

CITY OF SIMI VALLEY
STATE OF CALIFORNIA

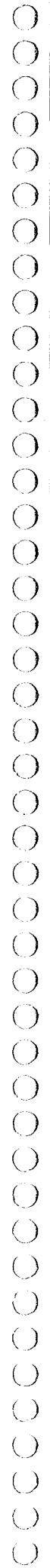


COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2004

2003-04

BILL DAVIS, Mayor PAUL MILLER, Mayor Pro Tem
BARBRA WILLIAMSON, Council Member GLEN T. BECERRA, Council Member STEVEN T. SOJKA, Council Member



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004

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CITY OF SIMI VALLEY



2929 Tapo Canyon Road, Simi Valley, CA 93063-2199 • (805) 583-6700 • <http://www.simivalley.org>

December 22, 2004

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, 2004.

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.

The City's financial statements have been audited by Moreland and Associates, Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2004, 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, 2004 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 119,590 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 four-year terms in alternate slates of two, 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. Fire, paramedic, and animal regulation services are provided by the County of Ventura. The Rancho Simi Recreation and Parks 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 currently enjoys a favorable economic environment and local indicators point to continued stability in the face of a weak State economic climate. Locally generated revenues from taxes increased by \$2.2 million, or 7.9 percent over the prior fiscal year.

The region has a growing service and retail base that adds to the relative stability of employment. Major industries with headquarters or divisions located within the City's boundaries, or in close proximity, include real estate lending, health care, insurance, computer hardware, home improvement materials, and retail sales. A regional shopping center, which is scheduled to open in October 2005, will provide increased job opportunities.

Residential and commercial development activity remains high. Construction of the above-mentioned regional mall is underway with adjacent office space and multi-family housing. A

200,000 square foot mixed-use retail and residential development project is currently under construction. It is estimated that construction will be completed for 1,130 units during fiscal year 2004-05 (400 single family homes; 480 apartments; 180 townhouses; and 70 condominiums), including approximately 200 affordable units for low- and very low-income households. Unocal Corporation has recently sold the Alamos and Brea Canyons property, which encompasses approximately 2,875 acres, to Waste Management, Inc. The City will continue to work with the new owner to pursue development opportunities. 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 Simi Valley City Council has entered into a series of agreements and undertaken various approvals for the development of the Simi Valley Town Center. This project includes an 800,000 square foot regional mall, 240,000 additional square feet of retail/commercial, and a 500-unit multi-family luxury apartment complex located on the north side of the 118 Freeway between First Street and Erringer Road in the City. The project is currently underway and is expected to be completed by the end of calendar year 2005. (The grand opening for the mall is scheduled for October 2005.) The project will generate a significant amount of property tax and sales tax revenue for the City. The City's contribution to the project includes land for a portion of the site and \$17.1 million in financial assistance for the construction of the site's public improvements, including public streets, sidewalks, storm drain, water, and sewer. The City's contribution for the public portion of the project has been generated through tax-exempt obligations. The new revenues generated by the project will more than offset the cost of the contribution.

Faced with continuing growth and increased demands for service, the City is also planning to expand its facilities on the City's Civic Center campus. Currently underway is an expansion of the City's Senior Citizens' Center to address and provide for improved services for one of the fastest growing segments of the population. The estimated cost of the project is \$8.9 million, which is being financed through Certificates of Participation. The City is also considering an expansion plan for the City Hall facility. If approved, this expansion will provide additional space, as well as a consolidation of City departments in one location to improve upon the quality and efficiency of service to residents and customers.

In response to California Regional Water Quality Control Board requirements for discharge, the City is also nearing final completion of a \$15 million upgrade to the Water Quality Control Plant. The project was substantially complete on October 24, 2004, with final completion projected for February 2005. This project is financed through the City's Sanitation Fund.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposits, obligations of the U.S. Government and the U.S. Treasury, and the State Treasurer's Local Agency Investment Fund. The maturities of the investments range from one day to five years with an average maturity of 19 months. The average yield on investments was 1.9 percent. Investment income includes a reduction in the fair value of investments. Decreases in fair value during the current year, however, do not necessarily represent trends that will continue; especially in the case of temporary changes in the fair value of investments that the government intends to hold 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 postemployment 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 postretirement health benefits for retirees meeting specified service requirements and their spouses. As of the end of the current fiscal year, there were 50 retired employees receiving these benefits, which were financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City's pension arrangements and postemployment benefits can be found in Notes IV. D-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, 2004 was \$40,080,430. 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, 2003. This was the twenty-fourth consecutive year (fiscal years ended 1980-2003) 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 Moreland and Associates, Inc., 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 direction and support in planning and conducting the financial operations of the City in a progressive and responsible manner.

Respectfully submitted,



Steve Elam, Director
Department of Administrative Services

OFFICIALS OF THE CITY OF SIMI VALLEY
(as of June 30, 2004)

Members of the City Council

BILL DAVIS, Mayor
PAUL MILLER, 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
Debbie Solomon Director of Community Services
Al Boughey Director of Environmental Services
Steve Elam Director of Administrative Services
Timothy P. Nanson Director of Public Works
Mark Layhew Chief of Police

ORGANIZATION of the City of SIMI VALLEY



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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, 2003

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.



Nancy L. Zjelke

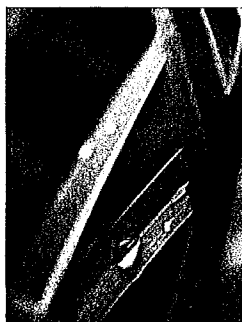
President

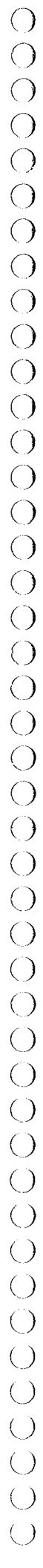
Jeffrey R. Emen

Executive Director



Independent Auditors' Report





November 5, 2004

The Honorable City Council of
the City of Simi Valley, California

Independent Auditors' Report

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, 2004, 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.

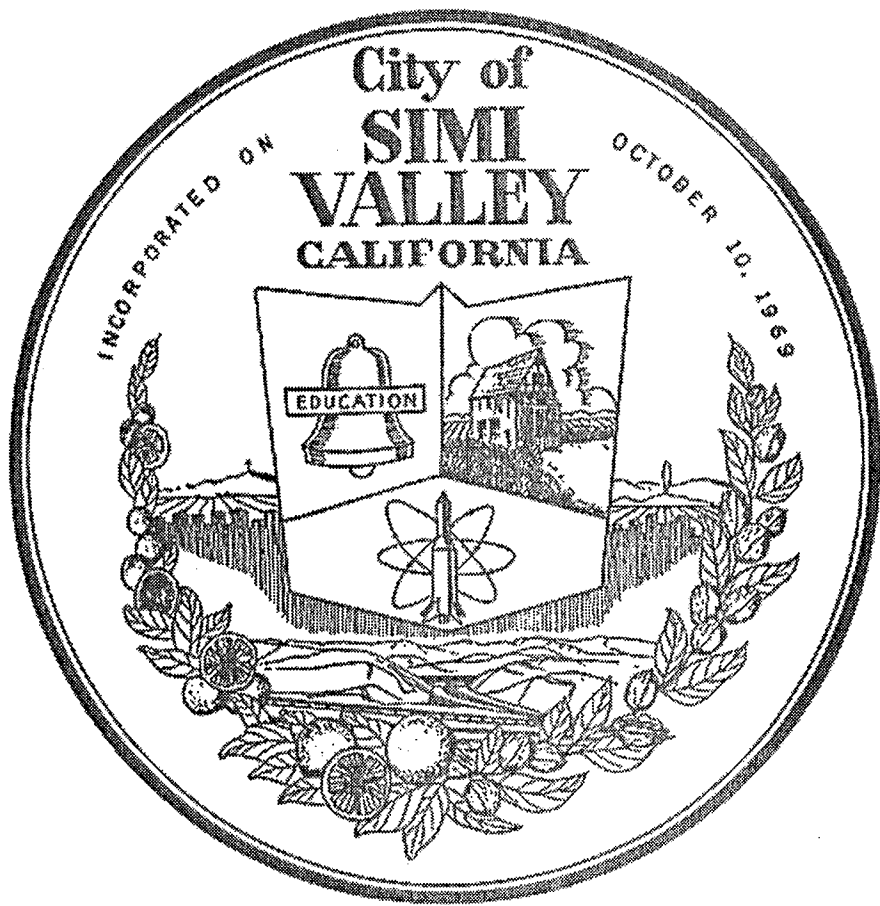
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Merged Tapo Canyon and West End Tax Increment and Development Related Fees Special Revenue Funds 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 November 5, 2004 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 and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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's basic financial statements. The accompanying introductory section and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and 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 introductory section and statistical section 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.



Management's Discussion and Analysis

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, 2004. 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 \$185,901,218 (*net assets*). Of this amount, \$53,890,375 (*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 \$4,973,087. The majority of this increase is the result of capitalizing infrastructure completed during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$68,499,121, an increase of \$2,981,383 in comparison with the prior year. This increase resulted from increases in property tax, tax increment, service charges and grant revenues. Approximately half of the ending fund balance amount, \$38,529,028, is *available for spending* at the government's discretion (*unrestricted fund balance*).
- At the end of the current fiscal year, the unreserved/undesignated fund balance for the General fund was \$6,184,633. This amount represents the *Prudent Reserve for Economic Uncertainty* established by the City Council at 13 percent of budgeted General fund expenditures.
- The City of Simi Valley's total liabilities increased by \$10.5 million during the current fiscal year. \$5.8 million of this increase resulted from reporting the liability for certain customer deposits as a City liability that was reported in the Fiduciary funds in prior years. This liability is offset by a corresponding increase in cash. Other factors contributing to the increase in liabilities were an increase in excess of \$2.3 million in workers' compensation claims, an increase of \$0.2 million in liability insurance claims, and an increase of \$0.3 million in the liability for compensated absences. These increases were offset by a decrease of \$0.9 million in the liability for bonded debt. In addition, the liabilities for deferred revenue and salaries payable increased by \$1.0 million.

Overview of the Financial Statements

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

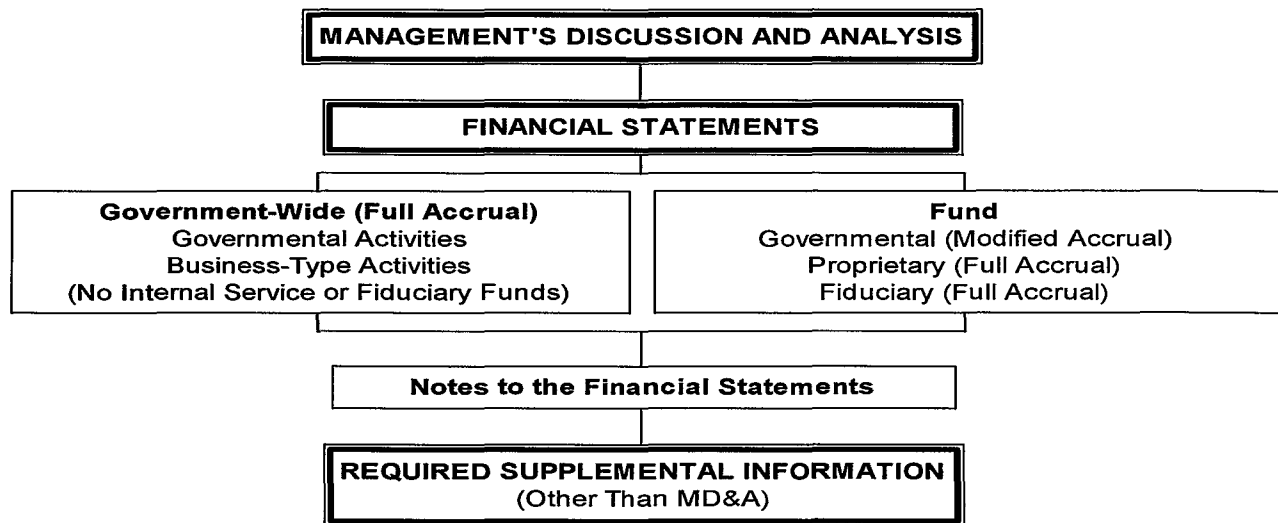
- 1) Government-wide financial statements,

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

- 2) Fund financial statements, and
- 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 certain restated 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

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

safety. The business-type activities of the City include a Sanitation fund, a Waterworks District, and a Transit fund.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 seventy individual governmental funds in its financial system and presents them grouped by related activities as five major and twenty-six 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 Merged Tapo Canyon and West End Tax Increment fund, the Development Related Fees fund, the Streets and Roads fund, and the Public Facility Improvements fund. Data from the other twenty-six 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 an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund and the major special revenue funds to demonstrate compliance with this budget. Budgetary comparison schedules are also provided for the budgeted nonmajor special revenue funds in the *Supplementary Information* section.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in government-wide financial statements. The City uses enterprise funds to account for its sanitation, waterworks, and transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 statement 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.

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 required supplementary information on pensions.

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 \$185,901,218 at the close of the most recent fiscal year.

A significant portion of the City's net assets (51 percent) reflects its investment in capital assets net of accumulated depreciation (land, buildings, 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

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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

An additional portion of the City's net assets (20 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (29 percent) 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			
	<u>FY 2003-04</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2002-03</u>
Current and other assets	\$95,664,080	\$84,564,686	\$35,517,395	\$37,579,333	\$131,181,475	\$122,144,019
Capital assets	66,464,084	65,105,713	66,493,449	61,454,844	132,957,533	126,560,557
Total assets	162,128,164	149,670,399	102,010,844	99,034,177	264,139,008	248,704,576
Long-term liabilities outstanding	51,952,640	48,774,500	749,218	3,326,592	52,701,858	52,101,092
Other liabilities	20,795,815	14,971,031	4,740,117	704,322	25,535,932	15,675,353
Total liabilities	72,748,455	63,745,531	5,489,335	4,030,914	78,237,790	67,776,445
Net assets:						
Invested in capital assets, net of related debt	27,714,331	25,526,553	66,493,449	61,454,844	94,207,780	86,981,397
Restricted	23,136,350	24,562,489	14,666,713	21,191,489	37,803,063	45,753,978
Unrestricted	38,529,028	35,835,826	15,361,347	12,356,930	53,890,375	48,192,756
Total net assets	\$89,379,709	\$85,924,868	\$96,521,509	\$95,003,263	\$185,901,218	\$180,928,131
Total Liabilities and Net Assets	\$162,128,164	\$149,670,399	\$102,010,844	\$99,034,177	\$264,139,008	\$248,704,576

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both 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

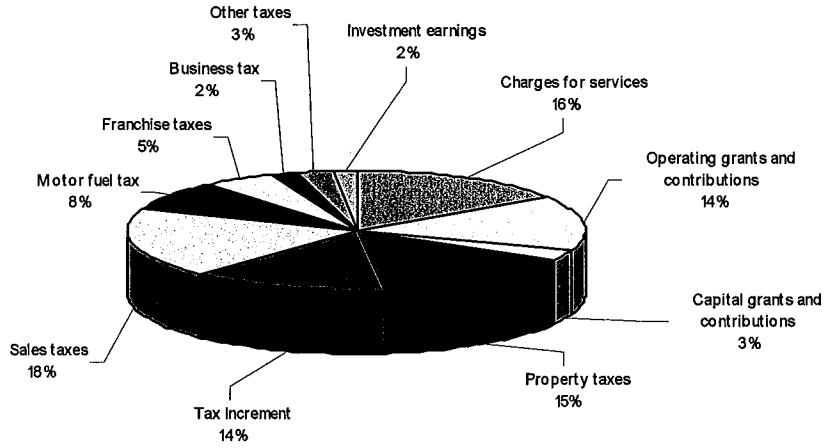
	Governmental Activities		Business-Type Activities		Total	
	FY 2003-04	FY 2002-03	FY 2003-04	FY 2002-03	FY 2003-04	FY 2002-03
Revenues:						
Program Revenues:						
Charges for services	\$11,617,122	\$ 8,699,447	\$32,958,176	\$28,429,276	\$ 44,575,298	\$ 37,128,723
Operating grants and contributions	10,447,345	7,167,543	2,277,103	1,768,330	12,724,448	8,935,873
Capital grants and contributions	1,950,267	2,670,613	121,815	192,736	2,072,082	2,863,349
General Revenues:						
Property taxes & tax increment	20,981,163	18,895,135	-	-	20,981,163	18,895,135
Other taxes	20,880,710	19,149,892	-	-	20,880,710	19,149,892
Capital contributions	83,857	12,742,118	1,864,986	8,149,624	1,948,843	20,891,742
Other	6,973,264	9,484,312	493,145	855,418	7,466,409	10,339,730
Total revenues	72,933,728	78,809,060	37,715,225	39,395,384	110,648,953	118,204,444
Expenses:						
General government	15,145,488	16,213,555	-	-	15,145,488	16,213,555
Community services	3,306,481	4,196,666	-	-	3,306,481	4,196,666
Planning	10,819,148	5,695,344	-	-	10,819,148	5,695,344
Public ways and facilities	15,228,178	13,501,151	-	-	15,228,178	13,501,151
Public safety	24,888,781	22,380,396	-	-	24,888,781	22,380,396
Interest on long-term debt	2,089,477	2,487,785	-	-	2,089,477	2,487,785
Indirect expense allocation	(3,668,100)	(3,495,000)	3,668,100	3,495,000	-	-
Sanitation	-	-	10,276,065	9,649,662	10,276,065	9,649,662
Water	-	-	19,793,965	17,235,501	19,793,965	17,235,501
Transit	-	-	4,128,283	3,455,148	4,128,283	3,455,148
Total expenses	67,809,453	60,979,897	37,866,413	33,835,311	105,675,866	94,815,208
Change in net assets before transfers	5,124,275	17,829,163	(151,188)	5,560,073	4,973,087	23,389,236
Transfers	(1,669,434)	(1,066,859)	1,669,434	1,066,859	-	-
Change in Net Assets	3,454,841	16,762,304	1,518,246	6,626,932	4,973,087	23,389,236
Net assets - beginning of the year	85,924,868	69,162,564	95,003,263	88,376,331	180,928,131	157,538,895
Net Assets - ending	\$89,379,709	\$85,924,868	\$96,521,509	\$95,003,263	\$185,901,218	\$180,928,131

The City's total net assets increased by \$5.0 million primarily due to growth in property tax revenues and development related activity.

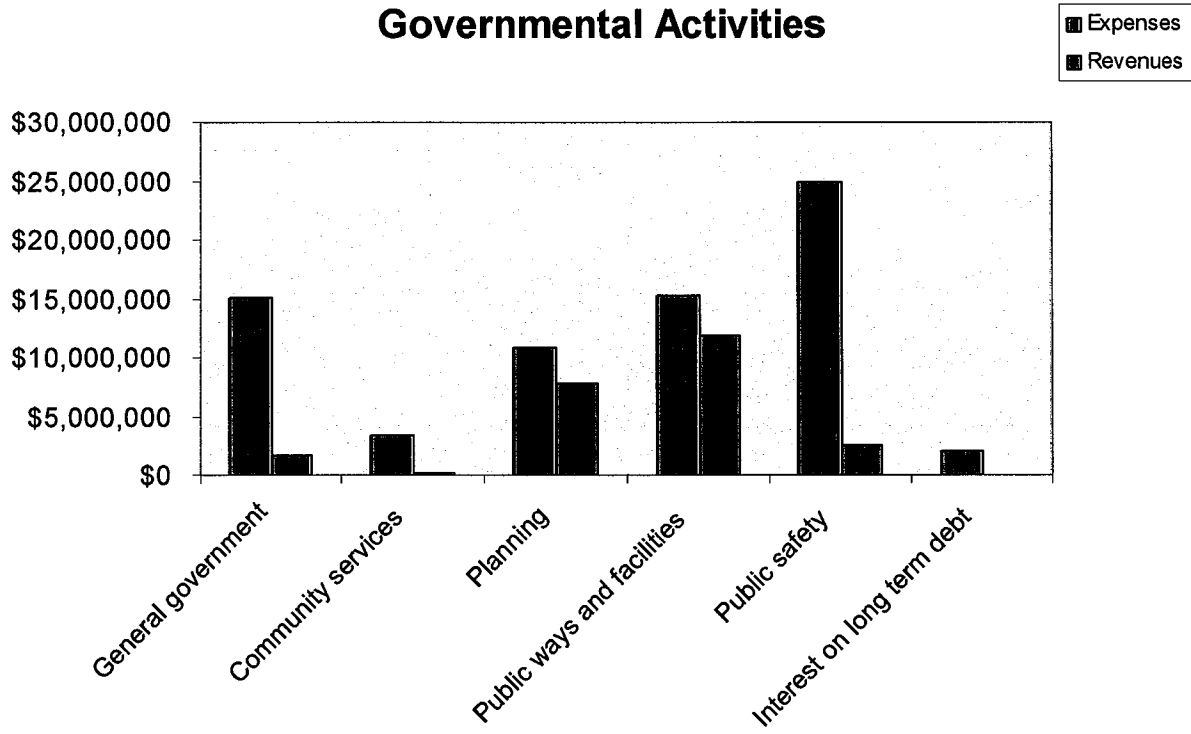
Governmental Activities. During the current fiscal year, net assets of governmental activities increased by \$3.5 million, accounting for 70% of the total growth in net assets, primarily due to moderate increases in property tax, tax increment, grant and service charge revenues.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Revenues by Source - Governmental Activities

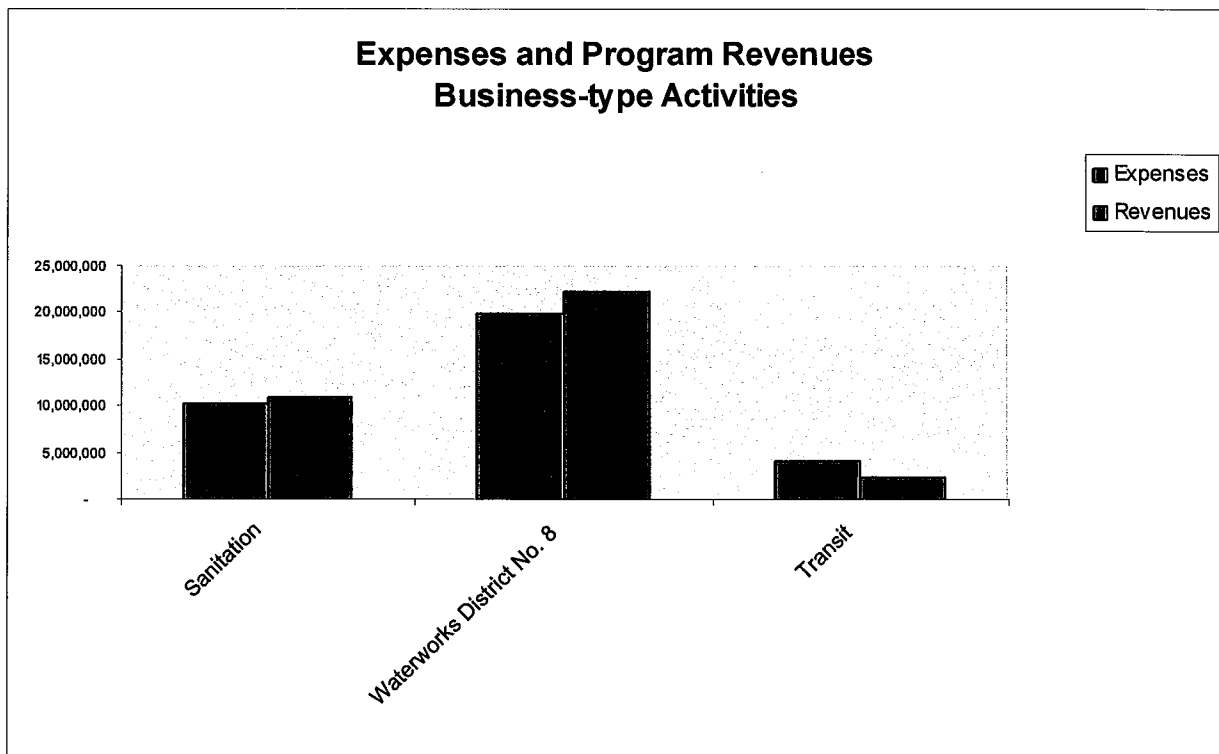
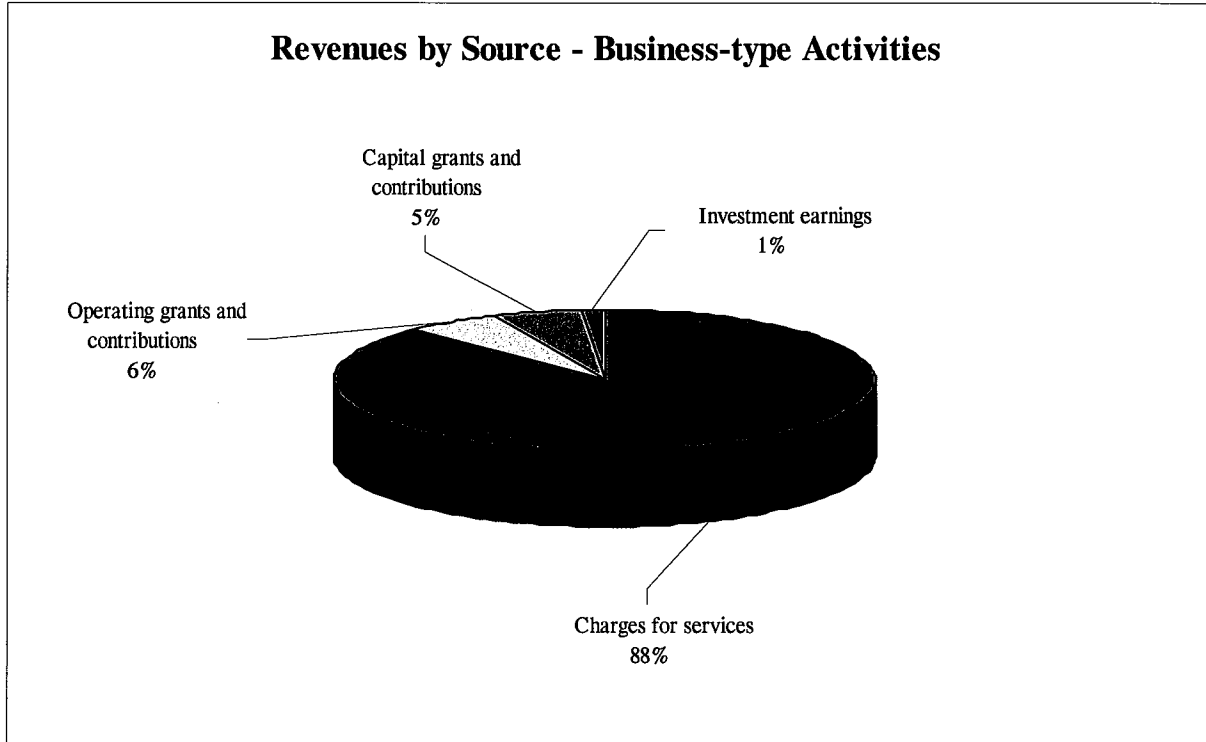


**Expenses and Program Revenues
Governmental Activities**



CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Business-type Activities. Business-type activities increased the City's net assets by \$1.5 million, accounting for 30 percent of the total growth in the City's net assets. The majority of this increase resulted from capital contributions related to development activity.



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 reported combined ending fund balances of \$68,499,121, an increase of \$2,981,383 over the prior year. Approximately half of this total amount (\$38,619,053) constitutes *unreserved fund balance*, which is available to meet the City's current and future needs. The remainder of the fund balance 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 (\$5,538,279); (2) to pay debt service (\$4,659,267); and (3) for advances to other funds and loans receivable not due in the upcoming fiscal year (\$19,682,522).

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 \$6,184,633, while total fund balance reached \$32,451,724. 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 percent of budgeted General fund expenditures, established as a *Prudent Reserve for Economic Uncertainty* by the City Council. Total fund balance represents 68% of budgeted General fund expenditures.

The fund balance of the City's General fund increased by \$1,458,067 during the current fiscal year. This increase is primarily due to moderate increases in property tax, service charges and grant revenues, and decrease in operating transfers.

The net change in the fund balance of the Merged Tapo Canyon and West End Tax Increment fund was \$1,021,974. This resulted from a slight increase in tax increment revenues over the prior year and reduced activity in the project areas. The excess was used to retire a portion on the advance from the General fund. The fund had an ending fund deficit of \$10,773,340, an increase of \$1,021,974 in comparison with the prior year.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sanitation, Waterworks and Transit funds were \$8,991,143, \$6,894,159, and \$80,950, respectively. The growth in net assets for Sanitation and Waterworks was \$1,095,970 and \$1,596,823, respectively. Transit's net assets decreased by \$671,021.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$4.2 million, and can be briefly summarized as follows:

- \$3.6 million in increases were allocated for transfers from available funds: \$1.1 million for street projects; \$1.1 million for capital improvement/replacement funds; \$0.5 million for supplementing grant funded police operations; \$0.4 million for increasing the reserve for retiree benefits; \$0.3 million for subsidizing transit operations; and \$0.2 million for subsidizing landscape maintenance operations.
- \$1.2 million in increases were appropriated for prior year commitments that were carried forward. These increases were offset by a \$0.6 million increase in the revenue budget: \$0.3 million for service charges; \$0.2 million for deposits transferred to revenue for transit related capital projects; and \$0.1 million for a Homeland Security grant for enhanced police operations.

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, 2004, amounts to \$132,957,533 (net of accumulated depreciation). This 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. The total increase in the City's investment in capital assets for the current fiscal year was 5 percent (a 2 percent increase for governmental activities, and an 8 percent increase for business-type activities).

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

- \$1.5 million in street projects, and \$7.8 million in water and sewer lines projects were completed by the City.
- Vehicles and computers were replaced per the City's replacement policy for \$1.6 million.

Additional information on the City's capital assets can be found in note III E on pages 47 - 49.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

**City of Simi Valley's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	FY 2003-04	FY 2002-03	FY 2003-04	FY 2002-03	FY 2003-04	FY 2002-03
Land	\$10,235,613	\$10,235,613	\$ 1,235,080	\$ 1,235,080	\$ 11,470,693	\$ 11,470,693
Buildings	23,269,408	24,206,464	8,390,018	8,658,671	31,659,426	32,865,135
Furnishings and equipment	476,155	554,858	1,259,050	1,379,871	1,735,205	1,934,729
Computers	1,969,804	1,718,239	-	-	1,969,804	1,718,239
Vehicles	1,340,083	1,546,574	3,513,446	3,810,426	4,853,529	5,357,000
Infrastructure	18,430,097	17,545,750	37,239,275	31,662,100	55,669,372	49,207,850
Intangibles	3,508,070	3,758,646	-	-	3,508,070	3,758,646
Construction in progress	7,234,854	5,539,569	14,856,580	14,708,696	22,091,434	20,248,265
Total	\$66,464,084	\$65,105,713	\$66,493,449	\$61,454,844	\$132,957,533	\$126,560,557

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$39,635,001. 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	
	FY 2003-04	FY 2002-03
1995 SVPFA variable rate lease revenue bonds	\$ 8,325,000	\$ 8,825,000
2003 tax allocation bonds	31,435,000	31,795,000
Less deferred amounts	(124,999)	(137,175)
Total	\$ 39,635,001	\$ 40,482,825

The City's bonded debt decreased by \$847,824 (2.1 percent) during the current fiscal year due to scheduled debt service payments.

The City maintains an "A+" rating 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 51 - 53.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

- New housing units and a strong resale market have resulted in property tax revenues outpacing inflation. In excess of 500 housing units were completed during the current fiscal year and twice as many units are expected to be completed during the upcoming year.
- Sales tax receipts, likewise, are exceeding inflation due to the opening of new commercial enterprises in the City. A regional mall, projected to open during 2005, is expected to have a major positive impact on sales tax revenues.
- Inflationary trends in the region compare favorably to national indices.

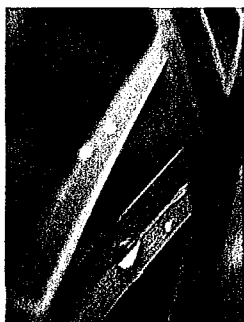
During the current fiscal year, fund balance in the General fund increased by \$1.5 million. None of these funds have been appropriated by the City for spending in the fiscal year 2004-05 budget. The fiscal year 2004-05 budget incorporates a projected State withholding of General fund revenues through a complicated arrangement that substantially reduces vehicle license fee revenues and increases property tax revenues, for a net reduction of \$1,113,400. The unreserved fund balance includes a prudent reserve for economic uncertainty equivalent to 13% of budgeted expenditures. In view of the current political and economic conditions at the State level, and particularly recent State actions to confiscate local government revenues, this prudent reserve may be needed on a periodic basis to maintain service levels to the City's residents. However, the passage of the California Constitutional Amendment (Proposition 1A) in the November 2004 election will provide a much-needed measure of protection to local governments from State actions to reallocate local revenues to the State.

Water rates were increased within the last year, and sewer rates were approved for an increase. In January of 2004, water rates were increased by an average of 4.0% in order to maintain an adequate cash reserve, to fund the replacement of existing facilities and equipment, and to construct new facilities. In June of 2004, an increase in sewer rates of 8% was approved. This increase in rates will be effective as of July 1, 2004, in order to maintain an adequate cash reserve, to fund the replacement of existing facilities and equipment, and to 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.

Government-Wide Financial Statements





**CITY OF SIMI VALLEY
STATEMENT OF NET ASSETS
JUNE 30, 2004**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (note III A)	\$ 79,739,298	\$ 13,092,032	\$ 92,831,330
Accounts receivable (net of allowance for uncollectibles) (note III C)	2,141,693	4,734,384	6,876,077
Taxes receivable	3,521,782	8,862	3,530,644
Grants receivable	470,752	1,849,483	2,320,235
Interest receivable	393,524	159,358	552,882
Internal balances (note I D 2)	2,362,259	(2,362,259)	-
Inventories	-	826,773	826,773
Prepays (note III D)	1,116,563	-	1,116,563
Restricted cash and investments (note III A):			
Customer deposits	-	722,111	722,111
Connection fees	-	16,486,651	16,486,651
Total current assets	<u>89,745,871</u>	<u>35,517,395</u>	<u>125,263,266</u>
Noncurrent assets:			
Loans receivable (note III B)	5,032,961	-	5,032,961
Deferred charges	885,248	-	885,248
Capital assets (note III E):			
Capital assets not being depreciated	17,470,467	16,091,660	33,562,127
Capital assets being depreciated, net	<u>48,993,617</u>	<u>50,401,789</u>	<u>99,395,406</u>
Total noncurrent assets	<u>72,382,293</u>	<u>66,493,449</u>	<u>138,875,742</u>
Total assets	<u>162,128,164</u>	<u>102,010,844</u>	<u>264,139,008</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,379,230	1,705,269	4,084,499
Salaries and benefits payable	2,536,650	442,832	2,979,482
Accrued interest payable	617,134	-	617,134
Deposits	5,780,533	-	5,780,533
Liabilities payable from restricted assets	-	2,542,049	2,542,049
Deferred revenues	<u>5,188,303</u>	<u>-</u>	<u>5,188,303</u>
Total current liabilities	<u>16,501,850</u>	<u>4,690,150</u>	<u>21,192,000</u>
Noncurrent liabilities (note III G):			
Current portion of long-term obligations	5,503,965	49,967	5,553,932
Noncurrent portion of long-term obligations	<u>50,742,640</u>	<u>749,218</u>	<u>51,491,858</u>
Total noncurrent liabilities	<u>56,246,605</u>	<u>799,185</u>	<u>57,045,790</u>
Total liabilities	<u>72,748,455</u>	<u>5,489,335</u>	<u>78,237,790</u>
NET ASSETS			
Invested in capital assets, net of related debt	27,714,331	66,493,449	94,207,780
Restricted for:			
Capital projects	13,451,219	-	13,451,219
Debt service	4,042,197	-	4,042,197
Community development	562,427	-	562,427
Other purposes	5,080,507	14,666,713	19,747,220
Unrestricted	<u>38,529,028</u>	<u>15,361,347</u>	<u>53,890,375</u>
Total net assets	<u>\$ 89,379,709</u>	<u>\$ 96,521,509</u>	<u>\$ 185,901,218</u>

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

**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

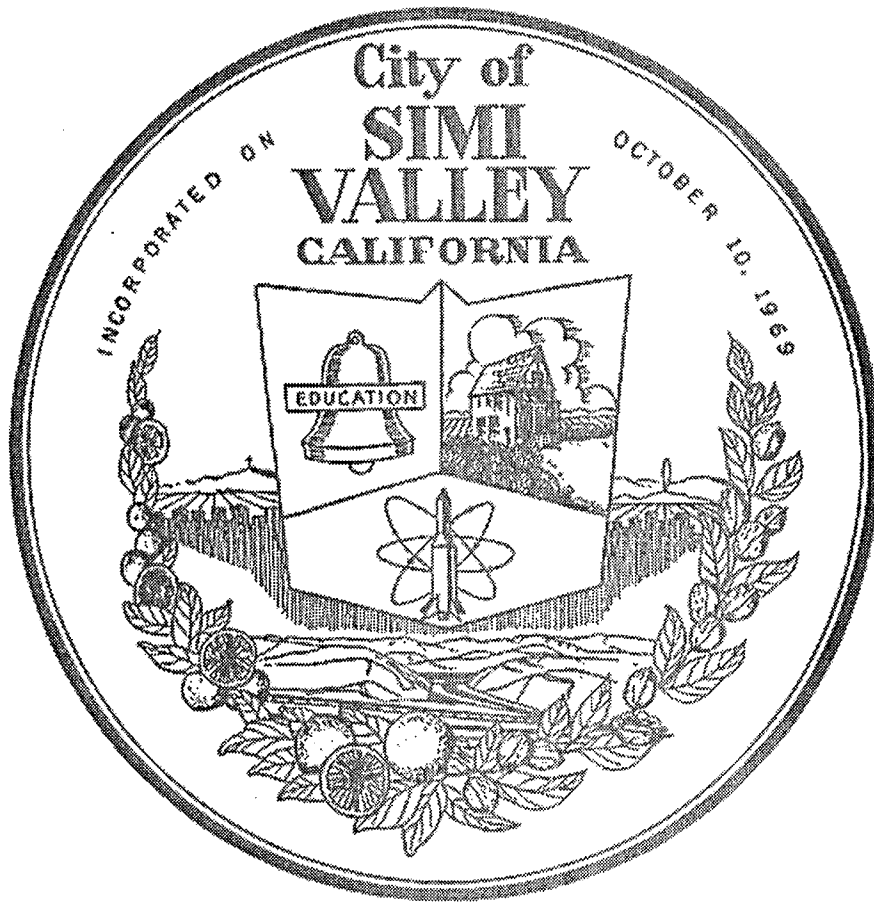
				Program Revenues	
<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Full Cost by Function</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 15,145,488	\$ (4,577,200)	\$ 10,568,288	\$ 472,549	\$ 1,204,322
Community services (CS)	3,306,481	-	3,306,481	60,832	32,570
Planning (ES)	10,819,148	486,400	11,305,548	5,554,610	2,303,599
Public ways and facilities (PW)	15,228,178	422,700	15,650,878	4,621,730	6,105,760
Public safety (PD)	24,888,781	-	24,888,781	907,401	801,094
Interest on long term debt	2,089,477	-	2,089,477	-	-
Total governmental activities	71,477,553	(3,668,100)	67,809,453	11,617,122	10,447,345
Business-type activities:					
Sanitation	10,276,065	1,338,000	11,614,065	10,945,852	21,563
Waterworks district no. 8	19,793,965	1,624,800	21,418,765	21,621,197	496,097
Transit	4,128,283	705,300	4,833,583	391,127	1,759,443
Total business-type activities	34,198,313	3,668,100	37,866,413	32,958,176	2,277,103
Total primary government	\$ 105,675,866	\$ -	\$ 105,675,866	\$ 44,575,298	\$ 12,724,448

General revenues:
Property taxes
Tax increment
Sales taxes
Motor fuel tax
Franchise taxes
Business tax
Other taxes
Investment earnings
Gain on sale of property held for resale
Miscellaneous
Capital contributions-unrestricted
Transfers
Total general revenues and transfers
Change in net assets
Net assets-beginning
Net assets-ending

**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

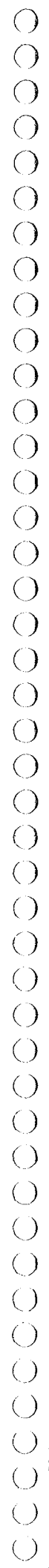
Program Revenues	Net (Expense) Revenue and Changes in Net Assets			Total
	Primary Government			
	Governmental Activities	Business-type Activities		
Capital Grants and Contributions				
\$ -	\$ (8,891,417)	\$ -	\$ (8,891,417)	
-	(3,213,079)	-	(3,213,079)	
-	(3,447,339)	-	(3,447,339)	
1,119,426	(3,803,962)	-	(3,803,962)	
830,841	(22,349,445)	-	(22,349,445)	
-	(2,089,477)	-	(2,089,477)	
1,950,267	(43,794,719)	-	(43,794,719)	
-	-	(646,650)	(646,650)	
-	-	698,529	698,529	
121,815	-	(2,561,198)	(2,561,198)	
121,815	-	(2,509,319)	(2,509,319)	
\$ 2,072,082	(43,794,719)	(2,509,319)	(46,304,038)	
				Primary government:
				Governmental activities:
				General government
				Community services (CS)
				Planning (ES)
				Public ways and facilities (PW)
				Public safety (PD)
				Interest on long term debt
				Total governmental activities
				Business-type activities:
				Sanitation
				Waterworks district no. 8
				Transit
				Total business-type activities
				Total primary government
	10,724,918	-	10,724,918	General revenues:
	10,256,245	-	10,256,245	Property taxes
	13,878,702	-	13,878,702	Tax increment
	5,686,714	-	5,686,714	Sales taxes
	3,773,013	-	3,773,013	Motor fuel tax
	1,287,934	-	1,287,934	Franchise taxes
	1,941,061	-	1,941,061	Business tax
	1,141,578	439,098	1,580,676	Other taxes
	144,972	-	144,972	Investment earnings
	-	54,047	54,047	Gain on sale of property held for resale
	83,857	1,864,986	1,948,843	Miscellaneous
	(1,669,434)	1,669,434	-	Capital contributions-unrestricted
	47,249,560	4,027,565	51,277,125	Transfers
	3,454,841	1,518,246	4,973,087	Total general revenues and transfers
	85,924,868	95,003,263	180,928,131	Change in net assets
				Net assets-beginning
				Net assets-ending
	\$ 89,379,709	\$ 96,521,509	\$ 185,901,218	

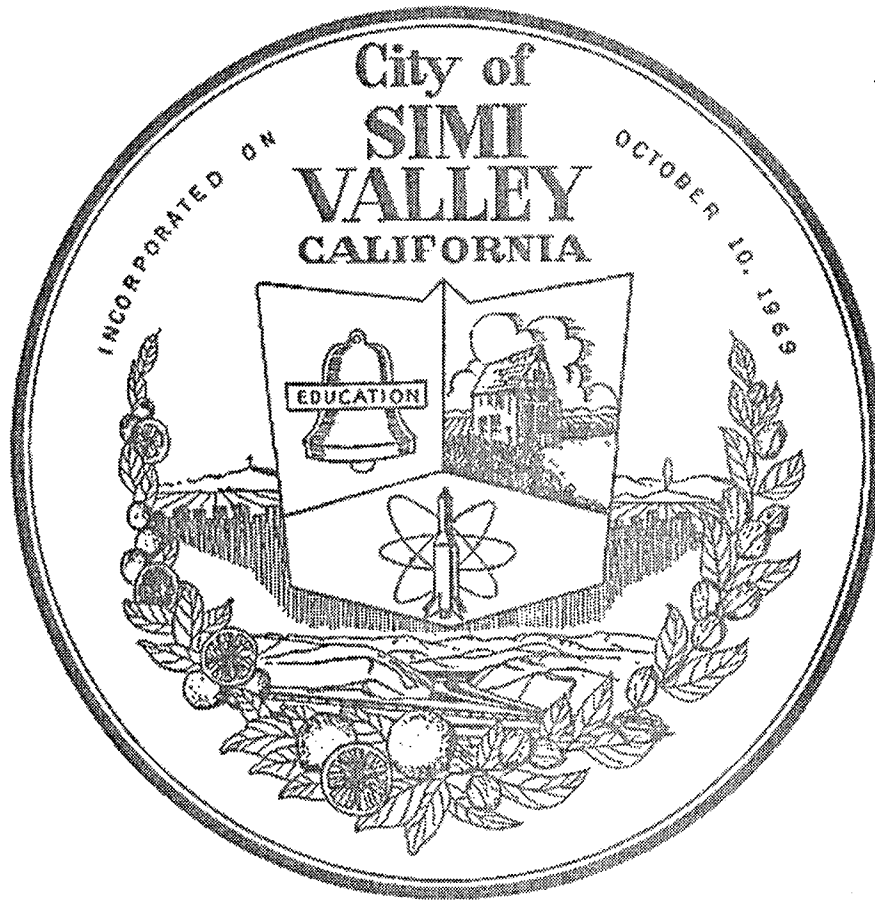
See accompanying independent auditors' report and notes to the basic financial statements.



Fund Financial Statements







**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	Special Revenue		
	General	Merged Tapo Canyon & West End Tax Increment	Development Related Fees
ASSETS			
Cash and investments:			
Held by city	\$ 11,089,821	\$ -	\$ 17,443,490
Held by fiscal agents	-	-	100,064
Accounts receivable (net of allowance for uncollectibles) (note III C)	1,459,417	24,812	-
Prepays (note III D)	-	-	-
Taxes receivable	3,253,634	194,979	-
Grants receivable	8,164	-	-
Interest receivable	163,790	16,751	58,260
Due from other funds (note III F)	3,779,441	-	-
Loans receivable (note III B)	452,116	-	84,235
Advances to other funds (note III F)	16,505,910	-	-
TOTAL ASSETS	\$ 36,712,293	\$ 236,542	\$ 17,686,049
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,065,322	\$ 153,616	\$ 56,668
Salaries and benefits payable	2,445,247	-	-
Due to other funds (note III F)	-	82,927	-
Advances from other funds (note III F)	-	10,773,339	-
Deposits	-	-	5,780,533
Deferred revenues	750,000	-	84,235
TOTAL LIABILITIES	4,260,569	11,009,882	5,921,436
FUND BALANCES			
Reserved (note III H)	17,901,412	-	31,019
Unreserved, reported in (note III H):			
General fund	8,365,679	-	-
Special revenue funds	-	-	11,733,594
Capital projects funds	-	-	-
Undesignated	6,184,633	(10,773,340)	-
TOTAL FUND BALANCES (DEFICITS)	32,451,724	(10,773,340)	11,764,613
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,712,293	\$ 236,542	\$ 17,686,049

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

**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

Capital Projects

Streets & Roads	Public Facility Improvements	Nonmajor Governmental	Total Governmental Funds
\$ 2,994,288	\$ 6,084,903	\$ 24,075,359	\$ 61,687,861
-	-	3,231,546	3,331,610
349,580	-	307,884	2,141,693
-	-	1,116,563	1,116,563
-	-	73,169	3,521,782
227,416	-	235,172	470,752
718	13,801	95,678	348,998
-	-	40,148	3,819,589
-	-	4,496,610	5,032,961
-	-	2,500,000	19,005,910
\$ 3,572,002	\$ 6,098,704	\$ 36,172,129	\$ 100,477,719

ASSETS

Cash and investments:

Held by city	61,687,861
Held by fiscal agents	3,331,610
Accounts receivable (net of allowance for uncollectibles) (note III C)	2,141,693
Prepays (note III D)	1,116,563
Taxes receivable	3,521,782
Grants receivable	470,752
Interest receivable	348,998
Due from other funds (note III F)	3,819,589
Loans receivable (note III B)	5,032,961
Advances to other funds (note III F)	19,005,910

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	2,185,769
Salaries and benefits payable	2,525,802
Due to other funds (note III F)	2,062,235
Advances from other funds (note III F)	14,317,910
Deposits	5,780,533
Deferred revenues	5,106,349

TOTAL LIABILITIES

FUND BALANCES

Reserved (note III H)	29,880,068
Unreserved, reported in (note III H):	
General fund	8,365,679
Special revenue funds	22,656,512
Capital projects funds	13,414,796
Undesignated	(5,817,934)

TOTAL FUND BALANCES (DEFICITS)

TOTAL LIABILITIES AND FUND BALANCES

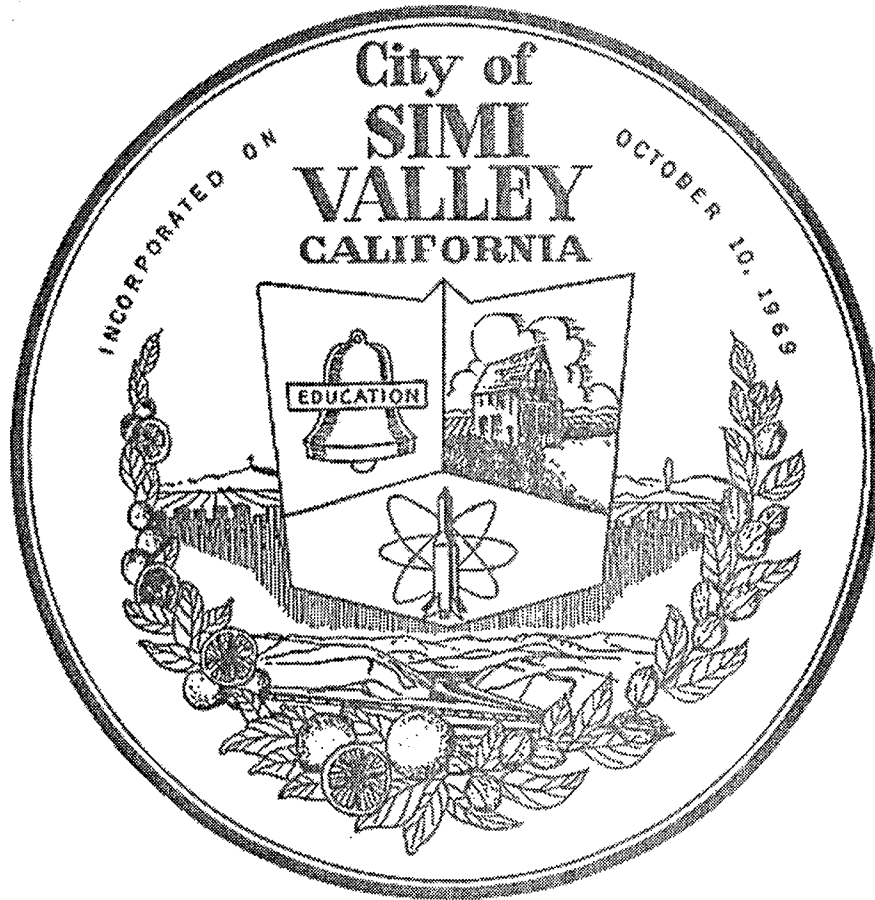
909,659	338,464	10,699,514	29,880,068
-	-	-	8,365,679
-	-	10,922,918	22,656,512
2,176,688	2,369,273	8,868,835	13,414,796
-	-	(1,229,227)	(5,817,934)
3,086,347	2,707,737	29,262,040	68,499,121
\$ 3,572,002	\$ 6,098,704	\$ 36,172,129	\$ 100,477,719

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, 2004**

Fund balances - total governmental funds		\$ 68,499,121
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 E).		66,464,084
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Unamortized bond issuance costs		885,248
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.		(1,864,441)
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	\$ (81,954)	
Accrued interest payable	(617,134)	
Compensated absences payable	(4,270,214)	
1995 Lease Revenue Bonds	(8,325,000)	
2003 Tax Allocation Bonds	(31,435,000)	
Unamortized bond premium	(434,418)	
Unamortized bond payable economic loss	<u>559,417</u>	<u>(44,604,303)</u>
Net assets of governmental activities		<u>\$ 89,379,709</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, 2004**

	Special Revenue		
	General	Merged Tapo Canyon & West End Tax Increment	Development Related Fees
REVENUES			
Taxes	\$ 29,852,708	\$ -	\$ -
Tax increment revenues	-	10,195,382	-
Licenses and permits	3,910,943	-	-
Fines and forfeitures	692,871	-	-
Use of money and property	664,091	76,230	122,785
From other governments	5,864,480	-	-
Grants	1,308,847	-	-
Service charges	3,523,930	-	1,137,926
Other revenues	899,847	-	467,683
Total revenues	<u>46,717,717</u>	<u>10,271,612</u>	<u>1,728,394</u>
EXPENDITURES			
Current:			
General government	3,979,594	111,584	-
Community services (CS)	3,178,090	-	-
Planning (ES)	4,889,661	-	95,870
Public ways and facilities (PW)	11,161,312	-	-
Public safety (PD)	22,480,958	-	-
Total current expenditures	<u>45,689,635</u>	<u>111,584</u>	<u>95,870</u>
Capital outlay:			
Streets and roads	-	-	-
Other capital projects	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:			
Principal	-	-	-
Interest	-	235,296	-
Other	-	-	-
Total debt service	<u>-</u>	<u>235,296</u>	<u>-</u>
Intergovernmental	-	3,606,684	-
Total expenditures	<u>45,689,635</u>	<u>3,953,564</u>	<u>95,870</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,028,082</u>	<u>6,318,048</u>	<u>1,632,524</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (note III F)	6,936,110	-	-
Transfers out (note III F)	(6,506,125)	(5,296,074)	(1,315,584)
Refund excess reserves	-	-	-
Payments of notes payable	-	-	-
Gain on property held for sale	-	-	-
Total other financing sources (uses)	<u>429,985</u>	<u>(5,296,074)</u>	<u>(1,315,584)</u>
NET CHANGE IN FUND BALANCES	1,458,067	1,021,974	316,940
FUND BALANCES (DEFICITS)-BEGINNING	<u>30,993,657</u>	<u>(11,795,314)</u>	<u>11,447,673</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 32,451,724</u>	<u>\$ (10,773,340)</u>	<u>\$ 11,764,613</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, 2004**

Capital Projects

Streets & Roads	Public Facility Improvements	Nonmajor Governmental	Total Governmental Funds	
\$ -	\$ -	\$ 1,752,920	\$ 31,605,628	REVENUES
-	-	60,863	10,256,245	Taxes
-	-	-	3,910,943	Tax increment revenues
-	-	-	692,871	Licenses and permits
2,613	43,637	2,057,553	2,966,909	Fines and forfeitures
-	-	6,208,057	12,072,537	Use of money and property
979,498	-	2,374,332	4,662,677	From other governments
-	-	820,481	5,482,337	Grants
-	-	163,441	1,530,971	Service charges
982,111	43,637	13,437,647	73,181,118	Other revenues
				Total revenues
				EXPENDITURES
				Current:
-	-	1,269,192	5,360,370	General government
-	-	55,102	3,233,192	Community services (CS)
-	-	6,446,867	11,432,418	Planning (ES)
-	-	2,686,079	13,847,391	Public ways and facilities (PW)
-	-	605,341	23,086,299	Public safety (PD)
-	-	11,062,581	56,959,670	Total current expenditures
				Capital outlay:
2,561,908	-	-	2,561,908	Streets and roads
-	358,641	1,996,332	2,354,973	Other capital projects
2,561,908	358,641	1,996,332	4,916,881	Total capital outlay
				Debt service:
-	-	863,166	863,166	Principal
-	-	1,933,185	2,168,481	Interest
-	-	8,640	8,640	Other
-	-	2,804,991	3,040,287	Total debt service
				Intergovernmental
-	-	22,194	3,628,878	Total expenditures
2,561,908	358,641	15,886,098	68,545,716	
(1,579,797)	(315,004)	(2,448,451)	4,635,402	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
2,129,171	-	9,724,905	18,790,186	Transfers in (note III F)
-	(500,000)	(6,837,337)	(20,455,120)	Transfers out (note III F)
-	-	(24,245)	(24,245)	Refund excess reserves
-	-	(109,812)	(109,812)	Payments of notes payable
-	-	144,972	144,972	Gain on property held for sale
2,129,171	(500,000)	2,898,483	(1,654,019)	Total other financing sources (uses)
549,374	(815,004)	450,032	2,981,383	NET CHANGE IN FUND BALANCES
2,536,973	3,522,741	28,812,008	65,517,738	FUND BALANCES (DEFICITS)-BEGINNING
\$ 3,086,347	\$ 2,707,737	\$ 29,262,040	\$ 68,499,121	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 YEAR ENDED JUNE 30, 2004**

Net change in fund balances - total governmental funds \$ 2,981,383

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	\$ 83,857	
Capital outlay	4,310,242	
Depreciation expense	<u>(3,035,728)</u>	1,358,371

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 increment bonds	500,000	
Lease revenue bonds	<u>360,000</u>	860,000

Gain on the sale of property held for resale is reported as an other financing source in the governmental funds. Liability is reduced in the government-wide statements.

Proceeds from sale of property held for resale	\$ (210,700)	
Carrying value of property held for resale	163,251	
Net gain on property held for resale (\$155,475 - \$7,503)	144,972	
Interest revenue on First Time Home Buyer loan	<u>12,289</u>	109,812

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	38,552	
Amortization of bond issuance costs	(33,229)	
Amortization of economic loss on refunding	(28,482)	
Amortized premium on bonds	16,306	
Compensated absences	<u>(344,526)</u>	(351,379)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (461,188)

Expenditures in the statement of activities that do not utilize current financial resources are not reported as revenues in the funds. 284,234

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. (1,326,392)

Change in net assets of governmental activities \$ 3,454,841

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

**CITY OF SIMI VALLEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes:				
Sales	\$ 13,148,000	\$ 13,148,000	\$ 13,878,702	\$ 730,702
Property	8,218,200	8,218,200	8,971,998	753,798
Franchise	3,417,200	3,417,200	3,773,013	355,813
Business and other	2,982,000	2,982,000	3,228,995	246,995
Licenses and permits	2,507,800	2,507,800	3,910,943	1,403,143
From other governments	7,472,500	7,472,500	5,864,480	(1,608,020)
Grants	292,600	402,000	1,308,847	906,847
Service charges	1,925,500	2,225,500	3,523,930	1,298,430
Fines and forfeitures	769,000	769,000	692,871	(76,129)
Use of money and property	829,800	829,800	664,091	(165,709)
Other revenues	686,400	879,200	899,847	20,647
Total revenues	<u>42,249,000</u>	<u>42,851,200</u>	<u>46,717,717</u>	<u>3,866,517</u>
<u>EXPENDITURES</u>				
Current:				
City administration	2,587,000	2,646,000	2,343,614	302,386
Attorney	861,900	861,900	850,636	11,264
Administrative services and city-wide support (AS)*	1,038,100	1,072,500	785,344	287,156
Community services (CS)	3,541,200	3,424,900	3,178,090	246,810
Planning (ES)	5,251,800	5,191,000	4,889,681	301,319
Public ways and facilities (PW)	11,379,000	12,433,500	11,161,312	1,272,188
Public safety (PD)	21,734,000	21,944,300	22,480,958	(536,658)
Total expenditures	<u>46,393,000</u>	<u>47,574,100</u>	<u>45,689,635</u>	<u>1,884,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,144,000)</u>	<u>(4,722,900)</u>	<u>1,028,082</u>	<u>5,750,982</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	7,235,800	7,623,800	6,936,110	(687,690)
Transfers out	(2,982,900)	(7,021,400)	(6,506,125)	515,275
Total other financing sources (uses)	<u>4,252,900</u>	<u>602,400</u>	<u>429,985</u>	<u>(172,415)</u>
NET CHANGE IN FUND BALANCE	108,900	(4,120,500)	1,458,067	5,578,567
FUND BALANCES (DEFICITS)-BEGINNING	<u>30,993,657</u>	<u>30,993,657</u>	<u>30,993,657</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 31,102,557</u>	<u>\$ 26,873,157</u>	<u>\$ 32,451,724</u>	<u>\$ 5,578,567</u>

*net of reimbursements

**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, 2004**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Tax increment revenues	\$ 9,440,300	\$ 9,440,300	\$ 10,195,382	\$ 755,082
Use of money and property	104,500	104,500	76,230	(28,270)
Total revenues	<u>9,544,800</u>	<u>9,544,800</u>	<u>10,271,612</u>	<u>726,812</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
Materials, supplies and services	148,900	148,900	111,263	37,637
Contract services	-	-	321	(321)
Total general government	<u>148,900</u>	<u>148,900</u>	<u>111,584</u>	<u>37,316</u>
Debt service:				
Interest	<u>211,700</u>	<u>211,700</u>	<u>235,296</u>	<u>(23,596)</u>
Intergovernmental				
Total expenditures	<u>3,758,400</u>	<u>3,758,400</u>	<u>3,606,684</u>	<u>151,716</u>
	<u>4,119,000</u>	<u>4,119,000</u>	<u>3,953,564</u>	<u>165,436</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,425,800</u>	<u>5,425,800</u>	<u>6,318,048</u>	<u>892,248</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(7,935,100)	(8,442,072)	(5,296,074)	3,145,998
Total other financing sources (uses)	<u>(7,935,100)</u>	<u>(8,442,072)</u>	<u>(5,296,074)</u>	<u>3,145,998</u>
NET CHANGE IN FUND BALANCES	(2,509,300)	(3,016,272)	1,021,974	4,038,246
FUND BALANCES (DEFICITS)-BEGINNING	<u>(11,795,314)</u>	<u>(11,795,314)</u>	<u>(11,795,314)</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (14,304,614)</u>	<u>\$ (14,811,586)</u>	<u>\$ (10,773,340)</u>	<u>\$ 4,038,246</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, 2004**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ 229,900	\$ 229,900	\$ 122,785	\$ (107,115)
Service charges	655,000	655,000	1,137,926	482,926
Other revenues	1,140,000	1,140,000	467,683	(672,317)
Total revenues	<u>2,024,900</u>	<u>2,024,900</u>	<u>1,728,394</u>	<u>(296,506)</u>
<u>EXPENDITURES</u>				
Current:				
Environmental services:				
Housing programs	184,000	184,000	95,870	88,130
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(1,275,000)	(1,675,000)	(1,315,584)	359,416
NET CHANGE IN FUND BALANCES	565,900	165,900	316,940	151,040
FUND BALANCES (DEFICITS)-BEGINNING	<u>11,447,673</u>	<u>11,447,673</u>	<u>11,447,673</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 12,013,573</u>	<u>\$ 11,613,573</u>	<u>\$ 11,764,613</u>	<u>\$ 151,040</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, 2004**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Simi Valley Sanitation</u>	<u>Ventura County Waterworks District No. 8</u>	<u>Simi Valley Transit System</u>	<u>Total</u>	
ASSETS					
Current assets:					
Cash and investments	\$ 8,997,206	\$ 3,797,632	\$ 297,194	\$ 13,092,032	\$ 14,719,827
Customer receivable	245,696	2,519,094	-	2,764,790	-
Other receivable	239,194	1,696,047	34,353	1,969,594	-
Taxes receivable	8,862	-	-	8,862	-
Grants receivable	-	-	1,849,483	1,849,483	-
Inventories	213,390	523,790	89,593	826,773	-
Interest receivable	99,731	59,627	-	159,358	44,526
Restricted cash and investments:					
Customer deposits	-	722,111	-	722,111	-
Connection fees	9,841,906	6,644,745	-	16,486,651	-
Total current assets	19,645,985	15,963,046	2,270,623	37,879,654	14,764,353
Noncurrent assets:					
Capital assets (net of accumulated depreciation) (note III E):					
Land	765,660	469,420	-	1,235,080	-
Buildings and improvements	6,118,389	617,222	1,654,407	8,390,018	-
Furnishings and equipment	340,775	357,349	560,926	1,259,050	-
Vehicles	526,442	385,158	2,601,846	3,513,446	-
Distribution system	25,815,769	11,416,048	7,458	37,239,275	-
Construction-in-progress	10,458,432	4,398,148	-	14,856,580	-
Total noncurrent assets	44,025,467	17,643,345	4,824,637	66,493,449	-
TOTAL ASSETS	63,671,452	33,606,391	7,095,260	104,373,103	14,764,353
LIABILITIES					
Current liabilities:					
Accounts payable	262,043	1,341,431	101,795	1,705,269	193,461
Salaries and benefits payable	223,537	117,638	101,657	442,832	10,848
Compensated absences	3,960	44,905	1,102	49,967	1,729
Due to other funds (note III F)	-	-	1,757,354	1,757,354	-
Claims and legal services payable	-	-	-	-	3,963,306
Total current liabilities	489,540	1,503,974	1,961,908	3,955,422	4,169,344
Current liabilities payable from restricted assets:					
Water service prepayments	-	722,111	-	722,111	-
Accounts payable restricted	1,425,164	394,774	-	1,819,938	-
Total current liabilities from restricted assets	1,425,164	1,116,885	-	2,542,049	-
Noncurrent liabilities:					
Advances from other funds (note III F)	-	-	-	-	4,688,000
Compensated absences	323,396	198,057	227,765	749,218	15,596
Claims and legal services payable	-	-	-	-	8,360,759
Total noncurrent liabilities	323,396	198,057	227,765	749,218	13,064,355
TOTAL LIABILITIES	2,238,100	2,818,916	2,189,673	7,246,689	17,233,699
NET ASSETS					
Invested in capital assets	44,025,467	17,643,345	4,824,637	66,493,449	-
Restricted	8,416,742	6,249,971	-	14,666,713	-
Unrestricted	8,991,143	6,894,159	80,950	15,966,252	(2,469,346)
TOTAL NET ASSETS	\$ 61,433,352	\$ 30,787,475	\$ 4,905,587	97,126,414	\$ (2,469,346)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Beginning adjustment				(101,379)	
Current adjustment				(503,526)	
Net assets of business-type activities				\$ 96,521,509	

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, 2004

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Simi Valley Sanitation</u>	<u>Ventura County Waterworks District No. 8</u>	<u>Simi Valley Transit System</u>		
<u>OPERATING REVENUES</u>					
Charges for sales and services	\$ 10,945,852	\$ 21,621,197	\$ 391,127	\$ 32,958,176	\$ 4,898,200
<u>OPERATING EXPENSES</u>					
Salaries and benefits	4,765,397	2,721,213	2,321,150	9,807,760	214,579
Materials and supplies:					
Water purchases	-	13,292,070	-	13,292,070	-
Utilities	650,659	568,314	-	1,218,973	-
Chemicals	282,494	-	-	282,494	-
Other	118,832	582,094	322,311	1,023,237	5,502
Services:					
Maintenance projects	97,872	417,250	-	515,122	-
Other	1,664,507	977,329	455,494	3,097,330	-
Insurance	242,100	124,700	134,400	501,200	766,694
Claims and legal expenses	-	-	-	-	5,190,114
General administration	1,476,500	1,811,300	705,300	3,993,100	646,800
Depreciation	2,057,284	751,011	823,306	3,631,601	-
Total operating expenses	<u>11,355,645</u>	<u>21,245,281</u>	<u>4,761,961</u>	<u>37,362,887</u>	<u>6,823,689</u>
OPERATING INCOME (LOSS)	<u>(409,793)</u>	<u>375,916</u>	<u>(4,370,834)</u>	<u>(4,404,711)</u>	<u>(1,925,489)</u>
<u>NONOPERATING REVENUES AND EXPENSES</u>					
Grants	21,563	496,097	1,759,443	2,277,103	-
Interest	160,358	278,740	-	439,098	95,071
Other	14,233	10,993	28,821	54,047	5,000
Total nonoperating revenues (expenses)	<u>196,154</u>	<u>785,830</u>	<u>1,788,264</u>	<u>2,770,248</u>	<u>100,071</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(213,639)</u>	<u>1,161,746</u>	<u>(2,582,570)</u>	<u>(1,634,463)</u>	<u>(1,825,418)</u>
<u>CONTRIBUTIONS AND TRANSFERS</u>					
Capital contributions	1,369,009	495,977	121,815	1,986,801	-
Transfers in (note III F)	-	-	1,789,734	1,789,734	-
Transfers out (note III F)	(59,400)	(60,900)	-	(120,300)	(4,500)
Total contributions and transfers	<u>1,309,609</u>	<u>435,077</u>	<u>1,911,549</u>	<u>3,656,235</u>	<u>(4,500)</u>
CHANGE IN NET ASSETS	1,095,970	1,596,823	(671,021)	2,021,772	(1,829,918)
TOTAL NET ASSETS-BEGINNING	<u>60,337,382</u>	<u>29,190,652</u>	<u>5,576,608</u>		<u>(639,428)</u>
TOTAL NET ASSETS-ENDING	<u>\$ 61,433,352</u>	<u>\$ 30,787,475</u>	<u>\$ 4,905,587</u>		<u>\$ (2,469,346)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Current adjustment				<u>(503,526)</u>	
Change in net assets of business-type activities				<u>\$ 1,518,246</u>	

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

**CITY OF SIMI VALLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

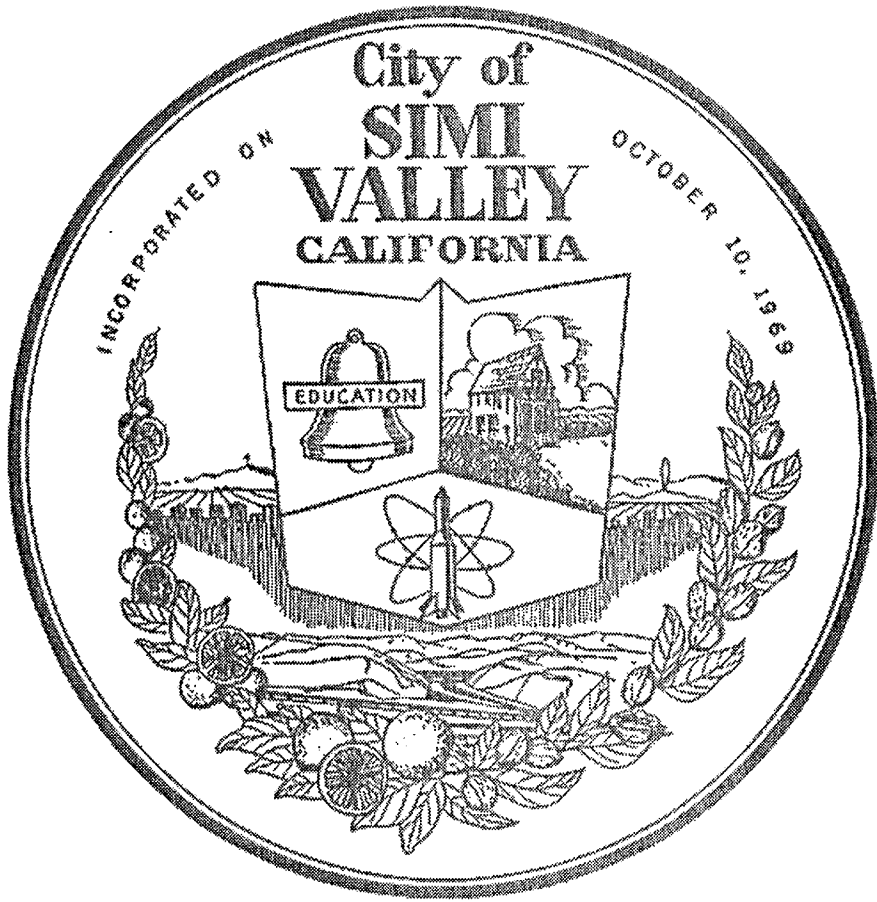
	Business-type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Simi Valley Sanitation	Ventura County Waterworks District No. 8	Simi Valley Transit System		
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash received from service charges and other revenues	\$ 11,034,312	\$ 20,582,302	\$ 429,380	\$ 32,045,994	\$ 4,898,200
Cash paid for salaries and benefits	(4,743,832)	(2,665,381)	(2,316,980)	(9,726,193)	-
Cash paid for supplies and materials	(1,128,478)	(14,496,344)	(272,578)	(15,897,400)	-
Cash paid for general administration	(1,476,500)	(1,811,300)	(705,300)	(3,993,100)	(646,800)
Cash paid for services and insurance	(617,452)	(1,519,279)	(589,894)	(2,726,625)	(335,535)
Cash paid for insurance premiums and claims	-	-	-	-	(3,309,243)
Net cash provided (used) by operating activities	<u>3,068,050</u>	<u>89,998</u>	<u>(3,455,372)</u>	<u>(297,324)</u>	<u>606,622</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Cash paid from operating transfers	(59,400)	(60,900)	-	(120,300)	-
Cash received from grants and other governments	21,563	496,097	1,954,861	2,472,521	-
Cash received from interfund borrowing	-	-	1,828,177	1,828,177	(4,500)
Net cash provided (used) by noncapital financing activities	<u>(37,837)</u>	<u>435,197</u>	<u>3,783,038</u>	<u>4,180,398</u>	<u>(4,500)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Sewer connection fees and water capital improvement charges	1,369,009	495,977	-	1,864,986	-
Contribution received from other governments	-	-	121,815	121,815	-
Acquisition of fixed assets	(7,262,451)	(1,230,242)	(152,287)	(8,644,980)	-
Net cash provided (used) by capital and related financing activities	<u>(5,893,442)</u>	<u>(734,265)</u>	<u>(30,472)</u>	<u>(6,658,179)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest on investments	156,112	264,820	-	420,932	92,543
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,707,117)	55,750	297,194	(2,354,173)	694,665
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	21,546,229	11,108,738	-	32,654,967	14,025,162
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 18,839,112	\$ 11,164,488	\$ 297,194	\$ 30,300,794	\$ 14,719,827
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Capital additions	\$ 7,000	\$ 14,368	\$ -	\$ 21,368	\$ -
Contributions in aid of construction	(7,000)	(14,368)	-	(21,368)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</u>					
Operating income (loss)	\$ (409,793)	\$ 375,916	\$ (4,370,834)	\$ (4,404,711)	\$ (1,925,489)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation	2,057,284	751,011	823,306	3,631,601	-
(Increase) in accounts receivable	88,460	(1,053,832)	9,432	(955,940)	-
Increase (decrease) in inventory	(76,493)	12,633	8,344	(55,516)	-
Increase (decrease) in accounts payable	1,387,027	(82,971)	41,389	1,345,445	(3,603)
Increase (decrease) in accrued payroll	25,524	10,927	3,068	39,519	-
Increase (decrease) in compensated absences	(3,959)	44,905	1,102	42,048	-
Increase (decrease) in water service prepayments	-	31,409	-	31,409	-
Increase (decrease) in claims and legal services payable	-	-	-	-	2,535,714
Adjustment for revenues and expenses classified as nonoperating	-	-	28,821	28,821	-
Total adjustments	<u>3,477,843</u>	<u>(285,918)</u>	<u>915,462</u>	<u>4,107,387</u>	<u>2,532,111</u>
Net cash provided (used) by operating activities	<u>\$ 3,068,050</u>	<u>\$ 89,998</u>	<u>\$ (3,455,372)</u>	<u>\$ (297,324)</u>	<u>\$ 606,622</u>

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, 2004**

	<u>Total</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments:	
Held by city	\$ 2,865,539
Held by fiscal agents	1,415,889
Accounts receivable	<u>13,710</u>
TOTAL ASSETS	<u>\$ 4,295,138</u>
<u>LIABILITIES</u>	
Current liabilities:	
Intergovernmental payable	<u>\$ 4,295,138</u>
TOTAL CURRENT LIABILITIES	<u>\$ 4,295,138</u>

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



CITY OF SIMI VALLEY • LISTING OF NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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, 2004

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, 2004

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. 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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:

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.

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.

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 63% of Simi Valley residents.

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

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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.

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 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.

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

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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 expenditure 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 2003-04.

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

The prepaid item reflects costs applicable to future accounting periods and is recorded as a prepaid item in both the government-wide and fund financial statements.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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 \$2,500 (the infrastructure limit is \$50,000) 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. As per GASB Statement No. 34, the City will retroactively capitalize major general infrastructure assets by the fiscal year ended June 30, 2006.

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	20
Vehicles	5-10
Machinery and equipment	3-10
Water sewer line	30-100
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.

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

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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.

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.

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, 2004, expenditures exceeded appropriations in the Community Development Block Grant (CDBG), and Retiree Benefits nonmajor special revenue funds by

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\$170,070 and \$5,964 respectively. These over-expenditures were funded by available fund balance in both funds.

C. Deficit fund equity

The Merged Tapo Canyon and West End Tax Increment special revenue fund had a deficit fund balance of \$10,773,340 as of June 30, 2004. This is 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, the following nonmajor funds had deficit fund balances as of June 30, 2004: the Madera Royal Tax Increment special revenue fund (\$196,191), and the Police Facility (\$1,653,787) and Regional Mall (\$343) capital projects funds. The deficit for the Madera Royal Tax Increment fund will be eliminated by tax increment revenues to be received in Fiscal Year 2004-05. The deficit for the Police Facility fund will be eliminated from available bond proceeds. The deficit in the Regional Mall fund will be eliminated by drawdowns of bond proceeds from the Certificates of Participation issued on September 2, 2004. The Workers' Compensation internal service fund also has a deficit fund balance (\$6,507,413) as of June 30, 2004. This deficit will be eliminated by increasing the amounts charged to the participating funds in subsequent fiscal years.

III. Detailed notes on all funds

A. Deposits 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 decreased by \$492,948 in order to reflect the fair value at June 30, 2004.

Cash and investments at June 30, 2004 consisted of the following:

Deposits and petty cash	\$ 321,994
Pooled investments	109,252,027
Investments with fiscal agents	<u>4,747,499</u>
Total cash and investments	<u>\$114,321,520</u>

All demand deposits and certificates of deposit held 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.

Deposits are classified in three categories of credit risk as follows:

Category 1 - Insured or collateralized with securities held by the City or by the City's agent in the City's name;

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Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; or

Category 3 - Uncollateralized.

Deposits and petty cash at June 30, 2004 were categorized as follows:

	Category			Fair Value
	1	2	3	
Deposits and petty cash:				
Bank balance	\$ 183,311	\$2,058,555	\$ -	\$2,241,866
Outstanding checks	(1) -	-	-	(2,053,590)
Deposits in transit	(1) -	-	-	130,568
Petty cash	(1) -	-	-	3,150
Total deposits and petty cash	\$ 183,311	\$2,058,555	\$ -	\$ 321,994

The California Government Code authorizes local government agencies to invest with the California State Treasurer and in obligations of the U.S. Treasury, agencies, and instrumentalities; prime commercial paper, as rated by Standard and Poor's Corporation or Moody's Investors Service, Inc.; bankers' acceptances; repurchase and reverse repurchase agreements; certificates of deposit; negotiable certificates of deposit; obligations of the State of California; obligations of local agencies within California; corporate notes; mutual funds; collateralized mortgage obligations; and financial futures and financial option contracts.

All investment vehicles allowed by the California Government Code may be used by the City with the exception of commercial paper, repurchase agreements, corporate notes, mutual funds, collateralized mortgage obligations, financial futures, and financial option contracts.

The City maintains written investment policies that address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. Under the City's policies, investments in the City's portfolio are intended to be held until maturity. Projected cash flow needs are the primary factor used in determining investment maturity terms. Investment reports are prepared monthly for the City Council that provide detailed information pertaining to the City's investment portfolio. All investments held in the City investment pool at year-end had maturities within five years.

Investments are also categorized into three categories of credit risk:

Category 1 - Insured or registered, or the securities are held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

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Category 3 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent, but not in the City's name.

Investments held by the City and fiscal agents at June 30, 2004 are categorized as follows:

	Category			Fair Value
	1	2	3	
Pooled investments:				
United States government agency securities	\$ 39,542,200	\$ -	\$ -	\$ 39,542,200
Collateralized certificate of deposit	-	166,035	-	166,035
State of California Local Agency Investment Fund	(1) (2) -	-	-	69,543,792
Total pooled investments	39,542,200	166,035	-	109,252,027
Investments with fiscal agents:				
Federal home loan mortgage discount notes	-	-	2,515,216	2,515,216
Money market and mutual funds	(1) -	-	-	2,232,283
Total investments with fiscal agents	-	-	2,515,216	4,747,499
Total Investments	\$ 39,542,200	\$ 166,035	\$ 2,515,216	\$ 113,999,526

(1) Not subject to categorization

(2) 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. Agencies may invest up to \$40,000,000 in the Fund and may also invest without limitation in special bond proceeds accounts. 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 City's proportionate share of the fair value of its investments in LAIF amounted to \$69,543,792. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

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 loan receivable is offset against deferred revenue as these amounts are dependent on future events like residual receipts and sale of property.

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C. Allowance for uncollectible accounts

Accounts receivable as of year-end for the major and nonmajor governmental funds are listed net of allowances for uncollectibles as follows:

	Merged Tapo Canyon				
	General Fund	& West End Tax Increment	Streets & Roads	Nonmajor Governmental	Total
Accounts receivable	\$1,897,937	\$ 24,812	\$349,580	\$ 307,884	\$2,580,213
Allowance for uncollectibles	(438,520)	-	-	-	(438,520)
Total accounts receivable net	\$1,459,417	\$ 24,812	\$349,580	\$ 307,884	\$2,141,693

D. Prepaids

The prepaid is comprised of \$1,116,563 that was paid to the State of California related to the purchase of property through eminent domain. As of June 30, 2004 this transaction was not complete.

E. Capital assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,235,613	\$ -	\$ -	\$ 10,235,613
Construction-in-progress	5,539,569	3,158,745	(1,463,460)	7,234,854
Total capital assets, not being depreciated	15,775,182	3,158,745	(1,463,460)	17,470,467
Capital assets, being depreciated:				
Buildings and improvements	31,670,364	-	-	31,670,364
Furnishings and equipment	4,886,143	55,309	(13,842)	4,927,610
Computers	1,996,689	693,813	-	2,690,502
Vehicles	4,887,056	402,375	(432,151)	4,857,280
Infrastructure	17,545,750	1,547,317	-	19,093,067
Intangibles	3,758,646	-	-	3,758,646
Total capital assets being depreciated	64,744,648	2,698,814	(445,993)	66,997,469
Less accumulated depreciation for:				
Buildings and improvements	(7,463,900)	(937,056)	-	(8,400,956)
Furnishings and equipment	(4,331,285)	(134,012)	13,842	(4,451,455)
Computers	(278,450)	(442,248)	-	(720,698)
Vehicles	(3,340,482)	(608,866)	432,151	(3,517,197)
Infrastructure	-	(662,970)	-	(662,970)
Intangibles	-	(250,576)	-	(250,576)
Total accumulated depreciation	(15,414,117)	(3,035,728)	445,993	(18,003,852)
Total capital assets, being depreciated, net	49,330,531	(336,914)	-	48,993,617
Governmental activities capital assets, net	\$ 65,105,713	\$ 2,821,831	\$(1,463,460)	\$ 66,464,084

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,235,080	\$ -	\$ -	\$ 1,235,080
Construction-in-progress	14,708,696	8,083,133	(7,935,249)	14,856,580
Total capital assets, not being depreciated	<u>15,943,776</u>	<u>8,083,133</u>	<u>(7,935,249)</u>	<u>16,091,660</u>
Capital assets, being depreciated:				
Buildings and improvements	11,913,577	-	-	11,913,577
Furnishings and equipment	4,911,021	202,714	(23,710)	5,090,025
Vehicles	7,375,596	515,279	(305,495)	7,585,380
Distribution system	74,355,210	7,804,328	-	82,159,538
Total capital assets being depreciated	<u>98,555,404</u>	<u>8,522,321</u>	<u>(329,205)</u>	<u>106,748,520</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,254,906)	(268,653)	-	(3,523,559)
Furnishings and equipment	(3,531,150)	(323,535)	23,710	(3,830,975)
Vehicles	(3,565,170)	(812,259)	305,495	(4,071,934)
Distribution system	(42,693,110)	(2,227,153)	-	(44,920,263)
Total accumulated depreciation	<u>(53,044,336)</u>	<u>(3,631,600)</u>	<u>329,205</u>	<u>(56,346,731)</u>
Total capital assets, being depreciated, net	<u>45,511,068</u>	<u>4,890,721</u>	<u>-</u>	<u>50,401,789</u>
Business-type activities capital assets, net	<u>\$ 61,454,844</u>	<u>\$ 12,973,854</u>	<u>\$(7,935,249)</u>	<u>\$ 66,493,449</u>

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

Governmental activities:	
General Government	\$ 1,045,788
Community Services (CS)	19,727
Planning (ES)	34,171
Public Ways & Facilities (PW)	1,075,782
Public Safety (PD)	860,260
Total depreciation expense-governmental activities	<u>\$ 3,035,728</u>
Business-type activities:	
Sanitation	\$ 2,057,283
Waterworks	751,011
Transit	823,306
Total depreciation expense-business-type activities	<u>\$ 3,631,600</u>

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Construction commitments

The City has active construction projects as of June 30, 2004. 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:

Sanitation plant nitrification/denitrification upgrade project	\$ 5,441,364
Water tank oversizing projects	<u>1,040,950</u>
Total outstanding commitments	<u>\$ 6,482,314</u>

F. Interfund receivables, payables, and transfers

The composition of interfund receivable and payable balances as of June 30, 2004 is as follows:

Due to / from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Merged Tapo Canyon and West End Tax Increment	\$ 82,926
	Simi Valley transit system	1,757,354
	Nonmajor governmental funds	<u>1,939,161</u>
		<u>3,779,441</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>40,148</u>
Total		<u>\$ 3,819,589</u>

Advances from / to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Merged Tapo Canyon and West End Tax Increment	\$ 8,273,339
	Public Facility Improvemnets	3,348,380
	Nonmajor governmental funds	196,191
	Internal Service funds	4,688,000
Nonmajor governmental funds	Merged Tapo Canyon and West End Tax Increment	<u>2,500,000</u>
Total		<u>\$ 19,005,910</u>

The interfund amounts between the General fund and the Police Facility fund, the Simi Valley Transit enterprise fund, and nonmajor governmental funds are for short-term loans to cover operations. The interfund amounts between nonmajor governmental funds are also short-term loans.

The advances from the General fund to the Merged Tapo Canyon and West End Tax Increment funds, and nonmajor governmental funds (Madera Royal Tax Increment fund) are to fund various CDA projects. This advance will be repaid from available tax increment revenues. The advance from the General fund to the Public Facility Improvements fund is to accumulate funds for future facility improvements, and the advance to the Internal Service funds is to maintain required

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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 funds is to fund the purchase of land for the mall site and will also be repaid from available tax increment revenues.

The composition of interfund transfers as of June 30, 2004 is as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
			Fund storm drains, major and minor streets,
General	Streets and roads	\$ 1,360,311	sound walls and bike facility
	Simi Valley transit system	1,789,734	Subsidy for transit operations
	Nonmajor governmental funds	3,356,080	Subsidy to landscape zones, contributions to replacement funds and pension fund, regional mall project, and local match for grants
		<u>6,506,125</u>	
Merged Tapo Canyon and West End tax increment	Nonmajor governmental funds	5,296,074	Fund CDA administration costs, 20% low and moderate income set-aside, debt service, and CDA projects
Development related fees funds	Streets and roads	347,840	Fund street projects
	Nonmajor governmental funds	967,744	For scheduled debt service
		<u>1,315,584</u>	
Public facility improvements	General fund	500,000	Return previously transferred funds
Nonmajor governmental funds	General fund	6,058,699	Fund transportation needs
	Streets and roads	638,395	Fund street projects
	Nonmajor governmental funds	140,243	Fund police projects, equipment replacement, and housing set-aside
		<u>6,837,337</u>	
Total governmental funds		<u>20,455,120</u>	
Proprietary funds	Nonmajor governmental funds	120,300	Contributions to replacement funds and pension fund
Internal service activities	Nonmajor governmental funds	4,500	Contribution to replacement fund
Total		<u>\$ 20,579,920</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. The balance as of June 30, 2004 was \$8,325,000.
- **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 balance as of June 30, 2004 was \$31,435,000.

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

- Claims and legal services payable of \$12,324,065, 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, 2004.
- Compensated absences liability of \$5,086,724 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.

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Annual debt service requirements to maturity

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

Year Ending	2003 Tax Allocation		Year Ending	1995 Lease Revenue	
	Bond			Bonds	
<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 690,000	\$ 1,402,794	2005	\$ 520,000	\$ 439,865
2006	705,000	1,388,844	2006	545,000	415,098
2007	720,000	1,374,594	2007	570,000	388,610
2008	730,000	1,359,181	2008	595,000	360,352
2009	750,000	1,335,969	2009	625,000	330,150
2009-2014	4,190,000	6,232,588	2010-2014	3,680,000	1,067,200
2015-2019	5,070,000	5,315,140	2015-2016	1,790,000	104,363
2020-2024	6,435,000	3,898,994		<u>\$ 8,325,000</u>	<u>\$ 3,105,638</u>
2025-2029	8,240,000	2,046,750			
2030-2031	3,905,000	197,624			
	<u>\$ 31,435,000</u>	<u>\$ 24,552,478</u>			

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Balances</u>	<u>Debt</u>	<u>Debt</u>	<u>Balances</u>	<u>Due Within</u>
	<u>July 1, 2003</u>	<u>Incurred</u>	<u>Retired</u>	<u>June 30, 2004</u>	<u>One Year</u>
Governmental activities:					
1995 lease revenue bonds	\$ 8,825,000	\$ -	\$ (500,000)	\$ 8,325,000	\$ 520,000
2003 tax allocation bonds	31,795,000	-	(360,000)	31,435,000	690,000
Add (less) deferred amounts:					
Bond premium	450,724	-	(16,306)	434,418	-
Deferred amount	(587,899)	-	28,482	(559,417)	-
Total bonds payable	40,482,825	-	(847,824)	39,635,001	1,210,000
Note payable	109,812	-	(109,812)	-	-
Claims and legal services	9,788,351	5,154,999	(2,619,285)	12,324,065	3,963,306
Compensated absences	3,941,284	1,135,360	(789,105)	4,287,539	330,659
Governmental activity long-term liabilities	<u>\$ 54,322,272</u>	<u>\$ 6,290,359</u>	<u>\$(4,366,026)</u>	<u>\$ 56,246,605</u>	<u>\$ 5,503,965</u>
Business-type activities:					
Compensated absences	757,137	248,422	(206,374)	799,185	49,967
Business-type activity long-term liabilities	<u>\$ 757,137</u>	<u>\$ 248,422</u>	<u>\$ (206,374)</u>	<u>\$ 799,185</u>	<u>\$ 49,967</u>

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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.

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>		<u>Nonmajor Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
	<u>General Fund</u>	<u>Merged Tapo Canyon & West End Tax Increment</u>	<u>Development Related Fees Funds</u>	<u>Streets & Roads</u>	<u>Public Facility Improvements</u>		
FUND BALANCES							
Reserved:							
Encumbrances	\$ 943,386		\$ 31,019	\$ 909,659	\$ 338,464	\$ 3,315,751	\$ 5,538,279
Loans receivable	452,116					224,496	676,612
Advances	16,505,910					2,500,000	19,005,910
Debt service						4,659,267	4,659,267
Total reserved	17,901,412	-	31,019	909,659	338,464	10,699,514	29,880,068
Unreserved, designated:							
Cashflow	1,000,000					650,000	1,650,000
Capital projects	7,365,679		11,175,318	2,176,688		8,868,835	29,586,520
Public Improvements					2,369,273	4,292,047	6,661,320
Law enforcement						1,068,499	1,068,499
Special programs						1,125,789	1,125,789
Housing programs			558,276			3,786,583	4,344,859
Total unreserved	8,365,679	-	11,733,594	2,176,688	2,369,273	19,791,753	44,436,987
Unreserved, undesignated:	6,184,633	(10,773,340)	-	-	-	(1,229,227)	(5,817,934)
Total fund balances	\$ 32,451,724	\$ (10,773,340)	\$ 11,764,613	\$ 3,086,347	\$ 2,707,737	\$ 29,262,040	\$ 68,499,121

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

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these special assessment bonds, and the bonds are not reported in the accompanying financial statements.

The outstanding assessment district bonds at June 30, 2004, consisted of the following:

Sycamore Village/Wood Ranch Improvements (District No. 94-1R)	\$ 3,247,500
Royal Corto Improvements (District No. 89-1)	1,620,000
Madera Royal (District No. 98-1)	4,505,000

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, 2004 was \$207,494,850. The City is not involved with these bonds in any manner, as such the conduit debt obligations are not reflected in the accompanying financial statements. Listed below is a brief description of the bonds outstanding at year end:

- Variable Rate Multifamily Revenue Demand Bonds, 1985 Issue A, in the amount of \$15,500,000 were issued to finance the Mayer Indian Oaks Project; the outstanding principal at June 30, 2004, 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, 2004, is \$24,800,000.
- Single Family Mortgage Revenue Bonds, 1989 Series A, were issued in the amount of \$15,000,000 to provide housing financial assistance; the outstanding principal at June 30, 2004, is \$15,000,000.
- 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, 2004, 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, 2004, is \$36,000,000.
- Multifamily Housing Revenue Refunding Bonds, Issue A of 1996, were issued in the amount of \$17,900,000 to refund the Multifamily Housing Revenue Bonds, 1985 Issue A to finance the Cochran Street Project/Meadowood Village Apartments Project; the outstanding principal at June 30, 2004, is \$15,850,000.
- Multifamily Housing Revenue Refunding Bonds, Series 1996 A, and Taxable Multifamily Housing Revenue Refunding Bonds, Series 1996 B, were issued in the amount of

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

\$16,844,850 to refund the Multifamily Housing Revenue Bonds, 1985 Issue C to finance the Rancho Corrales Apartments Project; the outstanding principal at June 30, 2004, is \$16,844,850.

- Multifamily Housing Revenue Bonds, Series 1998A, were issued in the amount of \$6,165,000 to finance the Sorrento Villas Apartments Project; the outstanding principal at June 30, 2004, is \$5,835,000.
- 1998 Commercial Mortgage Revenue Refunding Bonds were issued in the amount of \$7,325,000 to refund 1981 and 1984, and refinance 1988 Commercial Mortgage revenue Bonds (Sycamore Plaza II); the outstanding principal at June 30, 2004, is \$6,045,000.
- Multifamily Housing Revenue Refunding Bonds, 2002 Series A, were issued in the amount of \$3,650,000 to refinance Variable Rate Multifamily Housing Demand Revenue Bonds, 1897 Series A issued to finance the Ashlee Manor Apartments Project; the outstanding principal at June 30, 2004, is \$3,650,000.
- 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, 2004, is \$12,000,000.
- 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, 2004, is \$3,000,000.
- 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, 2004, 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, 2004, is \$3,900,000.

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, 2004, no such amounts were due.

B. Risk management

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

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

	<u>Year ended</u> <u>June 30, 2004</u>	<u>Year ended</u> <u>June 30, 2003</u>
Unpaid claims beginning of fiscal year	\$ 9,788,351	\$ 6,497,124
Incurred claims (including IBNRs)	5,154,999	5,812,214
Claims payments	<u>(2,619,285)</u>	<u>(2,520,987)</u>
Unpaid claims, end of fiscal year	<u>\$ 12,324,065</u>	<u>\$ 9,788,351</u>

Prior to July 1, 1992, the City participated in the Coachella Valley Joint Powers Insurance Authority currently known as Public Entity Risk Management Authority, a risk-sharing pool, for general liability claims. The City receives annual equity distributions from the pool's excess reserves based on all claims for policy years December 1, 1986 to July 1, 1992. These payments have averaged approximately \$100,000 per year. Due to pending litigation on a claim no reimbursement is expected in the next fiscal year.

C. Subsequent event

On September 15, 2003 the City Council approved resolutions authorizing the issuance of Certificates of Participation (COP) 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 COP for \$25,955,000 were issued on September 2, 2004. They will be repaid over a thirty-year term. The annual average debt service is approximately \$1.6 million. 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 proposed to serve as the leased asset during the construction period.

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

D. Other post employment benefits

The City provides post-retirement health benefits to all management and sworn (police) employees per resolution numbers 2004-61 and 2001-54, 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. Additionally, the City provides health benefits to general unit employees per resolution number 2002-55. The City pays an amount equal to the premium of the lowest cost health care plan for this group.

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

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

As of year end, there were 50 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, 2004, the City paid \$262,905 for these benefits. However, the City is accumulating funds to pay future benefits. Assets in the amount of \$781,510 have been set side as of the end of the fiscal year.

E. 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.

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

F. 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 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 2.868% for non-safety employees and 15.901% for police employees of annual covered payroll for the year ended June 30, 2004. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost - For fiscal year 2003-04, the City's annual pension cost of \$2,345,654 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2001, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.75% to 14.20% by category and duration of service, (for safety members, rates are also dependent on entry age) and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2001, was 11 years for miscellaneous employees and 22 years for safety employees.

	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Miscellaneous Employees</u> ¹			
<u>Fiscal Year</u>			
6/30/2002	\$ -	100%	\$ -
6/30/2003	-	100%	-
6/30/2004	747,570	100%	-

See independent auditors' report.

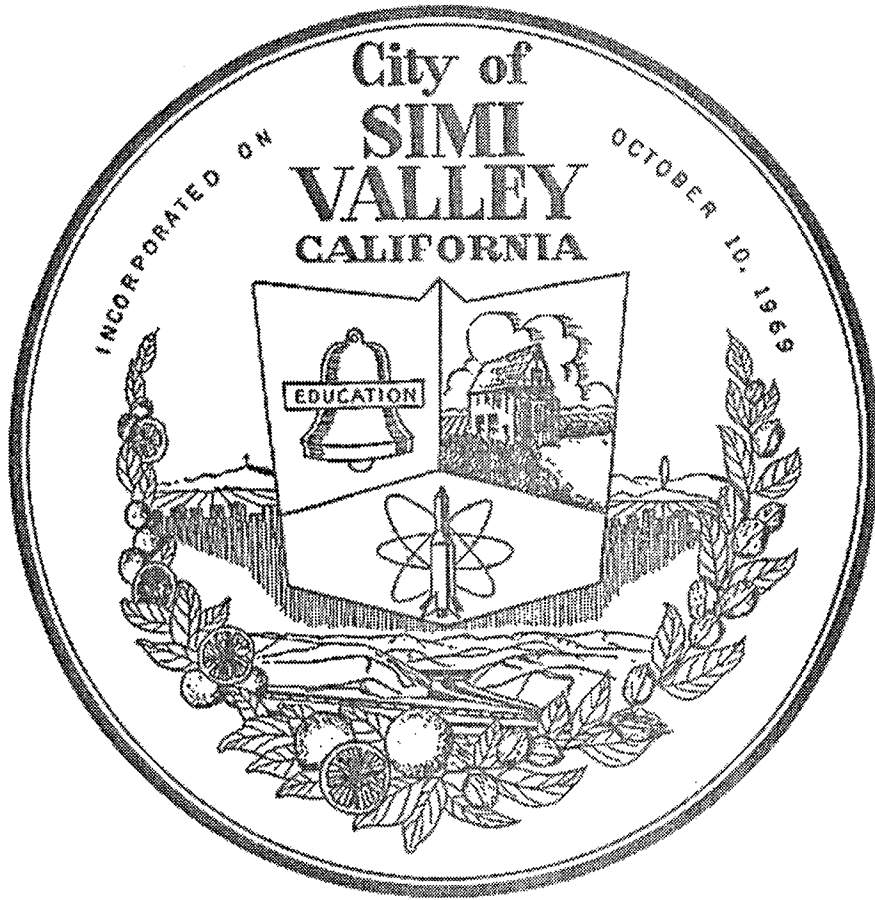
CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Safety Employees</u> ²			
<u>Fiscal Year</u>			
6/30/2002	\$ -	100%	\$ -
6/30/2003	415,407	100%	-
6/30/2004	1,598,084	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 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, 2002. 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, 2004 was \$1,142,385. The City's annual pension cost of \$65,916 for PARS was equal to the City's required and actual contribution. Plan assets held in trust at June 30, 2003 were \$198,778.



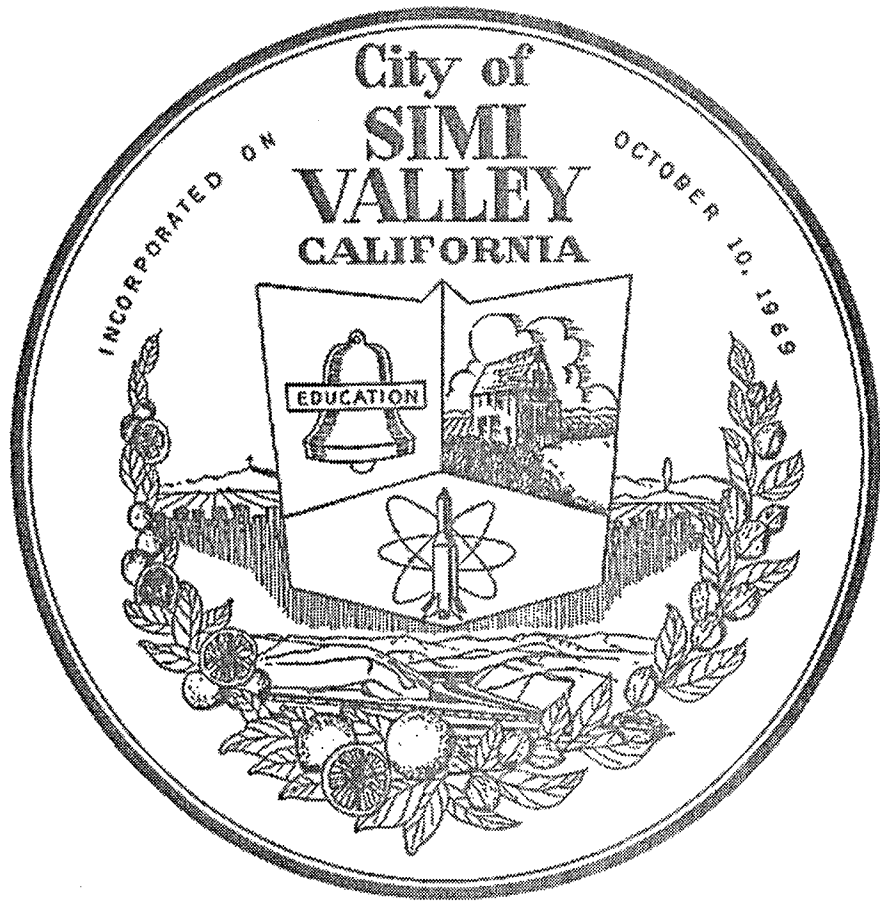
REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Funding Progress
California Public Employees' Retirement System**

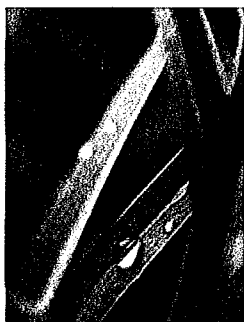
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrual Liability	Unfunded Liability/ (Excess Assets)	Unfunded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/01	\$78,424,152 ¹	\$ 67,301,357	\$ (11,122,795)	116.5%	\$ 23,239,009	-47.9%
	53,416,671 ²	52,305,381	(1,111,290)	102.1%	8,330,788	-13.3%
6/30/02	75,705,431 ¹	74,866,283	(839,148)	101.1%	24,023,055	-3.5%
	50,578,817 ²	57,165,005	6,586,188	88.5%	8,690,720	75.8%
6/30/03	78,786,816 ¹	90,799,939	12,013,123	86.8%	25,413,586	47.3%
	51,984,940 ²	63,929,099	11,944,159	81.3%	9,278,957	128.7%

¹ Miscellaneous

² Sworn



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.

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.

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 and AB 2928 - Traffic Congestion Relief funds received pursuant to State of California, Transportation Development Act and Senate Bill 1662. 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

1993 Revenue Refunding Bonds fund was established to account for the debt service transactions related to the 1993 Revenue Bonds issued to advance refund the outstanding 1983 Certificates of Participation as well as the 1987, 1988, and 1990 Tax Allocation Bonds.

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.

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.

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.

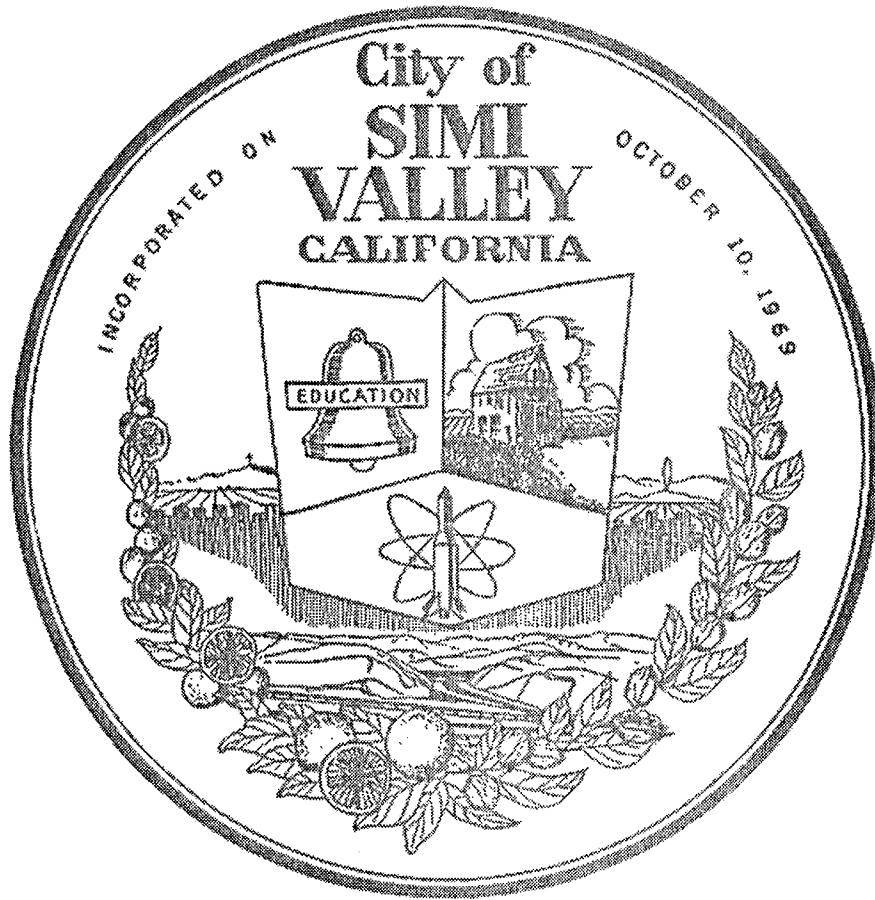
Madera Royal Improvements fund accounts for the proceeds of the Madera Royal Assessment Bonds, issued to fund public improvements.

Police Facility fund accounts for the construction of a replacement police facility funded by proceeds from lease revenue bonds.

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, 2004**

	Special Revenue			
	Community Development Agency Administration	Community Development Agency Housing Administration	Madera Royal Tax Increment	HOME Grant
ASSETS				
Cash and investments:				
Held by city	\$ -	\$ 4,042,154	\$ 800	\$ 608,255
Held by fiscal agents	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	261,068	-	-
Prepays	-	1,116,563	-	-
Taxes receivable	-	-	-	-
Grants receivable	-	-	-	-
Interest receivable	-	22,709	125	591
Due from other funds	-	40,148	-	-
Loans receivable (net of allowance for uncollectibles)	224,496	2,147,056	-	1,590,415
Advances to other funds	-	-	-	-
TOTAL ASSETS	\$ 224,496	\$ 7,629,698	\$ 925	\$ 2,199,261
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,647	\$ -	\$ 925	\$ -
Salaries and benefits payable	21,549	30,809	-	-
Due to other funds	196,300	-	-	46,419
Advances from other funds	-	-	196,191	-
Deferred revenues	-	2,147,056	-	1,590,415
TOTAL LIABILITIES	224,496	2,177,865	197,116	1,636,834
FUND BALANCES				
Reserved for encumbrances	13,290	1,665,250	-	-
Reserved for loans receivable	224,496	-	-	-
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	-	-	-	562,427
Designated for housing programs	-	3,786,583	-	-
Undesignated	(237,786)	-	(196,191)	-
TOTAL FUND BALANCES (DEFICITS)	-	5,451,833	(196,191)	562,427
TOTAL LIABILITIES AND FUND BALANCES	\$ 224,496	\$ 7,629,698	\$ 925	\$ 2,199,261

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

Special Revenue

Gasoline Tax	Transportation Funds	Lighting Maintenance District	Police Grants	
\$ -	\$ 100,861	\$ 3,835,770	\$ 1,094,953	ASSETS
-	-	-	-	Cash and investments:
-	-	4,114	-	Held by city
-	-	-	-	Held by fiscal agents
-	-	73,169	-	Accounts receivable (net of allowance for uncollectibles)
-	-	-	-	Prepays
-	-	-	-	Taxes receivable
-	502	19,555	3,304	Grants receivable
-	-	-	-	Interest receivable
-	-	-	-	Due from other funds
-	-	-	-	Loans receivable (net of allowance for uncollectibles)
-	-	2,500,000	-	Advances to other funds
\$ -	\$ 101,363	\$ 6,432,608	\$ 1,098,257	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
\$ -	\$ 543	\$ 107,818	\$ 1,148	LIABILITIES
-	-	-	28,197	Accounts payable
-	-	-	-	Salaries and benefits payable
-	-	-	-	Due to other funds
-	-	-	-	Advances from other funds
-	-	-	-	Deferred revenues
-	543	107,818	29,345	TOTAL LIABILITIES
-	1,458	2,708	413	FUND BALANCES
-	-	-	-	Reserved for encumbrances
-	-	2,500,000	-	Reserved for loans receivable
-	-	-	-	Reserved for advances to other funds
-	-	-	-	Reserved for debt service
-	-	400,000	-	Unreserved:
-	-	-	-	Designated for cash flow
-	-	-	-	Designated for capital projects
-	-	3,422,082	-	Designated for public improvements
-	-	-	1,068,499	Designated for law enforcement
-	99,362	-	-	Designated for special programs
-	-	-	-	Designated for housing programs
-	-	-	-	Undesignated
-	100,820	6,324,790	1,068,912	TOTAL FUND BALANCES (DEFICITS)
\$ -	\$ 101,363	\$ 6,432,608	\$ 1,098,257	TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

	Special Revenue			
	Community Development Block Grant	Retiree Benefits	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>				
Cash and investments:				
Held by city	\$ 687,612	\$ 779,768	\$ 1,176,509	\$ 12,326,682
Held by fiscal agents	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	265,182
Prepays	-	-	-	1,116,563
Taxes receivable	-	-	-	73,169
Grants receivable	95,700	-	-	95,700
Interest receivable	1,277	1,742	5,362	55,167
Due from other funds	-	-	-	40,148
Loans receivable (net of allowance for uncollectibles)	534,643	-	-	4,496,610
Advances to other funds	-	-	-	2,500,000
TOTAL ASSETS	\$ 1,319,232	\$ 781,510	\$ 1,181,871	\$ 20,969,221
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ 108,697	\$ -	\$ 61,906	\$ 287,684
Salaries and benefits payable	-	-	-	80,555
Due to other funds	-	-	-	242,719
Advances from other funds	-	-	-	196,191
Deferred revenues	534,643	-	-	4,272,114
TOTAL LIABILITIES	643,340	-	61,906	5,079,263
<u>FUND BALANCES</u>				
Reserved for encumbrances	211,892	-	-	1,895,011
Reserved for loans receivable	-	-	-	224,496
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	-	-	869,965	4,292,047
Designated for law enforcement	-	-	-	1,068,499
Designated for special programs	464,000	-	-	1,125,789
Designated for housing programs	-	-	-	3,786,583
Undesignated	-	781,510	-	347,533
TOTAL FUND BALANCES (DEFICITS)	675,892	781,510	1,119,965	15,889,958
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,319,232	\$ 781,510	\$ 1,181,871	\$ 20,969,221

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

Capital Projects

	CDA Projects	Cultural Arts Facility	Equipment Replacement	Geographic Information System (GIS)
<u>ASSETS</u>				
Cash and investments:				
Held by city	\$ 3,455,281	\$ 23,586	\$ 5,031,949	\$ 110,517
Held by fiscal agents	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Prepays	-	-	-	-
Taxes receivable	-	-	-	-
Grants receivable	-	-	-	-
Interest receivable	17,204	117	2,795	597
Due from other funds	-	-	-	-
Loans receivable (net of allowance for uncollectibles)	-	-	-	-
Advances to other funds	-	-	-	-
TOTAL ASSETS	\$ 3,472,485	\$ 23,703	\$ 5,034,744	\$ 111,114
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 82,101	\$ 6,130
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	-
TOTAL LIABILITIES	-	-	82,101	6,130
<u>FUND BALANCES</u>				
Reserved for encumbrances	25,807	-	268,444	1,685
Reserved for loans receivable	-	-	-	-
Reserved for advances to other funds	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for cash flow	-	-	-	-
Designated for capital projects	3,446,678	23,703	4,684,199	103,299
Designated for public improvements	-	-	-	-
Designated for law enforcement	-	-	-	-
Designated for special programs	-	-	-	-
Designated for housing programs	-	-	-	-
Undesignated	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	3,472,485	23,703	4,952,643	104,984
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,472,485	\$ 23,703	\$ 5,034,744	\$ 111,114

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

Capital Projects

Integrated Police System (IPS)	Financial Information System (FIS)	Stormwater Detention Basins	Madera Royal Improvements	
				ASSETS
				Cash and investments:
\$ 39,864	\$ 267,823	\$ -	\$ 315,468	Held by city
-	-	-	-	Held by fiscal agents
-	-	-	-	Accounts receivable (net of allowance for uncollectibles)
-	-	-	-	Prepays
-	-	-	-	Taxes receivable
47,435	-	92,037	-	Grants receivable
-	-	-	1,570	Interest receivable
-	-	-	-	Due from other funds
-	-	-	-	Loans receivable (net of allowance for uncollectibles)
-	-	-	-	Advances to other funds
\$ 87,299	\$ 267,823	\$ 92,037	\$ 317,038	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				LIABILITIES
\$ 3,500	\$ -	\$ -	\$ 255	Accounts payable
-	-	-	-	Salaries and benefits payable
-	-	78,597	-	Due to other funds
-	-	-	-	Advances from other funds
-	-	-	-	Deferred revenues
3,500	-	78,597	255	TOTAL LIABILITIES
				FUND BALANCES
210,459	-	60,322	-	Reserved for encumbrances
-	-	-	-	Reserved for loans receivable
-	-	-	-	Reserved for advances to other funds
-	-	-	-	Reserved for debt service
-	-	-	-	Unreserved:
-	-	-	-	Designated for cash flow
-	-	-	316,783	Designated for capital projects
-	-	-	-	Designated for public improvements
-	-	-	-	Designated for law enforcement
-	-	-	-	Designated for special programs
-	-	-	-	Designated for housing programs
(126,660)	267,823	(46,882)	-	Undesignated
83,799	267,823	13,440	316,783	TOTAL FUND BALANCES (DEFICITS)
\$ 87,299	\$ 267,823	\$ 92,037	\$ 317,038	TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

Capital Projects			
	Police Facility	Police Capital Projects	Unified Two-Way Radio System
<u>ASSETS</u>			
Cash and investments:			
Held by city	\$ 4,184	\$ 25,221	\$ 1,107,908
Held by fiscal agents	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-
Prepays	-	-	-
Taxes receivable	-	-	-
Grants receivable	-	-	-
Interest receivable	21	-	-
Due from other funds	-	-	-
Loans receivable (net of allowance for uncollectibles)	-	-	-
Advances to other funds	-	-	-
TOTAL ASSETS	\$ 4,205	\$ 25,221	\$ 1,107,908
LIABILITIES AND FUND BALANCES			
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ 1,908
Salaries and benefits payable	-	-	-
Due to other funds	1,657,992	-	-
Advances from other funds	-	-	-
Deferred revenues	-	-	-
TOTAL LIABILITIES	1,657,992	-	1,908
<u>FUND BALANCES</u>			
Reserved for encumbrances	1,200	-	837,048
Reserved for loans receivable	-	-	-
Reserved for advances to other funds	-	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for cash flow	-	-	-
Designated for capital projects	-	25,221	268,952
Designated for public improvements	-	-	-
Designated for law enforcement	-	-	-
Designated for special programs	-	-	-
Designated for housing programs	-	-	-
Undesignated	(1,654,987)	-	-
TOTAL FUND BALANCES (DEFICITS)	(1,653,787)	25,221	1,106,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,205	\$ 25,221	\$ 1,107,908

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

Capital Projects			
Regional Mall	Total Nonmajor Capital Projects	Total Nonmajor Funds	
\$ -	\$ 10,381,801	\$ 24,075,359	ASSETS
-	-	3,231,546	Cash and investments:
-	-	307,884	Held by city
-	-	1,116,563	Held by fiscal agents
-	-	73,169	Accounts receivable (net of allowance for uncollectibles)
-	139,472	235,172	Prepays
-	22,304	95,678	Taxes receivable
-	-	40,148	Grants receivable
-	-	4,496,610	Interest receivable
-	-	2,500,000	Due from other funds
-	-	36,172,129	Loans receivable (net of allowance for uncollectibles)
-	-	36,172,129	Advances to other funds
\$ -	\$ 10,543,577	\$ 36,172,129	TOTAL ASSETS
LIABILITIES AND FUND BALANCES			
\$ 343	\$ 94,237	\$ 381,921	LIABILITIES
-	-	80,555	Accounts payable
-	1,736,589	1,979,308	Salaries and benefits payable
-	-	196,191	Due to other funds
-	-	4,272,114	Advances from other funds
-	-	6,910,089	Deferred revenues
343	1,830,826	6,910,089	TOTAL LIABILITIES
15,711	1,420,676	3,315,751	FUND BALANCES
-	-	224,496	Reserved for encumbrances
-	-	2,500,000	Reserved for loans receivable
-	-	4,659,267	Reserved for advances to other funds
-	-	650,000	Reserved for debt service
-	-	8,868,835	Unreserved:
-	8,868,835	8,868,835	Designated for cash flow
-	-	4,292,047	Designated for capital projects
-	-	1,068,499	Designated for public improvements
-	-	1,125,789	Designated for law enforcement
-	-	3,786,583	Designated for special programs
-	-	(1,229,227)	Designated for housing programs
(16,054)	(1,576,760)	(1,229,227)	Undesignated
(343)	8,712,751	29,262,040	TOTAL FUND BALANCES (DEFICITS)
\$ -	\$ 10,543,577	\$ 36,172,129	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, 2004**

	Special Revenue			
	Community Development Agency Administration	Community Development Agency Housing Administration	Madera Royal Tax Increment	HOME Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increment revenues	-	-	60,863	-
Use of money and property	-	1,389,820	228	241,216
From other governments	-	-	-	-
Grants	-	-	-	45,000
Service charges	-	18,030	-	-
Other revenues	32,541	-	-	-
Total revenues	32,541	1,407,850	61,091	286,216
EXPENDITURES				
Current:				
General government	402,300	280,833	687	16,367
Community services (CS)	-	-	-	-
Planning (ES)	633,861	5,304,409	-	204,244
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	1,036,161	5,585,242	687	220,611
Capital outlay	-	-	-	-
Debt service:				
Principal	-	3,166	-	-
Interest	-	9,418	4,104	-
Other	-	-	-	-
Total debt service	-	12,584	4,104	-
Intergovernmental	-	-	22,194	-
Total expenditures	1,036,161	5,597,826	26,985	220,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,003,620)	(4,189,976)	34,106	65,605
OTHER FINANCING SOURCES (USES)				
Transfers in	1,007,020	2,051,249	-	-
Transfers out	(3,400)	(3,400)	(12,172)	-
Refund excess reserves	-	-	-	-
Payments of notes payable	-	(109,812)	-	-
Gain on property held for sale	-	144,972	-	-
Total other financing sources (uses)	1,003,620	2,083,009	(12,172)	-
NET CHANGE IN FUND BALANCES	-	(2,106,967)	21,934	65,605
FUND BALANCES (DEFICITS)-BEGINNING	-	7,558,800	(218,125)	496,822
FUND BALANCES (DEFICITS)-ENDING	\$ -	\$ 5,451,833	\$ (196,191)	\$ 562,427

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Special Revenue

Gasoline Tax	Transportation Funds	Lighting Maintenance District	Police Grants
\$ -	\$ -	\$ 1,752,920	\$ -
-	-	-	-
-	4,975	75,508	16,617
2,222,406	3,882,709	24,995	-
-	-	-	602,321
-	-	6,318	-
-	-	-	-
<u>2,222,406</u>	<u>3,887,684</u>	<u>1,859,741</u>	<u>618,938</u>
-	-	369,100	-
-	-	-	-
-	-	-	-
-	1,423	1,161,576	-
-	-	-	605,341
-	<u>1,423</u>	<u>1,530,676</u>	<u>605,341</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	<u>1,423</u>	<u>1,530,676</u>	<u>605,341</u>
<u>2,222,406</u>	<u>3,886,261</u>	<u>329,065</u>	<u>13,597</u>
-	-	-	502,621
(2,222,406)	(4,248,066)	(228,123)	(117,721)
-	-	-	-
-	-	-	-
-	-	-	-
<u>(2,222,406)</u>	<u>(4,248,066)</u>	<u>(228,123)</u>	<u>384,900</u>
-	(361,805)	100,942	398,497
-	462,625	6,223,848	670,415
<u>\$ -</u>	<u>\$ 100,820</u>	<u>\$ 6,324,790</u>	<u>\$ 1,068,912</u>

REVENUES

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

EXPENDITURES

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

Capital outlay

Debt service:
 Principal
 Interest
 Other
 Total debt service

Intergovernmental
 Total expenditures

**EXCESS (DEFICIENCY) OF REVENUES
 OVER EXPENDITURES**

OTHER FINANCING SOURCES (USES)

Transfers in
 Transfers out
 Refund excess reserves
 Payments of notes payable
 Gain on property held for sale
 Total other financing sources (uses)

NET CHANGE IN FUND BALANCES
FUND BALANCES (DEFICITS)-BEGINNING
FUND BALANCES (DEFICITS)-ENDING

(continued)

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Special Revenue			
	Community Development Block Grant	Retiree Benefits	Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,752,920
Tax increment revenues	-	-	-	60,863
Use of money and property	168,416	6,103	19,187	1,922,070
From other governments	-	-	-	6,130,110
Grants	920,330	-	-	1,567,651
Service charges	-	-	796,133	820,481
Other revenues	-	10,900	-	43,441
Total revenues	1,088,746	17,003	815,320	12,297,536
EXPENDITURES				
Current:				
General government	99,800	25,464	53,600	1,248,151
Community services (CS)	55,102	-	-	55,102
Planning (ES)	304,353	-	-	6,446,867
Public ways and facilities (PW)	601,815	-	921,265	2,686,079
Public safety (PD)	-	-	-	605,341
Total current expenditures	1,061,070	25,464	974,865	11,041,540
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	3,166
Interest	-	-	-	13,522
Other	-	-	-	-
Total debt service	-	-	-	16,688
Intergovernmental	-	-	-	22,194
Total expenditures	1,061,070	25,464	974,865	11,080,422
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	27,676	(8,461)	(159,545)	1,217,114
OTHER FINANCING SOURCES (USES)				
Transfers in	-	554,600	200,000	4,315,490
Transfers out	-	-	-	(6,835,288)
Refund excess reserves	-	-	-	-
Payments of notes payable	-	-	-	(109,812)
Gain on property held for sale	-	-	-	144,972
Total other financing sources (uses)	-	554,600	200,000	(2,484,638)
NET CHANGE IN FUND BALANCES	27,676	546,139	40,455	(1,267,524)
FUND BALANCES (DEFICITS)-BEGINNING	648,216	235,371	1,079,510	17,157,482
FUND BALANCES (DEFICITS)-ENDING	\$ 675,892	\$ 781,510	\$ 1,119,965	\$ 15,889,958

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Debt Service

1993 Revenue Refunding Bonds	1995 Lease Revenue Bonds	2003 Tax Allocation Refunding Bonds	Total Nonmajor Debt Service	
\$ -	\$ -	\$ -	\$ -	REVENUES
				Taxes
				Tax increment revenues
	11,218	38,383	49,601	Use of money and property
				From other governments
				Grants
				Service charges
				Other revenues
	11,218	38,383	49,601	Total revenues
				EXPENDITURES
				Current:
				General government
				Community services (CS)
				Planning (ES)
				Public ways and facilities (PW)
				Public safety (PD)
				Total current expenditures
				Capital outlay
				Debt service:
	500,000	360,000	860,000	Principal
	463,075	1,456,588	1,919,663	Interest
472	4,668	3,500	8,640	Other
472	967,743	1,820,088	2,788,303	Total debt service
				Intergovernmental
				Total expenditures
(472)	(956,525)	(1,781,705)	(2,738,702)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
247	967,744	2,013,980	2,981,971	Transfers in
(1,802)	-	(247)	(2,049)	Transfers out
				Refund excess reserves
				Payments of notes payable
				Gain on property held for sale
(1,555)	967,744	2,013,733	2,979,922	Total other financing sources (uses)
(2,027)	11,219	232,028	241,220	NET CHANGE IN FUND BALANCES
2,027	1,099,334	3,316,750	4,418,111	FUND BALANCES (DEFICITS)-BEGINNING
\$ -	\$ 1,110,553	\$ 3,548,778	\$ 4,659,331	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, 2004**

Capital Projects

	CDA Projects	Cultural Arts Facility	Equipment Replacement	Geographic Information System (GIS)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-	-
Use of money and property	62,664	535	12,885	2,314
From other governments	-	-	-	-
Grants	-	-	-	-
Service charges	-	-	-	-
Other revenues	-	-	-	-
Total revenues	62,664	535	12,885	2,314
EXPENDITURES				
Current:				
General government	-	-	-	13,513
Community services (CS)	-	-	-	-
Planning (ES)	-	-	-	-
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	-	-	-	13,513
Capital outlay	89,149	638	762,243	45,519
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total debt service	-	-	-	-
Intergovernmental	-	-	-	-
Total expenditures	89,149	638	762,243	59,032
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,485)	(103)	(749,358)	(56,718)
OTHER FINANCING SOURCES (USES)				
Transfers in	77,764	-	1,816,200	3,700
Transfers out	-	-	-	-
Refund excess reserves	-	-	-	-
Payments of notes payable	-	-	-	-
Gain on property held for sale	-	-	-	-
Total other financing sources (uses)	77,764	-	1,816,200	3,700
NET CHANGE IN FUND BALANCES	51,279	(103)	1,066,842	(53,018)
FUND BALANCES (DEFICITS)-BEGINNING	3,421,206	23,806	3,885,801	158,002
FUND BALANCES (DEFICITS)-ENDING	\$ 3,472,485	\$ 23,703	\$ 4,952,643	\$ 104,984

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Capital Projects

Integrated Police System (IPS)	Financial Information System (FIS)	Stormwater Detention Basins	Madera Royal Improvements	
\$ -	\$ -	\$ -	\$ -	REVENUES
-	-	-	-	Taxes
1,289	-	-	5,898	Tax increment revenues
-	-	77,947	-	Use of money and property
806,681	-	-	-	From other governments
-	-	-	-	Grants
-	-	-	-	Service charges
-	-	-	-	Other revenues
<u>807,970</u>	<u>-</u>	<u>77,947</u>	<u>5,898</u>	Total revenues
				EXPENDITURES
				Current:
6,423	-	-	1,105	General government
-	-	-	-	Community services (CS)
-	-	-	-	Planning (ES)
-	-	-	-	Public ways and facilities (PW)
-	-	-	-	Public safety (PD)
<u>6,423</u>	<u>-</u>	<u>-</u>	<u>1,105</u>	Total current expenditures
<u>618,841</u>	<u>15,155</u>	<u>10,307</u>	<u>-</u>	Capital outlay
				Debt service:
-	-	-	-	Principal
-	-	-	-	Interest
-	-	-	-	Other
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total debt service
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Intergovernmental
<u>625,264</u>	<u>15,155</u>	<u>10,307</u>	<u>1,105</u>	Total expenditures
<u>182,706</u>	<u>(15,155)</u>	<u>67,640</u>	<u>4,793</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
100,000	125,000	-	-	Transfers in
-	-	-	-	Transfers out
-	-	-	(24,245)	Refund excess reserves
-	-	-	-	Payments of notes payable
-	-	-	-	Gain on property held for sale
<u>100,000</u>	<u>125,000</u>	<u>-</u>	<u>(24,245)</u>	Total other financing sources (uses)
282,706	109,845	67,640	(19,452)	NET CHANGE IN FUND BALANCES
<u>(198,907)</u>	<u>157,978</u>	<u>(54,200)</u>	<u>336,235</u>	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 83,799</u>	<u>\$ 267,823</u>	<u>\$ 13,440</u>	<u>\$ 316,783</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, 2004**

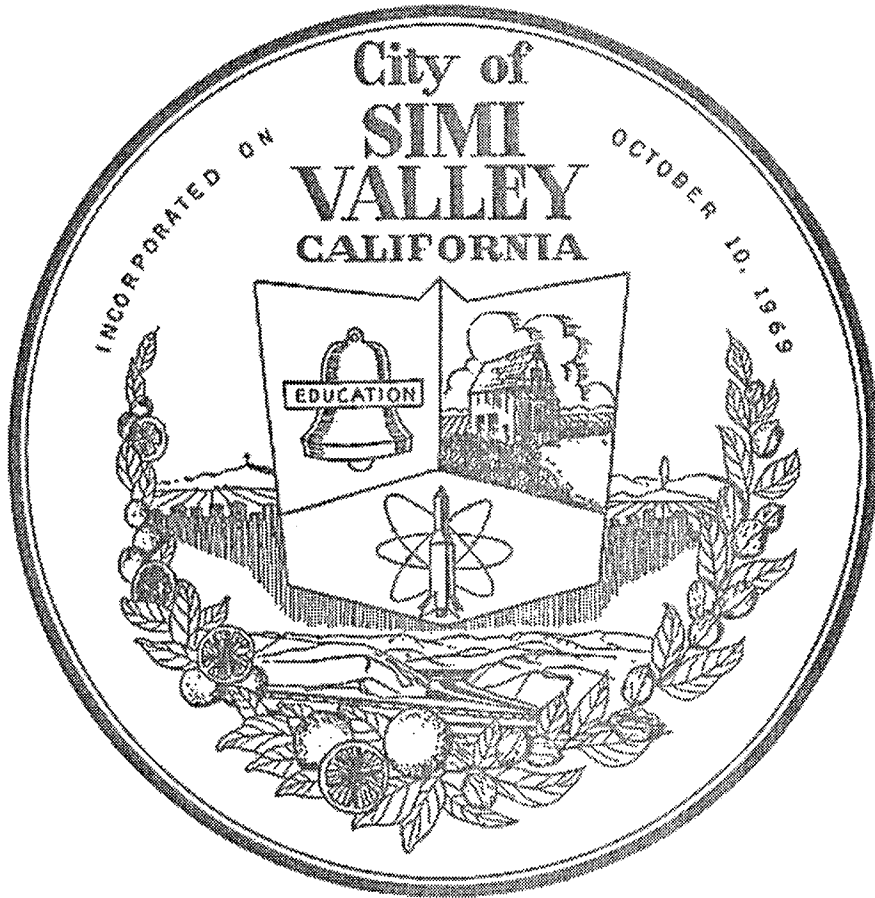
	Capital Projects		
	Police Facility	Police Capital Projects	Unified Two-Way Radio System
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-
Use of money and property	76	221	-
From other governments	-	-	-
Grants	-	-	-
Service charges	-	-	-
Other revenues	-	-	70,000
Total revenues	76	221	70,000
<u>EXPENDITURES</u>			
Current:			
General government	-	-	-
Community services (CS)	-	-	-
Planning (ES)	-	-	-
Public ways and facilities (PW)	-	-	-
Public safety (PD)	-	-	-
Total current expenditures	-	-	-
Capital outlay	-	-	297,249
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Total debt service	-	-	-
Intergovernmental			
Total expenditures	-	-	297,249
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	76	221	(227,249)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	40,000
Transfers out	-	-	-
Refund excess reserves	-	-	-
Payments of notes payable	-	-	-
Gain on property held for sale	-	-	-
Total other financing sources (uses)	-	-	40,000
NET CHANGE IN FUND BALANCES	76	221	(187,249)
FUND BALANCES (DEFICITS)-BEGINNING	(1,653,863)	25,000	1,293,249
FUND BALANCES (DEFICITS)-ENDING	\$ (1,653,787)	\$ 25,221	\$ 1,106,000

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Capital Projects

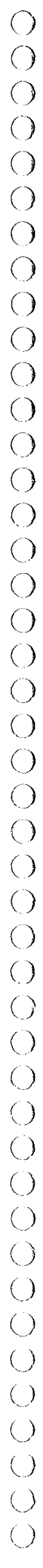
Regional Mall	Total Nonmajor Capital Project Funds	Total Nonmajor Funds	
\$	\$	\$	REVENUES
-	-	1,752,920	Taxes
-	-	60,863	Tax increment revenues
-	85,882	2,057,553	Use of money and property
-	77,947	6,208,057	From other governments
-	806,681	2,374,332	Grants
-	-	820,481	Service charges
50,000	120,000	163,441	Other revenues
<u>50,000</u>	<u>1,090,510</u>	<u>13,437,647</u>	Total revenues
			EXPENDITURES
			Current:
-	21,041	1,269,192	General government
-	-	55,102	Community services (CS)
-	-	6,446,867	Planning (ES)
-	-	2,686,079	Public ways and facilities (PW)
-	-	605,341	Public safety (PD)
<u>-</u>	<u>21,041</u>	<u>11,062,581</u>	Total current expenditures
157,231	1,996,332	1,996,332	Capital outlay
			Debt service:
-	-	863,166	Principal
-	-	1,933,185	Interest
-	-	8,640	Other
<u>-</u>	<u>-</u>	<u>2,804,991</u>	Total debt service
-	-	22,194	Intergovernmental
<u>157,231</u>	<u>2,017,373</u>	<u>15,886,098</u>	Total expenditures
<u>(107,231)</u>	<u>(926,863)</u>	<u>(2,448,451)</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
264,780	2,427,444	9,724,905	Transfers in
-	-	(6,837,337)	Transfers out
-	(24,245)	(24,245)	Refund excess reserves
-	-	(109,812)	Payments of notes payable
-	-	144,972	Gain on property held for sale
<u>264,780</u>	<u>2,403,199</u>	<u>2,898,483</u>	Total other financing sources (uses)
157,549	1,476,336	450,032	NET CHANGE IN FUND BALANCES
<u>(157,892)</u>	<u>7,236,415</u>	<u>28,812,008</u>	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ (343)</u>	<u>\$ 8,712,751</u>	<u>\$ 29,262,040</u>	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, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Other revenues	\$ -	\$ 32,541	\$ 32,541
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	402,300	402,300	-
Environmental services:			
Personnel	439,300	439,469	(169)
Materials, supplies and services	256,400	194,392	62,008
Total environmental services	695,700	633,861	61,839
Total expenditures	1,098,000	1,036,161	61,839
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,098,000)	(1,003,620)	94,380
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	1,092,200	1,007,020	(85,180)
Transfers out	(3,400)	(3,400)	-
Total other financing sources (uses)	1,088,800	1,003,620	(85,180)
NET CHANGE IN FUND BALANCES	(9,200)	-	9,200
FUND BALANCES (DEFICITS)-BEGINNING	-	-	-
FUND BALANCES (DEFICITS)-ENDING	\$ (9,200)	\$ -	\$ 9,200

**CITY OF SIMI VALLEY
COMMUNITY DEVELOPMENT AGENCY HOUSING ADMINISTRATION
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 687,600	\$ 1,389,820	\$ 702,220
Service charges	16,800	18,030	1,230
Total revenues	<u>704,400</u>	<u>1,407,850</u>	<u>703,450</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	406,600	406,600	-
Reimbursement from CDBG	(150,000)	(16,367)	(133,633)
Reimbursement from HOME grant	(109,400)	(109,400)	-
Total general government	<u>147,200</u>	<u>280,833</u>	<u>(133,633)</u>
Environmental services:			
Personnel	709,200	578,554	130,646
Materials, supplies and services	6,713,500	4,725,855	1,987,645
Total environmental services	<u>7,422,700</u>	<u>5,304,409</u>	<u>2,118,291</u>
Debt services:			
Principal	-	3,166	(3,166)
Interest	-	9,418	(9,418)
Total debt services	<u>-</u>	<u>12,584</u>	<u>(12,584)</u>
Total expenditures	<u>7,569,900</u>	<u>5,597,826</u>	<u>1,972,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,865,500)</u>	<u>(4,189,976)</u>	<u>2,675,524</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	1,901,200	2,051,249	150,049
Transfers out	(3,400)	(3,400)	-
Payments of notes payable	-	(109,812)	(109,812)
Gain on property held for sale	-	144,972	144,972
Total other financing sources (uses)	<u>1,897,800</u>	<u>2,083,009</u>	<u>185,209</u>
NET CHANGE IN FUND BALANCES	<u>(4,967,700)</u>	<u>(2,106,967)</u>	<u>2,860,733</u>
FUND BALANCES (DEFICITS)-BEGINNING	<u>7,558,800</u>	<u>7,558,800</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 2,591,100</u>	<u>\$ 5,451,833</u>	<u>\$ 2,860,733</u>

**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, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Tax increment revenues	\$ 65,300	\$ 60,863	\$ (4,437)
Use of money and property	400	228	(172)
Total revenues	<u>65,700</u>	<u>61,091</u>	<u>(4,609)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Materials, supplies, and services	<u>800</u>	<u>687</u>	<u>113</u>
Debt service:			
Interest	<u>3,500</u>	<u>4,104</u>	<u>(604)</u>
Intergovernmental	<u>24,000</u>	<u>22,194</u>	<u>1,806</u>
Total expenditures	<u>28,300</u>	<u>26,985</u>	<u>1,315</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>37,400</u>	<u>34,106</u>	<u>(3,294)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	<u>(13,100)</u>	<u>(12,172)</u>	<u>928</u>
NET CHANGE IN FUND BALANCES	<u>24,300</u>	<u>21,934</u>	<u>(2,366)</u>
FUND BALANCES (DEFICITS)-BEGINNING	<u>(218,125)</u>	<u>(218,125)</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (193,825)</u>	<u>\$ (196,191)</u>	<u>\$ (2,366)</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, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 225,300	\$ 241,216	\$ 15,916
Grants	-	45,000	45,000
Total revenues	<u>225,300</u>	<u>286,216</u>	<u>60,916</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to housing fund	150,000	16,367	133,633
Environmental services	<u>301,000</u>	<u>204,244</u>	<u>96,756</u>
Total expenditures	<u>451,000</u>	<u>220,611</u>	<u>230,389</u>
 NET CHANGE IN FUND BALANCES	 (225,700)	 65,605	 291,305
FUND BALANCES (DEFICITS)-BEGINNING	<u>496,822</u>	<u>496,822</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 271,122</u>	<u>\$ 562,427</u>	<u>\$ 291,305</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, 2004

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
From other governments	\$ 2,218,000	\$ 2,222,406	\$ 4,406
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(2,218,000)	(2,222,406)	(4,406)
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES (DEFICITS)-BEGINNING	-	-	-
FUND BALANCES (DEFICITS)-ENDING	\$ -	\$ -	\$ -

**CITY OF SIMI VALLEY
TRANSPORTATION FUNDS
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ -	\$ 4,975	\$ 4,975
From other governments	3,652,700	3,882,709	230,009
Total revenues	<u>3,652,700</u>	<u>3,887,684</u>	<u>234,984</u>
<u>EXPENDITURES</u>			
Current:			
Public works:			
Materials, supplies, and services	<u>2,500</u>	<u>1,423</u>	<u>1,077</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,650,200</u>	<u>3,886,261</u>	<u>236,061</u>
<u>OTHER FINANCING (USES)</u>			
Transfers out	<u>(4,040,700)</u>	<u>(4,248,066)</u>	<u>(207,366)</u>
NET CHANGE IN FUND BALANCES	(390,500)	(361,805)	28,695
FUND BALANCES (DEFICITS)-BEGINNING	<u>462,625</u>	<u>462,625</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 72,125</u>	<u>\$ 100,820</u>	<u>\$ 28,695</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, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Taxes	\$ 1,641,800	\$ 1,752,920	\$ 111,120
Use of money and property	164,900	75,508	(89,392)
From other governments	24,400	24,995	595
Service charges	2,600	6,318	3,718
Total revenues	<u>1,833,700</u>	<u>1,859,741</u>	<u>26,041</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	<u>369,100</u>	<u>369,100</u>	-
Public works:			
Utilities	820,000	735,799	84,201
Supplies and materials	-	29	(29)
Services	474,400	425,748	48,652
Total public works	<u>1,294,400</u>	<u>1,161,576</u>	<u>132,824</u>
Total expenditures	<u>1,663,500</u>	<u>1,530,676</u>	<u>132,824</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	170,200	329,065	158,865
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	<u>(437,500)</u>	<u>(228,123)</u>	<u>209,377</u>
NET CHANGE IN FUND BALANCES	(267,300)	100,942	368,242
FUND BALANCES (DEFICITS)-BEGINNING	<u>6,223,848</u>	<u>6,223,848</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 5,956,548</u>	<u>\$ 6,324,790</u>	<u>\$ 368,242</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, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 500	\$ 16,617	\$ 16,117
Grants	357,991	602,321	244,330
Total revenues	<u>358,491</u>	<u>618,938</u>	<u>260,447</u>
<u>EXPENDITURES</u>			
Current:			
Public safety:			
Personnel	746,400	577,413	168,987
Material, supplies and services	23,000	27,928	(4,928)
Capital purchases	26,212	-	26,212
Total expenditures	<u>795,612</u>	<u>605,341</u>	<u>190,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(437,121)</u>	<u>13,597</u>	<u>450,718</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	502,621	502,621	-
Transfers out	(117,721)	(117,721)	-
Total other financing sources (uses)	<u>384,900</u>	<u>384,900</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(52,221)	398,497	450,718
FUND BALANCES (DEFICITS)-BEGINNING	<u>670,415</u>	<u>670,415</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 618,194</u>	<u>\$ 1,068,912</u>	<u>\$ 450,718</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, 2004**

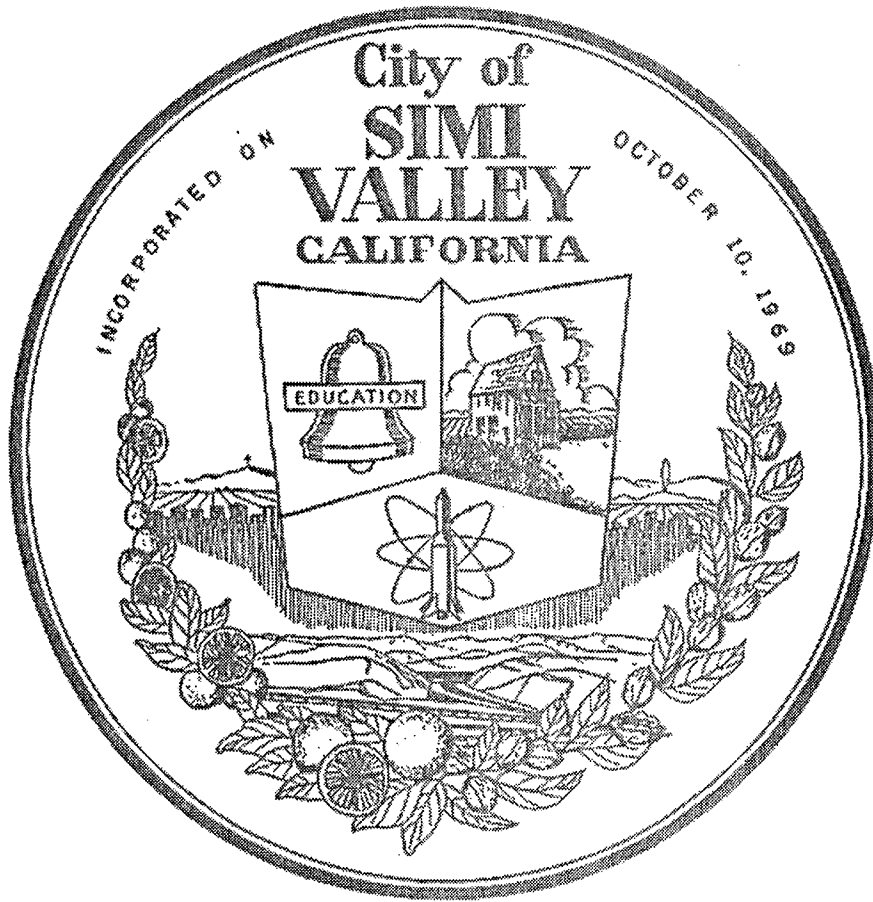
	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ -	\$ 168,416	\$ 168,416
Grants	891,000	920,330	29,330
Total revenues	<u>891,000</u>	<u>1,088,746</u>	<u>197,746</u>
<u>EXPENDITURES</u>			
General government:			
Reimbursement to general fund	79,800	79,800	-
Public facility improvements	-	20,000	(20,000)
Total general government	<u>79,800</u>	<u>99,800</u>	<u>(20,000)</u>
Community services:			
Senior programs	-	896	(896)
Other programs	19,603	54,206	(34,603)
Total community services	<u>19,603</u>	<u>55,102</u>	<u>(35,499)</u>
Environmental services:			
Reimbursement to housing fund	109,400	109,400	-
Social programs	155,205	123,949	31,256
Housing programs	33,000	33,236	(236)
Other programs	-	37,768	(37,768)
Total environmental services	<u>297,605</u>	<u>304,353</u>	<u>(6,748)</u>
Public works:			
Curbs, gutters, sidewalks, and street repair	493,992	601,815	(107,823)
Other repairs	-	-	-
Total public works	<u>493,992</u>	<u>601,815</u>	<u>(107,823)</u>
Total expenditures	<u>891,000</u>	<u>1,061,070</u>	<u>(170,070)</u>
NET CHANGE IN FUND BALANCES	-	27,676	27,676
FUND BALANCES (DEFICITS)-BEGINNING	<u>648,216</u>	<u>648,216</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 648,216</u>	<u>\$ 675,892</u>	<u>\$ 27,676</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, 2004**

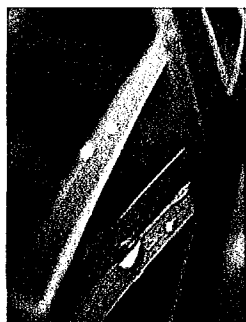
	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 6,600	\$ 6,103	\$ (497)
Other revenues	10,900	10,900	-
Total revenues	<u>17,500</u>	<u>17,003</u>	<u>(497)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Retiree benefits	<u>19,500</u>	<u>25,464</u>	<u>(5,964)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,000)	(8,461)	(6,461)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	<u>554,600</u>	<u>554,600</u>	-
NET CHANGE IN FUND BALANCES	552,600	546,139	(6,461)
FUND BALANCES (DEFICITS)-BEGINNING	<u>235,371</u>	<u>235,371</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 787,971</u>	<u>\$ 781,510</u>	<u>\$ (6,461)</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, 2004**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 25,164	\$ 19,187	\$ (5,977)
Service charges	789,282	796,133	6,851
Total revenues	<u>814,446</u>	<u>815,320</u>	<u>874</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	<u>53,600</u>	<u>53,600</u>	-
Public works:			
Utilities	327,178	339,354	(12,176)
Landscape maintenance contract	583,172	558,377	24,795
Other contract services	25,000	23,534	1,466
Total public works	<u>935,350</u>	<u>921,265</u>	<u>14,085</u>
Total expenditures	<u>988,950</u>	<u>974,865</u>	<u>14,085</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(174,504)	(159,545)	14,959
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	<u>199,988</u>	<u>200,000</u>	<u>12</u>
NET CHANGE IN FUND BALANCES	25,484	40,455	14,971
FUND BALANCES (DEFICITS)-BEGINNING	<u>1,079,510</u>	<u>1,079,510</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,104,994</u>	<u>\$ 1,119,965</u>	<u>\$ 14,971</u>



Internal Service and Fiduciary Funds





**CITY OF SIMI VALLEY
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2004**

	Liability Insurance	Workers' Compensation Insurance	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 9,038,491	\$ 5,681,336	\$ 14,719,827
Interest receivable	33,167	11,359	44,526
TOTAL ASSETS	9,071,658	5,692,695	14,764,353
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	137,500	55,961	193,461
Salaries and benefits payable	-	10,848	10,848
Compensated absences	-	1,729	1,729
Claims and legal services payable	1,150,806	2,812,500	3,963,306
Total current liabilities	1,288,306	2,881,038	4,169,344
Noncurrent liabilities:			
Advances from other funds	2,344,000	2,344,000	4,688,000
Compensated absences	-	15,596	15,596
Claims and legal services payable	1,401,285	6,959,474	8,360,759
Total noncurrent liabilities	3,745,285	9,319,070	13,064,355
TOTAL LIABILITIES	5,033,591	12,200,108	17,233,699
<u>NET ASSETS</u>			
Unrestricted	4,038,067	(6,507,413)	(2,469,346)
TOTAL NET ASSETS	\$ 4,038,067	\$ (6,507,413)	\$ (2,469,346)

CITY OF SIMI VALLEY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Liability Insurance	Workers' Compensation Insurance	Total
<u>OPERATING REVENUES</u>			
Charges for sales and services	\$ 1,646,100	\$ 3,252,100	\$ 4,898,200
Total operating revenues	<u>1,646,100</u>	<u>3,252,100</u>	<u>4,898,200</u>
<u>OPERATING EXPENSES</u>			
Salaries and benefits	-	214,579	214,579
Excess insurance premiums	457,144	309,550	766,694
Claims and legal expenses	837,777	4,352,337	5,190,114
General administration	528,100	118,700	646,800
Other	-	5,502	5,502
Total operating expenses	<u>1,823,021</u>	<u>5,000,668</u>	<u>6,823,689</u>
OPERATING INCOME (LOSS)	<u>(176,921)</u>	<u>(1,748,568)</u>	<u>(1,925,489)</u>
NONOPERATING REVENUES AND EXPENSES:			
Interest	54,917	40,154	95,071
Other	5,000	-	5,000
Total nonoperating revenues (expenses)	<u>59,917</u>	<u>40,154</u>	<u>100,071</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(117,004)</u>	<u>(1,708,414)</u>	<u>(1,825,418)</u>
<u>TRANSFERS</u>			
Transfers out	<u>(1,500)</u>	<u>(3,000)</u>	<u>(4,500)</u>
CHANGE IN NET ASSETS	<u>(118,504)</u>	<u>(1,711,414)</u>	<u>(1,829,918)</u>
TOTAL NET ASSETS-BEGINNING	<u>4,156,571</u>	<u>(4,795,999)</u>	<u>(639,428)</u>
TOTAL NET ASSETS-ENDING	<u>\$ 4,038,067</u>	<u>\$ (6,507,413)</u>	<u>\$ (2,469,346)</u>

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

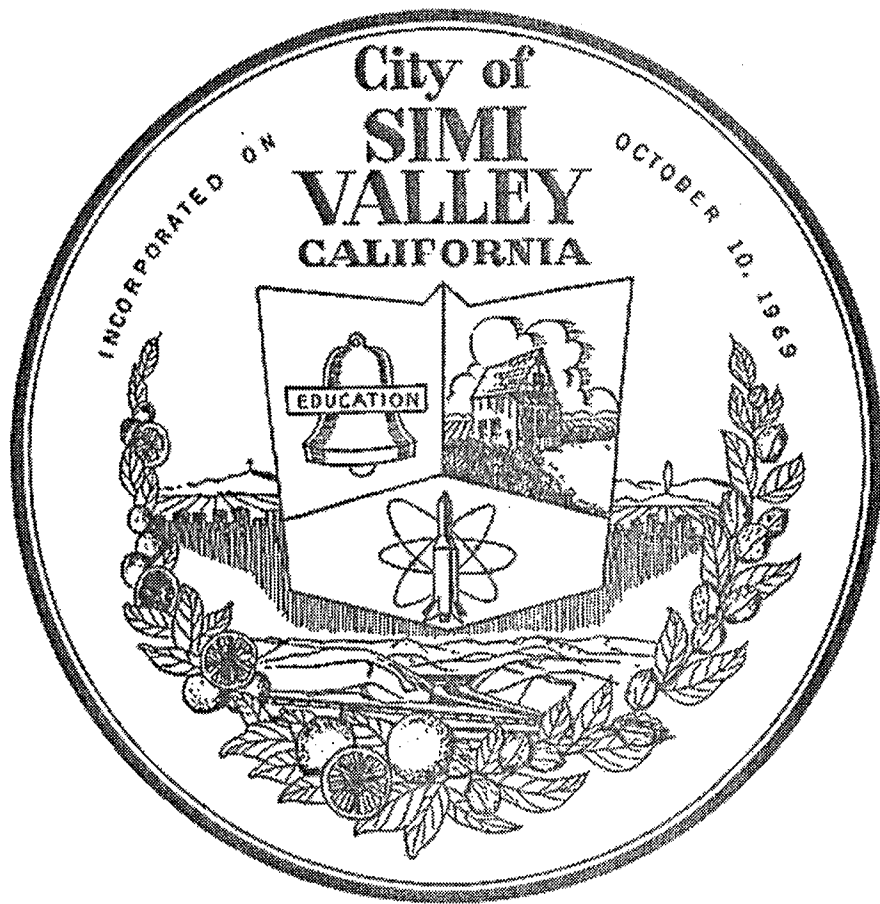
	Liability Insurance	Workers' Compensation Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from service charges and other revenues (net of refunds)	\$ 1,646,100	\$ 3,252,100	\$ 4,898,200
Cash paid for general administration	(528,100)	(118,700)	(646,800)
Cash paid for services	-	(330,033)	(330,033)
Cash paid for insurance premiums and claims	(973,695)	(2,335,548)	(3,309,243)
Cash paid for insurance services	-	(5,502)	(5,502)
Net cash provided (used) by operating activities	<u>144,305</u>	<u>462,317</u>	<u>606,622</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers to other funds	(1,500)	(3,000)	(4,500)
Net cash provided (used) by noncapital financing activities	<u>(1,500)</u>	<u>(3,000)</u>	<u>(4,500)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on investments	50,320	37,223	87,543
Other	5,000	-	5,000
Net cash provided (used) by investing activities	<u>55,320</u>	<u>37,223</u>	<u>92,543</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	198,125	496,540	694,665
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,840,366</u>	<u>5,184,796</u>	<u>14,025,162</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,038,491</u>	<u>\$ 5,681,336</u>	<u>\$ 14,719,827</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ (176,921)	\$ (1,748,568)	\$ (1,925,489)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	111,851	(115,454)	(3,603)
Increase (decrease) in claims and legal service payable	209,375	2,326,339	2,535,714
Total adjustments	<u>321,226</u>	<u>2,210,885</u>	<u>2,532,111</u>
Net cash provided (used) by operating activities	<u>\$ 144,305</u>	<u>\$ 462,317</u>	<u>\$ 606,622</u>

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2004**

	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 Current Year
<u>ASSETS</u>				
Current assets:				
Cash and investments:				
Held by city	\$ 2,656,957	\$ 86,928	\$ 121,654	\$ 2,865,539
Held by fiscal agents	1,415,889	-	-	1,415,889
Accounts receivable	12,327	860	523	13,710
TOTAL ASSETS	\$ 4,085,173	\$ 87,788	\$ 122,177	\$ 4,295,138
<u>LIABILITIES</u>				
Current liabilities:				
Intergovernmental payable	4,085,173	87,788	122,177	4,295,138
TOTAL CURRENT LIABILITIES	\$ 4,085,173	\$ 87,788	\$ 122,177	\$ 4,295,138

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2004**

	Balance at June 30, 2003	Additions	Deletions	Balance at June 30, 2004
ASSESSMENT DISTRICT - CITY OF SIMI VALLEY				
ASSETS:				
Cash and investments held by city	\$ 2,739,289	\$ 1,293,143	\$ 1,375,475	\$ 2,656,957
Cash and investments held by fiscal agents	1,404,410	5,113,907	5,102,428	1,415,889
Accounts receivable	16,615	12,327	16,615	12,327
TOTAL ASSETS	\$ 4,160,314	\$ 6,419,377	\$ 6,494,518	\$ 4,085,173
LIABILITIES:				
Intergovernmental payable	\$ 4,160,314	\$ 6,419,377	\$ 6,494,518	\$ 4,085,173
TOTAL LIABILITIES	\$ 4,160,314	\$ 6,419,377	\$ 6,494,518	\$ 4,085,173
SIMI VALLEY UNIFIED SCHOOL DISTRICT				
ASSETS:				
Cash and investments held by city	\$ 41,963	\$ 526,003	\$ 481,038	\$ 86,928
Accounts receivable	864	860	864	860
TOTAL ASSETS	\$ 42,827	\$ 526,863	\$ 481,902	\$ 87,788
LIABILITIES:				
Intergovernmental payable	\$ 42,827	\$ 526,863	\$ 481,902	\$ 87,788
TOTAL LIABILITIES	\$ 42,827	\$ 526,863	\$ 481,902	\$ 87,788
VENTURA COUNTY COMMUNITY COLLEGE DISTRICT				
ASSETS:				
Cash and investments held by city	\$ 112,640	\$ 125,490	\$ 116,476	\$ 121,654
Accounts receivable	430	523	430	523
TOTAL ASSETS	\$ 113,070	\$ 126,013	\$ 116,906	\$ 122,177
LIABILITIES:				
Intergovernmental payable	\$ 113,070	\$ 126,013	\$ 116,906	\$ 122,177
TOTAL LIABILITIES	\$ 113,070	\$ 126,013	\$ 116,906	\$ 122,177
TOTAL AGENCY FUNDS				
ASSETS:				
Cash and investments held by city	\$ 2,893,892	\$ 1,944,636	\$ 1,972,989	\$ 2,865,539
Cash and investments held by fiscal agents	1,404,410	5,113,907	5,102,428	1,415,889
Accounts receivable	17,909	13,710	17,909	13,710
TOTAL ASSETS	\$ 4,316,211	\$ 7,072,253	\$ 7,093,326	\$ 4,295,138
LIABILITIES:				
Intergovernmental payable	\$ 4,316,211	\$ 7,072,253	\$ 7,093,326	\$ 4,295,138
TOTAL LIABILITIES	\$ 4,316,211	\$ 7,072,253	\$ 7,093,326	\$ 4,295,138



STATISTICAL OVERVIEW • FISCAL YEAR ENDED JUNE 30, 2004

LOCATION: Southeastern Ventura County, 40 Miles Northwest of Downtown Los Angeles
 INCORPORATED: October 10, 1969
 FORM OF GOVERNMENT: Council / Manager
 Mayor/Four Member City Council Elected-at-Large

POPULATION (July 1, 2004):
 City Residents..... 119,590 Growth Area Residents.... 122,038

PHYSICAL SIZE - SQUARE MILES:
 Incorporated Area..... 38.9 Growth Area..... 100.0

STREETS:
 Estimated Miles of Paved Streets..... 306.25
 Number of Street Lights..... 7,494

BUILDING PERMITS:
 Permits Issued..... 2,693
 Approximate Value (In Thousands of Dollars)..... \$216,442

BUSINESS TAX RECEIPTS:
 Applications/Renewals Processed..... 10,426
 Receipts Issued..... 7,808
 Business Tax Revenues..... \$1,287,934

SANITATION SERVICES (Waste Water Collection and Treatment):
 Customer Accounts..... 34,502 Plant Capacity..... 12.5 MGD
 Miles of Sewerline..... 500 Average Daily Plant Flows 9.2 MGD

WATER SERVICES (Retail Sale of Water):

	Number of Accounts	Water Delivered (Million Gallons)
Customers.....	23,290	7,682.3
Sales To Other Agencies.....	2	506.0
TOTAL.....	23,292	8,188.3

Note: Balance of community (approximately 14,300 customers) serviced by Southern California Water Co.

AUTHORIZED POSITIONS:
 (Excluding Temporary Employees)

	General Fund	Special Funds and Districts	Total	
			2004	2003
General Government.....	64	13	77	77
Community Services.....	36	49	85	82
Environmental Services.....	59	8	67	66
Police.....	187	5	192	191
Public Works.....	129	93	222	221
TOTAL.....	475	168	643	637

Authorized Number of Sworn Police Personnel..... 122
 Ratio of Sworn Police Personnel per 1,000 Population..... 1.020

SOURCES: City of Simi Valley, Southern California Edison, Southern California Water Company

GOVERNMENTAL REVENUES & NET OTHER FINANCING SOURCES • LAST TEN FISCAL YEARS (Note 1)

Revenues

Fiscal Year	Property Taxes	Sales Taxes	Other Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	From Other Govt's
1994-95	8,785,180	7,873,366	3,583,323	1,138,223	245,359	1,875,540	7,727,478
1995-96	10,493,079	7,523,998	4,035,933	1,677,776	184,552	4,120,067	8,192,192
1996-97	11,018,800	8,644,433	4,089,201	2,112,957	213,651	4,152,681	8,862,833
1997-98	11,826,311	8,483,344	4,572,733	3,893,592	216,620	3,290,813	9,200,874
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

NOTE: 1. Includes all Governmental Fund Types.

GOVERNMENTAL REVENUES & NET OTHER FINANCING SOURCES • LAST TEN FISCAL YEARS

Revenues

Grants	Service Charges	Other Revenues	Total Revenues	Net Other Financing Sources	Total	Fiscal Year
6,067,977	2,545,989	1,431,776	41,274,211	1,544,117	42,818,328	1994-95
6,783,057	3,620,107	1,035,494	47,666,255	17,743,314	65,409,569	1995-96
3,584,733	4,564,986	733,470	47,977,745	697,680	48,675,425	1996-97
7,691,643	6,379,594	896,243	56,451,767	787,441	57,239,208	1997-98
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

Concluded

GOVERNMENTAL EXPENDITURES BY FUNCTION • LAST TEN FISCAL YEARS (Note 1)

Current Expenditures

Fiscal Year	General Government	Community Services	Environmental Services	Public Works	Police Department	Total Current Expenditures
1994-95	4,522,601	-	6,427,006	10,732,444	12,355,952	34,038,003
1995-96	5,133,570	-	5,890,617	12,035,962	12,872,431	35,932,580
1996-97	5,088,289	2,294,638	5,024,756	10,394,226	14,023,538	36,825,447
1997-98	4,751,880	2,330,782	5,640,296	10,906,437	14,783,720	38,413,115
1998-99	5,322,519	2,474,621	4,576,395	12,370,788	15,106,774	39,851,097
1999-00	3,676,924	2,775,374	5,574,574	10,660,175	16,030,718	38,717,765
2000-01	4,764,663	2,953,456	6,939,661	11,601,786	17,277,973	43,537,539
2001-02	4,739,066	3,022,864	5,851,490	12,293,447	18,643,300	44,550,167
2002-03	6,656,623	4,481,811	5,576,295	12,464,375	19,828,550	49,007,654
2003-04	5,360,370	3,233,192	11,432,418	13,847,391	23,086,299	56,959,670

NOTE: 1. Includes all Governmental Fund Types.

SOURCE: City of Simi Valley

Continued

GOVERNMENTAL EXPENDITURES BY FUNCTION • LAST TEN FISCAL YEARS (Note 1)

Current Expenditures

Capital Projects	Debt Service	Inter- governmental	Total Expenditures	Fiscal Year
7,794,773	4,242,113	2,004,351	48,079,240	1994-95
8,852,575	5,176,299	1,689,092	51,650,546	1995-96
4,164,576	4,896,162	1,682,408	47,568,593	1996-97
10,717,282	4,637,948	1,779,799	55,548,144	1997-98
10,767,241	8,875,831	1,886,084	61,380,253	1998-99
10,365,422	6,102,486	2,383,287	57,568,960	1999-00
8,884,332	5,533,625	2,601,450	60,556,946	2000-01
12,576,967	6,339,232	2,771,780	66,238,146	2001-02
5,545,599	6,406,184	3,132,557	64,091,994	2002-03
4,916,881	3,040,287	3,628,878	68,545,716	2003-04

Concluded

**CITY OF SIMI VALLEY
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TWO FISCAL YEARS**

<u>Fiscal Year</u>	<u>Program Revenues</u>			<u>General Revenues</u>			<u>Total</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Taxes</u>	<u>Unrestricted Investment Earnings</u>	<u>Capital Contributions and Misc.</u>	
2002-2003	\$37,128,723	\$ 8,935,873	\$ 2,863,349	\$44,996,853	\$ 3,363,909	\$20,915,737	\$118,204,444
2003-2004	\$44,575,298	\$12,724,448	\$ 2,072,082	\$47,548,587	\$ 1,580,676	\$ 2,147,862	\$110,648,953

This is the second year reporting the government-wide revenues by source. Current year totals will continue to be added to this schedule until ten years are listed.

**CITY OF SIMI VALLEY
GOVERNMENT-WIDE EXPENSES BY PROGRAM
LAST TWO FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Community Services</u>	<u>Planning</u>	<u>Public Ways and Facilities</u>	<u>Public Safety</u>	<u>Interest on Long-Term Debt</u>	<u>Sanitation</u>	<u>Waterworks District No. 8</u>	<u>Transit</u>	<u>Total</u>
2002-2003	\$16,213,555	\$ 4,196,666	\$ 5,695,344	\$13,501,151	\$22,380,396	\$ 2,487,785	\$ 9,649,662	\$17,235,501	\$ 3,455,148	\$ 94,815,208
2003-2004	\$15,145,488	\$ 3,306,481	\$10,819,148	\$15,228,178	\$24,888,781	\$ 2,089,477	\$10,276,065	\$19,793,965	\$ 4,128,283	\$105,675,866

This is the second year reporting the government-wide expenses by program. Current year totals will continue to be added to this schedule until ten years are listed.

ASSESSED VALUE OF TAXABLE PROPERTY • LAST TEN FISCAL YEARS (Note 1)

Fiscal Year	Gross Assessed Valuation (Note 2)				Percentage Change
	Secured	Utility	Unsecured	Total	
1994-95.....	5,714,721,423	5,611,471	230,802,177	5,951,135,071	2.0%
1995-96.....	5,510,443,834	5,736,023	233,031,687	5,749,211,544	-3.4%
1996-97.....	5,569,048,383	5,754,999	236,759,341	5,811,562,723	1.1%
1997-98.....	5,742,072,685	4,739,718	247,874,934	5,994,687,337	3.2%
1998-99.....	6,121,314,502	5,041,906	267,403,389	6,393,759,797	6.7%
1999-00.....	6,804,211,563	4,521,505	263,487,140	7,072,220,208	10.6%
2000-01.....	7,652,960,223	4,436,680	314,152,975	7,971,549,878	12.7%
2001-02.....	8,338,284,943	4,535,050	319,123,415	8,661,943,408	8.7%
2002-03.....	9,001,962,570	4,738,971	309,184,285	9,315,885,826	7.5%
2003-04.....	9,674,185,767	4,137,416	311,473,006	9,989,796,189	7.2%

NOTES:

1. 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.
2. 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.

SOURCE: Ventura County Auditor-Controller

DIRECT AND OVERLAPPING PROPERTY TAX RATES • LAST TEN FISCAL YEARS (Note 1)

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
CITY OF SIMI VALLEY.....\$	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County of Ventura:										
General.....	--	--	--	--	--	--	--	--	--	--
Library District.....	--	--	--	--	--	--	--	--	--	--
Fire District.....	--	--	--	--	--	--	--	--	--	--
Flood Control District.....	--	--	--	--	--	--	--	--	--	--
Schools - All Agencies										
Combined.....	--	--	--	--	--	--	--	--	--	--
Rancho Simi Recreation & Park District.....	--	--	--	--	--	--	--	--	--	--
Simi Valley County										
Sanitation District.....	--	--	--	--	--	--	--	--	--	--
Simi Valley Lighting										
Maintenance District.....	--	--	--	--	--	--	--	--	--	--
All Other Agencies.....	--	--	--	--	--	--	--	--	--	--
Bonded Debt Tax Rates										
All Agencies Combined.....	0.105845	0.105675	0.056557	0.055209	0.052284	0.047239	0.040618	0.036032	0.050824	0.047697
Proposition 13 Maximum										
Tax Rate	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Total.....	\$1.105845	\$1.105675	\$1.056557	\$1.055209	\$1.052284	\$1.047239	\$1.040618	\$1.036032	\$1.050824	\$1.047697

NOTE: 1. Property tax rates are levied per \$100 of assessed valuation. The tax rate information provided is for Tax Rate Area 09006, which is the largest tax rate area in the City.

SOURCE: Ventura County Auditor-Controller

**SECURED PROPERTY TAX ROLL LEVIES AND COLLECTIONS (Note 1)
TOTAL CHARGES WITHIN THE CITY OF SIMI VALLEY (Note 2)
LAST TEN FISCAL YEARS**

Fiscal Year	Total Secured Tax Levy	Current Year Collections	Current Year Delinquencies	Percent Delinquent
1994-95.....	65,789,860	63,283,153	2,506,707	3.8%
1995-96.....	71,952,255	70,409,225	1,543,030	2.1%
1996-97.....	69,151,624	67,651,062	1,500,562	2.2%
1997-98.....	71,153,843	69,933,781	1,220,062	1.7%
1998-99.....	72,416,397	71,199,814	1,216,583	1.7%
1999-00.....	79,350,486	77,904,659	1,445,827	1.8%
2000-01.....	89,282,371	87,675,785	1,606,586	1.8%
2001-02.....	96,624,697	94,486,989	2,137,708	2.2%
2002-03.....	104,460,998	102,875,792	1,585,206	1.5%
2003-04.....	113,380,764	111,280,050	2,100,714	1.9%

NOTES:

1. The secured property tax roll is composed of ad valorem taxes, as well as special assessments, and is calculated by the Ventura County Auditor-Controller. The Ventura County Tax Collector is responsible for all property tax roll collections within the City of Simi Valley.
2. The passage of Proposition 13 on June 6, 1978, established a maximum County-wide levy for general revenue purposes of 1% of market value. Voter-approved tax rates for the retirement of long-term debt were excluded from this levy limit as well as assessments based on benefit rather than property valuation. Due to the County-wide nature of this maximum levy and subsequent allocation formula as derived for its distribution, it is no longer possible to identify general purpose tax rates for specific taxing entities. As such, data is provided for the total secured levy and collections within the boundaries of the City of Simi Valley rather than individual taxing entities. In addition, as noted previously, the City did not levy a general purpose property tax subsequent to the passage of Proposition 13.

SOURCE: California Municipal Statistics, Inc.

COMPUTATION OF LEGAL DEBT MARGIN • FISCAL YEAR ENDED JUNE 30, 2004

Gross Assessed Valuation.....	\$9,989,796,189
Legal Debt Limit - 3.75% of Gross Assessed Valuation.....	<u>374,617,357</u>

General Obligation Bonded Debt.....	<u>\$0</u>
--	------------

Other Long-Term Debt:

Advances Payable.....	10,969,530
SVPFA 1995 Lease Revenue Bonds.....	8,325,000
2003 Tax Allocation Refunding Bonds.....	31,435,000
Compensated Absences.....	<u>4,287,539</u>
 Total General Long-term Debt.....	 <u>55,017,069</u>

LESS DEDUCTIONS ALLOWED BY LAW:

Advanced Payables.....	10,969,530
Bonded Debt Exempted by Law.....	39,760,000
Compensated Absences.....	<u>4,287,539</u>
 Total Deductions Allowed by Law.....	 <u>55,017,069</u>

TOTAL DEBT APPLICABLE TO COMPUTED LIMIT.....	<u>\$0</u>
---	-------------------

NOTE: The general laws of the State of California for municipalities actually provide for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was established based on 25% of market value. Effective with FY 1981-82, taxable property is assessed at 100% of market value. Although the debt limit provision has not been amended by the State since this change, the percentage has been proportionately modified 3.75% for the purposes of this calculation for consistency with the original intent of the State debt limit.

SOURCE: Ventura County Auditor Controller, City of Simi Valley

DIRECT AND OVERLAPPING BONDED DEBT • JUNE 30, 2004 (See Note)

BONDED DEBT BY AGENCY:	Percentage Applicable to the City of Simi Valley	Amount Applicable to the City of Simi Valley
Ventura County General Fund Obligations.....	13.662 %	\$14,537,051
Ventura County Pension Obligations.....	13.662	10,037,471
Ventura County Superintendent of Schools Certificates.....	13.662	1,892,870
Metropolitan Water District.....	0.739	3,306,840
Ventura County Community College District.....	13.666	10,618,482
Simi Valley Unified School District.....	96.412	79,715,106
Simi Valley Unified School District Certificates.....	96.412	13,377,165
Rancho Simi Recreation & Park District Authority.....	80.297	1,385,123
Ventura County Community College District Certificates.....	13.666	1,103,530
City of Simi Valley 1915 Act Bonds.....	100.000	9,365,000
City of Simi Valley General Fund Obligations.....	100.000	8,325,000
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT.....		153,663,638
 LESS SELF-SUPPORTING ISSUES:		
Lease-Revenue Bonds.....		24,698,565
1915 Act Bonds.....		9,365,000
TOTAL SELF-SUPPORTING ISSUES.....		34,063,565
 TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT.....		 \$119,600,073

RATIO OF BONDED DEBT TO ASSESSED VALUATION AND POPULATION:

Gross Assessed Valuation.....	\$9,989,796,189
Population.....	119,590

	Amount	Percentage of Gross Assessed Valuation	Per Capita Bonded Debt
Direct and Overlapping Bonded Debt:			
Gross.....	\$153,663,638	1.54%	\$1,285
Net.....	119,600,073	1.20%	1,000
Overlapping Bonded Debt:			
Gross.....	\$135,973,638	1.36%	\$1,137
Net.....	111,275,073	1.11%	930
Direct Bonded Debt:			
Gross.....	17,690,000	0.18%	148
Net.....	8,325,000	0.08%	70

NOTE: Includes certificates of participation. Excludes tax and revenue anticipation notes, revenue and tax allocation bonds, and non-bonded capital lease obligations.

SOURCE: California Municipal Statistics, Inc.

POPULATION AND HOUSING • CITY OF SIMI VALLEY AND GROWTH AREA (Note 1)

Population and Housing o City of Simi Valley o Last Ten Calendar Years

Year	Population	Annual Increase	Annual Percentage Increase	Housing Units	Annual Increase	Annual Percentage Increase
1995	102,403	416	0.4%	33,986	133	0.4%
1996	103,859	1,456	1.4%	34,502	516	1.5%
1997	105,249	1,390	1.3%	34,947	445	1.3%
1998	106,320	1,071	1.0%	35,290	343	1.0%
1999	109,546	3,226	3.0%	36,429	1,139	3.2%
2000	112,428	2,882	2.6%	37,452	1,023	2.8%
2001	115,719	3,291	2.9%	38,359	907	2.4%
2002	117,432	1,713	1.5%	38,906	547	1.4%
2003	118,090	658	0.6%	39,116	210	0.5%
2004	119,590	1,500	1.3%	39,666	550	1.4%

Housing Characteristics o City of Simi Valley o 2004

	Number	Percentage
Single Family Units.....	31,564	79.57%
2-4 Unit Structures.....	1,622	4.09%
5 or more Unit Structures.....	5,631	14.20%
Mobile Homes.....	849	2.14%
Total.....	39,666	100.00%

Population Data o Simi Valley Growth Area (Note 2)

Actual		Projected	
1960.....	8,000	2005.....	129,220
1965.....	43,000	2010.....	133,653
1970.....	60,000	2015.....	138,276
1975.....	73,000	2020.....	140,452
1980.....	79,400		
1985.....	90,640		
1990.....	103,220		
1995.....	112,650		
2000.....	114,876		
2004.....	122,038		

- NOTES: 1. Population and housing data is provided as of July 1 of each year.
2. The Simi Valley Growth Area includes the population within the City limits as well as surrounding unincorporated areas. The population projections provided are the official estimates adopted by the City of Simi Valley.

SOURCE: Department of Environmental Services, City of Simi Valley

MAJOR SOURCES OF EMPLOYMENT • FISCAL YEAR ENDED JUNE 30, 2004
FULL/PART TIME

Manufacturing	Number of Employees	Principal Product
Milgard Manufacturing Inc.....	376	Windows and Doors
Polytainer Inc.....	304	Plastic Bottles
Meggitt Safey Systems.....	248	Fire Protection Systems
Hitachi Printing Solutions	173	Imaging Supplies
Nexicore Services	137	Computer Parts
Standard Abrasives.....	134	Abrasive Products
PSI Bearings.....	128	Aerospace Bearings
ALCOA Fastening Systems	118	Aircraft & Automotive Parts
Datron/Advance Technologies.....	94	Antenna Systems
Qualstar Corp.....	87	Tape Libraries and Tape Drives
Honeywell-Hughey & Phillips.....	67	Airport Lighting
Cardkey Systems	59	Security Systems

Services and Retail	Number of Employees	Principal Product
Countrywide Funding Corp.....	5,673	Financing
Simi Valley Unified School District.....	2,509	Education
Farmers Insurance Group.....	988	Regional Insurance Service Center
Simi Valley Hospital & Health Care.....	710	Health Services
City of Simi Valley.....	633	City Government
Vons.....	440	Grocery Stores
Rancho Simi Recreation & Park District...	300	Parks Services
Home Depot.....	275	Home Improvement Store
Price Costco.....	221	Warehouse Store
Wal-Mart.....	214	Department Store
Target Department Store.....	165	Department Store
Adventist Media Center.....	144	Production Studio
Ralphs Grocery Store.....	114	Grocery Stores
Grand Vista Hotel of Simi Valley.....	113	Hotel
Cinram	104	Nationwide Fiberoptic Network
Albertsons Grocery Store.....	102	Grocery Store
Mervyn's Department Store.....	98	Department Store

SOURCE: Department of Administrative Services, City of Simi Valley

SCHEDULE OF BUILDING PERMITS AND VALUATIONS • LAST TEN FISCAL YEARS (See Note)

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
BUILDING PERMITS ISSUED:										
Single-Family Residential.....	278	378	383	761	1,001	927	469	364	262	204
Multi-Family Residential.....	16	9	10	13	17	10	-	-	43	162
Mobile Homes.....	15	16	14	20	25	13	7	7	8	9
Relocation & Demolitions.....	10	6	10	3	18	4	7	11	6	5
Subtotal: Residential.....	319	409	417	797	1,061	954	483	382	319	380
Industrial.....	1	2	3	6	15	3	4	9	1	12
Commercial.....	23	3	4	6	24	32	35	26	46	7
Institutional.....	-	-	3	1	8	1	-	1	4	-
Subtotal: Non-Residential....	24	5	10	13	47	36	39	36	51	19
Additions & Conversions.....	2,073	1,637	1,467	1,446	1,557	1,531	1,509	1,725	1,721	1,700
Swimming Pools.....	95	104	142	128	240	268	293	296	263	343
Other Improvements.....	164	177	129	194	235	347	227	215	178	251
Subtotal: Other Permits.....	2,332	1,918	1,738	1,768	2,032	2,146	2,029	2,236	2,162	2,294
Total Permits Issued.....	2,675	2,332	2,165	2,578	3,140	3,136	2,551	2,654	2,532	2,693

BUILDING PERMIT VALUATIONS: (In Thousands of Dollars)

Single-Family Residential.....	\$45,604	\$67,050	\$77,978	\$181,988	\$235,270	\$227,143	\$116,062	\$88,345	\$82,536	\$100,465
Multi-Family Residential.....	9,101	4,084	5,210	6,434	11,037	3,427	-	-	33,790	43,961
Mobile Homes.....	-	-	-	-	-	-	-	-	-	-
Relocations & Demolitions.....	-	81	-	-	-	-	-	-	-	-
Subtotal: Residential.....	54,705	71,215	83,188	188,422	246,307	230,570	116,062	88,345	116,326	144,426
Industrial.....	34	532	4,567	20,066	6,815	2,021	5,359	9,701	534	7,587
Commercial.....	3,879	7,440	1,531	6,111	35,392	12,718	1,460	7,757	25,987	19,211
Institutional.....	-	-	-	1,024	6,011	1,127	-	32	3,103	-
Subtotal: Non-Residential....	3,913	7,972	6,098	27,201	48,218	15,866	6,818	17,490	29,624	26,798
Additions & Conversions.....	24,810	17,570	14,640	21,939	39,848	26,314	20,725	23,580	25,275	31,131
Swimming Pools.....	1,093	1,139	1,938	1,850	4,786	6,528	9,304	9,265	8,998	12,144
Other Improvements.....	1,226	2,343	1,128	3,324	4,898	5,502	3,337	3,154	2,729	1,943
Subtotal: Other Permits.....	27,129	21,052	17,706	27,113	49,532	38,344	33,365	35,999	37,002	45,218
Total Permit Valuations...	\$85,747	\$100,239	\$106,992	\$242,736	\$344,057	\$284,780	\$156,246	\$141,834	\$182,952	\$216,442

NOTE: Excludes special permits (plumbing, mechanical, electrical, grading, etc.), as well as plan check permits.

SOURCE: Department of Environmental Services, City of Simi Valley

SCHEDULE OF TAXABLE SALES AND PERMITS BY CATEGORY • LAST TEN CALENDAR YEARS

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
SALES (In Thousands of Dollars)										
Apparel Stores.....	\$17,158	\$20,027	\$17,787	\$16,876	\$17,099	\$14,537	\$14,046	\$16,040	\$15,539	\$15,378
General Merchandise.....	73,517	75,181	73,412	96,028	123,655	133,093	162,873	190,809	207,699	216,897
Drug Stores.....	21,469	20,770	15,090	15,488	N/A	N/A	N/A	N/A	N/A	N/A
Food Stores.....	62,513	67,636	64,237	61,824	61,248	63,426	67,584	68,980	71,223	70,667
Packaged Liquor Stores.....	4,674	5,115	4,479	4,430	N/A	N/A	N/A	N/A	N/A	N/A
Eating & Drinking Places.....	69,830	79,343	78,524	79,783	82,566	85,290	93,140	106,138	111,258	114,815
Home Furnishings & Appliances....	8,814	12,028	10,252	9,602	10,499	10,887	15,400	17,713	18,964	20,120
Building Materials & Farm Tools....	36,960	52,434	51,817	50,789	53,936	60,960	91,303	102,487	117,440	112,673
Auto Dealers & Supplies.....	83,383	81,580	99,194	98,944	115,622	127,065	137,943	159,907	186,499	200,293
Service Stations.....	64,470	62,728	62,586	61,377	64,836	59,013	65,945	75,893	79,450	79,589
Other Retail Stores.....	51,732	65,486	65,700	69,067	78,896	79,076	90,848	100,202	102,925	109,345
Subtotal: Retail Stores.....	494,520	542,328	543,078	564,208	608,357	633,347	739,082	838,169	910,997	939,777
All Other Outlets.....	129,023	152,859	148,793	168,595	183,373	194,654	194,618	204,365	216,992	222,642
Total: All Outlets.....	\$623,543	\$695,187	\$691,871	\$732,803	\$791,730	\$828,001	\$933,700	\$1,042,534	\$1,127,989	\$1,162,419

PERMITS

Apparel Stores.....	41	52	47	41	34	34	40	38	45	47
General Merchandise.....	16	14	15	15	30	29	33	31	32	31
Drug Stores.....	13	13	13	13	N/A	N/A	N/A	N/A	N/A	N/A
Food Stores.....	48	58	56	54	56	61	62	60	62	60
Packaged Liquor Stores.....	22	21	18	20	N/A	N/A	N/A	N/A	N/A	N/A
Eating & Drinking Places.....	179	182	186	189	185	182	195	206	216	212
Home Furnishings & Appliances....	60	53	47	49	53	51	57	53	56	51
Building Materials & Farm Tools....	28	26	27	25	27	23	25	27	28	29
Auto Dealers & Supplies.....	32	34	33	33	34	35	42	41	39	43
Service Stations.....	32	37	33	29	26	26	26	25	30	30
Other Retail Stores.....	257	271	283	284	301	308	371	392	431	466
Subtotal: Retail Stores.....	728	761	758	752	746	749	851	873	939	969
All Other Outlets.....	2,581	2,525	2,464	2,458	2,380	2,425	2,269	2,121	2,086	2,071
Total: All Outlets.....	3,309	3,286	3,222	3,210	3,126	3,174	3,120	2,994	3,025	3,040

SOURCE: State Board of Equalization, State of California

SCHEDULE OF BUSINESS TAX CERTIFICATES ISSUED • FISCAL YEAR ENDED JUNE 30, 2004

	No. of Businesses	Percent	
		Simi Valley Businesses Excluding Home Occupations	Total
Located Within City Limits:			
Services.....	1,339	52.9%	17.1%
Retail Trade.....	708	28.0%	9.1%
Finance, Insurance, and Real Estate.....	190	7.5%	2.4%
Manufacturing.....	140	5.5%	1.8%
Construction.....	99	3.9%	1.3%
Wholesale Trade.....	48	1.9%	0.6%
Transportation and Public Utilities.....	4	0.2%	0.1%
Agriculture, Forestry and Fishing.....	2	0.1%	0.0%
Total (excluding home occupations)....	2,530	100.0%	32.4%
Home Occupations.....	3,286		42.1%
Total Simi Valley Businesses.....	5,816		74.5%
Located In Surrounding Unincorporated Areas:			
Home Occupations.....	765		9.8%
Other Businesses.....	1,227		15.7%
Total Businesses Outside Simi Valley..	1,992		25.5%
TOTAL.....	7,808		100.0%

SOURCE: City of Simi Valley

SCHEDULE OF BANK DEPOSITS • LAST TEN FISCAL YEARS

	Banking Institutions	Savings & Loan Institutions	Credit Unions	Total
DEPOSIT AMOUNTS (In Thousands of Dollars):				
1994-1995.....	510,443	229,449	6,223	746,115
1995-1996.....	334,668	377,879	-	712,547
1996-1997.....	356,511	371,587	-	728,098
1997-1998.....	379,712	385,740	-	765,452
1998-1999.....	431,438	373,212	-	804,650
1999-2000.....	470,837	362,863	-	833,700
2000-2001.....	516,423	392,333	-	908,756
2001-2002.....	642,517	354,313	-	996,830
2002-2003.....	718,369	389,493	-	1,107,862
2003-2004.....	818,791	407,412	-	1,226,203

NUMBER OF INSTITUTIONS/BRANCHES:

1994-1995.....	16	7	1	24
1995-1996.....	11	5	-	16
1996-1997.....	10	7	-	17
1997-1998.....	10	6	-	16
1998-1999.....	9	5	-	14
1999-2000.....	9	5	-	14
2000-2001.....	9	5	-	14
2001-2002.....	12	5	-	17
2002-2003.....	12	7	-	19
2003-2004.....	13	6	-	19

SOURCE: Federal Department Insurance Corporation (FDIC)

**MUNICIPAL SERVICES PROVIDED BY OTHER AGENCIES OR PRIVATE COMPANIES
FISCAL YEARS ENDED JUNE 30, 2004 AND 2003**

ANIMAL REGULATION: County of Ventura, Animal Regulation Department
 MOORPARK COMMUNITY COLLEGE: Ventura County Community College District
 RESIDENTIAL REFUSE COLLECTION: Private Companies Operating Under City Franchise

PUBLIC ELEMENTARY AND SECONDARY SCHOOLS: Simi Valley Unified School District

	No. of Schools	2003-2004 Enrollment	No. of Schools	2002-2003 Enrollment
Elementary (K-6).....	21	10,712	21	10,918
Middle School (6-8).....	3	3,731	3	3,750
Senior High (9-12).....	3	5,764	3	5,543
Continuation (9-12).....	1	273	1	266
Special Education.....	-	741	-	738
Independent Study.....	1	156	1	144
TOTAL.....	29	21,377	29	21,359

SIMI VALLEY LIBRARY: County of Ventura, Library Services Agency

	2004	2003
Building Square Footage.....	36,000	36,000
No. of Volumes (Estimate).....	135,000	135,000

FIRE PROTECTION: County of Ventura, Fire Protection District

2004: 5 Fire Stations with 57 Firefighters, 6 Firefighter Paramedics and 3 Battalion Chiefs
 7 Fire Engines, 2 Utility Vehicles, 1 Ladder Truck, 1 Water Tender, 1 Foam Trailer
 1 Brush Engine, 1 Paramedic Squad Car, 2 Battalion Chief Vehicles

2003: 5 Fire Stations with 57 Firefighters, 6 Firefighter Paramedics and 3 Battalion Chiefs
 5 Fire Engines, 2 Utility Vehicles, 1 Ladder Truck, 1 Water Tender, 1 Foam Trailer
 1 Brush Engine, 1 Paramedic Squad Car, 2 Battalion Chief Vehicles

(Continued)

MUNICIPAL SERVICES PROVIDED BY OTHER AGENCIES OR PRIVATE COMPANIES (Continued)
FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

ELECTIONS: County of Ventura, County Clerk and Recorder

<u>Last Two State-Wide Elections</u>	<u>March 2, 2004</u>	<u>October 7, 2003</u>
Number of Registered Voters in Ventura County.....	366,486	363,881
Voter Turn-Out:		
Number of Ballots Cast.....	171,875	240,088
Percentage Voter Turn-Out.....	46.9%	66.0%

WATER SERVICES: Regional Wholesaler (Primary Source of Supply for Community)
Calleguas Municipal Water District

<u>Retail Sale of Water</u>	<u>2004</u>	<u>2003</u>
Southern California Water Company (Estimate).....	14,300	13,800
Balance of Community Serviced by the City.....	23,290	23,051

RECREATION AND PARKS: Rancho Simi Recreation and Park District

	<u>2004</u>				<u>2003</u>	
	<u>Developed</u>		<u>Undeveloped</u>		Total Acres	Total Acres
	Sites	Acres	Sites	Acres		
Community Parks-Urban.....	4.0	102.2	4.0	22.3	124.4	124.4
Community Parks-Theme:						
Golf Courses.....	2.0	180.2	2.0	24.4	204.6	190.5
Other Uses.....	3.0	22.5	4.0	209.1	231.6	231.6
Neighborhood Parks.....	22.0	125.7	8.0	26.0	151.7	151.7
Natural Parks.....	1.0	3.0	3.0	355.7	358.7	358.7
Open Space.....	0.0	0.0	15.0	3,189.7	3,189.7	3000.6
TOTAL SIMI VALLEY.....	32.0	433.5	36.0	3,827.2	4,260.7	4,057.5
Oakpark/Agoura Area.....	11.0	195.0	4.0	1,316.0	1,511.0	1,511.0
TOTAL.....	43.0	628.5	40.0	5,143.2	5,771.7	5,568.5

(Concluded)

**PRINCIPAL PROPERTY TAXPAYERS • CITY OF SIMI VALLEY
FISCAL YEAR ENDED JUNE 30, 2004**

Taxpayer	Assessed Value	Percent
Shea Homes Ltd	110,461,226	1.01%
Countrywide Funding Corporation	\$90,917,127	0.83%
Big Sky Country Club LLC	\$43,940,874	0.40%
Fountains Apt Ltd	43,599,646	0.40%
Acacia Credit Fund 9-A LLC	37,014,616	0.34%
Stone Creek Investors	36,717,461	0.33%
Simi Entertainment Plaza LP	31,523,018	0.29%
Casden Creekside LP	26,585,538	0.24%
Essex Meadowood	26,547,662	0.24%
Western Pacific Housing Inc	26,065,836	0.24%
Total Taxable Assessed Value Ten Largest Taxpayers	473,373,004	4.32%
Total Taxable Assessed Value Other Taxpayers	10,489,773,561	95.68%
Total Taxable Assessed Value All Taxpayers	\$10,963,146,565	100.00%

SOURCE: Ventura County Auditor-Controller

DEMOGRAPHIC CHARACTERISTICS · 2000 U.S. CENSUS · OVERVIEW

The following statistical summaries of selected demographic information regarding the City of Simi Valley are based on data generated from the 2000 U.S. Census and have been included in the Statistical Tables section of the City's Comprehensive Annual Financial Report:

Population and Household Characteristics

- Population and Housing By Household Type
- Population By Age and Sex

Housing Characteristics

- Age of Year-Round Housing Stock
- Housing Valuations
- Tenure of Householder

Education and Employment Characteristics

- Years of School Completed
- Labor Force Status
- Class of Worker

Labor Force Characteristics

- Employment By Occupation
- Employment By Industry

Income and Transportation Characteristics

- Household and Family Income (1999)
- Median, Mean, and Per Capita Income for Households and Families (1999)
- Family Workers and Income (1999)
- Means of Transportation to Work

All census data is provided as of April 1, 2000 unless otherwise indicated. Additional 2000 U.S. Census information is available upon request from the City of Simi Valley, Department of Environmental Services, for the City in its entirety as well as by each of the 40 neighborhood areas within the City.

POPULATION AND HOUSEHOLD CHARACTERISTICS · 2000 U.S. CENSUS

Population and Housing by Household Type

	<u>Population</u>	<u>Units</u>
Family Households:		
Householder	28,952	*
Spouse	23,258	*
Children and other relatives	44,295	*
Total families	<u>96,505</u>	<u>28,952</u>
Non-relatives	<u>3,534</u>	*
Total family households	<u>100,039</u>	<u>28,952</u>
Non-Family Households:		
Male	3,540	*
Female	3,929	*
Non-Relatives	3,043	*
Total Non-Family households	<u>10,512</u>	<u>7,469</u>
Total Households	<u>110,551</u>	<u>36,421</u>
Group Quarters	<u>800</u>	*
Vacant Units:		
For sale	*	263
For rent	*	320
Rented or sold, not occupied	*	114
Seasonal Units	*	50
Total Vacant Units	<u>*</u>	<u>851</u>
Total	<u>111,351</u>	<u>37,272</u>

POPULATION AND HOUSEHOLD CHARACTERISTICS · 2000 U.S. CENSUS

Population by Age and Sex

	Male	Female	Total	Percent of Total
Under 5 years	4,248	3,915	8,163	7.3%
5 - 9 years.	4,823	4,716	9,539	8.6
10 - 14 years	4,565	4,472	9,037	8.1
15 - 19 years	3,969	3,778	7,747	7.0
20 - 24 years	3,080	2,899	5,979	5.4
25 - 29 years	3,315	3,481	6,796	6.1
30 - 34 years	4,378	4,580	8,958	8.0
35 - 39 years	5,186	5,282	10,468	9.4
40 - 44 years	5,214	5,191	10,405	9.3
45 - 49 years	4,291	4,432	8,723	7.8
50 - 54 years	3,804	3,879	7,683	6.9
55 - 59 years	2,734	2,778	5,512	5.0
60 - 64 years.	1,938	1,899	3,837	3.5
65 - 74 years	2,320	2,709	5,029	4.5
75 - 84 years	1,003	1,666	2,669	2.4
85 years or older	230	576	806	0.7
Total Population	<u>55,098</u>	<u>56,253</u>	<u>111,351</u>	<u>100.0%</u>

HOUSING CHARACTERISTICS · 2000 U.S. CENSUS

Age of Year-Round Housing Stock

<u>Year Structure Built</u>	<u>Number</u>	<u>Percent</u>
1999 to March 2000	1,667	4.5%
1995 to 1998	2,249	6.0
1990 to 1994	2,097	5.6
1980 to 1989	8,974	24.0
1970 to 1979	8,583	23.0
1960 to 1969	11,984	32.1
1950 to 1959	1,301	3.5
1940 to 1949	271	0.7
1939 or earlier	204	0.6
Total year-round housing stock	37,330	100.0%
 Median Year Built	 1976	

Housing Valuations · Specified Owner-Occupied Housing

<u></u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	67	0.3%
50,000 to 99,999	108	0.4
100,000 to 149,999	873	3.4
150,000 to 199,999	5,072	19.8
200,000 to 249,999	8,344	32.7
250,000 to 299,999	5,034	19.7
300,000 to 399,999	3,438	13.5
400,000 to 499,999	1,539	6.0
500,000 to 749,999	945	3.7
750,000 to 999,999	93	0.4
1,000,000 or more	35	0.1
Total	25,548	100.0%
 Median value	 \$239,900	

HOUSING CHARACTERISTICS · 2000 U.S. CENSUS

Tenure of Householder

Year Householder Moved Into Unit	Owner-Occupied Housing		Renter-Occupied Housing		Total	
	Number	Percent	Number	Percent	Number	Percent
1999 to March 2000	3,906	13.8%	2,901	5.5%	6,807	18.7%
1995 to 1998	7,834	27.7	3,615	44.2	11,449	31.4
1990 to 1994	4,774	16.9	1,076	13.2	5,850	16.0
1980 to 1989	6,671	23.5	445	5.4	7,116	19.5
1970 to 1979	3,293	11.6	117	1.4	3,410	9.3
1969 or earlier	1,828	6.5	18	0.3	1,846	5.1
Total Occupied Housing	28,306	100.0%	8,172	100.0%	36,478	100.0%
Median Year	1992		1998			

EDUCATION AND EMPLOYMENT CHARACTERISTICS · 2000 U.S. CENSUS

Education · Individuals 25 Years and Over

<u>Years of School Completed</u>	<u>Individuals</u>	<u>Percent</u>
Less than 9th grade	<u>2,904</u>	<u>4.1%</u>
High School:		
9th to 12th grade, no diploma.....	6,403	9.0
High school graduate	<u>16,773</u>	<u>3.6</u>
	<u>23,176</u>	<u>32.6</u>
College:		
Some college, no degree	21,043	29.6
Associates degree	6,275	8.8
Bachelors degree	12,685	7.8
Graduate or Professional degree.....	<u>5,047</u>	<u>7.1</u>
	<u>45,050</u>	<u>63.3</u>
 Total	 <u>71,130</u>	 <u>100.0%</u>

LABOR FORCE CHARACTERISTICS · 2000 U.S. CENSUS

Labor Force Status · Person 16 Years and Over

	<u>Number</u>	<u>Percent of Labor Force</u>	<u>Percent of Total</u>
Labor force:			
Employed	57,001	95.8%	68.4%
Unemployed	2,509	4.2	3.0
	<hr/>		
Total labor force	59,510	100.0%	71.4
	<hr/>		
Armed Forces	63	*	0.1
Not in labor force	23,761	*	28.5
	<hr/>		
Total	83,334	*	100.0%
	<hr/> <hr/>		

Class of Worker · Employed Persons 16 Years and Older

	<u>Number</u>	<u>Percent</u>
Private wage and salary workers (Profit)	42,845	75.2%
Private wage and salary workers (Non-profit)	2,781	4.9
Local government workers	4,571	8.0
State government workers	1,048	1.8
Federal government workers	850	1.5
Self-employed workers	4,776	8.4
Unpaid family workers	130	0.2
	<hr/>	
Total	57,001	100.0%
	<hr/> <hr/>	

LABOR FORCE CHARACTERISTICS · 2000 U.S. CENSUS

Employment by Occupation · Employed Persons 16 Years and Older

	<u>Number</u>	<u>Percent</u>
Management, business and financial operations:		
Management occupations	6,903	12.1 %
Business and financial operations	3,511	6.2
Professional and related occupations:		
Computer and mathematical occupations	1,905	3.3
Architecture and engineering occupations	1,689	3.0
Education, training and library occupations	2,784	4.9
Arts, design, entertainment, sports and media occupations.	1,335	2.3
Healthcare practitioners and technical occupations.....	2,070	3.6
Other professional and related occupations	1,591	2.8
Sales and office occupations:		
Sales and related occupations	7,408	13.0
Office and administrative support occupations	10,097	17.7
Service Occupations:		
Protective service	1,357	2.4
Food preparation and serving related occupations	1,886	3.3
Building and grounds maintenance	1,267	2.2
Healthcare support, Personal care and service occupations	2,541	4.5
Farming, forestry, and fishing	98	0.2
Production, transportation, and material moving occupations		
Production	3,572	6.3
Transportation and material moving occupations.....	2,175	3.8
Construction and maintenance occupations		
Construction and extraction occupations.....	2,787	4.9
Installation, maintenance, and repair occupations	2,025	3.5
 TOTAL	 <u>57,001</u>	 <u>100.0%</u>

LABOR FORCE CHARACTERISTICS · 2000 U.S. CENSUS

Employment by Industry · Employed Persons 16 Years and Older

	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fisheries, and mining	260	0.5%
Construction	3,909	6.9
Manufacturing	8,602	15.1
Wholesale trade	2,016	3.5
Retail trade	6,924	12.1
Transportation and warehousing, and utilities	1,919	3.4
Information	3,306	5.8
Finance, insurance and real estate	7,129	12.5
Professional, scientific, and waste management services:		
Professional, scientific, and technical services	3,646	6.4
Management, administrative and support services	2,066	3.6
Arts, entertainment, recreation, accommodation and food services	3,527	6.2
Education, health, and social services:		
Educational services	4,039	7.1
Health care and social assistance	4,866	8.5
Public administration	2,050	3.6
Other services	2,742	4.8
	<hr/>	
Total	<u>57,001</u>	<u>100.0%</u>

INCOME AND TRANSPORTATION CHARACTERISTICS • 2000 U.S. CENSUS

Household and Family Income • 1999

	Households		Families	
	Number	Percent	Number	Percent
Less than \$ 10,000	1,246	3.4%	657	2.3%
10,000 - 14,999	1,040	2.9	566	1.9
15,000 - 19,999	847	2.3	543	.9
20,000 - 29,999	2,199	6.0	1,477	5.1
30,000 - 39,999	2,975	8.1	2,248	7.7
40,000 - 49,999	3,266	8.9	2,619	9.0
50,000 - 59,999	3,266	8.9	2,619	9.0
60,000 - 74,999	4,831	13.2	3,975	13.6
75,000 - 99,999	7,306	20.0	6,330	21.7
100,000 - 124,999	4,336	11.9	3,697	12.6
125,000 - 149,999	2,059	5.6	1,711	5.9
150,000 - 199,999	2,027	5.6	1,778	6.1
200,000 or more	1,238	3.4	1,109	3.8
Total	36,543	100.0%	29,164	100.0%

Median and Per Capita Incomes • Households and Families • 1999

	Household	Families
Median income.....	\$ 70,370	\$75,140
Mean income	\$ 80,925	\$85,585
Per Capita income	\$ 26,586	

Family Workers • 1999

	Families		Income
	Number	Percent	
No worker	1,897	6.5%	\$32,049
1 worker	8,267	28.3	71,630
2 workers	14,214	48.8	93,777
3 or more workers.....	4,786	16.4	106,579
Total reported	29,164	100.0%	\$85,585

INCOME AND TRANSPORTATION CHARACTERISTICS · 2000 U.S. CENSUS

Means of Transportation to Work · Worker 16 Years or Older

	<u>Number</u>	<u>Percent</u>
Car, truck, or van:		
Drive alone	44,615	79.6%
Carpool.....	7,258	12.9
Public transportation.....	804	1.4
Motorcycle.....	183	0.3
Bicycle	314	0.6
Walk	550	1.0
Other means	<u>252</u>	<u>0.5</u>
Total requiring transportation.....	<u>53,967</u>	<u>96.3</u>
Work at home	<u>2,098</u>	<u>3.7</u>
Total.....	<u><u>56,074</u></u>	<u><u>100.0%</u></u>