

STATE OF CALIFORNIA
CITY OF SIMI VALLEY

FISCAL YEAR ENDED
JUNE 30, 2017



COMPREHENSIVE
ANNUAL FINANCIAL REPORT
2016-17

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

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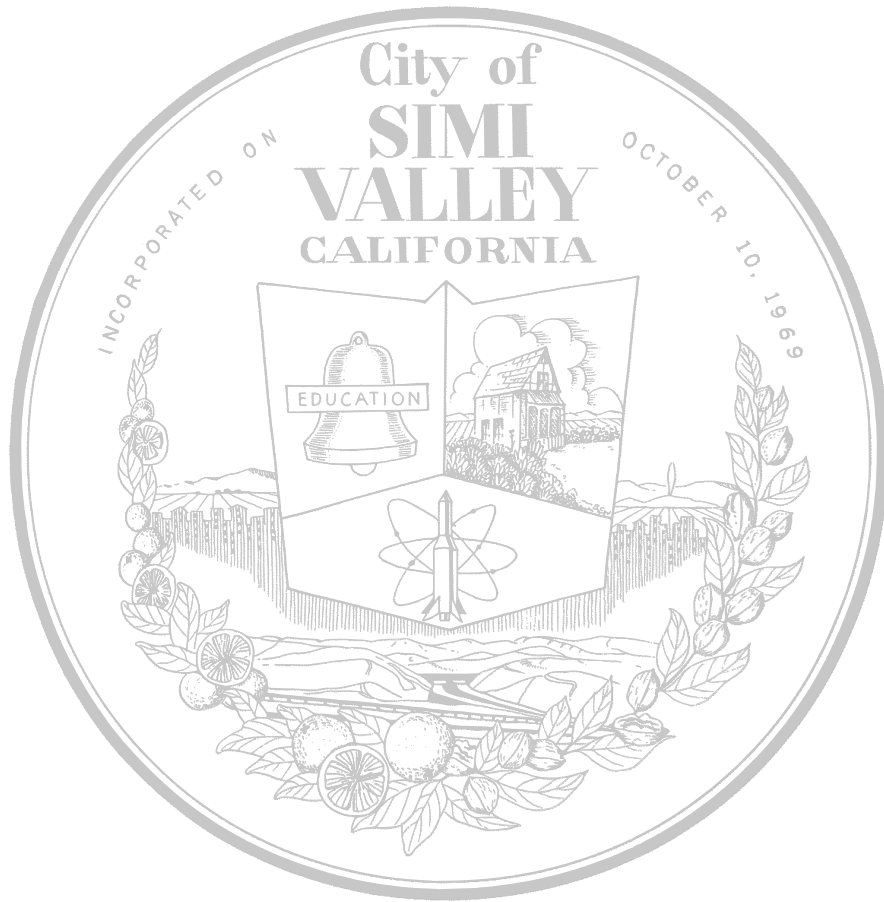
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INTRODUCTORY SECTION



CITY OF SIMI VALLEY

Home of The Ronald Reagan Presidential Library

February 27, 2018

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, 2017.

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 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 is 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, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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 127,400, 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 42.4 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, the Simi Valley Public 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 March. The City Manager and his/her staff conduct a series of budget review meetings with departments and agencies in late March. The City Manager then presents a Proposed Budget and Draft Five-Year Capital Improvement Program 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 no 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, financial reviews are to be prepared and submitted to the City Council at the end of the first quarter and at mid-year of each fiscal year and are available for public review in advance of their presentation at regularly scheduled City Council meetings. Interim financial reports can be 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, the City has experienced gradual growth in a positive direction. Fiscal year 2016-17 locally generated revenues from property, sales, franchise, and business taxes increased by \$0.4 million, or 0.8%, over the prior fiscal year. Over the past year, total General Fund revenues dipped slightly by 0.9%, but over the last two fiscal years, those revenues increased 4.0%.

As the California economy reflects a continued slow rebound in recent years, the City's outlook is following suit. At the City level, although revenues slipped slightly the past year, the revenue increase experienced from two years ago can still be considered 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 many 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, 2017, was 3.9%, nine tenths of a 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. A significant housing development in the Runkle Canyon area continues to move forward, adding to the City's housing availability. In future years, the bulk of development will focus on smaller in-fill projects. Overall, 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 as market values are steadily increasing.

Long-term Financial Planning. The City's population has remained virtually unchanged, reflecting a nominal increase over the prior reporting year. Turnover in the real estate market is increasing, and further additions to the City's property tax roll are anticipated as a result. In FY 2016-17, property tax revenues showed continued positive improvement, increasing by 4.5%, and sales tax revenues decreased by 3.4%. The nationwide trend toward online purchases has an adverse effect on such tax revenue. Other than the Lost Canyons residential development, for which project commencement is still pending, and a few smaller developments now moving forward, 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 mandated 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 1.1% annually. Property tax revenues are projected to increase by 3% per year from FY 2017-18 through FY 2021-22, and revenue projected for specific development projects, and sales tax is projected to increase by 2% per year through FY 2021-22. The projection plan also includes assumptions that the current staffing level would be continued, that a modest \$0.3 million in General Fund monies appropriated to the City's Streets and Roads Program for FY 2017-18 would be increased to \$1 million per year starting in FY 2018-19, and that any salary increases previously negotiated 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 utilized 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 \$30.2 million, with debt service requirements of approximately \$1.0 million (principal only) per year for fiscal year ending in 2018. Thereafter, annual debt service requirements will be approximately \$1.5 million. On September 27, 2016, \$9,226,619 in Federal New Clean Renewable Energy Bonds (NCREBs) were issued, and \$740,459 in Tax-Exempt Lease Bonds were issued. \$823,951 in total annual principal and interest payments is due in fiscal year 2018.

In December 2017, the City closed a principal amount financing of \$6,408,600 with Bank of America. This financing will fund the acquisition and installation of a replacement telephone system for the City (\$2,200,000 principal amount), the acquisition and installation of new heating, ventilation, and air conditioning (HVAC) equipment at various City facilities, and the retrofitting of interior and exterior lighting at all City facilities with LED lighting (\$4,133,600 principal amount). The two latter projects will result in energy savings to the City. The first payment is due September 2018, the financing matures in March 2033, and the total principal and interest due is \$7,937,310.

The total debt of the Successor Agency to the CDA, reported in the fiduciary funds, is \$21.0 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 deficit of \$846,436. 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. In August, 2017, the Council formed a Budget Advisory Committee, comprised of five members of the public who have been tasked with working with staff to complete an in-depth review of the City's budget and financial operations. The end goal is to ultimately bring additional recommendations forward to be incorporated into the FY 2018-19 budget cycle, which will strengthen the City's financial outlook.

Major Initiatives

- Continuing with implementation of the next phase of the integrated Enterprise Resource System that includes payroll, permitting and utility billing modules.
- Other technology improvements are planned for the City Hall Council Chambers and Community Room, Police Department, Cultural Arts Center and other facilities.
- The City's Schedule of Service Charges implemented a 1% CPI increase to fees effective April 30, 2017.
- Transit division is updating the Short Range Transit Plan.
- The City's purchasing ordinance was updated to modify, clarify, and implement various existing and new city/district purchasing procedures.
- Contract was awarded for the acquisition and installation of an electronic access control and video surveillance system for City facilities.

Recent and Planned Changes

- The City continues to experience a large number of retirements across many departments. Changes in key positions have provided opportunities 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.
- On November 13, 2017, Council approved a \$4 increase in annual Business Registration fees due to the *State's mandate* for Certified Access Specialist (disability access) programs and services. For annual business renewals, the fee increases from \$15 to \$19 effective January 1, 2018.
- Per Council action taken on November 21, 2016, to continue the sunset provision one additional year, the *business tax waiver that has been in place since January 1, 2012, sunsets on December 31, 2017*. This affects businesses reporting annual gross receipts under \$300,000, and this Council action will result in an increase in business tax revenue.

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, 2017, was \$70,694,934. 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, 2016. This was the thirty-seventh consecutive year (fiscal years ended 1980-2016) that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Fiscal Services Division. Special thanks go to Irene Peterson, Deputy Administrative Services Director/Fiscal Services, for her extensive work in preparing this report. I would also like to express my appreciation to all members of the Administrative Services Department who assisted with the preparation of this report, and to 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,



Jody Kershberg
Director, Department of Administrative Services

OFFICIALS OF THE CITY OF SIMI VALLEY
(as of June 30, 2017)

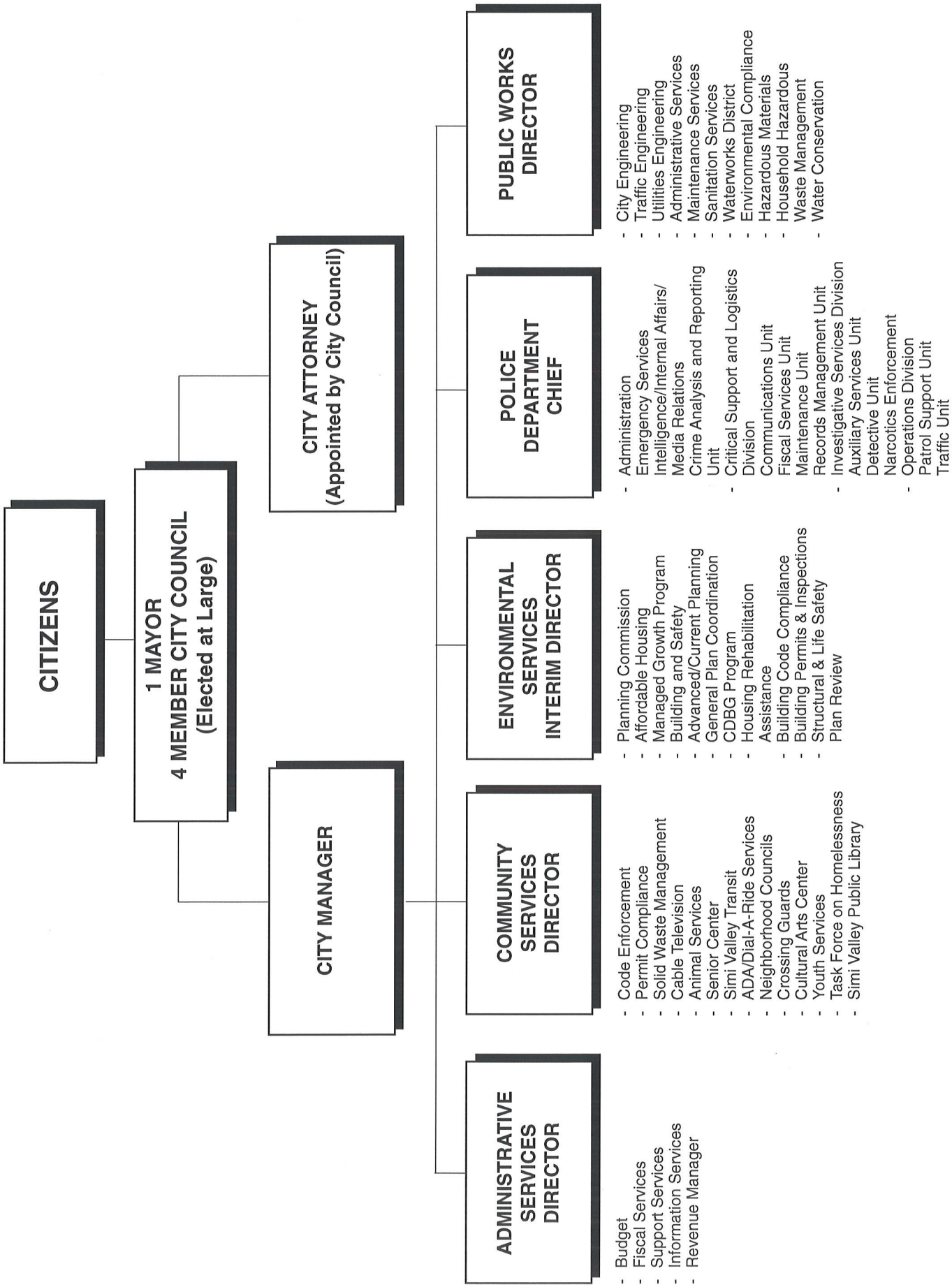
Members of the City Council

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

Administrative Staff

Eric J. LevittCity Manager
Lonnie Eldridge City Attorney
Jody Kershberg.....Director of Administrative Services
Sommer Barwick..... Director of Community Services
Peter Lyons..... Director of Environmental Services
Ron FuchiwakiDirector of Public Works
David Livingstone..... 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, 2016

Christopher P. Morill

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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 of Simi Valley, California, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, SHA to Community Development Agency Housing Administration Special Revenue Fund, and Development Related Fees Special Revenue Fund 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 21 and the required supplementary information on pages 101 through 105 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 as listed in the table of contents 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.

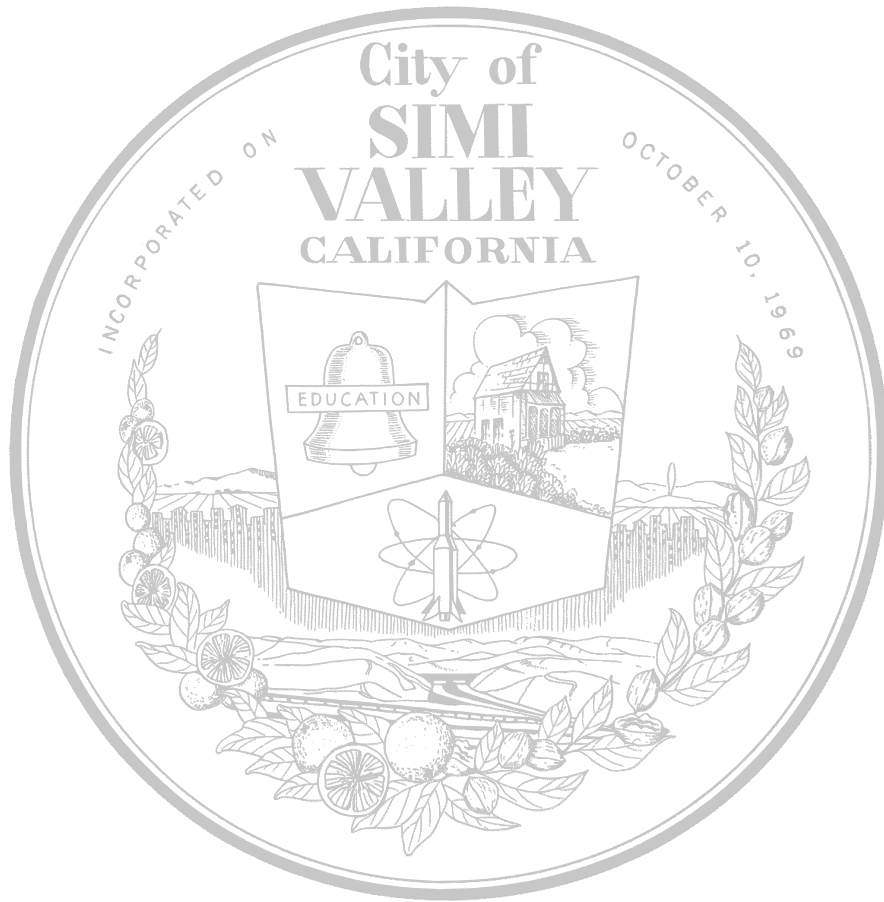


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2018, on our consideration of the City of Simi Valley'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 27, 2018**



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, 2017. 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 \$379,133,066.
- The City's total net position decreased by \$3,171,845. This amount was comprised of a \$3.0 million decrease in net investment in capital assets, a \$7.4 million increase in the restricted net position category, and a \$7.5 million decrease in unrestricted net position. \$2.7 million of this decrease was due to an increase in pension obligations.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$83,555,503, a decrease of \$1,053,630 in comparison with the prior year. Of the ending fund balance, approximately 16.8% or \$14,039,905 is Non-spendable in form; 46.5% or \$38,880,459 is Restricted for housing projects, public improvements, streets, transportation, landscape zones, debt service obligations, law enforcement, and special programs; 30.6% or \$25,605,820 is Committed to street projects, retiree benefits, equipment replacement, economic recovery, and the prudent reserve; 11.6%, or \$9,647,610 is Assigned to capital projects; and <5.5%>, or <\$4,618,291> is Unassigned.
- At the end of the current fiscal year, the *Prudent Reserve* established by the City Council totaled \$11,737,044. 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 \$38.4 million during the current fiscal year. This is comprised of a \$3.5 million combined increase in accounts payable, salaries and benefits payable, unearned revenues, and a \$34.9 million increase in debt service, other post-employment benefits obligations and net pension liability. See Notes section IV D for more detailed information on the net pension liability.

CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

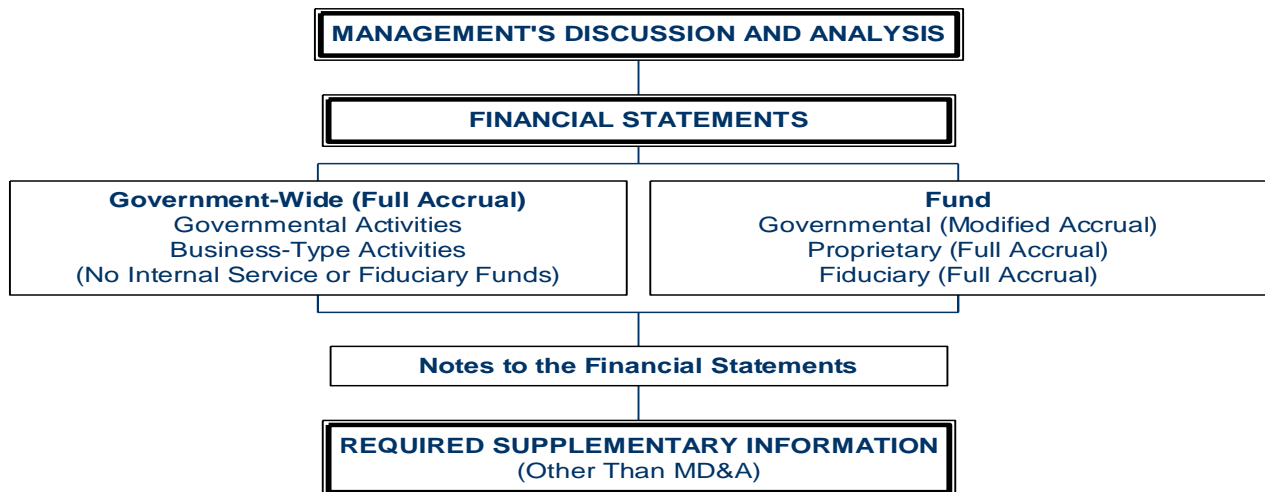
Overview of the Financial Statements

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).

CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

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 7 major and 15 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 seven major funds: the General fund, the Successor Agency to Community Development Agency Housing Administration fund, the Development Related Fees fund, the 2016 CREBS FTLRB fund, the Streets and Roads fund, the Public Facility Improvements fund, and the Solar Capital Projects fund. Data from the other 15 governmental funds is 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

CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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.

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 except for any residual balances outstanding between the governmental activities and business-type activities which are reported in the government-wide financial statements as "internal balances."

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.

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.

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.

**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Other information

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

The combining statements referred to earlier in connection with 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 \$379,133,066 at the close of the most recent fiscal year.

A significant portion of the City's net position (93%) 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 (18%) represents resources that are subject to external restrictions on how they may be used. The remainder of the City's net position represents unrestricted net position. Unrestricted net position is in a negative position due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 in Fiscal Year 2014-15. 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 • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**City of Simi Valley's Net Position
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$126,021,673	\$126,030,369	\$54,544,946	\$49,786,000	\$180,566,619	\$175,816,369
Capital assets	240,494,674	231,833,390	141,317,489	143,093,105	381,812,163	374,926,495
Total assets	<u>366,516,347</u>	<u>357,863,759</u>	<u>195,862,435</u>	<u>192,879,105</u>	<u>562,378,782</u>	<u>550,742,864</u>
Deferred outflows	<u>31,619,603</u>	<u>19,548,427</u>	<u>7,273,305</u>	<u>4,034,603</u>	<u>38,892,908</u>	<u>23,583,030</u>
Long-term liabilities outstanding	162,750,291	131,286,062	24,704,799	19,093,639	187,455,090	150,379,701
Other liabilities	11,126,409	11,129,661	9,531,377	8,156,093	20,657,786	19,285,754
Total liabilities	<u>173,876,700</u>	<u>142,415,723</u>	<u>34,236,176</u>	<u>27,249,732</u>	<u>208,112,876</u>	<u>169,665,455</u>
Deferred inflows	<u>11,881,375</u>	<u>18,552,246</u>	<u>2,144,372</u>	<u>3,803,282</u>	<u>14,025,747</u>	<u>22,355,528</u>
Net position:						
Net investment in capital assets	210,531,356	211,751,365	141,317,489	143,093,105	351,848,845	354,844,470
Restricted	64,139,878	57,552,738	5,941,420	5,140,128	70,081,298	62,692,866
Unrestricted	(62,293,358)	(52,859,886)	19,496,282	17,627,461	(42,797,076)	(35,232,425)
Total net position	<u>\$212,377,875</u>	<u>\$216,444,217</u>	<u>\$166,755,191</u>	<u>\$165,860,694</u>	<u>\$379,133,066</u>	<u>\$382,304,911</u>

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 business-type activities. For the prior fiscal year, the City also reported positive balances in two of the three categories for the government as a whole. 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 • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**City of Simi Valley's Changes in Net Position
Years Ended June 30, 2017 and 2016**

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Revenues:						
Program Revenues:						
Charges for services	\$ 8,545,330	\$ 8,045,738	\$ 54,601,139	\$ 47,355,854	\$ 63,146,469	\$ 55,401,592
Operating grants and contributions	9,398,940	9,643,713	2,639,740	2,602,009	12,038,680	12,245,722
Capital grants and contributions	3,694,804	13,530,222	1,921,558	5,458,314	5,616,362	18,988,536
General Revenues:						
Property taxes	31,120,875	29,835,623	-	-	31,120,875	29,835,623
Other taxes	25,932,527	26,831,573	-	-	25,932,527	26,831,573
Interest on investments	964,495	835,387	520,855	811,714	1,485,350	1,647,101
Contributions from other governments	-	-	-	-	-	-
Other	-	-	127,220	261,087	127,220	261,087
Total revenues	<u>79,656,971</u>	<u>88,722,256</u>	<u>59,810,512</u>	<u>56,488,978</u>	<u>139,467,483</u>	<u>145,211,234</u>
Expenses:						
General government	21,702,917	24,726,745	-	-	21,702,917	24,726,745
Community services	7,068,775	6,397,826	-	-	7,068,775	6,397,826
Planning	5,393,186	5,781,371	-	-	5,393,186	5,781,371
Public ways and facilities	18,462,688	16,545,278	-	-	18,462,688	16,545,278
Public safety	34,501,473	31,286,515	-	-	34,501,473	31,286,515
Interest on long-term debt	937,079	720,840	-	-	937,079	720,840
Indirect expense allocation	(7,664,900)	(7,660,700)	7,265,600	7,660,700	(399,300)	-
Sanitation	-	-	15,281,361	11,986,144	15,281,361	11,986,144
Water	-	-	34,386,938	31,581,431	34,386,938	31,581,431
Transit	-	-	5,554,211	4,983,742	5,554,211	4,983,742
Total expenses	<u>80,401,218</u>	<u>77,797,875</u>	<u>62,488,110</u>	<u>56,212,017</u>	<u>142,889,328</u>	<u>134,009,892</u>
Change in net position before transfers and contributions	<u>(744,247)</u>	<u>10,924,381</u>	<u>(2,677,598)</u>	<u>276,961</u>	<u>(3,421,845)</u>	<u>11,201,342</u>
Transfers	(3,572,095)	(3,255,695)	3,572,095	3,255,695	-	-
Contributions to other governments	250,000	(63,992)	-	-	250,000	(63,992)
Change in Net Position	<u>(4,066,342)</u>	<u>7,604,694</u>	<u>894,497</u>	<u>3,532,656</u>	<u>(3,171,845)</u>	<u>11,137,350</u>
Net position - beginning of the year	216,444,217	209,469,761	165,860,694	162,328,038	382,304,911	371,797,799
Prior period adjustment	-	(630,238)	-	-	-	(630,238)
Net Position - ending	<u>\$212,377,875</u>	<u>\$216,444,217</u>	<u>\$166,755,191</u>	<u>\$165,860,694</u>	<u>\$379,133,066</u>	<u>\$382,304,911</u>

During the current fiscal year, City-wide revenues decreased by \$5.7 million, and expenses increased by \$8.9 million as compared to the prior year. The combination of these amounts provided a decrease of \$3.2 million toward net position. Property tax revenue increased by \$1.3 million, and revenue for sales, franchise, business and other tax showed a combined decrease of \$0.9 million. Capital grants and contributions decreased by \$13.4 million, and operating grants and contributions revenue decreased by \$0.2 million. The large decrease in capital grants and contributions can be largely attributable to decreases in donated infrastructure by developers as compared to the prior year. Charges for services and miscellaneous revenue increased by \$7.6 million due mostly to an increase in water rates. Other decreases include investment earnings and contributions from other governments of \$0.1 million.

**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Governmental Activities. Governmental activities decreased the City's net position by \$4,066,342 as compared to an increase of \$7.6 million in the prior year. This is a decrease of \$11.7 million from the prior year. Governmental activities accounted for most of the City's combined decrease in net position of \$3.2 million.

For governmental activities, revenues generally reflected similar increases and decreases by categories as compared to the prior fiscal year. Property taxes posted another modest increase of 4.3% (\$1.3 million), and combined revenue for sales, franchise, business and other taxes decreased by 3.4% (\$0.9 million). Operating grants and contributions decreased by 2.5% (\$0.2 million) while capital grants and contributions decreased by 72.7% (\$9.8 million). The capital grants decrease is due in large part to a decrease in donated infrastructure of \$11.3 million. Service charges increased by 6.2% (\$0.5 million). Investment earnings increased by 15.5% (\$0.1 million) due to a slowly increasing yield on the securities in which the City invests. Governmental funds also reflect a 490.7% (\$0.4 million) net increase in contributions from other governments from the due to City Council approval in the prior fiscal year to eliminate a negative cash balance in a Successor Agency Fund of \$313,992 that was neither covered by tax revenue receipts nor covered by Enforceable Obligations.

Changes in expenses in the functional areas ranged from a decrease of 12.2% from the allocation of operating income from internal service funds to an increase of 30.0% (\$0.4 million) for payment of interest on long term debt in comparison with the previous fiscal year.

General government expenses decreased by 12.2% (\$3.0 million). Operational expenses showed a net increase of \$10.1 million; this is comprised of increases in salaries and benefits of \$0.4 million, a decrease in reimbursed expenses of \$0.5 million and increases in supplies and services of \$10.2 million mostly attributable to expenses for solar capital projects of \$8.3 million. Another decrease in expense includes \$2.0 million attributable to general government's share of the Internal Service funds' operating income. In addition, compensated absences, pension and post-employment benefits increased by \$1.0 million.

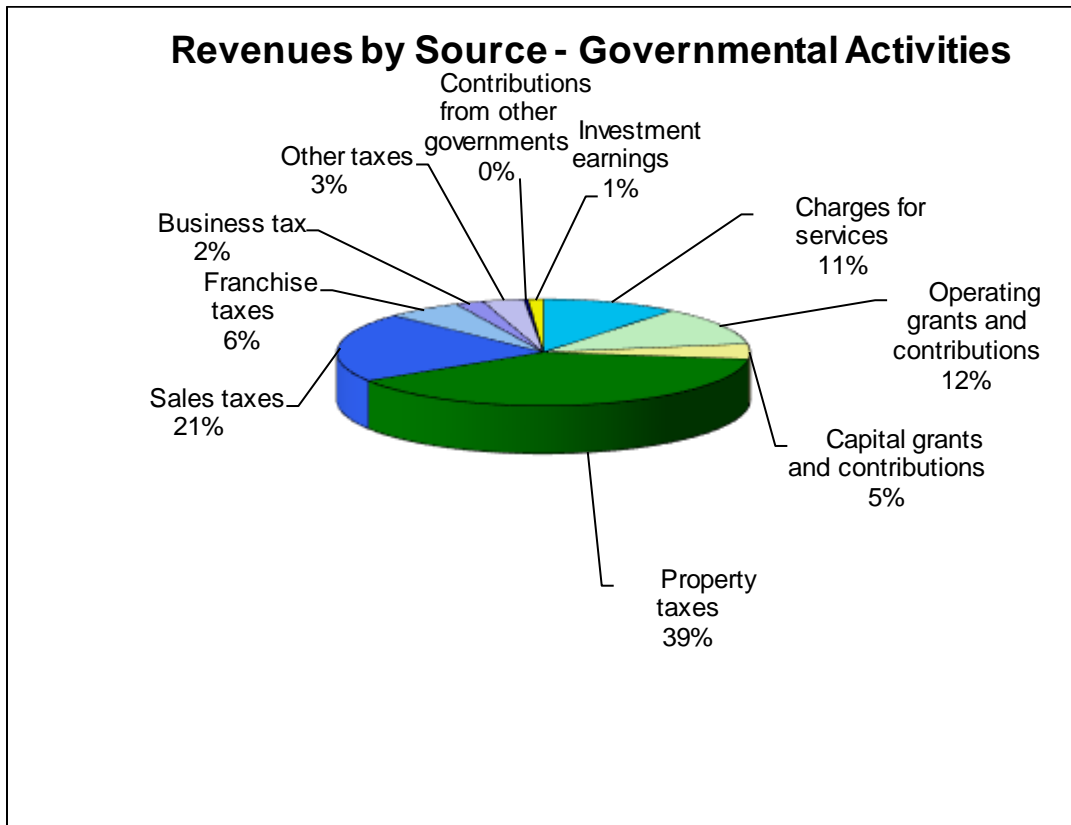
Community services expenses increased by 10.5% (\$0.7 million). Operational expenses of salaries and benefits, and supplies and services increased by \$0.3 million. Offsetting these decreases, compensated absences, pension and post-employment benefits increased by \$0.4 million.

Planning expenses decreased by 6.7% (\$0.4 million). Standard operational expenses reflected a nominal increase from the prior year. There was a decrease of \$0.2 million in expenses related to housing loan activity and slight decreases in salaries and benefits and pension and post-employment of \$0.2 million.

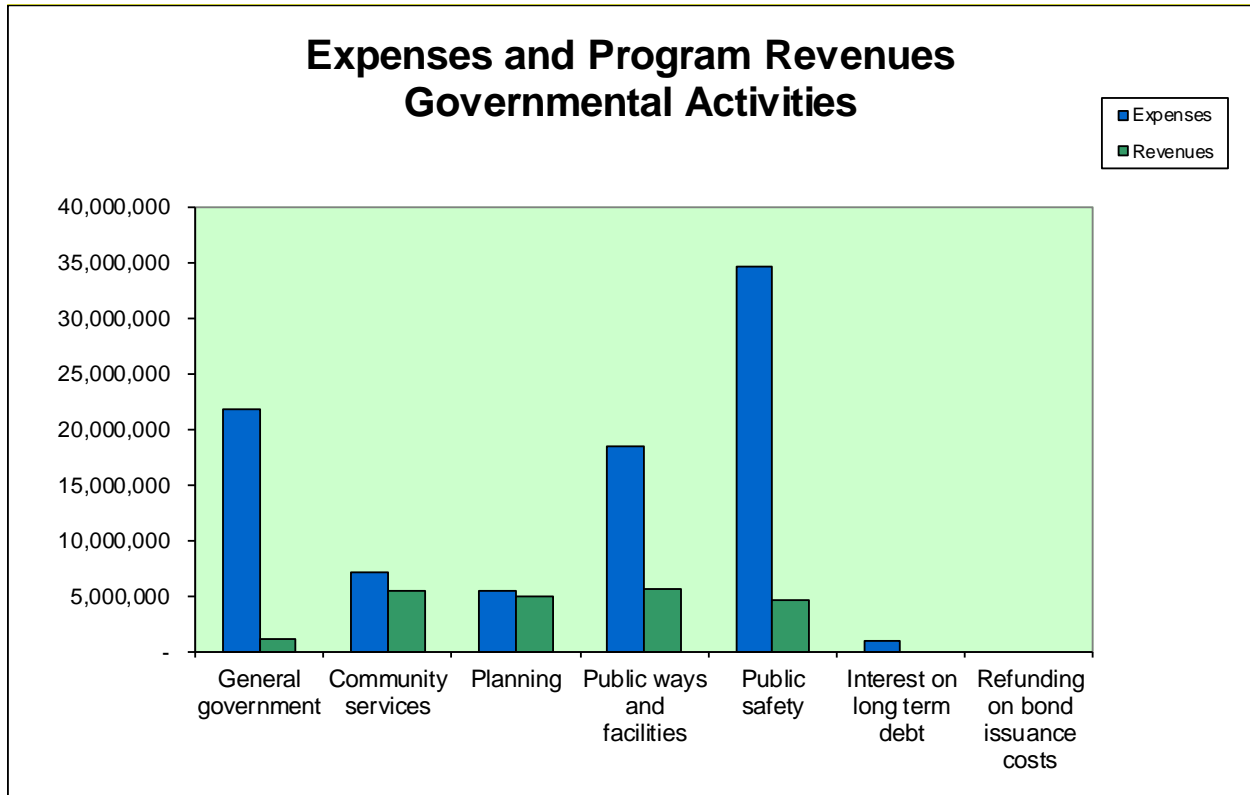
Public ways and facilities expenses increased by 11.7% (\$1.9 million). Public Works operational expenses of salaries and benefits, and supplies and services increased by \$0.1 million. Additionally, compensated absences, pension and post-employment benefits increased by \$1.8 million.

**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Public safety expenses increased by 10.3% (\$3.2 million). Police Department salaries and benefits and expenses for supplies and services increased by \$1.2 million. Pension benefits also increased by \$2.9 million offset by decreases in post-employment benefits, capital expenditures, and allocation of income from internal service funds of \$0.9 million.



**CITY OF SIMI VALLEY • MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)**



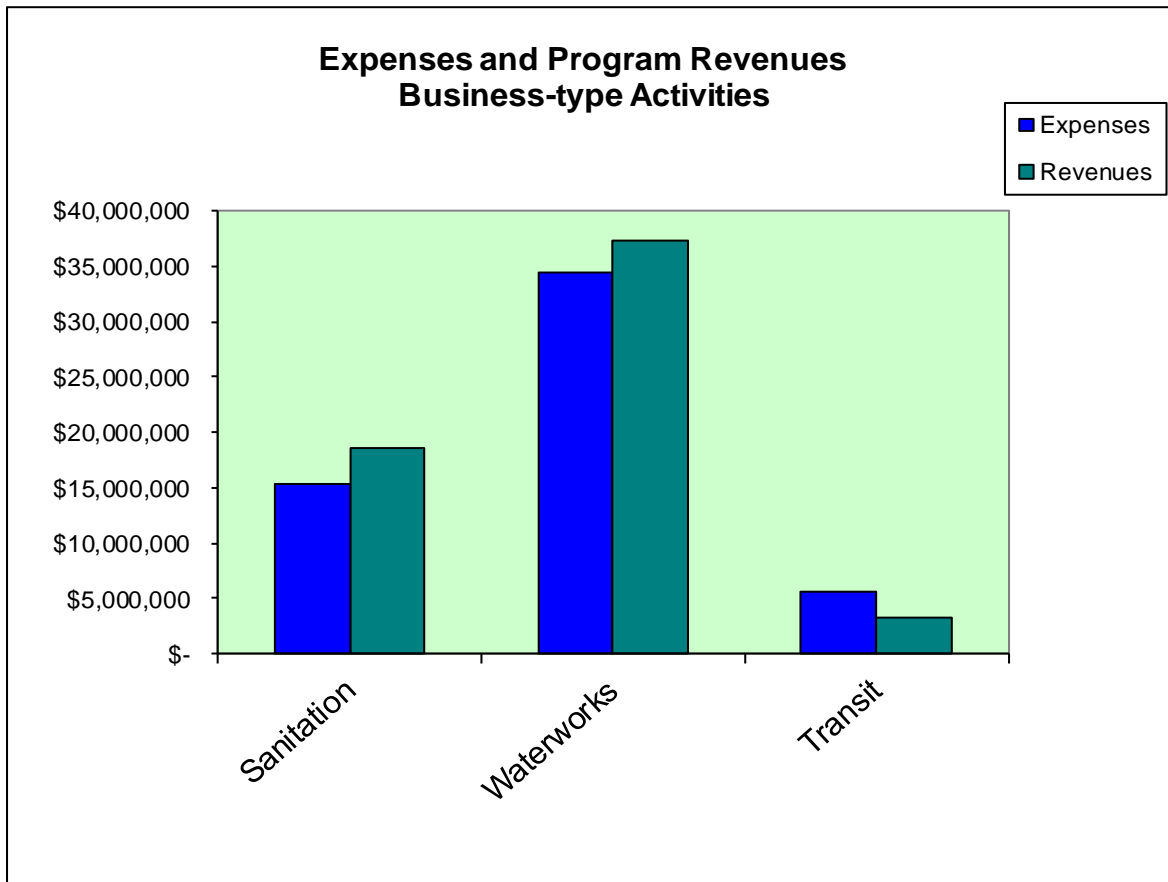
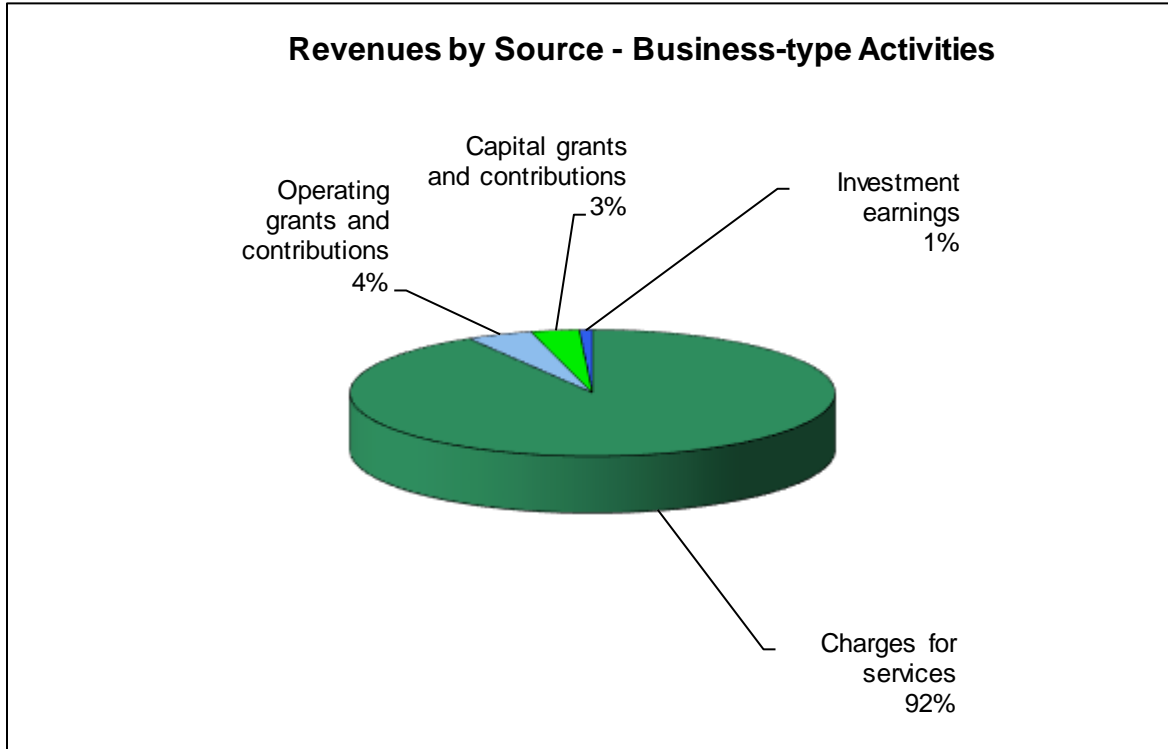
Business-type Activities. Business-type activities increased the City’s net position by \$894,497, as compared to a \$3.5 million increase in the prior year. Key elements for the changes in net position during the fiscal year are as follows:

In comparison to the prior fiscal year, overall revenue, before transfers, increased by \$3.5 million. Charges for services increased by 15.3% (\$7.2 million) resulting from increased water rates. This was offset by a 64.8% (\$3.5 million) decrease in capital grants and contributions and a 35.8% (\$0.3 million) decrease in investment earnings. There was a nominal increase in operating grants and contributions of 1.5% (less than \$0.1 million).

Expenses increased by 13.7% (\$6.7 million) as compared to the prior fiscal year. A large portion of this increase comes from an increase in maintenance costs for the Arroyo Simi Sewer Trunk Line project (\$3.1 million) in the Sanitation fund. Water purchases increased by \$2.4 million and salaries and benefits by \$2.1 million due in some part to the cost of pension benefits. Other expenses increased by <\$0.1 million, and Sanitation and Waterworks share to the Liability Insurance fund increased by \$0.5 million. The enterprise funds also experienced a combined 3.7% (\$1.9 million) decrease in their equitable share of internal service fund operating income for the fiscal year.

The Transit operation was funded by Federal and State grants. General fund monies are not applied to this Enterprise fund.

**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**



CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 reflect combined ending fund balances of \$83,555,503, a decrease of \$1.1 million when compared to the prior year. Of this total amount, 16.8% (\$14.0 million) is *Non-spendable* in form, comprised of long-term receivables. Of the ending governmental fund balances, 46.5% (\$38.9 million) is *Restricted* for specific activities including housing programs, public improvements, streets, landscape, and law enforcement programs. Of the governmental fund balances, 30.6% is classified as *Committed*. \$13.9 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 transfers out. It is set aside for responses to catastrophic events such as earthquakes, fires, floods, civil disturbances, etc. 11.6% (\$9.6 million) of the fund balance is *Assigned* for Capital programs and improvements. The remaining negative 5.5% (\$4.6 million) in governmental fund

**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
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balances is *Unassigned*. This amount is attributable to negative fund balance in the Solar Capital Projects Fund for which expenditure reimbursements are pending.

The fund balance of the City's General fund decreased by \$1.9 million during the current fiscal year. In comparison to last fiscal year, overall revenues in the General fund decreased by \$.5 million, expenditures and net transfers out increased by \$1.9 million. This reflects ongoing 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 a decrease of \$0.2 million. As compared to FY 2015-16, overall revenues decreased by \$2.0 million due mostly to repayment of a developer loan in the prior fiscal year. Expenditures on housing programs increased by less than \$0.1 million reflecting steady activity in the affordable housing market.

The fund balance of the Development Related Fees fund decreased by \$0.5 million from the prior year. For the most part, incoming revenues for the current year were offset by transfers out used largely for street projects, computer equipment replacement, public facility improvement projects, the financial information system improvements, the police shooting range project, and the new telephone system project. Other than two known residential developments gradually moving forward, development-related revenues remain static, and it is unlikely they will increase significantly in the future, as the City is moving toward build-out.

The ending fund balance of the 2016 CREBS FTLRB fund, a debt service fund, was \$4,955,875, representing new bond issuances to fund projects in the Solar Capital Projects fund whose ending fund balance was <\$3,976,844> pending reimbursements for expenditures. Additional information can be found in Note II C, Deficit fund equity, and Note III H, Long-term debt.

The fund balance of the Streets and Roads fund decreased by \$0.6 million. 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 \$3.6 million for several major and minor street projects that were completed, but associated grant funding was only \$2.1 million.

The fund balance of the Public Facility Improvements fund increased by \$0.4 million due mostly from a transfer-in from the Development Agreements Fund to fund several improvements to City facilities. Projects included in this fund include the replacement of the heating, ventilation, and air conditioning units at the Senior Center and the renovation of the Senior Center kitchen. Both projects are being funded by transfers from the General Fund.

CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 2016-17, the Sanitation, Waterworks and Transit funds showed increases <decreases> in net position of <\$581,724>, \$154,388, and <\$601,443>, respectively. Unrestricted net position of the Sanitation, Waterworks and Transit funds was \$14,921,782, \$7,213,822, and <\$3,338,751>, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Business-type activities on page 14.

General Fund Budgetary Highlights

The General fund final amended expenditure budget of \$65.1 million was \$0.7 million greater than the original expenditure budget of \$64.4 million, the primary contributors of which and can be briefly summarized as follows:

- \$0.3 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 mobile radios and microfilm machines, workstation configurations and installations, and communication systems enhancements.
- \$0.3 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 animal shelter parking, street banner program, and homeless encampment.

Actual expenditures of \$62.0 million were \$3.0 million less than the General fund final amended expenditure budget of \$65.1 million. Significant variances are summarized as follows:

- \$2.9 million of expenditure savings were achieved in the Current Expenses category. This amount is comprised of savings of \$0.2 million in Salaries & Benefits, \$.9 million in Supplies & Materials, and \$1.8 million in the Services category, which were offset by increases in reimbursement offsets for General Administration costs of \$0.2 million.

Actual revenues were \$1.4 million less than the final budgeted amount of \$62.4 million. Revenue from property taxes, business taxes, and other revenues exceeded expected amounts by \$0.8 million. Alternately, sales taxes, franchise taxes, licenses and permits, other governments, grants, service charges, fines and forfeitures, and use of money and property decreased by \$2.2 million.

**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

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, 2017, amounts to \$381,812,164 (net of accumulated depreciation). This is an increase of \$6,885,669 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:

- \$3.0 million in street projects were completed
- \$8.9 million for solar power systems at city facilities was completed
- \$0.6 million in sanitation and waterworks infrastructure was donated by developers
- \$1.5 million in storm drains, roads, and sidewalks were donated by developers

Additional information on the City's capital assets can be found in note III D of the notes to the financial statements.

**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**City of Simi Valley's Capital Assets
(net of depreciation)
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 10,613,683	\$ 10,613,683	\$ 1,216,994	\$ 1,216,994	\$ 11,830,677	\$ 11,830,677
Buildings and improvements	32,567,582	24,794,663	6,811,099	6,861,593	39,378,682	31,656,256
Furnishings and equipment	2,662,841	2,969,156	1,148,186	893,303	3,811,027	3,862,459
Computers	566,958	645,996	160,558	182,687	727,516	828,683
Vehicles	1,916,594	1,877,241	5,697,087	5,569,517	7,613,681	7,446,758
Infrastructure	181,313,710	183,991,419	115,936,986	109,707,015	297,250,696	293,698,434
Intangibles	4,383,930	4,850,884	18,082	21,760	4,402,012	4,872,644
Construction in progress	6,469,375	2,090,348	10,328,497	18,640,236	16,797,872	20,730,584
Total	\$ 240,494,674	\$ 231,833,390	\$ 141,317,490	\$ 143,093,105	\$ 381,812,164	\$ 374,926,495

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$30,184,317. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Simi Valley's Outstanding Bonded Debt at June 30, 2017 and 2016.

	Governmental Activities	
	2017	2016
2014A lease revenue refunding bond	\$ 18,525,000	\$ 18,525,000
Add bond premium	1,692,239	1,790,876
2016 New Clean Renewable Energy Bonds (NCREBs)	9,226,619	-
2016 NCREBs tax exempt	740,459	-
Total	\$ 30,184,317	\$ 20,315,876

Additional information on the City's long-term debt can be found in note III H.

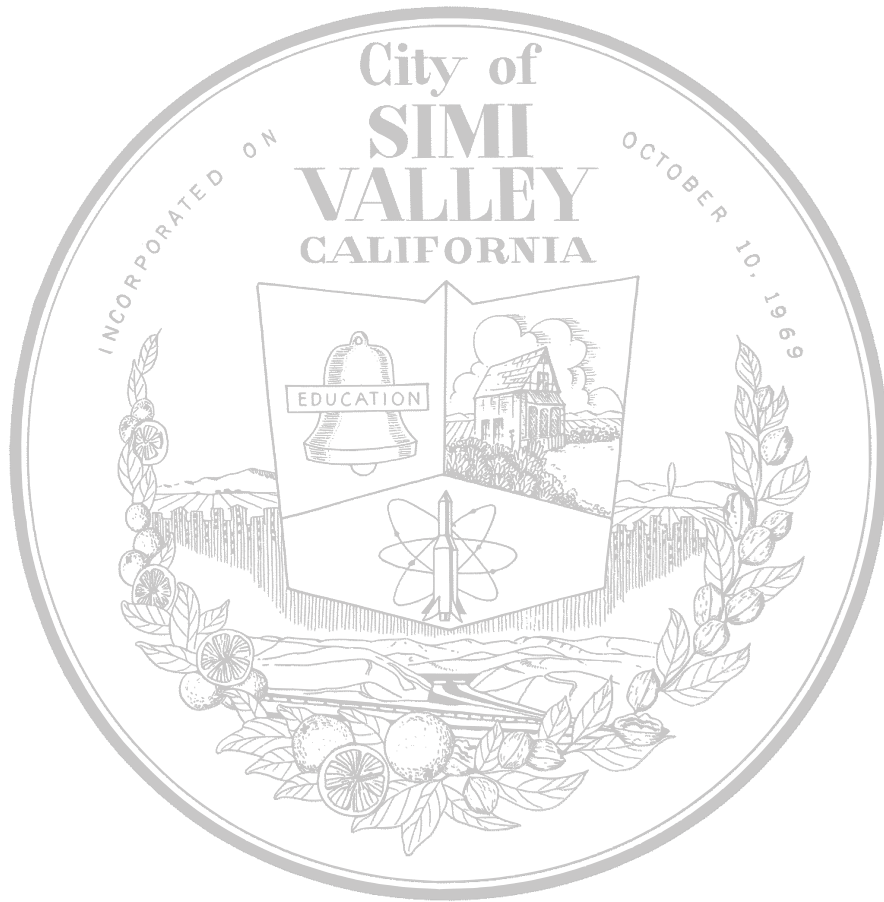
**CITY OF SIMI VALLEY • MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Economic Factors and Next Year's Budgets and Rates

- In June 2017, the City Council adopted the FY 2016-17 annual budget. The adopted budget is balanced in that resources have been identified to fully offset proposed expenditures. The City is moving towards fiscal sustainability in a phased transition as the City is still overcoming the losses of redevelopment funding and the restrictions to Transportation Development Act (TDA) funding. Steps the City has taken include, not utilizing carryovers from the prior year, not utilizing transfers from the Economic Stabilization Fund, rightsizing staff, reduction of overtime, and negotiation of increased employee contributions to their pensions.
- The General Fund Balance is projected to be approximately \$1.4 million lower at the end of 2017-18 than at the beginning of the year. Following the pattern of more recent years, the City is focusing on future planning by reducing ongoing costs and eliminating a structural deficit while also ensuring that service impacts to Simi Valley residents are minimized.
- General Fund revenues are projected to show total growth of \$3.4 million (5.2%) in FY 2017-18 over the previous year. Property tax revenues are projected to increase by \$1.6 million (5.8%) in FY 2017-18 due to ongoing improvements in assessed values and the local economy. Sales and Use Tax revenues are projected to increase by \$0.06 million (0.3%) due to sales tax growth for new and existing local businesses.
- According to the California Economic Development Department, the unemployment rate in Simi Valley has consistently remained below that in Ventura County, an indicator of the strength of the local economy with rates decreasing the past three years to the current 2017 rate of 4.1%.
- The City's assessed property values have increased by 4.4% in 2016-17 from 2015-16, signaling a return to strong property values and positive growth for the local economy.
- Current national economic indicators suggest that the economy will continue to recover at a very slow pace although economists do not think a recession is on the horizon. A lack of housing, rising home prices, a difficult brick and mortar retail environment, and company defections continue to affect the local market.

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

BASIC FINANCIAL
STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF SIMI VALLEY
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments (note III A)	\$ 85,749,756	\$ 36,347,468	\$ 122,097,224
Accounts receivable (net of allowance for uncollectibles) (note III C)	1,460,329	7,351,758	8,812,087
Taxes receivable	4,697,318	503,074	5,200,392
Grants receivable	648,380	6,198,080	6,846,460
Interest receivable	175,829	85,718	261,547
Internal balances (note I D 2)	4,588,111	(4,588,111)	-
Inventories	-	1,506,895	1,506,895
Restricted cash and investments (note III A):			
Customer deposits	-	954,720	954,720
Connection fees	-	6,185,344	6,185,344
Total current assets	<u>97,319,723</u>	<u>54,544,946</u>	<u>151,864,669</u>
Noncurrent assets:			
Loans receivable (note III B)	23,008,604	-	23,008,604
Loan receivable - Successor Agency (note III B)	5,693,346	-	5,693,346
Capital assets (note III D):			
Capital assets not being depreciated	17,083,058	11,545,491	28,628,549
Capital assets being depreciated, net	<u>223,411,616</u>	<u>129,771,998</u>	<u>353,183,614</u>
Total noncurrent assets	<u>269,196,624</u>	<u>141,317,489</u>	<u>410,514,113</u>
Total assets	<u>366,516,347</u>	<u>195,862,435</u>	<u>562,378,782</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Related to loss on debt refunding (note III E)	220,999	-	220,999
Related to pensions (note IV D)	<u>31,398,604</u>	<u>7,273,305</u>	<u>38,671,909</u>
Total deferred outflows of resources	<u>31,619,603</u>	<u>7,273,305</u>	<u>38,892,908</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	4,906,923	5,415,151	10,322,074
Salaries and benefits payable	1,974,768	162,926	2,137,694
Accrued interest payable	415,703	-	415,703
Deposits	671,699	-	671,699
Liabilities payable from restricted assets	-	1,198,644	1,198,644
Unearned revenues	-	2,649,784	2,649,784
Current portion of long-term obligations	<u>4,160,143</u>	<u>104,872</u>	<u>4,265,015</u>
Total current liabilities	12,129,236	9,531,377	21,660,613
Noncurrent liabilities (note III H):			
Noncurrent portion of long-term obligations	<u>161,747,464</u>	<u>24,704,799</u>	<u>186,452,263</u>
Total liabilities	<u>173,876,700</u>	<u>34,236,176</u>	<u>208,112,876</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Related to pensions (note IV D)	<u>11,881,375</u>	<u>2,144,372</u>	<u>14,025,747</u>
<u>NET POSITION</u>			
Net investment in capital assets	210,531,356	141,317,489	351,848,845
Restricted for:			
Capital projects	16,176,183	-	16,176,183
Debt service	6,424,000	-	6,424,000
Community development	35,470,462	-	35,470,462
Other purposes	6,069,233	-	6,069,233
Sewer connection fees and water capital improvement charges	-	5,941,420	5,941,420
Unrestricted	<u>(62,293,358)</u>	<u>19,496,282</u>	<u>(42,797,076)</u>
Total net position	<u>\$ 212,377,875</u>	<u>\$ 166,755,191</u>	<u>\$ 379,133,066</u>

See accompanying notes to the basic financial statements.

**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

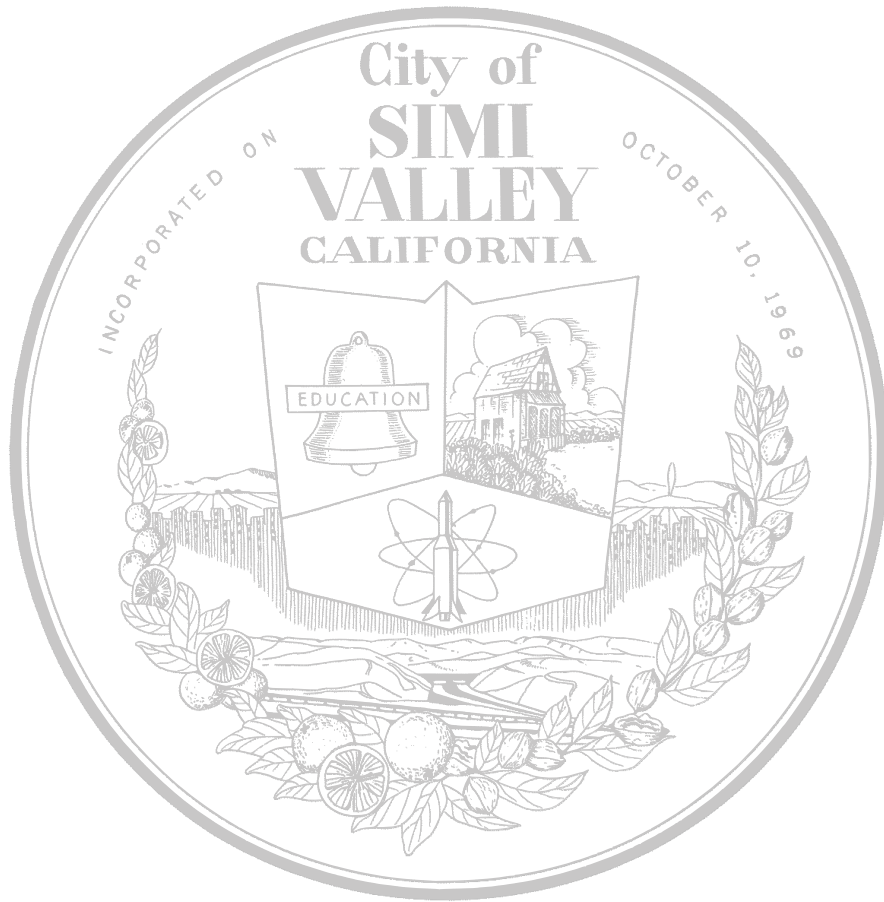
				Program Revenues	
<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Full Cost by Function</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 21,702,917	\$ (8,379,335)	\$ 13,323,582	\$ 800,874	\$ 244,126
Community services (CS)	7,068,775	-	7,068,775	924,269	4,523,415
Planning (ES)	5,393,186	608,049	6,001,235	4,256,995	660,114
Public ways and facilities (PW)	18,462,688	106,386	18,569,074	1,936,852	51,085
Public safety (PD)	34,501,473	-	34,501,473	626,340	3,920,200
Interest on long term debt	937,079	-	937,079	-	-
Total governmental activities	88,066,118	(7,664,900)	80,401,218	8,545,330	9,398,940
Business-type activities:					
Sanitation	15,281,361	2,869,700	18,151,061	17,645,619	-
Waterworks District No. 8	34,386,938	2,580,600	36,967,538	36,529,274	107,385
Transit	5,554,211	1,815,300	7,369,511	426,246	2,532,355
Total business-type activities	55,222,510	7,265,600	62,488,110	54,601,139	2,639,740
Total primary government	\$ 143,288,628	\$ (399,300)	\$ 142,889,328	\$ 63,146,469	\$ 12,038,680

General revenues:
Property taxes
Sales taxes
Franchise taxes
Business tax
Other taxes
Investment earnings
Miscellaneous
Transfers
Contributions to other governments
Total general revenues, contributions and transfers
Change in net position
Net position-beginning
Net position-ending

**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

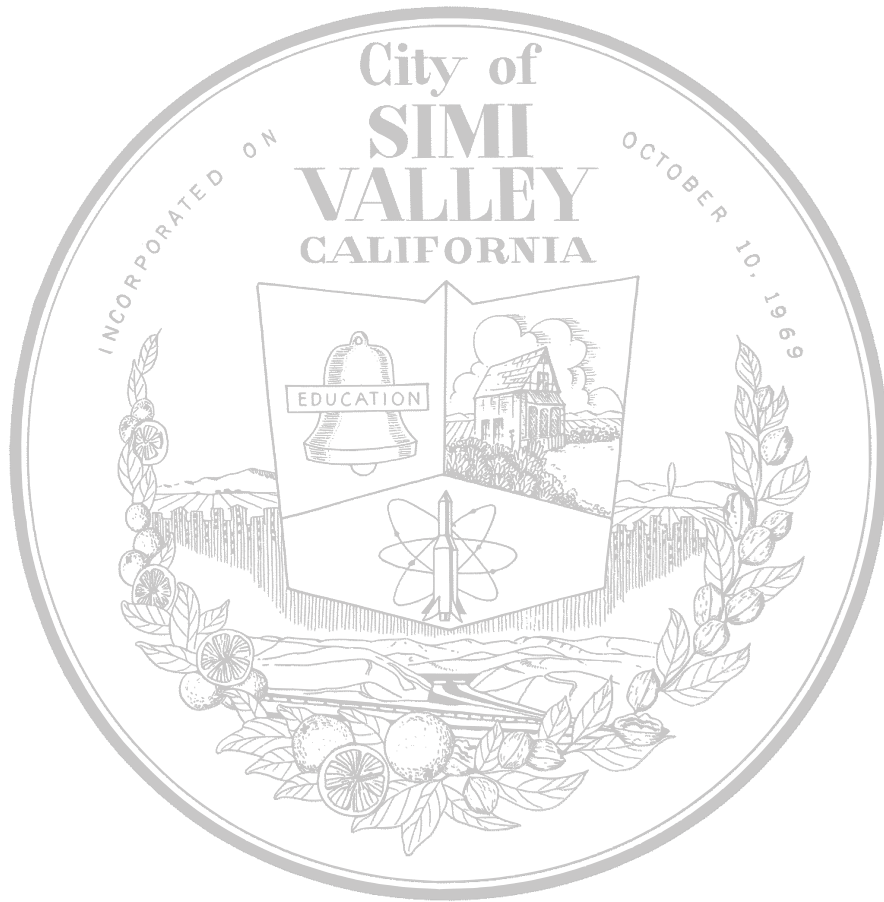
Program Revenues	Net (Expense) Revenue and Changes in Net Position			Total	
	Primary Government				
	Governmental Activities	Business-type Activities			
Capital Grants and Contributions					
\$ -	\$ (12,278,582)	\$ -	\$ (12,278,582)		Primary government:
-	(1,621,091)	-	(1,621,091)		Governmental activities:
-	(1,084,126)	-	(1,084,126)		General government
3,619,804	(12,961,333)	-	(12,961,333)		Community services (CS)
75,000	(29,879,933)	-	(29,879,933)		Planning (ES)
-	(937,079)	-	(937,079)		Public ways and facilities (PW)
					Public safety (PD)
					Interest on long term debt
3,694,804	(58,762,144)	-	(58,762,144)		Total governmental activities
956,735	-	451,293	451,293		Business-type activities:
721,696	-	390,817	390,817		Sanitation
243,127	-	(4,167,783)	(4,167,783)		Waterworks District No. 8
					Transit
1,921,558	-	(3,325,673)	(3,325,673)		Total business-type activities
<u>\$ 5,616,362</u>	<u>(58,762,144)</u>	<u>(3,325,673)</u>	<u>(62,087,817)</u>		Total primary government
	31,120,875	-	31,120,875		General revenues:
	16,842,335	-	16,842,335		Property taxes
	4,740,682	-	4,740,682		Sales taxes
	1,787,587	-	1,787,587		Franchise taxes
	2,561,922	-	2,561,922		Business tax
	964,495	520,855	1,485,350		Other taxes
	-	127,220	127,220		Investment earnings
	(3,572,095)	3,572,095	-		Miscellaneous
	250,000	-	250,000		Transfers
	54,695,802	4,220,170	58,915,972		Contributions to other governments
	(4,066,342)	894,497	(3,171,845)		Total general revenues, contributions and transfers
	216,444,217	165,860,694	382,304,911		Change in net position
					Net position-beginning
<u>\$ 212,377,875</u>	<u>\$ 166,755,191</u>	<u>\$ 379,133,066</u>			Net position-ending

See accompanying notes to the basic financial statements.





FUND FINANCIAL STATEMENTS



**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue			Debt Service
	SHA to Community Development			2016 CREBS FTLRB
	General	Agency Housing Administration	Development Related Fees	
ASSETS				
Cash and investments:				
Held by City	\$ 18,787,082	\$ 5,091,354	\$ 15,620,555	\$ -
Held by bond trustee	-	-	-	4,956,725
Accounts receivable (net of allowance for uncollectibles) (note III C)	590,565	37,365	-	-
Taxes receivable	4,627,136	-	-	-
Grants receivable	-	-	-	-
Interest receivable	82,705	9,736	25,372	-
Due from other funds (note III G)	8,140,099	283	-	-
Loans receivable (note III B)	310,179	16,729,859	2,532,850	-
Loans receivable-Successor Agency (note III B)	5,693,346	-	-	-
Advances to other funds (note III G)	8,036,380	-	-	-
TOTAL ASSETS	\$ 46,267,492	\$ 21,868,597	\$ 18,178,777	\$ 4,956,725
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,758,139	\$ 77,823	\$ 91	\$ 850
Salaries and benefits payable	1,971,032	-	-	-
Due to other funds (note III G)	6,595	-	-	-
Advances from other funds (note III G)	-	-	-	-
Deposits	671,699	-	-	-
TOTAL LIABILITIES	4,407,465	77,823	91	850
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-housing programs	-	16,729,859	2,532,850	-
Unavailable revenue-public safety	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	16,729,859	2,532,850	-
FUND BALANCES (note III I)				
Nonspendable				
Long-term receivables	14,039,905	-	-	-
Restricted				
Housing programs	-	5,060,915	4,790,059	-
Public improvements	-	-	10,027,053	-
Streets and transportation	-	-	828,724	-
Landscape	-	-	-	-
Debt service	-	-	-	4,955,875
Special programs	-	-	-	-
Law enforcement	-	-	-	-
Committed				
Streets	-	-	-	-
Retiree benefits	17,609	-	-	-
Special programs	333,021	-	-	-
Equipment	-	-	-	-
Economic recovery	6,084,838	-	-	-
Prudent reserve	11,737,044	-	-	-
Assigned				
Capital	9,647,610	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	41,860,027	5,060,915	15,645,836	4,955,875
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 46,267,492	\$ 21,868,597	\$ 18,178,777	\$ 4,956,725

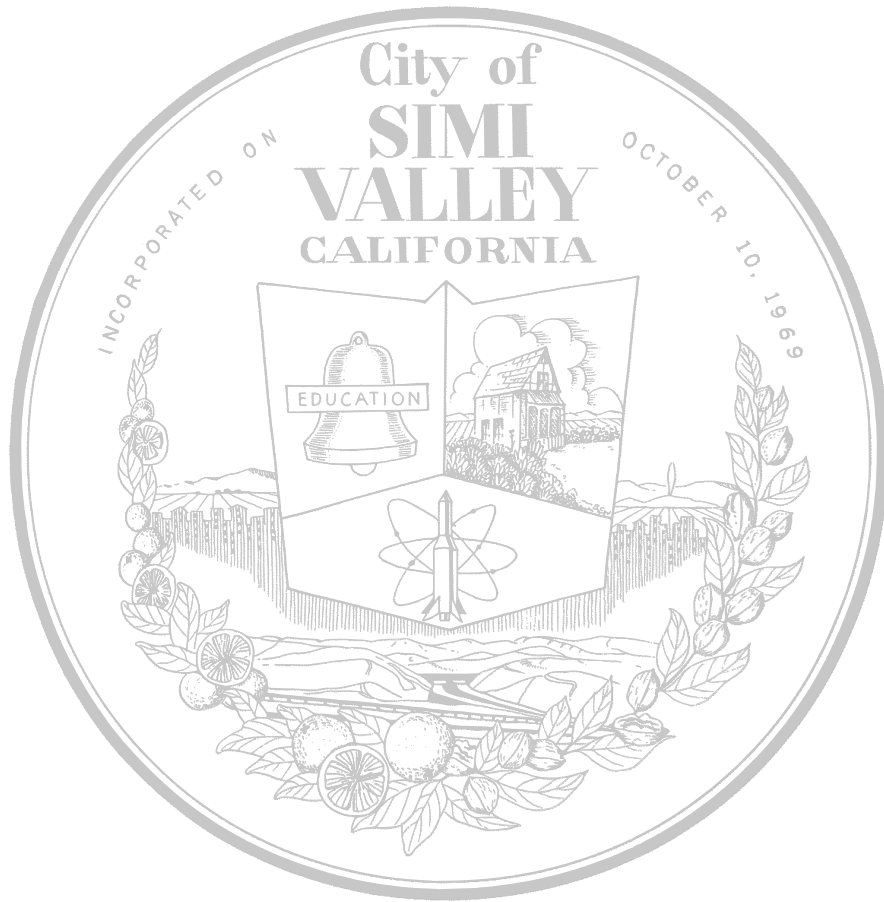
**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

<u>Capital Projects</u>					
Streets & Roads	Public Facility Improvements	Solar Capital Projects	Nonmajor Governmental	Total Governmental Funds	
					ASSETS
					Cash and investments:
\$ 1,370,891	\$ 4,509,848	\$ -	\$ 17,757,270	\$ 63,137,000	Held by City
-			-	4,956,725	Held by bond trustee
778,364	-	-	53,228	1,459,522	Accounts receivable (net of allowance for uncollectibles) (note III C)
-	-	-	70,182	4,697,318	Taxes receivable
241,236	-	-	407,144	648,380	Grants receivable
-	-	-	24,122	141,935	Interest receivable
-	-	-	6,312	8,146,694	Due from other funds (note III G)
-	-	-	3,435,716	23,008,604	Loans receivable (note III B)
-	-	-	-	5,693,346	Loans receivable-Successor Agency (note III B)
-	-	-	-	8,036,380	Advances to other funds (note III G)
<u>\$ 2,390,491</u>	<u>\$ 4,509,848</u>	<u>\$ -</u>	<u>\$ 21,753,974</u>	<u>\$ 119,925,904</u>	TOTAL ASSETS
					LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES
					LIABILITIES
\$ 187,573	\$ 221,598	\$ 1,739,094	\$ 810,647	\$ 4,795,815	Accounts payable
-			661	1,971,693	Salaries and benefits payable
-		2,237,750	614,808	2,859,153	Due to other funds (note III G)
-	3,348,380	-	-	3,348,380	Advances from other funds (note III G)
-	-	-	-	671,699	Deposits
<u>187,573</u>	<u>3,569,978</u>	<u>3,976,844</u>	<u>1,426,116</u>	<u>13,646,740</u>	TOTAL LIABILITIES
					DEFERRED INFLOWS OF RESOURCES
-	-	-	3,435,716	22,698,425	Unavailable revenue-housing programs
-	-	-	25,236	25,236	Unavailable revenue-public safety
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,460,952</u>	<u>22,723,661</u>	TOTAL DEFERRED INFLOWS OF RESOURCES
					FUND BALANCES (note III I)
					Nonspendable
-	-	-	-	14,039,905	Long-term receivables
					Restricted
-	-	-	1,483,716	11,334,690	Housing programs
-	939,870	-	-	10,966,923	Public improvements
-	-	-	3,017,465	3,846,189	Streets and transportation
-	-	-	1,104,197	1,104,197	Landscape
-	-	-	1,468,125	6,424,000	Debt service
-	-	-	2,583,864	2,583,864	Special programs
-	-	-	2,620,596	2,620,596	Law enforcement
					Committed
2,202,918	-	-	-	2,202,918	Streets
-	-	-	-	17,609	Retiree benefits
-	-	-	-	333,021	Special programs
-	-	-	5,230,390	5,230,390	Equipment
-	-	-	-	6,084,838	Economic recovery
-	-	-	-	11,737,044	Prudent reserve
					Assigned
-	-	-	-	9,647,610	Capital
-	-	(3,976,844)	(641,447)	(4,618,291)	Unassigned
<u>2,202,918</u>	<u>939,870</u>	<u>(3,976,844)</u>	<u>16,866,906</u>	<u>83,555,503</u>	TOTAL FUND BALANCES (DEFICITS)
<u>\$ 2,390,491</u>	<u>\$ 4,509,848</u>	<u>\$ -</u>	<u>\$ 21,753,974</u>	<u>\$ 119,925,904</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

CITY OF SIMI VALLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Fund balances - total governmental funds		\$ 83,555,503
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).		240,494,674
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.		1,612,825
Some liabilities are not due and payable in the current period and therefore are not reported in the funds: Accrued interest payable		(415,703)
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.		22,723,661
Deferred outflows of resources related to pensions are not current financial resources and therefore, are not reported in the governmental funds.		31,248,585
Deferred inflows of resources related to pensions are not current obligations and therefore, are not reported in the governmental funds.		(11,828,853)
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	\$ (5,715,449)	
OPEB obligation	(10,530,533)	
Net pension liability	(108,778,963)	
2014A Lease Revenue Refunding	(18,525,000)	
2016 New Clean Renewable Energy Bond	(9,226,619)	
2016 Tax Exempt	(740,459)	
Unamortized bond premium	(1,692,239)	
SCE on-bill financing loan	(24,554)	
Unamortized bond payable deferred on refunding	220,999	(155,012,817)
Net position of governmental activities		<u>\$ 212,377,875</u>

See accompanying 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, 2017**

	Special Revenue			Debt Service
	General	SHA to Community Development Agency Housing Administration	Development Related Fees	2016 CREBS FTLRB
REVENUES				
Taxes	\$ 54,475,715	\$ -	\$ -	\$ -
Licenses and permits	2,158,210	-	-	-
Fines and forfeitures	403,841	-	-	-
Use of money and property	383,531	303,144	451,372	-
From other governments	293,565	-	-	-
Grants	245,116	-	-	-
Service charges	1,553,060	26,508	935,580	-
Other revenues	1,448,500	-	975,000	-
Total revenues	60,961,538	329,652	2,361,952	-
EXPENDITURES				
Current:				
General government	5,963,152	-	-	-
Community services (CS)	4,472,338	-	-	-
Planning (ES)	5,057,456	826,323	-	-
Public ways and facilities (PW)	14,174,360	-	106,547	-
Public safety (PD)	32,335,594	-	-	-
Total current expenditures	62,002,900	826,323	106,547	-
Capital outlay:				
Streets and roads	-	-	-	-
Other capital projects	-	-	-	-
Total capital outlay	-	-	-	-
Debt service:				
Interest	-	-	-	-
Other	-	-	-	103,816
Total debt service	-	-	-	103,816
Total expenditures	62,002,900	826,323	106,547	103,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,041,362)	(496,671)	2,255,405	(103,816)
OTHER FINANCING SOURCES (USES)				
Transfers in (note III G)	3,168,870	344,620	420,000	-
Transfers out (note III G)	(4,265,306)	-	(3,217,018)	(4,907,387)
Contributions from Successor Agency	250,000	-	-	-
Bond proceeds	-	-	-	9,967,078
Total other financing sources (uses)	(846,436)	344,620	(2,797,018)	5,059,691
NET CHANGE IN FUND BALANCES	(1,887,798)	(152,051)	(541,613)	4,955,875
FUND BALANCES (DEFICITS) - BEGINNING	43,747,825	5,212,966	16,187,449	-
FUND BALANCES (DEFICITS) - ENDING	\$ 41,860,027	\$ 5,060,915	\$ 15,645,836	\$ 4,955,875

See accompanying 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, 2017**

<u>Capital Projects</u>										
Streets & Roads	Public Facility Improvements	Solar Capital Projects	Nonmajor Governmental	Total Governmental Funds						
\$	-	\$	-	\$	2,577,686	\$	57,053,401	REVENUES		
					-		2,158,210	Taxes		
					-		403,841	Licenses and permits		
					138,572		1,276,619	Fines and forfeitures		
					6,800,486		7,094,051	Use of money and property		
2,078,574					2,094,118		4,417,808	From other governments		
					788,875		3,304,023	Grants		
147,961					211,645		2,783,106	Service charges		
2,226,535					12,611,382		78,491,059	Other revenues		
								Total revenues		
								EXPENDITURES		
								Current:		
					494,079		6,457,231	General government		
					2,291,368		6,763,706	Community services (CS)		
					504,122		6,387,901	Planning (ES)		
	29,801				1,765,325		16,076,033	Public ways and facilities (PW)		
					771,611		33,107,205	Public safety (PD)		
	29,801				5,826,505		68,792,076	Total current expenditures		
								Capital outlay:		
3,600,277					-		3,600,277	Streets and roads		
	491,861	8,829,231	3,993,086		-		13,314,178	Other capital projects		
3,600,277	491,861	8,829,231	3,993,086		-		16,914,455	Total capital outlay		
								Debt service:		
					806,625		806,625	Interest		
					-		103,816	Other		
					806,625		910,441	Total debt service		
3,600,277	521,662	8,829,231	10,626,216				86,616,972	Total expenditures		
(1,373,742)	(521,662)	(8,829,231)	1,985,166				(8,125,913)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		
								OTHER FINANCING SOURCES (USES)		
787,518	1,089,358	4,907,387	7,458,051				18,175,804	Transfers in (note III G)		
	(125,000)		(8,805,888)				(21,320,599)	Transfers out (note III G)		
							250,000	Contributions from Successor Agency		
							9,967,078	Bond proceeds		
787,518	964,358	4,907,387	(1,347,837)				7,072,283	Total other financing sources (uses)		
(586,224)	442,696	(3,921,844)	637,329				(1,053,630)	NET CHANGE IN FUND BALANCES		
2,789,142	497,174	(55,000)	16,229,577				84,609,133	FUND BALANCES (DEFICITS) - BEGINNING		
\$	2,202,918	\$	939,870	\$	(3,976,844)	\$	16,866,906	\$	83,555,503	FUND BALANCES (DEFICITS) - ENDING

See accompanying 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, 2017**

Net change in fund balances - total governmental funds \$ (1,053,630)

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	\$ 1,489,929	
Capital outlay net of dispositions	17,270,891	
Depreciation expense	<u>(10,099,536)</u>	8,661,284

Issuance of long-term debt affects current financial resources in governmental funds, but increases long-term liabilities in the statement of net position.

2016 New Clean Renewable Energy Bonds	(9,226,619)	
2016 New Clean Renewable Energy Bonds (Tax Exempt)	<u>(740,459)</u>	(9,967,078)

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 So Calif Edison on-bill financing loan		10,489
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Expenditures that do not use current financial resources are not reported in governmental funds but are recorded as expenses in the statement of activities.

Debt service interest accrual (net)	(216,239)	
Amortized premium on bonds	98,637	
Amortized deferral on refunding	(12,852)	
Pension liability (net)	(21,315,303)	
Deferred pension related items	18,664,809	
Compensated absences (net)	(899,520)	
Unfunded OPEB liability	<u>(1,056,630)</u>	(4,737,098)

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.

305,623

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

6,850

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.

2,707,218

Change in net position of governmental activities \$ (4,066,342)

**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, 2017**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes:				
Sales	\$ 17,754,800	\$ 17,754,800	\$ 16,842,335	\$ (912,465)
Property	28,509,900	28,509,900	28,834,375	324,475
Franchise	4,600,000	4,600,000	4,449,496	(150,504)
Business and other	4,050,000	4,050,000	4,349,509	299,509
Licenses and permits	2,350,000	2,350,000	2,158,210	(191,790)
From other governments	365,000	365,000	293,565	(71,435)
Grants	717,000	717,000	245,116	(471,884)
Service charges	1,666,000	1,666,000	1,553,060	(112,940)
Fines and forfeitures	629,000	629,000	403,841	(225,159)
Use of money and property	421,600	421,600	383,531	(38,069)
Other revenues	1,304,030	1,304,030	1,448,500	144,470
Total revenues	<u>62,367,330</u>	<u>62,367,330</u>	<u>60,961,538</u>	<u>(1,405,792)</u>
<u>EXPENDITURES</u>				
Current:				
City administration	4,098,100	4,170,547	3,727,751	442,796
Attorney	1,093,100	1,093,100	1,128,290	(35,190)
Administrative services and city-wide support (AS)*	464,000	540,739	1,107,110	(566,371)
Community services (CS)	5,424,591	5,445,269	4,472,338	972,931
Planning (ES)	5,445,600	5,451,400	5,057,456	393,944
Public ways and facilities (PW)	14,891,300	15,151,007	14,174,360	976,647
Public safety (PD)	32,965,600	33,199,424	32,335,594	863,830
Total expenditures	<u>64,382,291</u>	<u>65,051,486</u>	<u>62,002,899</u>	<u>3,048,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,014,961)</u>	<u>(2,684,156)</u>	<u>(1,041,361)</u>	<u>1,642,795</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	3,427,600	3,503,450	3,168,870	(334,580)
Transfers out	(2,521,300)	(3,989,952)	(4,265,306)	(275,354)
Contributions from Successor Agency	250,000	250,000	250,000	-
Total other financing sources (uses)	<u>1,156,300</u>	<u>(236,502)</u>	<u>(846,436)</u>	<u>(609,934)</u>
NET CHANGE IN FUND BALANCE	(858,661)	(2,920,658)	(1,887,797)	1,032,861
FUND BALANCES (DEFICITS)-BEGINNING	<u>43,747,825</u>	<u>43,747,825</u>	<u>43,747,825</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 42,889,164</u>	<u>\$ 40,827,167</u>	<u>\$ 41,860,028</u>	<u>\$ 1,032,861</u>

*net of reimbursements

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 10,500	\$ 10,500	\$ 303,144	\$ 292,644
Service charges	-	-	26,509	26,509
Contributions from other governments	112,600	112,600	-	(112,600)
Total revenues	<u>123,100</u>	<u>123,100</u>	<u>329,653</u>	<u>206,553</u>
<u>EXPENDITURES</u>				
Planning (ES):				
Materials, supplies and services	948,100	1,173,100	826,324	346,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(825,000)</u>	<u>(1,050,000)</u>	<u>(496,671)</u>	<u>553,329</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	344,620	344,620
NET CHANGE IN FUND BALANCES	(825,000)	(1,050,000)	(152,051)	897,949
FUND BALANCES (DEFICITS) - BEGINNING	<u>5,212,966</u>	<u>5,212,966</u>	<u>5,212,966</u>	<u>-</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 4,387,966</u>	<u>\$ 4,162,966</u>	<u>\$ 5,060,915</u>	<u>\$ 897,949</u>

See accompanying 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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 59,300	\$ 59,300	\$ 451,372	\$ 392,072
Service charges	135,500	135,500	935,580	800,080
Other revenues	-	-	975,000	975,000
Total revenues	<u>194,800</u>	<u>194,800</u>	<u>2,361,952</u>	<u>2,167,152</u>
<u>EXPENDITURES</u>				
Current:				
Public ways and facilities (PW):				
Materials, supplies and services	<u>106,000</u>	<u>106,000</u>	<u>106,547</u>	<u>(547)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>88,800</u>	<u>88,800</u>	<u>2,255,405</u>	<u>2,167,152</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	420,000	420,000	420,000	-
Transfers out	(4,160,000)	(4,408,500)	(3,217,018)	1,191,482
Total other financing sources (uses)	<u>(3,740,000)</u>	<u>(3,988,500)</u>	<u>(2,797,018)</u>	<u>1,191,482</u>
NET CHANGE IN FUND BALANCES	(3,651,200)	(3,899,700)	(541,613)	3,358,634
FUND BALANCES (DEFICITS) - BEGINNING	<u>16,187,449</u>	<u>16,187,449</u>	<u>16,187,449</u>	<u>-</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 12,536,249</u>	<u>\$ 12,287,749</u>	<u>\$ 15,645,836</u>	<u>\$ 3,358,634</u>

See accompanying notes to the basic financial statements.

**CITY OF SIMI VALLEY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Ventura County		Simi Valley		
	Simi Valley Sanitation	Waterworks District No. 8	Transit System	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 23,704,339	\$ 9,993,345	\$ 2,649,784	\$ 36,347,468	\$ 17,656,029
Customer receivable	916,900	6,040,751	-	6,957,651	807
Other receivable	176,321	170,800	46,986	394,107	-
Taxes receivable	302,361	200,713	-	503,074	-
Grants receivable	-	-	6,198,080	6,198,080	-
Inventories	610,347	717,799	178,749	1,506,895	-
Interest receivable	59,791	25,927	-	85,718	33,894
Restricted cash and investments:					
Customer deposits	-	954,720	-	954,720	-
Connection fees	5,942,257	243,087	-	6,185,344	-
Total current assets	<u>31,712,316</u>	<u>18,347,142</u>	<u>9,073,599</u>	<u>59,133,057</u>	<u>17,690,730</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation) (note III D):					
Land	765,660	451,333	-	1,216,993	-
Buildings and improvements	3,963,129	787,897	2,060,074	6,811,100	-
Furnishings and equipment	518,075	353,694	455,058	1,326,827	-
Vehicles	447,040	439,976	4,810,071	5,697,087	-
Distribution system	62,666,818	53,269,209	958	115,936,985	-
Construction-in-progress	4,739,273	4,075,113	1,514,111	10,328,497	-
Total noncurrent assets	<u>73,099,995</u>	<u>59,377,222</u>	<u>8,840,272</u>	<u>141,317,489</u>	<u>-</u>
TOTAL ASSETS	<u>104,812,311</u>	<u>77,724,364</u>	<u>17,913,871</u>	<u>200,450,546</u>	<u>17,690,730</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	3,198,301	2,333,743	1,741,261	7,273,305	150,019
LIABILITIES					
Current liabilities:					
Accounts payable	2,026,615	3,216,392	172,144	5,415,151	111,107
Salaries and benefits payable	73,429	47,903	41,594	162,926	3,075
Compensated absences	54,250	29,440	21,182	104,872	2,462
Due to other funds (note III G)	-	-	5,287,541	5,287,541	-
Unearned revenue	-	-	2,649,784	2,649,784	-
Claims and legal services payable	-	-	-	-	2,572,909
Current liabilities payable from restricted assets:					
Water service prepayments	-	954,720	-	954,720	-
Accounts payable restricted	-	243,924	-	243,924	-
Total current liabilities	<u>2,154,294</u>	<u>4,492,379</u>	<u>8,172,245</u>	<u>14,818,918</u>	<u>2,689,553</u>
Noncurrent liabilities:					
Advances from other funds (note III F)	-	-	-	-	4,688,000
Compensated absences	488,245	264,960	190,639	943,844	22,161
Claims and legal services payable	-	-	-	-	7,565,425
Net pension liability	10,457,397	7,937,727	5,365,831	23,760,955	510,834
Total noncurrent liabilities	<u>10,945,642</u>	<u>8,202,687</u>	<u>5,556,470</u>	<u>24,704,799</u>	<u>12,786,420</u>
TOTAL LIABILITIES	<u>13,099,936</u>	<u>12,695,066</u>	<u>13,728,715</u>	<u>39,523,717</u>	<u>15,475,973</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	946,642	772,834	424,896	2,144,372	52,522
NET POSITION					
Invested in capital assets	73,099,995	59,377,222	8,840,272	141,317,489	-
Restricted for:					
Sewer connection fees and water capital improvement charges	5,942,257	(837)	-	5,941,420	-
Unrestricted	<u>14,921,782</u>	<u>7,213,822</u>	<u>(3,338,751)</u>	<u>18,796,853</u>	<u>2,312,254</u>
TOTAL NET POSITION	<u>\$ 93,964,034</u>	<u>\$ 66,590,207</u>	<u>\$ 5,501,521</u>	<u>166,055,762</u>	<u>\$ 2,312,254</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Beginning adjustment to unrestricted net position				(1,223,846)	
Current adjustment to unrestricted net position				<u>1,923,275</u>	
Net position of business-type activities				<u>\$ 166,755,191</u>	

See accompanying 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, 2017

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Ventura County		Simi Valley		
	Simi Valley Sanitation	Waterworks District No. 8	Transit System	Total	
<u>OPERATING REVENUES</u>					
Charges for sales and services	\$ 17,645,619	\$ 36,529,274	\$ 426,246	\$ 54,601,139	\$ 5,922,100
<u>OPERATING EXPENSES</u>					
Salaries and benefits	6,971,188	4,818,266	3,936,872	15,726,326	294,089
Materials and supplies:					
Water purchases	-	25,581,493	-	25,581,493	-
Utilities	718,900	743,852	26,334	1,489,086	-
Chemicals	314,774	-	-	314,774	-
Other	281,267	571,940	302,894	1,156,101	242,556
Services:					
Maintenance projects	3,898,659	479,174	126,446	4,504,279	-
Other	1,157,670	1,127,079	722,341	3,007,090	-
Insurance	339,900	184,700	-	524,600	-
Claims and legal expenses	-	-	-	-	(279,992)
General administration	2,869,700	2,580,600	1,815,300	7,265,600	663,400
Depreciation	2,431,592	1,348,758	1,061,686	4,842,036	-
Total operating expenses	<u>18,983,650</u>	<u>37,435,862</u>	<u>7,991,873</u>	<u>64,411,385</u>	<u>920,053</u>
OPERATING INCOME (LOSS)	<u>(1,338,031)</u>	<u>(906,588)</u>	<u>(7,565,627)</u>	<u>(9,810,246)</u>	<u>5,002,047</u>
<u>NONOPERATING REVENUES AND EXPENSES</u>					
Grants	-	107,385	2,532,355	2,639,740	-
Interest	97,046	423,809	-	520,855	55,746
Other	985	10,885	115,350	127,220	-
Total nonoperating revenues (expenses)	<u>98,031</u>	<u>542,079</u>	<u>2,647,705</u>	<u>3,287,815</u>	<u>55,746</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(1,240,000)</u>	<u>(364,509)</u>	<u>(4,917,922)</u>	<u>(6,522,431)</u>	<u>5,057,793</u>
<u>CONTRIBUTIONS AND TRANSFERS</u>					
Capital contributions	956,735	721,696	243,127	1,921,558	-
Transfers in (note III G)	-	-	4,073,353	4,073,353	-
Transfers out (note III G)	(298,458)	(202,800)	-	(501,258)	(427,300)
Total contributions and transfers	<u>658,277</u>	<u>518,896</u>	<u>4,316,480</u>	<u>5,493,653</u>	<u>(427,300)</u>
CHANGE IN NET POSITION	<u>(581,723)</u>	<u>154,387</u>	<u>(601,442)</u>	<u>(1,028,778)</u>	<u>4,630,493</u>
NET POSITION - BEGINNING	<u>94,545,757</u>	<u>66,435,820</u>	<u>6,102,963</u>		<u>(2,318,239)</u>
NET POSITION - ENDING	<u>\$ 93,964,034</u>	<u>\$ 66,590,207</u>	<u>\$ 5,501,521</u>		<u>\$ 2,312,254</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Current adjustment				<u>1,923,275</u>	
Change in net position of business-type activities				<u>\$ 894,497</u>	

See accompanying notes to the basic financial statements.

CITY OF SIMI VALLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Business-type Activities - Enterprise Funds

	Simi Valley Sanitation	Ventura County Waterworks District No. 8	Simi Valley Transit System	Totals	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash received from service charges and other revenues	\$ 17,882,374	\$ 35,173,973	\$ 542,512	\$ 53,598,859	\$ 5,922,100
Cash paid for salaries and benefits	(6,781,313)	(4,798,495)	(3,807,661)	(15,387,469)	(305,880)
Cash paid for supplies and materials	(319,872)	(26,376,125)	(365,771)	(27,061,768)	-
Cash paid for general administration	(2,869,700)	(2,580,600)	(1,815,300)	(7,265,600)	(663,400)
Cash paid for services	(4,908,188)	(1,790,952)	(806,987)	(7,506,127)	(335,889)
Cash paid for insurance premiums and claims	-	(48,053)	-	(48,053)	(3,596,118)
Net cash provided (used) by operating activities	<u>3,003,301</u>	<u>(420,252)</u>	<u>(6,253,207)</u>	<u>(3,670,158)</u>	<u>1,020,813</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Cash transfers from (to) other funds	(298,458)	(202,800)	-	(501,258)	(427,300)
Cash received from grants and other governments	-	159,877	4,073,353	4,233,230	-
Cash received from interfund borrowing	-	-	2,184,699	2,184,699	-
Net cash provided (used) by noncapital financing activities	<u>(298,458)</u>	<u>(42,923)</u>	<u>6,258,052</u>	<u>5,916,671</u>	<u>(427,300)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Sewer connection fees and water capital improvement charges	774,926	297,918	-	1,072,844	-
Acquisition of capital assets	(507,747)	(1,739,867)	(209,981)	(2,457,595)	-
Net cash provided (used) by capital and related financing activities	<u>267,179</u>	<u>(1,441,949)</u>	<u>(209,981)</u>	<u>(1,384,751)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest on investments	73,970	421,631	20,571	516,172	40,701
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,045,992	(1,483,493)	(184,565)	1,377,934	634,214
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,600,604	12,674,645	2,834,349	42,109,598	17,021,815
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 29,646,596</u>	<u>\$ 11,191,152</u>	<u>\$ 2,649,784</u>	<u>\$ 43,487,532</u>	<u>\$ 17,656,029</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>					
Operating income (loss)	\$ (1,338,031)	\$ (906,588)	\$ (7,565,627)	\$ (9,810,246)	\$ 5,002,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,431,592	1,348,758	1,061,686	4,842,036	-
(Increase) decrease in prepaid expenses	(2,682,773)	(1,937,103)	(1,494,993)	(6,114,869)	-
(Increase) decrease in accounts receivable	236,755	(1,371,795)	42	(1,134,998)	-
(Increase) decrease in inventory	28,296	36,860	(41,648)	23,508	-
Increase (decrease) in accounts payable	1,454,815	436,248	47,780	1,938,843	(93,332)
Increase (decrease) in accrued payroll	(155,238)	(142,671)	(86,687)	(384,596)	(8,917)
Increase (decrease) in compensated absences	70,611	(37,152)	65,561	99,020	(15,581)
Increase (decrease) in water service prepayments	-	7,861	-	7,861	-
Increase (decrease) in claims and legal services payable	-	-	-	-	(3,876,110)
Increase (decrease) in net pension liability	2,957,274	2,136,697	1,645,329	6,739,300	12,706
Adjustment for revenues and expenses classified as nonoperating	-	8,633	115,350	123,983	-
Total adjustments	<u>4,341,332</u>	<u>486,336</u>	<u>1,312,420</u>	<u>6,140,088</u>	<u>(3,981,234)</u>
Net cash provided (used) by operating activities	<u>\$ 3,003,301</u>	<u>\$ (420,252)</u>	<u>\$ (6,253,207)</u>	<u>\$ (3,670,158)</u>	<u>\$ 1,020,813</u>
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Capital additions	\$ (181,809)	\$ (423,778)	\$ -	\$ (605,587)	-
Capital contributions	181,809	423,778	-	605,587	-
Services to be provided from settlement agreement	134,035	-	-	-	-

**CITY OF SIMI VALLEY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	Private- Purpose Trust	Agency Funds
<u>ASSETS</u>		
Cash and investments:		
Held by City	\$ 3,452,885	\$ 6,119,009
Held by bond trustee	2,102,718	988,568
Accounts receivable	-	2,028
Interest receivable	4,979	-
Capital assets not being depreciated	1,124,174	-
TOTAL ASSETS	6,684,756	\$ 7,109,605
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred loss on refunding	189,151	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	189,151	-
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	-	44,748
Accrued interest payable	346,587	-
Deposits	-	4,973,818
Loans payable - City (note III B)	5,693,346	-
Due to bondholders	-	2,091,039
Long-term debt:		
Due within one year	1,055,000	-
Due in more than one year	19,902,436	-
TOTAL LIABILITIES	26,997,369	\$ 7,109,605
<u>NET POSITION (DEFICIT)</u>		
Held in trust for other purposes	\$ (20,123,462)	

See accompanying 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, 2017**

	Private- Purpose Trust
<hr/>	
<u>ADDITIONS</u>	
Property taxes	\$ 4,080,355
Investment earnings	22,179
	<hr/>
TOTAL ADDITIONS	4,102,534
	<hr/>
<u>DEDUCTIONS</u>	
Administrative expenses	6,810
Interest and fiscal agency expenses of former Simi Valley Community Development Agency	1,064,851
Contributions to other governments	250,000
	<hr/>
TOTAL DEDUCTIONS	1,321,661
	<hr/>
CHANGE IN NET POSITION	2,780,873
NET POSITION (DEFICIT) - BEGINNING	(22,904,335)
NET POSITION (DEFICIT) - ENDING	<u>\$ (20,123,462)</u>

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF SIMI VALLEY ● LISTING OF NOTES TO THE BASIC FINANCIAL
STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

Debt service funds:

2016 New Clean Renewable Energy Bonds fund accounts for the resources accumulated and payments made for the principal and interest on long-term debt obtained to finance the solar capital projects.

Capital projects 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.

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

Solar Capital Projects fund accounts for the activities related to the acquisition and installation of solar panels on City facilities, including the Library, Senior Citizens' Center, Police Department, City Hall, and Water Quality Control Plant.

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:

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).

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

Fiduciary funds:

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

City Agency Fund accounts for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, or other governments. Such trust funds are used to report resources held and administered by the City. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 City'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.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance 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

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

reported as an asset. Inventory amounts in the governmental funds were not significant in fiscal year 2016-17.

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.

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 infrastructure assets are recorded at estimated historical cost provided by the developer. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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 are 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
Furnishings, 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.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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 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.

Changes in the net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources related to pensions on the statements of net position.

10. Fund equity

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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. The City's non-spendable fund balance represents 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, 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

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 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	Animal Regulation	Advanced/Current Planning	Engineering	Communications
City Clerk		Customer Services	Code Enforcement	Building and Safety	Environmental Compliance	Crime Analysis
Human Resources		Fiscal Services	Community Information	CDBG Program	Maintenance Services	Detectives
		Information Services	Crossing Guards	Housing Programs	Parkway & Tree Maintenance	Dispatch
		Support Services	Cultural Arts Center	Managed Growth Program	Street Maintenance	Emergency Services
			Neighborhood Councils	Planning Commission	Traffic Engineering	Fiscal Services
			Senior Services		Vehicle & Equip. Maintenance	Maintenance
			Task Force on Homelessness			Patrol
			Youth Services			Records
						Special Operations
						Traffic

B. Excess of expenditures over appropriations

For fiscal year ended June 30, 2017, expenditures exceeded appropriations in the Development Related Fees (DRF) special revenue fund by \$547. Budget numbers established and approved for this fund are rounded amounts, which occasionally create an immaterial excess of expenditures over appropriations. Expenditures exceeded appropriations in the Cal Home special revenue fund by \$112,475. This fund operates utilizing a reimbursement grant which expired in April 2017. When budgeting for fiscal year 2017, this expiration date was not considered, and as such, additional amounts over the budget were expended to ensure the City fully utilized the entire grant amount available, prior to the expiration date. Expenditures exceeded appropriations in the Transportation (non-major) special revenue fund by \$9,150. The over-expenditure was

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the result of an obligation payable to the Rancho Simi Recreation and Park District for class 1 trail maintenance fees for the fiscal year. An annual budget for this recurring obligation is generally not established. Expenditures exceeded appropriations in the Police Grants special revenue fund by \$82,242. When completing the budget for this fund in fiscal year 2017, the salary reimbursements line was erroneously entered as a credit (revenue) rather than a debit (expenditure) amount, resulting in this excess. If this was corrected prior to budget adoption, there would not be an excess amount of expenditures over appropriations.

C. Deficit fund equity

As of June 30, 2017, the Solar Capital Project fund reflects a negative fund balance of \$3,976,844. The 2016 New Clean Renewable Energy Bonds (NCREBs) were issued to finance this capital project. The funds received from this debt issue are held by an escrow agent, Bank of America, National Association, and released to the City once capital expenditures have been incurred and paid. As such, the ending negative fund balance represents expenditures incurred and paid, but not yet reimbursed to the City by the escrow agent.

As of June 30, 2017, the Police Capital Project non-major fund reflects a negative fund balance of \$523,080. Funding for this project consists of contributions from Waste Management, and transfers from the Development Agreements and Forfeited Assets funds. To cover the expenditures incurred and paid during the year, monthly transfers are recorded up to the total budgeted amount. The ending negative fund balance represents expenditures incurred and paid, but not yet covered, as the total transfers budgeted for this fiscal year was not adequate to cover the total expenditures incurred. An increase in future years' budgeted transfers for this project has ensured the total project expenditures will be covered.

As of June 30, 2017, the Telephone Systems Capital Project non-major fund reflects a negative fund balance of \$118,187. This project is funded by a capital lease, and transfers from other City funds. The capital lease portion of the funding was not executed by June 30, 2017, and as such, the negative fund balance represents project costs that will be covered by the proceeds from the capital lease.

The CalHome non-major fund reflects negative fund balance of \$180 as of June 30, 2017. 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.

The Private Purpose Trust fund, a component of the City's Fiduciary funds, has a negative net position of \$20,123,462 as of June 30, 2017. During the current fiscal year, additions exceeded deductions by \$2,780,873 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.

Cash and investments at June 30, 2017 are classified as follows:

Statement of net position:	
Cash and investments	\$ 124,280,563
Cash and investments held by bond trustee	4,956,725
Fiduciary funds:	
Cash and investments	9,571,894
Cash and investments held by bond trustee	3,091,286
Total cash and investments	<u>\$ 141,900,468</u>

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

Cash on hand	\$ 6,500
Deposits with financial institutions	10,948,723
Outstanding checks	(428,925)
Investments	131,374,170
Total cash and investments	<u>\$ 141,900,468</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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Investment Type	State Code Limits		City Portfolio Limits	
	Max.	Authorized	Max.	Authorize
Local Agency Bonds	5 Years	100%	5 Years	100%
U.S. Treasury Bills, Notes, and Bonds	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	100%	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:

Investment Type	Amount	Remaining Maturity in Years		
		1 Year Or Less	1-2 Years	2-5 Years
U.S. Agencies	\$ 46,812,690	\$ 24,965,910	\$ 7,998,040	\$ 13,848,740
U.S. Treasuries	15,979,720	10,983,540	1,997,040	2,999,140
Money market mutual funds	4,850,850	4,850,850	-	-
LAIF	60,639,623	60,639,623	-	-
Held by bond trustees:				
Money market mutual funds	3,091,287	3,091,287	-	-
Total	\$131,374,170	\$104,531,209	\$ 9,995,080	\$ 16,847,880

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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>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>						
			<u>S & P AA+</u>	<u>S & P AAAm</u>	<u>S & P Not Rated</u>	<u>Moody's Aaa</u>	<u>Moody's Aaa-mf</u>	<u>Moody's Not Rated</u>	
U.S. Agencies	\$ 46,812,690	N/A	\$ 46,812,690	\$ -	\$ -	\$ 46,812,690	\$ -	\$ -	
U.S. Treasuries	15,979,720	N/A	15,979,720	-	-	15,979,720	-	-	
Money market mutual funds	4,850,850	N/A	-	4,850,850	-	-	-	4,850,850	
LAIF	60,639,623	N/A	-	-	60,639,623	-	-	60,639,623	
<u>Held by bond trustees:</u>									
Money market mutual funds	3,091,287	N/A	-	3,091,287	-	-	3,091,287	-	
Total	\$131,374,170		\$62,792,410	\$ 7,942,137	\$60,639,623	\$62,792,410	\$ 3,091,287	\$65,490,473	

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	\$10,950,590
Federal Farm Credit Bank	U.S. Agencies	7,959,790
Federal Home Loan Bank	U.S. Agencies	14,966,150
Federal Home Loan Mortgage Corporation	U.S. Agencies	12,936,160

As of June 30, 2017, the City had no investments which were not held in the City's name.

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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.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement 72. This statement recognizes a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted for identical assets or liabilities in an active market;
- Level 2: Investments reflect prices based on inputs other than quoted prices included within Level 1, that are observable for an asset or liability either directly or indirectly; and,
- Level 3: Investments reflect prices based on unobservable inputs for an asset or liability.

The City has the following fair value measurements as of June 30, 2017:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Hierarchy Category</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Agencies	\$ 46,812,690	\$ -	\$ 46,812,690	\$ -
U.S. Treasuries	15,979,720	-	15,979,720	-
<u>Held by bond trustees:</u>				
Money market mutual funds	3,091,287	-	3,091,287	-
Total investments measured at fair value:	65,883,697	\$ -	\$ 65,883,697	\$ -
Investments measured at amortized cost:				
Money market mutual funds	4,850,850			
LAIF	60,639,623			
Total investments:	\$ 131,374,170			

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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 2% interest, deferred payment loans to very-low, and low-income homeowners to preserve the City's housing stock.

Affordable Housing Program

- 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.
- 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 7th year following the commencement of bond amortization. Repayment of the note is to be made from residual receipts and begins in the 8th year following commencement of bond amortization; the note becomes due and payable 55 years from the last certificate of occupancy dated December 16, 2004.
- 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

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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.

- **Camino Esperanza Senior Apartment Complex**
In December, 2015, the Agency entered into an affordable housing agreement with Cabrillo Economic Development Corporation to provide a \$500,000 loan to develop a 31-unit senior housing complex. The note is due and payable 55 years from issuance of the promissory note dated December 8, 2015.

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, changes title, or 30 years from issuance of the promissory note, whichever occurs first. 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 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. On June 6, 2016, the City Council approved reinstatement of the FTHB assistance program utilizing remaining grant funds from the 2011 CalHome award. The

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City maintains 262 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. The final loan was forgiven in June 2017.

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; no action has been taken. However, during FY 2016-17, the Cemetery District remitted payments totaling \$5,829 toward the loan balance.

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Loans receivable balances at June 30, 2017 were as follows:

	<u>Interest Rate</u>	<u>Term (Yrs)</u>	<u>Year Due</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
Affordable Housing Program:						
Casa de Paz Apartments	0.0%	50	2052	\$ 122,551	\$ -	\$ 122,551
ARC Ventura Co.	0.0%	55	2057	175,000	-	175,000
Vintage Paseo Apartments	3.0%	55	2059	1,672,500	165,118	1,837,618
Plaza del Sol Apartments	3.0%	55	2060	1,900,000	560,818	2,460,818
La Rahada Apartments	3.0%	55	2063	250,000	67,792	317,792
Peppertree Apartments	3.0%	55	2068	575,000	63,801	638,801
Camino Esperanza	3.0%	55	2071	500,000	-	500,000
Total Affordable Housing Program				5,195,051	857,529	6,052,580
First Time Homebuyer Program:						
				<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
FTHB - CDA				10,296,388	-	10,296,388
FTHB - LHF				2,380,800	-	2,380,800
FTHB - CalHome				60,000	-	60,000
FTHB - HOME				996,944	-	996,944
FTHB - CDBG				20,800	-	20,800
First Time Homebuyer Program	Equity Share			13,754,932	-	13,754,932
Home Rehabilitation Program:						
				<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
Home Rehab - CDA				324,198	56,694	380,892
Home Rehab - LHF				142,572	9,478	152,050
Home Rehab - CalHome				1,196,324	64,753	1,261,078
Home Rehab - HOME				373,978	63,465	437,443
Home Rehab - CDBG				268,542	54,788	323,330
Home Rehab Earthquake - HOME				188,806	44,642	233,447
Home Rehab Earthquake - CDBG				78,980	23,694	102,674
Home Rehabilitation Program	0.0 - 3.0%			2,573,399	317,515	2,890,914
Housing loans receivable				21,523,382	1,175,044	22,698,426
Other City loans receivable:						
Cultural Arts Center Foundation	0.0%			161,384	-	161,384
Cemetery District	0.0%			148,794	-	148,794
City loans receivable				310,178	-	310,178
Total loans receivable				\$ 21,833,560	\$ 1,175,044	\$ 23,008,604

Loan receivable – Successor Agency:

As of June 30, 2017, advances made to the former CDA from the City totaled \$5,693,346. 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).

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The composition of loans between the City and the Successor Agency for the year ended June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance June 30, 2016</u>	<u>Debt Incurred</u>	<u>Debt Retired</u>	<u>Balance June 30, 2017</u>
General Fund	Successor Agency - Merged Tapo Canyon and West End tax increment	\$ 7,416,447	\$ -	\$ (1,723,101)	\$ 5,693,346

C. Accounts receivable

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>
General Fund	\$ 719,134	\$ (128,569)	\$ 590,565
Special Revenue - CDA Housing Administration	37,365	-	37,365
Streets and Roads	778,364	-	778,364
Nonmajor Governmental Funds	53,228	-	53,228
Subtotal	<u>1,588,090</u>	<u>(128,569)</u>	<u>1,459,522</u>
Internal Service Funds	807	-	807
Total	<u>\$ 1,588,897</u>	<u>\$ (128,569)</u>	<u>\$ 1,460,329</u>

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D. Capital assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,613,683	\$ -	\$ -	\$ 10,613,683
Construction-in-progress	2,090,348	16,228,951	(11,849,924)	6,469,375
Total capital assets, not being depreciated	<u>12,704,031</u>	<u>16,228,951</u>	<u>(11,849,924)</u>	<u>17,083,058</u>
Capital assets, being depreciated:				
Buildings and improvements	45,969,498	8,884,232	-	54,853,730
Furnishings and equipment	8,143,353	263,051	-	8,406,404
Computers	4,996,483	85,995	-	5,082,478
Vehicles	6,271,920	546,794	(267,284)	6,551,430
Infrastructure	325,989,963	4,423,243	-	330,413,206
Intangibles	9,970,189	220,843	-	10,191,032
Total capital assets being depreciated	<u>401,341,406</u>	<u>14,424,158</u>	<u>(267,284)</u>	<u>415,498,280</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,174,835)	(1,111,314)	-	(22,286,149)
Furnishings and equipment	(5,174,197)	(569,366)	-	(5,743,563)
Computers	(4,350,487)	(165,032)	-	(4,515,519)
Vehicles	(4,394,679)	(465,075)	224,919	(4,634,835)
Infrastructure	(141,998,544)	(7,100,952)	-	(149,099,496)
Intangibles	(5,119,305)	(687,797)	-	(5,807,102)
Total accumulated depreciation	<u>(182,212,047)</u>	<u>(10,099,536)</u>	<u>224,919</u>	<u>(192,086,664)</u>
Total capital assets, being depreciated, net	<u>219,129,359</u>	<u>4,324,622</u>	<u>(42,365)</u>	<u>223,411,616</u>
Governmental activities capital assets, net	<u>\$ 231,833,390</u>	<u>\$ 20,553,573</u>	<u>\$(11,892,289)</u>	<u>\$ 240,494,674</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,216,994	\$ -	\$ (1)	\$ 1,216,993
Construction-in-progress	18,640,236	2,185,868	(10,497,607)	10,328,497
Total capital assets, not being depreciated	<u>19,857,230</u>	<u>2,185,868</u>	<u>(10,497,608)</u>	<u>11,545,490</u>
Capital assets, being depreciated:				
Buildings and improvements	13,919,777	280,685	-	14,200,462
Furnishings and equipment	6,280,053	366,913	-	6,646,966
Vehicles	11,025,656	1,287,190	-	12,312,846
Distribution system	198,063,298	9,443,371	-	207,506,669
Total capital assets being depreciated	<u>229,288,784</u>	<u>11,378,160</u>	<u>-</u>	<u>240,666,944</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,058,184)	(331,179)	-	(7,389,363)
Furnishings and equipment	(5,182,303)	(137,837)	-	(5,320,140)
Vehicles	(5,456,139)	(1,159,620)	-	(6,615,759)
Distribution system	(88,356,283)	(3,213,401)	-	(91,569,684)
Total accumulated depreciation	<u>(106,052,909)</u>	<u>(4,842,036)</u>	<u>-</u>	<u>(110,894,945)</u>
Total capital assets, being depreciated, net	<u>123,235,875</u>	<u>6,536,124</u>	<u>-</u>	<u>129,771,999</u>
Business-type activities capital assets, net	<u>\$ 143,093,105</u>	<u>\$ 8,721,992</u>	<u>\$(10,497,608)</u>	<u>\$ 141,317,489</u>

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

Governmental activities:

General Government	\$ 7,474,510
Community Services	271,879
Public Ways & Facilities (PW)	2,170,282
Public Safety	182,865
Total depreciation expense-governmental activities	<u>\$ 10,099,536</u>

Business-type activities:

Sanitation	\$ 2,431,592
Waterworks	1,348,758
Transit	1,061,686
Total depreciation expense-business-type activities	<u>\$ 4,842,036</u>

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

E. 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, 2017:

	Balances <u>June 30, 2017</u>
Governmental activities:	
2014 lease revenue refunding bonds:	
Deferred loss amount	\$ 220,999
Deferred outflows related to pensions	<u>31,398,604</u>
Total governmental activities	<u>\$ 31,619,603</u>
 Business-type activities:	
Deferred outflows related to pensions	<u>\$ 7,273,305</u>

F. Construction commitments

The City has active construction projects as of June 30, 2017. 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, 2017	Remaining Commitments*
Arroyo Simi Sewer Trunk Line Rehab	2,176,380	2,022,318	154,062
Water Quality Control Plant Electrical Upgrades	1,664,038	816,686	847,352
Total commitments	<u>\$ 3,840,418</u>	<u>\$ 2,839,004</u>	<u>\$ 1,001,414</u>

* Amount includes possible contingency

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
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G. 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	Solar Capital Projects	\$ 2,237,750
	Simi Valley Transit System	5,287,541
	Nonmajor governmental funds	614,808
SHA to CDA Housing Administration	General	283
Nonmajor governmental funds	SHA to CDA Housing Administration	6,312
Total		<u>\$ 8,146,694</u>
 Advances from / to other funds		
<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Public Facility Improvements	\$ 3,348,380
	Internal Service funds	4,688,000
Total		<u>\$ 8,036,380</u>

**CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

The composition of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General	Successor Housing Agency to CDA-Housing Administration	\$ 344,620	Fund housing programs
	Streets and roads	500,000	Fund street projects
	Nonmajor governmental funds	<u>3,420,686</u>	Fund Landscape zones, scheduled debt service, and contributions to replacement funds
		<u>4,265,306</u>	
Development related fees funds	General fund	70,000	Fund projects impacted by new development
	Streets and roads	248,500	Fund street projects
	Public facility improvements	1,088,700	Contributions to public facility improvements
	Nonmajor governmental funds	<u>1,809,818</u>	Fund Landscape zones, scheduled debt service, and contributions to replacement and capital project funds
	<u>3,217,018</u>		
2016 CREBS FTLRB	Solar Capital Projects	<u>4,907,387</u>	Fund solar energy projects
Public facilities improvements	General fund	<u>125,000</u>	Return excess funds
Nonmajor governmental funds	General fund	2,790,170	Fund administration of public works, library and police programs
	Streets and roads	39,018	Fund street projects
	Simi Valley Transit System	4,073,353	Fund transit operations
	Nonmajor governmental funds	<u>1,903,540</u>	Fund capital projects, and contributions to replacement funds
	<u>8,806,081</u>		
Total governmental funds		<u>21,320,792</u>	
Proprietary funds	General Fund	183,700	Contributions for pension costs
	Public facilities improvements	658	Fund capital projects
	Nonmajor governmental funds	<u>316,900</u>	Fund capital projects, and contributions to replacement funds
	<u>501,258</u>		
Internal service funds	Development related fees fund	420,000	Return excess funds
	Nonmajor governmental funds	<u>7,300</u>	Contributions to replacement funds
	<u>427,300</u>		
Total other funds		<u>928,558</u>	
Total transfers		<u>\$22,249,350</u>	

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

H. Long-term debt

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 (LRRB):
Original issue amount \$18,795,000; interest rates at 2.00% to 3.75%, maturing October 1, 2014-2034. The LRRB are payable in annual installments ranging from \$270,000 to \$1,445,000. They were issued at a premium, which has been added to the new debt and is being amortized over the life of the bonds. These LRRB were issued to provide financing for full redemption of the 2004 Simi Valley Public Financing Authority Certificates of Participation (COP). Through the refunding of the COP, the City realized net present value savings of \$3.2 million or 14.9% of the refunded bonds. The annual lease/debt service payments will be supported by contributions from various City funds based on the benefit received. The identified funds have the long-term financial capacity to support the required payments. As of June 30, 2017, total interest and principal remaining on the bonds is \$26,484,182.

- City of Simi Valley Lease Revenue Bonds, Series 2016 NCREBs (New Clean Renewable Energy Bonds) and City of Simi Valley Tax-Exempt Lease, Series 2016:
The City entered into a lease-leaseback arrangement and a lease arrangement with the SVPFFA to provide financing for the NCREBs Solar Equipment and the Tax-Exempt Project for the financing of the acquisition, construction and installation of certain solar energy and other energy efficiency capital improvements to existing City buildings and property. An allocation of new Clean Renewable Energy Bonds was received by the City for \$9,226,619, interest rates at 1.5% - 2.5 %, maturing September 1, 2036. The Tax-Exempt solar component consisted of \$740,459 of bond proceeds also maturing September 1, 2036. As NCREBs financing is restricted only for solar power systems, the Tax-Exempt bonds will be used to finance the re-roofing of City Hall, the resurfacing of the parking lot at the Senior Center, and the installation of electric vehicle chargers at the Civic Center. As of June 30, 2017, total interest and principal remaining on the 2016 NCREBs and Tax Exempt bonds is \$13,098,113 and \$948,265 respectively.

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

- Claims and legal services payable of \$10,138,334, 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, 2017.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
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- Compensated absences liability of \$6,788,788 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 (84.6%) is attributable to the General fund.
- Southern California Edison (SCE) on-bill-financing liability of \$24,554. The City enrolled in the SCE On-Bill Financing (OBF) program to help finance the Civic Center parking lot lighting LED retrofit project. SCE finances qualifying energy efficiency projects for zero interest and no fees.
- Other Post Employment Benefits (OPEB) liability of \$10,530,533. This liability consists of the unfunded portion of the actuarially determined Annual Required Contribution (ARC) for Fiscal Years 2008-17. OPEB funds health insurance benefits for retired employees.
- Net pension liability of \$133,050,752. 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 (82.4%) is attributable to the General fund. See Note IV D for additional detail regarding this debt.

Annual debt service requirements to maturity

2014A Lease Revenue Refunding Bonds			
Year Ending	Principal	Interest	Total
June 30:			
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	765,000	705,900	1,470,900
2022	800,000	666,775	1,466,775
2023-2027	4,685,000	2,671,750	7,356,750
2028-2032	5,975,000	1,382,181	7,357,181
2033-2035	4,185,000	235,700	4,420,700
	\$ 18,525,000	\$ 7,959,182	\$ 26,484,182

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
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2016 New Clean Renewable Energy Bonds

Year Ending <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 300,784	\$ 470,136	\$ 770,920
2019	335,057	316,175	651,231
2020	347,152	303,861	651,013
2021	359,684	291,103	650,787
2022	372,669	277,884	650,552
2023-2027	2,075,125	1,173,815	3,248,940
2028-2032	2,477,722	763,951	3,241,673
2033-2037	2,958,427	274,569	3,232,996
	<u>\$ 9,226,619</u>	<u>\$ 3,871,494</u>	<u>\$ 13,098,113</u>

2016 New Clean Renewable Energy Bonds (Tax Exempt)

Year Ending <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 27,043	\$ 25,988	\$ 53,030
2019	29,821	17,393	47,214
2020	30,564	16,641	47,205
2021	31,325	15,871	47,195
2022	32,105	15,081	47,185
2023-2027	172,920	62,853	235,773
2028-2032	195,547	39,944	235,491
2033-2037	221,136	14,036	235,172
	<u>\$ 740,459</u>	<u>\$ 207,806</u>	<u>\$ 948,265</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

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	Balances		Debt		Debt		Balances		Due Within
	June 30, 2016		Incurred		Retired		June 30, 2017		One Year
Governmental activities:									
2014A lease revenue refunding bond	\$ 18,525,000	\$	-	\$	-	\$	18,525,000	\$	675,000
2016 New Clean Renewable Energy Bonds (NCREBs)	-		9,226,619		-		9,226,619		300,784
2016 NCREBs tax exempt	-		740,459		-		740,459		27,043
Add (less) deferred amounts:									
Bond premium	1,790,876		-		(98,637)		1,692,239		-
Total bonds payable	20,315,876		9,967,078		(98,637)		30,184,317		1,002,827
Claims and legal services	14,014,731		-		(3,876,397)		10,138,334		2,572,909
Compensated absences	4,856,133		1,797,062		(913,124)		5,740,072		574,007
SoCal Edison on-bill financing	35,043		-		(10,489)		24,554		10,400
Net OPEB obligation	9,473,903		2,640,780		(1,584,150)		10,530,533		-
Net pension liability	87,871,698		29,681,517		(8,263,418)		109,289,797		-
Governmental activity									
long-term liabilities	\$ 136,567,384	\$	44,086,437	\$	(14,746,215)	\$	165,907,607	\$	4,160,143
Business-type activities:									
Compensated absences	\$ 949,696	\$	161,136	\$	(62,116)	\$	1,048,716	\$	104,872
Net pension liability	18,238,912		7,120,202		(1,598,159)		23,760,955		-
Business-type activity									
long-term liabilities	\$ 19,188,608	\$	7,281,338	\$	(1,660,275)	\$	24,809,671	\$	104,872

For governmental activities, the pension, other postemployment benefits, and compensated absences obligations are generally liquidated by the General fund.

I. 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.

J. 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

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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, 2017, consisted of the following:

Community Facilities District (District No. 04-1)	\$6,400,000
Madera Royal (District No. 98-1)	1,530,000

K. 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, 2017 was \$16,510,000. 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:

- 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, 2017, is \$9,510,000.
- Multifamily Construction Note was issued December 24, 2015, the amount of \$7,000,000 to finance the Camino Esperanza Senior Apartments; the outstanding principal at June 30, 2017, is \$7,000,000.

IV. Additional notes to the basic financial statements

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, 2017, 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.

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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:

	Year ended June 30, 2017	Year ended June 30, 2016
Unpaid claims beginning of fiscal year	\$ 14,014,731	\$ 14,982,666
Incurring claims (including IBNRs and adjusted claims expense)	(893,178)	1,796,961
Claims payments	(2,983,219)	(2,764,896)
Unpaid claims, end of fiscal year	\$ 10,138,334	\$ 14,014,731

C. Deferred compensation plans

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

D. Pension plans

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

California Public Employees' Retirement System

Plan Description - 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>.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

The Plan’s provisions and benefits in effect at June 30, 2016, 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	21.034%	21.034%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	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%	12%
Required employer contribution rates	36.197%	36.197%

At June 30, 2016, the following employees were covered by the benefit terms for each Plan*:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	557	152
Inactive employees entitled to but not yet receiving benefits	227	17
Active employees	385	121
Total	1,169	290

*The most recent data available from CalPERS is from the actuarial valuation dated June 30, 2016.

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

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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.

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 a portion of the contributions required of City employees hired before January 1, 2013 on their behalf and for their account. General Unit employees hired are required to contribute the full 7% of their covered salary. Non-sworn management employees hired prior to July 1, 2010 are required to contribute 4% of their covered salary, and the City contributes 3%. Non-sworn management hired after July 1, 2010 are required to contribute the full 7% of their covered salary. Sworn employees hired prior to July 1, 2010 are required to contribute 9% 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 21.034% 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 36.197% of annual covered payroll for the year ended June 30, 2017. 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 City'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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.5% (1)	7.5% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds	
Payroll Growth	Protection Allowance Floor on Purchasing Power applies, thereafter:	
	3.00%	3.00%

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

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.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report 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.

The table below reflects projected earnings on pension plan investments:

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<u>Miscellaneous Plan</u>	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) x (b) x (c)
Beginning Plan Fiduciary Net Position excluding Receivables (1)	\$ 184,241,615	100%	7.65%	\$ 14,094,484
Plan to Plan Resource Movement	0	50%	7.65%	0
Employer Contributions	5,483,791	50%	7.65%	209,755
Employee Contributions	2,058,371	50%	7.65%	78,733
Benefit Payments, including Refunds of Employee Contributions	(11,156,289)	50%	7.65%	(426,728)
Administrative Expense	(112,689)	50%	7.65%	(4,310)
Total Projected Earnings				<u>\$13,951,934</u>

(1) Contribution receivables for employee service buybacks, totaling \$662,466 as of June 30, 2015, were excluded for purposes of calculating projected earnings on pension plan investments

<u>Safety Plan</u>	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) x (b) x (c)
Beginning Plan Fiduciary Net Position excluding Receivables (1)	\$ 109,002,357	100%	7.65%	\$ 8,338,680
Plan to Plan Resource Movement	0	50%	7.65%	0
Employer Contributions	4,377,786	50%	7.65%	167,450
Employee Contributions	1,218,073	50%	7.65%	46,591
Benefit Payments, including Refunds of Employee Contributions	(7,069,897)	50%	7.65%	(270,424)
Administrative Expense	(66,489)	50%	7.65%	(2,543)
Total Projected Earnings				<u>\$8,279,754</u>

(1) Contribution receivables for employee service buybacks, totaling \$94,863 as of June 30, 2015, were excluded for purposes of calculating projected earnings on pension plan investments

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. CalPERS Investment Belief No. 6 recognizes that strategic asset allocation is the dominant determinant of portfolio risk and return. On February 19, 2014, the CalPERS Board of Administration adopted changes to the current asset allocation as shown in the Policy Target Allocation below expressed as a percentage of total assets.

The asset allocation and market value of assets shown below reflect the values of the Public Employees' Retirement Fund (PERF) in its entirety as of June 30, 2016. The assets for the City's Miscellaneous and Safety Plans are part of the PERF and are invested accordingly.

Asset Class	New Market Value (\$Billion)	Policy Target Allocation
Public Equity	153.1	51.00%
Private Equity	26.4	10.00%
Global Fixed Income	59.9	20.00%
Liquidity	4.5	1.00%
Real Assets	31.8	12.00%
Inflation Sensitive Assets	17.8	6.00%
Other	1.6	0.00%
Total	<u>\$295.1</u>	<u>100.0%</u>

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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, 2016 (measured as of June 30, 2015)	\$ 248,263,176	\$ 184,904,081	\$ 63,359,095
Changes in the year:			
Service cost	4,496,300	-	4,496,300
Interest on the total pension liability	18,974,672	-	18,974,672
Plan to Plan Resource Movement	-	-	-
Differences between actual and expected experience	3,101,741	-	3,101,741
Changes of assumptions	-	-	-
Contributions - employer	-	5,483,791	(5,483,791)
Contributions - employee (paid by employer)	-	88,254	(88,254)
Contributions - employee	-	1,970,117	(1,970,117)
Net investment income	-	1,027,330	(1,027,330)
Administrative expenses	-	(112,689)	112,689
Benefit payments, including refunds of employee contributions	(11,156,289)	(11,156,289)	-
Net changes	15,416,424	(2,699,486)	18,115,910
Balance at June 30, 2017 (measured as of June 30, 2016)	<u>\$ 263,679,600</u>	<u>\$ 182,204,595</u>	<u>\$ 81,475,005</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<u>Safety Plan:</u>			
Balance at June 30, 2016 (measured as of June 30, 2015)	\$ 151,848,735	\$ 109,097,220	\$ 42,751,515
Changes in the year:			
Service cost	3,487,187	-	3,487,187
Interest on the total pension liability	11,477,866	-	11,477,866
Differences between actual and expected experience	(19,908)	-	(19,908)
Changes of assumptions	-	-	-
Contributions - employer	-	4,377,786	(4,377,786)
Contributions - employee (paid by employer)	-	-	-
Contributions - employee	-	1,218,073	(1,218,073)
Net investment income	-	591,543	(591,543)
Administrative expenses	-	(66,489)	66,489
Benefit payments, including refunds of employee contributions	(7,069,897)	(7,069,897)	-
Net changes	7,875,248	(948,984)	8,824,232
Balance at June 30, 2017 (measured as of June 30, 2016)	<u>\$ 159,723,983</u>	<u>\$ 108,148,236</u>	<u>\$ 51,575,747</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	6.65%	6.65%
Net Pension Liability	\$ 114,408,147	\$ 73,027,957
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 81,475,005	\$ 51,575,747
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 53,865,718	\$ 33,839,068

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 measurement period ended June 30, 2016, the City recognized total pension expense of \$13,201,772. The Miscellaneous Plan portion of pension expense was \$7,819,009, and Safety Plan portion of pension expense was \$5,382,763. At June 30, 2017, 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	\$ 6,228,044	\$ -
Differences between actual and expected experience	1,908,764	(444,273)
Changes of assumptions	-	(959,897)
Net differences between projected and actual earnings on plan investments	16,238,167	(6,316,244)
Total	\$ 24,374,975	\$ (7,720,414)
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,658,296	\$ -
Differences between actual and expected experience	-	(1,074,992)
Changes of assumptions	-	(1,521,469)
Net differences between projected and actual earnings on plan investments	9,638,638	(3,708,872)
Total	\$ 14,296,934	\$ (6,305,333)

\$10,886,340 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous	Safety
2017	\$ 1,181,768	\$ (150,952)
2018	2,108,746	(150,952)
2019	4,551,083	2,100,530
2020	2,584,920	1,534,679
2021	-	-
Thereafter	-	-

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017. 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. This is a single employer post-employment benefit plan. 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 \$170,000. Plan assets held in trust at June 30, 2017 totaled \$1,012,396. 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 for June 30, 2016.

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Employees covered. At June 30, 2016 the following employees were covered under PARS:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>5</u>
	<u>20</u>

Net Pension Liability - PARS

The City's net pension liability for the PARS plan was measured as of June 30, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Investment rate of return	7%, net of pension plan investment expense

Mortality rates were based on the following:

Pre-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

Post-Retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA.

The long-term expected rate of return on pension investment was determined by adding expected inflation to expect long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of July 1, 2016. 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	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	9.20%	0.42%	0.41%
US Core Fixed Income	Barclays Aggregate	62.79%	2.12%	1.99%
US Equity Market	Russell 3000 MSCI EAFE NR	21.68%	5.12%	3.81%
Foreign Developed Equity	MSCI EM NR	4.79%	5.85%	4.20%
Emerging Markets Equity		1.54%	8.07%	4.79%
		100.00%		
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			2.89%	2.71%
Portfolio Nominal Mean Return			5.20%	5.07%
Portfolio Standard Deviation				5.44%
Long-Term Expected Rate of Return				6.00%

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Discount Rate. As of June 30, 2017 the plan's fiduciary net position was projected to make all projected future benefit payments of current active and inactive employees. Therefore, the total pension liability is based on a discount rate of 7.0%.

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 6/30/2016	\$ 1,407,524	\$ 885,872	\$ 521,652
Changes for the year:			
Service Cost	-		-
Interest on total pension liability ¹	70,376		70,376
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	-		-
Effect of assumptions, changes or inputs	-		-
Benefit payments	(82,211)	(82,211)	-
Contributions - employer		170,000	(170,000)
Member contributions		-	-
Net investment income		39,361	(39,361)
Administrative expense		(626)	626
Balances at 6/30/2017 ¹	<u>\$ 1,395,689</u>	<u>\$ 1,012,396</u>	<u>\$ 383,293</u>

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 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability ¹	\$ 1,556,915	\$ 1,395,689	\$ 1,259,878
Fiduciary net position	<u>1,012,396</u>	<u>1,012,396</u>	<u>1,012,396</u>
Net pension liability ¹	<u>\$ 502,761</u>	<u>\$ 383,293</u>	<u>\$ 282,657</u>

¹ Estimated based on 2016 actuarial.

The General Fund is liable for PARS plan expenditures. Because the net PARS liability is not material in relation to the government-wide financial statements as a whole, the City has not reported this liability in the government-wide statement of net position.

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,

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receive a defined contribution amount of either \$200 or \$300 per month, which is 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 administrated by PFM Asset Management, LLC, partnering with US National Bank Association as Trustee. SVOPEB provides medical and dental benefits to eligible employees and their spouses. PFM issues financial statements for the Plan, which may be obtained by writing to PFM Asset Management LLC, 50 California Street, Suite 2300, San Francisco, CA 94111.

Management, Sworn Management, and Sworn (police) employees' retiree health benefits are provided per resolution numbers 2015-72; 2015-71 & 2018-05; and 2015-62, 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, 2014-03 and 2015-61. The defined contribution is currently set by contract at 1.00% of salary for General Unit members.

Sworn Management employees with retirement dates effective July 1, 2005 to November 30, 2017, receive a defined contribution toward retiree dental and vision premiums equal to up to 0.5% of total compensation. The City also contributes \$110,000 per year to the trust established and managed by the Simi Valley Police Officers' Association for the purposes of funding dental and/or vision benefits for retired Sworn employees who retire on or after July 1, 2005.

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A summary of plan benefits by employee groups is as follows:

	Less Than 10 Years Service	10 or More Years Service		
Management employees:*				
Employee only	PEMHCA	10 years	1 additional year for each year over 20 (\$1,500 monthly cap)	
Employee plus one dependent	Minimum**	5 years	Additional 6 months for each year over 20 (\$1,500 monthly cap)	
	Less Than 10 Years Service	10 to 19 Years Service	20-24 Years Service	25 or More Years Service
Police Managers' Association (PMA):***				
Employee only	PEMHCA	10 years	20 years	lifetime coverage
Employee plus one dependent	Minimum**	5 years	20 years	lifetime coverage
Police Officers' Association (POA):***				
Employee only	2 years	10 years	up to 20 years	lifetime coverage
Employee plus one dependent	1 year	5 years	up to 20 years	lifetime coverage
	Less Than 10 Years Service	10 Years Service	More Than 10 Years Service	
General Unit employees:****				
Employee only	PEMHCA	2 years	4 months for each additional year over 10 up to maximum of 8 years	
Employee plus one dependent	Minimum**	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. Retirees who do not qualify for listed benefits (or who have exhausted listed benefits) will continue to receive the PEMHCA Minimum, as described below.

* This benefit is only for employees hired on or prior to June 20, 2010. Employees hired on or after June 21, 2010 receive a contribution of \$200/month to a retiree health savings account.

** PEMHCA Minimum: Public Employees' Medical and Hospital Care Act monthly minimum contribution, which was \$12.50 in 2016 and \$19.20 in 2017.

*** Employees hired on or after January 1, 2010 (POA) or on or after June 20, 2010 (PMA) 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, subject to monthly cap for 2016: \$568.19 (Employee Only)/\$1,136.37 (Employee plus dependent); and for 2017: \$639.09 (Employee Only)/\$1,278.17 (Employee plus dependent). Employees hired on or after July 1, 2010 are not eligible to receive retiree medical benefits.

In addition, any forfeitures of health savings account amounts received by the City are remitted to the POA as supplementary contributions to their members' dental and vision coverage.

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 2016-17 in the amount of \$1,584,150. Each employee group's funds are currently maintained in a separate trust for the benefit of that particular group.

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Net OPEB Obligation

Annual required contribution	\$ 2,924,102
Interest on net OPEB obligation	307,902
Adjustment to annual required contribution	<u>(591,224)</u>
Annual OPEB cost (expense)	2,640,780
Contributions made	<u>1,584,150</u>
Increase/(decrease) in Net OPEB obligation	1,056,630
Net OPEB obligation - beginning of year	<u>9,473,903</u>
Net OPEB obligation - end of year	<u><u>\$ 10,530,533</u></u>

Annual OPEB Costs and Net OPEB Obligation - For Fiscal Year 2016-17, the City's annual OPEB cost (expense) of \$2,640,780 was less than the ARC of \$2,924,102. 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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	Adjusted Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	ARC Adjustment	Annual Post-Employment Benefit Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Change in Net OPEB Obligation	Net OPEB Obligation
<u>Misc. Employees - Management</u>								
<u>Fiscal Year</u>								
06/30/2015	\$ 583,289	\$ 65,529	\$ 119,039	\$ 529,779	\$ 583,109	110%	\$ (53,330)	\$ 1,962,937
06/30/2016	\$ 583,289	\$ 63,795	\$ 119,050	\$ 528,034	\$ 613,061	116%	\$ (85,027)	\$ 1,877,910
06/30/2017	\$ 737,412	\$ 61,032	\$ 117,192	\$ 681,252	\$ 615,600	90%	\$ 65,652	\$ 1,943,562
<u>Sworn Employees - Management</u>								
<u>Fiscal Year</u>								
06/30/2015	\$ 324,569	\$ 32,784	\$ 59,556	\$ 297,797	\$ 253,720	85%	\$ 44,077	\$ 1,052,821
06/30/2016	\$ 324,569	\$ 34,217	\$ 63,852	\$ 294,934	\$ 201,412	68%	\$ 93,522	\$ 1,146,343
06/30/2017	\$ 406,984	\$ 37,256	\$ 71,538	\$ 372,702	\$ 243,135	65%	\$ 129,567	\$ 1,275,910
<u>Sworn Employees - Officers</u>								
<u>Fiscal Year</u>								
06/30/2015	\$ 960,016	\$ 171,570	\$ 311,673	\$ 819,913	\$ 412,406	50%	\$ 407,507	\$ 5,686,597
06/30/2016	\$ 960,016	\$ 184,814	\$ 344,886	\$ 799,944	\$ 478,574	60%	\$ 321,370	\$ 6,007,967
06/30/2017	\$ 1,234,917	\$ 195,259	\$ 374,931	\$ 1,055,245	\$ 530,896	50%	\$ 524,349	\$ 6,532,316
<u>Misc. Employees - General Unit</u>								
<u>Fiscal Year</u>								
06/30/2015	\$ 378,032	\$ 10,769	\$ 19,563	\$ 369,238	\$ 465,747	126%	\$ (96,509)	\$ 234,842
06/30/2016	\$ 378,032	\$ 7,632	\$ 14,243	\$ 371,421	\$ 164,580	44%	\$ 206,841	\$ 441,683
06/30/2017	\$ 544,789	\$ 14,355	\$ 27,563	\$ 531,581	\$ 194,519	37%	\$ 337,062	\$ 778,745

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, 2017, the plan was 9.9% funded. The actuarial accrued liability (AAL) for benefits was \$11,167,624 and the book value of plan assets was \$1,100,718 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,066,906. The covered payroll (annual payroll of active employees covered by the plan) was \$15,178,951, and the ratio of the UAAL to the covered payroll was 66.3%.

Sworn Management Employees - As of the most recent actuarial valuation date of January 1, 2017, the plan was 4.0% funded. The AAL for benefits was \$5,396,835, and the book value of plan assets was \$214,912, resulting in an UAAL of \$5,181,923. The covered payroll was \$1,677,616, and the ratio of the UAAL to the covered payroll was 308.9%.

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Sworn Employees - As of the most recent actuarial valuation date of January 1, 2017, the plan was 4.7% funded. The AAL for benefits was \$19,409,646, and the book value of plan assets was \$913,226, resulting in an UAAL of \$18,496,420. The covered payroll was \$10,456,929, and the ratio of the UAAL to the covered payroll was 176.9%.

General Unit Employees - As of the most recent actuarial valuation date of January 1, 2017, the plan was 16.5% funded. The AAL for benefits was \$5,687,084, and the book value of plan assets was \$935,576 resulting in an UAAL of \$4,751,508. The covered payroll was \$10,444,241, and the ratio of the UAAL to the covered payroll was 45.5%.

The schedule of funding progress, presented as Required Supplementary Information (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, 2017 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, 2017 actuarial valuation is being used, the City has not made an election with respect to an asset smoothing formula, or method.

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A summary of actuarial methods and assumptions for the SVOPEB Plan is as follows:

	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%	2.75%	2.75%
Health inflation assumption	4.00%	4.00%	4.00%
Mortality	2014 CalPERS for Miscellaneous employees	2014 CalPERS Mortality for Sworn employees	2014 CalPERS for Miscellaneous employees
Retirement rates	2% at 55 if hired prior to 1/1/2013 2% at 60 if hired after 12/31/2012	3% at 55 if hired prior to 7/1/2013 2% at 50 if hired after 7/01/2013	2% at 55 if hired prior to 1/1/2013 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

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F. Subsequent events

In December 2017, the City closed on a principal amount financing \$6,408,600 with Bank of America. This financing will fund the acquisition and installation of a replacement telephone system for the City (\$2,200,000 principal amount), the acquisition and installation of new heating, ventilation, and air conditioning (HVAC) equipment at various City facilities, and the retrofitting of interior and exterior lighting at all City facilities with LED lighting (\$4,133,600 principal amount). The two later projects will result in energy savings to the City. The first payment is due September 2018, the financing matures in March 2033, and the total principal and interest due is \$7,937,310.

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.

G. 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, 2017, that have effective dates that 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. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017.

GASB No. 81 – Irrevocable Split-Interest Agreements. This Statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This Statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available for the government to carry out its mission. The provisions of this Statement are effective for financial statements for period beginning after December 15, 2016.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

GASB No. 82 – Pension Issues-An Amendment of GASB No. 67, No. 68 and No. 73. The requirements of this Statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. The provisions of this Statement are effective for financial statements for period beginning after June 15, 2017.

GASB No. 83 - Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for AROs. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and to be adjusted for the effects of general inflation or deflation at least annually. This Statement also requires disclosure of information about the nature of a government ARO, the methods and assumption used for the estimate of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting period beginning after June 15, 2018.

GASB No. 85 - Omnibus 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The requirements of this statement are effective for reporting period beginning after June 15, 2017.

GASB No. 86 - Certain Debt Extinguishment Issues. The objective of this Statement is to provide guidance for the accounting of in-substance debt defeasance where existing resources - as opposed to the proceeds of refunding debt – are used to fund an irrevocable trust. Now the debt will be considered defeased whether the trust is funded with existing resources or refunding debt proceeds. However, in financial statements using the economic resources measurement focus, governments must recognize any difference between the reacquisition price (the amount placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of defeasance. The Statement also requires disclosure of cases where risk-free trust assets can be substituted with assets that are not risk-free. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB No. 87 - Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Original pronouncements can be found on the GASB's website: www.gasb.org.

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

**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	\$ 3,452,885
Cash and investments with fiscal agent	2,102,718
Total cash and investments	<u>\$ 5,555,603</u>

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

C. Capital assets

Capital asset activity for the year ended June 30, 2017, 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, 2017:

	<u>Balances June 30, 2016</u>	<u>Amortization</u>	<u>Balances June 30, 2017</u>
Fiduciary activities:			
2003 tax allocation bonds			
Deferred loss amount	\$ 217,633	\$ 28,482	\$ 189,151

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, 2017, 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

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

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 \$28,871,147, payable through September 2030. For the current fiscal year, principal and interest paid was \$2,076,906, and the Redevelopment Property Tax Trust Fund revenue received was \$4,080,355.

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

2003 Tax Allocation Refunding Bond			
Year Ending	Principal	Interest	Total
June 30:			
2018	\$ 1,055,000	\$ 1,022,366	\$ 2,077,366
2019	1,100,000	970,413	2,070,413
2020	1,160,000	911,088	2,071,088
2021	1,220,000	848,613	2,068,613
2022	1,285,000	782,856	2,067,856
2023-2027	7,470,000	2,833,438	10,303,438
2028-2031	7,445,000	767,375	8,212,375
	\$ 20,735,000	\$ 8,136,147	\$ 28,871,147

Fiduciary fund long-term liability activity for the year ended June 30, 2017, was as follows:

	Balances	Debt	Debt	Balances	Due Within
	June 30, 2016	Incurred	Retired	June 30, 2017	One Year
Fiduciary activities:					
2003 tax allocation bonds	\$ 21,745,000	\$ -	\$ (1,010,000)	\$ 20,735,000	\$ 1,055,000
Add (less) deferred amounts:					
Bond premium	238,742	-	(16,306)	222,436	-
Fiduciary long-term liabilities	\$ 21,983,742	\$ -	\$ (1,026,306)	\$ 20,957,436	\$ 1,055,000

CITY OF SIMI VALLEY ● NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

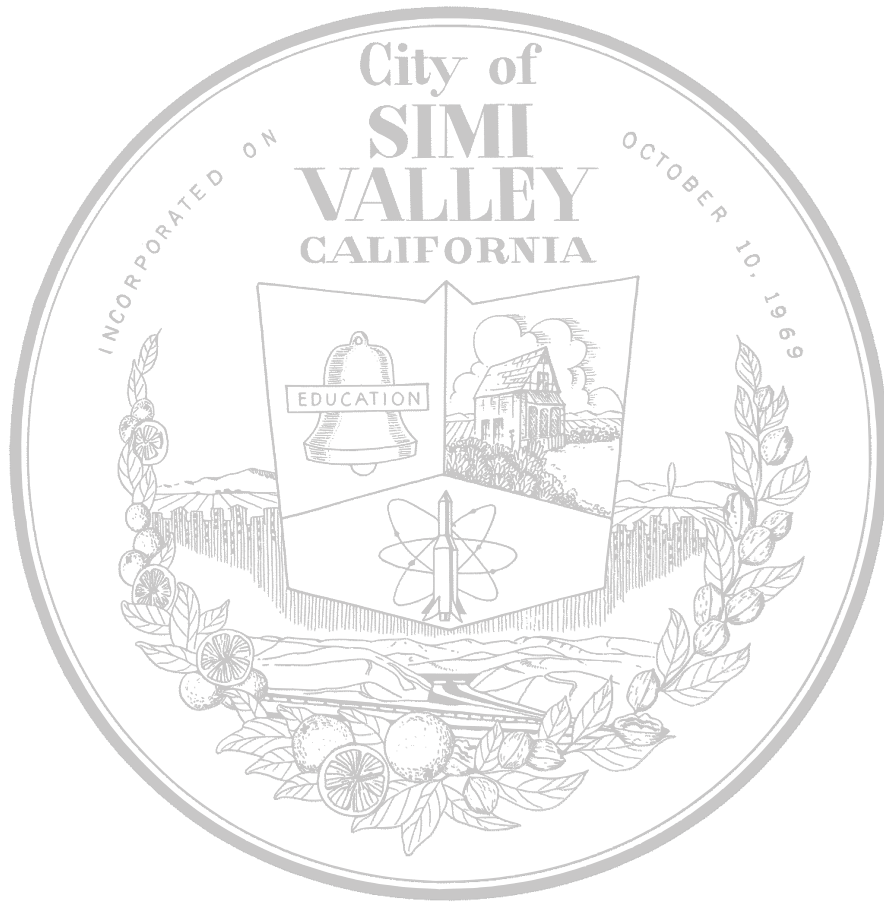
F. Deficit fund equity

As of June 30, 2017, the Private Purpose Trust, a component of the City's Fiduciary funds, has a negative net position of \$20,123,462. Below is a summary of the net position.

Net Position - Beginning Balance	\$ (22,904,335)
Total additions for the year ended June 30, 2017	4,102,534
Total deductions for the year ended June 30, 2017	<u>(1,321,661)</u>
Change in net position	<u>2,780,873</u>
Net Position - Ending Balance	<u>\$ (20,123,462)</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

REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)

CITY OF SIMI VALLEY • REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017

**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	<u>2015-16</u>	<u>2014-15¹</u>	<u>2013-14</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 4,496,300	\$ 4,219,980	\$ 4,456,595
Interest	18,974,672	17,854,875	17,085,147
Changes of Assumptions	-	(4,159,555)	-
Difference Between Expected and Actual Experience	3,101,741	(1,925,185)	-
Benefit Payments, including Refunds of Employee Contributions	(11,156,289)	(10,197,516)	(9,289,664)
Net Change in Total Pension Liability	\$ 15,416,424	\$ 5,792,599	\$ 12,252,078
Total Pension Liability - Beginning	248,263,176	242,470,577	230,218,499
Total Pension Liability - Ending (a)	<u>\$ 263,679,600</u>	<u>\$ 248,263,176</u>	<u>\$ 242,470,577</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 5,483,791	\$ 4,865,538	\$ 4,450,276
Contributions - Employee	2,058,371	2,022,358	2,146,980
Net Investment Income ²	1,027,330	4,079,193	27,589,396
Benefit Payments, including Refunds of Employee Contributions	(11,156,289)	(10,197,516)	(9,289,664)
Plan to Plan Resource Movement	-	(50)	-
Administrative Expense	(112,689)	(208,581)	-
Net Change in Fiduciary Net Position	\$ (2,699,486)	\$ 560,942	\$ 24,896,988
Plan Fiduciary Net Positions - Beginning	184,904,081	184,343,139	159,446,151
Plan Fiduciary Net Positions - Ending (b)	<u>\$ 182,204,595</u>	<u>\$ 184,904,081</u>	<u>\$ 184,343,139</u>
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 81,475,005</u>	<u>\$ 63,359,095</u>	<u>\$ 58,127,438</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.10%	74.48%	76.03%
Covered-Employee Payroll	\$ 30,370,147	\$ 28,365,800	\$ 28,976,557
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	268.27%	223.36%	200.60%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

CITY OF SIMI VALLEY • REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017

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

*Miscellaneous Plan - Schedule of Plan Contributions*¹

Reporting Period	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution ²	\$ 6,228,044	\$ 5,483,791	\$ 4,865,538
Contributions in Relation to the Actuarially Determined Contribution ⁴	(6,228,044)	(5,483,791)	(4,865,538)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll ³	\$ 30,370,147	\$ 28,365,800	\$ 28,976,557
Contributions as a Percentage of Covered-Employee Payroll ³	20.51%	19.33%	16.79%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² 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.

³ Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details see June 30, 2013 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. Preretirement 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 three years are shown.

CITY OF SIMI VALLEY • REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017

**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	<u>2015-16¹</u>	<u>2014-15¹</u>	<u>2013-14</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 3,487,187	\$ 3,224,243	\$ 3,396,111
Interest	11,477,866	10,911,459	10,489,579
Changes of Assumptions	-	(2,691,829)	-
Difference Between Expected and Actual Experience	(19,908)	(1,874,182)	-
Benefit Payments, including Refunds of Employee Contributions	(7,069,897)	(6,616,558)	(6,306,201)
Net Change in Total Pension Liability	<u>7,875,248</u>	<u>2,953,133</u>	<u>7,579,489</u>
Total Pension Liability - Beginning	151,848,735	148,895,602	141,316,113
Total Pension Liability - Ending (a)	<u>\$ 159,723,983</u>	<u>\$ 151,848,735</u>	<u>\$ 148,895,602</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 4,377,786	\$ 3,953,058	\$ 3,604,044
Contributions - Employee	1,218,073	1,170,676	1,080,530
Net Investment Income ²	591,543	2,402,091	16,230,427
Benefit Payments, including Refunds of Employee Contributions	(7,069,897)	(6,616,558)	(6,306,201)
Administrative Expense	(66,489)	(122,781)	-
Net Change in Fiduciary Net Position	<u>(948,984)</u>	<u>786,486</u>	<u>14,608,800</u>
Plan Fiduciary Net Positions - Beginning	109,097,220	108,310,734	93,701,934
Plan Fiduciary Net Positions - Ending (b)	<u>\$ 108,148,236</u>	<u>\$ 109,097,220</u>	<u>\$ 108,310,734</u>
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 51,575,747</u>	<u>\$ 42,751,515</u>	<u>\$ 40,584,868</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.71%	71.85%	72.74%
Covered-Employee Payroll	\$ 13,396,286	\$ 12,340,656	\$ 12,471,030
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	385.00%	346.43%	325.43%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

CITY OF SIMI VALLEY • REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017

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

*Safety Plan - Schedule of Plan Contributions*¹

Reporting Period	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution ²	\$ 4,658,296	\$ 4,377,786	\$ 3,953,058
Contributions in Relation to the Actuarially Determined Contribution ⁴	(4,658,296)	(4,377,786)	(3,953,058)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll ³	\$ 13,396,286	\$ 12,340,656	\$ 12,471,030
Contributions as a Percentage of Covered-Employee Payroll ³	34.77%	35.47%	31.70%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² 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.

³ Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details see June 30, 2013 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. Preretirement 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 three years are shown.

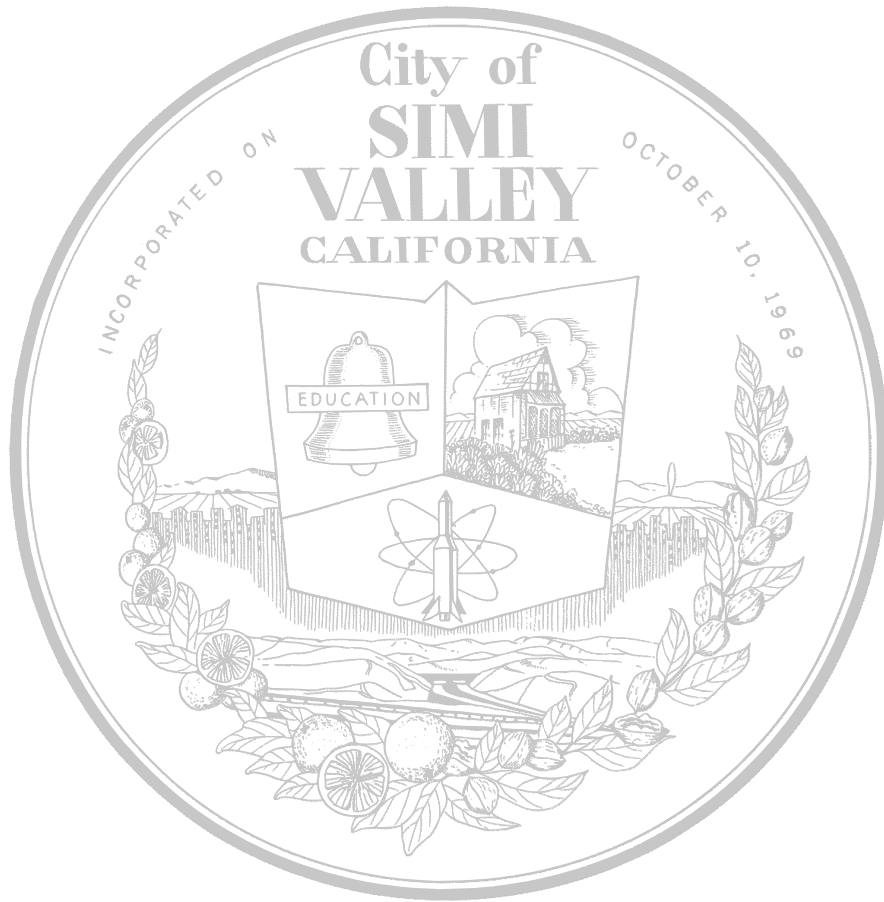
CITY OF SIMI VALLEY • REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017

**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.

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>06/30/2015</u>		<u>06/30/2015</u>				
01/01/2015	\$ 1,033,333 ¹	\$ 9,412,637	\$ 8,379,304	11.0%	\$ 14,961,345	56.0%
	204,531 ²	4,362,353	4,157,822	4.7%	1,651,780	251.7%
	853,800 ³	16,055,812	15,202,012	5.3%	9,668,897	157.2%
	889,531 ⁴	3,806,322	2,916,791	23.4%	11,221,340	26.0%
<u>06/30/2016</u>		<u>06/30/2016</u>				
01/01/2015	\$ 1,058,033 ¹	\$ 9,412,637	\$ 8,354,604	11.2%	\$ 15,063,811	55.5%
	207,675 ²	4,362,353	4,154,678	4.8%	1,765,541	235.3%
	875,701 ³	16,055,812	15,180,111	5.5%	9,802,289	154.9%
	903,786 ⁴	3,806,322	2,902,536	23.7%	10,740,077	27.0%
<u>06/30/2017</u>		<u>06/30/2017</u>				
01/01/2017	\$ 1,100,718 ¹	\$ 11,167,624	\$ 10,066,906	9.9%	\$ 15,178,951	66.3%
	214,912 ²	5,396,835	5,181,923	4.0%	1,677,616	308.9%
	913,226 ³	19,409,646	18,496,420	4.7%	10,456,929	176.9%
	935,576 ⁴	5,687,084	4,751,508	16.5%	10,444,241	45.5%

- ¹ Management (non-sworn)
- ² Sworn Management
- ³ Sworn
- ⁴ General Unit (defined contribution)



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.

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

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.

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.

Telephone System Capital Projects fund accounts for the replacement of the Citywide telephone system, installed in 1995 and exceeding its system support life.



**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue			
	CalHome Grant	HOME Grant	Public, Education & Government Fees	Gasoline Tax
<u>ASSETS</u>				
Cash and investments:				
Held by City	\$ -	\$ 1,499,136	\$ 1,559,194	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Taxes receivable	-	-	70,182	-
Grants receivable	-	-	-	-
Interest receivable	-	-	2,993	-
Due from other funds	-	6,311	-	-
Loans receivable (net of allowance for uncollectibles)	1,321,078	1,667,834	-	-
TOTAL ASSETS	\$ 1,321,078	\$ 3,173,281	\$ 1,632,369	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 9,111	\$ 97	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	180	12,620	-	-
TOTAL LIABILITIES	180	21,731	97	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-housing programs	1,321,078	1,667,834	-	-
Unavailable revenue-public safety	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,321,078	1,667,834	-	-
<u>FUND BALANCES</u>				
Restricted				
Housing programs	-	1,483,716	-	-
Streets and transportation	-	-	-	-
Landscape	-	-	-	-
Debt service	-	-	-	-
Special programs	-	-	1,632,272	-
Law enforcement	-	-	-	-
Committed				
Equipment	-	-	-	-
Unassigned	(180)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(180)	1,483,716	1,632,272	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,321,078	\$ 3,173,281	\$ 1,632,369	\$ -

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

Special Revenue

Transportation Funds	Library Services	Police Grants	Community Development Block Grant	
ASSETS				
Cash and investments:				
\$ 3,014,369	\$ 1,034,105	\$ 2,541,127	\$ -	- Held by City
-	549	40,179	-	- Accounts receivable (net of allowance for uncollectibles)
-	-	-	-	- Taxes receivable
-	-	140,070	267,074	Grants receivable
3,096	1,737	6,083	-	- Interest receivable
-	-	-	1	Due from other funds
-	-	-	446,804	Loans receivable (net of allowance for uncollectibles)
\$ 3,017,465	\$ 1,036,391	\$ 2,727,459	\$ 713,879	TOTAL ASSETS
LIABILITIES AND FUND BALANCES				
LIABILITIES				
\$ -	\$ 85,108	\$ 1,179	\$ 101,581	Accounts payable
-	-	-	-	- Salaries and benefits payable
-	-	80,448	165,185	Due to other funds
-	85,108	81,627	266,766	TOTAL LIABILITIES
DEFERRED INFLOWS OF RESOURCES				
-	-	-	446,804	Unavailable revenue-housing programs
-	-	25,236	-	- Unavailable revenue-public safety
-	-	25,236	446,804	TOTAL DEFERRED INFLOWS OF RESOURCES
FUND BALANCES				
Restricted				
-	-	-	-	- Housing programs
3,017,465	-	-	-	- Streets and transportation
-	-	-	-	- Landscape
-	-	-	-	- Debt service
-	951,283	-	309	Special programs
-	-	2,620,596	-	- Law enforcement
Committed				
-	-	-	-	- Equipment
-	-	-	-	- Unassigned
3,017,465	951,283	2,620,596	309	TOTAL FUND BALANCES (DEFICITS)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
\$ 3,017,465	\$ 1,036,391	\$ 2,727,459	\$ 713,879	

(continued)

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds	Debt Service 2014A Lease Revenue Refunding Bonds	Capital Projects Equipment Replacement
<u>ASSETS</u>				
Cash and investments:				
Held by City	\$ 1,276,259	\$ 10,924,190	\$ 1,468,125	\$ 2,224,291
Accounts receivable (net of allowance for uncollectibles)	-	40,728	-	-
Taxes receivable	-	70,182	-	-
Grants receivable	-	407,144	-	-
Interest receivable	3,245	17,154	-	1,018
Due from other funds	-	6,312	-	-
Loans receivable (net of allowance for uncollectibles)	-	3,435,716	-	-
TOTAL ASSETS	\$ 1,279,504	\$ 14,901,426	\$ 1,468,125	\$ 2,225,309
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ 175,307	\$ 372,383	-	\$ 117,946
Salaries and benefits payable	-	-	-	-
Due to other funds	-	258,433	-	-
TOTAL LIABILITIES	175,307	630,816	-	117,946
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-housing programs	-	3,435,716	-	-
Unavailable revenue-public safety	-	25,236	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	3,460,952	-	-
<u>FUND BALANCES</u>				
Restricted				
Housing programs	-	1,483,716	-	-
Streets and transportation	-	3,017,465	-	-
Landscape	1,104,197	1,104,197	-	-
Debt service	-	-	1,468,125	-
Special programs	-	2,583,864	-	-
Law enforcement	-	2,620,596	-	-
Committed				
Equipment	-	-	-	2,107,363
Unassigned	-	(180)	-	-
TOTAL FUND BALANCES (DEFICITS)	1,104,197	10,809,658	1,468,125	2,107,363
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,279,504	\$ 14,901,426	\$ 1,468,125	\$ 2,225,309

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

Capital Projects

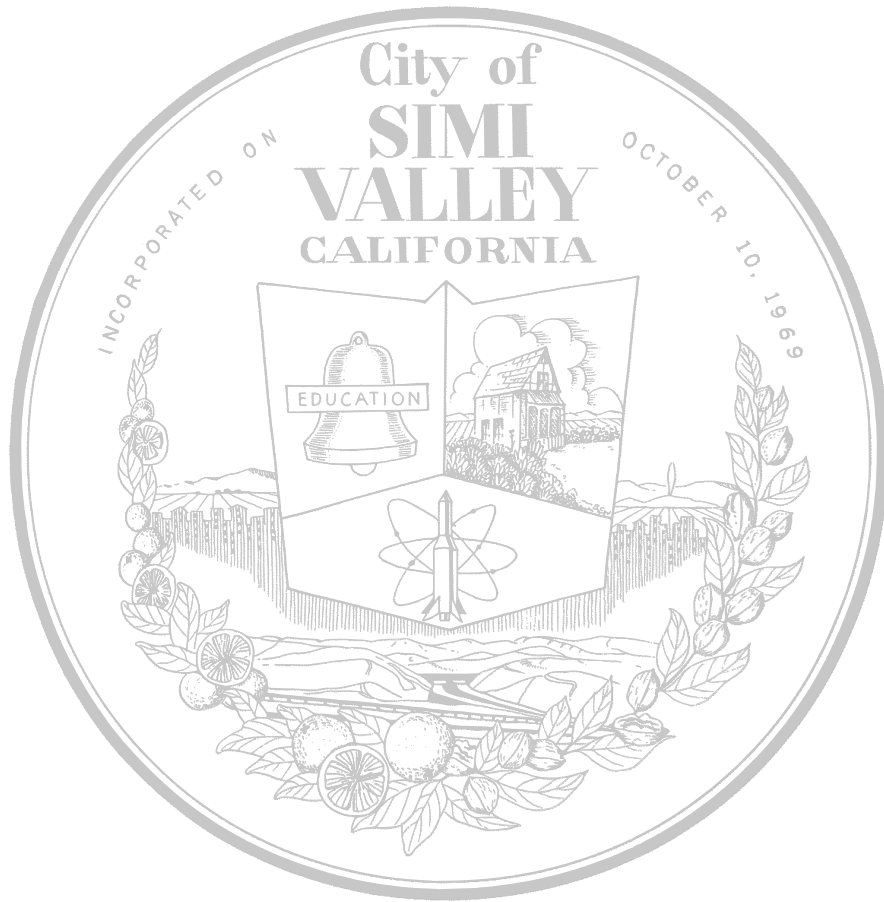
Geographic Information System (GIS)	Financial Information System (FIS)	Police Capital Projects	Telephone System	
<u>ASSETS</u>				
				Cash and investments:
\$ 405,213	\$ 2,735,451	\$ -	\$ -	- Held by City
-	-	12,500		- Accounts receivable (net of allowance for uncollectibles)
-	-	-		- Taxes receivable
-	-	-		- Grants receivable
1,777	4,173	-		- Interest receivable
-	-	-		- Due from other funds
-	-	-		- Loans receivable (net of allowance for uncollectibles)
\$ 406,990	\$ 2,739,624	\$ 12,500	\$ -	TOTAL ASSETS
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
\$ -	\$ 22,926	\$ 234,806	\$ 62,586	Accounts payable
-	661	-	-	Salaries and benefits payable
-	-	300,774	55,601	Due to other funds
-	23,587	535,580	118,187	TOTAL LIABILITIES
<u>DEFERRED INFLOWS OF RESOURCES</u>				
-	-	-	-	Unavailable revenue-housing programs
-	-	-	-	Unavailable revenue-public safety
-	-	-	-	TOTAL DEFERRED INFLOWS OF RESOURCES
<u>FUND BALANCES</u>				
Restricted				
-	-	-	-	Housing programs
-	-	-	-	Streets and transportation
-	-	-	-	Landscape
-	-	-	-	Debt service
-	-	-	-	Special programs
-	-	-	-	Law enforcement
Committed				
406,990	2,716,037	-	-	Equipment
-	-	(523,080)	(118,187)	Unassigned
406,990	2,716,037	(523,080)	(118,187)	TOTAL FUND BALANCES (DEFICITS)
\$ 406,990	\$ 2,739,624	\$ 12,500	\$ -	TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Total Nonmajor Capital Projects	Total Nonmajor Funds
<u>ASSETS</u>		
Cash and investments:		
Held by City	\$ 5,364,955	\$ 17,757,270
Accounts receivable (net of allowance for uncollectibles)	12,500	53,228
Taxes receivable	-	70,182
Grants receivable	-	407,144
Interest receivable	6,968	24,122
Due from other funds	-	6,312
Loans receivable (net of allowance for uncollectibles)	-	3,435,716
TOTAL ASSETS	\$ 5,384,423	\$ 21,753,974
 LIABILITIES AND FUND BALANCES		
<u>LIABILITIES</u>		
Accounts payable	\$ 438,264	\$ 810,647
Salaries and benefits payable	661	661
Due to other funds	356,375	614,808
TOTAL LIABILITIES	795,300	1,426,116
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue-housing programs	-	3,435,716
Unavailable revenue-public safety	-	25,236
TOTAL DEFERRED INFLOWS OF RESOURCES	-	3,460,952
 <u>FUND BALANCES</u>		
Restricted		
Housing programs	-	1,483,716
Streets and transportation	-	3,017,465
Landscape	-	1,104,197
Debt service	-	1,468,125
Special programs	-	2,583,864
Law enforcement	-	2,620,596
Committed	-	
Equipment	5,230,390	5,230,390
Unassigned	(641,267)	(641,447)
TOTAL FUND BALANCES (DEFICITS)	4,589,123	16,866,906
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 5,384,423	 \$ 21,753,974

(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, 2017**

	Special Revenue			
	CalHome Grant	HOME Grant	Public, Education & Government Fees	Gasoline Tax
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 291,186	\$ -
Use of money and property	12,024	25,357	11,946	-
From other governments	-	-	-	2,426,967
Grants	178,409	-	-	-
Service charges	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>190,433</u>	<u>25,357</u>	<u>303,132</u>	<u>2,426,967</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Community services (CS)	-	-	19,333	-
Planning (ES)	192,475	181,327	-	-
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	<u>192,475</u>	<u>181,327</u>	<u>19,333</u>	<u>-</u>
Capital outlay	-	-	-	-
Debt service:				
Interest	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>192,475</u>	<u>181,327</u>	<u>19,333</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,042)</u>	<u>(155,970)</u>	<u>283,799</u>	<u>2,426,967</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	(14,200)	(2,426,967)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,200)</u>	<u>(2,426,967)</u>
NET CHANGE IN FUND BALANCES	<u>(2,042)</u>	<u>(155,970)</u>	<u>269,599</u>	<u>-</u>
FUND BALANCES (DEFICITS) - BEGINNING	<u>1,862</u>	<u>1,639,686</u>	<u>1,362,673</u>	<u>-</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ (180)</u>	<u>\$ 1,483,716</u>	<u>\$ 1,632,272</u>	<u>\$ -</u>

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Special Revenue

Transportation Funds	Library Services	Police Grants	Community Development Block Grant	
REVENUES				
\$ -	\$ 2,286,500	\$ -	\$ -	Taxes
14,547	9,554	25,193	1	Use of money and property
4,373,519	-	-	-	From other governments
-	19,200	1,378,466	518,043	Grants
-	4,451	-	-	Service charges
-	67,445	-	-	Other revenues
<u>4,388,066</u>	<u>2,387,150</u>	<u>1,403,659</u>	<u>518,044</u>	Total revenues
EXPENDITURES				
Current:				
-	-	-	387,693	General government
-	2,272,035	-	-	Community services (CS)
-	-	-	130,320	Planning (ES)
24,150	-	-	-	Public ways and facilities (PW)
-	-	771,611	-	Public safety (PD)
<u>24,150</u>	<u>2,272,035</u>	<u>771,611</u>	<u>518,013</u>	Total current expenditures
-	-	-	-	Capital outlay
Debt service:				
-	-	-	-	Interest
-	-	-	-	Total debt service
<u>24,150</u>	<u>2,272,035</u>	<u>771,611</u>	<u>518,013</u>	Total expenditures
<u>4,363,916</u>	<u>115,115</u>	<u>632,048</u>	<u>31</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
OTHER FINANCING SOURCES (USES)				
-	-	-	-	Transfers in
(4,112,457)	-	(864,164)	-	Transfers out
<u>(4,112,457)</u>	<u>-</u>	<u>(864,164)</u>	<u>-</u>	Total other financing sources (uses)
<u>251,459</u>	<u>115,115</u>	<u>(232,116)</u>	<u>31</u>	NET CHANGE IN FUND BALANCES
<u>2,766,006</u>	<u>836,168</u>	<u>2,852,712</u>	<u>278</u>	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 3,017,465</u>	<u>\$ 951,283</u>	<u>\$ 2,620,596</u>	<u>\$ 309</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, 2017**

	Special Revenue		Debt Service		Capital Projects
	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds	2014A Lease Revenue Refunding Bonds	Total Nonmajor Debt Service	Equipment Replacement
<u>REVENUES</u>					
Taxes	\$ -	\$ 2,577,686	\$ -	\$ -	\$ -
Use of money and property	12,981	111,603	-	-	4,149
From other governments	-	6,800,486	-	-	-
Grants	-	2,094,118	-	-	-
Service charges	784,424	788,875	-	-	-
Other revenues	-	67,445	-	-	-
Total revenues	<u>797,405</u>	<u>12,440,213</u>	<u>-</u>	<u>-</u>	<u>4,149</u>
<u>EXPENDITURES</u>					
Current:					
General government	106,386	494,079	-	-	-
Community services (CS)	-	2,291,368	-	-	-
Planning (ES)	-	504,122	-	-	-
Public ways and facilities (PW)	1,741,175	1,765,325	-	-	-
Public safety (PD)	-	771,611	-	-	-
Total current expenditures	<u>1,847,561</u>	<u>5,826,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	-	1,001,620
Debt service:					
Interest	-	-	806,625	806,625	-
Total debt service	<u>-</u>	<u>-</u>	<u>806,625</u>	<u>806,625</u>	<u>-</u>
Total expenditures	<u>1,847,561</u>	<u>5,826,505</u>	<u>806,625</u>	<u>806,625</u>	<u>1,001,620</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,050,156)</u>	<u>6,613,708</u>	<u>(806,625)</u>	<u>(806,625)</u>	<u>(997,471)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	750,043	750,043	2,274,750	2,274,750	701,900
Transfers out	-	(7,417,788)	-	-	(100,000)
Total other financing sources (uses)	<u>750,043</u>	<u>(6,667,745)</u>	<u>2,274,750</u>	<u>2,274,750</u>	<u>601,900</u>
NET CHANGE IN FUND BALANCES	<u>(300,113)</u>	<u>(54,037)</u>	<u>1,468,125</u>	<u>1,468,125</u>	<u>(395,571)</u>
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,404,310</u>	<u>10,863,695</u>	<u>-</u>	<u>-</u>	<u>2,502,934</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,104,197</u>	<u>\$ 10,809,658</u>	<u>\$ 1,468,125</u>	<u>\$ 1,468,125</u>	<u>\$ 2,107,363</u>

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Capital Projects			
Geographic Information System (GIS)	Financial Information System (FIS)	Police Capital Projects	Telephone System
\$	-	\$	-
8,390	14,430	-	-
-	-	-	-
-	-	-	-
-	36,200	75,000	33,000
<u>8,390</u>	<u>50,630</u>	<u>75,000</u>	<u>33,000</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	664,095	1,809,184	518,187
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>664,095</u>	<u>1,809,184</u>	<u>518,187</u>
8,390	(613,465)	(1,734,184)	(485,187)
<u>8,390</u>	<u>(613,465)</u>	<u>(1,734,184)</u>	<u>(485,187)</u>
-	2,212,700	1,151,658	367,000
(1,288,100)	-	-	-
<u>(1,288,100)</u>	<u>2,212,700</u>	<u>1,151,658</u>	<u>367,000</u>
<u>(1,279,710)</u>	<u>1,599,235</u>	<u>(582,526)</u>	<u>(118,187)</u>
<u>1,686,700</u>	<u>1,116,802</u>	<u>59,446</u>	<u>-</u>
\$ 406,990	\$ 2,716,037	\$ (523,080)	\$ (118,187)

REVENUES

Taxes
 Use of money and property
 From other governments
 Grants
 Service charges
 Other revenues
 Total revenues

EXPENDITURES

Current:
 General government
 Community services (CS)
 Planning (ES)
 Public ways and facilities (PW)
 Public safety (PD)
 Total current expenditures

Capital outlay

Debt service:

Interest
 Total debt service

Total expenditures

EXCESS (DEFICIENCY) OF REVENUES
 OVER EXPENDITURES

OTHER FINANCING SOURCES (USES)

Transfers in
 Transfers out
 Total other financing sources (uses)

NET CHANGE IN FUND BALANCES

FUND BALANCES (DEFICITS) - BEGINNING

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, 2017**

	Total Nonmajor Capital Projects	Total Nonmajor Funds
<u>REVENUES</u>		
Taxes	\$ -	\$ 2,577,686
Use of money and property	26,969	138,572
From other governments	-	6,800,486
Grants	-	2,094,118
Service charges	-	788,875
Other revenues	144,200	211,645
Total revenues	171,169	12,611,382
<u>EXPENDITURES</u>		
Current:		
General government	-	494,079
Community services (CS)	-	2,291,368
Planning (ES)	-	504,122
Public ways and facilities (PW)	-	1,765,325
Public safety (PD)	-	771,611
Total current expenditures	-	5,826,505
Capital outlay	3,993,086	3,993,086
Debt service:		
Interest	-	806,625
Total debt service	-	806,625
Total expenditures	3,993,086	10,626,216
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,821,917)	1,985,166
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	4,433,258	7,458,051
Transfers out	(1,388,100)	(8,805,888)
Total other financing sources (uses)	3,045,158	(1,347,837)
NET CHANGE IN FUND BALANCES	(776,759)	637,329
FUND BALANCES (DEFICITS) - BEGINNING	5,365,882	16,229,577
FUND BALANCES (DEFICITS) - ENDING	\$ 4,589,123	\$ 16,866,906

(concluded)



SCHEDULES-BUDGET AND
ACTUAL-INDIVIDUAL

**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, 2017**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Grants	\$ 212,800	\$ 178,409	\$ (34,391)
Use of money and property	-	12,024	12,024
Total revenues	<u>212,800</u>	<u>190,433</u>	<u>(22,367)</u>
<u>EXPENDITURES</u>			
Current:			
Planning (ES):			
Housing programs	80,000	180,518	(100,518)
Reimbursed expenditures	-	11,957	(11,957)
Total expenditures	<u>80,000</u>	<u>192,475</u>	<u>(112,475)</u>
 NET CHANGE IN FUND BALANCES	 132,800	 (2,042)	 (134,842)
FUND BALANCES (DEFICITS) - BEGINNING	<u>1,862</u>	<u>1,862</u>	<u>-</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 134,662</u>	<u>\$ (180)</u>	<u>\$ (134,842)</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, 2017**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 2,400	\$ 25,357	\$ 22,957
<u>EXPENDITURES</u>			
Current:			
Planning:			
Materials, supplies, and services	250,000	179,422	70,578
Reimbursements to general fund	200	1,905	(1,705)
Total expenditures	250,200	181,327	68,873
 NET CHANGE IN FUND BALANCES	 (247,800)	 (155,970)	 91,830
FUND BALANCES (DEFICITS) - BEGINNING	1,639,686	1,639,686	-
FUND BALANCES (DEFICITS) - ENDING	\$ 1,391,886	\$ 1,483,716	\$ 91,830

**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, 2017**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Taxes	\$ 275,000	\$ 291,186	\$ 16,186
Use of money and property	1,600	11,946	10,346
Total revenues	276,600	303,132	26,532
<u>EXPENDITURES</u>			
Current:			
Community services:			
Materials, supplies and services	1,166,000	19,333	1,146,667
Total expenditures	1,166,000	19,333	1,146,667
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(889,400)	283,799	1,173,199
<u>OTHER FINANCING (USES)</u>			
Transfers out	(14,200)	(14,200)	-
NET CHANGE IN FUND BALANCES	(903,600)	269,599	1,173,199
FUND BALANCES (DEFICITS) - BEGINNING	1,362,673	1,362,673	-
FUND BALANCES (DEFICITS) - ENDING	\$ 459,073	\$ 1,632,272	\$ 1,173,199

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, 2017

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
From other governments	\$ 2,800,700	\$ 2,426,967	\$ (373,733)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(3,784,734)	(2,426,967)	1,357,767
NET CHANGE IN FUND BALANCES	(984,034)	-	984,034
FUND BALANCES (DEFICITS) - BEGINNING	-	-	-
FUND BALANCES (DEFICITS) - ENDING	\$ (984,034)	\$ -	\$ 984,034

**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, 2017**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 100	\$ 14,547	\$ 14,447
From other governments	4,389,369	4,373,519	(15,850)
Total revenues	4,389,469	4,388,066	(1,403)
<u>EXPENDITURES</u>			
Current:			
Public ways and facilities:			
Materials, supplies and services	15,000	24,150	(9,150)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,374,469	4,363,916	(10,553)
<u>OTHER FINANCING (USES)</u>			
Transfers out	(9,605,495)	(4,112,457)	5,493,038
NET CHANGE IN FUND BALANCES	(5,231,026)	251,459	5,482,485
FUND BALANCES (DEFICITS) - BEGINNING	2,766,006	2,766,006	-
FUND BALANCES (DEFICITS) - ENDING	\$ (2,465,020)	\$ 3,017,465	\$ 5,482,485

**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, 2017**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Taxes	\$ 2,286,500	\$ 2,286,500	\$ -
Fines and forfeitures	39,000	36,984	(2,016)
Use of money and property	4,000	9,554	5,554
Grants	25,410	19,200	(6,210)
Service charges	5,000	4,451	(549)
Other revenues	16,748	30,461	13,713
Total revenues	<u>2,376,658</u>	<u>2,387,150</u>	<u>10,492</u>
<u>EXPENDITURES</u>			
Current:			
Community services:			
Materials, supplies and services	<u>2,502,115</u>	<u>2,272,035</u>	<u>230,080</u>
NET CHANGE IN FUND BALANCES	(125,457)	115,115	240,572
FUND BALANCES (DEFICITS) - BEGINNING	<u>836,168</u>	<u>836,168</u>	<u>-</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 710,711</u>	<u>\$ 951,283</u>	<u>\$ 240,572</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, 2017**

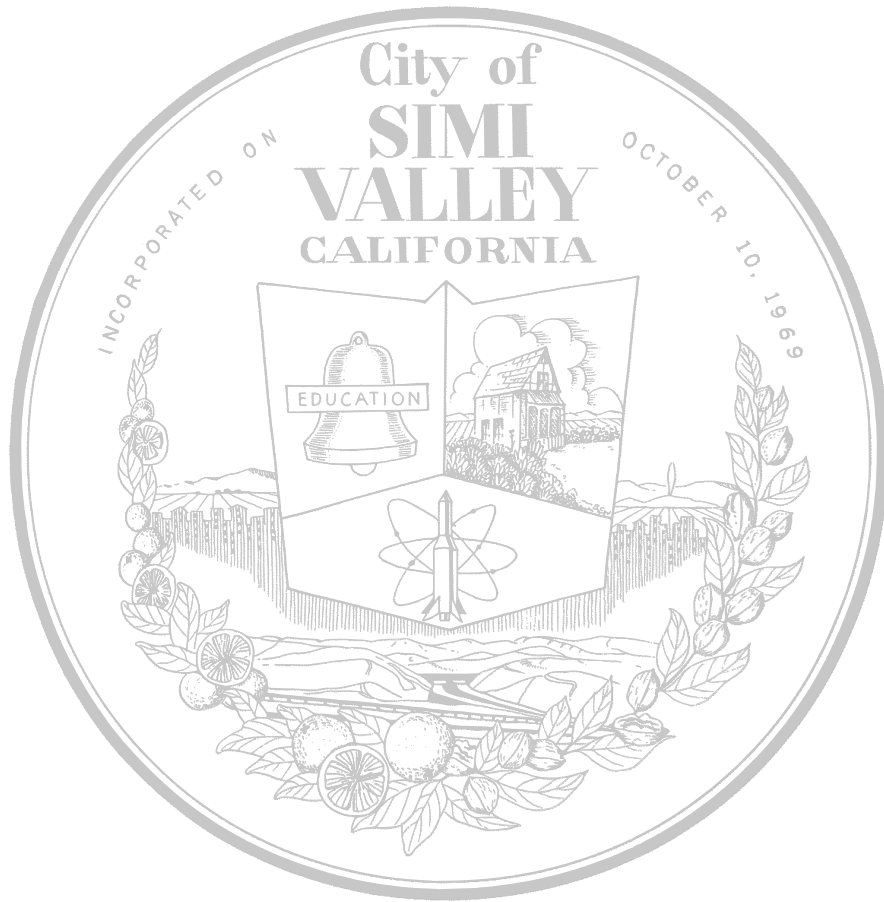
	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 1,000	\$ 25,193	\$ 24,193
Grants	947,077	1,378,466	431,389
Total revenues	<u>948,077</u>	<u>1,403,659</u>	<u>455,582</u>
<u>EXPENDITURES</u>			
Current:			
Public safety:			
Material, supplies and services	<u>689,369</u>	<u>771,611</u>	<u>(82,242)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>258,708</u>	<u>632,048</u>	<u>373,340</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	<u>(1,179,423)</u>	<u>(864,164)</u>	<u>315,259</u>
NET CHANGE IN FUND BALANCES	(920,715)	(232,116)	688,599
FUND BALANCES (DEFICITS) - BEGINNING	<u>2,852,712</u>	<u>2,852,712</u>	<u>-</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 1,931,997</u>	<u>\$ 2,620,596</u>	<u>\$ 688,599</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, 2017**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ -	\$ 1	\$ 1
Grants	563,809	518,043	(45,766)
Total revenues	<u>563,809</u>	<u>518,044</u>	<u>(45,765)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	99,744	99,744	-
Other programs	287,949	287,949	-
Total general government	<u>387,693</u>	<u>387,693</u>	-
Planning:			
Social programs	<u>277,729</u>	130,320	147,409
Total expenditures	<u>665,422</u>	<u>518,013</u>	<u>147,409</u>
NET CHANGE IN FUND BALANCES	(101,613)	31	101,644
FUND BALANCES (DEFICITS) - BEGINNING	<u>278</u>	<u>278</u>	-
FUND BALANCES (DEFICITS) - ENDING	<u>\$ (101,335)</u>	<u>\$ 309</u>	<u>\$ 101,644</u>

**CITY OF SIMI VALLEY
LANDSCAPE MAINTENANCE DISTRICT NO. 1
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 11,534	\$ 12,981	\$ 1,447
Service charges	787,849	784,424	(3,425)
Total revenues	<u>799,383</u>	<u>797,405</u>	<u>(1,978)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	<u>108,990</u>	<u>106,386</u>	<u>2,604</u>
Public ways and facilities:			
Landscape maintenance contract	1,366,000	1,286,094	79,906
Utilities	509,600	455,081	54,519
Total public ways and facilities	<u>1,875,600</u>	<u>1,741,175</u>	<u>134,425</u>
Total expenditures	<u>1,984,590</u>	<u>1,847,561</u>	<u>137,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,185,207)</u>	<u>(1,050,156)</u>	<u>135,051</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	<u>750,043</u>	<u>750,043</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(435,164)	(300,113)	135,051
FUND BALANCES (DEFICITS) - BEGINNING	<u>1,404,310</u>	<u>1,404,310</u>	<u>-</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 969,146</u>	<u>\$ 1,104,197</u>	<u>\$ 135,051</u>





INTERNAL SERVICE AND FIDUCIARY FUNDS

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017**

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
<u>ASSETS</u>					
Current assets:					
Cash and investments	\$ 5,430,272	\$ 11,913,037	\$ 82,638	\$ 230,082	\$ 17,656,029
Customer receivable	-	807	-	-	807
Interest receivable	10,104	22,907	176	707	33,894
TOTAL ASSETS	5,440,376	11,936,751	82,814	230,789	17,690,730
<u>DEFERRED OUTFLOW OF RESOURCES</u>					
Related to pensions	-	150,019	-	-	150,019
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	35,692	56,295	15,120	4,000	111,107
Salaries and benefits payable	-	3,075	-	-	3,075
Compensated absences	-	2,462	-	-	2,462
Claims and legal services payable	610,649	1,962,260	-	-	2,572,909
Total current liabilities	646,341	2,024,092	15,120	4,000	2,689,553
Noncurrent liabilities:					
Advances from other funds	2,344,000	2,344,000	-	-	4,688,000
Compensated absences	-	22,161	-	-	22,161
Claims and legal services payable	1,419,084	6,146,341	-	-	7,565,425
Net pension liability	-	510,834	-	-	510,834
Total noncurrent liabilities	3,763,084	9,023,336	-	-	12,786,420
TOTAL LIABILITIES	4,409,425	11,047,428	15,120	4,000	15,475,973
<u>DEFERRED INFLOW OF RESOURCES</u>					
Related to pensions	-	52,522	-	-	52,522
<u>NET POSITION</u>					
Unrestricted	1,030,951	986,820	67,694	226,789	2,312,254
TOTAL NET POSITION	\$ 1,030,951	\$ 986,820	\$ 67,694	\$ 226,789	\$ 2,312,254

CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
<u>OPERATING REVENUES</u>					
Total charges for sales and services	\$ 1,688,200	\$ 3,984,400	\$ 109,600	\$ 139,900	\$ 5,922,100
<u>OPERATING EXPENSES</u>					
Salaries and benefits	-	294,089	-	-	294,089
Excess insurance premiums	223,531	362,658	-	-	586,189
Claims and legal expenses	1,161,357	1,846,990	-	-	3,008,347
Reduction of reserves	(3,250,329)	(624,199)	-	-	(3,874,528)
General administration	168,700	494,700	-	-	663,400
Other	16,800	2,645	171,111	52,000	242,556
Total operating expenses	(1,679,941)	2,376,883	171,111	52,000	920,053
OPERATING INCOME (LOSS)	3,368,141	1,607,517	(61,511)	87,900	5,002,047
NONOPERATING REVENUES AND EXPENSES:					
Interest	17,030	34,595	840	3,281	55,746
INCOME (LOSS) BEFORE TRANSFERS	3,385,171	1,642,112	(60,671)	91,181	5,057,793
<u>TRANSFERS</u>					
Transfers out	(3,500)	(3,800)	-	(420,000)	(427,300)
CHANGE IN NET POSITION	3,381,671	1,638,312	(60,671)	(328,819)	4,630,493
NET POSITION-BEGINNING	(2,350,720)	(651,492)	128,365	555,608	(2,318,239)
NET POSITION-ENDING	\$ 1,030,951	\$ 986,820	\$ 67,694	\$ 226,789	\$ 2,312,254

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Liability Insurance	Workers' Compensation Insurance	GIS/Permits Operations	FIS Operations	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash received from service charges and other revenues (net of refunds)	\$ 1,688,200	\$ 3,984,400	\$ 109,600	\$ 139,900	\$ 5,922,100
Cash paid for salaries and benefits	-	(305,880)	-	-	(305,880)
Cash paid for general administration	(168,700)	(494,700)	-	-	(663,400)
Cash paid for services	(55,603)	(63,542)	(156,744)	(60,000)	(335,889)
Cash paid for insurance premiums and claims	(1,384,888)	(2,211,230)	-	-	(3,596,118)
Net cash provided (used) by operating activities	<u>79,009</u>	<u>909,048</u>	<u>(47,144)</u>	<u>79,900</u>	<u>1,020,813</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(3,500)	(3,800)	-	(420,000)	(427,300)
Net cash provided (used) by noncapital financing activities	<u>(3,500)</u>	<u>(3,800)</u>	<u>-</u>	<u>(420,000)</u>	<u>(427,300)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest on investments	13,093	23,539	771	3,298	40,701
Net cash provided (used) by investing activities	<u>13,093</u>	<u>23,539</u>	<u>771</u>	<u>3,298</u>	<u>40,701</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,602	928,787	(46,373)	(336,802)	634,214
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,341,670	10,984,250	129,011	566,884	17,021,815
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,430,272</u>	<u>\$ 11,913,037</u>	<u>\$ 82,638</u>	<u>\$ 230,082</u>	<u>\$ 17,656,029</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>					
Operating income (loss)	\$ 3,368,141	\$ 1,607,517	\$ (61,511)	\$ 87,900	\$ 5,002,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Increase (decrease) in accounts payable	(38,803)	(60,896)	14,367	(8,000)	(93,332)
Increase (decrease) in accrued payroll	-	(8,917)	-	-	(8,917)
Increase (decrease) in compensated absences	-	(15,581)	-	-	(15,581)
Increase (decrease) in claims and legal services payable	(3,250,329)	(625,781)	-	-	(3,876,110)
Increase (decrease) net pension liability	-	12,706	-	-	12,706
Total adjustments	<u>(3,289,132)</u>	<u>(698,469)</u>	<u>14,367</u>	<u>(8,000)</u>	<u>(3,981,234)</u>
Net cash provided (used) by operating activities	<u>\$ 79,009</u>	<u>\$ 909,048</u>	<u>\$ (47,144)</u>	<u>\$ 79,900</u>	<u>\$ 1,020,813</u>

**CITY OF SIMI VALLEY
COMBINING SCHEDULE OF NET POSITION
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2017**

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

	Community Development Agency Administration	Merged Tapo Canyon & West End Tax Increment	LMIH- Residual	Redevelopment Obligation Retirement
<u>ASSETS</u>				
Cash and investments:				
Held by City	\$ -	\$ (110,369)	\$ -	\$ 2,023
Held by bond trustee	-	-	-	-
Interest receivable	-	-	1	4
Capital assets not being depreciated	-	1,124,174	-	-
TOTAL ASSETS	-	1,013,805	1	2,027
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred loss on refunding	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
<u>LIABILITIES</u>				
Accrued interest payable	-	-	-	-
Loans payable - City	-	5,693,346	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
TOTAL LIABILITIES	-	5,693,346	-	-
<u>NET POSITION</u>				
Held in trust for other purposes	\$ -	\$ (4,679,541)	\$ 1	\$ 2,027

(continued)

**CITY OF SIMI VALLEY
COMBINING SCHEDULE OF NET POSITION
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2017**

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

2003 Tax Allocation Refunding Bonds	CDA Projects	Total Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund	
\$ 1,588,576	\$ 1,972,655	\$ 3,452,885	<u>ASSETS</u>
2,102,718	-	2,102,718	Cash and investments:
1,008	3,966	4,979	Held by City
-	-	1,124,174	Held by bond trustee
3,692,302	1,976,621	6,684,756	Interest receivable
			Capital assets not being depreciated
			TOTAL ASSETS
189,151	-	189,151	<u>DEFERRED OUTFLOWS OF RESOURCES</u>
189,151	-	189,151	Deferred loss on refunding
			TOTAL DEFERRED OUTFLOWS OF RESOURCES
346,587	-	346,587	<u>LIABILITIES</u>
-	-	5,693,346	Accrued interest payable
1,055,000	-	1,055,000	Loans payable - City
19,902,436	-	19,902,436	Long-term debt:
			Due within one year
			Due in more than one year
21,304,023	-	26,997,369	TOTAL LIABILITIES
\$ (17,422,570)	\$ 1,976,621	\$ (20,123,462)	<u>NET POSITION</u>
			Held in trust for other purposes

(concluded)

CITY OF SIMI VALLEY
 COMBINING SCHEDULE OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

	Community Development Agency Administration	Merged Tapo Canyon & West End Tax Increment	LMIH- Residual	Redevelopment Obligation Retirement
<u>ADDITIONS</u>				
Property taxes	\$ -	\$ -	-	\$ 4,080,355
Investment earnings	-	-	-	1,420
Transfers in	250,000	1,723,101	-	-
TOTAL ADDITIONS	250,000	1,723,101	-	4,081,775
<u>DEDUCTIONS</u>				
Administrative expenses	-	-	-	-
Interest and fiscal agency expenses of former Simi Valley Community Development Agency	-	-	-	-
Contributions to other governments	250,000	-	-	-
Transfers out	-	-	-	4,080,355
TOTAL DEDUCTIONS	250,000	-	-	4,080,355
CHANGE IN NET POSITION	-	1,723,101	-	1,420
NET POSITION - BEGINNING	-	(6,402,642)	1	607
NET POSITION - ENDING	\$ -	\$ (4,679,541)	\$ 1	\$ 2,027

(continued)

**CITY OF SIMI VALLEY
 COMBINING SCHEDULE OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund</u>				
2003 Tax Allocation Refunding Bonds	CDA Projects	Total Successor Agency to the Simi Valley CDA Private-Purpose Trust Fund		
\$	-	\$	-	\$
4,980	15,779	4,080,355		ADDITIONS
2,107,254	-	22,179		Property taxes
		4,080,355		Investment earnings
				Transfers in
2,112,234	15,779	8,182,889		TOTAL ADDITIONS
				DEDUCTIONS
6,810	-	6,810		Administrative expenses
1,064,851	-	1,064,851		Interest and fiscal agency expenses of former Simi Valley Community Development Agency
		250,000		Contributions to other governments
-	-	4,080,355		Transfers out
1,071,661	-	5,402,016		TOTAL DEDUCTIONS
1,040,573	15,779	2,780,873		CHANGE IN NET POSITION
(18,463,143)	1,960,842	(22,904,335)		NET POSITION - BEGINNING
\$ (17,422,570)	\$ 1,976,621	\$ (20,123,462)		NET POSITION - ENDING

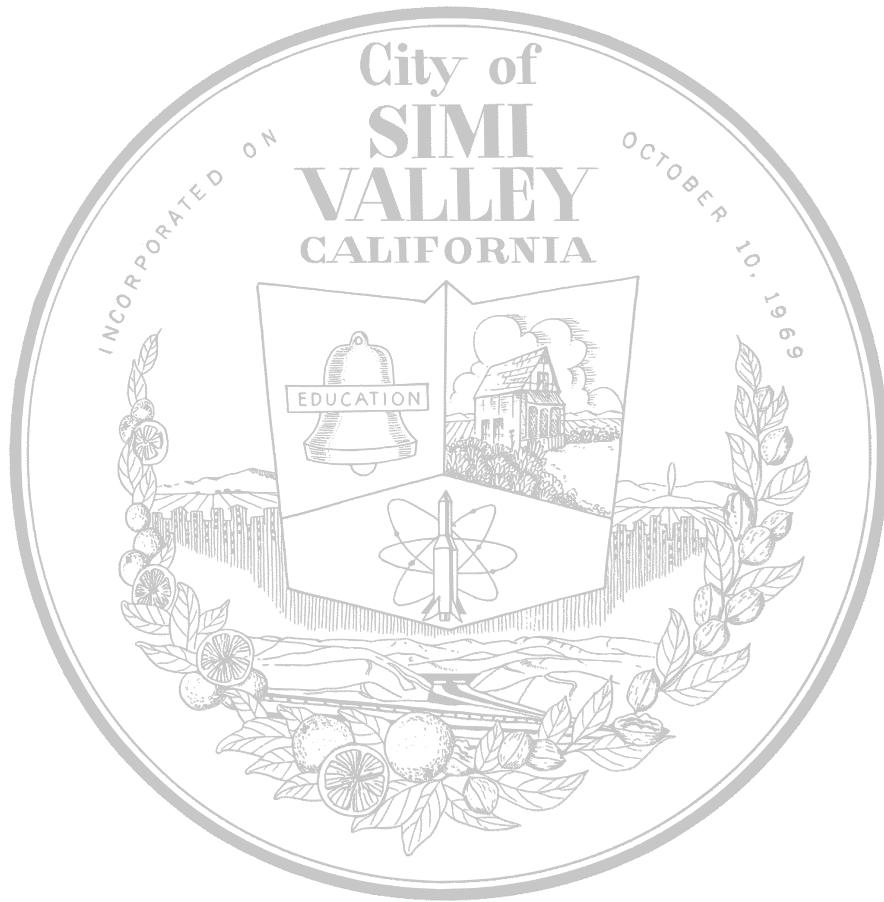
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**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 JUNE 30, 2017**

	City Agency Fund	Assessment Districts - City of Simi Valley	Total Agency Funds
<u>ASSETS</u>			
Current assets:			
Cash and investments:			
Held by City	\$ 5,015,277	\$ 1,103,732	\$ 6,119,009
Held by bond trustee	-	988,568	988,568
Accounts receivable	-	2,028	2,028
TOTAL ASSETS	\$ 5,015,277	\$ 2,094,328	\$ 7,109,605
<u>LIABILITIES</u>			
Accounts Payable	\$ 41,459	\$ 3,289	\$ 44,748
Deposits	4,973,818	-	4,973,818
Due to bondholders	-	2,091,039	2,091,039
TOTAL LIABILITIES	\$ 5,015,277	\$ 2,094,328	\$ 7,109,605

CITY OF SIMI VALLEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance at June 30, 2016	Additions	Deductions	Balance at June 30, 2017
AGENCY FUND - CITY OF SIMI VALLEY				
ASSETS:				
Cash and investments held by City	\$ 4,087,659	\$ 1,229,030	\$ 301,412	\$ 5,015,277
TOTAL ASSETS	\$ 4,087,659	\$ 1,229,030	\$ 301,412	\$ 5,015,277
LIABILITIES:				
Accounts payable	\$ 33,656	\$ 287,213	\$ 279,410	\$ 41,459
Deposits	4,054,003	1,241,628	321,813	4,973,818
TOTAL LIABILITIES	\$ 4,087,659	\$ 1,528,841	\$ 601,223	\$ 5,015,277
ASSESSMENT DISTRICTS - CITY OF SIMI VALLEY				
ASSETS:				
Cash and investments held by City	\$ 1,162,363	\$ 786,503	\$ 845,134	\$ 1,103,732
Cash and investments held by bond trustee	987,342	456,079	454,853	988,568
Accounts receivable	1,490	2,028	1,490	2,028
TOTAL ASSETS	\$ 2,151,195	\$ 1,244,610	\$ 1,301,477	\$ 2,094,328
LIABILITIES:				
Accounts payable	3,260	239,241	239,212	3,289
Due to bondholders	2,147,935	789,469	846,365	2,091,039
TOTAL LIABILITIES	\$ 2,151,195	\$ 1,028,710	\$ 1,085,577	\$ 2,094,328
TOTAL AGENCY FUNDS				
ASSETS:				
Cash and investments held by City	\$ 5,250,022	\$ 2,015,533	\$ 1,146,546	\$ 6,119,009
Cash and investments held by bond trustee	987,342	456,079	454,853	988,568
Accounts receivable	1,490	2,028	1,490	2,028
TOTAL ASSETS	\$ 6,238,854	\$ 2,473,640	\$ 1,602,889	\$ 7,109,605
LIABILITIES:				
Accounts payable	36,916	526,454	518,622	44,748
Deposits	4,054,003	1,241,628	321,813	4,973,818
Due to bondholders	2,147,935	789,469	846,365	2,091,039
TOTAL LIABILITIES	\$ 6,238,854	\$ 2,557,551	\$ 1,686,800	\$ 7,109,605



STATISTICAL SECTION

**STATISTICAL SECTION
(UNAUDITED)**

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

	PAGE
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	142
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	152
<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.	158
<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. ..	162
<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.	164

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				
	2007-08	2008-09	2009-10	2010-11	2011-12
Governmental activities					
Net investment in capital assets	\$ 157,564,195	\$ 180,128,561	\$ 192,161,001	\$ 193,042,793	\$ 185,373,875
Restricted	76,340,295	84,285,014	87,739,866	86,293,818	68,151,365
Unrestricted	39,459,540	8,499,742	257,677	2,314,831	37,498,659
Total governmental activities net position	<u>\$ 273,364,030</u>	<u>\$ 272,913,317</u>	<u>\$ 280,158,544</u>	<u>\$ 281,651,442</u>	<u>\$ 291,023,899</u>
Business-type activities					
Net investment in capital assets	\$ 112,913,342	\$ 121,094,906	\$ 126,957,605	\$ 130,816,874	\$ 131,301,986
Restricted	17,622,173	9,527,814	8,239,133	6,755,144	6,472,751
Unrestricted	31,027,488	35,330,465	39,436,550	42,011,607	43,346,788
Total business-type activities net position	<u>\$ 161,563,003</u>	<u>\$ 165,953,185</u>	<u>\$ 174,633,288</u>	<u>\$ 179,583,625</u>	<u>\$ 181,121,525</u>
Primary Government					
Net investment in capital assets	\$ 270,477,537	\$ 301,223,467	\$ 319,118,606	\$ 323,859,667	\$ 316,675,861
Restricted	93,962,468	93,812,828	95,978,999	93,048,962	74,624,116
Unrestricted	70,487,028	43,830,207	39,694,227	44,326,438	80,845,447
Total primary government net position	<u>\$ 434,927,033</u>	<u>\$ 438,866,502</u>	<u>\$ 454,791,832</u>	<u>\$ 461,235,067</u>	<u>\$ 472,145,424</u>

Continued

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

Fiscal Year				
2012-13	2013-14	2015-16	2016-17	
\$ 182,759,929	\$ 186,806,245	\$ 211,751,365	\$ 210,531,356	Governmental activities
61,520,939	58,246,665	57,552,738	64,139,878	Net investment in capital assets
34,169,932	37,002,698	(52,859,886)	(62,293,358)	Restricted
				Unrestricted
<u>\$ 278,450,800</u>	<u>\$ 282,055,608</u>	<u>\$ 216,444,217</u>	<u>\$ 212,377,875</u>	Total governmental activities net position
				Business-type activities
\$ 129,933,391	\$ 132,775,502	\$ 143,093,105	\$ 141,317,489	Net investment in capital assets
5,886,068	4,894,656	5,140,128	5,941,420	Restricted
42,641,507	38,232,485	17,627,461	19,496,282	Unrestricted
<u>\$ 178,460,966</u>	<u>\$ 175,902,643</u>	<u>\$ 165,860,694</u>	<u>\$ 166,755,191</u>	Total business-type activities net position
				Primary Government
\$ 312,693,320	\$ 319,581,747	\$ 354,844,470	\$ 351,848,845	Net investment in capital assets
67,407,007	63,141,321	62,692,866	70,081,298	Restricted
76,811,439	75,235,183	(35,232,425)	(42,797,076)	Unrestricted
<u>\$ 456,911,766</u>	<u>\$ 457,958,251</u>	<u>\$ 382,304,911</u>	<u>\$ 379,133,066</u>	Total primary government net position

Concluded

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

	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
Expenses					
Governmental activities:					
General government	\$ 21,311,700	\$ 21,908,817	\$ 27,176,047	\$ 23,126,537	\$ 15,257,184
Community services	4,076,877	3,952,073	4,124,494	3,925,587	4,385,668
Planning	11,839,627	9,621,707	9,188,637	8,970,708	7,606,116
Public ways and facilities	17,695,954	16,951,872	16,224,562	15,796,789	16,585,197
Public safety	30,600,433	29,911,781	31,040,123	30,259,418	33,242,551
Interest on long-term debt	3,123,397	3,256,626	3,040,452	2,976,163	2,044,426
Refunding bond issuance costs	-	-	-	-	-
Total governmental activities expenses	<u>88,647,988</u>	<u>85,602,876</u>	<u>90,794,315</u>	<u>85,055,202</u>	<u>79,121,142</u>
Business-type activities:					
Sanitation	14,391,154	14,329,152	14,165,394	14,617,402	14,286,220
Waterworks district no. 8	28,067,587	28,899,962	29,110,566	31,868,849	33,913,655
Transit	6,271,344	6,468,506	6,453,772	5,963,797	6,087,068
Total business-type activities expenses	<u>48,730,085</u>	<u>49,697,620</u>	<u>49,729,732</u>	<u>52,450,048</u>	<u>54,286,943</u>
Total primary government expenses	<u>\$ 137,378,073</u>	<u>\$ 135,300,496</u>	<u>\$ 140,524,047</u>	<u>\$ 137,505,250</u>	<u>\$ 133,408,085</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 304,549	\$ 438,812	\$ 395,880	\$ 324,088	\$ 298,136
Community services	200,067	150,084	214,853	199,441	686,018
Planning	3,168,280	1,885,710	1,506,323	3,668,347	1,893,951
Public ways and facilities	2,605,869	1,811,768	1,711,132	1,728,219	1,795,810
Public safety	950,923	914,693	766,149	770,606	844,549
Operating grants and contributions	11,082,867	8,532,799	7,436,473	6,903,665	9,208,075
Capital grants and contributions	1,623,965	5,077,276	21,281,299	8,467,152	1,799,184
Total governmental activities program revenues	<u>19,936,520</u>	<u>18,811,142</u>	<u>33,312,109</u>	<u>22,061,518</u>	<u>16,525,723</u>
Business-type activities:					
Charges for services:					
Sanitation	14,767,859	14,780,226	14,783,194	14,527,144	14,600,252
Waterworks district no. 8	28,247,611	30,138,375	30,010,924	31,426,920	33,332,611
Transit	524,771	542,194	517,745	465,502	467,415
Operating grants and contributions	2,285,871	2,606,392	2,352,998	2,179,217	2,656,313
Capital grants and contributions	312,537	1,969,465	7,118,535	4,991,973	1,832,677
Total business-type activities program revenues	<u>46,138,649</u>	<u>50,036,652</u>	<u>54,783,396</u>	<u>53,590,756</u>	<u>52,889,268</u>
Total primary governmental program revenues	<u>\$ 66,075,169</u>	<u>\$ 68,847,794</u>	<u>\$ 88,095,505</u>	<u>\$ 75,652,274</u>	<u>\$ 69,414,991</u>
Net (Expense)/Revenue					
Governmental activities	(68,711,468)	(66,791,734)	(57,482,206)	(62,993,684)	(62,595,419)
Business-type activities	(2,591,436)	339,032	5,053,664	1,140,708	(1,397,675)
Total primary government net expense	<u>\$ (71,302,904)</u>	<u>\$ (66,452,702)</u>	<u>\$ (52,428,542)</u>	<u>\$ (61,852,976)</u>	<u>\$ (63,993,094)</u>

Continued

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

		Fiscal Year					
	2012-13	2013-14	2014-15	2015-16	2016-17		
						Expenses	
						Governmental activities:	
\$	19,086,724	\$ 19,924,154	\$ 19,604,979	\$ 16,442,755	\$ 13,323,582	General government	
	4,441,851	6,042,418	6,264,358	6,397,826	7,068,775	Community services	
	5,852,282	5,665,265	5,699,916	6,308,221	6,001,235	Planning	
	16,902,636	17,004,864	16,822,400	16,641,718	18,569,074	Public ways and facilities	
	31,460,391	30,566,135	31,445,540	31,286,515	34,501,473	Public safety	
	1,206,096	1,059,055	265,922	720,840	937,079	Interest on long-term debt	
	-	-	194,069	-	-	Refunding bond issuance costs	
	<u>78,949,980</u>	<u>80,261,891</u>	<u>80,297,184</u>	<u>77,797,875</u>	<u>80,401,218</u>	Total governmental activities expenses	
						Business-type activities:	
	15,050,164	17,180,903	16,136,164	14,845,944	18,151,061	Sanitation	
	37,542,008	40,980,119	37,984,287	34,249,031	36,967,538	Waterworks district no. 8	
	6,369,369	6,207,520	6,722,692	7,117,042	7,369,511	Transit	
	<u>58,961,541</u>	<u>64,368,542</u>	<u>60,843,143</u>	<u>56,212,017</u>	<u>62,488,110</u>	Total business-type activities expenses	
	<u>\$ 137,911,521</u>	<u>\$ 144,630,433</u>	<u>\$ 141,140,327</u>	<u>\$ 134,009,892</u>	<u>\$ 142,889,328</u>	Total primary government expenses	
						Program Revenues	
						Governmental activities:	
						Charges for services:	
\$	281,940	\$ 380,835	\$ 531,683	\$ 1,606,097	\$ 800,874	General government	
	788,384	911,308	882,739	1,109,053	924,269	Community services	
	1,915,769	2,191,796	2,202,730	2,738,543	4,256,995	Planning	
	1,651,506	3,322,178	1,913,193	1,821,043	1,936,852	Public ways and facilities	
	837,559	854,386	866,031	771,002	626,340	Public safety	
	8,946,791	11,617,046	12,519,780	9,643,713	9,398,940	Operating grants and contributions	
	4,959,909	11,108,870	28,819,982	13,530,222	3,694,804	Capital grants and contributions	
	<u>19,381,858</u>	<u>30,386,419</u>	<u>47,736,138</u>	<u>31,219,673</u>	<u>21,639,074</u>	Total governmental activities program revenues	
						Business-type activities:	
	14,733,151	14,831,706	14,567,947	16,047,248	17,645,619	Charges for services:	
	35,285,062	37,042,247	33,215,428	30,877,802	36,529,274	Sanitation	
	427,115	415,476	401,369	430,804	426,246	Waterworks district no. 8	
	2,376,527	2,573,874	2,526,193	2,602,009	2,639,740	Transit	
	1,172,661	4,016,047	11,698,157	5,458,314	1,921,558	Operating grants and contributions	
	<u>53,994,516</u>	<u>58,879,350</u>	<u>62,409,094</u>	<u>55,416,177</u>	<u>59,162,437</u>	Capital grants and contributions	
	<u>\$ 73,376,374</u>	<u>\$ 89,265,769</u>	<u>\$ 110,145,232</u>	<u>\$ 86,635,850</u>	<u>\$ 80,801,511</u>	Total business-type activities program revenues	
						Total primary governmental program revenues	
						Net (Expense)/Revenue	
	(59,568,122)	(49,875,472)	(32,561,046)	(46,578,202)	(58,762,144)	Governmental activities	
	(4,967,025)	(5,489,192)	1,565,951	(795,840)	(3,325,673)	Business-type activities	
	<u>\$ (64,535,147)</u>	<u>\$ (55,364,664)</u>	<u>\$ (30,995,095)</u>	<u>\$ (47,374,042)</u>	<u>\$ (62,087,817)</u>	Total primary government net expense	

Continued

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

	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
General Revenues					
and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 24,296,361	\$ 24,367,498	\$ 24,022,375	\$ 22,864,848	\$ 23,461,856
Tax increment	20,185,134	21,359,827	21,138,010	19,170,235	9,262,457
Sales tax	16,894,319	13,955,998	12,969,115	14,632,972	15,018,520
Motor fuel tax	552,184	427,121	369,992	641,204	-
Franchise tax	3,708,972	4,756,938	4,304,353	4,719,987	4,789,947
Business tax	1,851,630	1,698,692	1,659,666	1,751,072	1,509,209
Other taxes	1,939,615	1,733,444	1,560,873	1,578,252	1,692,627
Contributions from other governments	-	-	-	-	1,280,200
Investment earnings	5,382,599	3,894,585	2,255,728	1,604,653	1,041,686
Gain (loss) on asset disposition	-	-	-	-	-
Capital contributions-unrestricted ¹	2,910,688	-	-	-	-
Extraordinary gain on dissolution of redevelopment agency	-	-	-	-	16,832,057
Transfers	(2,207,435)	(2,306,909)	(2,326,794)	(2,476,641)	(2,143,949)
Contributions to other governments	-	-	-	-	-
Total governmental activities	<u>75,514,067</u>	<u>69,887,194</u>	<u>65,953,318</u>	<u>64,486,582</u>	<u>72,744,610</u>
Business-type activities:					
Investment earnings	2,598,413	1,956,342	1,301,289	930,122	697,813
Miscellaneous	186,032	343,518	180,356	438,359	93,813
Capital contributions-unrestricted ¹	2,770,859	-	-	-	-
Transfers	2,207,435	2,306,909	2,326,794	2,476,641	2,143,949
Total business-type activities	<u>7,762,739</u>	<u>4,606,769</u>	<u>3,808,439</u>	<u>3,845,122</u>	<u>2,935,575</u>
Total primary government	<u>\$ 83,276,806</u>	<u>\$ 74,493,963</u>	<u>\$ 69,761,757</u>	<u>\$ 68,331,704</u>	<u>\$ 75,680,185</u>
Change in Net Position					
Governmental activities	\$ 6,802,599	\$ 3,095,460	\$ 8,471,112	\$ 1,492,898	\$ 10,149,191
Business-type activities	5,171,303	4,945,801	8,862,103	4,985,830	1,537,900
Total primary government	<u>\$ 11,973,902</u>	<u>\$ 8,041,261</u>	<u>\$ 17,333,215</u>	<u>\$ 6,478,728</u>	<u>\$ 11,687,091</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					
2012-13	2013-14	2014-15	2015-16	2016-17	
					General Revenues
					and Other Changes in Net Position
					Governmental activities:
					Taxes:
\$ 24,823,215	\$ 27,438,436	\$ 28,340,047	\$ 29,835,623	\$ 31,120,875	Property taxes
-	-	-	-	-	Tax increment
15,617,678	15,440,917	15,944,424	17,432,505	16,842,335	Sales tax
-	-	-	-	-	Motor fuel tax
4,809,762	4,849,204	4,757,607	5,025,802	4,740,682	Franchise tax
1,536,743	1,601,785	1,742,469	1,786,153	1,787,587	Business tax
1,857,033	1,975,930	2,128,115	2,587,113	2,561,922	Other taxes
457,220	3,074,897	373,512	-	-	Contributions from other governments
228,258	1,046,411	819,685	835,387	964,495	Investment earnings
-	-	-	-	-	Gain (loss) on asset disposition
-	-	-	-	-	Capital contributions-unrestricted ¹
-	-	-	-	-	Extraordinary gain on dissolution of redevelopment agency
(1,844,949)	(1,672,300)	(2,869,014)	(3,255,695)	(3,572,095)	Transfers
-	-	-	(63,992)	250,000	Contributions to other governments
<u>47,484,960</u>	<u>53,755,280</u>	<u>51,236,845</u>	<u>54,182,896</u>	<u>54,695,802</u>	Total governmental activities
					Business-type activities:
345,334	1,030,711	955,624	811,714	520,855	Investment earnings
116,183	227,858	105,367	261,087	127,220	Miscellaneous
-	-	-	-	-	Capital contributions-unrestricted ¹
1,844,949	1,672,300	2,869,014	3,255,695	3,572,095	Transfers
<u>2,306,466</u>	<u>2,930,869</u>	<u>3,930,005</u>	<u>4,328,496</u>	<u>4,220,170</u>	Total business-type activities
<u>\$ 49,791,426</u>	<u>\$ 56,686,149</u>	<u>\$ 55,166,850</u>	<u>\$ 58,511,392</u>	<u>\$ 58,915,972</u>	Total primary government
					Change in Net Position
\$ (12,083,162)	\$ 3,879,808	\$ 18,675,799	\$ 7,604,694	\$ (4,066,342)	Governmental activities
(2,660,559)	(2,558,323)	5,495,956	3,532,656	894,497	Business-type activities
<u>\$ (14,743,721)</u>	<u>\$ 1,321,485</u>	<u>\$ 24,171,755</u>	<u>\$ 11,137,350</u>	<u>\$ (3,171,845)</u>	Total primary government

Concluded

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

	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
General fund					
Reserved	\$ 17,270,243	\$ 16,947,665	\$ 19,550,414		
Unreserved	20,134,592	19,161,964	16,176,234		
Nonspendable, reported in:					
Long-term receivables				19,752,241	\$ 19,384,570
Committed, reported in:					
Retiree benefits				628,659	805,028
Special programs					229,687
Economic recovery					
Prudent reserve				-	-
Assigned, reported in:					
Capital				9,209,774	9,304,096
Unassigned				9,799,992	10,059,954
Total general fund	<u>\$ 37,404,835</u>	<u>\$ 36,109,629</u>	<u>\$ 35,726,648</u>	<u>\$ 39,390,666</u>	<u>\$ 39,783,335</u>
All other government funds					
Reserved	\$ 23,160,249	\$ 27,405,118	\$ 11,750,943		
Unreserved, reported in:					
Special revenue funds	33,772,808	35,983,148	30,816,901		
Debt service	-	-	-		
Capital projects funds	14,481,613	14,356,308	12,519,153		
Non-spendable, reported in:					
Long-term receivables				2,500,000	\$ 2,500,000
Restricted, reported in:					
Housing programs				17,176,503	5,432,733
Public improvements				21,277,646	19,029,472
Streets				849,804	889,134
Lighting				5,892,439	7,241,174
Landscape				1,373,263	929,495
Debt service				6,763,374	2,635,890
Special programs				638,599	493,194
Law enforcement				265,017	406,183
Committed, reported in:					
Streets				3,853,912	3,117,412
Equipment				3,284,875	3,525,143
Assigned, reported in:					
Capital				1,018,979	216,560
Unassigned				(13,848,190)	-
Total all other governmental funds	<u>\$ 71,414,670</u>	<u>\$ 77,744,574</u>	<u>\$ 55,086,997</u>	<u>\$ 51,046,221</u>	<u>\$ 46,416,390</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.

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

Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17	
					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
\$ 22,246,241	\$ 18,509,076	\$ 16,988,891	\$ 15,769,102	\$ 14,039,905	Total general fund
630,447	846,723	863,564	535,057	17,609	
185,195	272,722	283,828	319,322	333,021	
6,839,684	6,084,838	6,084,838	6,084,838	6,084,838	
-	11,881,778	11,682,715	11,665,494	11,737,044	
4,198,811	6,029,111	7,968,732	9,374,012	9,647,610	
11,406,896	-	-	-	-	
<u>\$ 45,507,274</u>	<u>\$ 43,624,248</u>	<u>\$ 43,872,568</u>	<u>\$ 43,747,825</u>	<u>\$ 41,860,027</u>	
					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
6,045,598	6,389,178	8,376,955	10,483,070	11,334,690	
16,794,452	15,748,357	12,760,231	11,949,371	10,966,923	
869,822	2,314,747	3,075,194	3,872,702	3,846,189	
-	-	-	-	-	
952,063	848,183	1,233,583	1,404,310	1,104,197	
2,637,044	1,656,157	7,963	-	6,424,000	
792,788	1,037,576	1,603,522	2,199,119	2,583,864	
892,103	774,724	2,090,806	2,852,712	2,620,596	
1,996,149	2,531,276	2,460,203	2,789,142	2,202,918	
3,858,038	4,421,827	5,409,661	5,306,436	5,230,390	
129,089	143,103	130,083	59,446	-	
(42,047)	(108,051)	(164,935)	(55,000)	(4,618,291)	
<u>\$ 34,925,099</u>	<u>\$ 35,757,077</u>	<u>\$ 36,983,266</u>	<u>\$ 40,861,308</u>	<u>\$ 41,695,476</u>	

Concluded

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

	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues					
Taxes	\$ 48,690,897	\$ 46,635,899	\$ 44,026,482	\$ 45,736,089	\$ 46,313,876
Tax increment	20,185,134	21,359,827	21,138,010	19,170,235	9,262,457
Licenses and permits	1,863,206	1,229,773	1,150,132	1,200,244	1,549,642
Fines and forfeitures	639,866	644,896	489,711	566,057	590,625
Use of money and property	5,875,792	4,293,281	2,715,919	2,437,963	1,401,486
From other governments	7,562,068	8,914,197	9,287,441	7,412,657	7,885,687
Grants	2,824,043	2,852,825	4,917,901	3,502,622	2,089,328
Service charges	2,743,227	2,311,017	2,197,536	1,990,630	1,992,262
Other revenues	4,705,669	1,015,381	825,701	3,092,920	1,438,435
Contributions from other governments	-	-	-	-	1,280,200
Total revenues	95,089,902	89,257,096	86,748,833	85,109,417	73,803,998
Expenditures					
Current:					
General government	5,478,843	5,113,701	4,605,291	5,865,259	5,024,456
Community services	4,062,966	3,986,859	3,992,786	3,957,419	4,274,451
Planning	9,728,843	9,737,257	12,369,305	11,524,418	7,961,160
Public ways and facilities	17,794,518	16,488,718	15,462,223	14,871,235	14,710,961
Public safety	30,020,374	30,202,106	28,094,953	28,081,837	28,845,564
Capital outlay	9,542,356	8,345,726	8,687,535	6,029,063	3,544,377
Debt service:					
Principal	1,805,000	1,870,000	1,955,000	2,045,000	2,130,000
Interest	3,410,710	3,316,982	3,038,631	2,962,880	1,940,460
Refunding escrow	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Other	31,863	14,569	12,838	16,441	13,032
Intergovernmental	6,455,707	7,198,990	13,109,707	7,423,382	39,517
Total expenditures	88,331,180	86,274,908	91,328,269	82,776,934	68,483,978
Excess (deficiency) of revenues over expenditures	<u>6,758,722</u>	<u>2,982,188</u>	<u>(4,579,436)</u>	<u>2,332,483</u>	<u>5,320,020</u>
Other Financing Sources (Uses)					
Transfers in	26,256,128	30,315,435	25,099,047	26,735,331	16,499,059
Transfers out	(28,459,763)	(32,616,244)	(27,418,641)	(29,444,572)	(18,635,008)
Bonds issued	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Gain on property held for sale	-	-	-	-	-
Contributions from other governments	-	-	-	-	-
Contributions to other governments	-	-	-	-	-
Total other financing sources (uses)	(2,203,635)	(2,300,809)	(2,319,594)	(2,709,241)	(2,135,949)
Extraordinary gain	-	-	-	-	(7,622,494)
Net change in fund balances	\$ 4,555,087	\$ 681,379	\$ (6,899,030)	\$ (376,758)	\$ (4,438,423)
Debt service as a percentage of noncapital expenditures	6.66%	6.59%	6.08%	6.50%	6.24%

Continued

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

		Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17			
\$ 48,405,537	\$ 51,630,610	\$ 54,024,712	\$ 56,667,196	\$ 57,053,401		Revenues	
-	-	-	-	-		Taxes	
1,526,942	1,641,301	1,965,120	2,561,293	2,158,210		Tax increment	
562,301	567,379	613,301	597,889	403,841		Licenses and permits	
1,308,808	1,371,779	2,901,802	2,901,207	1,276,619		Fines and forfeitures	
7,485,213	9,875,682	9,489,007	7,715,746	7,094,051		Use of money and property	
6,209,316	3,795,247	4,650,237	3,858,045	4,417,808		From other governments	
1,861,540	3,247,246	2,111,740	3,300,023	3,304,023		Grants	
2,320,567	2,411,592	1,865,966	1,732,533	2,783,106		Service charges	
464,854	3,073,464	376,588	-	-		Other revenues	
<u>70,145,078</u>	<u>77,614,300</u>	<u>77,998,473</u>	<u>79,333,932</u>	<u>78,491,059</u>		Contributions from other governments	
						Total revenues	
						Expenditures	
						Current:	
6,760,196	8,977,728	6,764,233	5,784,087	6,457,231		General government	
4,366,229	5,759,582	6,245,135	6,581,050	6,763,706		Community services	
7,395,246	8,954,977	6,440,023	6,246,916	6,387,901		Planning	
14,558,261	14,683,649	14,791,346	15,988,868	16,076,033		Public ways and facilities	
28,918,401	29,922,421	31,605,027	32,811,987	33,107,205		Public safety	
9,466,790	4,346,397	4,987,471	3,362,875	16,914,455		Capital outlay	
						Debt service:	
1,360,000	3,220,000	270,000	-	-		Principal	
1,242,425	1,129,784	742,212	806,625	806,625		Interest	
-	-	1,396,316	-	-		Refunding escrow	
-	-	194,069	-	-		Bond issuance costs	
7,933	6,710	1,150	1,150	103,816		Other	
-	-	-	-	-		Intergovernmental	
<u>74,075,481</u>	<u>77,001,248</u>	<u>73,436,982</u>	<u>71,583,558</u>	<u>86,616,972</u>		Total expenditures	
						Excess (deficiency) of revenues over expenditures	
<u>(3,930,403)</u>	<u>613,052</u>	<u>4,561,491</u>	<u>7,750,374</u>	<u>(8,125,913)</u>			
						Other Financing Sources (Uses)	
27,577,674	16,997,812	12,214,657	8,301,888	18,175,804		Transfers in	
(29,414,623)	(18,661,912)	(15,503,671)	(11,604,733)	(21,320,599)		Transfers out	
-	-	20,767,747	-	9,967,078		Bonds issued	
-	-	(20,565,715)	-	-		Payment to escrow agent	
-	-	-	-	-		Gain on property held for sale	
-	-	-	250,000	250,000		Contributions from other governments	
-	-	-	(313,992)	-		Contributions to other governments	
<u>(1,836,949)</u>	<u>(1,664,100)</u>	<u>(3,086,982)</u>	<u>(3,366,837)</u>	<u>7,072,283</u>		Total other financing sources (uses)	
						Extraordinary gain	
<u>\$ (5,767,352)</u>	<u>\$ (1,051,048)</u>	<u>\$ 1,474,509</u>	<u>\$ 4,383,537</u>	<u>\$ (1,053,630)</u>		Net change in fund balances	
3.86%	6.24%	1.46%	1.20%	1.16%		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)**

Gross Assessed Valuation ¹					
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Total Secured Property ²
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
2015-16	13,911,611,419	1,363,302,305	726,776,926	253,789,491	16,255,480,141
2016-17	14,491,714,823	1,453,070,630	747,791,168	281,441,169	16,974,017,790

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)**

Gross Assessed Valuation ¹					
Utility ³	Unsecured	Total	Percent Change	Total Direct Tax Rate	Fiscal Year
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
144,746	340,321,787	16,595,946,674	4.3%	1.00%	2015-16
144,746	348,808,162	17,322,970,698	4.4%	1.00%	2016-17

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>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</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	0.048300	0.048400	0.051900	0.054400	0.057800
Metropolitan Water District	0.004500	0.004300	0.004300	0.003700	0.003700
Ventura Community College District	0.005000	0.015200	0.013900	0.015100	0.014000
Total direct and overlapping	<u><u>1.057800</u></u>	<u><u>1.067900</u></u>	<u><u>1.070100</u></u>	<u><u>1.073200</u></u>	<u><u>1.075500</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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</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
0.061500	0.059800	0.061800	0.054100	0.052800	Simi Valley Unified School District
0.003500	0.003500	0.003500	0.003500	0.003500	Metropolitan Water District
0.019100	0.016700	0.017600	0.013000	0.015500	Ventura Community College District
<u>1.084100</u>	<u>1.080000</u>	<u>1.082900</u>	<u>1.070600</u>	<u>1.071800</u>	Total direct and overlapping

Concluded

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

Taxpayer	2017			2008		
	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	\$ 119,620,839	1	0.70%	122,200,000	2	0.76%
Fountains Apartments Ltd	82,513,387	2	0.49%	\$ 73,785,073	4	0.46%
Runkle Canyon LLC	81,061,464	3	0.48%	64,508,304	5	0.40%
NF Creekside Apartments LLC	72,781,267	4	0.43%			
SRGMF II Country Club Simi	60,599,400	5	0.36%	-		
Griffin Ess Asset REIT II	56,975,000	6	0.34%	-		
Target Corporation	45,132,055	7	0.27%			
Walton Simi Investors VI LLC	46,434,247	8	0.27%			
Mountain Gate Associates LLC	46,186,273	9	0.27%	40,274,091	10	0.25%
South Street Center LLC	45,969,831	10	0.27%	49,920,800	7	0.31%
Simi Valley Mall LLC	-			147,982,729	1	0.92%
Countrywide Funding Corporation	-			96,940,876	3	0.60%
CLF Simi Valley business TR/ CLF Galena SV Business TR				57,936,000	6	0.36%
Fairfield Rancho Corrales	-			49,511,019	8	0.31%
Macys California Inc/Macys West Inc	-			49,408,881	9	0.31%
Tapo Canyon Warehouse Inc	-					0.00%
Stone Creek Investors	-					0.00%
Total Taxable Assessed Value Ten Largest Taxpayers	<u>\$ 657,273,763</u>		<u>3.87%</u>	<u>\$ 752,467,773</u>		<u>4.69%</u>

SOURCE:
HdL Coren Cone

**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
2007-08	32,687,821	29,366,179	89.84%	411,715	29,777,893	91.10%
2008-09	34,099,599	30,065,640	88.17%	169,770	30,235,411	88.67%
2009-10	33,690,500	27,706,277	82.24%	84,132	27,790,409	82.48%
2010-11	32,672,899	28,924,095	88.53%	90,471	29,014,566	88.80%
2011-12	31,380,139	27,921,798	88.98%	85,797	28,007,595	89.25%
2012-13	31,451,572	28,397,076	90.29%	104,507	28,501,583	90.62%
2013-14	32,257,545	29,392,698	91.12%	168,970	29,561,668	91.63%
2014-15	34,131,863	33,369,651	97.77%	165,950	33,535,601	98.19%
2015-16	37,179,612	34,029,242	91.53%	185,514	34,214,755	91.53%
2016-17	39,105,618	35,443,930	90.64%		35,443,930	90.64%

1. Only the secured property tax data for the City of Simi Valley and its Redevelopment Agency is presented in this table.

NOTES:

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.

**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 ⁵	Debt Per Capita ⁵
	Tax Allocation Bonds ^{1,2}	Lease Revenue Bonds	Certificates of Participation ²			
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 ³	22,587,840	25,197,843	0.55%	198.68
2014	-	-	21,964,953 ⁴	21,964,957	0.45%	173.24
2015	-	20,414,513 ^{2,4}	-	20,414,513	0.45%	160.96
2016	-	20,315,876 ^{2,4}	-	20,315,876	0.43%	159.88
2017	-	30,184,317 ^{2,4}	-	30,184,317	0.59%	236.93

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. In September 2016, the City was issued Lease Revenue Bonds, Series 2016 NCREBs, for \$9,226,619, and a Tax-Exempt Lease, Series 2016, for \$740,459, both maturing on September 1, 2036.

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, 2017 (See Notes)**

	Outstanding Debt 6/30/17	Percentage Applicable ¹	Estimated Share of Overlapping Debt 6/30/17
<u>Overlapping and Assessment Debt Repaid with Property Taxes</u>			
Metropolitan Water District	\$ 74,905,000	0.670 %	\$ 501,864
Ventura County Community College District	290,844,117	14.070	40,921,767
Simi Valley Unified School District	189,901,446	96.990	184,185,412
City of Simi Valley Community Facilities Dist No.2004-1	6,400,000	100.000	6,400,000
City of Simi Valley 1915 Act Bonds	1,530,000	100.000	1,530,000
<u>Overlapping Other Debt</u>			
Ventura County General Fund Obligations	346,795,000	14.066	48,780,185
Ventura County Superintendent of Schools Certificates	10,040,000	14.066	1,412,226
Simi Valley Unified School District Certificates	7,445,000	96.900	7,214,205
Total overlapping and assessment debt			290,945,659
<u>City Direct Debt</u>			
City of Simi Valley 2014A Lease Revenue Refunding Bond	20,217,239	100.000	20,217,239
City of Simi Valley 2016 New Clean Renewable Energy Bond	9,226,619	100.000	9,226,619
City of Simi Valley 2016 Tax Exempt Energy Bond	740,459	100.000	740,459
Total direct debt			30,184,317
Total direct and overlapping debt			<u>\$ 321,129,976</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				
	2008	2009	2010	2011	2012
Debt limit	\$ 574,605,416	\$ 581,664,189	\$ 557,545,466	\$ 554,782,685	\$ 550,211,813
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 574,605,416</u>	<u>\$ 581,664,189</u>	<u>\$ 557,545,466</u>	<u>\$ 554,782,685</u>	<u>\$ 550,211,813</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					
2013	2014	2015	2016	2017	
\$ 545,958,007	\$ 564,595,406	\$ 596,574,778	\$ 622,348,000	\$ 649,611,401	Debt limit
-	-	-	-	-	Total net debt applicable to limit
<u>\$ 545,958,007</u>	<u>\$ 564,595,406</u>	<u>\$ 596,574,778</u>	<u>\$ 622,348,000</u>	<u>\$ 649,611,401</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 2017

Assessed value	\$ 17,322,970,698
Debt limit (3.75% of assessed value) ¹	\$ 649,611,401
General obligation bonds	-
Legal debt margin	\$ 649,611,401

SOURCE:
California Municipal Statistics, Inc.

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income¹	Median Age	Public School Enrollment	Unemployment Rate
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%
2016	127,070	4,763,346	37,486	39.0	17,015	4.8%
2017	127,400	5,100,332	40,034	40.1	16,905	3.9%

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
Simi Valley Unified School District
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**

Employer	2017			2008		
	Employees	Rank	Percentage of Employed Labor Force	Employees	Rank	Percentage of Employed Labor Force
Simi Valley Unified School District	2,453	1	3.56%	2,591	2	3.70%
Simi Valley Hospital - Adventist Health	766	2	1.11%	811	4	1.16%
Rancho Simi Parks & Recreation District	699	3	1.01%	600	6	0.86%
Meggitt Safety Systems, Inc	531	4	0.77%	360	10	0.51%
Aerovironment, Inc.	520	5	0.75%	485	8	0.69%
City of Simi Valley	513	6	0.74%	599	7	0.85%
Milgard Windows & Doors	430	7	0.62%			
Wal-Mart, Inc.	296	8	0.43%	670	5	0.96%
Target	266	9	0.39%			
Costco	256	10	0.37%			
Countrywide Home Loans ¹	-			3,659	1	5.22%
Farmers Insurance Group	-			1,180	3	1.68%
Vons Grocery Stores*	-			384	9	0.55%
Total	<u>6,730</u>		<u>9.76%</u>	<u>11,339</u>		<u>16.18%</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 ninety-six employers surveyed by the City of Simi Valley, sixty-seven employers responded (69%).

SOURCES:

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

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

Function	Full & Part Time Employees as of June 30 ¹									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	68	62	55	57	55	57	57	61	53	58
Community services	35	34	34	32	29	28	29	31	27	24
Planning	60	56	54	51	49	42	40	39	36	36
Public ways and facilities	102	102	97	92	92	89	88	90	87	87
Public safety										
Sworn police personnel	127	122	118	119	123	120	119	123	121	121
Civilians	64	58	57	55	52	52	52	52	49	50
Sanitation	60	54	54	54	53	56	51	54	47	54
Waterworks district no. 8	37	41	43	43	43	44	45	43	45	41
Transit	<u>46</u>	<u>47</u>	<u>46</u>	<u>42</u>	<u>40</u>	<u>41</u>	<u>38</u>	<u>39</u>	<u>38</u>	<u>42</u>
Total	<u>599</u>	<u>576</u>	<u>558</u>	<u>545</u>	<u>536</u>	<u>529</u>	<u>519</u>	<u>532</u>	<u>503</u>	<u>513</u>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Business tax applications and renewals	8,735	9,253	10,310	10,177	10,257	9,764	9,709	9,643	9,709	9,437
Business tax receipts issued	8,211	8,312	8,352	9,463	9,196	9,060	8,936	8,563	9,480	8,366
Business tax revenues (\$)	1,851,630	1,698,692	1,662,604	1,751,072	1,509,209	1,536,702	1,601,875	1,742,469	1,786,153	1,787,587
Community services										
Cultural arts center events	211	380	372	349	334	344	362	354	378	392
Cultural arts center attendance	31,070	40,475	40,682	40,994	35,418	39,388	38,643	36,403	39,473	36,248
Senior center attendance ¹	141,528	162,961	184,511	187,968	189,302	192,107	182,368	172,233	160,805	153,803
Library card holders ²	-	-	-	-	-	-	20,498	28,298	33,830	39,135
Library total collection ³	-	-	-	-	-	-	139,104	146,623	158,596	170,848
Library total circulation ³	-	-	-	-	-	-	344,358	330,838	333,068	285,089
Planning										
Building permits	1,700	1,232	1,196	1,362	1,623	1,590	2,382	2,054	2,200	2,500
Plumbing, mechanical, and electrical permits	2,691	2,366	1,899	2,284	2,590	2,592	3,473	3,213	2,950	3,400
Permit valuation (thousands \$)	74,530	38,025	34,197	37,685	49,992	47,316	55,300	41,766	66,800	76,800
Public Safety										
Arrests	4,170	4,051	3,310	3,507	3,857	3,472	2,961	3,459	3,377	2,939
Enforcement citations	10,280	10,941	6,350	7,301	6,827	7,688	8,518	8,308	8,300	6,936
Public ways and facilities										
Street resurfacing (miles)	0.46	13.57	16.57	9.66	2.23	6.66	5.67	3.93	3.73	6.38
Sanitation										
Wastewater customers	35,451	36,483	36,428	36,250	36,604	36,704	36,796	36,761	36,769	37,079
Average dry weather flow (MGD)	10.00	9.50	9.30	9.20	8.80	8.60	8.50	8.10	7.80	7.70
Waterworks district no. 8										
Customers	25,452	25,642	24,920	24,942	25,059	25,156	25,093	25,585	25,664	25,558 ⁴
Water delivered (million gallons)	8,679.0	7,981.4	7,192.0	6,502.0	6,305.1	7,352.8	8,083.5	6,517.0	5,176.0	5,486.0
Transit										
Fixed-route revenue miles	477,005	464,784	471,267	415,973	420,295	400,425	426,057	426,057	404,857	380,354
Fixed-route passengers	454,440	477,032	479,456	435,416	417,156	434,512	347,929	378,452	333,619	364,810
Fixed-route revenue hours	30,768	31,189	31,223	26,177	25,776	24,882	25,551	25,551	25,346	26,904
Paratransit revenue miles	199,570	189,810	189,264	179,944	180,763	184,074	183,407	172,444	158,604	160,043
Paratransit passengers	43,457	48,123	51,204	47,054	45,756	46,290	50,308	45,364	43,485	45,009
Paratransit revenue hours	17,976	17,663	17,571	17,604	17,486	18,966	17,984	17,009	17,356	17,832

NOTE:

1. Due to State Budget cuts effective 2014, Senior programs were reduced, resulting in lower attendance.
2. Effective 7/01/13, the City assumed responsibility for library operations from the County.
3. Includes Print, Audio, Video and Ebooks. 2015 totals have been restated.
4. Balance of community, approximately 13,517 customers, serviced by Golden State Water Co. during fiscal year 2017.

SOURCE:
City of Simi Valley
Golden State Water Co.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fleet size	97	93	90	91	91	94	96	97	99	101
Public ways and facilities										
Streets (miles)	321.00	322.71	324.10	324.10	324.91	324.91	326.91	332.69	336.41	337.57
Streetlights ¹	7,701	7,687	7,815	7,932	7,937	7,942	8,241	8,225	8,223	8,243
Traffic signals ²	117	118	118	121	121	121	121	121	121	121
Sanitation										
Sewerlines (miles) ³	400	362	362	362	374	374	374	374	374	374
Treatment capacity (millon 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)	375	375	375	375	375	375	380	380	380	380
Fire hydrants	2,755	2,773	2,844	2,844	2,844	2,844	2,844	2,844	2,844	2,844
Storage capacity (million gallons)	53.5	53.5	55.8	55.8	55.8	55.8	55.8	55.8	55.8	55.8
Transit										
Buses - 40 foot	11	11	11	11	11	11	11	8	8	8
Buses - 35 foot	2	2	2	2	0	0	0	3	3	3
Paratransit Vehicles	12	10	12	12	11	11	11	11	11	12

NOTES:

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

1. Streetlights are owned by Southern California Edison.
2. Traffic signals listed are those owned by the City. Fourteen additional signals, owned by Caltrans, are located at freeway ramps.
3. Collection system information was estimated for FY2007 and FY2008, and obtained from the City's Geographical Information System for FY2009 through the current year.

Sources:
City of Simi Valley
Southern California Edison