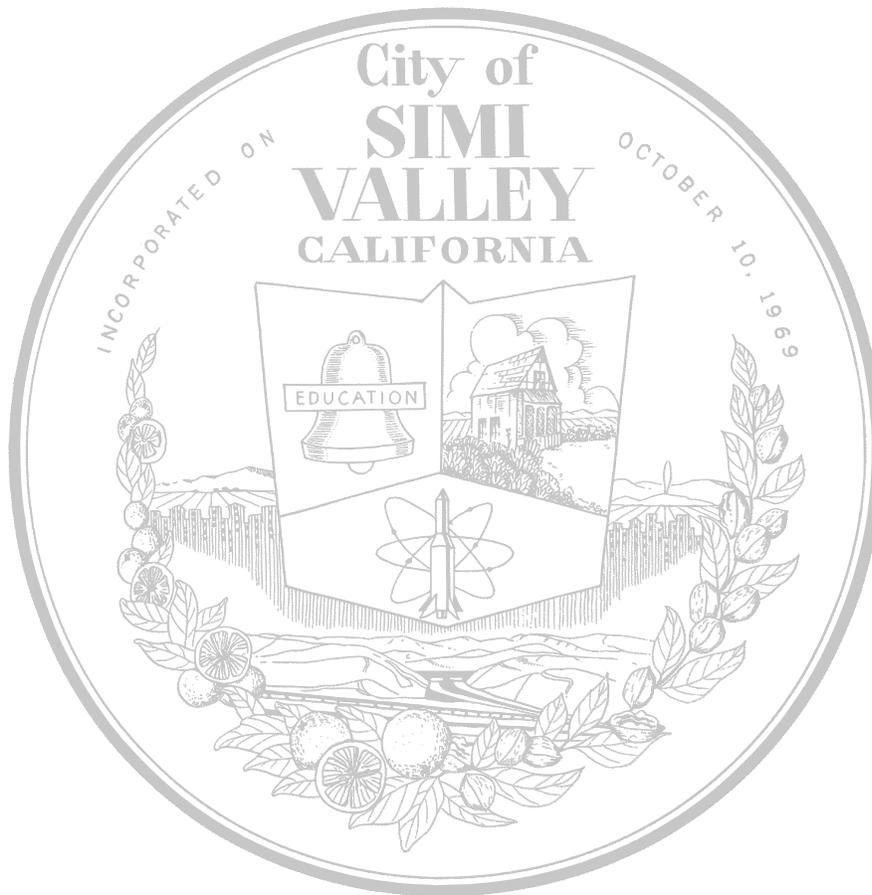
**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF NET POSITION  
AGENCY FUNDS**

**JUNE 30, 2015**

	<b>City Agency Fund</b>	<b>Assessment Districts - City of Simi Valley</b>	<b>Total Agency Funds</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments:			
Held by city	\$ 3,966,401	\$ 1,400,477	\$ 5,366,878
Held by bond trustee	-	997,202	997,202
Accounts receivable	-	1,359	1,359
<b>TOTAL ASSETS</b>	<b>\$ 3,966,401</b>	<b>\$ 2,399,038</b>	<b>\$ 6,365,439</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 192,409	\$ 3,040	\$ 195,449
Deposits	3,773,992	-	3,773,992
Due to bondholders	-	2,395,998	2,395,998
<b>TOTAL LIABILITIES</b>	<b>\$ 3,966,401</b>	<b>\$ 2,399,038</b>	<b>\$ 6,365,439</b>

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance at June 30, 2014	Additions	Deductions	Balance at June 30, 2015
<b>AGENCY FUND - CITY OF SIMI VALLEY</b>				
ASSETS:				
Cash and investments held by city	\$ 3,324,814	\$ 1,295,517	\$ 653,930	\$ 3,966,401
<b>TOTAL ASSETS</b>	<b>\$ 3,324,814</b>	<b>\$ 1,295,517</b>	<b>\$ 653,930</b>	<b>\$ 3,966,401</b>
LIABILITIES:				
Accounts payable	\$ 5,879	\$ 787,101	\$ 600,571	\$ 192,409
Deposits	3,318,935	1,199,781	744,724	3,773,992
<b>TOTAL LIABILITIES</b>	<b>\$ 3,324,814</b>	<b>\$ 1,986,882</b>	<b>\$ 1,345,295</b>	<b>\$ 3,966,401</b>
<b>ASSESSMENT DISTRICTS - CITY OF SIMI VALLEY</b>				
ASSETS:				
Cash and investments held by city	\$ 1,330,780	\$ 972,400	\$ 902,703	\$ 1,400,477
Cash and investments held by bond trustee	2,563,589	1,681,305	3,247,692	997,202
Accounts receivable	1,114	1,359	1,114	1,359
<b>TOTAL ASSETS</b>	<b>\$ 3,895,483</b>	<b>\$ 2,655,064</b>	<b>\$ 4,151,509</b>	<b>\$ 2,399,038</b>
LIABILITIES:				
Accounts Payable	2,691	908,669	908,320	3,040
Due to bondholders	3,892,792	1,746,395	3,243,189	2,395,998
<b>TOTAL LIABILITIES</b>	<b>\$ 3,895,483</b>	<b>\$ 2,655,064</b>	<b>\$ 4,151,509</b>	<b>\$ 2,399,038</b>
<b>TOTAL AGENCY FUNDS</b>				
ASSETS:				
Cash and investments held by city	\$ 4,655,594	\$ 2,267,917	\$ 1,556,633	\$ 5,366,878
Cash and investments held by bond trustee	2,563,589	1,681,305	3,247,692	997,202
Accounts receivable	1,114	1,359	1,114	1,359
<b>TOTAL ASSETS</b>	<b>\$ 7,220,297</b>	<b>\$ 3,950,581</b>	<b>\$ 4,805,439</b>	<b>\$ 6,365,439</b>
LIABILITIES:				
Accounts Payable	8,570	1,695,770	1,508,891	195,449
Deposits	3,318,935	1,199,781	744,724	3,773,992
Due to bondholders	3,892,792	1,746,395	3,243,189	2,395,998
<b>TOTAL LIABILITIES</b>	<b>\$ 7,220,297</b>	<b>\$ 4,641,946</b>	<b>\$ 5,496,804</b>	<b>\$ 6,365,439</b>



# 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.

	<b>PAGE</b>
<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. ....	136
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. ....	146
<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. ....	152
<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. ..	156
<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. ....	158

**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 POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Governmental activities					
Net investment in capital assets	\$ 55,108,472	\$ 153,537,599	\$ 157,564,195	\$ 180,128,561	\$ 192,161,001
Restricted	39,933,025	60,444,524	76,340,295	84,285,014	87,739,866
Unrestricted	37,929,875	42,886,026	39,459,540	8,499,742	257,677
Total governmental activities net position	<u>\$ 132,971,372</u>	<u>\$ 256,868,149</u>	<u>\$ 273,364,030</u>	<u>\$ 272,913,317</u>	<u>\$ 280,158,544</u>
Business-type activities					
Net investment in capital assets	\$ 74,114,013	\$ 109,436,007	\$ 112,913,342	\$ 121,094,906	\$ 126,957,605
Restricted	19,733,407	18,981,595	17,622,173	9,527,814	8,239,133
Unrestricted	22,524,125	27,974,098	31,027,488	35,330,465	39,436,550
Total business-type activities net position	<u>\$ 116,371,545</u>	<u>\$ 156,391,700</u>	<u>\$ 161,563,003</u>	<u>\$ 165,953,185</u>	<u>\$ 174,633,288</u>
Primary Government					
Net investment in capital assets	\$ 129,222,485	\$ 262,973,606	\$ 270,477,537	\$ 301,223,467	\$ 319,118,606
Restricted	59,666,432	79,426,119	93,962,468	93,812,828	95,978,999
Unrestricted	60,454,000	70,860,124	70,487,028	43,830,207	39,694,227
Total primary government net position	<u>\$ 249,342,917</u>	<u>\$ 413,259,849</u>	<u>\$ 434,927,033</u>	<u>\$ 438,866,502</u>	<u>\$ 454,791,832</u>

Continued

**CITY OF SIMI VALLEY  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	
\$ 193,042,793	\$ 185,373,875	\$ 182,759,929	\$ 186,806,245	\$ 207,788,585	Governmental activities
86,293,818	68,151,365	61,520,939	58,246,665	57,372,815	Net investment in capital assets
2,314,831	37,498,659	34,169,932	37,002,698	(55,691,639)	Restricted
					Unrestricted
<u>\$ 281,651,442</u>	<u>\$ 291,023,899</u>	<u>\$ 278,450,800</u>	<u>\$ 282,055,608</u>	<u>\$ 209,469,761</u>	Total governmental activities net position
\$ 130,816,874	\$ 131,301,986	\$ 129,933,391	\$ 132,775,502	\$ 141,770,140	Business-type activities
6,755,144	6,472,751	5,886,068	4,894,656	4,716,713	Net investment in capital assets
42,011,607	43,346,788	42,641,507	38,232,485	15,841,185	Restricted
					Unrestricted
<u>\$ 179,583,625</u>	<u>\$ 181,121,525</u>	<u>\$ 178,460,966</u>	<u>\$ 175,902,643</u>	<u>\$ 162,328,038</u>	Total business-type activities net position
\$ 323,859,667	\$ 316,675,861	\$ 312,693,320	\$ 319,581,747	\$ 349,558,725	Primary Government
93,048,962	74,624,116	67,407,007	63,141,321	62,089,528	Net investment in capital assets
44,326,438	80,845,447	76,811,439	75,235,183	(39,850,454)	Restricted
					Unrestricted
<u>\$ 461,235,067</u>	<u>\$ 472,145,424</u>	<u>\$ 456,911,766</u>	<u>\$ 457,958,251</u>	<u>\$ 371,797,799</u>	Total primary government net position

Concluded

**CITY OF SIMI VALLEY  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Expenses</b>					
Governmental activities:					
General government	\$ 13,435,816	\$ 18,475,995	\$ 21,311,700	\$ 21,908,817	\$ 27,176,047
Community services	3,958,051	3,645,993	4,076,877	3,952,073	4,124,494
Planning	8,527,778	9,229,296	11,839,627	9,621,707	9,188,637
Public ways and facilities	15,623,621	16,326,888	17,695,954	16,951,872	16,224,562
Public safety	26,693,489	26,677,974	30,600,433	29,911,781	31,040,123
Interest on long-term debt	2,525,366	3,232,084	3,123,397	3,256,626	3,040,452
Refunding bond issuance costs	-	-	-	-	-
Total governmental activities expenses	<u>70,764,121</u>	<u>77,588,230</u>	<u>88,647,988</u>	<u>85,602,876</u>	<u>90,794,315</u>
Business-type activities:					
Sanitation	12,198,794	13,144,836	14,391,154	14,329,152	14,165,394
Waterworks district no. 8	23,687,693	26,668,732	28,067,587	28,899,962	29,110,566
Transit	<u>5,825,189</u>	<u>5,747,532</u>	<u>6,271,344</u>	<u>6,468,506</u>	<u>6,453,772</u>
Total business-type activities expenses	<u>41,711,676</u>	<u>45,561,100</u>	<u>48,730,085</u>	<u>49,697,620</u>	<u>49,729,732</u>
Total primary government expenses	<u>\$ 112,475,797</u>	<u>\$ 123,149,330</u>	<u>\$ 137,378,073</u>	<u>\$ 135,300,496</u>	<u>\$ 140,524,047</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 353,114	\$ 495,979	\$ 304,549	\$ 438,812	\$ 395,880
Community services	117,070	171,938	200,067	150,084	214,853
Planning	7,210,902	4,156,265	3,168,280	1,885,710	1,506,323
Public ways and facilities	6,708,878	2,782,618	2,605,869	1,811,768	1,711,132
Public safety	1,002,882	982,303	950,923	914,693	766,149
Operating grants and contributions	10,231,371	9,025,966	11,082,867	8,532,799	7,436,473
Capital grants and contributions	<u>2,891,199</u>	<u>7,683,123</u>	<u>1,623,965</u>	<u>5,077,276</u>	<u>21,281,299</u>
Total governmental activities program revenues	<u>28,515,416</u>	<u>25,298,192</u>	<u>19,936,520</u>	<u>18,811,142</u>	<u>33,312,109</u>
Business-type activities:					
Charges for services:					
Sanitation	12,745,553	13,725,483	14,767,859	14,780,226	14,783,194
Waterworks district no. 8	23,765,476	27,250,693	28,247,611	30,138,375	30,010,924
Transit	479,426	546,520	524,771	542,194	517,745
Operating grants and contributions	848,402	2,480,838	2,285,871	2,606,392	2,352,998
Capital grants and contributions	<u>2,339,931</u>	<u>707,834</u>	<u>312,537</u>	<u>1,969,465</u>	<u>7,118,535</u>
Total business-type activities program revenues	<u>40,178,788</u>	<u>44,711,368</u>	<u>46,138,649</u>	<u>50,036,652</u>	<u>54,783,396</u>
Total primary governmental program revenues	<u>\$ 68,694,204</u>	<u>\$ 70,009,560</u>	<u>\$ 66,075,169</u>	<u>\$ 68,847,794</u>	<u>\$ 88,095,505</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(42,248,705)	(52,290,038)	(68,711,468)	(66,791,734)	(57,482,206)
Business-type activities	(1,532,888)	(849,732)	(2,591,436)	339,032	5,053,664
Total primary government net expense	<u>\$ (43,781,593)</u>	<u>\$ (53,139,770)</u>	<u>\$ (71,302,904)</u>	<u>\$ (66,452,702)</u>	<u>\$ (52,428,542)</u>

Continued

**CITY OF SIMI VALLEY  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	
					<b>Expenses</b>
					Governmental activities:
\$ 23,126,537	\$ 15,257,184	\$ 19,086,724	\$ 19,924,154	\$ 19,604,979	General government
3,925,587	4,385,668	4,441,851	6,042,418	6,264,358	Community services
8,970,708	7,606,116	5,852,282	5,665,265	5,699,916	Planning
15,796,789	16,585,197	16,902,636	17,004,864	16,822,400	Public ways and facilities
30,259,418	33,242,551	31,460,391	30,566,135	31,445,540	Public safety
2,976,163	2,044,426	1,206,096	1,059,055	265,922	Interest on long-term debt
-	-	-	-	194,069	Refunding bond issuance costs
<u>85,055,202</u>	<u>79,121,142</u>	<u>78,949,980</u>	<u>80,261,891</u>	<u>80,297,184</u>	Total governmental activities expenses
					Business-type activities:
14,617,402	14,286,220	15,050,164	17,180,903	16,136,164	Sanitation
31,868,849	33,913,655	37,542,008	40,980,119	37,984,287	Waterworks district no. 8
5,963,797	6,087,068	6,369,369	6,207,520	6,722,692	Transit
<u>52,450,048</u>	<u>54,286,943</u>	<u>58,961,541</u>	<u>64,368,542</u>	<u>60,843,143</u>	Total business-type activities expenses
<u>\$ 137,505,250</u>	<u>\$ 133,408,085</u>	<u>\$ 137,911,521</u>	<u>\$ 144,630,433</u>	<u>\$ 141,140,327</u>	Total primary government expenses
					<b>Program Revenues</b>
					Governmental activities:
					Charges for services:
\$ 324,088	\$ 298,136	\$ 281,940	\$ 380,835	\$ 531,683	General government
199,441	686,018	788,384	911,308	882,739	Community services
3,668,347	1,893,951	1,915,769	2,191,796	2,202,730	Planning
1,728,219	1,795,810	1,651,506	3,322,178	1,913,193	Public ways and facilities
770,606	844,549	837,559	854,386	866,031	Public safety
6,903,665	9,208,075	8,946,791	11,617,046	12,519,780	Operating grants and contributions
8,467,152	1,799,184	4,959,909	11,108,870	28,819,982	Capital grants and contributions
<u>22,061,518</u>	<u>16,525,723</u>	<u>19,381,858</u>	<u>30,386,419</u>	<u>47,736,138</u>	Total governmental activities program revenues
					Business-type activities:
					Charges for services:
14,527,144	14,600,252	14,733,151	14,831,706	14,567,947	Sanitation
31,426,920	33,332,611	35,285,062	37,042,247	33,215,428	Waterworks district no. 8
465,502	467,415	427,115	415,476	401,369	Transit
2,179,217	2,656,313	2,376,527	2,573,874	2,526,193	Operating grants and contributions
4,991,973	1,832,677	1,172,661	4,016,047	11,698,157	Capital grants and contributions
53,590,756	52,889,268	53,994,516	58,879,350	62,409,094	Total business-type activities program revenues
<u>\$ 75,652,274</u>	<u>\$ 69,414,991</u>	<u>\$ 73,376,374</u>	<u>\$ 89,265,769</u>	<u>\$ 110,145,232</u>	Total primary governmental program revenues
					<b>Net (Expense)/Revenue</b>
(62,993,684)	(62,595,419)	(59,568,122)	(49,875,472)	(32,561,046)	Governmental activities
1,140,708	(1,397,675)	(4,967,025)	(5,489,192)	1,565,951	Business-type activities
<u>\$ (61,852,976)</u>	<u>\$ (63,993,094)</u>	<u>\$ (64,535,147)</u>	<u>\$ (55,364,664)</u>	<u>\$ (30,995,095)</u>	Total primary government net expense

Continued

**CITY OF SIMI VALLEY  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 19,723,474	\$ 22,717,838	\$ 24,296,361	\$ 24,367,498	\$ 24,022,375
Tax increment	12,531,554	18,945,240	20,185,134	21,359,827	21,138,010
Sales tax	16,301,320	17,705,751	16,894,319	13,955,998	12,969,115
Motor fuel tax	888,988	711,694	552,184	427,121	369,992
Franchise tax	4,062,464	3,686,160	3,708,972	4,756,938	4,304,353
Business tax	1,831,590	1,778,116	1,851,630	1,698,692	1,659,666
Other taxes	2,870,368	2,417,554	1,939,615	1,733,444	1,560,873
Contributions from other governments	-	-	-	-	-
Investment earnings	2,896,300	5,472,452	5,382,599	3,894,585	2,255,728
Gain (loss) on asset disposition	259,062	-	-	-	-
Capital contributions-unrestricted <sup>1</sup>	9,131,630	3,178,901	2,910,688	-	-
Extraordinary gain on dissolution of redevelopment agency	-	-	-	-	-
Transfers	(1,316,992)	(2,463,585)	(2,207,435)	(2,306,909)	(2,326,794)
Total governmental activities	<u>69,179,758</u>	<u>74,150,121</u>	<u>75,514,067</u>	<u>69,887,194</u>	<u>65,953,318</u>
Business-type activities:					
Investment earnings	1,323,549	2,484,909	2,598,413	1,956,342	1,301,289
Miscellaneous	112,361	128,494	186,032	343,518	180,356
Capital contributions-unrestricted <sup>1</sup>	8,842,544	3,275,376	2,770,859	-	-
Transfers	1,316,992	2,463,585	2,207,435	2,306,909	2,326,794
Total business-type activities	<u>11,595,446</u>	<u>8,352,364</u>	<u>7,762,739</u>	<u>4,606,769</u>	<u>3,808,439</u>
Total primary government	<u>\$ 80,775,204</u>	<u>\$ 82,502,485</u>	<u>\$ 83,276,806</u>	<u>\$ 74,493,963</u>	<u>\$ 69,761,757</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 26,931,053	\$ 21,860,083	\$ 6,802,599	\$ 3,095,460	\$ 8,471,112
Business-type activities	10,062,558	7,502,632	5,171,303	4,945,801	8,862,103
Total primary government	<u>\$ 36,993,611</u>	<u>\$ 29,362,715</u>	<u>\$ 11,973,902</u>	<u>\$ 8,041,261</u>	<u>\$ 17,333,215</u>

Continued

NOTES:

1. In FY 2008-09 capital contributions - unrestricted was re-classified to program revenues.

**CITY OF SIMI VALLEY  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	
					<b>General Revenues</b>
					<b>and Other Changes in Net Position</b>
					Governmental activities:
					Taxes:
\$ 22,864,848	\$ 23,461,856	\$ 24,823,215	\$ 27,438,436	\$ 28,340,047	Property taxes
19,170,235	9,262,457	-	-	-	Tax increment
14,632,972	15,018,520	15,617,678	15,440,917	15,944,424	Sales tax
641,204	-	-	-	-	Motor fuel tax
4,719,987	4,789,947	4,809,762	4,849,204	4,757,607	Franchise tax
1,751,072	1,509,209	1,536,743	1,601,785	1,742,469	Business tax
1,578,252	1,692,627	1,857,033	1,975,930	2,128,115	Other taxes
-	1,280,200	457,220	3,074,897	373,512	Contributions from other governments
1,604,653	1,041,686	228,258	1,046,411	819,685	Investment earnings
-	-	-	-	-	Gain (loss) on asset disposition
-	-	-	-	-	Capital contributions-unrestricted <sup>1</sup>
-	16,832,057	-	-	-	Extraordinary gain on dissolution of redevelopment agency
(2,476,641)	(2,143,949)	(1,844,949)	(1,672,300)	(2,869,014)	Transfers
<u>64,486,582</u>	<u>72,744,610</u>	<u>47,484,960</u>	<u>53,755,280</u>	<u>51,236,845</u>	Total governmental activities
					Business-type activities:
930,122	697,813	345,334	1,030,711	955,624	Investment earnings
438,359	93,813	116,183	227,858	105,367	Miscellaneous
-	-	-	-	-	Capital contributions-unrestricted <sup>1</sup>
2,476,641	2,143,949	1,844,949	1,672,300	2,869,014	Transfers
<u>3,845,122</u>	<u>2,935,575</u>	<u>2,306,466</u>	<u>2,930,869</u>	<u>3,930,005</u>	Total business-type activities
<u>\$ 68,331,704</u>	<u>\$ 75,680,185</u>	<u>\$ 49,791,426</u>	<u>\$ 56,686,149</u>	<u>\$ 55,166,850</u>	Total primary government
					<b>Change in Net Position</b>
\$ 1,492,898	\$ 10,149,191	\$ (12,083,162)	\$ 3,879,808	\$ 18,675,799	Governmental activities
4,985,830	1,537,900	(2,660,559)	(2,558,323)	5,495,956	Business-type activities
<u>\$ 6,478,728</u>	<u>\$ 11,687,091</u>	<u>\$ (14,743,721)</u>	<u>\$ 1,321,485</u>	<u>\$ 24,171,755</u>	Total primary government

Concluded

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

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
General fund					
Reserved	\$ 20,485,438	\$ 16,758,264	\$ 17,270,243	\$ 16,947,665	\$ 19,550,414
Unreserved	16,312,509	20,594,252	20,134,592	19,161,964	16,176,234
Nonspendable, reported in:					
Long-term receivables					
Committed, reported in:					
Retiree benefits					
Special programs					
Economic recovery					
Prudent reserve					
Assigned, reported in:					
Capital					
Unassigned					
Total general fund	<u>\$ 36,797,947</u>	<u>\$ 37,352,516</u>	<u>\$ 37,404,835</u>	<u>\$ 36,109,629</u>	<u>\$ 35,726,648</u>
All other government funds					
Reserved	\$ 18,731,386	\$ 12,313,808	\$ 23,160,249	\$ 27,405,118	\$ 11,750,943
Unreserved, reported in:					
Special revenue funds	23,321,320	30,922,948	33,772,808	35,983,148	30,816,901
Debt service	-	-	-	-	-
Capital projects funds	7,275,862	13,981,864	14,481,613	14,356,308	12,519,153
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>\$ 49,328,568</u>	<u>\$ 57,218,620</u>	<u>\$ 71,414,670</u>	<u>\$ 77,744,574</u>	<u>\$ 55,086,997</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.

In fiscal year 2013-14, the reporting of fund balance set aside for Prudent reserve was corrected, moving the amount from the Unassigned category to the Committed category.

SOURCE:  
City of Simi Valley

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

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	
					General fund
					Reserved
					Unreserved
					Nonspendable, reported in:
					Long-term receivables
					Committed, reported in:
					Retiree benefits
					Special programs
					Economic recovery
					Prudent reserve
					Assigned, reported in:
					Capital
					Unassigned
					Total general fund
					All other government funds
					Reserved
					Unreserved, reported in:
					Special revenue funds
					Debt service
					Capital projects funds
					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

Concluded

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

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Revenues</b>					
Taxes	\$ 44,789,216	\$ 48,305,419	\$ 48,690,897	\$ 46,635,899	\$ 44,026,482
Tax increment	12,531,554	18,945,240	20,185,134	21,359,827	21,138,010
Licenses and permits	4,489,743	2,446,051	1,863,206	1,229,773	1,150,132
Fines and forfeitures	630,175	608,633	639,866	644,896	489,711
Use of money and property	4,887,835	6,030,520	5,875,792	4,293,281	2,715,919
From other governments	8,059,121	9,178,483	7,562,068	8,914,197	9,287,441
Grants	3,641,439	8,154,157	2,824,043	2,852,825	4,917,901
Service charges	3,706,112	3,330,461	2,743,227	2,311,017	2,197,536
Other revenues	6,589,485	2,736,158	4,705,669	1,015,381	825,701
Contributions from other governments	-	-	-	-	-
Total revenues	<u>89,324,680</u>	<u>99,735,122</u>	<u>95,089,902</u>	<u>89,257,096</u>	<u>86,748,833</u>
<b>Expenditures</b>					
Current:					
General government	5,629,708	6,254,640	5,478,843	5,113,701	4,605,291
Community services	3,976,095	3,714,488	4,062,966	3,986,859	3,992,786
Planning	8,989,679	10,449,668	9,728,843	9,737,257	12,369,305
Public ways and facilities	15,380,796	16,165,062	17,794,518	16,488,718	15,462,223
Public safety	27,244,060	28,625,276	30,020,374	30,202,106	28,094,953
Capital outlay	36,854,154	11,720,213	9,542,356	8,345,726	8,687,535
Debt service:					
Principal	1,250,000	1,750,000	1,805,000	1,870,000	1,955,000
Interest	3,516,184	3,674,962	3,410,710	3,316,982	3,038,631
Refunding escrow	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Other	12,033	217,473	31,863	14,569	12,838
Intergovernmental	4,649,143	6,260,334	6,455,707	7,198,990	13,109,707
Total expenditures	<u>107,501,852</u>	<u>88,832,116</u>	<u>88,331,180</u>	<u>86,274,908</u>	<u>91,328,269</u>
Excess (deficiency) of revenues over expenditures	<u>(18,177,172)</u>	<u>10,903,006</u>	<u>6,758,722</u>	<u>2,982,188</u>	<u>(4,579,436)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	44,861,615	28,486,035	26,256,128	30,315,435	25,099,047
Transfers out	(46,173,207)	(30,944,420)	(28,459,763)	(32,616,244)	(27,418,641)
Bonds issued	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Gain on property held for sale	3,446,150	-	-	-	-
Contributions	5,343,377	-	-	-	-
Total other financing sources (uses)	<u>7,477,935</u>	<u>(2,458,385)</u>	<u>(2,203,635)</u>	<u>(2,300,809)</u>	<u>(2,319,594)</u>
Extraordinary gain	-	-	-	-	-
Net change in fund balances	<u>\$ (10,699,237)</u>	<u>\$ 8,444,621</u>	<u>\$ 4,555,087</u>	<u>\$ 681,379</u>	<u>\$ (6,899,030)</u>
Debt service as a percentage of noncapital expenditures	6.42%	6.69%	6.66%	6.59%	6.08%

Continued

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

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	
					<b>Revenues</b>
\$ 45,736,089	\$ 46,313,876	\$ 48,405,537	\$ 51,630,610	\$ 54,024,712	Taxes
19,170,235	9,262,457	-	-	-	Tax increment
1,200,244	1,549,642	1,526,942	1,641,301	1,965,120	Licenses and permits
566,057	590,625	562,301	567,379	613,301	Fines and forfeitures
2,437,963	1,401,486	1,308,808	1,371,779	2,901,802	Use of money and property
7,412,657	7,885,687	7,485,213	9,875,682	9,489,007	From other governments
3,502,622	2,089,328	6,209,316	3,795,247	4,650,237	Grants
1,990,630	1,992,262	1,861,540	3,247,246	2,111,740	Service charges
3,092,920	1,438,435	2,320,567	2,411,592	1,865,966	Other revenues
-	1,280,200	464,854	3,073,464	376,588	Contributions from other governments
<u>85,109,417</u>	<u>73,803,998</u>	<u>70,145,078</u>	<u>77,614,300</u>	<u>77,998,473</u>	Total revenues
					<b>Expenditures</b>
					Current:
5,865,259	5,024,456	6,760,196	8,977,728	6,764,233	General government
3,957,419	4,274,451	4,366,229	5,759,582	6,245,135	Community services
11,524,418	7,961,160	7,395,246	8,954,977	6,440,023	Planning
14,871,235	14,710,961	14,558,261	14,683,649	14,791,346	Public ways and facilities
28,081,837	28,845,564	28,918,401	29,922,421	31,605,027	Public safety
6,029,063	3,544,377	9,466,790	4,346,397	4,987,471	Capital outlay
					Debt service:
2,045,000	2,130,000	1,360,000	3,220,000	270,000	Principal
2,962,880	1,940,460	1,242,425	1,129,784	742,212	Interest
-	-	-	-	1,396,316	Refunding escrow
-	-	-	-	194,069	Bond issuance costs
16,441	13,032	7,933	6,710	1,150	Other
7,423,382	39,517	-	-	-	Intergovernmental
<u>82,776,934</u>	<u>68,483,978</u>	<u>74,075,481</u>	<u>77,001,248</u>	<u>73,436,982</u>	Total expenditures
					Excess (deficiency) of revenues over expenditures
<u>2,332,483</u>	<u>5,320,020</u>	<u>(3,930,403)</u>	<u>613,052</u>	<u>4,561,491</u>	
					<b>Other Financing Sources (Uses)</b>
26,735,331	16,499,059	27,577,674	16,997,812	12,214,657	Transfers in
(29,444,572)	(18,635,008)	(29,414,623)	(18,661,912)	(15,503,671)	Transfers out
-	-	-	-	20,767,747	Bonds issued
-	-	-	-	(20,565,715)	Payment to escrow agent
-	-	-	-	-	Gain on property held for sale
-	-	-	-	-	Contributions
<u>(2,709,241)</u>	<u>(2,135,949)</u>	<u>(1,836,949)</u>	<u>(1,664,100)</u>	<u>(3,086,982)</u>	Total other financing sources (uses)
					Extraordinary gain
-	(7,622,494)	-	-	-	
<u>\$ (376,758)</u>	<u>\$ (4,438,423)</u>	<u>\$ (5,767,352)</u>	<u>\$ (1,051,048)</u>	<u>\$ 1,474,509</u>	Net change in fund balances
6.50%	6.24%	3.86%	6.24%	1.46%	Debt service as a percentage of noncapital expenditures

Concluded

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

Fiscal Year	Gross Assessed Valuation <sup>1</sup>				Total Secured Property <sup>2</sup>
	Residential Property	Commercial Property	Industrial Property	Other Property	
2005-06	\$ -	\$ -	\$ -	\$ -	\$ 11,865,261,607
2006-07	-	-	-	-	13,749,651,553
2007-08	12,654,513,868	1,395,948,255	647,727,757	225,074,657	14,923,264,537
2008-09	12,764,384,581	1,457,184,696	697,258,339	187,763,850	15,106,591,466
2009-10	12,013,607,753	1,540,170,605	723,979,340	185,199,559	14,462,957,257
2010-11	12,066,510,905	1,442,565,044	707,039,142	191,146,637	14,407,261,728
2011-12	12,088,027,336	1,344,027,796	674,653,809	193,996,193	14,300,705,134
2012-13	11,938,025,471	1,363,564,876	683,204,414	213,010,276	14,197,805,037
2013-14	12,406,140,958	1,380,245,496	698,325,303	219,989,056	14,704,700,813
2014-15	13,233,479,645	1,373,427,652	709,886,529	235,133,683	15,551,927,509

Continued

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. Secured assessed valuation data by major component not available prior to FY 2007-08.

3. 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.

SOURCE:

California Municipal Statistics, Inc.

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

<u>Gross Assessed Valuation <sup>1</sup></u>					
<u>Utility <sup>3</sup></u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>	<u>Total Direct Tax Rate</u>	<u>Fiscal Year</u>
\$ 4,078,386	\$ 313,933,434	\$ 12,183,273,427	11.1%	1.00%	2005-06
3,821,485	361,949,212	14,115,422,250	15.9%	1.00%	2006-07
2,626,282	396,920,281	15,322,811,100	8.6%	1.00%	2007-08
2,626,282	401,827,296	15,511,045,044	1.2%	1.00%	2008-09
2,626,282	402,295,019	14,867,878,558	-4.1%	1.00%	2009-10
2,322,792	384,620,402	14,794,204,922	-0.5%	1.00%	2010-11
2,322,792	369,287,100	14,672,315,026	-0.8%	1.00%	2011-12
2,322,792	358,752,359	14,558,880,188	-0.8%	1.00%	2012-13
2,322,792	348,853,900	15,055,877,505	3.4%	1.00%	2013-14
2,322,792	354,410,454	15,908,660,755	5.7%	1.00%	2014-15
					Concluded

SOURCE:  
 California Municipal Statistics, Inc.

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

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</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	-	-	-	-	-
Simi Valley Unified School District	0.051200	0.048900	0.048300	0.048400	0.051900
Metropolitan Water District	0.005200	0.004700	0.004500	0.004300	0.004300
Ventura Community College District	0.013000	0.012700	0.005000	0.015200	0.013900
Total direct and overlapping	<u><u>1.069400</u></u>	<u><u>1.066300</u></u>	<u><u>1.057800</u></u>	<u><u>1.067900</u></u>	<u><u>1.070100</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>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</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
0.054400	0.057800	0.061500	0.059800	0.061800	Simi Valley Unified School District
0.003700	0.003700	0.003500	0.003500	0.003500	Metropolitan Water District
0.015100	0.014000	0.019100	0.016700	0.017600	Ventura Community College District
<u>1.073200</u>	<u>1.075500</u>	<u>1.084100</u>	<u>1.080000</u>	<u>1.082900</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	2015			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Tishman Archstone & Smith	\$ 115,579,843	1	0.74%	-		
Fountains Apartments Ltd	78,561,594	2	0.51%	\$ 70,911,940	5	0.50%
NF Creekside Apartments LLC	70,209,055	3	0.45%	-		
SE-Shadow Ridge LLC	63,910,188	4	0.41%	-		
South Street Center LLC	53,515,042	5	0.34%	-		
Fairfield Rancho Corrales	50,454,400	6	0.32%	47,640,600	9	0.34%
Mountain Gate Associates LLC	44,500,000	7	0.29%	59,459,602	7	0.42%
MK RRP 400 National Way LLC	42,575,000	8	0.27%	-		
ESG Properties I LLC	42,255,807	9	0.27%	-		
Simi Entertainment Plaza LP	37,029,791	10	0.24%	-		
Simi Valley Mall LLC	-			135,041,925	1	0.96%
Shea Homes Ltd Partnership	-			109,889,366	2	0.78%
Countrywide Funding Corporation	-			95,149,978	3	0.67%
D R Horton LA Holding Co Inc	-			82,786,739	4	0.59%
Standard Pacific Corp	-			70,170,789	6	0.50%
Acacia Credit Fund 9-A Et Al	-			48,129,417	8	0.34%
Richmond American Homes	-			44,103,060	10	0.31%
<b>Total Taxable Assessed Value Ten Largest Taxpayers</b>	<b>\$ 598,590,720</b>		<b>3.85%</b>	<b>\$ 763,283,416</b>		<b>5.41%</b>

SOURCE:  
California Municipal Statistics, Inc.  
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
2005-06	\$ 138,585,819	\$ 128,788,614	92.93%	\$ 619,836	\$ 129,408,450	93.38%
2006-07	29,433,179 <sup>1</sup>	26,664,943	90.59%	521,815	27,186,758	92.37%
2007-08	32,687,821	29,366,179	89.84%	411,687	29,777,866	91.10%
2008-09	34,099,599	30,065,640	88.17%	165,221	30,230,861	88.65%
2009-10	33,690,500	27,706,277	82.24%	82,374	27,788,651	82.48%
2010-11	32,672,899	28,924,095	88.53%	88,743	29,012,838	88.80%
2011-12	31,380,139	27,921,798	88.98%	82,987	28,004,785	89.24%
2012-13	31,451,572	28,397,076	90.29%	99,317	28,496,393	90.60%
2013-14	32,257,545	29,392,698	91.12%	142,495	29,535,193	91.56%
2014-15	34,131,863	33,369,651	97.77%		33,369,651	97.77%

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.

**NOTES:**

Data presented for Fiscal Year 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 this year.

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  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Total Primary Government	Percent of Personal Income <sup>5</sup>	Debt Per Capita <sup>5</sup>
	Tax Allocation Bonds <sup>1,2</sup>	Lease Revenue Bonds	Certificates of Participation <sup>2</sup>			
2006	\$ 29,939,352	\$ 7,260,000	\$ 26,318,045	\$ 63,517,397	1.60%	512.55
2007	29,231,527	6,690,000	25,845,159	61,766,686	1.51%	490.84
2008	28,513,702	6,095,000	25,352,273	59,960,975	1.41%	475.35
2009	27,775,878	5,470,000	24,844,386	58,090,264	1.34%	459.94
2010	27,008,054	4,815,000	24,311,499	56,134,553	1.41%	444.35
2011	26,210,230	4,120,000	23,758,612	54,088,842	1.22%	428.03
2012	-	3,385,000	23,185,726	26,570,726	0.63%	210.09
2013	-	2,610,000 <sup>3</sup>	22,587,840	25,197,843	0.55%	198.68
2014	-	-	21,964,953 <sup>4</sup>	21,964,957	0.45%	173.24
2015	-	20,414,513 <sup>2,4</sup>	-	20,414,513	0.45%	160.96

NOTES:

1. As of June 30, 2012, the tax allocation bond debt is an obligation of private purpose trust funds, not governmental activities. Assembly Bill 1X 26 provides for the dissolution of all redevelopment agencies in the State of California. As of February 1, 2012, assets and liabilities of the former redevelopment agency, including the tax allocation bonds, were transferred from governmental funds of the City to the Fiduciary (private purpose trust) fund. In future fiscal years, the Fiduciary fund will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. See note disclosure V E.

2. Presented net of original issuance premiums, discounts, and adjustments. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

3. On August 12, 2013, the Council approved the early repayment of 1995 Simi Valley Public Financing Authority Lease Revenue Bonds and a call for full redemption of the bonds occurred on October 1, 2013.

4. In August 2014, the City issued \$18,795,000 of 2014A Lease Revenue Refunding Bonds for the purpose of fully refunding the 2004 Certificates of Participation issue with a carrying amount of \$21,705,000. The 2004 Certificates were refunded in full on August 26, 2014 and no portion of the 2004 Certificates remained outstanding as of June 30, 2015.

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

There is no general bonded outstanding debt in the governmental funds.

SOURCE:  
City of Simi Valley  
US Census Bureau

**CITY OF SIMI VALLEY  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2015 (See Notes)**

	Outstanding Debt 6/30/15	Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt 6/30/15
<u>Overlapping and Assessment Debt Repaid with Property Taxes</u>			
Metropolitan Water District	\$ 110,420,000	0.687 %	\$ 758,585
Ventura County Community College District	303,412,082	13.943	42,304,747
Simi Valley Unified School District	102,435,178	96.917	99,277,101
City of Simi Valley Community Facilities Dist No.2004-1	6,655,000	100.000	6,655,000
City of Simi Valley 1915 Act Bonds	1,950,000	100.000	1,950,000
<u>Overlapping Other Debt</u>			
Ventura County General Fund Obligations	385,475,000	13.937	53,723,651
Ventura County Superintendent of Schools Certificates	10,795,000	13.937	1,504,499
Simi Valley Unified School District Certificates	8,920,000	96.917	8,644,996
Total overlapping and assessment debt			214,818,579
<u>City Direct Debt</u>			
City of Simi Valley 2014A Lease Revenue Refunding Bond	20,414,513	100.000	20,414,513
Total direct debt			20,414,513
Total direct and overlapping debt			<u>\$ 235,233,092</u>

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.

There is no general bonded outstanding debt in the governmental funds.

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

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt limit	\$ 456,872,754	\$ 529,328,334	\$ 574,605,416	\$ 581,664,189	\$ 557,545,466
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 456,872,754</u>	<u>\$ 529,328,334</u>	<u>\$ 574,605,416</u>	<u>\$ 581,664,189</u>	<u>\$ 557,545,466</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					
2011	2012	2013	2014	2015	
\$ 554,782,685	\$ 550,211,813	\$ 545,958,007	\$ 564,595,406	\$ 596,574,778	Debt limit
-	-	-	-	-	Total net debt applicable to limit
<u>\$ 554,782,685</u>	<u>\$ 550,211,813</u>	<u>\$ 545,958,007</u>	<u>\$ 564,595,406</u>	<u>\$ 596,574,778</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 2015**

Assessed value	\$	15,908,660,755
Debt limit (3.75% of assessed value) <sup>1</sup>	\$	596,574,778
General obligation bonds		-
Legal debt margin	\$	596,574,778

SOURCE:  
California Municipal Statistics, Inc.

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income<sup>1</sup></b>	<b>Median Age</b>	<b>Public School Enrollment</b>	<b>Unemployment Rate</b>
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%
2012	126,474	4,191,222	33,139	37.0	19,998	7.6%
2013	126,827	4,600,269	36,272	37.2	18,360	6.1%
2014	126,786	4,832,195	38,113	41.1	18,047	5.1%
2015	126,827	4,586,318	36,162	39.8	17,431	4.6%

NOTE:

1. Per capita income for year 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>2015</u>			<u>2006</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	2,441	1	3.49%	2,425	2	3.67%
Simi Valley Hospital & Healthcare Svcs	734	2	1.05%	799	4	1.21%
Rancho Simi Parks & Recreation District	600	3	0.86%	290	10	0.44%
City of Simi Valley	532	4	0.76%	651	5	0.98%
Meggitt Safety Systems, Inc	498	5	0.71%	316	9	0.48%
Aerovironment Inc	460	6	0.66%	-		
Wal-Mart, Inc	396	7	0.57%	-		
Milgard Manufacturing, Inc	330	8	0.47%	497	6	0.75%
Vons Grocery Stores	283	9	0.40%	460	7	0.70%
Costco	272	10	0.39%	-		
Countrywide Home Loans <sup>1</sup>	-			4,264	1	6.45%
Farmers Insurance Group	-			900	3	1.36%
Albertson's	-			348	8	0.53%
Total	<u>6,546</u>		<u>9.36%</u>	<u>10,950</u>		<u>16.57%</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 sixty-one employers surveyed by the City of Simi Valley, forty-eight employers responded (79%).

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**

<b>Function</b>	<b>Full &amp; Part Time Employees as of June 30<sup>1</sup></b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General government	70	70	68	62	55	57	55	57	57	61
Community services	34	35	35	34	34	32	29	28	29	31
Planning	61	62	60	56	54	51	49	42	40	39
Public ways and facilities	107	110	102	102	97	92	92	89	88	90
Public safety										
Sworn police personnel	120	125	127	122	118	119	123	120	119	123
Civilians	70	68	64	58	57	55	52	52	52	52
Sanitation	53	53	60	54	54	54	53	56	51	54
Waterworks district no. 8	38	38	37	41	43	43	43	44	45	43
Transit	43	46	46	47	46	42	40	41	38	39
<b>Total</b>	<b>596</b>	<b>607</b>	<b>599</b>	<b>576</b>	<b>558</b>	<b>545</b>	<b>536</b>	<b>529</b>	<b>519</b>	<b>532</b>

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General government</b>										
Business tax applications and renewals	8,546	8,675	8,735	9,253	10,310	10,177	10,257	9,764	9,709	9,643
Business tax receipts issued	8,273	8,316	8,211	8,312	8,352	9,463	9,196	9,060	8,936	8,563
Business tax revenues (\$)	1,831,590	1,778,116	1,851,630	1,698,692	1,662,604	1,751,072	1,509,209	1,536,702	1,601,875	1,742,469
<b>Community services</b>										
Cultural arts center events	334	227	211	380	372	349	334	344	362	354
Cultural arts center attendance	31,000	31,345	31,070	40,475	40,682	40,994	35,418	39,388	38,643	36,403
Senior center attendance	107,000	126,838	141,528	162,961	184,511	187,968	189,302	192,107	182,368	172,233
Library card holders <sup>1</sup>	-	-	-	-	-	-	-	-	20,498	28,233
Library total collection <sup>2</sup>	-	-	-	-	-	-	-	-	139,104	153,294
Library total circulation <sup>2</sup>	-	-	-	-	-	-	-	-	344,358	338,838
<b>Planning</b>										
Building permits	2,891	2,004	1,700	1,232	1,196	1,362	1,623	1,590	2,382	2,054
Plumbing, mechanical, and electrical permits	5,220	3,716	2,691	2,366	1,899	2,284	2,590	2,592	3,473	3,213
Permit valuation (thousands \$)	284,767	99,392	74,530	38,025	34,197	37,685	49,992	47,316	55,300	41,766
<b>Public Safety</b>										
Arrests	3,686	3,552	4,170	4,051	3,310	3,507	3,857	3,472	2,961	3,459
Enforcement citations	11,585	10,905	10,280	10,941	6,350	7,301	6,827	7,688	8,518	8,308
<b>Public ways and facilities</b>										
Street resurfacing (miles)	5.86	7.68	0.46	13.57	16.57	9.66	2.23	6.66	5.67	3.93
<b>Sanitation</b>										
Wastewater customers	35,192	35,289	35,451	36,483	36,428	36,250	36,604	36,704	36,796	36,761
Average dry weather flow (MGD)	9.50	8.80	10.00	9.50	9.30	9.20	8.80	8.60	8.50	8.10
<b>Waterworks district no. 8</b>										
Customers	25,195	25,375	25,452	25,642	24,920	24,942	25,059	25,156	25,093	25,585 <sup>3</sup>
Water delivered (million gallons)	8,128.0	8,137.0	8,679.0	7,981.4	7,192.0	6,502.0	6,305.1	7,352.8	8,083.5	6,517.0
<b>Transit</b>										
Fixed-route revenue miles	449,223	509,743	477,005	464,784	471,267	415,973	420,295	400,425	426,057	426,057
Fixed-route passengers	450,106	483,653	454,440	477,032	479,456	435,416	417,156	434,512	347,929	378,452
Fixed-route revenue hours	28,526	30,893	30,768	31,189	31,223	26,177	25,776	24,882	25,551	25,551
Paratransit revenue miles	238,061	240,979	199,570	189,810	189,264	179,944	180,763	184,074	183,407	172,444
Paratransit passengers	42,815	45,210	43,457	48,123	51,204	47,054	45,756	46,290	50,308	45,364
Paratransit revenue hours	19,059	18,959	17,976	17,663	17,571	17,604	17,486	18,966	17,984	17,009

NOTE:

1. Effective 7/01/13, the City assumed responsibility for library operations from the County.
2. Includes Print, Audio, Video and Ebooks.
3. Balance of community, approximately 13,365 customers, serviced by Golden State Water Co. during fiscal year 2015.

SOURCE:  
City of Simi Valley  
Golden State Water Co.

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fleet size	96	97	97	93	90	91	91	94	96	97
Public ways and facilities										
Streets (miles)	308.03	308.62	321.00	322.71	324.10	324.10	324.91	324.91	326.91	332.69
Streetlights <sup>1</sup>	7,645	7,660	7,701	7,687	7,815	7,932	7,937	7,942	8,241	8,225
Traffic signals <sup>2</sup>	116	117	117	118	118	121	121	121	121	121
Sanitation										
Sewerlines (miles) <sup>3</sup>	400	400	400	362	362	362	374	374	374	374
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										
Water mains (miles)	370	375	375	375	375	375	375	375	380	380
Fire hydrants	2,700	2,750	2,755	2,773	2,844	2,844	2,844	2,844	2,844	2,844
Storage capacity (million gallons)	51	53.5	53.5	53.5	55.8	55.8	55.8	55.8	55.8	55.8
Transit										
Buses - 40 foot	11	11	11	11	11	11	11	11	11	8
Buses - 35 foot	2	2	2	2	2	2	0	0	0	3
Paratransit Vehicles	13	12	12	10	12	12	11	11	11	11

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 freeway ramps.
3. Collection system information was estimated for FY2006 through FY2008, and obtained from the City's Geographical Information System for FY2009 through the current year.

Sources:  
City of Simi Valley  
Southern California Edison