



**CITY OF SIMI VALLEY, CALIFORNIA**

**SINGLE AUDIT REPORT**

**JUNE 30, 2008**

**Lance Soll & Lunghard, LLP**

203 North Brea Blvd  
Suite 203  
Brea, CA 92821

41185 Golden Gate Circle  
Suite 103  
Murrieta, CA 92562

CITY OF SIMI VALLEY, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2008

**CITY OF SIMI VALLEY**

**JUNE 30, 2008**

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.  
A Professional Corporation
- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 5, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lance, Soll & Lingham, LLP*

December 5, 2008



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.  
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- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of the City of Simi Valley, California, (the "City") with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our audit procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



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

A *control deficiency* in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiency in the internal control over compliance that we consider material weakness as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2008, and have issued our report thereon dated December 5, 2008. Our audit was performed for the purpose of forming an opinion of the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Lance, Soll & Lingham, LLP*

March 13, 2009

CITY OF SIMI VALLEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant	14.218	B-06-MC-06-0535	\$ 909,470
Passed through the State of California:			
Home Investment Partnership Program*	14.239	03-HOME-0681	<u>168,888</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>1,078,358</u></b>
<u>U.S. Department of Health and Human Services</u>			
Passed through the County of Ventura			
Area Agency on Aging:			
Older American Act IIIB	93.044	3D-0644-070602-000	14,000
Special Programs for the Aging - Title IIIC	93.045	3C-008-070712-R3	<u>55,022</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>69,022</u></b>
<u>U.S. Department of Justice</u>			
Direct Program:			
Federal Asset Forfeiture Program	16.000		44,235
Bulletproof Vest Partnership Program	16.607		<u>6,896</u>
<b>Total U.S. Department of Justice</b>			<b><u>51,131</u></b>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Federal Transit Formula Grants*	20.507	CA-90-Y669	2,025,425
		CA-90-X033	63,285
		CA-95-X079	301,513
		CA-90-Y295	179,409
Passed through the State of California:			
Highway Planning and Construction	20.205	STPL-5405 (034)	506,301
		STPLER-5405 (041)	786,139
State and Community Highway Safety			
	20.600	PT0708	11,675
		CT08 407	10,129
		SC08 407	<u>8,464</u>
<b>Total U.S. Department of Transportation</b>			<b><u>3,892,340</u></b>
<u>U.S. Department of Homeland Security</u>			
Passed through the County of Ventura:			
State Domestic Preparedness Equipment Support Program	97.004	111-00000	<u>7,074</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>7,074</u></b>



CITY OF SIMI VALLEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Treasury</u>			
Direct Programs:			
Federal Asset Forfeiture Program	21.000		<u>10,303</u>
<b>Total U.S. Department of Treasury</b>			<b><u>10,303</u></b>
<b>Total Federal Expenditures</b>			<b><u>\$ 5,108,228</u></b>

\* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used in preparing this schedule.

Note b: There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: Total amount provided to subrecipients during the year was \$211,709.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

**a. Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by the City of Simi Valley, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

**b. Basis of Accounting**

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

**Note 2: Loans Receivable**

Loans from CDBG funds in the amount of \$642,648 and HOME funds in the amount of \$2,441,099 are outstanding as of June 30, 2008. During fiscal year 2007-08, loans from CDBG funds of \$142,176 and from HOME funds of \$158,335 were made and are included in the Schedule of Expenditures of Federal Awards.

**CITY OF SIMI VALLEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

- Significant deficiencies identified?  yes  no
- Significant deficiencies identified that are considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified?  yes  no
- Significant deficiencies identified that are considered to be material weaknesses?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239 20.507	HOME Investment Partnership Federal Transit Admin Capital and Operating Assistance

Dollar threshold used to distinguish between type A and type B program \$300,000

Auditee qualified as low-risk auditee?  yes  no

**CITY OF SIMI VALLEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**CITY OF SIMI VALLEY**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**SECTION I - FINANCIAL STATEMENT FINDINGS**

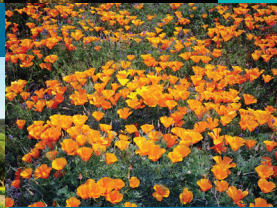
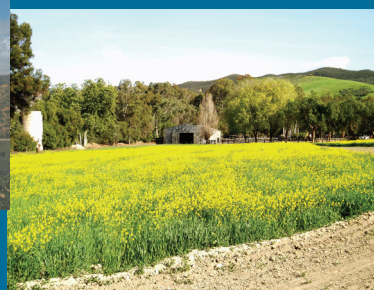
No matters were reported.

**SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

# Comprehensive Annual Financial Report

2007-08



FISCAL YEAR ENDED  
JUNE 30, 2008

STATE OF CALIFORNIA  
CITY OF SIMI VALLEY

# Comprehensive Annual Financial Report

2007-08



FISCAL YEAR ENDED  
JUNE 30, 2008

STATE OF CALIFORNIA  
CITY OF SIMI VALLEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

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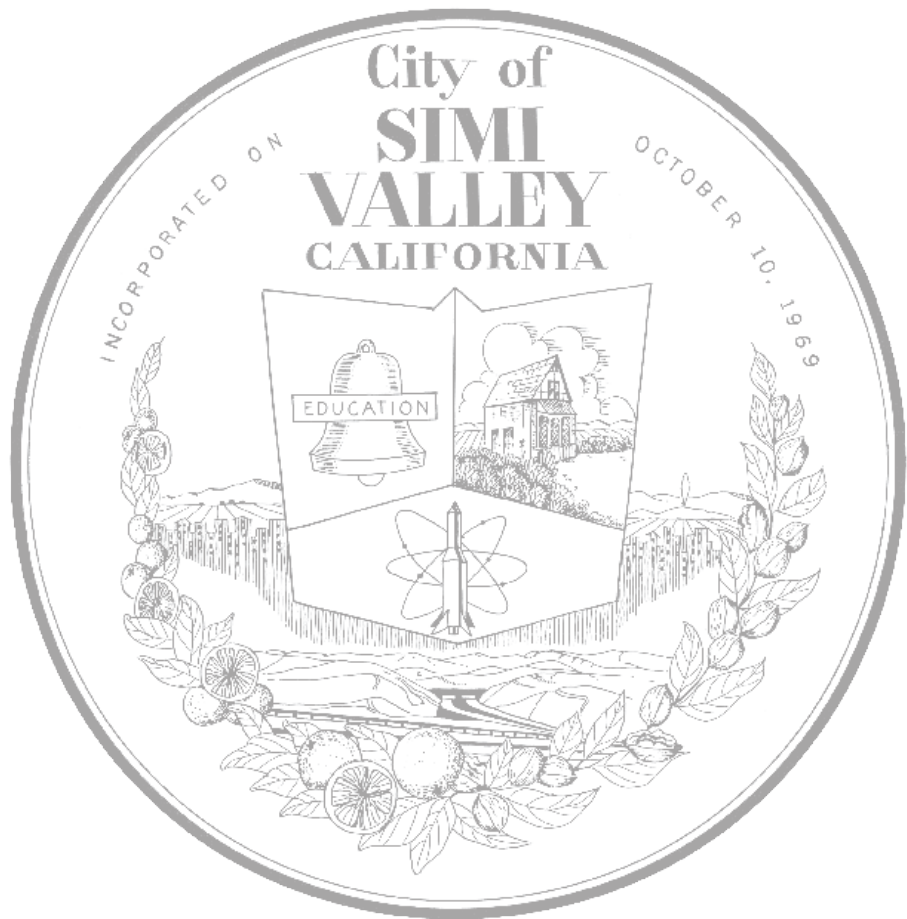
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# INTRODUCTORY SECTION



# CITY OF SIMI VALLEY

*Home of The Ronald Reagan Presidential Library*

December 8, 2008

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Simi Valley for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Lance, Soll and Lunghard, LLP, a firm of licensed certified public accountants, have audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

## Profile of the City of Simi Valley

The City, incorporated in 1969, has a population of 126,142 and is the third largest of Ventura County's ten cities. It is located on the County's southeastern border, nestled between the Santa Susana Mountains and the Simi Hills. The City, which covers a land area of 38.9 square miles, has a mean elevation of 765 feet.

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

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

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

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

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

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

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

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

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The City's economic indicators point to a slow down in nearly all revenue-generating areas, reflective of the State and national economic conditions. In addition, the City is moving towards build-out, which is resulting in reduced building activity and related service charge revenues. However, growth in the local service and retail base garnered in the last three years from the opening of a major regional shopping mall – the Simi Valley Town Center, in October 2005, has helped to keep the unemployment rate at 5.0% at June 30, 2008, while the State unemployment rate climbed to 7.0%. The mall consists of approximately 1.3 million square feet of retail space, and includes a residential component with 500 luxury apartment units including 50 affordable units.

Major industries with headquarters or divisions located within the City's boundaries, or in close proximity, include retail sales, real estate lending, health care, insurance, computer hardware, and home improvement materials.

The opening of the Air Force One Pavilion at the Ronald Reagan Presidential Library in October 2005 continues to stimulate the local economy, as visitors from out of the area visit this impressive facility.

Residential development activity in the City continues to decline, reflective of the nation-wide trend, and is expected to remain slow in the upcoming year. The residential real estate market has slowed

and no major additions to the City's property tax roll are anticipated in the upcoming year. With the exception of needed commercial office space, commercial development-activity continues to decline. Sales tax revenue was projected to increase due to moderate increases in the City's population and the retail sales base; however, due to the economic downturn these revenues have declined as well.

Industrial growth is projected to continue in Simi Valley as corporations seeking friendly and accessible government, a safe community, and a strong labor pool continue to find Simi Valley an attractive location.

**Long-term financial planning.** The City's population grew by 0.2% during the current fiscal year. Although this growth is slower than in prior years, the growth has favorable impacts on the City's tax revenues, which grew slightly over the prior year. Property tax revenue is anticipated to stay flat in the upcoming fiscal year, as turnover in the real estate market continues to decline and no major additions to the City's property tax roll are anticipated. In response to changing economic conditions and build out of major residential and commercial tracts within the City, a five-year fiscal model was developed to guide the City's budget development and long-term financial planning.

The City's Senior Center and remodel of the City facility leased to the DMV was completed in 2007. These expansions, along with acquisition of property to complete the City Hall Campus were significant improvements to City-owned facilities.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in obligations of the U.S. Government Sponsored Enterprises (GSE's), the U.S. Treasury, the State Treasurer's Local Agency Investment Fund (LAIF), and money market funds. Less than 2% of the City's funds were invested in asset-backed securities through the LAIF investment pool. The maturities of the investments range from one day to five years. The average yield on investments during the fiscal year was 4.6%. Investment income takes into account any reduction in the fair value of investments. However, temporary changes in the fair market value of investments (increases or decreases) are typically not significant in that the City intends to hold these investments to maturity.

**Risk Management.** The City employs a full-time Risk Manager to oversee the processing of claims filed against the City, to procure appropriate insurance coverages, and to design and implement loss prevention programs. The City maintains self-insured retentions for property damage, workers' compensation, and general liability of \$10,000, \$500,000, and \$1,000,000, respectively. Various insurance carriers provide the City with excess coverage for claims that exceed these amounts. The City is fully self-insured for unemployment insurance claims. Health, dental, life, short-term, and long-term disability insurance coverages are also made available to City employees through a number of different insurance carriers.

The City maintains cash and investment balances within its internal service funds sufficient to cover its self-insured obligations.

**Pension and other post employment benefits.** The City participates in the California Public Employees' Retirement System (CalPERS) for both its sworn retirement program (Safety Plan) and its non-sworn



retirement program (Miscellaneous Plan). The Miscellaneous Plan also includes those involved with the operation of the legally separate Ventura County Waterworks District No. 8. These benefits are provided through the statewide plan managed by CalPERS. The City has no obligation in connection with employee benefits offered through the plan beyond its contractual payment to the CalPERS Board of Administration.

The City also provides post-retirement health benefits for retirees and their spouses meeting specified service requirements. As of the end of the current fiscal year, there were 79 retired employees receiving these benefits, which were financed on a pay-as-you-go basis. Current GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, the City has been accumulating funds to pay future benefits post employment benefits.

Additional information on the City's post employment benefits and pension arrangements can be found in Notes IV. C-E in the notes to the financial statements.

**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, 2008 was \$52,401,177. Actual tax revenues received and appropriated during the fiscal year were well under this limit.

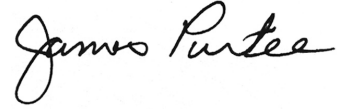
**Awards and Acknowledgements.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the twenty-eighth consecutive year (fiscal years ended 1980-2007) that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 Lika Garg, Deputy Director/Fiscal Services, for her extensive work in preparing this report. I would also like to express my appreciation to all members of the Administrative Services Department who assisted with the preparation of this report, and to Lance, Soll and Lunghard, LLP, the City's independent auditors, who also contributed to its preparation.

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

Respectfully submitted,

A handwritten signature in black ink that reads "James Purtee". The signature is written in a cursive style with a large, prominent initial "J".

James Purtee  
Department of Administrative Services

**OFFICIALS OF THE CITY OF SIMI VALLEY**  
(as of June 30, 2008)

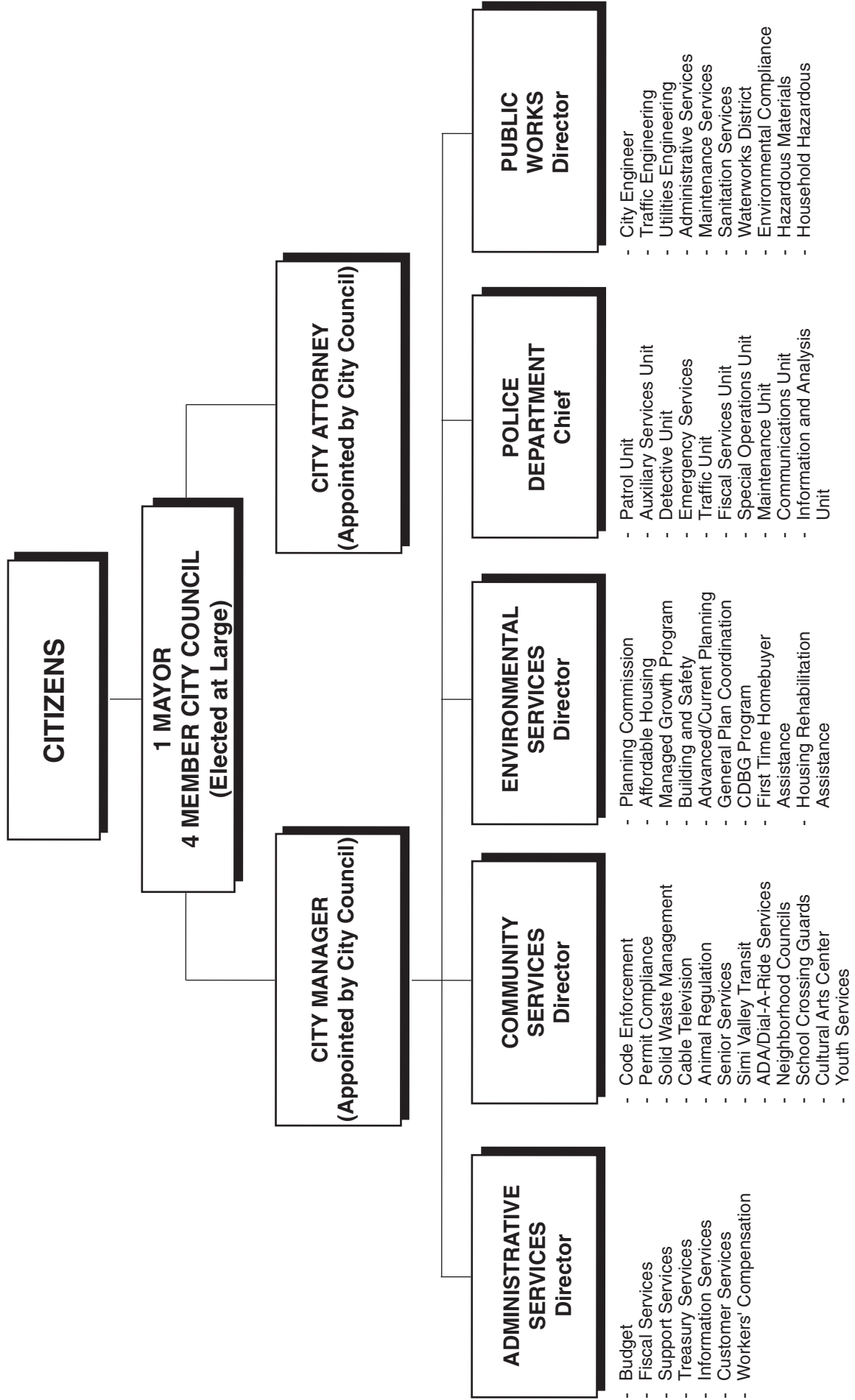
**Members of the City Council**

PAUL MILLER, Mayor  
MICHELLE S. FOSTER, Mayor Pro Tem  
BARBRA WILLIAMSON, Council Member  
GLEN T. BECERRA, Council Member  
STEVEN T. SOJKA, Council Member

**Administrative Staff**

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

# ORGANIZATION of the City of SIMI VALLEY



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Simi Valley  
California

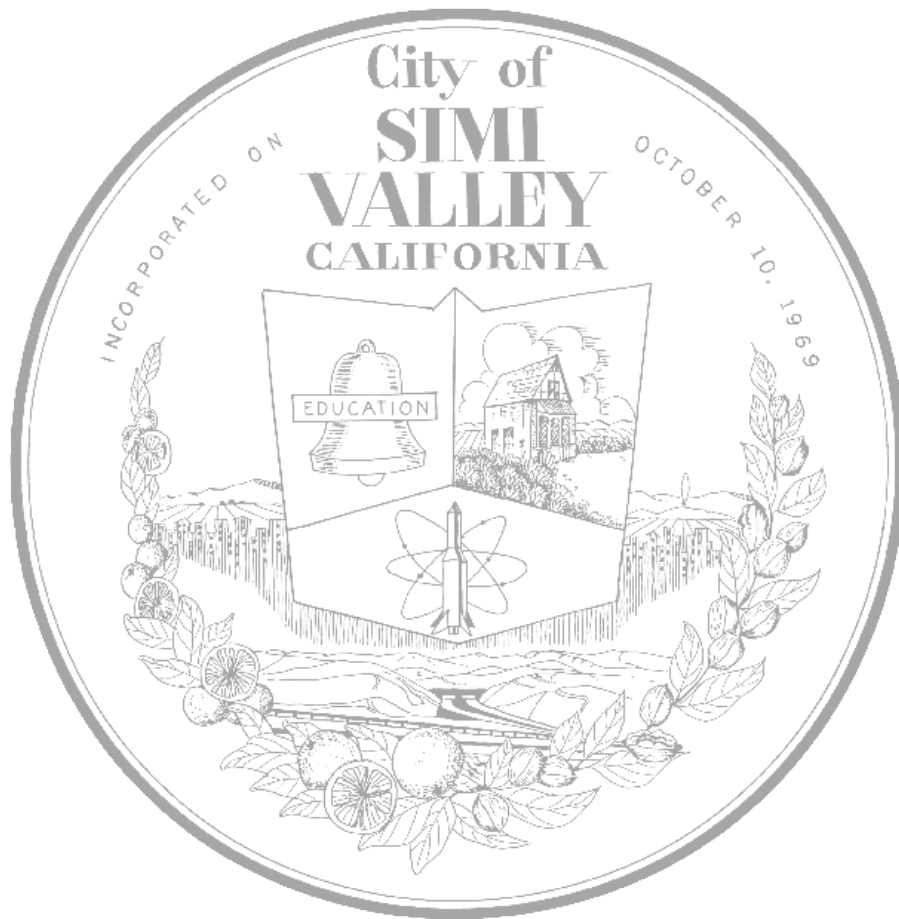
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



President

Executive Director



# FINANCIAL SECTION

# INDEPENDENT AUDITORS' REPORT







*Certified Public Accountants*

Brandon W. Burrows  
Donald L. Parker  
Michael K. Chu  
David E. Hale  
*A Professional Corporation*  
Donald G. Slater  
Richard K. Kikuchi

*Retired*

Robert C. Lance  
1914-1994  
Richard C. Soll  
Fred J. Lunghard, Jr.  
1928-1999

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simi Valley, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Simi Valley's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simi Valley, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund, Community Development Agency Housing Administration Fund, Merged Tapo Canyon and West End Tax Increment Fund and Development Related Fees Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008, on our consideration of the City of Simi Valley internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.





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

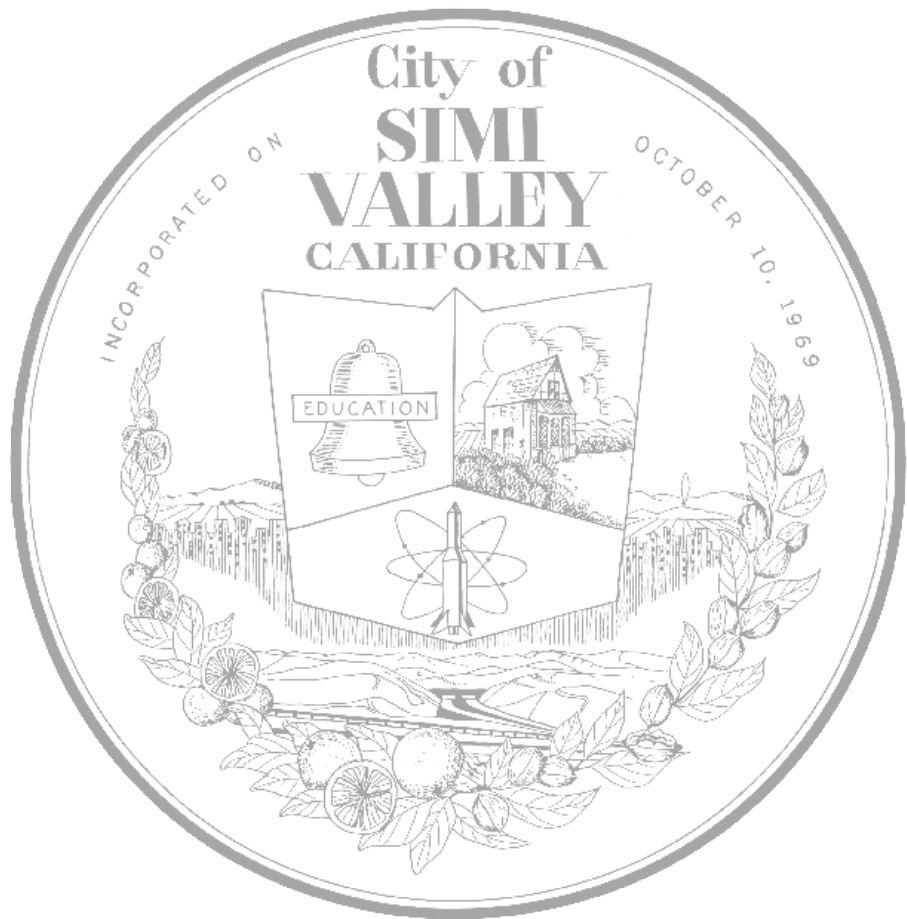
The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain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

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

*Lance, Soll & Lunghard, LLP*

December 5, 2008

# 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, 2008. Please consider this information in conjunction with additional information that we have furnished in the letter of transmittal, which is located in the *Introductory Section* of this report.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$436,814,700. Of this amount, \$67,552,694 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$23,554,851. Approximately one-half of this increase, \$10.6 million, is attributable to an increase in capital assets, and the other half, \$13.0 million is due to a decrease in liabilities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$108,819,505, an increase of \$4,555,087 in comparison with the prior year. Approximately 63% of the ending fund balance amount, or \$68,389,013, is available for spending at the government's discretion (*unreserved fund balance*). However, three-fourths of the unreserved fund balance (\$52 million) is designated for public improvements and other capital projects. An additional one-fifth (\$13 million) is held in special revenue funds, designated for low- and moderate-income housing projects.
- At the end of the current fiscal year, the unreserved/undesignated fund balance for the General fund was \$8,635,484. This amount represents the *Prudent Reserve for Economic Uncertainty* established by the City Council at 13% of budgeted General fund expenditures.
- The City of Simi Valley's total liabilities decreased by \$13.0 million during the current fiscal year. This decrease consists primarily of a \$11.6 million decrease in liabilities as a result of a change in accounting for existing affordable housing loans, and the payment of scheduled debt service.

**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:

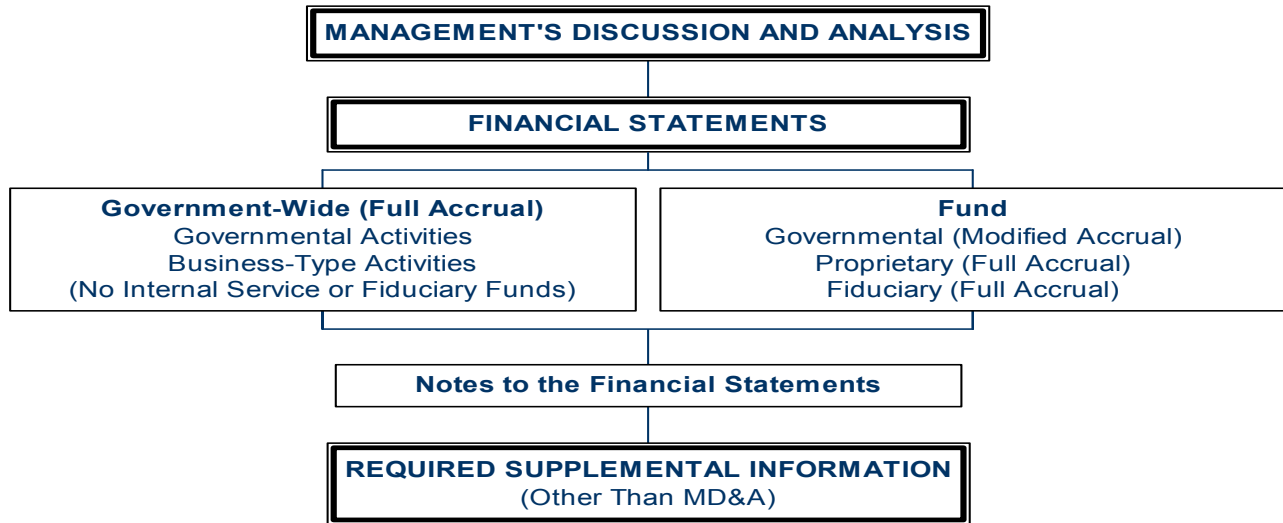
- 1) Government-wide financial statements,
- 2) Fund financial statements, and

# CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

## 3) Notes to the financial statements.

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

The following diagram displays the interrelationships of this report.



### Government-wide financial statements

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

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

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

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

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

### Fund financial statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains over 70 individual governmental funds in its financial system and presents them grouped by related activities as 5 major and 25 nonmajor separate governmental funds for this report. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the five major funds: the General fund, the Community Development Agency Housing Administration fund, the Merged Tapo Canyon and West End Tax Increment fund, the Development Related Fees fund, and the Streets and Roads fund. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the *Supplementary Information* section of this report.

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

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

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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

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

### Notes to the financial statements

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

### Other information

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

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

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Simi Valley, assets exceeded liabilities by \$436,914,700 at the close of the most recent fiscal year.

A significant portion of the City's net assets (62%) reflects its investment in capital assets net of accumulated depreciation (land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investments in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

An additional portion of the City’s net assets (23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (15%) may be used to meet the City’s ongoing obligations to citizens and creditors.

### City of Simi Valley’s Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Current and other assets	\$136,984,048	\$135,999,528	\$56,050,553	\$52,155,778	\$193,034,601	\$188,155,306
Capital assets	222,474,458	220,253,574	112,913,342	109,436,007	335,387,800	329,689,581
Total assets	<u>359,458,506</u>	<u>356,253,102</u>	<u>168,963,895</u>	<u>161,591,785</u>	<u>528,422,401</u>	<u>517,844,887</u>
Long-term liabilities outstanding	70,472,373	70,822,150	811,709	804,121	71,284,082	71,626,271
Other liabilities	13,734,436	28,562,803	6,589,183	4,395,964	20,323,619	32,958,767
Total liabilities	<u>84,206,809</u>	<u>99,384,953</u>	<u>7,400,892</u>	<u>5,200,085</u>	<u>91,607,701</u>	<u>104,585,038</u>
Net assets:						
Invested in capital assets, net of related debt	157,564,195	153,537,599	112,913,342	109,436,007	270,477,537	262,973,606
Restricted	81,162,296	60,444,524	17,622,173	18,981,595	98,784,469	79,426,119
Unrestricted	36,525,206	42,886,026	31,027,488	27,974,098	67,552,694	70,860,124
Total net assets	<u>\$275,251,697</u>	<u>\$256,868,149</u>	<u>\$161,563,003</u>	<u>\$156,391,700</u>	<u>\$436,814,700</u>	<u>\$413,259,849</u>

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

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

**City of Simi Valley's Changes in Net Assets**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>FY 2007-08</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2006-07</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 7,229,688	\$ 8,589,103	\$ 43,540,241	\$ 41,522,696	\$ 50,769,929	\$ 50,111,799
Operating grants and contributions	11,082,867	9,025,966	2,285,871	2,480,838	13,368,738	11,506,804
Capital grants and contributions	1,623,965	7,683,123	312,537	707,834	1,936,502	8,390,957
<b>General Revenues:</b>						
Property taxes & tax increment	44,481,495	41,663,078	-	-	44,481,495	41,663,078
Other taxes	24,946,720	26,299,275	-	-	24,946,720	26,299,275
Capital contributions	2,910,688	3,178,901	2,770,859	3,275,376	5,681,547	6,454,277
Interest on investments	5,382,599	5,472,452	2,598,413	2,484,909	7,981,012	7,957,361
Other	-	-	186,032	128,494	186,032	128,494
Total revenues	<u>97,658,022</u>	<u>101,911,898</u>	<u>51,693,953</u>	<u>50,600,147</u>	<u>149,351,975</u>	<u>152,512,045</u>
<b>Expenses:</b>						
General government	27,879,935	24,598,755	-	-	27,879,935	24,598,755
Community services	4,076,877	3,645,993	-	-	4,076,877	3,645,993
Planning	11,280,332	8,698,721	-	-	11,280,332	8,698,721
Public ways and facilities	17,130,014	15,837,703	-	-	17,130,014	15,837,703
Public safety	30,600,433	26,677,974	-	-	30,600,433	26,677,974
Interest on long-term debt	3,123,397	3,232,084	-	-	3,123,397	3,232,084
Indirect expense allocation	(5,443,000)	(5,103,000)	5,443,000	5,103,000	-	-
Sanitation	-	-	12,463,354	11,340,436	12,463,354	11,340,436
Water	-	-	25,562,587	24,321,032	25,562,587	24,321,032
Transit	-	-	5,261,144	4,796,632	5,261,144	4,796,632
Total expenses	<u>88,647,988</u>	<u>77,588,230</u>	<u>48,730,085</u>	<u>45,561,100</u>	<u>137,378,073</u>	<u>123,149,330</u>
Change in net assets before transfers	9,010,034	24,323,668	2,963,868	5,039,047	11,973,902	29,362,715
Transfers	(2,207,435)	(2,463,585)	2,207,435	2,463,585	-	-
Change in Net Assets	<u>6,802,599</u>	<u>21,860,083</u>	<u>5,171,303</u>	<u>7,502,632</u>	<u>11,973,902</u>	<u>29,362,715</u>
Net assets - beginning of the year, as restated	266,561,431	235,008,066	156,391,700	148,889,068	422,953,131	383,897,134
Net Assets - ending	<u>\$273,364,030</u>	<u>\$256,868,149</u>	<u>\$161,563,003</u>	<u>\$156,391,700</u>	<u>\$434,927,033</u>	<u>\$413,259,849</u>

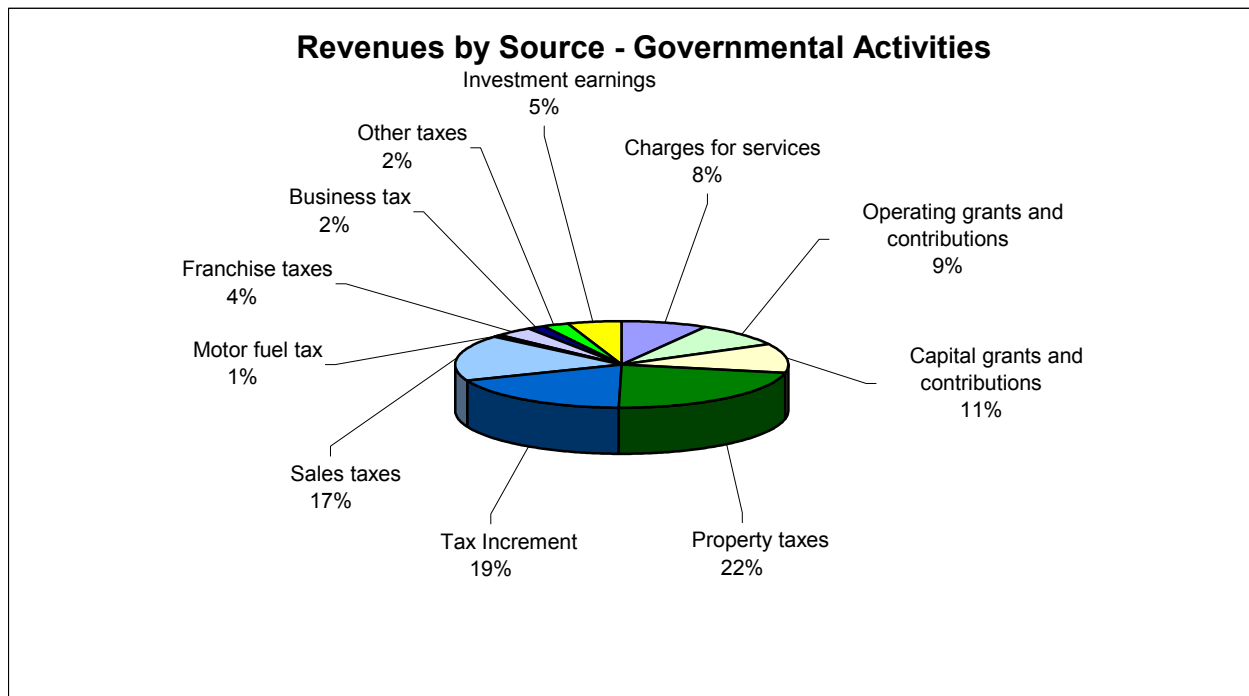
During the current fiscal year City-wide revenues decreased by \$3.2 million, and expenditures increased by \$14.2 million as compared to prior year. However, total net assets increased by \$11,973,902. This increase was primarily due to annual revenues, though declining in some areas, still continuing to outstrip annual expenses.

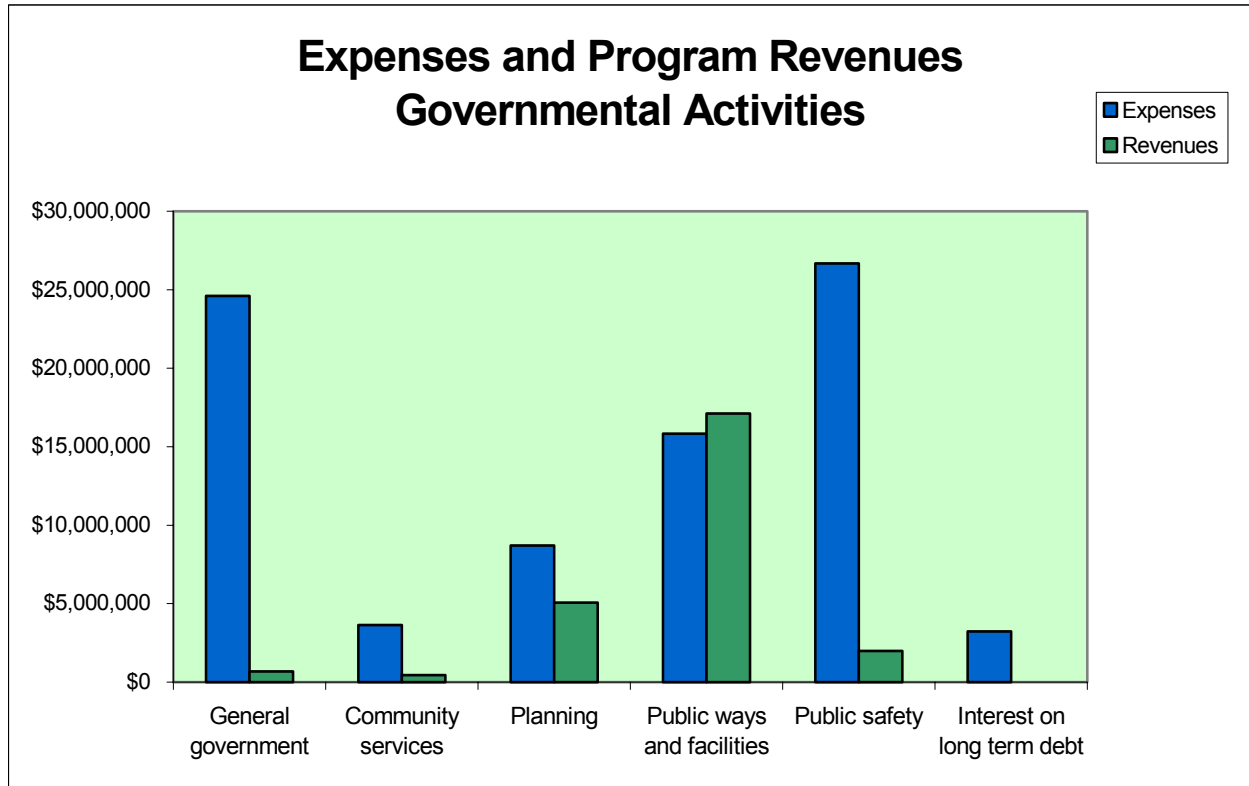
**Governmental Activities.** Governmental activities increased the City's net assets by \$6,802,599, accounting for 56.8% of the total growth in the net assets of the City.

Governmental activities increased the City's net assets by \$6.8 million as compared to \$21.9 million in the prior year. All revenue categories posted decreases, except operating grants and contributions, and property taxes. During this fiscal year the rate of increase in property tax

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

revenues slowed substantially from 29% (\$9.4 million) in FY 2006-07 to 6.8% (\$2.8 million) in FY 2007-08. Services charges decreased by 15.8% (\$1.4 million). The increase in operating grants was due to increased loans made to low and moderate income families for first-time homes and rehabilitation projects. Capital grants and contributions decreased by \$6.1 million primarily due to a decrease in the number of streets and roads projects undertaken during the current year. These decreases reflect the slowing economy, and the decline in the City's development activity as the City moves towards build-out. Planning expenses appear to have increased by \$2.6 million, but a majority of this increase (\$2.4 million) is a result of the change in accounting for existing affordable housing loans as mentioned on page 3. Expenses increased in all functional areas, ranging from 7 to 15 percent. Salaries and benefits, materials and supplies and capital purchases categories all increased moderately.





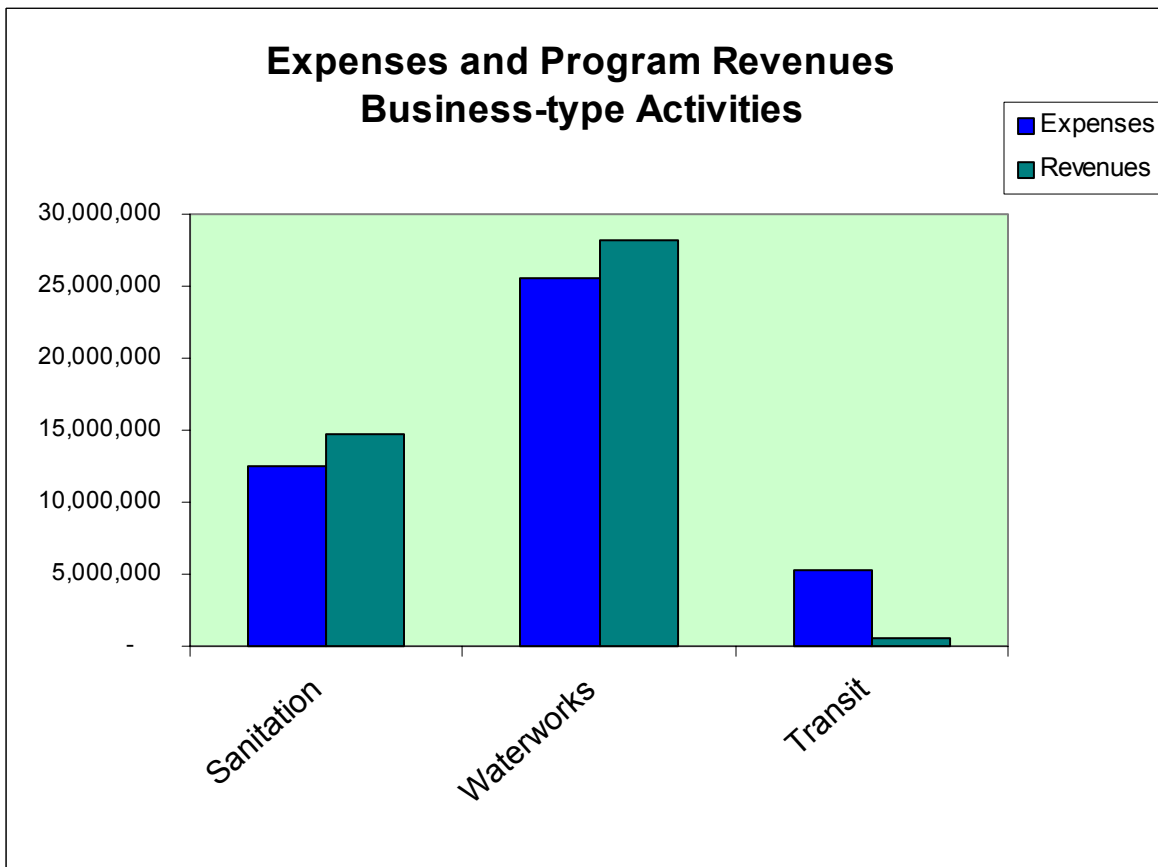
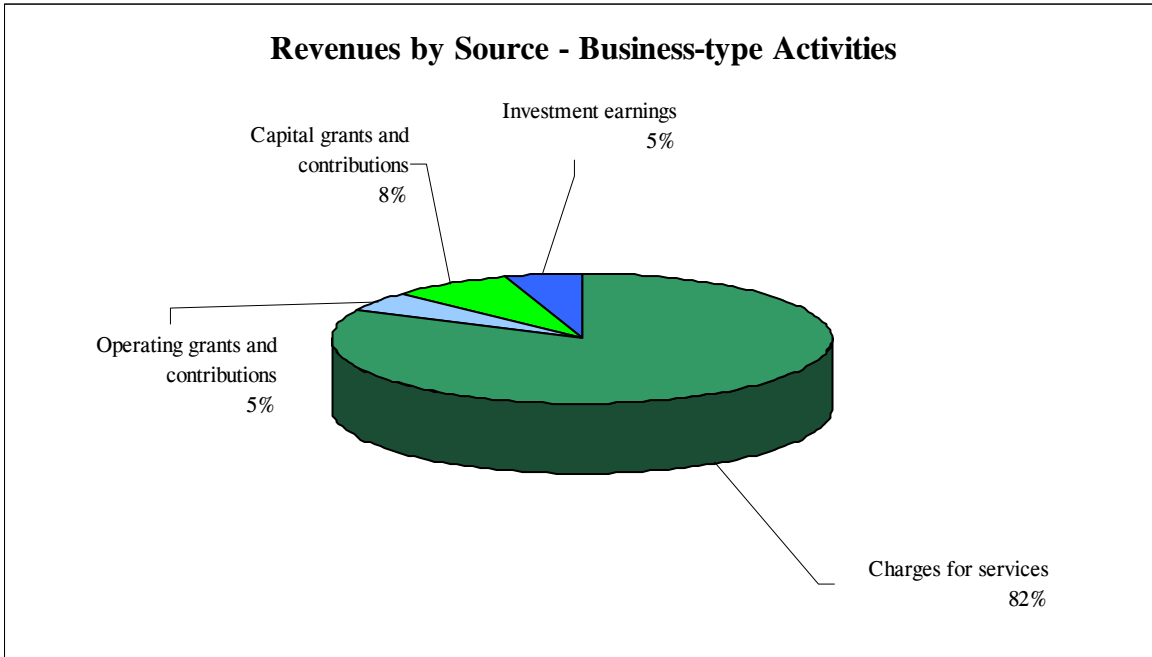
Business-type Activities. Business-type activities increased the City’s net assets by \$5,171,303, accounting for 43.2% of the total growth in the net assets of the City.

Business-type activities increased the City’s net assets by \$5.2 million as compared to \$7.5 million in the prior year. Key elements of this increase are as follows:

Charges for services for business-type activities increased by 5.0 percent: Sanitation and Waterworks account for the majority of this increase, which resulted from an approved increase in sanitation and water rates of 3.8 and 11.9 percent, respectively. These increases were approved by the Board of Directors primarily to cover the expenses of operations. Revenues also increased as a result of a slight increase in the customer base.

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

Overall expenses increased by 7.0% as compared to prior fiscal year. Significant increases occurred in the water purchase, general administration and depreciation categories. The water purchase costs were higher than prior year by 5%, or \$0.9 million, which is considerably less than the 17.5% increase experienced in the prior year, but indicates a continuing trend upwards. General administration costs increased by 7%, or \$0.3 million. But the biggest increase was in depreciation costs, which increased 3 times by \$1.0 million, as a result of depreciating the retroactive active infrastructure that was capitalized in the prior year.



## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is necessary in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds experienced combined ending fund balances of \$108,819,505, an increase of over \$4.5 million over the prior year. Slightly less than two-thirds of this total amount (\$68.4 million) constitutes *unreserved fund balance*, which is available to meet the City's current and future needs. A portion of the fund balance (\$40.4 million) is *reserved* to indicate that it is not available for new spending because it has already been committed for the following purposes: (1) to liquidate contracts and purchase orders of the prior period (\$3,010,507); (2) to pay debt service (\$7,436,077); and (3) for advances to other funds and loans receivable not due in the upcoming fiscal year (\$29,983,908).

The General fund is the chief operating fund of the City. At the end of the fiscal year, unreserved/undesignated fund balance of the General fund was \$8,635,484, while total fund balance was \$37,404,835. As a measure of the General fund's liquidity, it may be useful to compare both unreserved/undesignated fund balance and total fund balance to total fund expenditures. Unreserved/undesignated fund balance represents 13% of budgeted General fund expenditures, established as a *Prudent Reserve for Economic Uncertainty* by the City Council. Total fund balance represents 59% of budgeted General fund expenditures.

The fund balance of the City's General fund increased by \$52,319 during the current fiscal year. Three revenue categories: property taxes, franchise taxes and fines and forfeitures posted slight increases. However, these increases were not sufficient to offset the decreases in other revenue categories. Overall revenues decreased by \$0.3 million compared to the prior fiscal year. Expenditures increased moderately, across all functional areas by \$1.7 million. Transfers-out were curtailed at \$2.1 million lower the prior fiscal year to equalize the revenue shortfall and increase in expenditures.

The net change in the fund balance of the Community Development Housing Administration fund was an increase of \$3,424,699. This increase primarily resulted from higher set-aside revenue transfers from tax increment funds.

The fund balance of the Merged Tapo Canyon and West End Tax Increment fund decreased by \$1,076,099. This decrease was primarily due to funding projects in the redevelopment areas.

The fund balance of the Development Related Fees fund increased by \$1,566,199. Development related revenues are on the decline as the City moves towards build-out.

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Revenues in the fund decreased by \$0.5 million over the prior fiscal year. Transfers to fund projects from this fund were curtailed, which contributed to the increase in fund balance.

The fund balance of the Streets and Roads fund increased by \$447,620. Budgeted projects in this fund are pre-funded with transfers from various funds. In addition, a significant portion of these expenditures is reimbursed by federal grants. Revenues from these sources exceeded annual expenditures due to the projects being multi-year activities.

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

Unrestricted net assets of the Sanitation, Waterworks and Transit funds were \$17,478,829, \$13,161,974, and \$188,856, respectively. The growth in total net assets for Sanitation and Waterworks was \$3,568,130 and \$2,641,004, respectively, while Transit's net assets decreased by \$404,866. Other factors concerning the finances of these funds have already been addressed in the discussion of Business-type activities on page 10.

### General Fund Budgetary Highlights

The difference between the General fund original expenditure budget and the final amended expenditure budget was \$1.6 million, and can be briefly summarized as follows:

- \$0.1 million was appropriated for an increase in Police overtime for a sobriety checkpoint grant, a homeland security grant, and traffic control for special events.
- \$1.5 million in additional increases were appropriated for prior year commitments that were carried forward, across all City departments. These consisted of approved expenditure increases in various categories, and were offset by available fund balance. This amount was not included in the original adopted budget.

Actual expenditures were \$3.5 million less than the General fund final amended expenditure budget. The significant variances are summarized below:

- \$1.3 million of under-expenditures were in personnel costs due to vacancies, particularly in the areas of Public ways and facilities, Planning and Community services. All authorized positions were budgeted, however, several positions were not filled during the current fiscal year.
- \$1.7 million of savings were achieved in the Current Expenses category (\$1.1 million in the Services category and \$0.6 million in the Supplies and Materials category).
- \$0.5 million of savings were achieved in the Transfers category. The required transfer to fund the Transit operation was lower than anticipated.

## CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Revenues were generally flat, with no significant increases in any of the General Fund revenue categories.

### 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, 2008, amounts to \$335,387,800 (net of accumulated depreciation). This is an increase of \$5,698,219 as compared to prior year.

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

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

- \$5.7 million in street projects were completed.
- \$1.1 million in streets, and \$1.4 million in water and sewer lines were donated by developers for projects completed and accepted by the City.
- \$6.7 million in street projects expenses were incurred for projects in progress during the year.
- The Senior Center Expansion and the Unified Two-way Radio System projects were completed and capitalized at \$8.6 and \$5.8 million respectively.
- The City purchased land for \$0.7 million to complete acquisition of property for the City Hall/DSB campus.

Additional information on the City’s capital assets can be found in note III D on pages 50 - 51.

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Land	\$ 6,137,087	\$ 5,407,142	\$ 1,216,994	\$ 1,216,994	\$ 7,354,081	\$ 6,624,136
Buildings	28,492,131	20,396,601	7,581,694	7,731,403	36,073,825	28,128,004
Furnishings and equipment	6,159,097	327,964	1,871,576	1,274,784	8,030,673	1,602,748
Computers	1,360,490	1,412,158	-	-	1,360,490	1,412,158
Vehicles	1,565,146	1,298,091	2,655,168	2,774,767	4,220,314	4,072,858
Infrastructure	137,360,988	136,773,348	89,656,550	91,114,365	227,017,538	227,887,713
Intangibles	4,241,097	4,611,362	-	-	4,241,097	4,611,362
Construction in progress	37,158,422	50,026,908	9,931,360	5,323,694	47,089,782	55,350,602
<b>Total</b>	<b>\$ 222,474,458</b>	<b>\$ 220,253,574</b>	<b>\$ 112,913,342</b>	<b>\$ 109,436,007</b>	<b>\$ 335,387,800</b>	<b>\$ 329,689,581</b>



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

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$59,960,975. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental Activities	
	<u>FY 2007-08</u>	<u>FY 2006-07</u>
1995 SVPFA variable rate lease revenue bonds	\$ 6,095,000	\$ 6,690,000
2003 tax allocation bonds	28,590,000	29,320,000
2004 certificates of participation	25,015,000	25,495,000
Less deferred amounts	260,975	261,686
<b>Total</b>	<u><u>\$ 59,960,975</u></u>	<u><u>\$ 61,766,686</u></u>

The City’s bonded debt decreased by \$1,805,711 (2.9%) during the current fiscal year as a result of scheduled debt service payments.

The City maintains an “A+” rating on two bond issues, and an “A” rating on one bond issue from Standard & Poor’s and has no outstanding general obligation debt at this time.

Additional information on the City’s long-term debt can be found in note III G on pages 54 – 56.

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

- After several years of strong growth, General Fund revenues decreased in FY 2006-07 and FY 2007-08 by 1.6% and 2.8%, respectively. Based on current national economic conditions (e.g. a falling housing market, a mortgage crisis, and a financial market crisis) and the transition from large-scale residential development to build-out in the City, General Fund revenues are expected to again decrease in FY 2008-09, and possibly in FY 2009-10, followed by modest increases in the subsequent three years.
- Development activity decreased by 24% in FY 2007-08 as compared to the prior year and is expected to remain at current levels for the next two fiscal years, followed by modest growth.
- Sales and Use tax receipts decreased by 4.6% in FY 2007-08 compared to the prior year. Decreases were seen in nearly all segments, with new vehicle sales showing the greatest decline. This decline is expected to continue throughout FY 2008-09.
- Water and sewer rates were increased within the last year. Sewer rates were increased by 3.8% effective July 1, 2007 in accordance with increases in the Consumer Price Index. Likewise, water rates were increased by an average of 11.9% on January 1,

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

2008 based on an increase in the Construction Cost Index and the cost of water purchased from Calleguas Municipal Water District. These increases enabled the enterprises to maintain adequate cash reserves, fund the replacement of existing facilities and equipment, and construct new facilities.

### **Requests for Information**

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

# BASIC FINANCIAL STATEMENTS

# GOVERNMENT-WIDE FINANCIAL STATEMENTS



**CITY OF SIMI VALLEY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments (note III A)	\$ 106,140,084	\$ 26,888,229	\$ 133,028,313
Accounts receivable (net of allowance for uncollectibles) (note III C)	1,567,599	6,215,128	7,782,727
Taxes receivable	4,215,029	346,322	4,561,351
Grants receivable	120,737	2,927,351	3,048,088
Interest receivable	746,082	317,773	1,063,855
Internal balances (note I D 2)	2,210,312	(2,210,312)	-
Inventories	-	1,197,272	1,197,272
Restricted cash and investments (note III A):			
Customer deposits	-	872,295	872,295
Debt service	6,041,334	-	6,041,334
Connection fees	-	19,496,495	19,496,495
Total current assets	<u>121,041,177</u>	<u>56,050,553</u>	<u>177,091,730</u>
Noncurrent assets:			
Loans receivable (note III B)	14,612,215	-	14,612,215
Deferred charges	1,330,656	-	1,330,656
Capital assets (note III D):			
Capital assets not being depreciated	43,295,509	11,148,354	54,443,863
Capital assets being depreciated, net	<u>179,178,949</u>	<u>101,764,988</u>	<u>280,943,937</u>
Total noncurrent assets	<u>238,417,329</u>	<u>112,913,342</u>	<u>351,330,671</u>
Total assets	<u>359,458,506</u>	<u>168,963,895</u>	<u>528,422,401</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	3,191,375	3,502,817	6,694,192
Salaries and benefits payable	1,731,618	249,560	1,981,178
Accrued interest payable	949,184	-	949,184
Deposits	255,123	-	255,123
Liabilities payable from restricted assets	-	2,746,617	2,746,617
Unearned revenues	2,134,784	-	2,134,784
Current portion of long-term obligations	<u>5,472,352</u>	<u>90,189</u>	<u>5,562,541</u>
Total current liabilities	13,734,436	6,589,183	20,323,619
Noncurrent liabilities (note III G):			
Noncurrent portion of long-term obligations	<u>70,472,373</u>	<u>811,709</u>	<u>71,284,082</u>
Total liabilities	<u>84,206,809</u>	<u>7,400,892</u>	<u>91,607,701</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	157,564,195	112,913,342	270,477,537
Restricted for:			
Capital projects	35,073,535	-	35,073,535
Debt service	12,385,366	-	12,385,366
Community development	32,675,373	-	32,675,373
Other purposes	1,028,022	-	1,028,022
Sewer connection fees and water capital improvement charges	-	17,622,173	17,622,173
Unrestricted	<u>36,525,206</u>	<u>31,027,488</u>	<u>67,552,694</u>
Total net assets	<u>\$ 275,251,697</u>	<u>\$ 161,563,003</u>	<u>\$ 436,814,700</u>

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

**CITY OF SIMI VALLEY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Full Cost by Function</u>	<u>Program Revenues</u>	
				<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:					
Governmental activities:					
General government	\$ 27,879,935	\$ (6,568,235)	\$ 21,311,700	\$ 304,549	\$ 1,034,027
Community services (CS)	4,076,877	-	4,076,877	200,067	149,007
Planning (ES)	11,280,332	559,295	11,839,627	3,168,280	2,742,264
Public ways and facilities (PW)	17,130,014	565,940	17,695,954	2,605,869	6,727,257
Public safety (PD)	30,600,433	-	30,600,433	950,923	430,312
Interest on long term debt	3,123,397	-	3,123,397	-	-
Total governmental activities	<u>94,090,988</u>	<u>(5,443,000)</u>	<u>88,647,988</u>	<u>7,229,688</u>	<u>11,082,867</u>
Business-type activities:					
Sanitation	12,463,354	1,927,800	14,391,154	14,767,859	-
Waterworks District No. 8	25,562,587	2,505,000	28,067,587	28,247,611	4,026
Transit	5,261,144	1,010,200	6,271,344	524,771	2,281,845
Total business-type activities	<u>43,287,085</u>	<u>5,443,000</u>	<u>48,730,085</u>	<u>43,540,241</u>	<u>2,285,871</u>
Total primary government	<u>\$ 137,378,073</u>	<u>\$ -</u>	<u>\$ 137,378,073</u>	<u>\$ 50,769,929</u>	<u>\$ 13,368,738</u>

General revenues:

Property taxes

Tax increment

Sales taxes

Motor fuel tax

Franchise taxes

Business tax

Other taxes

Investment earnings

Miscellaneous

Capital contributions-unrestricted

Transfers

Total general revenues, contributions and transfers

Change in net assets

Net assets-beginning

Prior period adjustment (note IV F)

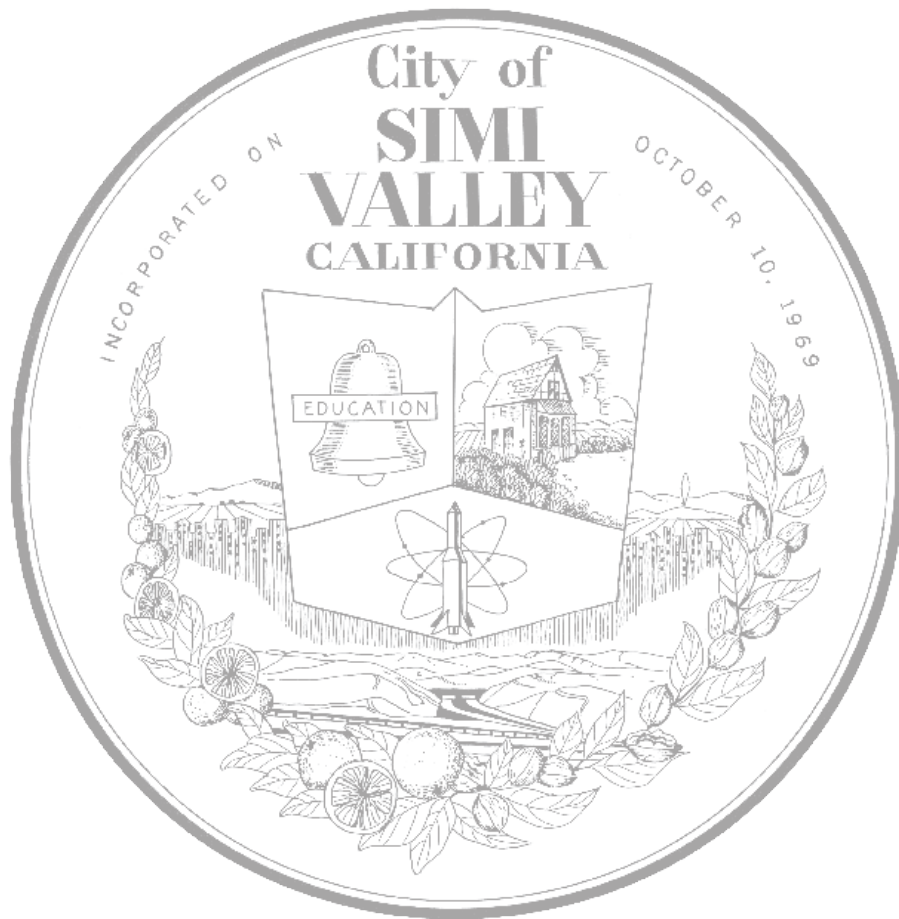
Net assets-beginning, as restated

Net assets-ending

**CITY OF SIMI VALLEY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Program Revenues	Net (Expense) Revenue and Changes in Net Assets			Total	
	Primary Government				
Capital Grants and Contributions	Governmental Activities	Business-type Activities			
\$ -	\$ (19,973,124)	\$ -	\$ (19,973,124)		Primary government:
-	(3,727,803)	-	(3,727,803)		Governmental activities:
-	(5,929,083)	-	(5,929,083)		General government
1,622,965	(6,739,863)	-	(6,739,863)		Community services (CS)
1,000	(29,218,198)	-	(29,218,198)		Planning (ES)
-	(3,123,397)	-	(3,123,397)		Public ways and facilities (PW)
					Public safety (PD)
					Interest on long term debt
<u>1,623,965</u>	<u>(68,711,468)</u>	<u>-</u>	<u>(68,711,468)</u>		Total governmental activities
					Business-type activities:
-	-	376,705	376,705		Sanitation
74,819	-	258,869	258,869		Waterworks District No. 8
<u>237,718</u>	<u>-</u>	<u>(3,227,010)</u>	<u>(3,227,010)</u>		Transit
					Total business-type activities
<u>312,537</u>	<u>-</u>	<u>(2,591,436)</u>	<u>(2,591,436)</u>		
<u>\$ 1,936,502</u>	<u>(68,711,468)</u>	<u>(2,591,436)</u>	<u>(71,302,904)</u>		Total primary government
					General revenues:
	24,296,361	-	24,296,361		Property taxes
	20,185,134	-	20,185,134		Tax increment
	16,894,319	-	16,894,319		Sales taxes
	552,184	-	552,184		Motor fuel tax
	3,708,972	-	3,708,972		Franchise taxes
	1,851,630	-	1,851,630		Business tax
	1,939,615	-	1,939,615		Other taxes
	5,382,599	2,598,413	7,981,012		Investment earnings
	-	186,032	186,032		Miscellaneous
	2,910,688	2,770,859	5,681,547		Capital contributions-unrestricted
	(2,207,435)	2,207,435	-		Transfers
	<u>75,514,067</u>	<u>7,762,739</u>	<u>83,276,806</u>		Total general revenues, contributions and transfers
	<u>6,802,599</u>	<u>5,171,303</u>	<u>11,973,902</u>		Change in net assets
	256,868,149	156,391,700	413,259,849		Net assets-beginning
	11,580,949	-	11,580,949		Prior period adjustment (note IV F)
	<u>268,449,098</u>	<u>156,391,700</u>	<u>424,840,798</u>		Net assets-beginning, as restated
<u>\$ 275,251,697</u>	<u>\$ 161,563,003</u>	<u>\$ 436,814,700</u>			Net assets-ending

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





# FUND FINANCIAL STATEMENTS



**CITY OF SIMI VALLEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>Special Revenue</u>			
	<u>General</u>	<u>Community Development Agency Housing Administration</u>	<u>Merged Tapo Canyon &amp; West End Tax Increment</u>	<u>Development Related Fees</u>
<b><u>ASSETS</u></b>				
Cash and investments:				
Held by city	\$ 17,378,926	\$ 13,384,452	\$ 32,721	\$ 21,762,114
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles) (note III C)	824,630	-	57,511	-
Taxes receivable	3,285,846	54,852	219,409	-
Grants receivable	9,384	-	-	-
Interest receivable	208,630	92,855	49,203	140,770
Due from other funds (note III F)	3,083,049	16,455	-	-
Loans receivable (net of allowance for uncollectibles) (notes III B, III C)	403,534	10,622,724	-	502,210
Advances to other funds (note III F)	15,955,440	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 41,149,439</b>	<b>\$ 24,171,338</b>	<b>\$ 358,844</b>	<b>\$ 22,405,094</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 1,712,826	\$ 165,494	\$ 323,202	\$ 4,041
Salaries and benefits payable	1,675,145	21,415	-	-
Due to other funds (note III F)	-	-	35,642	-
Advances from other funds (note III F)	-	-	10,340,993	-
Deposits	249,230	5,893	-	-
Deferred revenues	107,403	-	-	-
<b>TOTAL LIABILITIES</b>	<b>3,744,604</b>	<b>192,802</b>	<b>10,699,837</b>	<b>4,041</b>
<b><u>FUND BALANCES</u></b>				
Reserved (note III H)	17,270,243	10,773,280	2,149	592,210
Unreserved (note III H):				
General fund	11,499,108	-	-	-
Special revenue funds	-	13,205,256	-	21,808,843
Capital projects funds	-	-	-	-
Undesignated (note III H):				
General fund	8,635,484	-	-	-
Special revenue funds	-	-	(10,343,142)	-
Capital projects funds	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>37,404,835</b>	<b>23,978,536</b>	<b>(10,340,993)</b>	<b>22,401,053</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 41,149,439</b>	<b>\$ 24,171,338</b>	<b>\$ 358,844</b>	<b>\$ 22,405,094</b>

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

**CITY OF SIMI VALLEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

**Capital Projects**

<b>Streets &amp; Roads</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>	
			<b><u>ASSETS</u></b>
			Cash and investments:
\$ 4,139,593	\$ 28,190,374	\$ 84,888,180	Held by city
-	6,041,334	6,041,334	Held by bond trustee
659,646	25,350	1,567,137	Accounts receivable (net of allowance for uncollectibles) (note III C)
-	654,922	4,215,029	Taxes receivable
-	111,353	120,737	Grants receivable
-	142,902	634,360	Interest receivable
-	-	3,099,504	Due from other funds (note III F)
-	3,083,747	14,612,215	Loans receivable (net of allowance for uncollectibles) (notes III B, III C)
-	2,500,000	18,455,440	Advances to other funds (note III F)
<u>\$ 4,799,239</u>	<u>\$ 40,749,982</u>	<u>\$ 133,633,936</u>	TOTAL ASSETS
			LIABILITIES AND FUND BALANCES
			<b><u>LIABILITIES</u></b>
\$ 493,460	\$ 458,124	\$ 3,157,147	Accounts payable
-	28,266	1,724,826	Salaries and benefits payable
-	655,721	691,363	Due to other funds (note III F)
-	3,426,447	13,767,440	Advances from other funds (note III F)
-	-	255,123	Deposits
-	5,111,129	5,218,532	Deferred revenues
<u>493,460</u>	<u>9,679,687</u>	<u>24,814,431</u>	TOTAL LIABILITIES
			<b><u>FUND BALANCES</u></b>
1,250,248	10,542,362	40,430,492	Reserved (note III H)
			Unreserved (note III H):
-	-	11,499,108	General fund
-	6,659,486	41,673,585	Special revenue funds
3,055,531	11,522,506	14,578,037	Capital projects funds
			Undesignated (note III H):
-	-	8,635,484	General fund
-	2,442,365	(7,900,777)	Special revenue funds
-	(96,424)	(96,424)	Capital projects funds
<u>4,305,779</u>	<u>31,070,295</u>	<u>108,819,505</u>	TOTAL FUND BALANCES (DEFICITS)
<u>\$ 4,799,239</u>	<u>\$ 40,749,982</u>	<u>\$ 133,633,936</u>	TOTAL LIABILITIES AND FUND BALANCES

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

**CITY OF SIMI VALLEY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2008**

Fund balances - total governmental funds \$ 108,819,505

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

Capital assets in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (note III D). 222,474,458

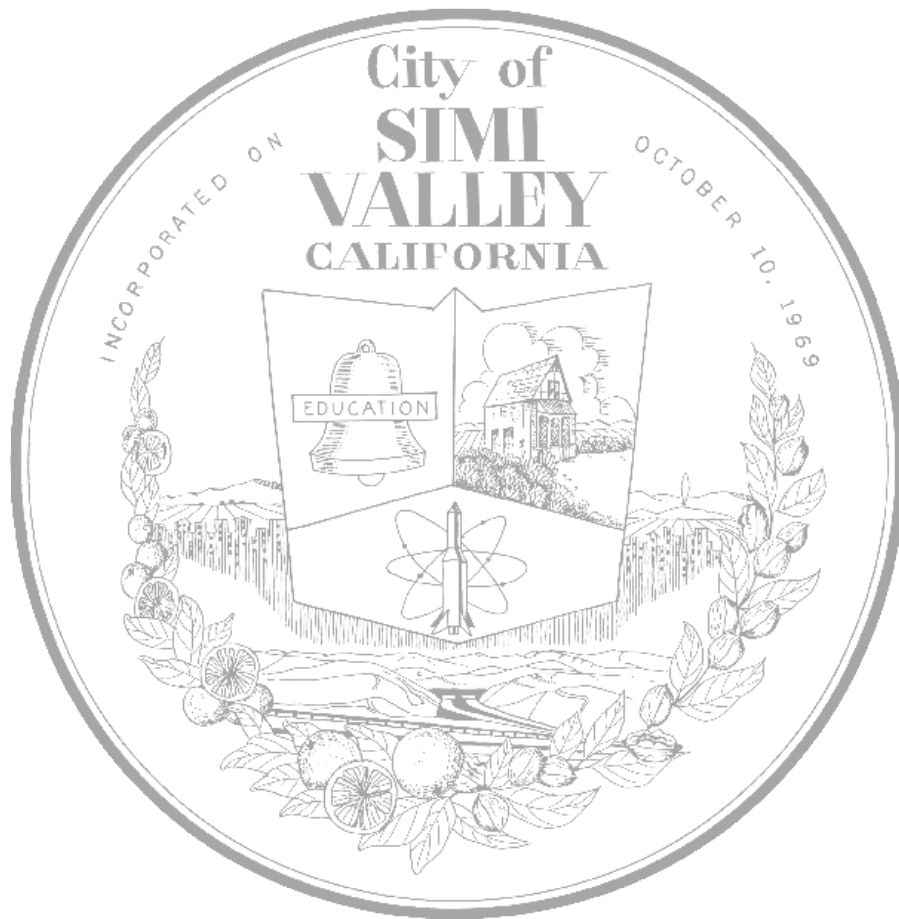
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:  
 Unamortized bond issuance costs 1,330,656

Internal service funds are used by management to charge the costs of workers' compensation and general liability. The assets and liabilities are included in governmental activities in the statement of net assets. 5,393,436

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

Deferred revenue adjustment for loans receivable	\$ 3,083,748	
Accrued interest payable	(949,184)	
Compensated absences payable	(4,939,948)	
1995 Lease revenue bonds	(6,095,000)	
2003 Tax allocation bonds	(28,590,000)	
2004 Certificates of participation	(25,015,000)	
Unamortized bond premium	(706,463)	
Unamortized bond payable deferred on refunding	445,489	(62,766,358)

Net assets of governmental activities \$ 275,251,697



**CITY OF SIMI VALLEY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Special Revenue</b>			
	<b>General</b>	<b>Community Development Agency Housing Administration</b>	<b>Merged Tapo Canyon &amp; West End Tax Increment</b>	<b>Development Related Fees</b>
<b>REVENUES</b>				
Taxes	\$ 46,317,550	\$ -	\$ -	\$ -
Tax increment revenues	-	-	20,055,215	-
Licenses and permits	1,863,206	-	-	-
Fines and forfeitures	639,866	-	-	-
Use of money and property	2,319,555	807,521	273,619	1,096,215
From other governments	753,130	-	-	-
Grants	190,796	-	-	-
Service charges	1,789,045	12,021	-	155,605
Other revenues	1,777,597	17,406	-	849,456
Total revenues	<u>55,650,745</u>	<u>836,948</u>	<u>20,328,834</u>	<u>2,101,276</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,855,501	388,995	904,587	-
Community services (CS)	4,062,966	-	-	-
Planning (ES)	6,403,621	1,049,481	-	59,243
Public ways and facilities (PW)	14,555,141	-	-	-
Public safety (PD)	29,110,498	-	-	-
Total current expenditures	<u>56,987,727</u>	<u>1,438,476</u>	<u>904,587</u>	<u>59,243</u>
Capital outlay:				
Streets and roads	-	-	-	-
Other capital projects	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:				
Principal	-	-	-	-
Interest	-	-	509,314	-
Other	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>509,314</u>	<u>-</u>
Intergovernmental	-	-	6,408,297	-
Total expenditures	<u>56,987,727</u>	<u>1,438,476</u>	<u>7,822,198</u>	<u>59,243</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,336,982)</u>	<u>(601,528)</u>	<u>12,506,636</u>	<u>2,042,033</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (note III F)	7,293,069	4,037,027	-	425,036
Transfers out (note III F)	(5,903,768)	(10,800)	(13,582,735)	(900,870)
Total other financing sources (uses)	<u>1,389,301</u>	<u>4,026,227</u>	<u>(13,582,735)</u>	<u>(475,834)</u>
NET CHANGE IN FUND BALANCES	<u>52,319</u>	<u>3,424,699</u>	<u>(1,076,099)</u>	<u>1,566,199</u>
FUND BALANCES (DEFICITS)-BEGINNING	37,352,516	11,184,995	(9,264,894)	20,510,414
PRIOR PERIOD ADJUSTMENTS (note IV F)	-	9,368,842	-	324,440
FUND BALANCES (DEFICITS)-BEGINNING, AS RESTATED	<u>37,352,516</u>	<u>20,553,837</u>	<u>(9,264,894)</u>	<u>20,834,854</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 37,404,835</u>	<u>\$ 23,978,536</u>	<u>\$ (10,340,993)</u>	<u>\$ 22,401,053</u>

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

**CITY OF SIMI VALLEY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Capital Projects</u>			
Streets & Roads	Nonmajor Governmental	Total Governmental Funds	
			<b>REVENUES</b>
\$ -	\$ 2,373,347	\$ 48,690,897	Taxes
-	129,919	20,185,134	Tax increment revenues
-	-	1,863,206	Licenses and permits
-	-	639,866	Fines and forfeitures
-	1,378,882	5,875,792	Use of money and property
-	6,808,938	7,562,068	From other governments
1,507,373	1,125,874	2,824,043	Grants
-	786,556	2,743,227	Service charges
-	2,061,210	4,705,669	Other revenues
<u>1,507,373</u>	<u>14,664,726</u>	<u>95,089,902</u>	Total revenues
			<b>EXPENDITURES</b>
			Current:
-	1,329,760	5,478,843	General government
-	-	4,062,966	Community services (CS)
-	2,216,498	9,728,843	Planning (ES)
-	3,239,377	17,794,518	Public ways and facilities (PW)
-	909,876	30,020,374	Public safety (PD)
-	<u>7,695,511</u>	<u>67,085,544</u>	Total current expenditures
			Capital outlay:
6,140,573	-	6,140,573	Streets and roads
-	3,401,783	3,401,783	Other capital projects
<u>6,140,573</u>	<u>3,401,783</u>	<u>9,542,356</u>	Total capital outlay
			Debt service:
-	1,805,000	1,805,000	Principal
-	2,901,396	3,410,710	Interest
-	31,863	31,863	Other
-	<u>4,738,259</u>	<u>5,247,573</u>	Total debt service
			Intergovernmental
-	47,410	6,455,707	Total expenditures
<u>6,140,573</u>	<u>15,882,963</u>	<u>88,331,180</u>	
<u>(4,633,200)</u>	<u>(1,218,237)</u>	<u>6,758,722</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			<b>OTHER FINANCING SOURCES (USES)</b>
5,697,581	8,803,415	26,256,128	Transfers in (note III F)
(616,761)	(7,444,829)	(28,459,763)	Transfers out (note III F)
<u>5,080,820</u>	<u>1,358,586</u>	<u>(2,203,635)</u>	Total other financing sources (uses)
<u>447,620</u>	<u>140,349</u>	<u>4,555,087</u>	NET CHANGE IN FUND BALANCES
3,858,159	30,929,946	94,571,136	FUND BALANCES (DEFICITS)-BEGINNING
-	-	9,693,282	PRIOR PERIOD ADJUSTMENTS (note IV F)
<u>3,858,159</u>	<u>30,929,946</u>	<u>104,264,418</u>	FUND BALANCES (DEFICITS)-BEGINNING, AS RESTATED
<u>\$ 4,305,779</u>	<u>\$ 31,070,295</u>	<u>\$ 108,819,505</u>	FUND BALANCES (DEFICITS)-ENDING

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

**CITY OF SIMI VALLEY  
RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds \$ 4,555,087

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	\$ 1,094,860	
Capital outlay	10,065,495	
Depreciation expense	<u>(8,939,471)</u>	2,220,884

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

Principal payments:		
Tax allocation bonds	730,000	
Lease revenue bonds	595,000	
Certificates of participation	<u>480,000</u>	1,805,000

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

Net debt service interest accrual	21,476	
Amortization of bond issuance costs	(55,325)	
Amortization of deferral on refunding	(28,482)	
Amortized premium on bonds	29,193	
Compensated absences (net)	<u>63,170</u>	30,032

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,103,811)

Internal service funds are used by the City to account for liability and workers' compensation insurance. The net expense of these funds is reported with governmental activities. (704,593)

Change in net assets of governmental activities \$ 6,802,599



**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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes:				
Sales	\$ 18,951,600	\$ 18,951,600	\$ 16,894,319	\$ (2,057,281)
Property	21,731,600	21,731,600	21,923,014	191,414
Franchise	3,669,800	3,669,800	3,708,972	39,172
Business and other	4,404,900	4,404,900	3,791,245	(613,655)
Licenses and permits	2,634,300	2,634,300	1,863,206	(771,094)
From other governments	1,091,800	1,092,600	753,130	(339,470)
Grants	133,900	153,100	190,796	37,696
Service charges	1,420,000	1,420,000	1,789,045	369,045
Fines and forfeitures	600,000	600,000	639,866	39,866
Use of money and property	2,022,300	2,022,300	2,319,555	297,255
Other revenues	699,200	1,027,400	1,777,597	750,197
Total revenues	<u>57,359,400</u>	<u>57,707,600</u>	<u>55,650,745</u>	<u>(2,056,855)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
City administration	3,393,300	3,520,300	3,173,867	346,433
Attorney	1,077,000	1,077,000	1,063,109	13,891
Administrative services and city-wide support (AS)*	(1,074,800)	(953,600)	(1,381,475)	427,875
Community services (CS)	4,634,800	4,668,000	4,062,966	605,034
Planning (ES)	6,636,100	7,065,700	6,403,621	662,079
Public ways and facilities (PW)	14,471,800	15,251,100	14,555,141	695,959
Public safety (PD)	29,227,200	29,371,100	29,110,498	260,602
Total expenditures	<u>58,365,400</u>	<u>59,999,600</u>	<u>56,987,727</u>	<u>3,011,873</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,006,000)</u>	<u>(2,292,000)</u>	<u>(1,336,982)</u>	<u>955,018</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	7,171,500	7,301,500	7,293,069	(8,431)
Transfers out	(6,666,900)	(6,427,200)	(5,903,768)	523,432
Total other financing sources (uses)	<u>504,600</u>	<u>874,300</u>	<u>1,389,301</u>	<u>515,001</u>
NET CHANGE IN FUND BALANCE	(501,400)	(1,417,700)	52,319	1,470,019
FUND BALANCES (DEFICITS)-BEGINNING	<u>37,352,516</u>	<u>37,352,516</u>	<u>37,352,516</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 36,851,116</u>	<u>\$ 35,934,816</u>	<u>\$ 37,404,835</u>	<u>\$ 1,470,019</u>

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

**CITY OF SIMI VALLEY  
COMMUNITY DEVELOPMENT AGENCY HOUSING ADMINISTRATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 627,100	\$ 627,100	\$ 807,521	\$ 180,421
Service charges	14,700	14,700	12,021	(2,679)
Other revenues	-	-	17,406	17,406
Total revenues	<u>641,800</u>	<u>641,800</u>	<u>836,948</u>	<u>195,148</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government:				
Reimbursement to general fund	501,300	504,000	504,000	-
Reimbursement from CDBG	(159,700)	(118,400)	(104,462)	(13,938)
Reimbursement from HOME grant	(13,000)	(13,000)	(10,543)	(2,457)
Total general government	<u>328,600</u>	<u>372,600</u>	<u>388,995</u>	<u>(16,395)</u>
Environmental services:				
Personnel	1,053,900	1,053,900	932,708	121,192
Materials, supplies and services	2,670,700	2,270,700	116,773	2,153,927
Total environmental services	<u>3,724,600</u>	<u>3,324,600</u>	<u>1,049,481</u>	<u>2,275,119</u>
Total expenditures	<u>4,053,200</u>	<u>3,697,200</u>	<u>1,438,476</u>	<u>2,258,724</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,411,400)</u>	<u>(3,055,400)</u>	<u>(601,528)</u>	<u>2,453,872</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	3,249,500	3,249,500	4,037,027	787,527
Transfers out	(10,800)	(10,800)	(10,800)	-
Total other financing sources (uses)	<u>3,238,700</u>	<u>3,238,700</u>	<u>4,026,227</u>	<u>787,527</u>
NET CHANGE IN FUND BALANCES	(172,700)	183,300	3,424,699	3,241,399
FUND BALANCES (DEFICITS)-BEGINNING, AS RESTATED	<u>20,553,837</u>	<u>20,553,837</u>	<u>20,553,837</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 20,381,137</u>	<u>\$ 20,737,137</u>	<u>\$ 23,978,536</u>	<u>\$ 3,241,399</u>

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

**CITY OF SIMI VALLEY  
 MERGED TAPO CANYON AND WEST END TAX INCREMENT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Tax increment revenues	\$ 16,181,000	\$ 16,181,000	\$ 20,055,215	\$ 3,874,215
Use of money and property	124,500	124,500	273,619	149,119
Total revenues	<u>16,305,500</u>	<u>16,305,500</u>	<u>20,328,834</u>	<u>4,023,334</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government:				
Materials, supplies and services	41,600	49,600	36,833	12,767
Contract services	184,500	184,500	137,809	46,691
Land purchase		729,945	729,945	-
Total general government	<u>226,100</u>	<u>964,045</u>	<u>904,587</u>	<u>59,458</u>
Debt service:				
Interest	350,000	350,000	509,314	(159,314)
Intergovernmental				
	5,147,028	5,147,028	6,408,297	(1,261,269)
Total expenditures	<u>5,723,128</u>	<u>6,461,073</u>	<u>7,822,198</u>	<u>(1,361,125)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,582,372</u>	<u>9,844,427</u>	<u>12,506,636</u>	<u>2,662,209</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(10,889,100)	(19,990,755)	(13,582,735)	6,408,020
Total other financing sources (uses)	<u>(10,889,100)</u>	<u>(19,990,755)</u>	<u>(13,582,735)</u>	<u>6,408,020</u>
NET CHANGE IN FUND BALANCES	(306,728)	(10,146,328)	(1,076,099)	9,070,229
FUND BALANCES (DEFICITS)-BEGINNING	<u>(9,264,894)</u>	<u>(9,264,894)</u>	<u>(9,264,894)</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (9,571,622)</u>	<u>\$ (19,411,222)</u>	<u>\$ (10,340,993)</u>	<u>\$ 9,070,229</u>

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

**CITY OF SIMI VALLEY  
DEVELOPMENT RELATED FEES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 948,900	\$ 948,900	\$ 1,096,215	\$ 147,315
Service charges	291,100	291,100	155,605	(135,495)
Other revenues	850,200	850,200	849,456	(744)
Total revenues	<u>2,090,200</u>	<u>2,090,200</u>	<u>2,101,276</u>	<u>11,076</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Environmental services:				
Housing programs	687,100	1,297,100	59,243	1,237,857
Total expenditures	<u>687,100</u>	<u>1,297,100</u>	<u>59,243</u>	<u>1,237,857</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	325,000	325,000	425,036	100,036
Transfers out	(670,000)	(844,000)	(900,870)	(56,870)
Total other financing sources (uses)	<u>(345,000)</u>	<u>(519,000)</u>	<u>(475,834)</u>	<u>43,166</u>
NET CHANGE IN FUND BALANCES	1,058,100	274,100	1,566,199	1,292,099
FUND BALANCES (DEFICITS)-BEGINNING, AS RESTATED	<u>20,834,854</u>	<u>20,834,854</u>	<u>20,834,854</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 21,892,954</u>	<u>\$ 21,108,954</u>	<u>\$ 22,401,053</u>	<u>\$ 1,292,099</u>

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

**CITY OF SIMI VALLEY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Simi Valley Sanitation</b>	<b>Ventura County Waterworks District No. 8</b>	<b>Simi Valley Transit System</b>	<b>Total</b>	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 16,927,228	\$ 9,961,001	\$ -	\$ 26,888,229	\$ 21,251,904
Customer receivable	580,241	4,873,931	-	5,454,172	-
Other receivable	499,669	142,967	118,320	760,956	462
Taxes receivable	346,322	-	-	346,322	-
Grants receivable	-	-	2,927,351	2,927,351	-
Inventories	333,702	656,403	207,167	1,197,272	-
Interest receivable	186,883	130,890	-	317,773	111,722
Restricted cash and investments:					
Customer deposits	-	872,295	-	872,295	-
Connection fees	9,164,812	10,331,683	-	19,496,495	-
Total current assets	<u>28,038,857</u>	<u>26,969,170</u>	<u>3,252,838</u>	<u>58,260,865</u>	<u>21,364,088</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation) (note III D):					
Land	765,660	451,334	-	1,216,994	-
Buildings and improvements	5,455,235	678,166	1,448,294	7,581,695	-
Furnishings and equipment	847,621	118,246	905,709	1,871,576	-
Vehicles	352,039	440,601	1,862,527	2,655,167	-
Distribution system (note IV F)	56,979,634	32,671,458	5,458	89,656,550	-
Construction-in-progress	3,514,558	6,144,255	272,547	9,931,360	-
Total noncurrent assets	<u>67,914,747</u>	<u>40,504,060</u>	<u>4,494,535</u>	<u>112,913,342</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>95,953,604</u>	<u>67,473,230</u>	<u>7,747,373</u>	<u>171,174,207</u>	<u>21,364,088</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	876,933	2,260,835	365,049	3,502,817	34,229
Salaries and benefits payable	114,661	69,157	65,742	249,560	6,792
Compensated absences	40,362	27,322	22,505	90,189	4,001
Due to other funds (note III F)	-	-	2,408,141	2,408,141	-
Claims and legal services payable	-	-	-	-	3,104,356
Current liabilities payable from restricted assets:					
Water service prepayments	-	872,295	-	872,295	-
Accounts payable restricted	813,513	1,060,809	-	1,874,322	-
Total current liabilities	<u>1,845,469</u>	<u>4,290,418</u>	<u>2,861,437</u>	<u>8,997,324</u>	<u>3,149,378</u>
Noncurrent liabilities:					
Advances from other funds (note III F)	-	-	-	-	4,688,000
Compensated absences	363,260	245,904	202,545	811,709	36,011
Claims and legal services payable	-	-	-	-	7,899,434
Total noncurrent liabilities	<u>363,260</u>	<u>245,904</u>	<u>202,545</u>	<u>811,709</u>	<u>12,623,445</u>
<b>TOTAL LIABILITIES</b>	<u>2,208,729</u>	<u>4,536,322</u>	<u>3,063,982</u>	<u>9,809,033</u>	<u>15,772,823</u>
<b>NET ASSETS</b>					
Invested in capital assets	67,914,747	40,504,060	4,494,535	112,913,342	-
Restricted for:					
Sewer connection fees and water capital improvement charges	8,351,299	9,270,874	-	17,622,173	-
Unrestricted	17,478,829	13,161,974	188,856	30,829,659	5,591,265
<b>TOTAL NET ASSETS</b>	<u>\$ 93,744,875</u>	<u>\$ 62,936,908</u>	<u>\$ 4,683,391</u>	<u>161,365,174</u>	<u>\$ 5,591,265</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Beginning adjustment to unrestricted net assets			830,794		
Current adjustment to unrestricted net assets			<u>(632,965)</u>		
Net assets of business-type activities			<u>\$ 161,563,003</u>		

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

CITY OF SIMI VALLEY  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Simi Valley Sanitation</b>	<b>Ventura County Waterworks District No. 8</b>	<b>Simi Valley Transit System</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 14,292,859	\$ 28,247,611	\$ 524,771	\$ 43,065,241	\$ 5,180,200
Other revenues	475,000	-	-	475,000	-
Total operating revenues	<u>14,767,859</u>	<u>28,247,611</u>	<u>524,771</u>	<u>43,540,241</u>	<u>5,180,200</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	5,552,508	3,361,310	3,133,207	12,047,025	303,608
Materials and supplies:					
Water purchases	-	17,907,145	-	17,907,145	-
Utilities	929,489	830,980	-	1,760,469	-
Chemicals	495,898	-	-	495,898	-
Other	215,419	535,468	468,378	1,219,265	6,711
Services:					
Maintenance projects	709,037	758,525	-	1,467,562	-
Other	1,815,656	720,661	602,297	3,138,634	-
Insurance	170,000	75,200	131,700	376,900	652,987
Claims and legal expenses	-	-	-	-	3,989,338
General administration	1,927,800	2,505,000	1,010,200	5,443,000	2,402,800
Depreciation	2,287,916	1,246,486	706,820	4,241,222	-
Total operating expenses	<u>14,103,723</u>	<u>27,940,795</u>	<u>6,052,602</u>	<u>48,097,120</u>	<u>7,365,444</u>
OPERATING INCOME (LOSS)	664,136	306,816	(5,527,831)	(4,556,879)	(2,185,244)
<b>NONOPERATING REVENUES AND EXPENSES</b>					
Grants	-	78,845	2,281,845	2,360,690	-
Interest	1,389,992	1,208,421	-	2,598,413	851,486
Other	-	(2,335)	188,367	186,032	-
Total nonoperating revenues (expenses)	<u>1,389,992</u>	<u>1,284,931</u>	<u>2,470,212</u>	<u>5,145,135</u>	<u>851,486</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,054,128	1,591,747	(3,057,619)	588,256	(1,333,758)
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	1,633,702	1,137,157	237,718	3,008,577	-
Transfers in (note III F)	-	-	2,415,035	2,415,035	-
Transfers out (note III F)	(119,700)	(87,900)	-	(207,600)	(3,800)
Total contributions and transfers	<u>1,514,002</u>	<u>1,049,257</u>	<u>2,652,753</u>	<u>5,216,012</u>	<u>(3,800)</u>
CHANGE IN NET ASSETS	3,568,130	2,641,004	(404,866)	5,804,268	(1,337,558)
TOTAL NET ASSETS-BEGINNING	<u>90,176,745</u>	<u>60,295,904</u>	<u>5,088,257</u>		<u>6,928,823</u>
TOTAL NET ASSETS-ENDING	<u>\$ 93,744,875</u>	<u>\$ 62,936,908</u>	<u>\$ 4,683,391</u>		<u>\$ 5,591,265</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(632,965)	
Current adjustment				(632,965)	
Change in net assets of business-type activities				<u>\$ 5,171,303</u>	

**CITY OF SIMI VALLEY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Simi Valley Sanitation</b>	<b>Ventura County Waterworks District No. 8</b>	<b>Simi Valley Transit System</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Cash received from service charges and other revenues	\$ 14,321,252	\$ 27,755,349	\$ 635,922	\$ 42,712,523	\$ 5,180,200
Cash paid for salaries and benefits	(5,495,064)	(3,367,929)	(3,108,057)	(11,971,050)	(298,897)
Cash paid for supplies and materials	(748,875)	(18,247,839)	(434,913)	(19,431,627)	-
Cash paid for general administration	(1,927,800)	(2,505,000)	(1,010,200)	(5,443,000)	(2,402,800)
Cash paid for services and insurance	(2,694,693)	(1,554,406)	(733,997)	(4,983,096)	(6,711)
Cash paid for insurance premiums and claims	-	-	-	-	(2,746,690)
Net cash provided (used) by operating activities	<u>3,454,820</u>	<u>2,080,175</u>	<u>(4,651,245)</u>	<u>883,750</u>	<u>(274,898)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
Cash paid for transfers to other funds	(119,700)	(87,900)	-	(207,600)	-
Cash received from grants and other governments	-	78,845	2,313,390	2,392,235	-
Cash received from interfund borrowing	-	-	2,408,937	2,408,937	(3,800)
Net cash provided (used) by noncapital financing activities	<u>(119,700)</u>	<u>(9,055)</u>	<u>4,722,327</u>	<u>4,593,572</u>	<u>(3,800)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Sewer connection fees and water capital improvement charges	917,818	469,358	-	1,387,176	-
Contribution received from other governments	-	-	237,718	237,718	-
Acquisition of capital assets	(3,430,007)	(2,609,589)	(308,800)	(6,348,396)	-
Net cash provided (used) by capital and related financing activities	<u>(2,512,189)</u>	<u>(2,140,231)</u>	<u>(71,082)</u>	<u>(4,723,502)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Interest on investments	1,467,627	1,335,757	-	2,803,384	928,469
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,290,558	1,266,646	-	3,557,204	649,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,801,482	19,898,333	-	43,699,815	20,602,133
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 26,092,040</u>	<u>\$ 21,164,979</u>	<u>\$ -</u>	<u>\$ 47,257,019</u>	<u>\$ 21,251,904</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>					
Operating income (loss)	\$ 664,136	\$ 306,816	\$ (5,527,831)	\$ (4,556,879)	\$ (2,185,244)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,287,916	1,246,486	706,820	4,241,222	-
(Increase) decrease in accounts receivable	28,393	(488,708)	(28,367)	(488,682)	-
(Increase) decrease in inventory	(75,589)	(108,495)	(53,188)	(237,272)	-
Increase (decrease) in accounts payable	492,520	1,134,250	21,618	1,648,388	(93,174)
Increase (decrease) in accrued payroll	34,151	19,047	19,347	72,545	2,146
Increase (decrease) in compensated absences	23,293	(25,666)	10,803	8,430	2,565
Increase (decrease) in water service prepayments	-	(3,555)	-	(3,555)	-
Increase (decrease) in claims and legal services payable	-	-	-	-	1,998,809
Adjustment for revenues and expenses classified as nonoperating	-	-	199,553	199,553	-
Total adjustments	<u>2,790,684</u>	<u>1,773,359</u>	<u>876,586</u>	<u>5,440,629</u>	<u>1,910,346</u>
Net cash provided (used) by operating activities	<u>\$ 3,454,820</u>	<u>\$ 2,080,175</u>	<u>\$ (4,651,245)</u>	<u>\$ 883,750</u>	<u>\$ (274,898)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital additions	\$ 715,884	\$ 667,799	-	\$ 1,383,683	\$ -
Capital contributions	(715,884)	(667,799)	-	(1,383,683)	-
Services to be provided from settlement agreement	475,000	-	-	-	-

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

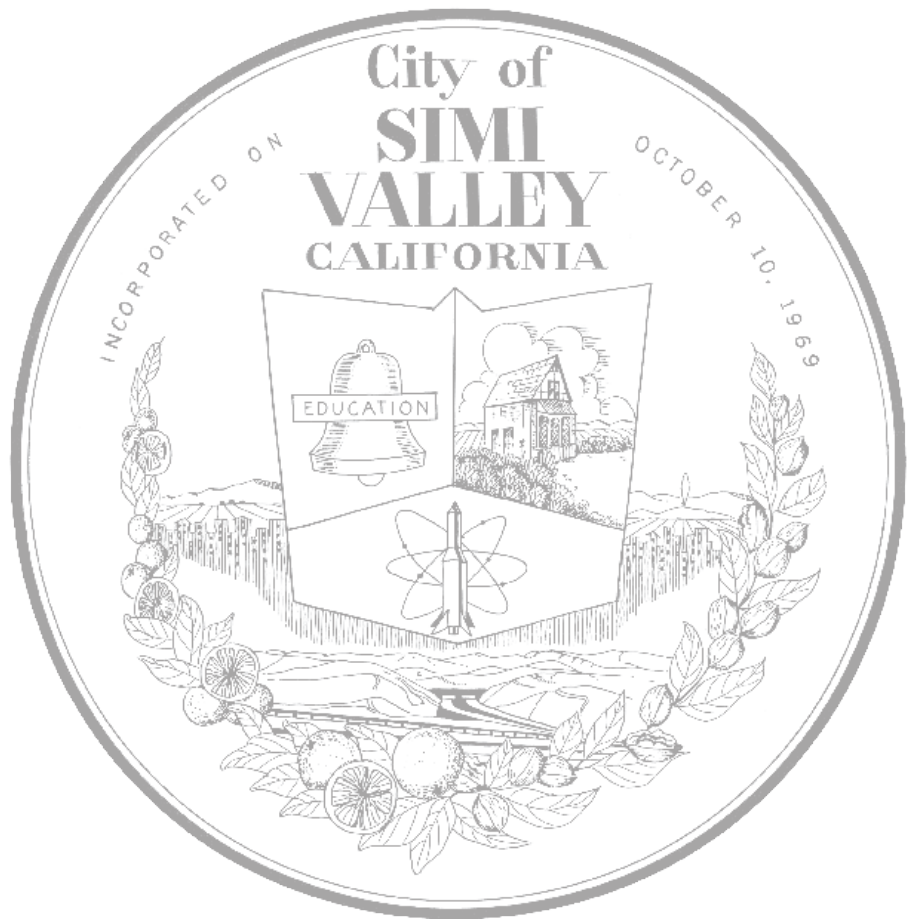
**CITY OF SIMI VALLEY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2008**

	<b>Total</b>
<hr/>	
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments:	
Held by City	\$ 8,715,693
Held by bond trustee	3,333,201
Accounts receivable	<u>17,243</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 12,066,137</u></u></b>
<b><u>LIABILITIES</u></b>	
Intergovernmental payable	<u>\$ 12,066,137</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>\$ 12,066,137</u></u></b>

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



# NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF SIMI VALLEY • LISTING OF NOTES TO THE BASIC FINANCIAL  
STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

**I. Summary of significant accounting policies**

**A. Reporting entity**

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

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

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

**B. Financial statements**

The basic financial statements of the City are comprised of:

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

In addition, supplementary information is provided for:

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sanitation, water and transit funds, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of 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

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

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

Property taxes, sales taxes, franchise taxes, service charges, rents, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

**General fund:**

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

**Special revenue funds:**

*Community Development Agency Housing Administration* fund accounts for housing set-aside funds used to reimburse the costs associated with the processing of affordable housing agreements, as well as any general plan amendments for affordable housing projects.

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

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

**Capital project funds:**

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

**Enterprise funds:**

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

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

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

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

Additionally, the City reports the following fund types:

**Internal service funds:**

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

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

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

**Fiduciary funds:**

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

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

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

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

**D. Assets, liabilities, and net assets or equity**

*1. Deposits and investments*

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

State statutes and City Investment Policy, authorize the government to invest in obligations of the U.S. Treasury, the State and local agencies, Federal Agency Securities and the State Treasurer's Investment Pool.

Investments are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.



CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

*2. Receivables and payables*

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

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

Receivables are shown net of an allowance for uncollectibles.

*3. Property taxes*

Property taxes in California are levied in accordance with Article 13A of the State Constitution and statutory provisions by the County Assessor for the secured and unsecured tax rolls, and State Board of Equalization for the utility property tax rolls. The tax levy to support general operations is limited to one percent of full value at time of purchase with subsequent annual increases up to two percent. Increase to full value is allowed for property improvements or upon change in ownership. Amounts required to finance voter-approved debt are excluded from this limitation and are calculated and levied each fiscal year. Property taxes are levied on both real and personal property. Secured property taxes are levied July 1, payable in two equal installments: the first is due November 1 and delinquent with penalties after December 10; the second is due on February 1 and delinquent with penalties after April 10. Unsecured property taxes become delinquent with penalties after August 31. Secured property taxes become a lien on the property on January 1.

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

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

*4. Inventories and prepaid items*

In governmental funds the purchase method is used to account for inventories. Under this method inventories are recorded as expenditures when purchased rather than capitalized as an asset. If inventory amounts are significant at year-end they are reported as an asset. Inventory amounts in the governmental funds were not significant in fiscal year 2007-08.

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

*5. Restricted assets*

Customer deposits and connection fees are classified as restricted assets on the statement of net assets, business-type activities. Customer deposits off-set 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) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated infrastructure assets are recorded at estimated historical cost provided by the developer.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	25
Vehicles	4-7
Machinery and equipment	3-10
Water/Sewer lines	30-100
Intangibles	15
Infrastructure	25-50

*7. Compensated absences*

Vacation and sick leave benefits are consolidated into an annual leave benefit program. It is the City's policy to permit employees to accumulate earned but unused annual leave. All annual 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.

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*8. Long-term obligations*

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

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

*9. Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*10. Estimates*

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

**II. Stewardship, compliance, and accountability**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, enterprise funds, and all special revenue funds. Project-length budgets are adopted for the capital project funds. Debt service funds are not budgeted. All appropriations lapse at fiscal year end.

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

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Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. Excess of expenditures over appropriations**

For fiscal year ended June 30, 2008, expenditures exceeded appropriations in the Merged Tapo Canyon and West End Tax Increment (major), the Madera Royal Tax Increment (nonmajor), the HOME Grant (nonmajor), the Transportation (nonmajor), the Lighting Maintenance District (nonmajor) and the Landscape Zones (nonmajor) special revenue funds by \$1,361,125, \$22,920, \$25,438, \$6,839, \$175,474 and \$88,887 respectively. The over-expenditures in the Merged Tapo Canyon and West End Tax Increment, and the Madera Royal Tax Increment funds were financed by higher than budgeted revenues. The HOME Grant fund over-expenditures resulted from funding a rehabilitation loan approved in the prior fiscal year. The Transportation funds over-expenditures resulted from transmitting pass-thru grants to the Park District received in prior years. The Lighting Maintenance District over-expenditures were a result of higher utility costs. These over-expenditures were financed by higher than budgeted revenues. An unexpected expenditure resulted in the Landscape Zones over-expenditures. These over-expenditures will be financed by a higher General Fund subsidy in the next budget year.

**C. Deficit fund equity**

One major fund, the Merged Tapo Canyon and West End Tax Increment special revenue fund had a deficit fund balance as of June 30, 2008 of \$10,340,993, due to the amount advanced from the City's general fund to the Community Development Agency, a blended component unit of the City, to finance community development projects. The advance will be repaid from available tax increment revenues.

In addition, two nonmajor funds had deficit fund balances as of June 30, 2008: the Madera Royal Tax Increment special revenue fund (\$78,066), and the Regional Mall capital project fund (\$96,424). Tax increment revenues to be received in Fiscal Year 2008-09 will eliminate the deficit for the Madera Royal Tax Increment fund. The deficit in the Regional Mall fund will be eliminated by drawdown of bond proceeds from the Certificates of Participation issued on September 2, 2004.

**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 cash balances. The carrying amounts of cash and investments have been increased by \$646,054 in order to reflect the fair value at June 30, 2008.

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**Cash and investments at June 30, 2008 are classified as follows:**

Statement of net assets:	
Cash and investments	\$ 153,397,103
Cash and investments held by bond trustee	6,041,334
Fiduciary funds:	
Cash and investments	8,715,693
Cash and investments held by bond trustee	3,333,201
Total cash and investments	\$ 171,487,331

**Cash and investments at June 30, 2008 consisted of the following:**

Cash on hand	\$ 6,249
Deposits with financial institutions	1,460,416
Investments	170,020,666
Total cash and investments	\$ 171,487,331

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

<u>Authorized Investments</u>	<u>Maximum Maturity Constraints</u>	<u>City Policy Legal Limit (% or \$)</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
United States Treasuries	5 years	None	None
State Bonds	5 years	None	None
Federal Agencies	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	\$1,000,000
Collateralized Certificates of Deposit	5 years	None	25% of S & L
Mutual funds	N/A	Prohibited	10%
Money market mutual funds	N/A	Prohibited	10%
Local agency investment pool	N/A	\$30,000,000 <sup>1</sup>	None

**Interest Rate Risk**

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

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<sup>1</sup> Per entity

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity in Years</u>		
		<u>1 Year Or Less</u>	<u>1-2 Years</u>	<u>2-5 Years</u>
U.S. Government agency securities	\$ 96,649,240	\$ 10,002,200	\$ 5,112,500	\$81,534,540
Local agency investment pool	63,996,891	63,996,891	-	-
<u>Held by bond trustee:</u>				
Local agency investment pool	3,280,343	3,280,343	-	-
Money market and mutual funds	6,094,192	6,094,192	-	-
<b>Total</b>	<b>\$ 170,020,666</b>	<b>\$ 83,373,626</b>	<b>\$ 5,112,500</b>	<b>\$81,534,540</b>

### 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>Exempt From Disclosure</u>	<u>Ratings as of Year End</u>		
				<u>S &amp; P AAA</u>	<u>Moody Aaa</u>	<u>Not Rated</u>
U.S. Government agency securities	\$ 96,649,240	N/A	\$ -	\$ 96,649,240	\$30,002,200	\$ -
Local agency investment pool	63,996,891	N/A	-	-	-	63,996,891
<u>Held by bond trustee:</u>						
Local agency investment pool	3,280,343	N/A	-	-	-	3,280,343
Money market and mutual funds	6,094,192	A	-	-	-	6,094,192
<b>Total</b>	<b>\$ 170,020,666</b>		<b>\$ -</b>	<b>\$ 96,649,240</b>	<b>\$30,002,200</b>	<b>\$ 73,371,426</b>

### Concentration of Credit Risk

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

- No more than 15% of the City's portfolio (exclusive of investments in government agency issues and LAIF) shall be invested with one financial institution.
- No more than 25% of the City's portfolio shall be invested in collateralized certificates of deposit issued by Savings and Loan institutions.
- Investments of bond proceeds, held by fiscal agents, in LAIF shall be limited to \$30 million per bond issue.

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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 requires California banks and savings and loan associations to secure a local government agency's deposits by pledging government securities with a market value equal to 110% of the deposits or pledging first trust deed mortgage notes with a market value equal to 150% of the total deposits.

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

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$42,359,730
Federal Home Loan Mortgage Corporation	Federal agency securities	10,193,500
Federal Agricultural Mortgage Corporation	Federal agency securities	10,002,200
Federal Farm Credit Bank	Federal agency securities	20,075,050
Federal National Mortgage Association	Federal agency securities	14,018,760

As of June 30, 2008, the City had no investments which were uninsured, unregistered and not held in the City's name.

**Investment in State Investment Pool**

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Code Section 16429 under the oversight of the Treasurer of the State of California. In addition to the primary City account, LAIF accounts are also maintained for the following blended component units of the City: Waterworks District No. 8, Community Development Agency, and Industrial Development Authority. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**B. Loans receivable**

The City provides amortizable and deferred payment home rehabilitation loans, first time homebuyer and affordable housing loans to qualifying low-income households under programs accounted for in the Special Revenue funds. The loans receivable, if grant funded, is offset against deferred revenue. City-funded loans receivable is offset by a reservation of fund balance. The repayment of these loans is dependent on future events like the sale of property, amounts available from residual receipts, etc.

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**C. Allowance for uncollectible accounts**

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

	General Fund	Merged Tapo Canyon & West End Tax Increment	Streets and Roads	Nonmajor Governmental	Total
Accounts receivable	\$1,403,017	\$ 57,511	\$ 659,646	\$ 25,350	\$2,145,524
Allowance for uncollectibles	(578,387)	-	-	-	(578,387)
Total accounts receivable net	<u>\$ 824,630</u>	<u>\$ 57,511</u>	<u>659,646</u>	<u>25,350</u>	<u>\$1,567,137</u>

**D. Capital assets**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,407,142	\$ 729,945	\$ -	\$ 6,137,087
Construction-in-progress	50,026,908	9,052,953	(21,921,439)	37,158,422
Total capital assets, not being depreciated	<u>55,434,050</u>	<u>9,782,898</u>	<u>(21,921,439)</u>	<u>43,295,509</u>
Capital assets, being depreciated:				
Buildings and improvements	31,517,405	9,029,253	-	40,546,658
Furnishings and equipment	3,515,332	5,905,876	(953,197)	8,468,011
Computers	3,430,003	634,858	(203,704)	3,861,157
Vehicles	5,479,076	728,281	(597,331)	5,610,026
Infrastructure	204,674,373	7,203,015	-	211,877,388
Intangibles	5,553,985	-	-	5,553,985
Total capital assets being depreciated	<u>254,170,174</u>	<u>23,501,283</u>	<u>(1,754,232)</u>	<u>275,917,225</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,120,804)	(933,723)	-	(12,054,527)
Furnishings and equipment	(3,187,368)	(74,743)	953,197	(2,308,914)
Computers	(2,017,845)	(495,498)	12,676	(2,500,667)
Vehicles	(4,180,985)	(449,867)	585,972	(4,044,880)
Infrastructure	(67,901,025)	(6,615,375)	-	(74,516,400)
Intangibles	(942,623)	(370,265)	-	(1,312,888)
Total accumulated depreciation	<u>(89,350,650)</u>	<u>(8,939,471)</u>	<u>1,551,845</u>	<u>(96,738,276)</u>
Total capital assets, being depreciated, net	<u>164,819,524</u>	<u>14,561,812</u>	<u>(202,387)</u>	<u>179,178,949</u>
Governmental activities capital assets, net	<u>\$ 220,253,574</u>	<u>\$ 24,344,710</u>	<u>\$ (22,123,826)</u>	<u>\$ 222,474,458</u>

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,216,994	\$ -	\$ -	\$ 1,216,994
Construction-in-progress	5,323,694	6,003,341	(1,395,675)	9,931,360
Total capital assets, not being depreciated	6,540,688	6,003,341	(1,395,675)	11,148,354
Capital assets, being depreciated:				
Buildings and improvements	12,070,043	126,768	-	12,196,811
Furnishings and equipment	5,368,117	755,595	(286,126)	5,837,586
Vehicles	8,486,104	594,812	(104,347)	8,976,569
Distribution system	151,542,012	1,639,080	-	153,181,092
Total capital assets being depreciated	177,466,276	3,116,255	(390,473)	180,192,058
Less accumulated depreciation for:				
Buildings and improvements	(4,338,640)	(276,477)	-	(4,615,117)
Furnishings and equipment	(4,093,333)	(153,438)	280,761	(3,966,010)
Vehicles	(5,711,337)	(714,412)	104,348	(6,321,401)
Distribution system	(60,427,647)	(3,096,895)	-	(63,524,542)
Total accumulated depreciation	(74,570,957)	(4,241,222)	385,109	(78,427,070)
Total capital assets, being depreciated, net	102,895,319	(1,124,967)	(5,364)	101,764,988
Business-type activities capital assets, net	\$ 109,436,007	\$ 4,878,374	\$ (1,401,039)	\$ 112,913,342

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

<b>Governmental activities:</b>	
General Government	\$ 7,817,610
Community Services	606
Public Ways & Facilities (PW)	685,886
Public Safety	435,369
Total depreciation expense-governmental activities	\$ 8,939,471
<b>Business-type activities:</b>	
Sanitation	\$ 2,287,916
Waterworks	1,246,486
Transit	706,820
Total depreciation expense-business-type activities	\$ 4,241,222

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**E. Construction commitments**

The City has active construction projects as of June 30, 2008. 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:

Water tank construction and improvements projects	\$ 5,443,851
Nitrification/denitrification facility project modifications	3,374,280
Sewerline improvements	2,335,984
Transit CNG conversion/improvements	303,070
Wastewater collection system rehabilitation plan	195,650
Water Quality Control Plant upgrades	82,781
Water and recycled water master plan updates	49,923
Hansen work order system	21,128
Total construction commitments	\$ 11,806,667

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

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

**Due to / from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Simi Valley transit system	\$ 2,408,141
	Merged Tapo Canyon and West End Tax Increment	35,642
	Nonmajor governmental funds	639,266
Community development agency		
Housing administration fund	Nonmajor governmental funds	16,455
Total		\$ 3,099,504

**Advances from / to other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Merged Tapo Canyon and West End Tax Increment	\$ 7,840,993
	Nonmajor governmental funds (Public Facility Imprv)	3,348,380
	Nonmajor governmental funds (Madera Royal)	78,067
	Internal Service funds	4,688,000
Nonmajor governmental funds	Merged Tapo Canyon and West End Tax Increment	2,500,000
Total		\$ 18,455,440

The advances from the General fund to the Merged Tapo Canyon and West End Tax Increment fund, and nonmajor governmental fund (Madera Royal Tax Increment fund) are to fund various See independent auditors' report.

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CDA projects. This advance will be repaid from available tax increment revenues. The advance from the General fund to the nonmajor governmental fund (Public Facility Improvements fund) is to accumulate funds for future facility improvements, and the advance to the Internal Service funds is to maintain required reserves in accordance with actuarial valuations. The advance from nonmajor governmental funds (Lighting Maintenance District) to the Merged Tapo Canyon and West End Tax Increment fund funded the purchase of land for the mall site and will also be repaid from available tax increment revenues.

The composition of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General	Streets and roads	\$ 326,256	Fund street projects, sound walls, and traffic signals
	Simi Valley transit system	2,415,035	Subsidy for transit operations
	Nonmajor governmental funds	3,162,477	Fund Special Problems Section, landscape zones, scheduled debt service, and contributions to pension and replacement funds
		<u>5,903,768</u>	
CDA housing administration	Nonmajor governmental funds	<u>10,800</u>	Contributions to pension and replacement funds
Merged Tapo Canyon and West End tax increment	CDA housing administration	4,011,043	Fund 20% low and moderate income set-aside
	Streets and roads	4,607,845	Fund street projects
	Nonmajor governmental funds	4,963,847	Fund CDA admin costs, scheduled debt service, and capital improvement projects
		<u>13,582,735</u>	
Development related fees funds	Streets and roads	486,870	Fund street projects
	Nonmajor governmental funds	<u>414,000</u>	Scheduled debt service
		<u>900,870</u>	
Streets and roads	General	516,707	Return excess funds
	Development related fees	<u>100,054</u>	Return excess funds
		<u>616,761</u>	
Nonmajor governmental funds	General	6,766,062	Fund transportation needs
	CDA housing administration	25,984	Fund 20% low and moderate income set-aside
	Public facility improvement	324,982	Return excess funds
	Streets and roads	276,610	Fund street projects
	Nonmajor governmental funds	<u>51,191</u>	Contributions to pension and replacement funds
		<u>7,444,829</u>	
Total governmental funds		<u>28,459,763</u>	
Proprietary funds	General	10,300	Fund building maintenance project
	Nonmajor governmental funds	197,300	Contributions to pension and replacement funds
Internal service activities	Nonmajor governmental funds	<u>3,800</u>	Contributions to replacement fund
		<u>211,400</u>	Contributions to pension, and replacement funds
Total		<u>28,671,163</u>	

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**G. Long-term debt**

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

- **Simi Valley Public Financing Authority 1995 Fixed Rate Lease Revenue Bonds:**  
Original issue amount \$16,620,000; interest rates at 4.00% to 5.75%; maturing September 1, 2000-2015. The bonds are payable in annual installments ranging from \$260,000 to \$920,000. These bonds were issued to finance certain capital improvements, including the Police Facility and are secured by the Police Facility. Total interest and principal remaining on the bonds is \$7,596,713, payable through September 2015.
- **Community Development Agency 2003 Tax Allocation Bonds:**  
Original issue amount \$31,795,000; interest rates at 2.0% to 5.0%; maturing September 1, 2003-2030. The bonds are payable in annual installments ranging from \$360,000 to \$2,000,000. These bonds were issued to fully refund the 1993 Revenue Bond issue with a carrying amount of \$30,245,000. They were issued at a premium, which has been added to the new debt and is being amortized over the life of the bonds. The excess reacquisition price has been netted against the new debt and is being amortized over the remaining life of the refunded debt. Issuance costs are shown as deferred charges and are being amortized over the life of the bonds. The 2003 Tax Allocation Bonds are secured by a lien on tax increment revenues net of low- and moderate-income housing set-asides and tax sharing agreements. The tax increment revenues are projected to produce at least 125 percent of the debt service requirements over the life of the bonds. Total interest and principal remaining on the bonds is \$47,617,065, payable through September 2030. For the current fiscal year principal and interest paid and total tax increment revenues was \$2,089,181 and \$9,692,400, respectively.
- **City of Simi Valley 2004 Certificates of Participation (COP):**  
Original issue amount \$25,955,000; interest rates at 3.75% to 5.0%; maturing September 1, 2006-2034. The COP are payable in annual installments ranging from \$460,000 to \$1,615,000. They were issued at a premium, which has been added to the new debt and is being amortized over the life of the bonds. Issuance costs are shown as deferred charges and are being amortized over the life of the bonds. These COP were issued to provide financing for improvements to and expansion of the Senior Citizens' Center and public capital improvements relating to the construction of a shopping mall. The annual lease/debt service payments will be supported by contributions from various City funds based on the benefit received. The identified funds have the long-term financial capacity to support the required payments. To meet the conditions of the COP financing structure and to avoid costly capitalized interest costs during the construction period, the City's Wastewater Treatment Plant, which has an estimated value in excess of \$50 million, is the leased asset during the construction period. Total interest and principal remaining on the bonds is \$44,656,341, payable through September 2034.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

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

- Claims and legal services payable of \$11,003,790, consisting of general liability and workers' compensation liability. These liabilities are estimated based on the requirements of Governmental Accounting Standards Board Statement No. 10, and include estimated claims incurred but not yet reported as of June 30, 2008.
- Compensated absences liability of \$5,881,858 at fiscal year end. This liability consists of accumulated earned but unused annual leave of employees charged to the General fund, certain Special Revenue funds, Enterprise funds and the Workers' Compensation – Internal Service fund. The liability is liquidated from the funds to which an employee is charged.

**Annual debt service requirements to maturity**

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

Year Ending	2003 Tax Allocation		Year Ending	1995 Lease Revenue	
	Refunding Bond			Bonds	
June 30:	Principal	Interest	June 30:	Principal	Interest
2009	750,000	1,335,969	2009	625,000	330,150
2010	780,000	1,305,369	2010	655,000	295,694
2011	810,000	1,276,606	2011	695,000	256,882
2012	835,000	1,248,831	2012	735,000	215,769
2013	865,000	1,218,000	2013	775,000	172,356
2014-2018	4,870,000	5,528,509	2014-2016	2,610,000	230,862
2019-2023	6,115,000	4,226,656		<u>\$ 6,095,000</u>	<u>\$ 1,501,713</u>
2024-2028	7,845,000	2,448,875			
2029-2031	5,720,000	438,250			
	<u>\$ 28,590,000</u>	<u>\$ 19,027,065</u>			

Year Ending	2004 Certificates of Participation	
	Refunding Bond	
June 30:	Principal	Interest
2009	495,000	1,156,469
2010	520,000	1,136,169
2011	540,000	1,114,969
2012	560,000	1,092,969
2013	585,000	1,070,069
2014-2018	3,295,000	4,976,437
2019-2023	4,055,000	4,208,566
2024-2028	5,170,000	3,100,562
2029-2033	6,640,000	1,631,562
2034-2035	3,155,000	153,569
	<u>\$ 25,015,000</u>	<u>\$ 19,641,341</u>

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Balances</u> <u>June 30, 2007</u>	<u>Debt</u> <u>Incurred</u>	<u>Debt</u> <u>Retired</u>	<u>Balances</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
1995 lease revenue bonds	\$ 6,690,000	\$ -	\$ (595,000)	\$ 6,095,000	\$ 625,000
2003 tax allocation bonds	29,320,000	-	(730,000)	28,590,000	750,000
Add (less) deferred amounts:					
Bond premium	385,498	-	(16,307)	369,191	-
Deferred amount	(473,971)	-	28,482	(445,489)	-
2004 certificates of participation	25,495,000	-	(480,000)	25,015,000	495,000
Add (less) deferred amounts:					
Bond premium	350,159	-	(12,886)	337,273	-
Total bonds payable	61,766,686	-	(1,805,711)	59,960,975	1,870,000
Claims and legal services	9,004,981	3,970,680	(1,971,871)	11,003,790	3,104,356
Compensated absences	5,040,564	2,238,982	(2,299,586)	4,979,960	497,996
Governmental activity long-term liabilities	<u>\$ 75,812,231</u>	<u>\$ 6,209,662</u>	<u>\$(6,077,168)</u>	<u>\$ 75,944,725</u>	<u>\$ 5,472,352</u>
<b>Business-type activities:</b>					
Compensated absences	893,468	113,213	(104,783)	901,898	90,189
Business-type activity long-term liabilities	<u>\$ 893,468</u>	<u>\$ 113,213</u>	<u>\$ (104,783)</u>	<u>\$ 901,898</u>	<u>\$ 90,189</u>

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

**H. Fund balance reserves and designations**

The following is a summary of reserved and unreserved fund balances. Reserved fund balances are not available for spending for the subsequent year's budget. The unreserved fund balances are further categorized into designated and undesignated. Designated fund balances represent amounts set aside for management's intended future use of resources. Undesignated fund balance amounts are available for current spending.

**CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>	<u>Nonmajor Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
	<u>General Fund</u>	<u>Community Development Agency Housing Administration</u>	<u>Merged Tapo Canyon &amp; West End Tax Increment</u>	<u>Development Related Fees Funds</u>	<u>Streets &amp; Roads</u>		
<b>FUND BALANCES</b>							
Reserved:							
Encumbrances	\$ 911,269	\$ 150,556	\$ 2,149	\$ 90,000	\$ 1,250,248	\$ 606,285	\$ 3,010,507
Loans receivable	403,534	10,622,724	-	502,210	-	-	11,528,468
Advances	15,955,440	-	-	-	-	2,500,000	18,455,440
Debt service	-	-	-	-	-	7,436,077	7,436,077
Total reserved	<u>17,270,243</u>	<u>10,773,280</u>	<u>2,149</u>	<u>592,210</u>	<u>1,250,248</u>	<u>10,542,362</u>	<u>40,430,492</u>
Unreserved, designated:							
Cash flow	1,000,000	-	-	-	-	650,000	1,650,000
Capital projects	10,499,108	-	-	-	3,055,531	11,522,506	25,077,145
Public Improvements	-	-	-	21,808,843	-	5,538,699	27,347,542
Law enforcement	-	-	-	-	-	261,040	261,040
Special programs	-	-	-	-	-	209,747	209,747
Housing programs	-	13,205,256	-	-	-	-	13,205,256
Total unreserved, designated	<u>11,499,108</u>	<u>13,205,256</u>	<u>-</u>	<u>21,808,843</u>	<u>3,055,531</u>	<u>18,181,992</u>	<u>67,750,730</u>
Unreserved, undesignated:	<u>8,635,484</u>	<u>-</u>	<u>(10,343,142)</u>	<u>-</u>	<u>-</u>	<u>2,345,941</u>	<u>638,283</u>
Total fund balances	<u>\$ 37,404,835</u>	<u>\$ 23,978,536</u>	<u>\$ (10,340,993)</u>	<u>\$22,401,053</u>	<u>\$ 4,305,779</u>	<u>\$ 31,070,295</u>	<u>\$ 108,819,505</u>

**I. Assessment district bonds**

The City has formed several special assessment districts and subsequently issued bonds for the construction of public improvements within these districts. The City acts as an agent for the property owners in collecting assessments for the payment of principal and interest amounts due by the property owners to the assessment district bondholders, and initiating foreclosure proceedings, if appropriate. However, the City is not obligated in any manner for repayment of these special assessment bonds, and the bonds are not reported in the accompanying financial statements.

The outstanding assessment district bonds at June 30, 2008, consisted of the following:

Community Facilities District (District No. 04-1)	\$ 8,740,000
Royal Corto Improvements (District No. 89-1)	1,155,000
Madera Royal (District No. 98-1)	2,485,000

**J. Conduit debt obligations**

The City has been associated with the issuance of several housing, mortgage and commercial development debt issues. These debt obligations were issued under provisions of State and Federal laws that explicitly state that they do not constitute any indebtedness of the City. The total amount of conduit debt outstanding at June 30, 2008 was \$146,085,269. 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:

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

- Variable Rate Multifamily Revenue Demand Bonds, 1985 Issue A, in the amount of \$31,000,000 were issued to finance the Mayer Indian Oaks Project; the outstanding principal at June 30, 2008, is \$15,500,000.
- Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1989, were issued in the amount of \$25,000,000 to finance the Shadowridge Apartments Project; the outstanding principal at June 30, 2008, is \$24,800,000.
- Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, 1993 Series A, were issued in the amount of \$22,070,000 to refund Multifamily Housing Revenue Bonds, 1984 Series A to finance the Creekside Village Apartments Project; the outstanding principal at June 30, 2008, is \$19,070,000.
- 1995 Remarketing of the Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, Series 1990, in the amount of \$37,000,000 to finance the Lincoln Wood Ranch Project; the outstanding principal at June 30, 2008, is \$36,000,000.
- Multifamily Housing Revenue Refunding Bonds, 2002 Series A, were issued in the amount of \$3,650,000 to refinance Multifamily Housing Revenue Bonds, 1987, Series A, which financed the Ashlee Manor Apartments Project; the outstanding principal at June 30, 2008, is \$3,535,269.
- Subordinate Multifamily Housing Revenue Bonds, Subordinate Series 2002B were issued in the amount of \$3,000,000 to finance the Vintage Paseo Senior Apartments; the outstanding principal at June 30, 2008, is \$2,905,000.
- Multifamily Housing Revenue Bonds, Series 2002A were issued in the amount of \$12,000,000 to finance the Vintage Paseo Senior Apartments; the outstanding principal at June 30, 2008, is \$11,575,000.
- Variable Rate Demand Multifamily Housing Revenue Bonds, Series 2002A were issued in the amount of \$30,000,000 to finance the Parker Ranch Project; the outstanding principal at June 30, 2008, is \$30,000,000.
- Variable Rate Demand Multifamily Housing Revenue Bonds, Taxable Series 2002A-T were issued in the amount of \$3,900,000 to finance the Parker Ranch Project; the outstanding principal at June 30, 2008, is \$2,700,000.

**IV. Other information**

**A. Arbitrage rebate liability**

The City is required to rebate to the federal government the excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related bonds issued. Rebates are payable every five years or upon the maturity of the bonds, whichever is earlier. At June 30, 2008, no such amounts were due.



CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

**B. Risk management**

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

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

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

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

Change in the balances of claims liabilities during the past two years:

	<b>Year ended June 30, 2008</b>	<b>Year ended June 30, 2007</b>
Unpaid claims beginning of fiscal year	\$ 9,004,981	\$ 11,490,366
Incurred claims (including IBNRs)	3,970,680	(1,243,845)
Claims payments	(1,971,871)	(1,241,540)
Unpaid claims, end of fiscal year	\$ 11,003,790	\$ 9,004,981

**C. Other post employment benefits**

The City provides post-retirement health benefits to all Management and Sworn (police) employees per resolution numbers 2008-39 and 2005-47, respectively. The benefits vary depending upon a retiree's years of service and bargaining unit. The City pays 100 percent of premiums for health care coverage for these two groups.

**CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008**

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

\* Only employees that retire from the City are eligible to receive these benefits.

\*\* Police captains and lieutenants are also eligible for these benefits.

Additionally, the City provides health benefits to General Unit employees under a defined contribution plan, per resolution numbers 2002-55 and 2006-38.

As of year-end, there were 79 retirees who met the eligibility requirements and were receiving health care benefits. The City finances the plans on a pay-as-you-go basis. For the year ended June 30, 2008, the City paid \$644,597 for these benefits. However, the City is accumulating funds to pay future benefits. Assets in the amount of \$2,397,641 have been set side in the Retiree Benefits nonmajor special revenue fund, as of the end of the fiscal year.

**D. 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.

**E. Pension plans**

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

**California Public Employees' Retirement System**

Plan Description - The City contributes to the PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, CA 95814.

Funding Policy - Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate: the rate is 11.910% for non-safety employees and 22.635% for police employees of annual covered payroll for the year ended June 30, 2008. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost - For fiscal year 2007-08, the City's annual pension cost of \$6,450,216 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.25% to 14.45% by category and duration of service, (for safety members, rates are also dependent on entry age) and (c) 3% inflation component. The actuarial value of PERS assets was determined using a technique that smooths the effect of volatility in the market value of investments over a fifteen-year period. PERS' initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period.

<u>Miscellaneous Employees</u>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
<u>Fiscal Year</u>			
6/30/2006	\$ 3,584,974	100%	-
6/30/2007	3,609,528	100%	-
6/30/2008	3,726,988	100%	-
<u>Safety Employees</u>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
<u>Fiscal Year</u>			
6/30/2006	\$ 2,894,309	100%	-
6/30/2007	2,414,502	100%	-
6/30/2008	2,723,228	100%	-

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

Plan Description - The City established a Public Agency Retirement System, Retirement Enhancement Plan (PARS-REP) for executive management employees, effective July 1, 2001. 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 PERS. Phase II Systems is the PARS Trust Administrator. Upon meeting

See independent auditors' report.

**CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008**

the eligibility requirements, plan members receive a monthly lifetime benefit of one-twelfth the sum of: 0.004 times their final average compensation multiplied by their years of City service prior to July 1, 2001, and .005 times their final average compensation multiplied by their years of City service after June 30, 2001. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Funding Policy - The City contributes 5.77% of eligible employee gross wages. The annual covered payroll for the year ended June 30, 2008 was \$1,809,432. The City's annual pension cost of \$90,623 for PARS was equal to the City's required and actual contribution. Plan assets held in trust at June 30, 2008 were \$506,425.

**F. Prior period adjustment**

The City accounts for affordable housing loans provided to low-income families in Special Revenue funds. These loans are either grant funded, or City funded. In prior years all such loans were offset by deferred revenue. Generally accepted accounting principals (GAAP) require that City funded loans be offset by a reservation of fund balance, rather than deferred revenue. Accordingly, the City has restated the beginning net asset balances, and the beginning governmental fund balances by \$9,693,282 to reflect the retroactive adjustment.

Beginning net assets have been also been restated by \$1,887,667 for revenues that were recorded as unearned revenues in prior years but should have been recorded as revenues.

	<b>Net Assets -</b>		<b>Net Assets -</b>
	<u><b>Beginning Balance</b></u>	<u><b>Adjustment</b></u>	<u><b>Beginning Balance as Restated</b></u>
Government-wide	\$ 256,868,149	\$ 11,580,949	\$ 268,449,098
	<u><b>Fund Balance - Beginning Balance</b></u>	<u><b>Adjustment</b></u>	<u><b>Fund Balance - Beginning Balance as Restated</b></u>
Governmental funds	\$ 94,571,136	\$ 9,693,282	\$ 104,264,418

**G. Subsequent events**

**ERAF Tax Increment Revenue Shift**

On September 30, 2008 the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the State Educational Revenue Augmentation Fund (ERAF). It is estimated that the Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately \$1,295,303.

**Financial Concerns Relating to the California Economy**

As indicated in the State of California's 2008-2009 Proposed Budget Summary – Economic Outlook:

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2008

“The California and national economies faced considerable headwinds - a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to record levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally.”

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City operates. Therefore, the projection of the financial data for the City into future periods must recognize these factors and consider the effect of these on its operations and costs.

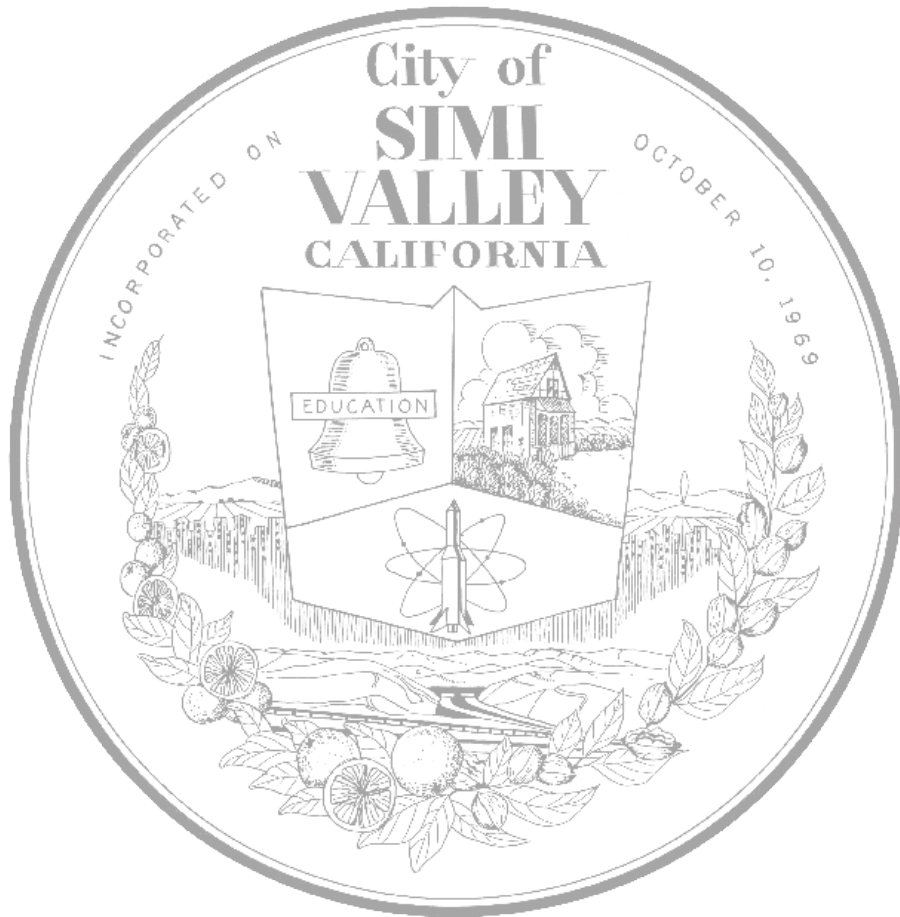
# REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)

**City of Simi Valley**  
**Schedule of Funding Progress**  
**California Public Employees' Retirement System**

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrual Liability	Unfunded Liability/ (Excess Assets)	Funded Ratios	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/05	\$ 96,629,417 <sup>1</sup>	\$ 115,676,934	\$ 19,047,517	\$ 1	\$ 27,722,082	68.7%
	62,342,492 <sup>2</sup>	78,269,004	15,926,512	79.7%	10,441,304	152.5%
6/30/06	107,683,489 <sup>1</sup>	127,989,444	20,305,955	84.1%	28,806,429	70.5%
	68,719,375 <sup>2</sup>	85,048,473	16,329,098	80.8%	10,660,117	153.2%
6/60/07	121,013,620 <sup>1</sup>	143,870,263	22,856,643	84.1%	30,726,928	74.4%
	74,907,152 <sup>2</sup>	93,016,343	18,109,191	80.5%	11,290,210	160.4%

See independent auditors' report.





# SUPPLEMENTARY INFORMATION

# NONMAJOR GOVERNMENTAL FUNDS



## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

*Retiree Benefits fund* accounts for post employment retirement benefits.

*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

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

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

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

### **Capital Project Funds**

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

*Cultural Arts Facility fund* was established to account for the acquisition and renovation for historical preservation of the Old Methodist Church for the purpose of providing a Cultural Arts Facility.

*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.

*Integrated Police System (IPS) fund* accounts for a computer aided dispatch system, improved records management capability and a mobile data computer system for police vehicles.

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

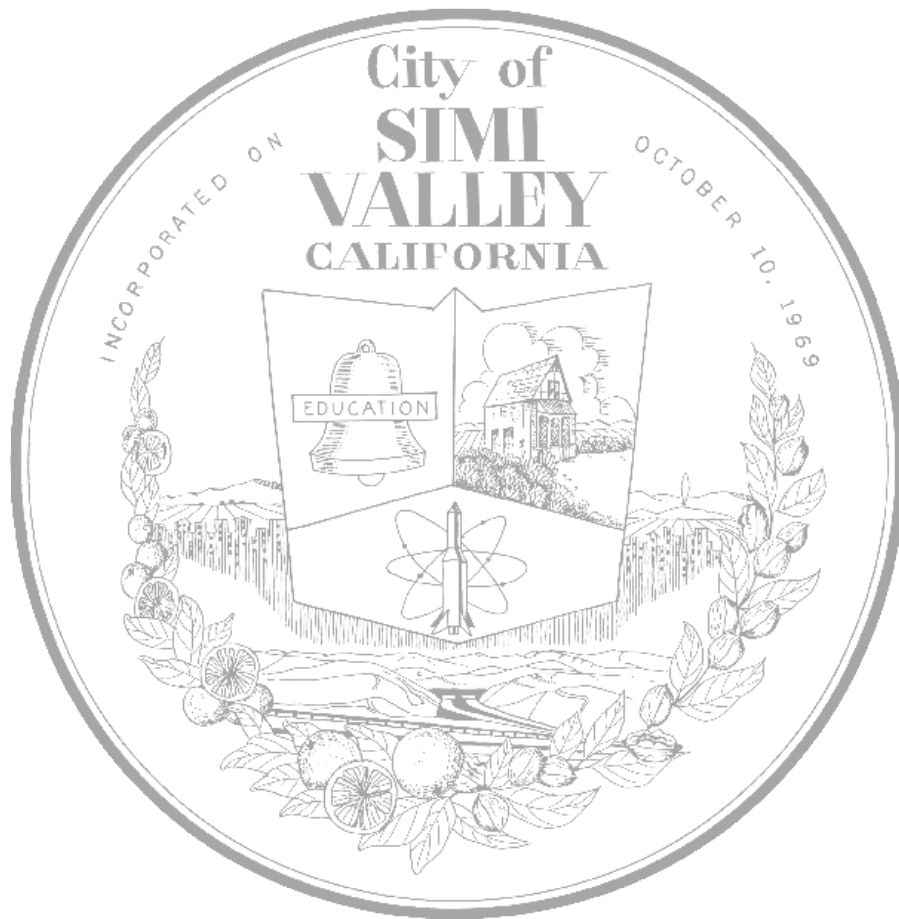
*Financial Information System (FIS) fund* was established to replace the City's legacy Financial Management Information System with a new Financial Information System, and is used to maintain and optimize the FIS system.

*Stormwater Detention Basins fund* accounts for the construction of several stormwater detention basins.

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

*Unified Two-Way Radio System fund* accounts for the replacement of the City's various two-way radio systems with a new unified two-way radio system.

*Regional Mall fund* accounts for the development of a regional mall.



**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Special Revenue			
	Community Development Agency Administration	Madera Royal Tax Increment	HOME Grant	Gasoline Tax
<b>ASSETS</b>				
Cash and investments:				
Held by city	\$ 69,333	\$ 3,969	\$ 169,335	\$ -
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Taxes receivable	-	-	-	542,842
Grants receivable	-	-	-	-
Interest receivable	-	424	253	-
Loans receivable (net of allowance for uncollectibles)	-	-	2,441,099	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 69,333</b>	<b>\$ 4,393</b>	<b>\$ 2,610,687</b>	<b>\$ 542,842</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 57,969	\$ 4,392	\$ -	\$ -
Salaries and benefits payable	11,364	-	-	-
Due to other funds	-	-	16,455	542,842
Advances from other funds	-	78,067	-	-
Deferred revenues	-	-	2,441,099	-
<b>TOTAL LIABILITIES</b>	<b>69,333</b>	<b>82,459</b>	<b>2,457,554</b>	<b>542,842</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	-	-	-	-
Reserved for advances to other funds	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for cash flow	-	-	-	-
Designated for capital projects	-	-	-	-
Designated for public improvements	-	-	-	-
Designated for law enforcement	-	-	-	-
Designated for special programs	-	-	153,133	-
Undesignated	-	(78,066)	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>(78,066)</b>	<b>153,133</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 69,333</b>	<b>\$ 4,393</b>	<b>\$ 2,610,687</b>	<b>\$ 542,842</b>

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

**Special Revenue**

Transportation Funds	Lighting Maintenance District	Police Grants	Community Development Block Grant
\$ 2,059,023	\$ 5,068,089	\$ 295,865	\$ 272,645
-	-	-	-
-	25,350	-	-
-	112,080	-	-
-	-	20,473	90,880
475	32,844	1,825	421
-	-	-	642,648
-	2,500,000	-	-
<b>\$ 2,059,498</b>	<b>\$ 7,738,363</b>	<b>\$ 318,163</b>	<b>\$ 1,006,594</b>

**ASSETS**

Cash and investments:  
 Held by city  
 Held by bond trustee  
 Accounts receivable (net of allowance for uncollectibles)  
 Taxes receivable  
 Grants receivable  
 Interest receivable  
 Loans receivable (net of allowance for uncollectibles)  
 Advances to other funds

**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable  
 Salaries and benefits payable  
 Due to other funds  
 Advances from other funds  
 Deferred revenues

**TOTAL LIABILITIES**

**FUND BALANCES**

Reserved for encumbrances  
 Reserved for advances to other funds  
 Reserved for debt service  
 Unreserved:  
 Designated for cash flow  
 Designated for capital projects  
 Designated for public improvements  
 Designated for law enforcement  
 Designated for special programs  
 Undesignated

**TOTAL FUND BALANCES (DEFICITS)**

**TOTAL LIABILITIES AND FUND BALANCES**

(continued)

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Special Revenue		
	Retiree Benefits	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds
<b><u>ASSETS</u></b>			
Cash and investments:			
Held by city	\$ 2,385,981	\$ 1,183,419	\$ 11,507,659
Held by bond trustee	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	25,350
Taxes receivable	-	-	654,922
Grants receivable	-	-	111,353
Interest receivable	16,379	8,187	60,808
Loans receivable (net of allowance for uncollectibles)	-	-	3,083,747
Advances to other funds	-	-	2,500,000
<b>TOTAL ASSETS</b>	<b>\$ 2,402,360</b>	<b>\$ 1,191,606</b>	<b>\$ 17,943,839</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 4,719	\$ 125,954	\$ 366,985
Salaries and benefits payable	-	-	28,266
Due to other funds	-	-	559,297
Advances from other funds	-	-	78,067
Deferred revenues	-	-	5,111,129
<b>TOTAL LIABILITIES</b>	<b>4,719</b>	<b>125,954</b>	<b>6,143,744</b>
<b><u>FUND BALANCES</u></b>			
Reserved for encumbrances	-	3,686	198,244
Reserved for advances to other funds	-	-	2,500,000
Reserved for debt service	-	-	-
Unreserved:			
Designated for cash flow	-	250,000	650,000
Designated for capital projects	-	-	-
Designated for public improvements	-	811,966	5,538,699
Designated for law enforcement	-	-	261,040
Designated for special programs	-	-	209,747
Undesignated	2,397,641	-	2,442,365
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>2,397,641</b>	<b>1,065,652</b>	<b>11,800,095</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,402,360</b>	<b>\$ 1,191,606</b>	<b>\$ 17,943,839</b>



**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

<b>Debt Service</b>				
<b>1995 Lease Revenue Bonds</b>	<b>2003 Tax Allocation Refunding Bonds</b>	<b>2004 Certificates of Participation</b>	<b>Total Nonmajor Debt Service</b>	
\$ -	\$ 1,365,865	\$ -	\$ 1,365,865	
1,090,585	2,151,922	2,798,827	6,041,334	
-	-	-	-	
-	-	-	-	
1,398	16,620	10,860	28,878	
-	-	-	-	
-	-	-	-	
<b>\$ 1,091,983</b>	<b>\$ 3,534,407</b>	<b>\$ 2,809,687</b>	<b>\$ 7,436,077</b>	

**ASSETS**

Cash and investments:  
Held by city  
Held by bond trustee  
Accounts receivable (net of allowance for uncollectibles)  
Taxes receivable  
Grants receivable  
Interest receivable  
Loans receivable (net of allowance for uncollectibles)  
Advances to other funds

**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable  
Salaries and benefits payable  
Due to other funds  
Advances from other funds  
Deferred revenues

**TOTAL LIABILITIES**

**FUND BALANCES**

Reserved for encumbrances  
Reserved for advances to other funds  
Reserved for debt service  
Unreserved:  
Designated for cash flow  
Designated for capital projects  
Designated for public improvements  
Designated for law enforcement  
Designated for special programs  
Undesignated

**TOTAL FUND BALANCES (DEFICITS)**

**TOTAL LIABILITIES AND FUND BALANCES**

(continued)

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

**Capital Projects**

	<b>CDA Projects</b>	<b>Cultural Arts Facility</b>	<b>Equipment Replacement</b>	<b>Geographic Information System (GIS)</b>
<b><u>ASSETS</u></b>				
Cash and investments:				
Held by city	\$ 1,823,136	\$ -	\$ 4,428,997	\$ 174,385
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Taxes receivable	-	-	-	-
Grants receivable	-	-	-	-
Interest receivable	12,483	-	4,031	1,280
Loans receivable (net of allowance for uncollectibles)	-	-	-	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,835,619</b>	<b>\$ -</b>	<b>\$ 4,433,028</b>	<b>\$ 175,665</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ -	\$ -	\$ 82,109	\$ 3,628
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>82,109</b>	<b>3,628</b>
<b><u>FUND BALANCES</u></b>				
Reserved for encumbrances	144,000	-	37,165	1,780
Reserved for advances to other funds	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for cash flow	-	-	-	-
Designated for capital projects	1,691,619	-	4,313,754	170,257
Designated for public improvements	-	-	-	-
Designated for law enforcement	-	-	-	-
Designated for special programs	-	-	-	-
Undesignated	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,835,619</b>	<b>-</b>	<b>4,350,919</b>	<b>172,037</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,835,619</b>	<b>\$ -</b>	<b>\$ 4,433,028</b>	<b>\$ 175,665</b>

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

**Capital Projects**

Integrated Police System (IPS)	Public Facility Improvements	Financial Information System (FIS)	Stormwater Detention Basins	
\$ 18,368	\$ 8,458,431	\$ 224,124	\$ 108,596	<b>ASSETS</b>
-	-	-	-	Cash and investments:
-	-	-	-	Held by city
-	-	-	-	Held by bond trustee
-	-	-	-	Accounts receivable (net of allowance for uncollectibles)
-	-	-	-	Taxes receivable
-	-	-	-	Grants receivable
-	34,869	-	-	Interest receivable
-	-	-	-	Loans receivable (net of allowance for uncollectibles)
-	-	-	-	Advances to other funds
\$ 18,368	\$ 8,493,300	\$ 224,124	\$ 108,596	TOTAL ASSETS
				<b>LIABILITIES AND FUND BALANCES</b>
\$ -	\$ 4,682	\$ 720	\$ -	<b>LIABILITIES</b>
-	-	-	-	Accounts payable
-	-	-	-	Salaries and benefits payable
-	-	-	-	Due to other funds
-	3,348,380	-	-	Advances from other funds
-	-	-	-	Deferred revenues
-	3,353,062	720	-	TOTAL LIABILITIES
-	128,425	10,240	86,431	<b>FUND BALANCES</b>
-	-	-	-	Reserved for encumbrances
-	-	-	-	Reserved for advances to other funds
-	-	-	-	Reserved for debt service
-	-	-	-	Unreserved:
-	-	-	-	Designated for cash flow
18,368	5,011,813	213,164	22,165	Designated for capital projects
-	-	-	-	Designated for public improvements
-	-	-	-	Designated for law enforcement
-	-	-	-	Designated for special programs
-	-	-	-	Undesignated
18,368	5,140,238	223,404	108,596	TOTAL FUND BALANCES (DEFICITS)
\$ 18,368	\$ 8,493,300	\$ 224,124	\$ 108,596	TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Capital Projects		
	Police Capital Projects	Unified Two-Way Radio System	Regional Mall
<b><u>ASSETS</u></b>			
Cash and investments:			
Held by city	\$ 80,813	\$ -	\$ -
Held by bond trustee	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-
Taxes receivable	-	-	-
Grants receivable	-	-	-
Interest receivable	553	-	-
Loans receivable (net of allowance for uncollectibles)	-	-	-
Advances to other funds	-	-	-
TOTAL ASSETS	\$ 81,366	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCES</b>			
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	-	-	96,424
Advances from other funds	-	-	-
Deferred revenues	-	-	-
TOTAL LIABILITIES	-	-	96,424
<b><u>FUND BALANCES</u></b>			
Reserved for encumbrances	-	-	-
Reserved for advances to other funds	-	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for cash flow	-	-	-
Designated for capital projects	81,366	-	-
Designated for public improvements	-	-	-
Designated for law enforcement	-	-	-
Designated for special programs	-	-	-
Undesignated	-	-	(96,424)
TOTAL FUND BALANCES (DEFICITS)	81,366	-	(96,424)
TOTAL LIABILITIES AND FUND BALANCES	\$ 81,366	\$ -	\$ -

**CITY OF SIMI VALLEY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

**Capital Projects**

<u>Total</u>				
<b>Nonmajor Capital Projects</b>	<b>Total Nonmajor Funds</b>			
<hr/>				
				<b><u>ASSETS</u></b>
\$ 15,316,850	\$ 28,190,374			Cash and investments:
-	6,041,334			Held by city
-	25,350			Held by bond trustee
-	654,922			Accounts receivable (net of allowance for uncollectibles)
-	111,353			Taxes receivable
53,216	142,902			Grants receivable
-	3,083,747			Interest receivable
-	2,500,000			Loans receivable (net of allowance for uncollectibles)
-				Advances to other funds
<hr/>	<hr/>			
\$ 15,370,066	\$ 40,749,982			TOTAL ASSETS
<hr/>				
				LIABILITIES AND FUND BALANCES
				<b><u>LIABILITIES</u></b>
\$ 91,139	\$ 458,124			Accounts payable
-	28,266			Salaries and benefits payable
96,424	655,721			Due to other funds
3,348,380	3,426,447			Advances from other funds
-	5,111,129			Deferred revenues
<hr/>	<hr/>			
3,535,943	9,679,687			TOTAL LIABILITIES
				<b><u>FUND BALANCES</u></b>
408,041	606,285			Reserved for encumbrances
-	2,500,000			Reserved for advances to other funds
-	7,436,077			Reserved for debt service
-	650,000			Unreserved:
-				Designated for cash flow
11,522,506	11,522,506			Designated for capital projects
-	5,538,699			Designated for public improvements
-	261,040			Designated for law enforcement
-	209,747			Designated for special programs
(96,424)	2,345,941			Undesignated
<hr/>	<hr/>			
11,834,123	31,070,295			TOTAL FUND BALANCES (DEFICITS)
<hr/>	<hr/>			
\$ 15,370,066	\$ 40,749,982			TOTAL LIABILITIES AND FUND BALANCES

(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, 2008**

	Special Revenue			
	Community Development Agency Administration	Madera Royal Tax Increment	HOME Grant	Gasoline Tax
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increment revenues	-	129,919	-	-
Use of money and property	-	1,745	107,429	-
From other governments	-	-	-	2,237,560
Grants	-	-	-	-
Service charges	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	131,664	107,429	2,237,560
<b>EXPENDITURES</b>				
Current:				
General government	541,100	1,117	-	-
Planning (ES)	792,985	-	569,338	-
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	1,334,085	1,117	569,338	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	5,893	-	-
Other	-	-	-	-
Total debt service	-	5,893	-	-
Intergovernmental	-	47,410	-	-
Total expenditures	1,334,085	54,420	569,338	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,334,085)	77,244	(461,909)	2,237,560
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,357,385	-	-	-
Transfers out	(23,300)	(25,984)	-	(2,237,560)
Total other financing sources (uses)	1,334,085	(25,984)	-	(2,237,560)
NET CHANGE IN FUND BALANCES	-	51,260	(461,909)	-
FUND BALANCES (DEFICITS)-BEGINNING	-	(129,326)	615,042	-
FUND BALANCES (DEFICITS)-ENDING	\$ -	\$ (78,066)	\$ 153,133	\$ -

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Special Revenue</u>				
Transportation Funds	Lighting Maintenance District	Police Grants	Community Development Block Grant	
\$ -	\$ 2,373,347	\$ -	\$ -	<b>REVENUES</b>
-	-	-	-	Taxes
1,715	343,297	13,420	94,143	Tax increment revenues
4,545,907	25,471	-	-	Use of money and property
-	-	325,258	763,446	From other governments
-	3,658	-	-	Grants
-	29,482	-	-	Service charges
-	-	-	-	Other revenues
<u>4,547,622</u>	<u>2,775,255</u>	<u>338,678</u>	<u>857,589</u>	Total revenues
				<b>EXPENDITURES</b>
				Current:
-	465,900	-	55,295	General government
-	-	-	854,175	Planning (ES)
6,839	1,409,574	-	-	Public ways and facilities (PW)
-	-	909,876	-	Public safety (PD)
<u>6,839</u>	<u>1,875,474</u>	<u>909,876</u>	<u>909,470</u>	Total current expenditures
-	-	-	-	Capital outlay
				Debt service:
-	-	-	-	Principal
-	-	-	-	Interest
-	-	-	-	Other
-	-	-	-	Total debt service
-	-	-	-	Intergovernmental
<u>6,839</u>	<u>1,875,474</u>	<u>909,876</u>	<u>909,470</u>	Total expenditures
4,540,783	899,781	(571,198)	(51,881)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				<b>OTHER FINANCING SOURCES (USES)</b>
-	-	623,774	-	Transfers in
(4,522,182)	(222,900)	(75,557)	-	Transfers out
<u>(4,522,182)</u>	<u>(222,900)</u>	<u>548,217</u>	<u>-</u>	Total other financing sources (uses)
18,601	676,881	(22,981)	(51,881)	NET CHANGE IN FUND BALANCES
38,013	6,949,852	284,025	369,225	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 56,614</u>	<u>\$ 7,626,733</u>	<u>\$ 261,044</u>	<u>\$ 317,344</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, 2008**

	<b>Special Revenue</b>		
	<b>Retiree Benefits</b>	<b>Landscape Maintenance District No. 1</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b><u>REVENUES</u></b>			
Taxes	\$ -	\$ -	\$ 2,373,347
Tax increment revenues	-	-	129,919
Use of money and property	110,621	59,438	731,808
From other governments	-	-	6,808,938
Grants	-	-	1,088,704
Service charges	-	782,898	786,556
Other revenues	10,900	200,000	240,382
Total revenues	<u>121,521</u>	<u>1,042,336</u>	<u>12,159,654</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government	166,308	100,040	1,329,760
Planning (ES)	-	-	2,216,498
Public ways and facilities (PW)	-	1,822,964	3,239,377
Public safety (PD)	-	-	909,876
Total current expenditures	<u>166,308</u>	<u>1,923,004</u>	<u>7,695,511</u>
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	5,893
Other	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>5,893</u>
Intergovernmental	-	-	47,410
Total expenditures	<u>166,308</u>	<u>1,923,004</u>	<u>7,748,814</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,787)</u>	<u>(880,668)</u>	<u>4,410,840</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	198,300	820,000	2,999,459
Transfers out	-	-	(7,107,483)
Total other financing sources (uses)	<u>198,300</u>	<u>820,000</u>	<u>(4,108,024)</u>
NET CHANGE IN FUND BALANCES	153,513	(60,668)	302,816
FUND BALANCES (DEFICITS)-BEGINNING	<u>2,244,128</u>	<u>1,126,320</u>	<u>11,497,279</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 2,397,641</u>	<u>\$ 1,065,652</u>	<u>\$ 11,800,095</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, 2008**

<b>Debt Service</b>				
<b>1995</b>	<b>2003</b>	<b>2004</b>	<b>Total</b>	
<b>Lease Revenue Bonds</b>	<b>Tax Allocation Refunding Bonds</b>	<b>Certificates of Participation</b>	<b>Nonmajor Debt Service</b>	
\$ -	\$ -	\$ -	\$ -	<b>REVENUES</b>
-	-	-	-	Taxes
34,141	104,436	95,772	234,349	Tax increment revenues
-	-	-	-	Use of money and property
-	-	-	-	From other governments
-	-	-	-	Grants
-	-	-	-	Service charges
-	-	-	-	Other revenues
<u>34,141</u>	<u>104,436</u>	<u>95,772</u>	<u>234,349</u>	Total revenues
-	-	-	-	<b>EXPENDITURES</b>
-	-	-	-	Current:
-	-	-	-	General government
-	-	-	-	Planning (ES)
-	-	-	-	Public ways and facilities (PW)
-	-	-	-	Public safety (PD)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total current expenditures
-	-	-	-	Capital outlay
595,000	730,000	480,000	1,805,000	Debt service:
360,353	1,359,181	1,175,969	2,895,503	Principal
8,575	18,728	4,560	31,863	Interest
<u>963,928</u>	<u>2,107,909</u>	<u>1,660,529</u>	<u>4,732,366</u>	Other
-	-	-	-	Total debt service
<u>963,928</u>	<u>2,107,909</u>	<u>1,660,529</u>	<u>4,732,366</u>	Intergovernmental
-	-	-	-	Total expenditures
<u>(929,787)</u>	<u>(2,003,473)</u>	<u>(1,564,757)</u>	<u>(4,498,017)</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
958,701	2,017,233	1,588,242	4,564,176	<b>OTHER FINANCING SOURCES (USES)</b>
-	-	-	-	Transfers in
<u>958,701</u>	<u>2,017,233</u>	<u>1,588,242</u>	<u>4,564,176</u>	Transfers out
-	-	-	-	Total other financing sources (uses)
28,914	13,760	23,485	66,159	NET CHANGE IN FUND BALANCES
<u>1,063,069</u>	<u>3,520,647</u>	<u>2,786,202</u>	<u>7,369,918</u>	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 1,091,983</u>	<u>\$ 3,534,407</u>	<u>\$ 2,809,687</u>	<u>\$ 7,436,077</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, 2008**

	<u>Capital Projects</u>			
	CDA Projects	Cultural Arts Facility	Equipment Replacement	Geographic Information System (GIS)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-	-
Use of money and property	86,102	586	37,788	8,657
From other governments	-	-	-	-
Grants	-	-	-	-
Service charges	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>86,102</u>	<u>586</u>	<u>37,788</u>	<u>8,657</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	-	-	-	-
Planning (ES)	-	-	-	-
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>121,000</u>	<u>105,342</u>	<u>1,214,990</u>	<u>73,762</u>
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental	-	-	-	-
Total expenditures	<u>121,000</u>	<u>105,342</u>	<u>1,214,990</u>	<u>73,762</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(34,898)</u>	<u>(104,756)</u>	<u>(1,177,202)</u>	<u>(65,105)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	3,000	78,380	963,300	92,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,000</u>	<u>78,380</u>	<u>963,300</u>	<u>92,000</u>
NET CHANGE IN FUND BALANCES	(31,898)	(26,376)	(213,902)	26,895
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,867,517</u>	<u>26,376</u>	<u>4,564,821</u>	<u>145,142</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,835,619</u>	<u>\$ -</u>	<u>\$ 4,350,919</u>	<u>\$ 172,037</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, 2008**

**Capital Projects**

Integrated Police System (IPS)	Public Facility Improvements	Financial Information System (FIS)	Stormwater Detention Basins	
\$	-	\$	-	\$
-	-	-	-	-
-	275,856	-	-	-
-	-	-	-	-
2,628	-	-	34,542	-
-	-	-	-	-
-	-	5,000	-	-
<u>2,628</u>	<u>275,856</u>	<u>5,000</u>	<u>34,542</u>	<u>-</u>
				<b><u>REVENUES</u></b>
				Taxes
				Tax increment revenues
				Use of money and property
				From other governments
				Grants
				Service charges
				Other revenues
				Total revenues
				<b><u>EXPENDITURES</u></b>
				Current:
-	-	-	-	General government
-	-	-	-	Planning (ES)
-	-	-	-	Public ways and facilities (PW)
-	-	-	-	Public safety (PD)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total current expenditures
-	63,266	3,595	-	Capital outlay
				Debt service:
-	-	-	-	Principal
-	-	-	-	Interest
-	-	-	-	Other
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total debt service
-	-	-	-	Intergovernmental
<u>-</u>	<u>63,266</u>	<u>3,595</u>	<u>-</u>	Total expenditures
2,628	212,590	1,405	34,542	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				<b><u>OTHER FINANCING SOURCES (USES)</u></b>
-	-	103,100	-	Transfers in
-	(324,982)	-	-	Transfers out
<u>-</u>	<u>(324,982)</u>	<u>103,100</u>	<u>-</u>	Total other financing sources (uses)
2,628	(112,392)	104,505	34,542	NET CHANGE IN FUND BALANCES
15,740	5,252,630	118,899	74,054	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 18,368</u>	<u>\$ 5,140,238</u>	<u>\$ 223,404</u>	<u>\$ 108,596</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, 2008**

	<u>Capital Projects</u>		
	<b>Police Capital Projects</b>	<b>Unified Two-Way Radio System</b>	<b>Regional Mall</b>
<b><u>REVENUES</u></b>			
Taxes	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-
Use of money and property	3,736	-	-
From other governments	-	-	-
Grants	-	-	-
Service charges	-	-	-
Other revenues	-	-	1,815,828
Total revenues	3,736	-	1,815,828
<b><u>EXPENDITURES</u></b>			
Current:			
General government	-	-	-
Planning (ES)	-	-	-
Public ways and facilities (PW)	-	-	-
Public safety (PD)	-	-	-
Total current expenditures	-	-	-
Capital outlay	4,000	-	1,815,828
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Total debt service	-	-	-
Intergovernmental	-	-	-
Total expenditures	4,000	-	1,815,828
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(264)	-	-
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	-	-	-
Transfers out	-	(12,364)	-
Total other financing sources (uses)	-	(12,364)	-
NET CHANGE IN FUND BALANCES	(264)	(12,364)	-
FUND BALANCES (DEFICITS)-BEGINNING	81,630	12,364	(96,424)
FUND BALANCES (DEFICITS)-ENDING	\$ 81,366	\$ -	\$ (96,424)

**CITY OF SIMI VALLEY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Capital Projects</u>			
Total	Nonmajor	Total	
Capital Project	Capital Project	Nonmajor	
Funds	Funds	Funds	
			<b><u>REVENUES</u></b>
\$ -	\$ -	\$ 2,373,347	Taxes
-	-	129,919	Tax increment revenues
412,725	-	1,378,882	Use of money and property
-	-	6,808,938	From other governments
37,170	-	1,125,874	Grants
-	-	786,556	Service charges
1,820,828	-	2,061,210	Other revenues
2,270,723	-	14,664,726	Total revenues
			<b><u>EXPENDITURES</u></b>
			Current:
-	-	1,329,760	General government
-	-	2,216,498	Planning (ES)
-	-	3,239,377	Public ways and facilities (PW)
-	-	909,876	Public safety (PD)
-	-	7,695,511	Total current expenditures
3,401,783	-	3,401,783	Capital outlay
			Debt service:
-	-	1,805,000	Principal
-	-	2,901,396	Interest
-	-	31,863	Other
-	-	4,738,259	Total debt service
-	-	47,410	Intergovernmental
3,401,783	-	15,882,963	Total expenditures
(1,131,060)	-	(1,218,237)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			<b><u>OTHER FINANCING SOURCES (USES)</u></b>
1,239,780	-	8,803,415	Transfers in
(337,346)	-	(7,444,829)	Transfers out
902,434	-	1,358,586	Total other financing sources (uses)
(228,626)	-	140,349	NET CHANGE IN FUND BALANCES
12,062,749	-	30,929,946	FUND BALANCES (DEFICITS)-BEGINNING
\$ 11,834,123	\$ -	\$ 31,070,295	FUND BALANCES (DEFICITS)-ENDING

(concluded)

# SCHEDULES-BUDGET AND ACTUAL-INDIVIDUAL FUNDS



**CITY OF SIMI VALLEY  
COMMUNITY DEVELOPMENT AGENCY ADMINISTRATION  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Reimbursement to general fund	541,100	541,100	-
Environmental services:			
Personnel	615,400	457,095	158,305
Materials, supplies and services	351,400	335,890	15,510
Total environmental services	966,800	792,985	173,815
Total expenditures	1,507,900	1,334,085	173,815
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,507,900)	(1,334,085)	173,815
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	1,521,100	1,357,385	(163,715)
Transfers out	(23,300)	(23,300)	-
Total other financing sources (uses)	1,497,800	1,334,085	(163,715)
NET CHANGE IN FUND BALANCES	(10,100)	-	10,100
FUND BALANCES (DEFICITS)-BEGINNING	(60,100)	-	60,100
FUND BALANCES (DEFICITS)-ENDING	\$ (70,200)	\$ -	\$ 70,200

**CITY OF SIMI VALLEY  
MADERA ROYAL TAX INCREMENT  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Tax increment revenues	\$ 66,600	\$ 129,919	\$ 63,319
Use of money and property	600	1,745	1,145
Total revenues	<u>67,200</u>	<u>131,664</u>	<u>64,464</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Materials, supplies, and services	700	1,117	(417)
Debt service:			
Interest	6,600	5,893	707
Intergovernmental	<u>24,200</u>	<u>47,410</u>	<u>(23,210)</u>
Total expenditures	<u>31,500</u>	<u>54,420</u>	<u>(22,920)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>35,700</u>	<u>77,244</u>	<u>41,544</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers out	<u>(13,300)</u>	<u>(25,984)</u>	<u>(12,684)</u>
NET CHANGE IN FUND BALANCES	22,400	51,260	28,860
FUND BALANCES (DEFICITS)-BEGINNING	<u>(129,326)</u>	<u>(129,326)</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (106,926)</u>	<u>\$ (78,066)</u>	<u>\$ 28,860</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, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ 130,600	\$ 107,429	\$ (23,171)
Total revenues	<u>130,600</u>	<u>107,429</u>	<u>(23,171)</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Reimbursement to housing fund	13,000	10,543	2,457
Environmental services	<u>530,900</u>	<u>558,795</u>	<u>(27,895)</u>
Total expenditures	<u>543,900</u>	<u>569,338</u>	<u>(25,438)</u>
 NET CHANGE IN FUND BALANCES	 (413,300)	 (461,909)	 (48,609)
FUND BALANCES (DEFICITS)-BEGINNING	<u>615,042</u>	<u>615,042</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 201,742</u>	<u>\$ 153,133</u>	<u>\$ (48,609)</u>

**CITY OF SIMI VALLEY**  
**GASOLINE TAX**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
From other governments	\$ 2,299,300	\$ 2,237,560	\$ (61,740)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers out	(2,299,300)	(2,237,560)	61,740
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES (DEFICITS)-BEGINNING	-	-	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ -	\$ 1,715	\$ 1,715
From other governments	4,672,200	4,545,907	(126,293)
Total revenues	<u>4,672,200</u>	<u>4,547,622</u>	<u>(124,578)</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Public works:			
Other contract services	-	6,839	(6,839)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,672,200	4,540,783	(131,417)
<b><u>OTHER FINANCING (USES)</u></b>			
Transfers out	<u>(4,672,300)</u>	<u>(4,522,182)</u>	150,118
NET CHANGE IN FUND BALANCES	(100)	18,601	18,701
FUND BALANCES (DEFICITS)-BEGINNING	<u>38,013</u>	<u>38,013</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 37,913</u>	<u>\$ 56,614</u>	<u>\$ 18,701</u>

**CITY OF SIMI VALLEY  
LIGHTING MAINTENANCE DISTRICT  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Taxes	\$ 2,150,000	\$ 2,373,347	\$ 223,347
Use of money and property	207,500	343,297	135,797
From other governments	24,500	25,471	971
Service charges	400	3,658	3,258
Other revenues	-	29,482	29,482
Total revenues	<u>2,382,400</u>	<u>2,775,255</u>	<u>392,855</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Reimbursement to general fund	465,900	465,900	-
Public works:			
Utilities	780,000	948,841	(168,841)
Services	454,100	460,733	(6,633)
Total public works	<u>1,234,100</u>	<u>1,409,574</u>	<u>(175,474)</u>
Total expenditures	<u>1,700,000</u>	<u>1,875,474</u>	<u>(175,474)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	682,400	899,781	217,381
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers out	(222,900)	(222,900)	-
NET CHANGE IN FUND BALANCES	459,500	676,881	217,381
FUND BALANCES (DEFICITS)-BEGINNING	<u>6,949,852</u>	<u>6,949,852</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 7,409,352</u>	<u>\$ 7,626,733</u>	<u>\$ 217,381</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, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ 1,100	\$ 13,420	\$ 12,320
Grants	545,500	325,258	(220,242)
Total revenues	<u>546,600</u>	<u>338,678</u>	<u>(207,922)</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Public safety:			
Personnel	888,800	818,360	70,440
Material, supplies and services	273,100	91,516	181,584
Total public safety	<u>1,161,900</u>	<u>909,876</u>	<u>252,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(615,300)</u>	<u>(571,198)</u>	<u>44,102</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	506,800	623,774	116,974
Transfers out	(121,800)	(75,557)	46,243
Total other financing sources (uses)	<u>385,000</u>	<u>548,217</u>	<u>163,217</u>
NET CHANGE IN FUND BALANCES	(230,300)	(22,981)	207,319
FUND BALANCES (DEFICITS)-BEGINNING	<u>284,025</u>	<u>284,025</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 53,725</u>	<u>\$ 261,044</u>	<u>\$ 207,319</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, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ -	\$ 94,143	\$ 94,143
Grants	976,468	763,446	(213,022)
Total revenues	<u>976,468</u>	<u>857,589</u>	<u>(118,879)</u>
<b><u>EXPENDITURES</u></b>			
General government:			
Reimbursement to general fund	<u>55,295</u>	<u>55,295</u>	-
Environmental services:			
Reimbursement to housing fund	118,420	104,462	13,958
Social programs	334,538	353,886	(19,348)
Other programs	1,011,868	395,827	616,041
Total environmental services	<u>1,464,826</u>	<u>854,175</u>	<u>610,651</u>
Total expenditures	<u>1,520,121</u>	<u>909,470</u>	<u>610,651</u>
NET CHANGE IN FUND BALANCES	(543,653)	(51,881)	491,772
FUND BALANCES (DEFICITS)-BEGINNING	<u>369,225</u>	<u>369,225</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (174,428)</u>	<u>\$ 317,344</u>	<u>\$ 491,772</u>

**CITY OF SIMI VALLEY  
RETIREE BENEFITS  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ 75,000	\$ 110,621	\$ 35,621
Other revenues	10,900	10,900	-
Total revenues	<u>85,900</u>	<u>121,521</u>	<u>35,621</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Retiree benefits	<u>587,400</u>	<u>166,308</u>	<u>421,092</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(501,500)	(44,787)	456,713
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	<u>198,300</u>	<u>198,300</u>	-
NET CHANGE IN FUND BALANCES	(303,200)	153,513	456,713
FUND BALANCES (DEFICITS)-BEGINNING	<u>2,244,128</u>	<u>2,244,128</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,940,928</u>	<u>\$ 2,397,641</u>	<u>\$ 456,713</u>

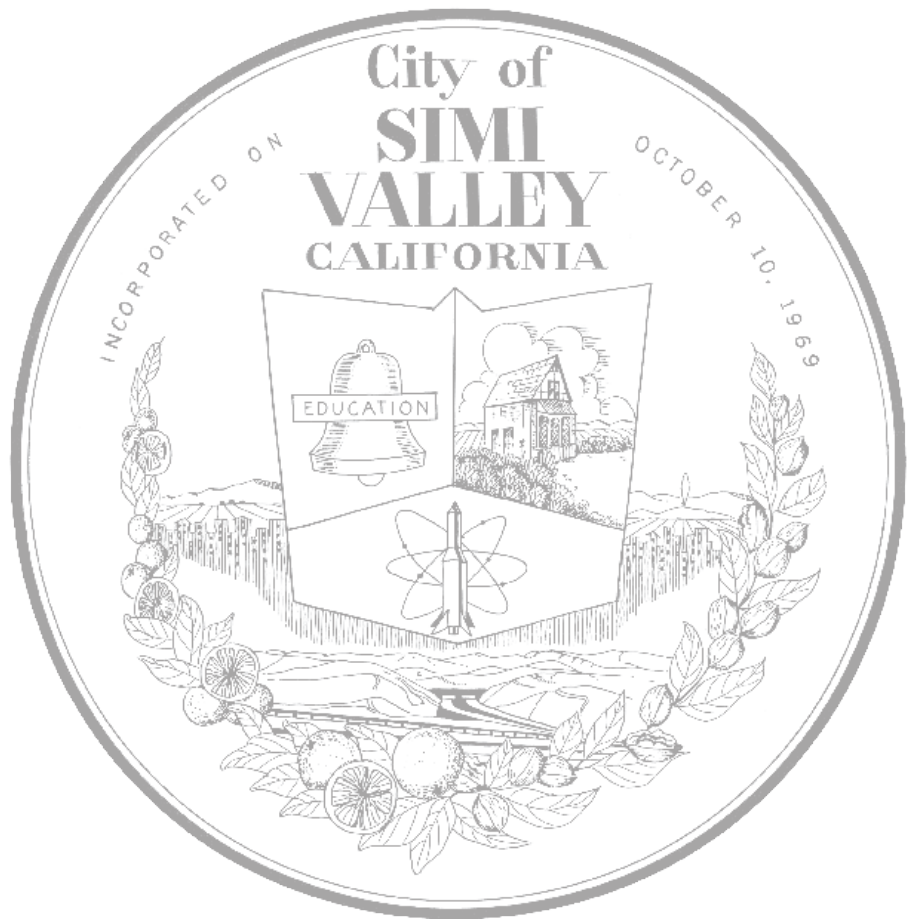
**CITY OF SIMI VALLEY  
LANDSCAPE MAINTENANCE DISTRICT NO. 1  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budget	Actual	Variance with Budget Positive (Negative)
<b><u>REVENUES</u></b>			
Use of money and property	\$ 32,622	\$ 59,438	\$ 26,816
Service charges	788,593	782,898	(5,695)
Other revenues	200,000	200,000	-
Total revenues	<u>1,021,215</u>	<u>1,042,336</u>	<u>21,121</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
Reimbursement to general fund	100,253	100,040	213
Public works:			
Utilities	417,222	440,929	(23,707)
Landscape maintenance contract	1,272,942	1,292,441	(19,499)
Other contract services	43,700	89,594	(45,894)
Total public works	<u>1,733,864</u>	<u>1,822,964</u>	<u>(89,100)</u>
Total expenditures	<u>1,834,117</u>	<u>1,923,004</u>	<u>(88,887)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(812,902)	(880,668)	(67,766)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	820,000	820,000	-
Transfers out	(1,063)		1,063
Total other financing sources (uses)	<u>818,937</u>	<u>820,000</u>	<u>1,063</u>
NET CHANGE IN FUND BALANCES	6,035	(60,668)	(66,703)
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,126,320</u>	<u>1,126,320</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,132,355</u>	<u>\$ 1,065,652</u>	<u>\$ (66,703)</u>



# INTERNAL SERVICE AND FIDUCIARY FUNDS





**CITY OF SIMI VALLEY  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2008**

	Liability Insurance	Workers' Compensation Insurance	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 6,302,088	\$ 14,949,816	\$ 21,251,904
Other receivable	462	-	462
Interest receivable	28,140	83,582	111,722
<b>TOTAL ASSETS</b>	<b>6,330,690</b>	<b>15,033,398</b>	<b>21,364,088</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	21,426	12,803	34,229
Salaries and benefits payable	-	6,792	6,792
Compensated absences	-	4,001	4,001
Claims and legal services payable	840,260	2,264,096	3,104,356
Total current liabilities	861,686	2,287,692	3,149,378
Noncurrent liabilities:			
Advances from other funds	2,344,000	2,344,000	4,688,000
Compensated absences	-	36,011	36,011
Claims and legal services payable	1,567,469	6,331,965	7,899,434
Total noncurrent liabilities	3,911,469	8,711,976	12,623,445
<b>TOTAL LIABILITIES</b>	<b>4,773,155</b>	<b>10,999,668</b>	<b>15,772,823</b>
<b><u>NET ASSETS</u></b>			
Unrestricted	1,557,535	4,033,730	5,591,265
<b>TOTAL NET ASSETS</b>	<b>\$ 1,557,535</b>	<b>\$ 4,033,730</b>	<b>\$ 5,591,265</b>

**CITY OF SIMI VALLEY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Liability Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
<b><u>OPERATING REVENUES</u></b>			
Total charges for sales and services	\$ 1,272,000	\$ 3,908,200	\$ 5,180,200
<b><u>OPERATING EXPENSES</u></b>			
Salaries and benefits	-	303,608	303,608
Excess insurance premiums	376,470	276,517	652,987
Claims and legal expenses	1,662,558	2,336,780	3,999,338
General administration	1,302,000	1,100,800	2,402,800
Other	-	6,711	6,711
Total operating expenses	3,341,028	4,024,416	7,365,444
OPERATING INCOME (LOSS)	(2,069,028)	(116,216)	(2,185,244)
NONOPERATING REVENUES AND EXPENSES:			
Interest	220,548	630,938	851,486
INCOME (LOSS) BEFORE TRANSFERS	(1,848,480)	514,722	(1,333,758)
<b><u>TRANSFERS</u></b>			
Transfers out	(1,900)	(1,900)	(3,800)
CHANGE IN NET ASSETS	(1,850,380)	512,822	(1,337,558)
TOTAL NET ASSETS-BEGINNING	3,407,915	3,520,908	6,928,823
TOTAL NET ASSETS-ENDING	\$ 1,557,535	\$ 4,033,730	\$ 5,591,265

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Liability Insurance	Workers' Compensation Insurance	Totals
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from service charges and other revenues (net of refunds)	\$ 1,272,000	\$ 3,908,200	\$ 5,180,200
Cash paid for general administration	(1,302,000)	(1,100,800)	(2,402,800)
Cash paid for salaries and benefits	-	(298,897)	(298,897)
Cash paid for insurance premiums and claims	(860,137)	(1,886,553)	(2,746,690)
Cash paid for insurance services	-	(6,711)	(6,711)
Net cash provided (used) by operating activities	<u>(890,137)</u>	<u>615,239</u>	<u>(274,898)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers to other funds	(1,900)	(1,900)	(3,800)
Net cash provided (used) by noncapital financing activities	<u>(1,900)</u>	<u>(1,900)</u>	<u>(3,800)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest on investments	248,686	679,783	928,469
Net cash provided (used) by investing activities	<u>248,686</u>	<u>679,783</u>	<u>928,469</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(643,351)	1,293,122	649,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,945,439	13,656,694	20,602,133
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,302,088</u>	<u>\$ 14,949,816</u>	<u>\$ 21,251,904</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
Operating income (loss)	\$ (2,069,028)	\$ (116,216)	\$ (2,185,244)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	(74,244)	(18,930)	(93,174)
Increase (decrease) in accrued payroll	-	2,146	2,146
Increase (decrease) in compensated absences	-	2,565	2,565
Increase (decrease) in claims and legal services payable	1,253,135	745,674	1,998,809
Total adjustments	<u>1,178,891</u>	<u>731,455</u>	<u>1,910,346</u>
Net cash provided (used) by operating activities	<u>\$ (890,137)</u>	<u>\$ 615,239</u>	<u>\$ (274,898)</u>

**CITY OF SIMI VALLEY  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 JUNE 30, 2008**

	City Agency Fund	Assessment Districts - City of Simi Valley	Tax Increment Pass-Through Simi Valley Unified School District	Tax Increment Pass-Through Ventura County Community College District	Total
<b><u>ASSETS</u></b>					
Current assets:					
Cash and investments:					
Held by City	\$ 6,175,460	\$ 1,019,670	\$ 1,253,450	\$ 267,113	\$ 8,715,693
Held by bond trustee	-	3,333,201	-	-	3,333,201
Accounts receivable	-	5,999	9,664	1,580	17,243
<b>TOTAL ASSETS</b>	<b>\$ 6,175,460</b>	<b>\$ 4,358,870</b>	<b>\$ 1,263,114</b>	<b>\$ 268,693</b>	<b>\$ 12,066,137</b>
<b><u>LIABILITIES</u></b>					
Intergovernmental payable	\$ 6,175,460	\$ 4,358,870	\$ 1,263,114	\$ 268,693	\$ 12,066,137
<b>TOTAL LIABILITIES</b>	<b>\$ 6,175,460</b>	<b>\$ 4,358,870</b>	<b>\$ 1,263,114</b>	<b>\$ 268,693</b>	<b>\$ 12,066,137</b>

**CITY OF SIMI VALLEY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
<b>AGENCY FUND - CITY OF SIMI VALLEY</b>				
ASSETS:				
Cash and investments held by city	\$ 7,180,947	\$ 1,831,406	\$ 2,836,893	\$ 6,175,460
Accounts receivable	750	19,965	20,715	-
<b>TOTAL ASSETS</b>	<b>\$ 7,181,697</b>	<b>\$ 1,851,371</b>	<b>\$ 2,857,608</b>	<b>\$ 6,175,460</b>
LIABILITIES:				
Intergovernmental payable	\$ 7,181,697	\$ 1,851,371	\$ 2,857,608	\$ 6,175,460
<b>TOTAL LIABILITIES</b>	<b>\$ 7,181,697</b>	<b>\$ 1,851,371</b>	<b>\$ 2,857,608</b>	<b>\$ 6,175,460</b>
<b>ASSESSMENT DISTRICT - CITY OF SIMI VALLEY</b>				
ASSETS:				
Cash and investments held by city	\$ 2,426,411	\$ 1,427,581	\$ 2,834,322	\$ 1,019,670
Cash and investments held by bond trustee	6,154,883	1,856,642	4,678,324	3,333,201
Accounts receivable	26,038	9,711	29,750	5,999
<b>TOTAL ASSETS</b>	<b>\$ 8,607,332</b>	<b>\$ 3,293,934</b>	<b>\$ 7,542,396</b>	<b>\$ 4,358,870</b>
LIABILITIES:				
Intergovernmental payable	\$ 8,607,332	\$ 3,293,934	\$ 7,542,396	\$ 4,358,870
<b>TOTAL LIABILITIES</b>	<b>\$ 8,607,332</b>	<b>\$ 3,293,934</b>	<b>\$ 7,542,396</b>	<b>\$ 4,358,870</b>
<b>SIMI VALLEY UNIFIED SCHOOL DISTRICT</b>				
ASSETS:				
Cash and investments held by city	\$ 740,408	\$ 1,104,601	\$ 591,559	\$ 1,253,450
Accounts receivable	10,752	9,664	10,752	9,664
<b>TOTAL ASSETS</b>	<b>\$ 751,160</b>	<b>\$ 1,114,265</b>	<b>\$ 602,311</b>	<b>\$ 1,263,114</b>
LIABILITIES:				
Intergovernmental payable	\$ 751,160	\$ 1,114,265	\$ 602,311	\$ 1,263,114
<b>TOTAL LIABILITIES</b>	<b>\$ 751,160</b>	<b>\$ 1,114,265</b>	<b>\$ 602,311</b>	<b>\$ 1,263,114</b>
<b>VENTURA COUNTY COMMUNITY COLLEGE DISTRICT</b>				
ASSETS:				
Cash and investments held by city	\$ 256,986	\$ 277,743	\$ 267,616	\$ 267,113
Accounts receivable	2,740	1,580	2,740	1,580
<b>TOTAL ASSETS</b>	<b>\$ 259,726</b>	<b>\$ 279,323</b>	<b>\$ 270,356</b>	<b>\$ 268,693</b>
LIABILITIES:				
Intergovernmental payable	\$ 259,726	\$ 279,323	\$ 270,356	\$ 268,693
<b>TOTAL LIABILITIES</b>	<b>\$ 259,726</b>	<b>\$ 279,323</b>	<b>\$ 270,356</b>	<b>\$ 268,693</b>
<b>TOTAL AGENCY FUNDS</b>				
ASSETS:				
Cash and investments held by city	\$ 10,604,752	\$ 4,641,331	\$ 6,530,390	\$ 8,715,693
Cash and investments held by bond trustee	6,154,883	1,856,642	4,678,324	3,333,201
Accounts receivable	40,280	40,920	63,957	17,243
<b>TOTAL ASSETS</b>	<b>\$ 16,799,915</b>	<b>\$ 6,538,893</b>	<b>\$ 11,272,671</b>	<b>\$ 12,066,137</b>
LIABILITIES:				
Intergovernmental payable	\$ 16,799,915	\$ 6,538,893	\$ 11,272,671	\$ 12,066,137
<b>TOTAL LIABILITIES</b>	<b>\$ 16,799,915</b>	<b>\$ 6,538,893</b>	<b>\$ 11,272,671</b>	<b>\$ 12,066,137</b>

# STATISTICAL SECTION



**STATISTICAL SECTION  
(UNAUDITED)**

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

	<b>PAGE</b>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time. ....	104
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax. ....	114
<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.....	122
<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.	126
<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.....	128

**SOURCE:**

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

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

	Fiscal Year		
	2002-03	2003-04	2004-05
Governmental activities			
Invested in capital assets, net of related debt	\$ 25,526,553	\$ 27,714,331	\$ 39,280,006
Restricted	24,562,489	23,136,350	28,718,649
Unrestricted	35,835,826	38,529,028	38,041,664
Total governmental activities net assets	<u>\$ 85,924,868</u>	<u>\$ 89,379,709</u>	<u>\$ 106,040,319</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 61,454,844	\$ 66,493,449	\$ 72,475,306
Restricted	21,191,489	14,666,713	15,279,959
Unrestricted	12,356,930	15,361,347	18,553,722
Total business-type activities net assets	<u>\$ 95,003,263</u>	<u>\$ 96,521,509</u>	<u>\$ 106,308,987</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 86,981,397	\$ 94,207,780	\$ 111,755,312
Restricted	45,753,978	37,803,063	43,998,608
Unrestricted	48,192,756	53,890,375	56,595,386
Total primary government net assets	<u>\$ 180,928,131</u>	<u>\$ 185,901,218</u>	<u>\$ 212,349,306</u>

Continued

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

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

		Fiscal Year				
		2005-06	2006-07	2007-08		
\$	55,108,472	\$	153,537,599	\$	157,564,195	Governmental activities
	39,933,025		60,444,524		76,340,295	Invested in capital assets, net of related debt
	37,929,875		42,886,026		39,459,540	Restricted
	<u>132,971,372</u>		<u>256,868,149</u>		<u>273,364,030</u>	Unrestricted
\$		\$		\$		Total governmental activities net assets
\$	74,114,013	\$	109,436,007	\$	112,913,342	Business-type activities
	19,733,407		18,981,595		17,622,173	Invested in capital assets, net of related debt
	22,524,125		27,974,098		31,027,488	Restricted
	<u>116,371,545</u>		<u>156,391,700</u>		<u>161,563,003</u>	Unrestricted
\$		\$		\$		Total business-type activities net assets
\$	129,222,485	\$	262,973,606	\$	270,477,537	Primary Government
	59,666,432		79,426,119		93,962,468	Invested in capital assets, net of related debt
	60,454,000		70,860,124		70,487,028	Restricted
	<u>249,342,917</u>		<u>413,259,849</u>		<u>434,927,033</u>	Unrestricted
\$		\$		\$		Total primary government net assets

Concluded

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

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

	Fiscal Year		
	2002-03	2003-04	2004-05
<b>Expenses</b>			
Governmental activities:			
General government	\$ 11,876,586	\$ 10,568,288	\$ 11,514,749
Community services	4,579,466	3,306,481	3,339,200
Planning	5,773,894	11,305,548	9,451,696
Public ways and facilities	13,881,770	15,650,878	14,900,957
Public safety	22,380,396	24,888,781	24,910,100
Interest on long-term debt	2,487,785	2,089,477	2,766,273
Total governmental activities expenses	<u>60,979,897</u>	<u>67,809,453</u>	<u>66,882,975</u>
Business-type activities:			
Sanitation	10,933,862	11,614,065	12,073,824
Waterworks district no. 8	18,745,001	21,418,765	21,018,081
Transit	4,156,448	4,833,583	5,025,660
Total business-type activities expenses	<u>33,835,311</u>	<u>37,866,413</u>	<u>38,117,565</u>
Total primary government expenses	<u>\$ 94,815,208</u>	<u>\$ 105,675,866</u>	<u>\$ 105,000,540</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 748,516	\$ 472,549	\$ 501,517
Community services	130,830	60,832	118,096
Planning	3,618,017	5,554,610	7,626,881
Public ways and facilities	3,293,810	4,621,730	8,146,699
Public safety	908,274	907,401	1,040,695
Operating grants and contributions	7,167,543	10,447,345	10,041,651
Capital grants and contributions	2,670,613	1,950,267	1,280,369
Total governmental activities program revenues	<u>18,537,603</u>	<u>24,014,734</u>	<u>28,755,908</u>
Business-type activities:			
Charges for services:			
Sanitation	9,184,395	10,945,852	11,964,388
Waterworks district no. 8	18,854,358	21,621,197	21,018,081
Transit	390,523	391,127	400,129
Operating grants and contributions	1,768,330	2,277,103	1,953,733
Capital grants and contributions	192,736	121,815	999,383
Total business-type activities program revenues	<u>30,390,342</u>	<u>35,357,094</u>	<u>36,335,714</u>
Total primary governmental program revenues	<u>\$ 48,927,945</u>	<u>\$ 59,371,828</u>	<u>\$ 65,091,622</u>
<b>Net (Expense)/Revenue</b>			
Governmental activities	(42,442,294)	(43,794,719)	(38,127,067)
Business-type activities	(3,444,969)	(2,509,319)	(1,781,851)
Total primary government net expense	<u>\$ (45,887,263)</u>	<u>\$ (46,304,038)</u>	<u>\$ (39,908,918)</u>

Continued

CITY OF SIMI VALLEY

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

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

<b>Fiscal Year</b>			
<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	
			<b>Expenses</b>
			Governmental activities:
\$ 13,435,816	\$ 18,475,995	\$ 21,311,700	General government
3,958,051	3,645,993	4,076,877	Community services
8,527,778	9,229,296	11,839,627	Planning
15,623,621	16,326,888	17,695,954	Public ways and facilities
26,693,489	26,677,974	30,600,433	Public safety
2,525,366	3,232,084	3,123,397	Interest on long-term debt
<u>70,764,121</u>	<u>77,588,230</u>	<u>88,647,988</u>	Total governmental activities expenses
			Business-type activities:
12,198,794	13,144,836	14,391,154	Sanitation
23,687,693	26,668,732	28,067,587	Waterworks district no. 8
5,825,189	5,747,532	6,271,344	Transit
<u>41,711,676</u>	<u>45,561,100</u>	<u>48,730,085</u>	Total business-type activities expenses
<u>\$ 112,475,797</u>	<u>\$ 123,149,330</u>	<u>\$ 137,378,073</u>	Total primary government expenses
			<b>Program Revenues</b>
			Governmental activities:
			Charges for services:
\$ 353,114	\$ 495,979	\$ 304,549	General government
117,070	171,938	200,067	Community services
7,210,902	4,156,265	3,168,280	Planning
6,708,878	2,782,618	2,605,869	Public ways and facilities
1,002,882	982,303	950,923	Public safety
10,231,371	9,025,966	11,082,867	Operating grants and contributions
2,891,199	7,683,123	1,623,965	Capital grants and contributions
<u>28,515,416</u>	<u>25,298,192</u>	<u>19,936,520</u>	Total governmental activities program revenues
			Business-type activities:
			Charges for services:
12,745,553	13,725,483	14,767,859	Sanitation
23,765,476	27,250,693	28,247,611	Waterworks district no. 8
479,426	546,520	524,771	Transit
848,402	2,480,838	2,285,871	Operating grants and contributions
2,339,931	707,834	312,537	Capital grants and contributions
<u>40,178,788</u>	<u>44,711,368</u>	<u>46,138,649</u>	Total business-type activities program revenues
<u>\$ 68,694,204</u>	<u>\$ 70,009,560</u>	<u>\$ 66,075,169</u>	Total primary governmental program revenues
			<b>Net (Expense)/Revenue</b>
(42,248,705)	(52,290,038)	(68,711,468)	Governmental activities
(1,532,888)	(849,732)	(2,591,436)	Business-type activities
<u>\$ (43,781,593)</u>	<u>\$ (53,139,770)</u>	<u>\$ (71,302,904)</u>	Total primary government net expense

Continued

**CITY OF SIMI VALLEY**

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

**CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS**

	Fiscal Year		
	2002-03	2003-04	2004-05
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Property taxes <sup>1</sup>	\$ 9,747,556	\$ 10,724,918	\$ 17,290,860
Tax increment	9,147,579	10,256,245	10,608,367
Sales tax	12,830,405	13,878,702	14,829,984
Motor fuel tax <sup>1</sup>	6,951,826	5,686,714	2,930,485
Franchise tax	3,366,958	3,773,013	3,856,273
Business tax	1,370,609	1,287,934	1,355,601
Other taxes	1,581,920	1,941,061	2,250,647
Investment earnings	2,532,486	1,141,578	2,270,336
Gain (loss) on asset disposition		144,972	(812,649)
Capital contributions-unrestricted	12,742,118	83,857	1,765,510
Transfers	(1,066,859)	(1,669,434)	(1,557,737)
Total governmental activities	<u>59,204,598</u>	<u>47,249,560</u>	<u>54,787,677</u>
Business-type activities:			
Investment earnings	831,423	439,098	985,444
Miscellaneous	23,995	54,047	2,672
Capital contributions-unrestricted	8,149,624	1,864,986	8,295,223
Transfers	1,066,859	1,669,434	1,557,737
Total business-type activities	<u>10,071,901</u>	<u>4,027,565</u>	<u>10,841,076</u>
Total primary government	<u>\$ 69,276,499</u>	<u>\$ 51,277,125</u>	<u>\$ 65,628,753</u>
<b>Change in Net Assets</b>			
Governmental activities	\$ 16,762,304	\$ 3,454,841	\$ 16,660,610
Business-type activities	6,626,932	1,518,246	9,059,225
Total primary government	<u>\$ 23,389,236</u>	<u>\$ 4,973,087</u>	<u>\$ 25,719,835</u>

Continued

NOTE:

1. In FY 2004-05 the State of California eliminated the back-fill portion of motor fuel tax. An equivalent amount is distributed by the County of Ventura as property taxes-in-lieu.

**CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS**

<b>Fiscal Year</b>			
<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	
			<b>General Revenues and Other Changes in Net Assets</b>
			Governmental activities:
			Taxes:
\$ 19,723,474	\$ 22,717,838	\$ 24,296,361	Property taxes <sup>1</sup>
12,531,554	18,945,240	20,185,134	Tax increment
16,301,320	17,705,751	16,894,319	Sales tax
888,988	711,694	552,184	Motor fuel tax <sup>1</sup>
4,062,464	3,686,160	3,708,972	Franchise tax
1,831,590	1,778,116	1,851,630	Business tax
2,870,368	2,417,554	1,939,615	Other taxes
2,896,300	5,472,452	5,382,599	Investment earnings
259,062	-	-	Gain (loss) on asset disposition
9,131,630	3,178,901	2,910,688	Capital contributions-unrestricted
(1,316,992)	(2,463,585)	(2,207,435)	Transfers
<u>69,179,758</u>	<u>74,150,121</u>	<u>75,514,067</u>	Total governmental activities
			Business-type activities:
1,323,549	2,484,909	2,598,413	Investment earnings
112,361	128,494	186,032	Miscellaneous
8,842,544	3,275,376	2,770,859	Capital contributions-unrestricted
1,316,992	2,463,585	2,207,435	Transfers
<u>11,595,446</u>	<u>8,352,364</u>	<u>7,762,739</u>	Total business-type activities
<u>\$ 80,775,204</u>	<u>\$ 82,502,485</u>	<u>\$ 83,276,806</u>	Total primary government
			<b>Change in Net Assets</b>
\$ 26,931,053	\$ 21,860,083	\$ 6,802,599	Governmental activities
10,062,558	7,502,632	5,171,303	Business-type activities
<u>\$ 36,993,611</u>	<u>\$ 29,362,715</u>	<u>\$ 11,973,902</u>	Total primary government

Concluded

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

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

	<b>Fiscal Year</b>				
	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
General fund					
Reserved	\$ 12,283,455	\$ 12,823,990	\$ 13,183,323	\$ 20,288,031	\$ 18,743,283
Unreserved	11,097,021	13,623,995	12,829,655	7,486,603	12,250,374
Total general fund	<u>\$ 23,380,476</u>	<u>\$ 26,447,985</u>	<u>\$ 26,012,978</u>	<u>\$ 27,774,634</u>	<u>\$ 30,993,657</u>
All other government funds					
Reserved	\$ 20,523,882	\$ 16,589,981	\$ 15,126,919	\$ 14,421,027	\$ 9,191,350
Unreserved, reported in:					
Special revenue funds	18,300,332	21,196,755	25,011,661	23,605,317	13,502,727
Debt service	-	-	-	-	-
Capital projects funds	999,405	8,197,965	10,291,953	11,005,067	11,830,004
Total all other governmental funds	<u>\$ 39,823,619</u>	<u>\$ 45,984,701</u>	<u>\$ 50,430,533</u>	<u>\$ 49,031,411</u>	<u>\$ 34,524,081</u>

Continued

SOURCE:  
City of Simi Valley



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

<b>Fiscal Year</b>					
<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	
\$ 17,901,412	\$ 19,006,034	\$ 20,485,438	\$ 16,758,264	\$ 17,270,243	General fund
14,550,312	18,434,960	16,312,509	20,594,252	20,134,592	Reserved
<u>\$ 32,451,724</u>	<u>\$ 37,440,994</u>	<u>\$ 36,797,947</u>	<u>\$ 37,352,516</u>	<u>\$ 37,404,835</u>	Unreserved
					Total general fund
\$ 11,978,656	\$ 14,648,683	\$ 18,731,386	\$ 12,313,808	\$ 23,160,249	All other government funds
12,230,705	14,756,384	23,321,320	30,922,948	33,772,808	Reserved
-	22,264,306	-	-	-	Unreserved, reported in:
11,838,036	7,715,385	7,275,862	13,981,864	14,481,613	Special revenue funds
					Debt service
					Capital projects funds
<u>\$ 36,047,397</u>	<u>\$ 59,384,758</u>	<u>\$ 49,328,568</u>	<u>\$ 57,218,620</u>	<u>\$ 71,414,670</u>	Total all other governmental funds

Concluded

SOURCE:  
City of Simi Valley

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

	Fiscal Year				
	1998-99	1999-00	2000-01	2001-02	2002-03
<b>Revenues</b>					
Taxes	\$ 20,746,962	\$ 23,450,201	\$ 25,693,896	\$ 27,555,182	\$ 29,297,747
Tax increment	5,982,745	7,364,632	8,195,407	8,806,439	9,147,579
Licenses and permits	5,374,911	4,433,952	2,933,635	2,611,829	3,000,142
Fines and forfeitures	439,538	499,286	662,042	747,781	759,786
Use of money and property	4,006,134	4,188,541	4,976,977	2,964,359	2,455,014
From other governments	9,851,690	10,932,877	12,380,349	13,169,562	13,094,236
Grants	4,539,949	2,936,444	4,516,394	4,727,219	3,595,929
Service charges	7,405,749	4,903,711	3,840,862	3,574,203	3,380,322
Other revenues	1,441,800	5,972,621	1,192,439	2,075,997	1,548,029
Total revenues	<u>59,789,478</u>	<u>64,682,265</u>	<u>64,392,001</u>	<u>66,232,571</u>	<u>66,278,784</u>
<b>Expenditures</b>					
Current:					
General government	5,322,519	3,676,924	4,764,663	4,739,066	6,656,623
Community services	2,474,621	2,775,374	2,953,456	3,022,864	4,481,811
Planning	4,576,395	5,574,574	6,939,661	5,851,490	5,576,295
Public ways and facilities	12,370,788	10,660,175	11,601,786	12,293,447	12,464,375
Public safety	15,106,774	16,030,718	17,277,973	18,643,300	19,828,550
Capital outlay	10,767,241	10,365,422	8,884,332	12,576,967	5,545,599
Debt service:					
Principal	5,655,468	2,752,528	2,261,222	3,518,781	1,249,101
Interest	3,076,717	2,900,146	3,259,940	2,805,898	2,552,923
Refunding escrow	-	-	-	-	1,666,163
Bond issuance costs	-	344,122	-	-	930,403
Administration	143,646	105,690	12,463	14,553	7,594
Other	-	-	-	-	-
Intergovernmental	1,886,084	2,383,287	2,601,450	2,771,780	3,132,557
Total expenditures	<u>61,380,253</u>	<u>57,568,960</u>	<u>60,556,946</u>	<u>66,238,146</u>	<u>64,091,994</u>
Excess of revenues over (under) expenditures	(1,590,775)	7,113,305	3,835,055	(5,575)	2,186,790
<b>Other Financing Sources (Uses)</b>					
Transfers in	18,118,447	21,543,602	18,798,165	19,243,028	16,244,221
Transfers out	(18,752,910)	(20,348,462)	(19,730,005)	(20,276,040)	(17,668,880)
Bonds issued	-	-	-	-	32,251,576
Payment to escrow agent	-	-	-	-	(29,176,958)
Proceeds from loans, notes & cash advances	2,793,340	580,237	1,358,074	1,401,121	-
Gain on property held for sale	-	375,000	-	-	-
Refund excess reserves	-	-	-	-	-
Payments of notes payable	-	-	-	-	-
Contributions	-	-	-	-	-
Total other financing sources (uses)	<u>2,158,877</u>	<u>2,150,377</u>	<u>426,234</u>	<u>368,109</u>	<u>1,649,959</u>
Net change in fund balances	<u>\$ 568,102</u>	<u>\$ 9,263,682</u>	<u>\$ 4,261,289</u>	<u>\$ 362,534</u>	<u>\$ 3,836,749</u>
Debt service as a percentage of noncapital expenditures	17.54%	12.93%	10.71%	11.81%	10.68%

Continued

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

<b>Fiscal Year</b>					
<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	
					<b>Revenues</b>
\$ 31,605,628	\$ 39,583,365	\$ 44,789,216	\$ 48,305,419	\$ 48,690,897	Taxes
10,256,245	10,608,367	12,531,554	18,945,240	20,185,134	Tax increment
3,910,943	5,761,949	4,489,743	2,446,051	1,863,206	Licenses and permits
692,871	744,172	630,175	608,633	639,866	Fines and forfeitures
2,966,909	4,668,436	4,887,835	6,030,520	5,875,792	Use of money and property
12,072,537	9,228,523	8,059,121	9,178,483	7,562,068	From other governments
4,662,677	3,000,993	3,641,439	8,154,157	2,824,043	Grants
5,482,337	4,123,659	3,706,112	3,330,461	2,743,227	Service charges
1,530,971	6,844,687	6,589,485	2,736,158	4,705,669	Other revenues
<u>73,181,118</u>	<u>84,564,151</u>	<u>89,324,680</u>	<u>99,735,122</u>	<u>95,089,902</u>	Total revenues
					<b>Expenditures</b>
					Current:
5,360,370	5,705,571	5,629,708	6,254,640	5,478,843	General government
3,233,192	3,327,916	3,976,095	3,714,488	4,062,966	Community services
11,432,418	10,409,949	8,989,679	10,449,668	9,728,843	Planning
13,847,391	14,674,133	15,380,796	16,165,062	17,794,518	Public ways and facilities
23,086,299	25,427,341	27,244,060	28,625,276	30,020,374	Public safety
4,916,881	12,400,928	36,854,154	11,720,213	9,542,356	Capital outlay
					Debt service:
863,166	1,210,000	1,250,000	1,750,000	1,805,000	Principal
2,168,481	2,753,209	3,516,184	3,674,962	3,410,710	Interest
-	-	-	-	-	Refunding escrow
-	662,894	-	-	-	Bond issuance costs
-	-	-	-	-	Administration
8,640	328,503	12,033	217,473	31,863	Other
<u>3,628,878</u>	<u>4,126,132</u>	<u>4,649,143</u>	<u>6,260,334</u>	<u>6,455,707</u>	Intergovernmental
<u>68,545,716</u>	<u>81,026,576</u>	<u>107,501,852</u>	<u>88,832,116</u>	<u>88,331,180</u>	Total expenditures
					Excess of revenues over (under) expenditures
4,635,402	3,537,575	(18,177,172)	10,903,006	6,758,722	
					<b>Other Financing Sources (Uses)</b>
18,790,186	22,547,788	44,861,615	28,486,035	26,256,128	Transfers in
(20,455,120)	(24,100,325)	(46,173,207)	(30,944,420)	(28,459,763)	Transfers out
-	26,341,593	-	-	-	Bonds issued
-	-	-	-	-	Payment to escrow agent
-	-	-	-	-	Proceeds from loans, notes & cash advances
144,972	-	3,446,150	-	-	Gain on property held for sale
(24,245)	-	-	-	-	Refund excess reserves
(109,812)	-	-	-	-	Payments of notes payable
-	-	5,343,377	-	-	Contributions
<u>(1,654,019)</u>	<u>24,789,056</u>	<u>7,477,935</u>	<u>(2,458,385)</u>	<u>(2,203,635)</u>	Total other financing sources (uses)
<u>\$ 2,981,383</u>	<u>\$ 28,326,631</u>	<u>\$ (10,699,237)</u>	<u>\$ 8,444,621</u>	<u>\$ 4,555,087</u>	Net change in fund balances
4.73%	7.22%	6.43%	6.96%	6.70%	Debt service as a percentage of noncapital expenditures

Concluded

SOURCE:  
City of Simi Valley

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

Fiscal Year	Gross Assessed Valuation <sup>1</sup>				Percent Change	Total Direct Tax Rate
	Secured	Utility <sup>2</sup>	Unsecured	Total		
1998-99	6,121,314,502	5,041,906	267,403,389	6,393,759,797	6.7%	1.00%
1999-00	6,804,211,563	4,521,505	263,487,140	7,072,220,208	10.6%	1.00%
2000-01	7,652,960,223	4,436,680	314,152,975	7,971,549,878	12.7%	1.00%
2001-02	8,338,284,943	4,535,050	319,123,415	8,661,943,408	8.7%	1.00%
2002-03	9,001,962,570	4,738,971	309,184,285	9,315,885,826	7.5%	1.00%
2003-04	9,674,185,767	4,137,416	311,473,006	9,989,796,189	7.2%	1.00%
2004-05	10,657,955,181	4,468,429	300,722,955	10,963,146,565	9.7%	1.00%
2005-06	11,865,261,607	4,078,386	313,933,434	12,183,273,427	11.1%	1.00%
2006-07	13,749,651,553	3,821,485	361,949,212	14,115,422,250	15.9%	1.00%
2007-08	14,923,264,537	2,626,282	396,920,281	15,322,811,100	8.6%	1.00%

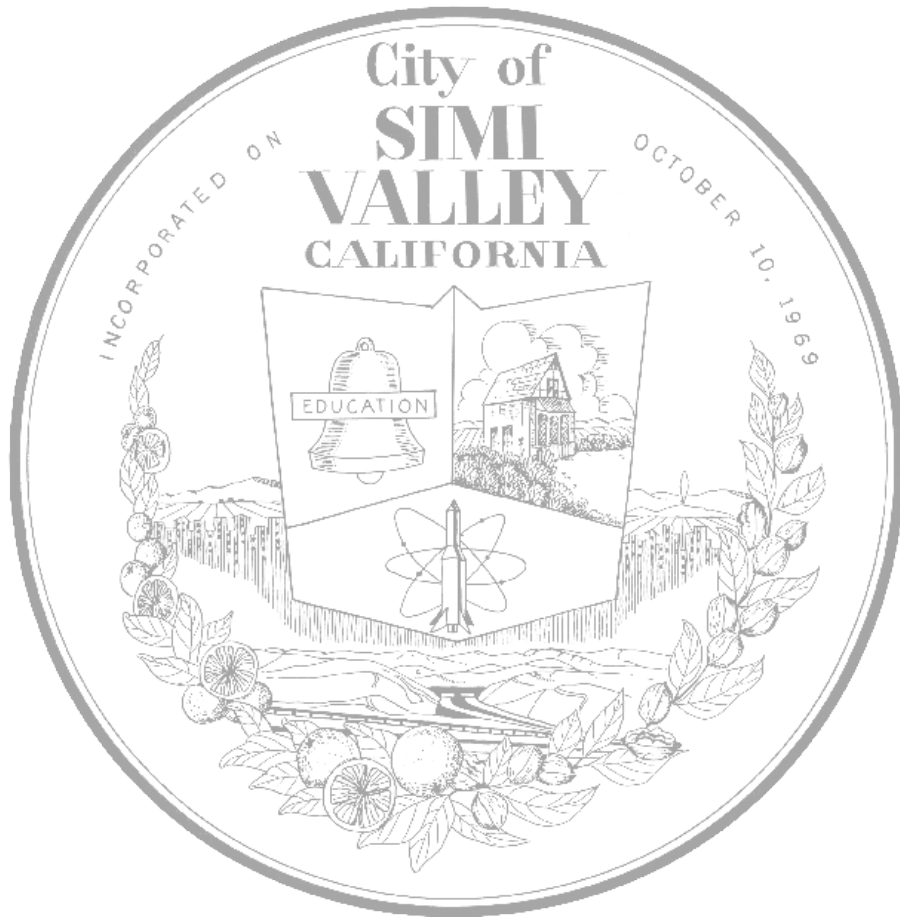
NOTE:

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

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

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

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>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Basic Tax Levy per Article 13A of California State Constitution	1.000000	1.000000	1.000000	1.000000	1.000000
City	-	-	-	-	-
Total direct	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
County Flood Control District	0.005084	0.003439	0.001618	0.001632	0.000624
Simi Valley Unified School District	0.038300	0.034900	0.030200	0.026700	0.025700
Metropolitan Water District	0.008900	0.008900	0.008800	0.007700	0.006700
Ventura College District	-	-	-	-	0.017800
Total direct and overlapping	<u><u>1.052284</u></u>	<u><u>1.047239</u></u>	<u><u>1.040618</u></u>	<u><u>1.036032</u></u>	<u><u>1.050824</u></u>

Continued

NOTE:

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>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</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
0.000297	-	-	-	-	County Flood Control District
0.024700	0.065800	0.051200	0.048900	0.048300	Simi Valley Unified School District
0.006100	0.005800	0.005200	0.004700	0.004500	Metropolitan Water District
0.016600	0.013000	0.013000	0.012700	0.005000	Ventura College District
<u>1.047697</u>	<u>1.084600</u>	<u>1.069400</u>	<u>1.066300</u>	<u>1.057800</u>	Total direct and overlapping
					Concluded

SOURCE:  
California Municipal Statistics, Inc.

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

<b>Taxpayer</b>	<b>2008</b>			<b>1999</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percent of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percent of Total City Taxable Assessed Value</b>
Simi Valley Mall LLC	\$ 147,982,729	1	0.92%	\$ -		0.00%
Tishman Speyer Archstone	122,200,000	2	0.76%	-		0.00%
Countrywide Home Loans/Countrywide Funding Corporation	96,940,876	3	0.60%	56,556,808	2	0.91%
Fountains Apt Ltd	73,785,073	4	0.46%	-		0.00%
Runkle Canyon LLC	64,508,304	5	0.40%	-		0.00%
CLF Simi Valley Business TR/ CLF Galena SV Business TR	57,936,000	6	0.36%	-		0.00%
South Street Center LLC	49,920,800	7	0.31%	-		0.00%
Fairfield Rancho Corrales	49,511,019	8	0.31%	-		0.00%
Macys California Inc/Macys West Inc	49,408,881	9	0.31%	-		0.00%
Mountaingate Associates LLC	40,274,091	10	0.25%	56,788,240	1	0.91%
Lincoln Wood Ranch				32,718,051	3	0.52%
Casden Creekside LP				26,009,350	4	0.42%
Westgate Development				25,021,063	5	0.40%
Essex Meadowood				24,296,436	6	0.39%
F I G Holding Company				20,200,000	7	0.32%
Centex Homes				19,355,474	8	0.31%
Mayer Indian Oaks Ltd				18,401,875	9	0.29%
Fritz B Burns Foundation				17,660,789	10	0.28%
<b>Total Taxable Assessed Value Ten Largest Taxpayers</b>	<b>\$ 752,467,773</b>		<b>4.69%</b>	<b>\$ 297,008,086</b>		<b>4.76%</b>

SOURCE:  
Ventura County Auditor-Controller



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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1998-99	\$ 72,416,397	\$ 71,199,814	98.32%		\$ 71,199,814	98.32%
1999-00	79,350,486	77,904,659	98.18%		77,904,659	98.18%
2000-01	89,282,371	87,675,785	98.20%		87,675,785	98.20%
2001-02	96,624,697	94,486,989	97.79%		94,486,989	97.79%
2002-03	104,460,998	102,875,792	98.48%		102,875,792	98.48%
2003-04	113,380,764	111,280,050	98.15%		111,280,050	98.15%
2004-05	128,172,093	125,407,288	97.84%		125,407,288	97.84%
2005-06	138,585,819	128,788,614	92.93%	\$ 487,056	129,275,670	93.28%
2006-07	28,777,381 <sup>1</sup>	28,091,722	97.62%	584,200	28,675,922	99.65%
2007-08	31,938,610	31,051,904	97.22%		31,051,904	97.22%

**NOTE:**

Data presented for Fiscal Years 1997-98 thru 2005-06 consisted of the total secured levy and collections for all taxing entities within the boundaries of the City of Simi Valley. Proposition 13, enacted on June 6, 1978, established a maximum County-wide levy for general purpose revenues of 1% of market value. The complexity of the distribution formula made it difficult for the County to identify general purpose tax rates for specific taxing entities during these years.

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

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.

SOURCE:  
Ventura County Controller-Auditor

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

**Revenues**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Other Taxes</b>	<b>Licenses and Permits</b>	<b>Fines and Forfeitures</b>	<b>Use of Money and Property</b>	<b>From Other Govt's</b>
1998-99	12,377,023	9,303,124	5,049,560	5,374,911	439,538	4,006,134	9,851,690
1999-00	13,437,709	10,629,416	6,747,708	4,433,952	499,286	4,188,541	10,932,877
2000-01	16,528,655	11,774,505	5,586,143	2,933,635	662,042	4,976,977	12,380,349
2001-02	17,410,850	12,683,123	6,267,648	2,611,829	747,781	2,964,359	13,169,562
2002-03	19,295,434	12,830,405	6,319,487	3,000,142	759,786	2,455,014	13,094,236
2003-04	20,981,163	13,878,702	7,002,008	3,910,943	692,871	2,966,909	12,072,537
2004-05	27,899,227	14,829,984	7,462,521	5,761,949	744,172	4,668,436	9,228,523
2005-06	32,255,028	16,301,320	8,764,422	4,489,743	630,175	4,887,835	8,059,121
2006-07	41,663,078	17,705,751	7,881,830	2,446,051	608,633	6,030,520	9,178,483
2007-08	44,481,495	16,894,319	7,500,217	1,863,206	639,866	5,875,792	7,562,068

Continued

NOTE:

1. Includes all Governmental Fund Types.

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

Revenues						
Grants	Service Charges	Other Revenues	Total Revenues	Net Other Financing Sources	Total	Fiscal Year
4,539,949	7,405,749	1,441,800	59,789,478	2,158,877	61,948,355	1998-99
2,936,444	4,903,711	5,972,621	64,682,265	2,150,377	66,832,642	1999-00
4,516,394	3,840,862	1,192,439	64,392,001	426,234	64,818,235	2000-01
4,727,219	3,574,203	2,075,997	66,232,571	368,109	66,600,680	2001-02
3,595,929	3,380,322	1,548,029	66,278,784	1,649,959	67,928,743	2002-03
4,662,677	5,482,337	1,530,971	73,181,118	(1,654,019)	71,527,099	2003-04
3,000,993	4,123,659	6,844,687	84,564,151	24,789,056	109,353,207	2004-05
3,641,439	3,706,112	11,932,862	94,668,057	2,134,558	96,802,615	2005-06
8,154,157	3,330,461	2,736,158	99,735,122	(2,458,385)	97,276,737	2006-07
2,824,043	2,743,227	4,705,669	95,089,902	(2,203,635)	92,886,267	2007-08
						Concluded

SOURCE:  
City of Simi Valley

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

Fiscal Year	Governmental Activities					Total Primary Government	Percent of Personal Income <sup>2</sup>	Debt Per Capita <sup>2</sup>
	Loans	Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Special Assessment Bonds <sup>1</sup>			
1999	\$1,625,000	\$33,115,000	\$ 10,720,000	\$ -	\$ 21,305,488	\$ 65,140,488	2.32%	\$ 594.64
2000	275,000	32,445,000	10,020,000	-	18,871,184	61,336,184	2.05%	545.56
2001	-	31,745,000	9,760,000	-	18,035,344	59,540,344	1.87%	514.53
2002	-	31,015,000	9,300,000	-	21,497,968	61,812,968	1.85%	526.37
2003	-	31,795,000	8,825,000	-	18,750,000	59,370,000	1.71%	502.75
2004	-	31,435,000	8,325,000	-	17,690,000	57,450,000	1.59%	480.39
2005	-	30,745,000	7,805,000	25,955,000	17,405,000	81,910,000	2.17%	675.35
2006	-	30,040,000	7,260,000	25,955,000	16,600,000	79,855,000	2.01%	644.39
2007	-	29,320,000	6,690,000	25,495,000	15,710,000	77,215,000	1.89%	613.60
2008	-	28,590,000	6,095,000	25,015,000	12,380,000	72,080,000	1.70%	571.42

NOTE:

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

1. The City is not obligated for these bonds.
2. See Schedule of Demographic and Economic Statistics for personal income and population data.

SOURCE:  
City of Simi Valley  
US Census Bureau

**CITY OF SIMI VALLEY  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2008 (See Note)**

2007-08 Assessed Valuation	\$ 15,322,811,100
Less Redevelopment Agency Incremental Valuation	<u>1,875,424,115</u>
Adjusted Assessed Valuation	<u><u>\$ 13,447,386,985</u></u>

	Outstanding Debt 6/30/08	Percentage Applicable	Estimated Share of Overlapping Debt
<u>Overlapping and Assessment Debt Repaid with Property Taxes</u>			
Metropolitan Water District	\$ 327,215,000	0.761 %	\$ 2,490,106
Ventura County Community College District	126,980,000	14.215	18,050,207
Simi Valley Unified School District	160,609,699	96.546	155,062,240
City of Simi Valley Community Facilities Dist No.2004-1	8,740,000	100.000	8,740,000
City of Simi Valley 1915 Act Bonds	3,640,000	100.000	3,640,000
<u>Overlapping Other Debt</u>			
Ventura County General Fund Obligations	71,885,000	14.211	10,215,577
Ventura County Superintendent of Schools Certificates	13,025,000	14.211	1,850,983
Simi Valley Unified School District Certificates	12,575,000	96.546	12,140,660
Rancho Simi Recreation & Park District Authority	855,000	82.937	<u>709,111</u>
Total overlapping and assessment debt			212,898,884
<u>City Direct Debt</u>			
City of Simi Valley Lease Revenue Bonds	6,095,000	100.000	6,095,000
City of Simi Valley Certificates of Participation	25,015,000	100.000	<u>25,015,000</u>
Total direct debt			31,110,000
Total direct and overlapping debt			<u><u>\$ 244,008,884</u></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.

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

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt limit	\$ 239,765,992	\$ 265,208,258	\$ 298,933,120	\$ 324,822,878	\$ 349,345,718
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 239,765,992</u>	<u>\$ 265,208,258</u>	<u>\$ 298,933,120</u>	<u>\$ 324,822,878</u>	<u>\$ 349,345,718</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					
2004	2005	2006	2007	2008	
\$ 374,617,357	\$ 411,117,996	\$ 456,872,754	\$ 529,328,334	\$ 574,605,416	Debt limit
-	-	-	-	-	Total net debt applicable to limit
<u>\$ 374,617,357</u>	<u>\$ 411,117,996</u>	<u>\$ 456,872,754</u>	<u>\$ 529,328,334</u>	<u>\$ 574,605,416</u>	Legal debt margin
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 2008**

Assessed value	\$	15,322,811,100
Debt limit (3.75% of assessed value) <sup>1</sup>	\$	574,605,416
General obligation bonds		-
Legal debt margin	\$	574,605,416

SOURCE:  
California Municipal Statistics, Inc.

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income <sup>1</sup></b>	<b>Median Age</b>	<b>Public School Enrollment</b>	<b>Unemployment Rate</b>
1999	109,546	\$ 2,811,717	\$ 25,667	34.4	20,160	N/A
2000	112,428	2,989,011	26,586	34.7	20,393	3.6%
2001	115,719	3,182,851	27,505	35.0	20,960	3.6%
2002	117,432	3,337,770	28,423	35.3	21,127	4.5%
2003	118,090	3,464,997	29,342	35.6	21,359	4.7%
2004	119,590	3,618,793	30,260	35.9	21,377	4.4%
2005	121,286	3,781,576	31,179	36.2	21,329	3.8%
2006	123,924	3,977,713	32,098	36.5	21,205	3.6%
2007	125,840	4,085,521	32,466	35.8	21,040	3.8%
2008	126,142	4,246,949	33,668	36.2	21,700	5.0%

NOTE:

1. Per capita income for year 2000 and 2005 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



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

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Employed Labor Force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Employed Labor Force</u>
Countrywide Home Loans	3,659	1	5.22%	2,350	1	3.89%
Simi Valley Unified School District	2,591	2	3.70%	2,107	2	3.49%
Farmers Insurance Group	1,180	3	1.68%	868	4	1.44%
Simi Valley Hospital & Health Care	811	4	1.16%	1,025	3	1.70%
Wal-Mart	670	5	0.96%	-		
Rancho Simi Parks & Recreation District	600	6	0.86%	-		
City of Simi Valley	599	7	0.85%	581	5	0.96%
Aerovironment Inc	485	8	0.69%	-		
Vons Grocery Stores	384	9	0.55%	398	8	0.66%
Meggitt Safety Systems, Inc	360	10	0.51%	-		
Dataproducts	-			510	6	0.84%
Bugle Boy	-			428	7	0.71%
Cerwin Vega Inc	-			337	9	0.56%
Schlumberger Technology Inc	-			329	10	0.54%
<b>Total</b>	<u>11,339</u>		<u>16.18%</u>	<u>8,933</u>		<u>10.89%</u>

**NOTE:**

Of fifty-two employers surveyed by the City of Simi Valley, forty employers responded (77%).

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

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

<b>Function</b>	<b>Full &amp; Part Time Employees as of June 30 <sup>1</sup></b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General government	60	62	63	62	68	67	67	70	70	68
Community services	28	30	34	34	35	31	32	34	35	35
Planning	55	59	63	60	58	62	63	61	62	60
Public ways and facilities	111	114	114	118	117	114	111	107	110	102
Public safety										
Sworn police personnel	115	115	119	120	120	122	122	120	125	127
Civilians	57	63	65	68	69	66	63	70	68	64
Sanitation	55	56	59	55	54	52	53	53	53	60
Waterworks district no. 8	38	39	36	39	40	40	40	38	38	37
Transit	<u>22</u>	<u>23</u>	<u>37</u>	<u>41</u>	<u>41</u>	<u>40</u>	<u>42</u>	<u>43</u>	<u>46</u>	<u>46</u>
<b>Total</b>	<b><u>541</u></b>	<b><u>561</u></b>	<b><u>590</u></b>	<b><u>597</u></b>	<b><u>602</u></b>	<b><u>594</u></b>	<b><u>593</u></b>	<b><u>596</u></b>	<b><u>607</u></b>	<b><u>599</u></b>

NOTE:

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

SOURCE:  
City of Simi Valley

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

<b>Function</b>	<b>Fiscal Year</b>						
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General government</b>							
Business tax applications & renewals	10,286	10,392	10,426	8,696	8,546	8,675	8,735
Business tax receipts issued	7,081	7,420	7,808	7,514	8,273	8,316	8,211
Business tax revenues	\$1,397,335	\$1,370,609	\$1,287,934	\$1,355,601	\$1,831,590	\$1,778,116	\$1,851,630
<b>Community services</b>							
Cultural arts center events	213	230	232	220	334	227	211
Cultural arts center attendance	24,200	27,900	34,000	28,400	31,000	31,345	31,070
Senior center attendance	107,100	102,000	109,300	101,000	107,000	126,838	141,528
<b>Planning</b>							
Building permits	2,654	2,532	2,693	2,738	2,891	2,004	1,700
Plumbing, mechanical, & electrical permits	4,390	4,487	5,015	5,679	5,220	3,716	2,691
Permit valuation (in thousands)	\$141,835	\$182,953	\$216,442	\$415,846	\$284,767	\$99,392	\$74,530
<b>Public Safety</b>							
Arrests	3,613	3,281	3,201	3,818	3,686	3,552	4,170
Enforcement citations	12,164	11,948	9,878	10,249	11,585	10,905	10,280
<b>Public ways and facilities</b>							
Street resurfacing (miles)	13.99	3.52	14.34	6.43	5.86	7.68	0.46
<b>Sanitation</b>							
Wastewater customers	30,789	30,824	34,502	35,059	35,192	35,289	35,451
Average dry weather flow (MGD)	9.00	9.00	9.20	8.84	9.50	8.80	10.00
<b>Waterworks district no. 8</b>							
Customers	22,925	23,053	23,292	23,757	25,195	25,375	25,452 <sup>1</sup>
Water delivered (million gallons)	7,126.9	7,570.5	8,188.3	8,125.6	8,128.0	8,137.0	8,679.0
<b>Transit</b>							
Fixed-route miles	371,601	354,000	353,999	367,787	449,223	509,743	477,005
Fixed-route passengers	398,401	393,854	432,833	432,714	450,106	483,653	454,440
Fixed-route hours	26,303	20,300	23,449	24,114	28,526	30,893	30,768
Paratransit miles	280,883	276,500	260,121	235,556	238,061	240,979	199,570
Paratransit passengers	44,172	42,484	39,637	40,199	42,815	45,210	43,457
Paratransit hours	25,290	25,310	20,383	20,690	19,059	18,959	17,976

NOTE:

1. Balance of community, 13,738 customers, serviced by Golden State Water Co. for fiscal year 2008.

Ten years of data will be presented as it becomes available.

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

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

NOTES:

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

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

Ten years of data will be presented as it becomes available.

CITY OF SIMI VALLEY

A schedule attached to and made a part of the Single Audit Package for the fiscal year ended June 30, 2008.

CORRECTIVE ACTION PLAN

Not applicable