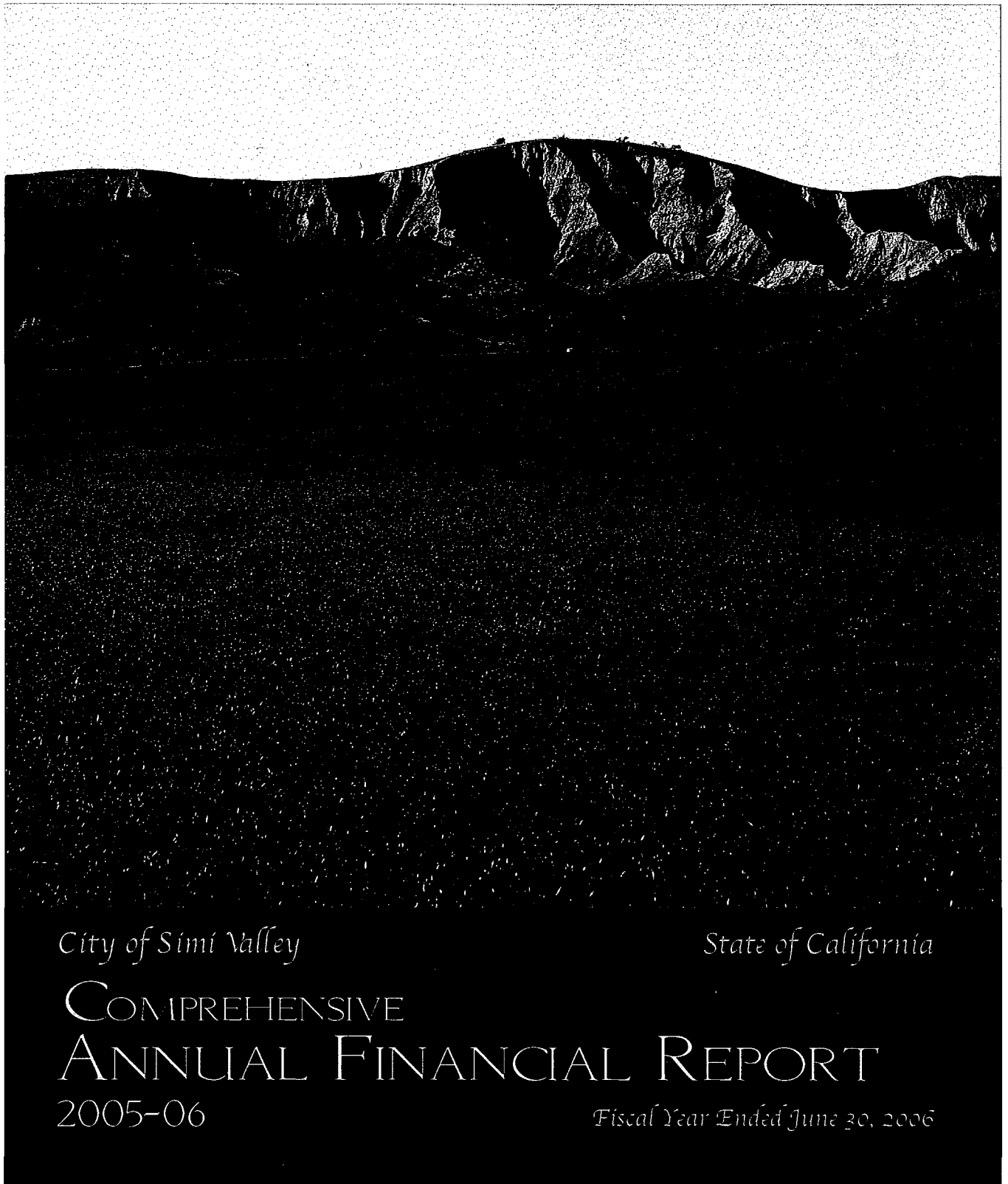


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City of Simi Valley

State of California

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

2005-06

Fiscal Year Ended June 30, 2006

PAUL MILLER, MAYOR GLEN T. BECERRA, MAYOR PRO TEM
BARBRA WILLIAMSON, COUNCIL MEMBER STEVEN T. SOJKA, COUNCIL MEMBER MICHELLE S. FOSTER, COUNCIL MEMBER

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006

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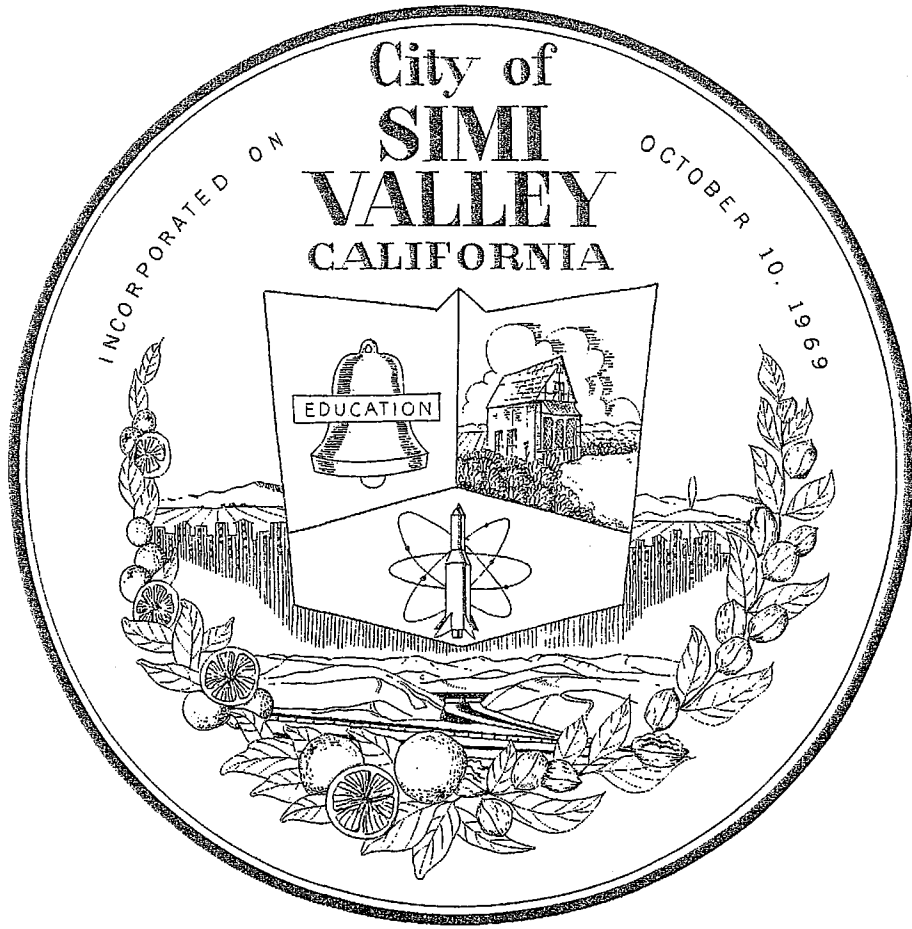
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CITY OF SIMI VALLEY

Home of The Ronald Reagan Presidential Library

December 15, 2006

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, 2006.

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, 2006, 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, 2006 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 123,924 and is the third largest of Ventura County's ten cities. It is located on the County's southeastern border, nestled between the Santa Susana Mountains and the Simi Hills. The City, which covers a land area of 38.9 square miles, has a mean elevation of 765 feet.

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

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

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

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy. The City continues to enjoy a favorable economic environment and local indicators point to continued stability. Locally generated revenues from taxes increased by \$5.1 million, or 14% over the prior fiscal year.

The region has a growing service and retail base that adds to the relative stability of employment. The unemployment rate for the City was 3.6% at June 30, 2006, while the State unemployment rate was 4.9%. Major industries with headquarters or divisions located within the City's boundaries, or in close proximity, include retail sales, real estate lending, health care, insurance, computer hardware, and home improvement materials. A major regional shopping mall – the Simi Valley Town Center – opened in October 2005, and has provided increased job opportunities. The mall consists of approximately 1 million square feet of retail space, and includes a residential component with 500 luxury apartment units and 50 affordable units. This residential component is currently being leased with the first units occupied in October 2006.

The opening of the new Air Force One Pavilion at the Ronald Reagan Presidential Library in October 2005 has also stimulated the local economy, as there are visitors from out of the area coming to see this impressive new facility.

Development activity in the City continued to be strong during the current fiscal year. Eight hundred and sixty-nine housing units were added to the housing stock. However, somewhat fewer new unit completions are slated for the upcoming fiscal years due to limits established by the Residential Building Permit Allocation system. The real estate market is expected to remain steady, and will likely result in moderate increases in property tax revenues. Development activity is expected to moderate, however, sales tax revenue is expected to increase. Industrial growth is projected to continue in Simi Valley as corporations seeking friendly and accessible government, a safe community, and a strong labor pool continue to find Simi Valley an attractive location.

Long-term financial planning. The City's population growth (averaging 1.5% per year over the past five years) grew by more than 2% during the current fiscal year. This growth has demonstrated favorable impacts on the City's tax revenues. The opening of the Simi Valley Town Center, as well as continuing commercial development throughout the City, is expected to generate significant new sales and property tax revenues for the City.

Faced with continuing growth and increased demands for service, the City expanded its facilities on the City's Civic Center campus. The expansion of the City's Senior Center was completed. This 12,000 square foot expansion doubled both the size of the current facility and the range of services available to seniors. Among the new services are: Lifelong Learning programs, a senior technology lab, and a fitness classroom. Providing services for seniors in Simi Valley is a particular priority, as seniors are among the fastest growing segment of the population. The City is also considering an expansion plan for the City Hall facility. If approved, this expansion will provide additional space and consolidate City departments in one physical location to create efficiencies of scale and improve services to the public.

The City also continues to maintain and enhance its critical technology infrastructure, recognizing that being up-to-date technologically improves the City's ability to attract and retain businesses and to provide essential services to residents. The Police Department, for example, completed the implementation of a multi-million dollar Integrated Police System project. Additionally, an outdated two-way radio system was replaced with a new digital system that provides improved coverage throughout the City. Also the City's financial information software was upgraded to a newer version.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the U.S. Government and the U.S. Treasury, the State Treasurer's Local Agency Investment Fund, and money market funds. The maturities of the investments range from one day to five years. The average yield on investments during the fiscal year was 3.6 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 post employment benefits. The City participates in the California Public Employees' Retirement System (CalPERS) for both its sworn retirement program (Safety Plan) and its non-sworn retirement program (Miscellaneous Plan). The Miscellaneous Plan also includes those involved with the operation of the legally separate Ventura County Waterworks District No. 8. These benefits are provided through the statewide plan managed by CalPERS. The City has no obligation in connection with employee benefits offered through the plan beyond its contractual payment to the CalPERS Board of Administration.

The City also provides post retirement health benefits for retirees and their spouses meeting specified service requirements. As of the end of the current fiscal year, there were 70 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 a employer's obligation to provide these benefits. However, the City has been accumulating funds to pay future post employment benefits.

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

Gann Appropriations Limitation. Article XIII B of the State of California Constitution sets limits on the amount of tax revenues that the City can appropriate within a given fiscal year. Only tax proceeds are subject to the limit. Charges for services, regulatory fees, grants, loans, donations, and other non-tax proceeds are not subject to the limit. Exemptions are also made for voter-approved debt and debt that existed prior to January 1, 1979, and for the cost of compliance with Court or Federal government mandates. Fiscal Year 1978-79 appropriations serve as the basis for this limit, with adjustments being made annually to reflect increases in population, the cost of living, and service responsibility transfers. The City's appropriations limit for the fiscal year ended June 30, 2006 was \$45,190,932. Actual tax revenues received and appropriated during the fiscal year were well under this limit.

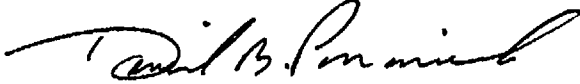
Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This was the twenty-sixth consecutive year (fiscal years ended 1980-2005) 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. The California Society of Municipal Finance Officers (CSMFO) also awarded the City its Outstanding Financial Reporting 2004-05 award for the year ended June 30, 2005. The award requirements for CSMFO parallel those of GFOA. However, it should be noted that effective with FY 2005-06, to avoid a duplication of effort, the CSMFO award program is being discontinued for agencies that received the GFOA award for the previous year, or plan to submit its CAFR to the GFOA program. Therefore, the City will no longer be participating in the CSMFO award program.

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,



Daniel B. Paranick
Acting Director, Department of Administrative Services

OFFICIALS OF THE CITY OF SIMI VALLEY

(as of June 30, 2006)

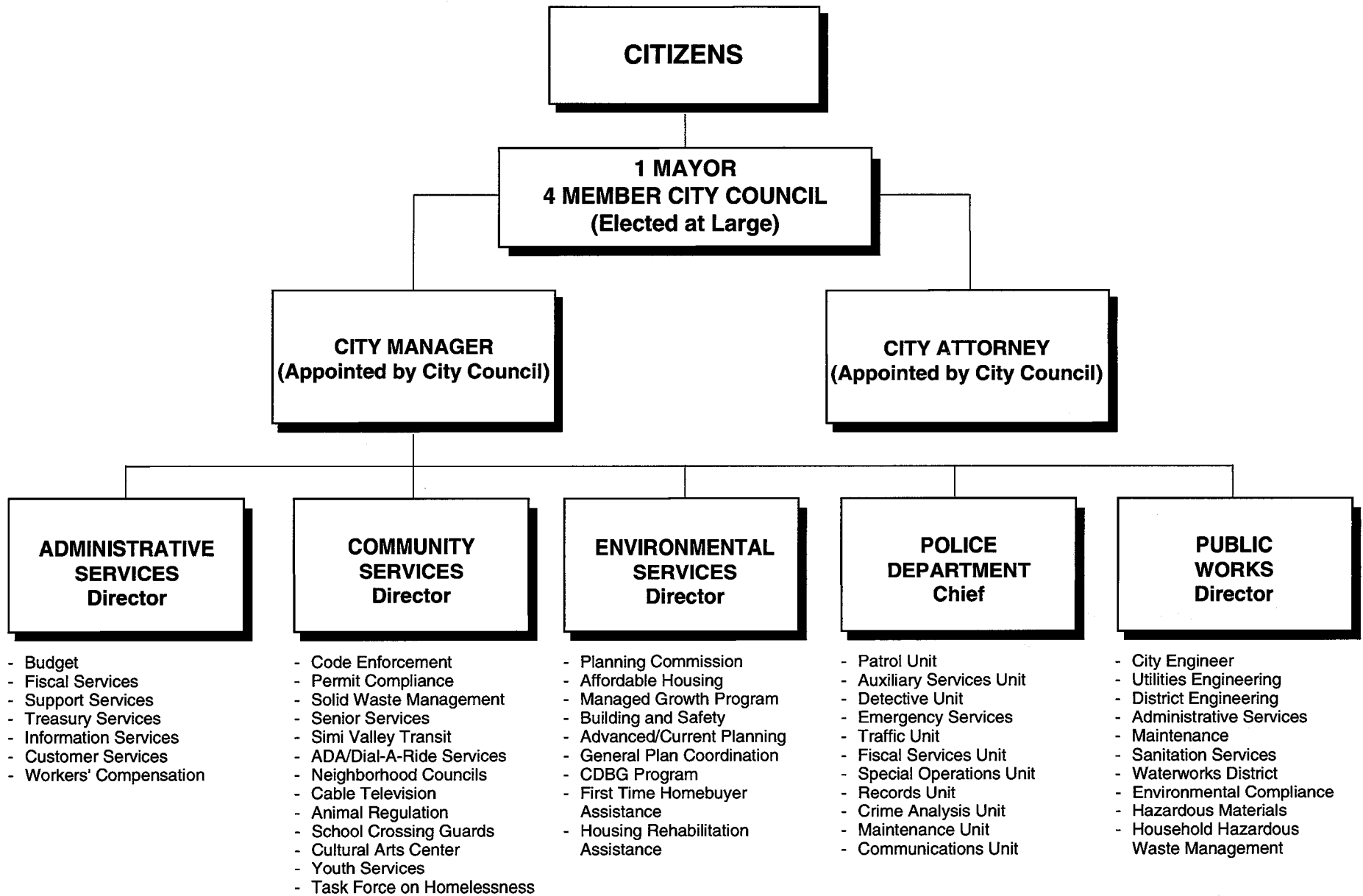
Members of the City Council

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

Administrative Staff

Mike Sedell City Manager
David H. Hirsch City Attorney
Steve Elam Director of Administrative Services
Debbie Solomon Director of Community Services
Al Boughey Director of Environmental Services
Timothy P. Nanson Director of Public Works
Mark Layhew Chief of Police

ORGANIZATION of the City of SIMI VALLEY



viii

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, 2005

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.



Carla E. Perry

President

Jeffrey R. Enos

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2004-05

Presented to the

City of Simi Valley

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2006

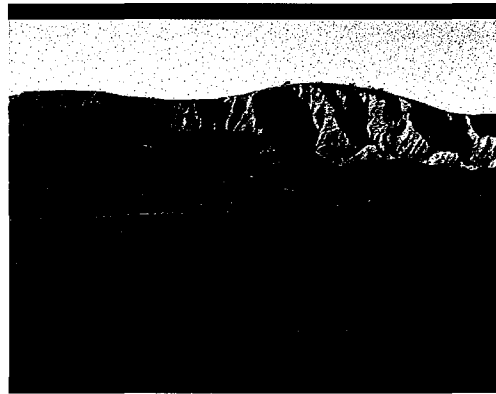
William A. Thomas

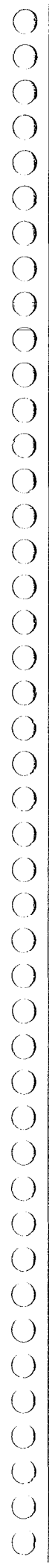
Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



INDEPENDENT
AUDITORS' REPORT





October 27, 2006

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, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major 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 October 27, 2006 on our consideration of the City of Simi Valley internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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.

Hoodland & Associates, Inc.

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, 2006. 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 \$249,342,917 (*net assets*). Of this amount, \$60,454,000 (*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 \$36,993,611. The majority of this increase, \$36 million, is attributable to an increase in capital assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$86,126,515, a decrease of \$10,699,237 in comparison with the prior year. Approximately 54% of the ending fund balance amount, or \$46,909,691, is available for spending at the government's discretion (*unreserved, undesignated fund balance*). However, two-thirds of this amount (\$32 million) is held in Development Related Fees and capital project funds, designated for public improvements and other capital projects. An additional one-sixth (\$8 million) is held in special revenue funds, designated for low- and moderate-income housing projects.
- At the end of the current fiscal year, the unreserved/undesignated fund balance for the General fund was \$7,338,767. 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 decreased by \$4.5 million during the current fiscal year. This decrease consists of a \$3.2 million decrease in short term liabilities such as accounts payable and salaries payable, and a \$1.3 million decrease in long-term liabilities due to payment of scheduled debt service.

Overview of the Financial Statements

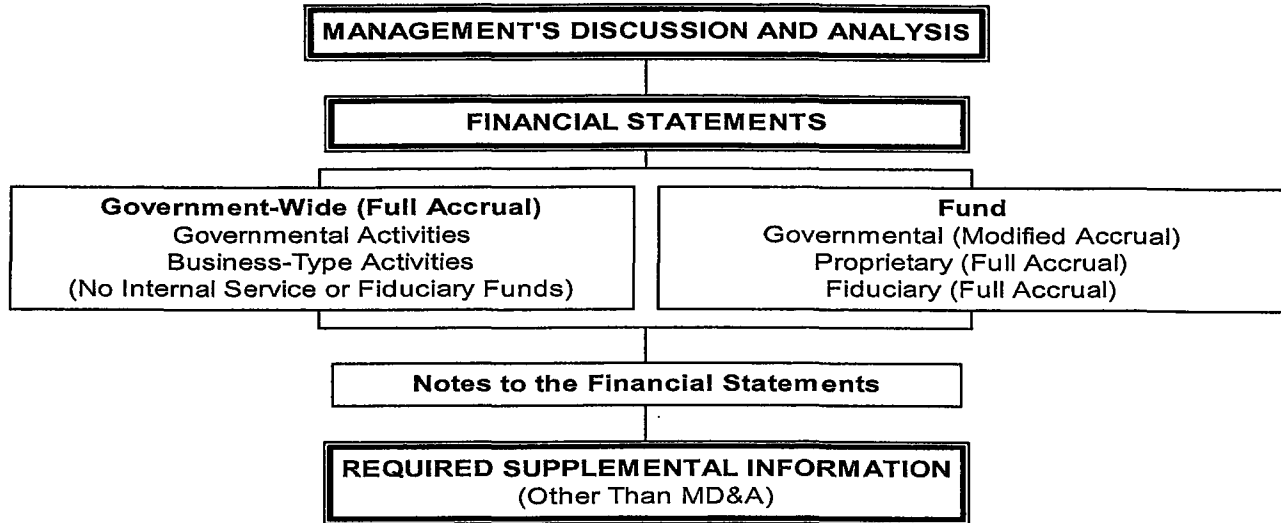
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements include three components:

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

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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

The following diagram displays the interrelationships of this report.



Government-wide financial statements

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

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

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

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

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Fund financial statements

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

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

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

The City maintains over 70 individual governmental funds in its financial system and presents them grouped by related activities as 6 major and 24 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 six major funds: the General fund, the Community Development Agency Housing Administration fund, the Merged Tapo Canyon and West End Tax Increment fund, the Development Related Fees fund, the Streets and Roads fund, and the Regional Mall fund. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the *Supplementary Information* section of this report.

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

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

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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 statements because the resources of these funds are not available to support the City's programs. A combining statement of changes in assets and liabilities of fiduciary funds is provided in the *Supplementary Information* section of this report.

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 \$249,342,917 at the close of the most recent fiscal year.

A significant portion of the City's net assets (52 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 (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (24 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

City of Simi Valley's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2005-06	FY 2004-05	FY 2005-06	FY 2004-05	FY 2005-06	FY 2004-05
Current and other assets	\$123,720,676	\$134,034,108	\$46,402,219	\$39,489,223	\$170,122,895	\$173,523,331
Capital assets	110,875,468	76,596,483	74,114,013	72,475,306	184,989,481	149,071,789
Total assets	234,596,144	210,630,591	120,516,232	111,964,529	355,112,376	322,595,120
Long-term liabilities outstanding	73,682,934	74,957,681	805,425	799,185	74,488,359	75,756,866
Other liabilities	27,941,838	29,632,591	3,339,262	4,856,357	31,281,100	34,488,948
Total liabilities	101,624,772	104,590,272	4,144,687	5,655,542	105,769,459	110,245,814
Net assets:						
Invested in capital assets, net of related debt	55,108,472	39,280,006	74,114,013	72,475,306	129,222,485	111,755,312
Restricted	39,933,025	28,718,649	19,733,407	15,279,959	59,666,432	43,998,608
Unrestricted	37,929,875	38,041,664	22,524,125	18,553,722	60,454,000	56,595,386
Total net assets	\$132,971,372	\$106,040,319	\$116,371,545	\$106,308,987	\$249,342,917	\$212,349,306
Total Liabilities and Net Assets	\$234,596,144	\$210,630,591	\$120,516,232	\$111,964,529	\$355,112,376	\$322,595,120

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

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

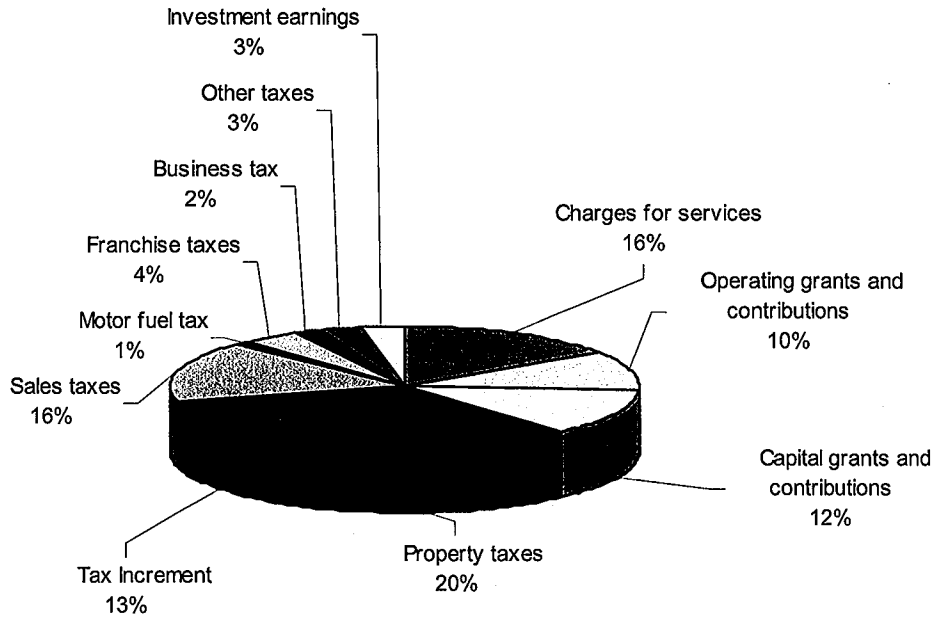
City of Simi Valley's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2005-06	FY 2004-05	FY 2005-06	FY 2004-05	FY 2005-06	FY 2004-05
Revenues:						
Program Revenues:						
Charges for services	\$ 15,392,846	\$ 17,433,888	\$ 36,990,455	\$ 34,110,851	\$ 52,383,301	\$ 51,544,739
Operating grants and contributions	10,231,371	10,041,651	848,402	1,953,733	11,079,773	11,995,384
Capital grants and contributions	8,234,576	1,280,369	2,339,931	999,383	10,574,507	2,279,752
General Revenues:						
Property taxes & tax increment	32,255,028	27,899,227	-	-	32,255,028	27,899,227
Other taxes	25,065,742	22,292,505	-	-	25,065,742	22,292,505
Capital contributions	3,788,253	1,765,510	8,842,544	8,295,223	12,630,797	10,060,733
Other	4,044,350	4,388,172	1,435,910	988,116	5,480,260	5,376,288
Total revenues	99,012,166	85,101,322	50,457,242	46,347,306	149,469,408	131,448,628
Expenses:						
General government	18,429,120	16,247,298	-	-	18,429,120	16,247,298
Community services	3,958,051	3,339,200	-	-	3,958,051	3,339,200
Planning	8,011,435	8,961,596	-	-	8,011,435	8,961,596
Public ways and facilities	15,174,460	14,480,308	-	-	15,174,460	14,480,308
Public safety	26,693,489	24,910,100	-	-	26,693,489	24,910,100
Interest on long-term debt	2,525,366	2,766,273	-	-	2,525,366	2,766,273
Indirect expense allocation	(4,027,800)	(3,821,800)	4,027,800	3,821,800	-	-
Sanitation	-	-	10,773,794	10,715,924	10,773,794	10,715,924
Water	-	-	21,957,393	19,373,481	21,957,393	19,373,481
Transit	-	-	4,952,689	4,206,360	4,952,689	4,206,360
Total expenses	70,764,121	66,882,975	41,711,676	38,117,565	112,475,797	105,000,540
Change in net assets before transfers	28,248,045	18,218,347	8,745,566	8,229,741	36,993,611	26,448,088
Transfers	(1,316,992)	(1,557,737)	1,316,992	1,557,737	-	-
Change in Net Assets	26,931,053	16,660,610	10,062,558	9,787,478	36,993,611	26,448,088
Net assets - beginning of the year	106,040,319	89,379,709	106,308,987	96,521,509	212,349,306	185,901,218
Net Assets - ending	\$ 132,971,372	\$ 106,040,319	\$ 116,371,545	\$ 106,308,987	\$ 249,342,917	\$ 212,349,306

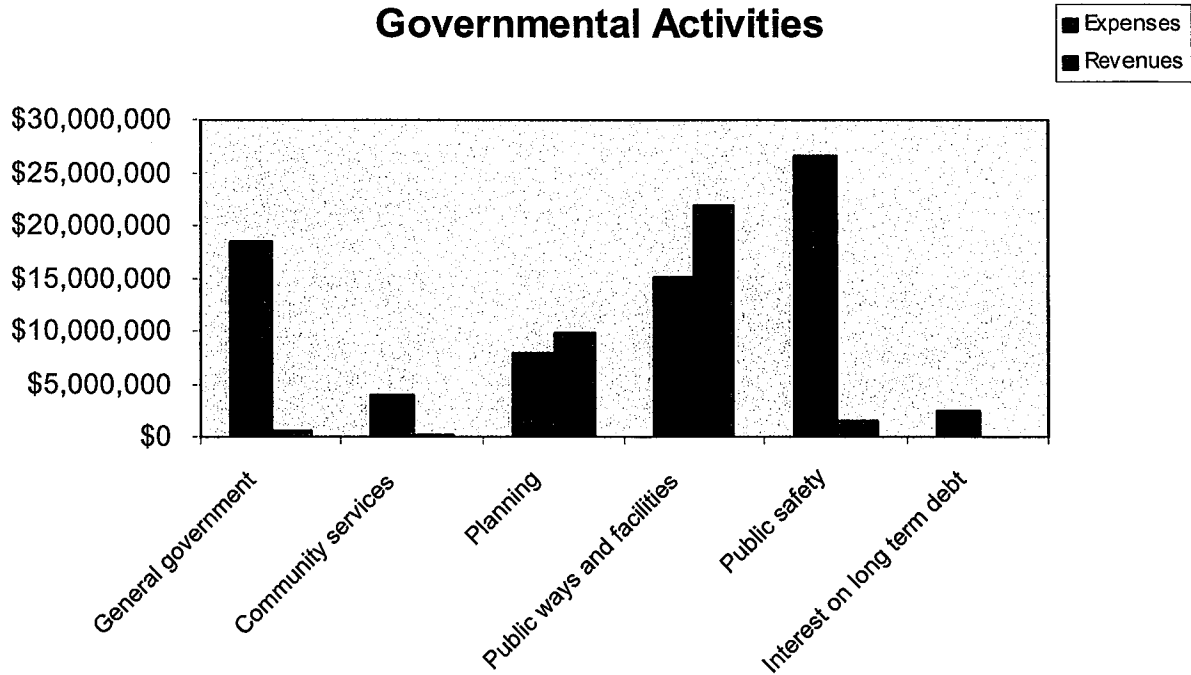
At the end of the current fiscal year the City's total net assets increased by \$36.9 million; the net assets of governmental activities increased by \$26.9 million and business activities increased by \$10.1 million. This increase was primarily due to increased revenues resulting from sustained development in the City, as well as a strong real estate market.

Governmental Activities. Governmental activities increased the City's net assets by \$26.9 million compared to \$16.7 million in the prior year. The increase of \$10.2 million accounted for 97% of the growth in the City's net assets. Development activity in the City has been high in the past several years, developer constructed infrastructure donated to the City increased by \$2 million, and capital contributions consisting of assessment funded infrastructure increased by \$6.9 million during the current fiscal year. Property and other tax revenues increased by a total of \$7.1 million, reflecting an active real estate market. Construction of streets and roads spurred an increase in capital grants and contributions revenue, which increased by \$1.6 million. These increases were offset by a \$2.0 million decrease in service charges, and a \$3.9 million increase in expenses across all City departments. The increase in expenses closely paralleled inflation and growth in the demand for services.

Revenues by Source - Governmental Activities

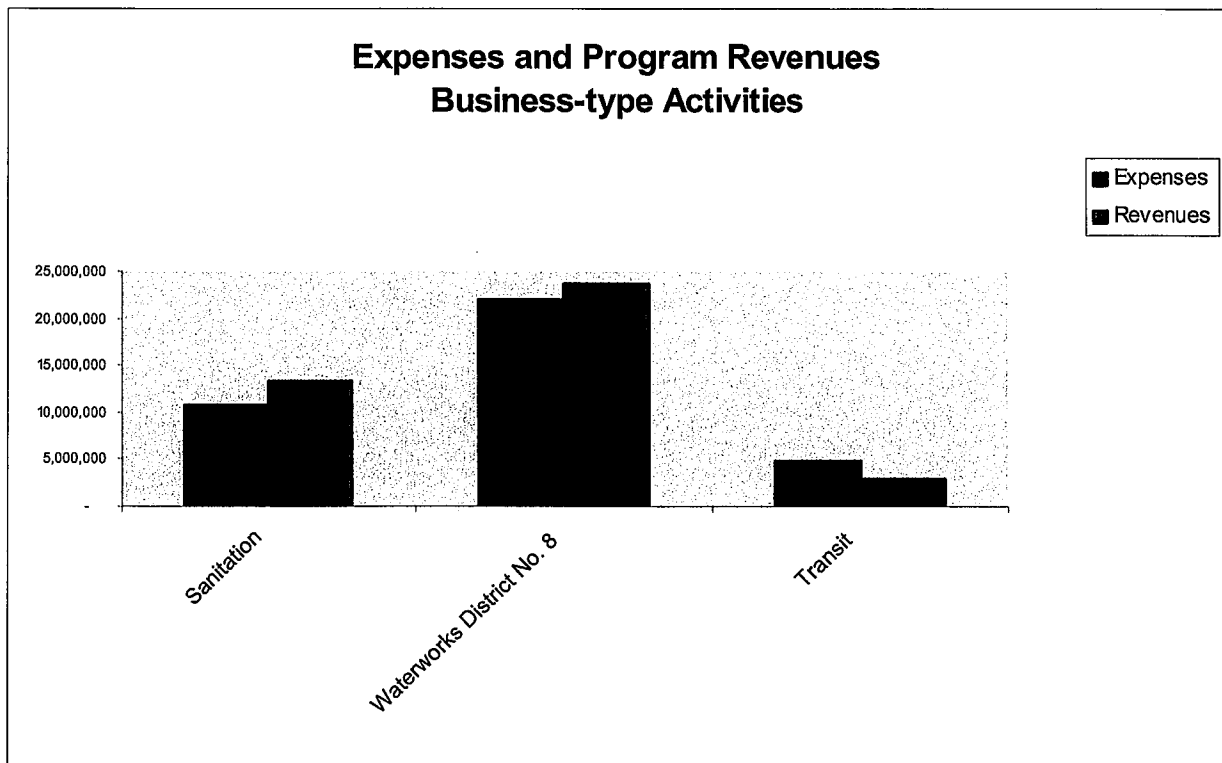
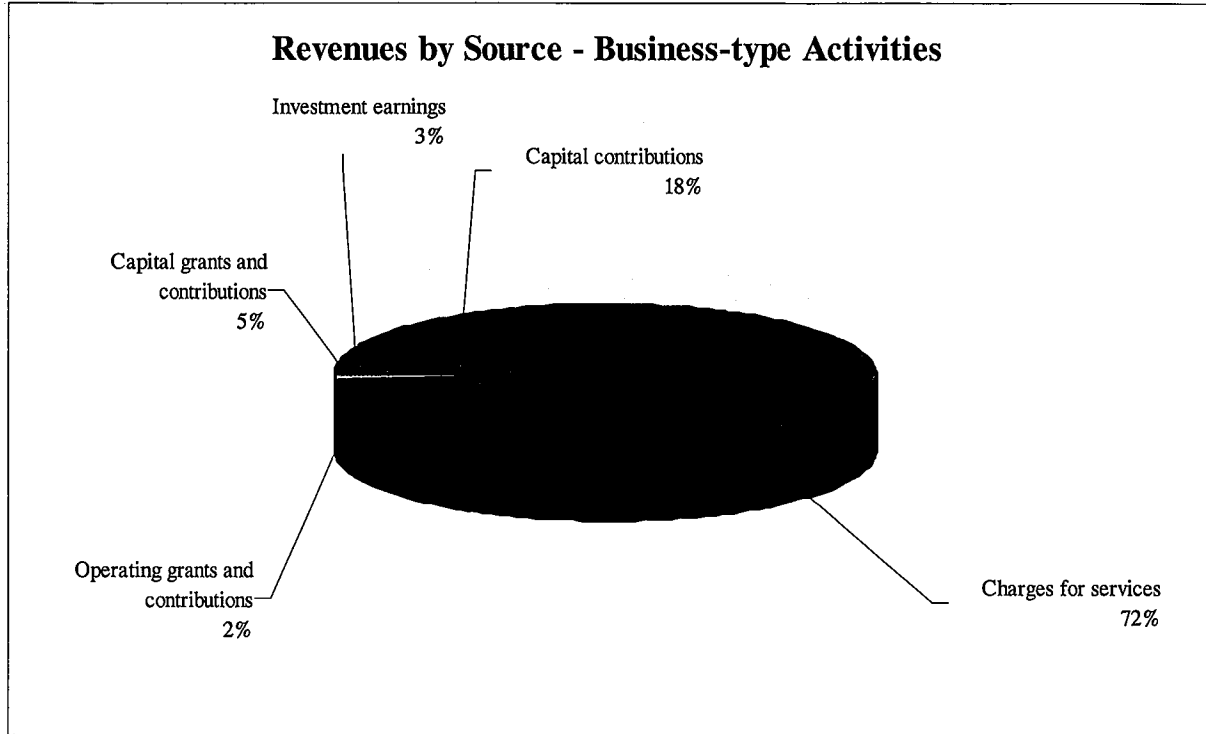


**Expenses and Program Revenues
Governmental Activities**



CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

Business-type Activities. Business-type activities increased the City's net assets by \$10.1 million as compared to \$9.8 million in the prior year. This increase primarily resulted from a \$0.5 million one-time grant from the Federal Emergency Management Agency to reimburse for expenses incurred in the prior year for a storm related sewer-line break. Other revenue categories posted slight increases, but were offset by corresponding increases in expenses.



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 \$86,126,515, a decrease of over \$10.7 million over the prior year. Slightly more than one-half of this total amount (\$46.9 million) constitutes *unreserved fund balance*, which is available to meet the City's current and future needs. During the prior fiscal year, bonds were issued (\$22 million) for public capital improvements relating to the construction of a shopping mall, and for improvements to and expansion of the Senior Citizens' Center. A significant portion of the proceeds (\$18.6 million) was spent during the current fiscal year, contributing to the decrease in fund balance. A portion of the fund balance (\$39.2 million) is *reserved* to indicate that it is not available for new spending because it has already been committed for the following purposes: (1) to liquidate contracts and purchase orders of the prior period (\$8,692,000); (2) to pay debt service (\$8,247,637); and (3) for advances to other funds and loans receivable not due in the upcoming fiscal year (\$22,277,187).

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 \$7,338,767, while total fund balance was \$36,797,947. 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 75% of budgeted General fund expenditures.

The fund balance of the City's General fund decreased by \$643,047 during the current fiscal year. Increases in property and other tax revenues were offset by decreases in other revenue categories. The net revenue increases were not sufficient to sustain the moderate increase in expenditures across all City departments.

The net change in the fund balance of the Community Development Housing Administration fund was an increase of \$4,779,878. This increase primarily resulted due to the City selling land that was purchased in the prior fiscal year for development of a mixed-use housing and commercial project.

The fund balance of the Merged Tapo Canyon and West End Tax Increment fund decreased by \$12,945. An increase in property tax revenue helped offset the expenditures for debt service payments for the 1995 Lease Revenue bonds and a portion of the 2004 Certificates of Participation.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

The fund balance of the Development Related Fees fund increased by \$2,340,937. This increase was primarily due to increased revenues generated by developer agreement fees.

The fund balance of the Streets and Roads fund decreased by \$2,340,159. This decrease resulted from expenditure activity on street projects for which funds were accumulated in prior years.

The fund balance in the Regional Mall fund decreased by \$39,844. This project is funded by bond proceeds. The decrease in fund balance was due to a timing difference between expenditures, and drawdowns.

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

Unrestricted net assets of the Sanitation, Waterworks and Transit funds were \$12,944,119, \$9,349,458, and \$184,520, respectively. The growth in total net assets for Sanitation, and Waterworks, was \$6,134,571, and \$4,226,103, respectively, while Transit net assets decreased by \$251,780.

Compared to the prior fiscal year, the growth in Sanitation net assets was \$2,476,345. The key elements for the growth are as follows:

- Charges for sanitation services increased by \$.7 million. These increases were the result of increases in the sanitation rates, increased demand, as well as growth in the customer base.
- Sanitation received a \$.5 million one-time grant from the Federal Emergency Management Agency to reimburse for expenses incurred in the prior year for a storm related sewer-line break.
- Investment earnings increased by \$.2 million due to an overall increase in the City's weighted average rate of return.
- Capital contributions increased by \$.8 million, primarily from donations of developer constructed infrastructure.
- Overall expenses decreased by \$.2 million. The decrease in expenses was primarily due to a lower depreciation expense resulting from: 1) assets being fully depreciated, and 2) assets costing less than \$5,000 being removed from the balance sheet due to a change in the City's capitalization threshold.

Compared to the prior fiscal year, Waterworks net assets decreased by \$926,459. The key elements to be noted are as follows:

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

- Charges for water services increased by \$2.0 million. These increases were the result of higher water service rates, increased demand, as well as growth in the customer base.
- Investment earnings increased by \$.2 million due to an overall increase in the City's weighted average rate of return.
- Capital contributions, though still over \$4 million, were lower than prior year by \$.3 million, while transfers to other funds increased by \$.3 million, due to a one-time contribution towards the upgrade of the financial information system.
- Total expenses increased by \$2.5 million. Two-thirds of this increase was in the purchase of water, which parallels the increase in water service revenues. The other expense category that increased significantly was maintenance projects.

Compared to prior fiscal year Transit net assets decreased by \$251,760. This decrease was primarily due to the City's transit services being expanded. Effective October 31, 2005, the City began bus service to the regional mall and the Ronald Reagan Presidential Library and Museum.

General Fund Budgetary Highlights

The difference between the General fund original expenditure budget and the final amended expenditure budget was \$1.5 million, and can be briefly summarized as follows:

- \$.4 million in supplemental funding was approved to fund four additional Police Officers, and increase the City's police patrol configuration from six to seven beats.
- \$.6 million was appropriated to fund the upgrade of the financial information system.
- \$.5 million in additional increases were appropriated for prior year commitments that were carried forward, across all City departments. These consisted of approved expenditure increases in various categories, and were offset by available fund balance. This amount was not included in the original adopted budget.

The difference between the General fund final amended expenditure budget and actual expenditures was \$3.9 million. The significant variances are summarized below:

- \$1.4 million of under-expenditures were in personnel costs due to vacancies, particularly in the areas of Public ways and facilities, Planning and Administrative services. All authorized positions were budgeted, however, several positions were not filled during the current fiscal year.
- \$1.7 million of savings were achieved in the Services category; \$.5 million in savings was achieved in the Supplies and Materials category, and \$.3 million was under spent in the Capital purchases category.

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

In the following revenue categories, actual receipts exceeded budgeted amounts significantly: Business and other taxes, Service charges, and Use of money and property. Revenues in the first two categories were budgeted conservatively because development related activity was expected to slow down. Although development related activity did decrease, it was higher than expected. Interest revenue was projected based on prior year's actual receipts, but higher interest rates during the current year contributed to actual receipts exceeding budgeted amounts.

Capital Asset and Debt Administration

Capital assets. The City of Simi Valley's investment in capital assets for its governmental and business type activities as of June 30, 2006, amounts to \$184,989,481 (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 24 percent (a 45 percent increase for governmental activities, and a 2 percent increase for business-type activities).

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

- \$2.5 million in street projects, and \$2.3 million in water and sewer lines projects were completed.
- \$20.9 million in infrastructure costs related to a regional mall, which was completed in October 27, 2005 were incurred during the year.
- \$7.1 million in street projects were incurred for projects in progress during the year.
- The Senior Center Expansion and the Unified Two-way Radio System projects neared completion, with \$3.5 and \$2.3 million in construction costs incurred during the year.
- The financial information system was upgraded, with \$1.2 million in implementation costs incurred during the year.

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

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2005-06	FY 2004-05	FY 2005-06	FY 2004-05	FY 2005-06	FY 2004-05
Land	\$ 8,707,247	\$10,787,195	\$ 1,216,994	\$ 1,235,080	\$ 9,924,241	\$ 12,022,275
Buildings	21,330,324	22,258,928	8,007,879	8,121,365	29,338,203	30,380,293
Furnishings and equipment	341,064	437,452	854,892	975,818	1,195,956	1,413,270
Computers	1,431,629	1,800,795	-	-	1,431,629	1,800,795
Vehicles	977,681	1,166,462	3,159,393	2,941,389	4,137,074	4,107,851
Infrastructure	25,714,207	21,670,942	41,338,580	38,768,834	67,052,787	60,439,776
Intangibles	3,006,917	3,257,494	-	-	3,006,917	3,257,494
Construction in progress	49,366,399	15,217,215	19,536,275	20,432,820	68,902,674	35,650,035
Total	\$110,875,468	\$76,596,483	\$74,114,013	\$72,475,306	\$184,989,481	\$149,071,789

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$63,517,397. 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 2005-06	FY 2004-05
1995 SVPFA variable rate lease revenue bonds	\$ 7,260,000	\$ 7,805,000
2003 tax allocation bonds	30,040,000	30,745,000
2004 certificates of participation	25,955,000	25,955,000
Less deferred amounts	262,397	263,108
Total	\$ 63,517,397	\$ 64,768,108

The City's bonded debt decreased by \$1,250,711 (1.9 percent) during the current fiscal year as a result of 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 54 - 56.

Economic Factors and Next Year's Budgets and Rates

- The City's real estate market continued to be strong during the current fiscal year, with 869 housing units added during the fiscal year. However, the number of building

CITY OF SIMI VALLEY • MANAGEMENT DISCUSSION AND ANALYSIS

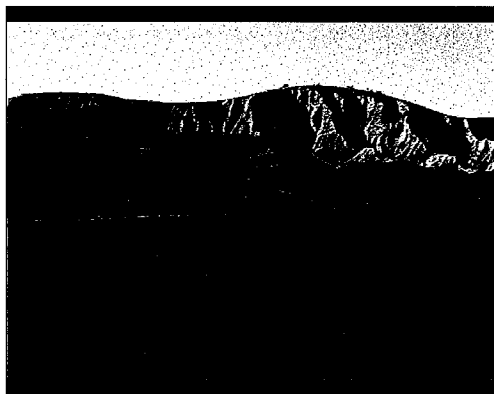
permits issued has decreased over the past several months, which will result in somewhat fewer new unit completions during the upcoming fiscal year. The real estate market is expected to remain steady, and will likely result in moderate increases in property tax revenues.

- Development activity is expected to moderate, leading to potential decline in development-related revenues such as building permits, planning fees, engineering plan-check, and inspection fees.
- Sales tax receipts are expected to continue to exceed inflation due to new commercial development, increased City population, and due to increased receipts from the Simi Valley Town Center regional mall, which opened on October 27, 2005.
- Water and sewer rates were increased within the last year. Effective January 1, 2006, water rates were increased by an average of 3.28%. This increase was based on the Construction Cost Index (CCI). Effective July 1, 2006, an increase in sewer rates of 4.69% was implemented. This increase was based on the Consumer Price Index (CPI). These increases will enable the enterprises 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, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (note III A)	\$ 100,726,694	\$ 19,333,094	\$ 120,059,788
Accounts receivable (net of allowance for uncollectibles) (note III C)	1,970,290	4,532,538	6,502,828
Taxes receivable	3,631,736	298,461	3,930,197
Grants receivable	1,243,488	2,343,825	3,587,313
Interest receivable	891,623	370,317	1,261,940
Internal balances (note I D 2)	1,971,331	(1,971,331)	-
Inventories	-	874,418	874,418
Property held for resale	169,661	-	169,661
Restricted cash and investments (note III A):			
Customer deposits	-	833,872	833,872
Connection fees	-	19,787,025	19,787,025
Total current assets	<u>110,604,823</u>	<u>46,402,219</u>	<u>157,007,042</u>
Noncurrent assets:			
Loans receivable (note III B)	11,674,547	-	11,674,547
Deferred charges	1,441,306	-	1,441,306
Capital assets (note III D):			
Capital assets not being depreciated	58,073,646	20,753,269	78,826,915
Capital assets being depreciated, net	<u>52,801,822</u>	<u>53,360,744</u>	<u>106,162,566</u>
Total noncurrent assets	<u>123,991,321</u>	<u>74,114,013</u>	<u>198,105,334</u>
Total assets	<u>234,596,144</u>	<u>120,516,232</u>	<u>355,112,376</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,587,171	2,282,978	4,870,149
Salaries and benefits payable	746,016	158,840	904,856
Accrued interest payable	990,604	-	990,604
Deposits	7,289,640	-	7,289,640
Liabilities payable from restricted assets	-	887,490	887,490
Unearned revenues	10,211,440	-	10,211,440
Current portion of long-term obligations	<u>6,116,967</u>	<u>9,954</u>	<u>6,126,921</u>
Total current liabilities	<u>27,941,838</u>	<u>3,339,262</u>	<u>31,281,100</u>
Noncurrent liabilities (note III G):			
Noncurrent portion of long-term obligations	<u>73,682,934</u>	<u>805,425</u>	<u>74,488,359</u>
Total liabilities	<u>101,624,772</u>	<u>4,144,687</u>	<u>105,769,459</u>
NET ASSETS			
Invested in capital assets, net of related debt	55,108,472	74,114,013	129,222,485
Restricted for:			
Capital projects	22,162,960	-	22,162,960
Debt service	3,568,785	-	3,568,785
Other purposes	14,201,280	19,733,407	33,934,687
Unrestricted	<u>37,929,875</u>	<u>22,524,125</u>	<u>60,454,000</u>
Total net assets	<u>\$ 132,971,372</u>	<u>\$ 116,371,545</u>	<u>\$ 249,342,917</u>

**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

				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	\$ 18,429,120	\$ (4,993,304)	\$ 13,435,816	\$ 353,114	\$ 170,369
Community services (CS)	3,958,051	-	3,958,051	117,070	124,962
Planning (ES)	8,011,435	516,343	8,527,778	7,210,902	2,532,305
Public ways and facilities (PW)	15,174,460	449,161	15,623,621	6,708,878	7,118,803
Public safety (PD)	26,693,489	-	26,693,489	1,002,882	284,932
Interest on long term debt	2,525,366	-	2,525,366	-	-
Total governmental activities	74,791,921	(4,027,800)	70,764,121	15,392,846	10,231,371
Business-type activities:					
Sanitation	10,773,794	1,425,000	12,198,794	12,745,553	33,117
Waterworks district no. 8	21,957,393	1,730,300	23,687,693	23,765,476	1,072
Transit	4,952,689	872,500	5,825,189	479,426	814,213
Total business-type activities	37,683,876	4,027,800	41,711,676	36,990,455	848,402
Total primary government	\$ 112,475,797	\$ -	\$ 112,475,797	\$ 52,383,301	\$ 11,079,773

General revenues:
Property taxes
Tax Increment
Sales taxes
Motor fuel tax
Franchise taxes
Business tax
Other taxes
Investment earnings
Gain on asset disposition
Miscellaneous
Capital contributions-unrestricted
Transfers
Total general revenues and transfers
Change in net assets
Net assets-beginning
Net assets-ending

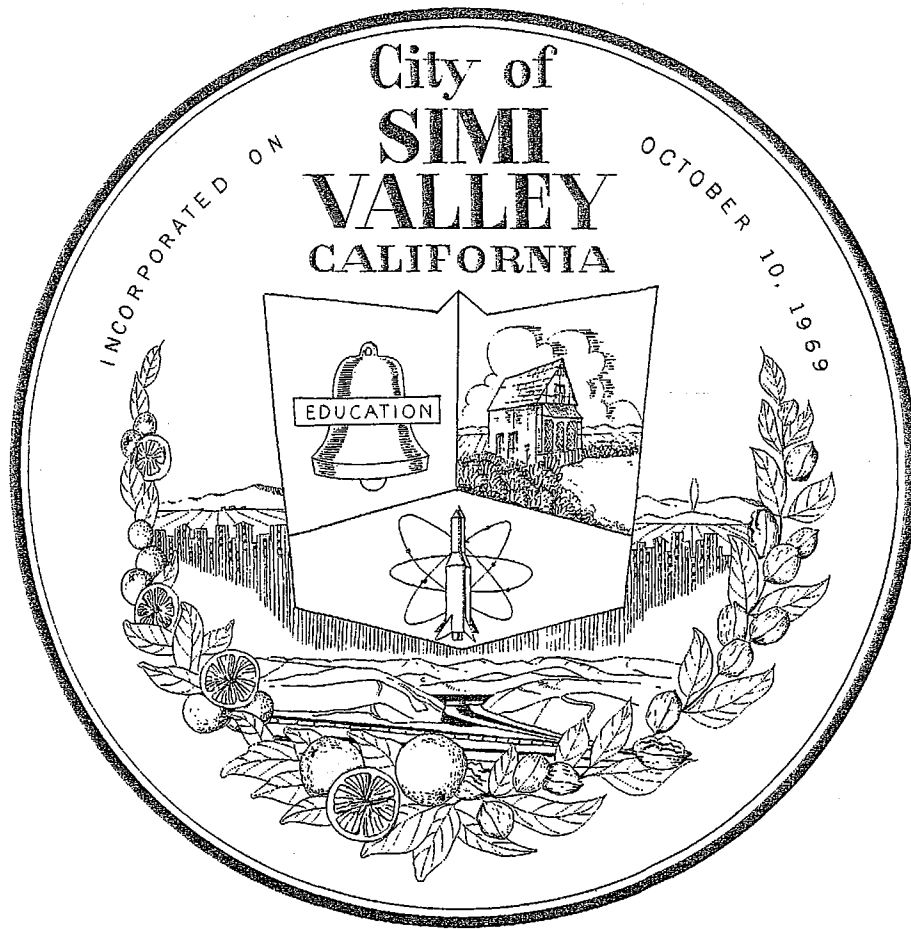
**CITY OF SIMI VALLEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
Capital	Governmental Activities	Business-type Activities	Total
\$ 22,442	\$ (12,889,891)	\$ -	\$ (12,889,891)
-	(3,716,019)	-	(3,716,019)
-	1,215,429	-	1,215,429
8,063,701	6,267,761	-	6,267,761
148,433	(25,257,242)	-	(25,257,242)
-	(2,525,366)	-	(2,525,366)
<u>8,234,576</u>	<u>(36,905,328)</u>	<u>-</u>	<u>(36,905,328)</u>
665,142	-	1,245,018	1,245,018
3,216	-	82,071	82,071
<u>1,671,573</u>	<u>-</u>	<u>(2,859,977)</u>	<u>(2,859,977)</u>
<u>2,339,931</u>	<u>-</u>	<u>(1,532,888)</u>	<u>(1,532,888)</u>
<u>\$ 10,574,507</u>	<u>(36,905,328)</u>	<u>(1,532,888)</u>	<u>(38,438,216)</u>

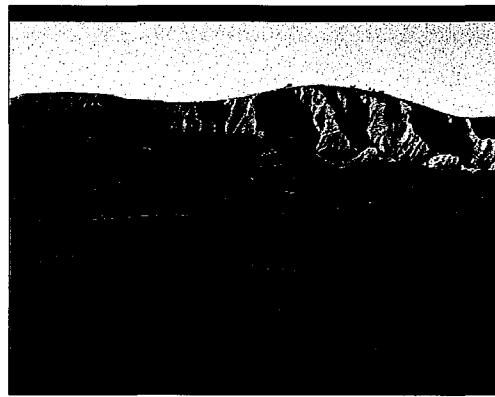
Primary government:			
Governmental activities:			
	General government		
	Community services (CS)		
	Planning (ES)		
	Public ways and facilities (PW)		
	Public safety (PD)		
	Interest on long term debt		
	Total governmental activities		
Business-type activities:			
	Sanitation		
	Waterworks district no. 8		
	Transit		
	Total business-type activities		
	Total primary government		

19,723,474	-	19,723,474
12,531,554	-	12,531,554
16,301,320	-	16,301,320
888,988	-	888,988
4,062,464	-	4,062,464
1,831,590	-	1,831,590
2,870,368	-	2,870,368
2,896,300	1,323,549	4,219,849
259,062	-	259,062
-	112,361	112,361
3,788,253	8,842,544	12,630,797
(1,316,992)	1,316,992	-
<u>63,836,381</u>	<u>11,595,446</u>	<u>75,431,827</u>
26,931,053	10,062,558	36,993,611
<u>106,040,319</u>	<u>106,308,987</u>	<u>212,349,306</u>
<u>\$ 132,971,372</u>	<u>\$ 116,371,545</u>	<u>\$ 249,342,917</u>

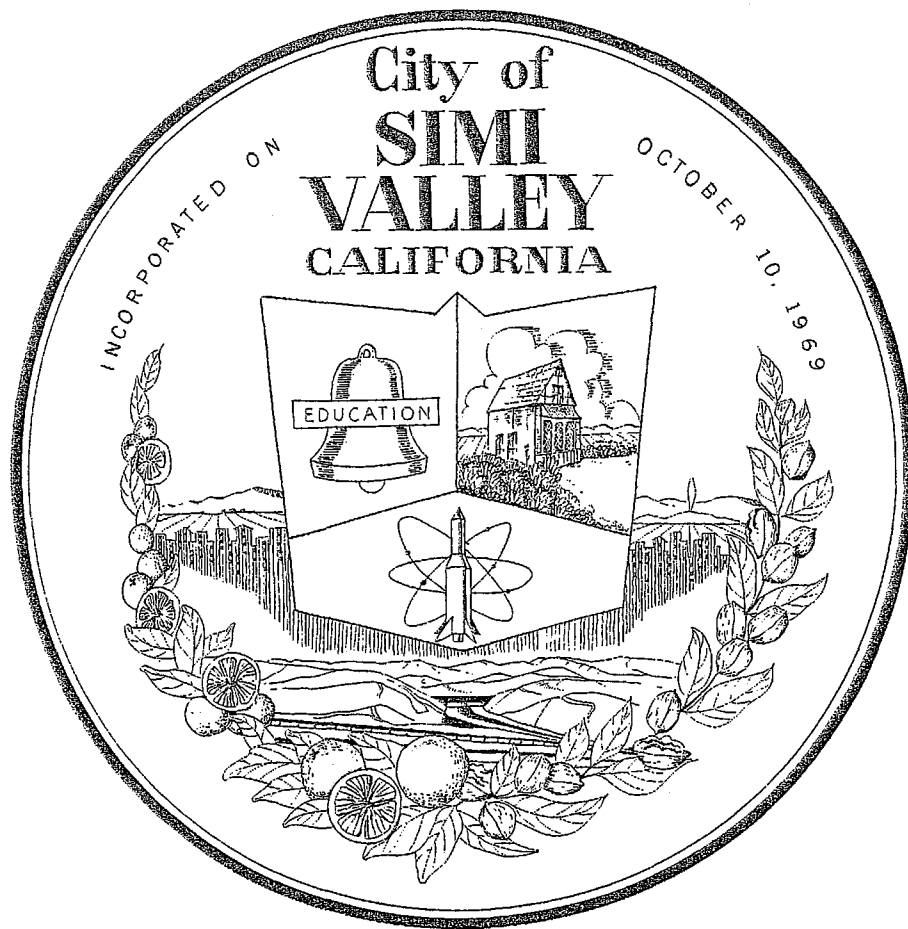
General revenues:		
	Property taxes	
	Tax increment	
	Sales taxes	
	Motor fuel tax	
	Franchise taxes	
	Business tax	
	Other taxes	
	Investment earnings	
	Gain on asset disposition	
	Miscellaneous	
	Capital contributions-unrestricted	
	Transfers	
	Total general revenues and transfers	
	Change in net assets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



FUND FINANCIAL STATEMENTS







**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

	<u>Special Revenue</u>			
	<u>General</u>	<u>Community Development Agency Housing Administration</u>	<u>Merged Tapo Canyon & West End Tax Increment</u>	<u>Development Related Fees</u>
ASSETS				
Cash and investments:				
Held by city	\$ 10,054,094	\$ 8,686,287	\$ 1,352,792	\$ 25,654,041
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles) (note III C)	1,293,547	-	24,812	46,548
Taxes receivable	3,228,686	-	301,518	-
Grants receivable	22,988	-	-	-
Interest receivable	309,154	50,696	25,550	168,400
Due from other funds (note III F)	3,792,332	201,743	-	-
Loans receivable (net of allowance for uncollectibles) (notes III B, III C)	442,674	8,757,951	-	209,630
Property held for resale	-	-	-	169,661
Advances to other funds (note III F)	19,334,513	-	-	-
TOTAL ASSETS	\$ 38,477,988	\$ 17,696,677	\$ 1,704,672	\$ 26,248,280
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 718,701	\$ 4,440	\$ 192,306	\$ 137
Salaries and benefits payable	711,340	14,845	-	-
Due to other funds (note III F)	-	-	-	-
Advances from other funds (note III F)	-	-	13,645,520	-
Deposits	-	-	-	7,289,640
Deferred revenues	250,000	8,757,951	-	209,630
TOTAL LIABILITIES	1,680,041	8,777,236	13,837,826	7,499,407
FUND BALANCES				
Reserved (note III H)	20,485,438	339,521	-	172,161
Unreserved (note III H):				
General fund	8,973,742	-	-	-
Special revenue funds	-	8,579,920	-	18,576,712
Capital projects funds	-	-	-	-
Undesignated (note III H):				
General fund	7,338,767	-	-	-
Special revenue funds	-	-	(12,133,154)	-
Capital projects funds	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	36,797,947	8,919,441	(12,133,154)	18,748,873
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,477,988	\$ 17,696,677	\$ 1,704,672	\$ 26,248,280

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

**CITY OF SIMI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

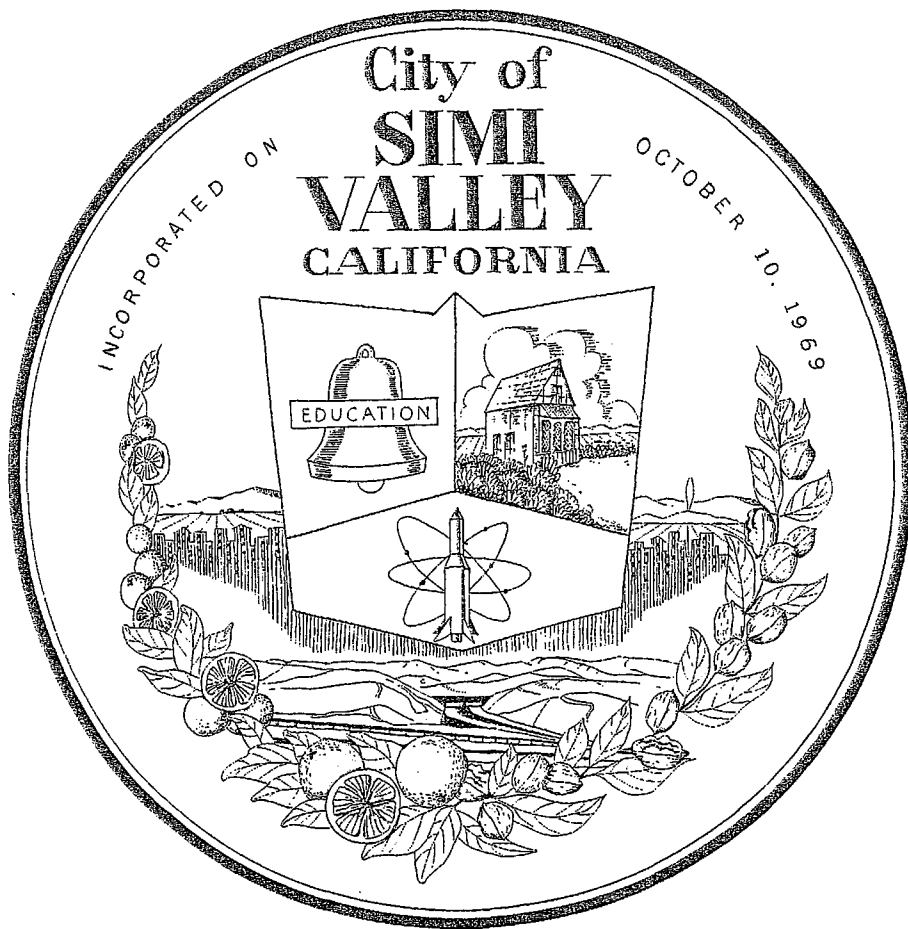
<u>Capital Projects</u>					
Streets & Roads	Regional Mall	Nonmajor Governmental	Total Governmental Funds		
\$ 1,809,821	\$ -	\$ 28,450,356	\$ 76,007,391	ASSETS	
-	-	6,828,379	6,828,379	Cash and investments:	
591,857	-	13,526	1,970,290	Held by city	
-	-	101,532	3,631,736	Held by bond trustee	
824,195	-	396,305	1,243,488	Accounts receivable (net of allowance for uncollectibles) (note III C)	
-	-	223,050	776,850	Taxes receivable	
-	-	-	3,994,075	Grants receivable	
-	-	2,264,292	11,674,547	Interest receivable	
-	-	-	169,661	Due from other funds (note III F)	
-	-	2,500,000	21,834,513	Loans receivable (net of allowance for uncollectibles) (notes III B, III C)	
-	-	-	-	Property held for resale	
-	-	-	-	Advances to other funds (note III F)	
\$ 3,225,873	\$ -	\$ 40,777,440	\$ 128,130,930	TOTAL ASSETS	
LIABILITIES AND FUND BALANCES					
LIABILITIES					
\$ 798,824	\$ -	\$ 828,558	\$ 2,542,966	Accounts payable	
-	-	16,327	742,512	Salaries and benefits payable	
-	96,424	1,880,292	1,976,716	Due to other funds (note III F)	
-	-	3,500,993	17,146,513	Advances from other funds (note III F)	
-	-	-	7,289,640	Deposits	
824,195	-	2,264,292	12,306,068	Deferred revenues	
1,623,019	96,424	8,490,462	42,004,415	TOTAL LIABILITIES	
FUND BALANCES					
5,419,530	-	12,800,174	39,216,824	Reserved (note III H)	
-	-	-	8,973,742	Unreserved (note III H):	
-	-	6,934,669	34,091,301	General fund	
-	-	12,871,179	12,871,179	Special revenue funds	
-	-	-	7,338,767	Capital projects funds	
-	-	-	-	Undesignated (note III H):	
-	-	1,363,173	(10,769,981)	General fund	
(3,816,676)	(96,424)	(1,682,217)	(5,595,317)	Special revenue funds	
-	-	-	-	Capital projects funds	
1,602,854	(96,424)	32,286,978	86,126,515	TOTAL FUND BALANCES (DEFICITS)	
\$ 3,225,873	\$ -	\$ 40,777,440	\$ 128,130,930	TOTAL LIABILITIES AND FUND BALANCES	

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

CITY OF SIMI VALLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

Fund balances - total governmental funds		\$	86,126,515
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).			110,875,468
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:			
Unamortized bond issuance costs			1,441,306
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.			1,701,748
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	\$		2,094,628
Accrued interest payable			(990,604)
Compensated absences payable			(4,760,292)
1995 Lease Revenue Bonds			(7,260,000)
2003 Tax Allocation Bonds			(30,040,000)
2004 Certificates of Participation			(25,955,000)
Unamortized bond premium			(764,850)
Unamortized bond payable deferred on refunding			502,453
			<u>(67,173,665)</u>
Net assets of governmental activities		\$	<u>132,971,372</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, 2006**

	General	Special Revenue		
		Community Development Agency Housing Administration	Merged Tapo Canyon & West End Tax Increment	Development Related Fees
REVENUES				
Taxes	\$ 42,793,440	\$ -	\$ -	\$ -
Tax increment revenues	-	-	12,467,127	-
Licenses and permits	4,489,743	-	-	-
Fines and forfeitures	630,175	-	-	-
Use of money and property	1,509,530	899,937	142,889	547,623
From other governments	1,165,480	-	-	-
Grants	151,455	-	-	-
Service charges	2,254,246	13,594	-	656,168
Contributions from property owners	-	-	-	-
Other revenues	1,589,592	-	-	4,959,166
Total revenues	54,583,661	913,531	12,610,016	6,162,957
EXPENDITURES				
Current:				
General government	4,008,733	105,141	169,479	200,000
Community services (CS)	3,700,596	-	-	-
Planning (ES)	5,894,705	1,963,073	-	43,646
Public ways and facilities (PW)	12,349,583	-	-	-
Public safety (PD)	26,567,055	-	-	-
Total current expenditures	52,520,672	2,068,214	169,479	243,646
Capital outlay:				
Streets and roads	-	-	-	-
Other capital projects	-	-	-	-
Total capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	501,929	-
Other	-	-	-	-
Total debt service	-	-	501,929	-
Intergovernmental	-	-	4,625,657	-
Total expenditures	52,520,672	2,068,214	5,297,065	243,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,062,989	(1,154,683)	7,312,951	5,919,311
OTHER FINANCING SOURCES (USES)				
Transfers in (note III F)	6,249,709	2,506,311	-	-
Transfers out (note III F)	(8,955,745)	(17,900)	(7,325,896)	(3,578,374)
Proceeds from sale of land	-	3,446,150	-	-
Total other financing sources (uses)	(2,706,036)	5,934,561	(7,325,896)	(3,578,374)
NET CHANGE IN FUND BALANCES	(643,047)	4,779,878	(12,945)	2,340,937
FUND BALANCES (DEFICITS)-BEGINNING	37,440,994	4,139,563	(12,120,209)	16,407,936
FUND BALANCES (DEFICITS)-ENDING	\$ 36,797,947	\$ 8,919,441	\$ (12,133,154)	\$ 18,748,873

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, 2006**

<u>Capital Projects</u>				
Streets & Roads	Regional Mall	Nonmajor Governmental	Total Governmental Funds	
\$	-	\$	1,995,776	\$ 44,789,216
			64,427	12,531,554
			-	4,489,743
			-	630,175
			1,787,856	4,887,835
			6,893,641	8,059,121
1,885,443			1,604,541	3,641,439
			782,104	3,706,112
	5,343,377		-	5,343,377
			40,727	6,589,485
<u>1,885,443</u>	<u>5,343,377</u>	<u>13,169,072</u>	<u>94,668,057</u>	
				REVENUES
				Taxes
				Tax increment revenues
				Licenses and permits
				Fines and forfeitures
				Use of money and property
				From other governments
				Grants
				Service charges
				Contributions from property owners
				Other revenues
				Total revenues
				EXPENDITURES
				Current:
			1,146,355	5,629,708
			275,499	3,976,095
			1,088,255	8,989,679
			3,031,213	15,380,796
			677,005	27,244,060
			<u>6,218,327</u>	<u>61,220,338</u>
				Capital outlay:
				Streets and roads
6,666,119				6,666,119
	20,901,221		9,286,814	30,188,035
<u>6,666,119</u>	<u>20,901,221</u>	<u>9,286,814</u>	<u>36,854,154</u>	
				Debt service:
			1,250,000	1,250,000
			3,014,255	3,516,184
			12,033	12,033
			<u>4,276,288</u>	<u>4,778,217</u>
				Intergovernmental
			23,486	4,649,143
<u>6,666,119</u>	<u>20,901,221</u>	<u>19,804,915</u>	<u>107,501,852</u>	Total expenditures
<u>(4,780,676)</u>	<u>(15,557,844)</u>	<u>(6,635,843)</u>	<u>(12,833,795)</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
2,317,517	15,518,000	18,270,078	44,861,615	Transfers in (note III F)
		(26,295,292)	(46,173,207)	Transfers out (note III F)
			3,446,150	Proceeds from sale of land
<u>2,317,517</u>	<u>15,518,000</u>	<u>(8,025,214)</u>	<u>2,134,558</u>	Total other financing sources (uses)
(2,463,159)	(39,844)	(14,661,057)	(10,699,237)	NET CHANGE IN FUND BALANCES
4,066,013	(56,580)	46,948,035	96,825,752	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 1,602,854</u>	<u>\$ (96,424)</u>	<u>\$ 32,286,978</u>	<u>\$ 86,126,515</u>	FUND BALANCES (DEFICITS)-ENDING

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

**CITY OF SIMI VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Net change in fund balances - total governmental funds \$ (10,699,237)

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	\$ 3,788,253	
Capital outlay	33,242,791	
Gain on asset disposition	259,062	
Depreciation expense	<u>(3,011,122)</u>	34,278,984

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	545,000	
Lease revenue bonds	<u>705,000</u>	1,250,000

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

Net debt service interest accrual	13,167	
Amortization of bond issuance costs	(55,325)	
Amortization of deferral on refunding	(28,482)	
Amortized premium on bonds	29,193	
Compensated absences (net)	<u>(328,638)</u>	(370,085)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,527,454

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. 943,937

Change in net assets of governmental activities \$ 26,931,053

**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, 2006**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes:				
Sales	\$ 15,966,600	\$ 16,572,100	\$ 16,301,320	\$ (270,780)
Property	16,555,000	17,902,800	17,727,698	(175,102)
Franchise	3,914,300	3,914,300	4,062,464	148,164
Business and other	3,889,100	3,889,100	4,701,958	812,858
Licenses and permits	4,133,900	4,633,900	4,489,743	(144,157)
From other governments	1,307,300	1,307,300	1,165,480	(141,820)
Grants	1,243,800	165,200	151,455	(13,745)
Service charges	1,546,300	1,546,300	2,254,246	707,946
Fines and forfeitures	761,000	761,000	630,175	(130,825)
Use of money and property	1,026,500	1,026,500	1,509,530	483,030
Other revenues	1,517,400	1,542,400	1,589,592	47,192
Total revenues	<u>51,861,200</u>	<u>53,260,900</u>	<u>54,583,661</u>	<u>1,322,761</u>
<u>EXPENDITURES</u>				
Current:				
City administration	3,094,700	3,133,100	2,839,671	293,429
Attorney	1,004,200	1,013,100	1,004,367	8,733
Administrative services and city-wide support (AS)*	291,800	668,457	164,695	503,762
Community services (CS)	3,935,200	3,967,500	3,700,596	266,904
Planning (ES)	6,939,100	7,028,500	5,894,705	1,133,795
Public ways and facilities (PW)	13,912,400	14,343,700	12,349,583	1,994,117
Public safety (PD)	25,756,000	26,297,700	26,567,055	(269,355)
Total expenditures	<u>54,933,400</u>	<u>56,452,057</u>	<u>52,520,672</u>	<u>3,931,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,072,200)</u>	<u>(3,191,157)</u>	<u>2,062,989</u>	<u>5,254,146</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	6,652,900	6,652,900	6,249,709	(403,191)
Transfers out	(7,283,200)	(10,012,800)	(8,955,745)	1,057,055
Total other financing sources (uses)	<u>(630,300)</u>	<u>(3,359,900)</u>	<u>(2,706,036)</u>	<u>653,864</u>
NET CHANGE IN FUND BALANCE	(3,702,500)	(6,551,057)	(643,047)	5,908,010
FUND BALANCES (DEFICITS)-BEGINNING	<u>37,440,994</u>	<u>37,440,994</u>	<u>37,440,994</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 33,738,494</u>	<u>\$ 30,889,937</u>	<u>\$ 36,797,947</u>	<u>\$ 5,908,010</u>

*net of reimbursements

**CITY OF SIMI VALLEY
COMMUNITY DEVELOPMENT AGENCY HOUSING ADMINISTRATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ 689,600	\$ 689,600	\$ 899,937	\$ 210,337
Service charges	54,700	54,700	13,594	(41,106)
Total revenues	744,300	744,300	913,531	169,231
<u>EXPENDITURES</u>				
Current:				
General government:				
Reimbursement to general fund	233,000	233,000	233,000	-
Reimbursement from CDBG	(101,218)	(101,218)	(101,218)	-
Reimbursement from HOME grant	(120,000)	(120,000)	(26,641)	(93,359)
Total general government	11,782	11,782	105,141	(93,359)
Environmental services:				
Personnel	915,600	919,600	878,766	40,834
Materials, supplies and services	3,006,200	3,338,300	1,084,307	2,253,993
Total environmental services	3,921,800	4,257,900	1,963,073	2,294,827
Total expenditures	3,933,582	4,269,682	2,068,214	2,201,468
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,189,282)	(3,525,382)	(1,154,683)	2,370,699
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,189,500	2,189,500	2,506,311	316,811
Transfers out	(17,900)	(17,900)	(17,900)	-
Proceeds from sale of land	-	-	3,446,150	3,446,150
Total other financing sources (uses)	2,171,600	2,171,600	5,934,561	3,762,961
NET CHANGE IN FUND BALANCES	(1,017,682)	(1,353,782)	4,779,878	6,133,660
FUND BALANCES (DEFICITS)-BEGINNING	4,139,563	4,139,563	4,139,563	-
FUND BALANCES (DEFICITS)-ENDING	\$ 3,121,881	\$ 2,785,781	\$ 8,919,441	\$ 6,133,660

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

**CITY OF SIMI VALLEY
 MERGED TAPO CANYON AND WEST END TAX INCREMENT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Tax increment revenues	\$ 11,246,400	\$ 11,246,400	\$ 12,467,127	\$ 1,220,727
Use of money and property	86,500	86,500	142,889	56,389
Total revenues	<u>11,332,900</u>	<u>11,332,900</u>	<u>12,610,016</u>	<u>1,277,116</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
Materials, supplies and services	124,200	124,200	129,766	(5,566)
Contract services	56,500	57,500	39,713	17,787
Total general government	<u>180,700</u>	<u>181,700</u>	<u>169,479</u>	<u>12,221</u>
Debt service:				
Interest	207,300	207,300	501,929	(294,629)
Intergovernmental				
	4,270,300	4,270,300	4,625,657	(355,357)
Total expenditures	<u>4,658,300</u>	<u>4,659,300</u>	<u>5,297,065</u>	<u>(637,765)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>6,674,600</u>	<u>6,673,600</u>	<u>7,312,951</u>	<u>639,351</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(8,685,500)	(8,731,400)	(7,325,896)	1,405,504
Total other financing sources (uses)	<u>(8,685,500)</u>	<u>(8,731,400)</u>	<u>(7,325,896)</u>	<u>1,405,504</u>
NET CHANGE IN FUND BALANCES	(2,010,900)	(2,057,800)	(12,945)	2,044,855
FUND BALANCES (DEFICITS)-BEGINNING	<u>(12,120,209)</u>	<u>(12,120,209)</u>	<u>(12,120,209)</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (14,131,109)</u>	<u>\$ (14,178,009)</u>	<u>\$ (12,133,154)</u>	<u>\$ 2,044,855</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 340,000	\$ 340,000	\$ 547,623	\$ 207,623
Service charges	551,200	551,200	656,168	104,968
Other revenues	4,051,600	4,051,600	4,959,166	907,566
Total revenues	<u>4,942,800</u>	<u>4,942,800</u>	<u>6,162,957</u>	<u>1,220,157</u>
EXPENDITURES				
Current:				
General government:				
Reimbursement to general fund	200,000	200,000	200,000	-
Environmental services:				
Housing programs	741,200	912,200	43,646	868,554
Total expenditures	<u>941,200</u>	<u>1,112,200</u>	<u>243,646</u>	<u>868,554</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,533,400)	(3,753,600)	(3,578,374)	175,226
NET CHANGE IN FUND BALANCES	(531,800)	77,000	2,340,937	2,263,937
FUND BALANCES (DEFICITS)-BEGINNING	<u>16,407,936</u>	<u>16,407,936</u>	<u>16,407,936</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 15,876,136</u>	<u>\$ 16,484,936</u>	<u>\$ 18,748,873</u>	<u>\$ 2,263,937</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, 2006**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Ventura County</u>		<u>Simi Valley</u>		
	<u>Simi Valley Sanitation</u>	<u>Waterworks District No. 8</u>	<u>Transit System</u>	<u>Total</u>	
ASSETS					
Current assets:					
Cash and investments	\$ 12,234,468	\$ 7,098,626	\$ -	\$ 19,333,094	\$ 17,890,924
Customer receivable	623,132	3,688,692	-	4,311,824	-
Other receivable	17,284	175,197	28,233	220,714	-
Taxes receivable	298,461	-	-	298,461	-
Grants receivable	-	-	2,343,825	2,343,825	-
Inventories	200,974	534,737	138,707	874,418	-
Interest receivable	201,101	169,216	-	370,317	114,773
Restricted cash and investments:					
Customer deposits	-	833,872	-	833,872	-
Connection fees	9,493,163	10,293,862	-	19,787,025	-
Total current assets	<u>23,068,583</u>	<u>22,794,202</u>	<u>2,510,765</u>	<u>48,373,550</u>	<u>18,005,697</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation) (note III D):					
Land	765,660	451,334	-	1,216,994	-
Buildings and improvements	5,786,812	584,310	1,636,757	8,007,879	-
Furnishings and equipment	171,581	191,365	491,946	854,892	-
Vehicles	482,851	282,854	2,393,688	3,159,393	-
Distribution system	25,944,241	15,387,881	6,458	41,338,580	-
Construction-in-progress	15,637,722	3,678,694	219,859	19,536,275	-
Total noncurrent assets	<u>48,788,867</u>	<u>20,576,438</u>	<u>4,748,708</u>	<u>74,114,013</u>	<u>-</u>
TOTAL ASSETS	<u>71,857,450</u>	<u>43,370,640</u>	<u>7,259,473</u>	<u>122,487,563</u>	<u>18,005,697</u>
LIABILITIES					
Current liabilities:					
Accounts payable	221,677	1,993,274	68,027	2,282,978	44,205
Salaries and benefits payable	68,250	43,908	46,682	158,840	3,504
Compensated absences	-	9,954	-	9,954	4,466
Due to other funds (note III F)	-	-	2,017,359	2,017,359	-
Claims and legal services payable	-	-	-	-	4,081,349
Total current liabilities	<u>289,927</u>	<u>2,047,136</u>	<u>2,132,068</u>	<u>4,469,131</u>	<u>4,133,524</u>
Current liabilities payable from restricted assets:					
Water service prepayments	-	833,872	-	833,872	-
Accounts payable restricted	-	53,618	-	53,618	-
Total current liabilities from restricted assets	<u>-</u>	<u>887,490</u>	<u>-</u>	<u>887,490</u>	<u>-</u>
Noncurrent liabilities:					
Advances from other funds (note III F)	-	-	-	-	4,688,000
Compensated absences	341,374	269,874	194,177	805,425	27,380
Claims and legal services payable	-	-	-	-	7,409,017
Total noncurrent liabilities	<u>341,374</u>	<u>269,874</u>	<u>194,177</u>	<u>805,425</u>	<u>12,124,397</u>
TOTAL LIABILITIES	<u>631,301</u>	<u>3,204,500</u>	<u>2,326,245</u>	<u>6,162,046</u>	<u>16,257,921</u>
NET ASSETS					
Invested in capital assets	48,788,867	20,576,438	4,748,708	74,114,013	-
Restricted	9,493,163	10,240,244	-	19,733,407	-
Unrestricted	12,944,119	9,349,458	184,520	22,478,097	1,747,776
TOTAL NET ASSETS	<u>\$ 71,226,149</u>	<u>\$ 40,166,140</u>	<u>\$ 4,933,228</u>	<u>116,325,517</u>	<u>\$ 1,747,776</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Beginning adjustment				92,384	
Current adjustment				<u>(46,356)</u>	
Net assets of business-type activities				<u>\$ 116,371,545</u>	

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

CITY OF SIMI VALLEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities Internal Service Funds
	Simi Valley Sanitation	Ventura County Waterworks District No. 8	Simi Valley Transit System	Total	
<u>OPERATING REVENUES</u>					
Charges for sales and services	\$ 12,745,553	\$ 23,765,476	\$ 479,426	\$ 36,990,455	\$ 6,460,166
<u>OPERATING EXPENSES</u>					
Salaries and benefits	5,366,511	3,313,048	2,832,976	11,512,535	262,289
Materials and supplies:					
Water purchases	-	14,498,059	-	14,498,059	-
Utilities	828,231	569,703	-	1,397,934	-
Chemicals	495,539	-	-	495,539	-
Other	177,020	622,239	472,250	1,271,509	11,244
Services:					
Maintenance projects	267,327	969,986	-	1,237,313	-
Other	1,669,109	1,144,809	714,422	3,528,340	-
Insurance	191,000	85,500	126,300	402,800	765,382
Claims and legal expenses	-	-	-	-	2,933,292
General administration	1,425,000	1,730,300	872,500	4,027,800	1,883,400
Depreciation	1,785,583	811,427	696,481	3,293,491	-
Total operating expenses	<u>12,205,320</u>	<u>23,745,071</u>	<u>5,714,929</u>	<u>41,665,320</u>	<u>5,855,607</u>
OPERATING INCOME (LOSS)	<u>540,233</u>	<u>20,405</u>	<u>(5,235,503)</u>	<u>(4,674,865)</u>	<u>604,559</u>
<u>NONOPERATING REVENUES AND EXPENSES</u>					
Grants	698,259	4,288	814,213	1,516,760	-
Interest	578,413	745,136	-	1,323,549	298,421
Other	103,050	(25,554)	34,865	112,361	-
Total nonoperating revenues (expenses)	<u>1,379,722</u>	<u>723,870</u>	<u>849,078</u>	<u>2,952,670</u>	<u>298,421</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,919,955	744,275	(4,386,425)	(1,722,195)	902,980
<u>CONTRIBUTIONS AND TRANSFERS</u>					
Capital contributions	4,813,716	4,028,828	1,671,573	10,514,117	-
Transfers in (note III F)	-	-	2,463,092	2,463,092	-
Transfers out (note III F)	(599,100)	(547,000)	-	(1,146,100)	(5,400)
Total contributions and transfers	<u>4,214,616</u>	<u>3,481,828</u>	<u>4,134,665</u>	<u>11,831,109</u>	<u>(5,400)</u>
CHANGE IN NET ASSETS	6,134,571	4,226,103	(251,760)	10,108,914	897,580
TOTAL NET ASSETS-BEGINNING	<u>65,091,578</u>	<u>35,940,037</u>	<u>5,184,988</u>		<u>850,196</u>
TOTAL NET ASSETS-ENDING	<u>\$ 71,226,149</u>	<u>\$ 40,166,140</u>	<u>\$ 4,933,228</u>		<u>\$ 1,747,776</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Current adjustment				(46,356)	
Change in net assets of business-type activities				<u>\$ 10,062,558</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, 2006**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Ventura County		Simi Valley	Totals	
	Simi Valley Sanitation	Waterworks District No. 8	Transit System		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from service charges and other revenues	\$ 12,630,889	\$ 24,381,859	\$ 517,726	\$ 37,530,474	\$ 6,460,166
Cash paid for salaries and benefits	(5,671,526)	(3,376,826)	(2,997,137)	(12,045,489)	-
Cash paid for supplies and materials	(1,511,474)	(15,685,849)	(482,002)	(17,679,325)	-
Cash paid for general administration	(1,425,000)	(1,730,300)	(872,500)	(4,027,800)	(1,883,400)
Cash paid for services and insurance	(3,116,449)	(2,260,558)	(870,358)	(6,247,365)	(280,840)
Cash paid for insurance premiums and claims	-	-	-	-	(3,684,314)
Net cash provided (used) by operating activities	906,440	1,328,326	(4,704,271)	(2,469,505)	611,612
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash paid for transfers to other funds	(599,100)	(547,000)	-	(1,146,100)	-
Cash received from grants and other governments	698,259	4,288	1,290,056	1,992,603	-
Cash received from interfund borrowing	-	-	2,185,973	2,185,973	(5,400)
Net cash provided (used) by noncapital financing activities	99,159	(542,712)	3,476,029	3,032,476	(5,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Sewer connection fees and water capital improvement charges	4,813,716	4,028,828	-	8,842,544	-
Contribution received from other governments	-	-	1,671,573	1,671,573	-
Acquisition of capital assets	(2,259,779)	(2,150,224)	(443,331)	(4,853,334)	-
Net cash provided (used) by capital and related financing activities	2,553,937	1,878,604	1,228,242	5,660,783	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	518,109	691,641	-	1,209,750	271,318
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,077,645	3,355,859	-	7,433,504	877,530
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,649,986	14,870,501	-	32,520,487	17,013,394
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 21,727,631	\$ 18,226,360	\$ -	\$ 39,953,991	\$ 17,890,924
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital additions	\$ 1,561,531	\$ 1,956,167	\$ -	\$ 3,517,698	\$ -
Contributions in aid of construction	(1,561,531)	(1,956,167)	-	(3,517,698)	-
	\$ -	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 540,233	\$ 20,405	\$ (5,235,503)	\$ (4,674,865)	\$ 604,559
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,785,583	811,427	696,481	3,293,491	-
(Increase) decrease in accounts receivable	(113,303)	530,449	4,825	421,971	-
(Increase) decrease in inventory	(12,045)	(10,947)	(9,752)	(32,744)	-
Increase (decrease) in accounts payable	(989,013)	(60,263)	(29,636)	(1,078,912)	(38,737)
Increase (decrease) in accrued payroll	(295,378)	(73,732)	(127,437)	(496,547)	-
Increase (decrease) in compensated absences	(9,637)	9,954	(36,724)	(36,407)	-
Increase (decrease) in water service prepayments	-	101,011	-	101,011	-
Increase (decrease) in claims and legal services payable	-	-	-	-	45,790
Adjustment for revenues and expenses classified as nonoperating	-	22	33,475	33,497	-
Total adjustments	366,207	1,307,921	531,232	2,205,360	7,053
Net cash provided (used) by operating activities	\$ 906,440	\$ 1,328,326	\$ (4,704,271)	\$ (2,469,505)	\$ 611,612

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, 2006**

	Total
<hr/>	
<u>ASSETS</u>	
Current assets:	
Cash and investments:	
Held by City	\$ 3,472,699
Held by bond trustee	4,209,280
Accounts receivable	<u>28,970</u>
TOTAL ASSETS	<u>\$ 7,710,949</u>
<u>LIABILITIES</u>	
Intergovernmental payable	<u>\$ 7,710,949</u>
TOTAL LIABILITIES	<u>\$ 7,710,949</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, 2006

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

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, 2006

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, 2006

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
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accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

General fund:

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

Special revenue funds:

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

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

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

Capital project funds:

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

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

Enterprise funds:

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

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

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

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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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

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Receivables are shown net of an allowance for uncollectibles.

3. Property taxes

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

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

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

4. Inventories and prepaid items

In governmental funds the purchase method is used to account for inventories. Under this method inventories are recorded as expenditures when purchased rather than capitalized as an asset. If inventory amounts are significant at year-end they are reported as an asset. Inventory amounts in the governmental funds were not significant in fiscal year 2005-06.

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

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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5. *Restricted assets*

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

6. *Capital assets*

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. As per GASB Statement No. 34, the City will retroactively capitalize major general infrastructure assets by the fiscal year ended June 30, 2007.

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

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

7. *Compensated absences*

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

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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8. Long-term obligations

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

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

9. Fund equity

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

10. Estimates

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

II. Stewardship, compliance, and accountability

A. Budgetary information

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

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

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

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, 2006, ^{actuals} expenditures exceeded ^{budget} appropriations in the Merged Tapo Canyon and West End Tax Increment (major), the Madera Royal Tax Increment (nonmajor), and the Transportation (nonmajor) special revenue funds by \$637,765, \$2,327 and \$40,843 respectively. The over-expenditures in the Merged Tapo Canyon and West End Tax Increment fund were financed by higher than budgeted revenues, and in the Madera Royal Tax Increment fund FY 2006-07 tax increment revenues will fund the over-expenditures. The Transportation fund over-expenditure resulted from transmitting pass-thru grants to the Park District received in prior years. Expenditures exceeded appropriations in the General fund, Public Safety (Police Department) by \$269,355 due to higher than normal overtime for emergency events in the City. However, these over-expenditures did not exceed the total General fund expenditure appropriation as approved by the City Council.

C. Deficit fund equity

Two major funds had negative fund balances as of June 30, 2006. The Merged Tapo Canyon and West End Tax Increment special revenue fund had a deficit fund balance of \$12,133,154, 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. The Regional Mall capital project fund had a deficit fund balance of \$96,424. This will be eliminated by drawdowns of bond proceeds from the Certificates of Participation issued on September 2, 2004.

In addition, three nonmajor funds had deficit fund balances as of June 30, 2006: the Madera Royal Tax Increment special revenue fund (\$152,613), and the Stormwater Detention Basins (\$27,218) and the Police Facility (\$1,653,524) capital projects funds. Tax increment revenues to be received in Fiscal Year 2006-07 will eliminate the deficit for the Madera Royal Tax Increment fund. The deficit for the Stormwater Detention Basins fund will be eliminated by grant drawdowns. The deficit for the Police Facility fund will be eliminated from available bond proceeds. The Workers' Compensation internal service fund also has deficit net assets (\$1,108,452) as of June 30, 2006. Increasing the amounts charged to the participating funds in subsequent fiscal years will eliminate this deficit.

III. Detailed notes on all funds

A. Cash and investments

The cash balances of all funds held by the City are pooled and invested for the purpose of increasing interest earnings through investment activities. The interest earned on these investments is allocated to participating funds based on their average cash balances. The carrying amounts of cash and investments have been decreased by \$1,251,333 in order to reflect the fair value at June 30, 2006.

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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Cash and investments at June 30, 2006 are classified as follows:

Statement of net assets:	
Cash and investments	\$ 133,852,306
Cash and investments held by bond trustee	6,828,379
Fiduciary funds:	
Cash and investments	3,472,699
Cash and investments held by bond trustee	4,209,280
Total cash and investments	<u>\$ 148,362,664</u>

Cash and investments at June 30, 2006 consisted of the following:

Cash on hand	\$ 3,150
Deposits with financial institutions	(1,040,986)
Investments	149,400,500
Total cash and investments	<u>\$ 148,362,664</u>

Investments Authorized by the California Government Code and the City's Investment Policy

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

<u>Authorized Investments</u>	<u>Maximum Maturity Constraints</u>	<u>City Policy Legal Limit (% or \$)</u>	<u>Maximum Investment in in One Issuer</u>
City Bonds	5 years	None	None
United States Treasuries	5 years	None	None
State Bonds	5 years	None	None
Municipal Bonds	5 years	None	None
Federal Agencies	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Certificates of Deposit	5 years	30%	None
Collateralized Certificates of Deposit	5 years	25%	None
Mutual funds	N/A	20%	10%
Money market mutual funds	N/A	20%	10%
Local agency investment pool	N/A	\$25,000,000 ¹	None

¹Per entity

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

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity in Months</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
U.S. Treasury securities	\$ 19,758,413	\$ 14,805,663	\$ 4,952,750	\$ -	\$ -
U.S. Government agency securities	53,987,700	9,856,250	9,946,900	34,184,550	-
Local agency investment pool	64,506,960	64,506,960	-	-	-
Money market funds	109,767	109,767	-	-	-
<u>Held by bond trustee:</u>					
Local agency investment pool	4,129,227	4,129,227	-	-	-
Money market and mutual funds	6,908,433	6,908,433	-	-	-
Total	\$ 149,400,500	\$100,316,300	\$14,899,650	\$34,184,550	\$ -

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings as of Year End</u>		
				<u>S & P AAA</u>	<u>Moody Aaa</u>	<u>Not Rated</u>
U.S. Treasury securities	\$ 19,758,413	N/A	\$19,758,413	\$ -	\$ -	\$ -
U.S. Government agency securities	53,987,700	N/A	-	53,987,700	53,987,700	-
Local agency investment pool	64,506,960	N/A	-	-	-	64,506,960
Money market funds	109,767	A	-	-	-	109,767
<u>Held by bond trustee:</u>						
Local agency investment pool	4,129,227	N/A	-	-	-	4,129,227
Money market and mutual funds	6,908,433	A	-	-	-	6,908,433
Total	\$ 149,400,500		\$19,758,413	\$ 53,987,700	\$53,987,700	\$ 75,654,387

Concentration of Credit Risk

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

- No more than 15% of the City's portfolio (exclusive of investments in government agency

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CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
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- issues and LAIF) shall be invested with one financial institution.
- No more than 25% of the City's portfolio shall be invested in collateralized certificates of deposit issued by Savings and Loan institutions.
 - Investments of bond proceeds, held by fiscal agents, in LAIF shall be limited to \$25 million per bond issue.

Custodial Credit Risk

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

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

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$49,008,000

As of June 30, 2006, the City had no investments which were uninsured, unregistered and not held in the City's name.

Investment in State Investment Pool

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

B. Loans receivable

The City provides amortizable and deferred payment home rehabilitation loans, first time homebuyer and affordable housing loans to qualifying low-income households under programs accounted for in the Special Revenue funds. The loan receivable is offset against deferred revenue as these amounts are dependent on future events like residual receipts and sale of property.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

C. Allowance for uncollectible accounts

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

	General Fund	Merged		Streets and Roads	Nonmajor Governmental	Total
		Tapo Canyon & West End Tax Increment	Development Related Fees			
Accounts receivable	\$1,855,775	\$ 24,812	\$ 46,548	\$ 591,857	\$ 13,526	\$2,532,518
Allowance for uncollectibles	(562,228)	-	-	-	-	(562,228)
Total accounts receivable net	\$1,293,547	\$ 24,812	\$ 46,548	591,857	13,526	\$1,970,290

D. Capital assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,787,195	\$ 1,050,000	\$ (3,129,948)	\$ 8,707,247
Construction-in-progress	15,217,215	35,141,951	(992,767)	49,366,399
Total capital assets, not being depreciated	26,004,410	36,191,951	(4,122,715)	58,073,646
Capital assets, being depreciated:				
Buildings and improvements	31,512,370	5,035	-	31,517,405
Furnishings and equipment	4,811,468	75,173	(832,260)	4,054,381
Computers	3,015,085	160,041	(192,612)	2,982,514
Vehicles	5,092,579	296,997	(529,189)	4,860,387
Infrastructure	23,057,093	4,777,685	-	27,834,778
Intangibles	3,758,646	-	-	3,758,646
Total capital assets being depreciated	71,247,241	5,314,931	(1,554,061)	75,008,111
Less accumulated depreciation for:				
Buildings and improvements	(9,253,442)	(933,639)	-	(10,187,081)
Furnishings and equipment	(4,374,016)	(123,223)	783,922	(3,713,317)
Computers	(1,214,290)	(488,925)	152,330	(1,550,885)
Vehicles	(3,926,117)	(480,338)	523,749	(3,882,706)
Infrastructure	(1,386,151)	(734,420)	-	(2,120,571)
Intangibles	(501,152)	(250,577)	-	(751,729)
Total accumulated depreciation	(20,655,168)	(3,011,122)	1,460,001	(22,206,289)
Total capital assets, being depreciated, net	50,592,073	2,303,809	(94,060)	52,801,822
Governmental activities capital assets, net	\$ 76,596,483	\$ 38,495,760	\$ (4,216,775)	\$ 110,875,468

POSTING DATE: 06/30/06

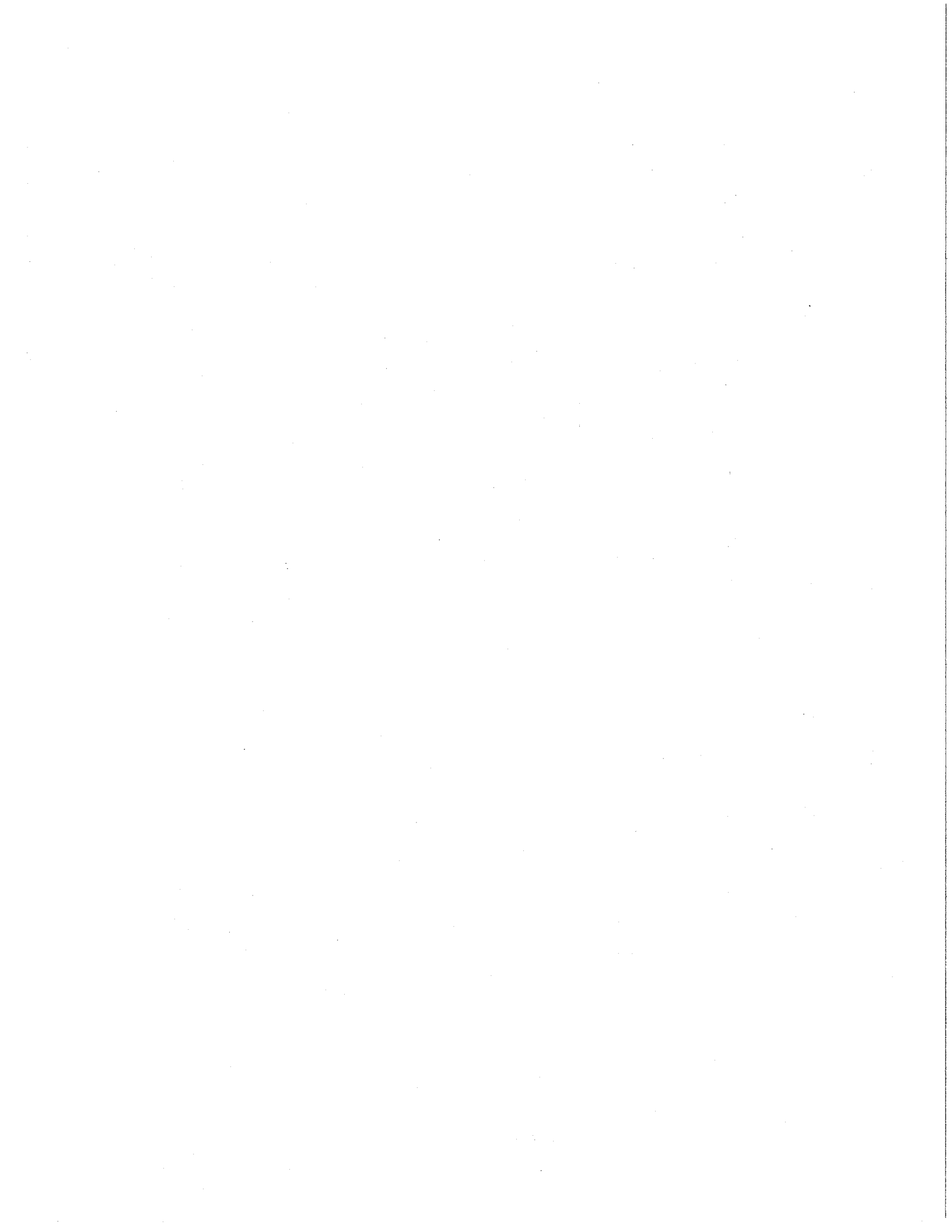
PK	BA	COST CENTER	ORDER	GL ACCOUNT	AMOUNT	DESCRIPTION
(Dr 40 Cr 50)	(fund)	(division)	(internal order)	(object code)	Dr (Cr) [Enter as positive # in SAP]	
40	100	2110		37201	263.18	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	3030		32301	6,997.88	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	3010		37301	50,684.29	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	5005		37599	1,064.40	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	5120		37505	12,870.47	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	5120		37504	4,706.25	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	4120		37402	1,250.03	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	4080		37405	367.50	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	4065		37432	152.29	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	4120		38004	4,565.92	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	4110		38004	1,136.57	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	4140		38004	3,894.32	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	5120		38004	2,921.33	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	5120		37505	351.00	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
50	100			1799	91,225.43	ALLOWANCE FOR DOUBTFUL ACCOUNTS - GENERAL CUSTOMERS
40	100	1697		31114	771.66	ALLOWANCE FOR DOUBTFUL ACCOUNTS - BUSINESS TAX
50	100			1799	771.66	ALLOWANCE FOR DOUBTFUL ACCOUNTS - BUSINESS TAX
40	100	5480		33502	470,231.31	ALLOWANCE FOR DOUBTFUL ACCOUNTS - PARKING CITATIONS
50	100			1799	470,231.31	ALLOWANCE FOR DOUBTFUL ACCOUNTS - PARKING CITATIONS
40	100	5480		31114	360,634.17	CORRECT JE902 6/29/06 RE: FY 04/05 ALLOWANCE
50	100	5480		33502	360,634.17	CORRECT JE902 6/29/06 RE: FY 04/05 ALLOWANCE
		TOTAL			0.00	

0.00 *
0.00 6*

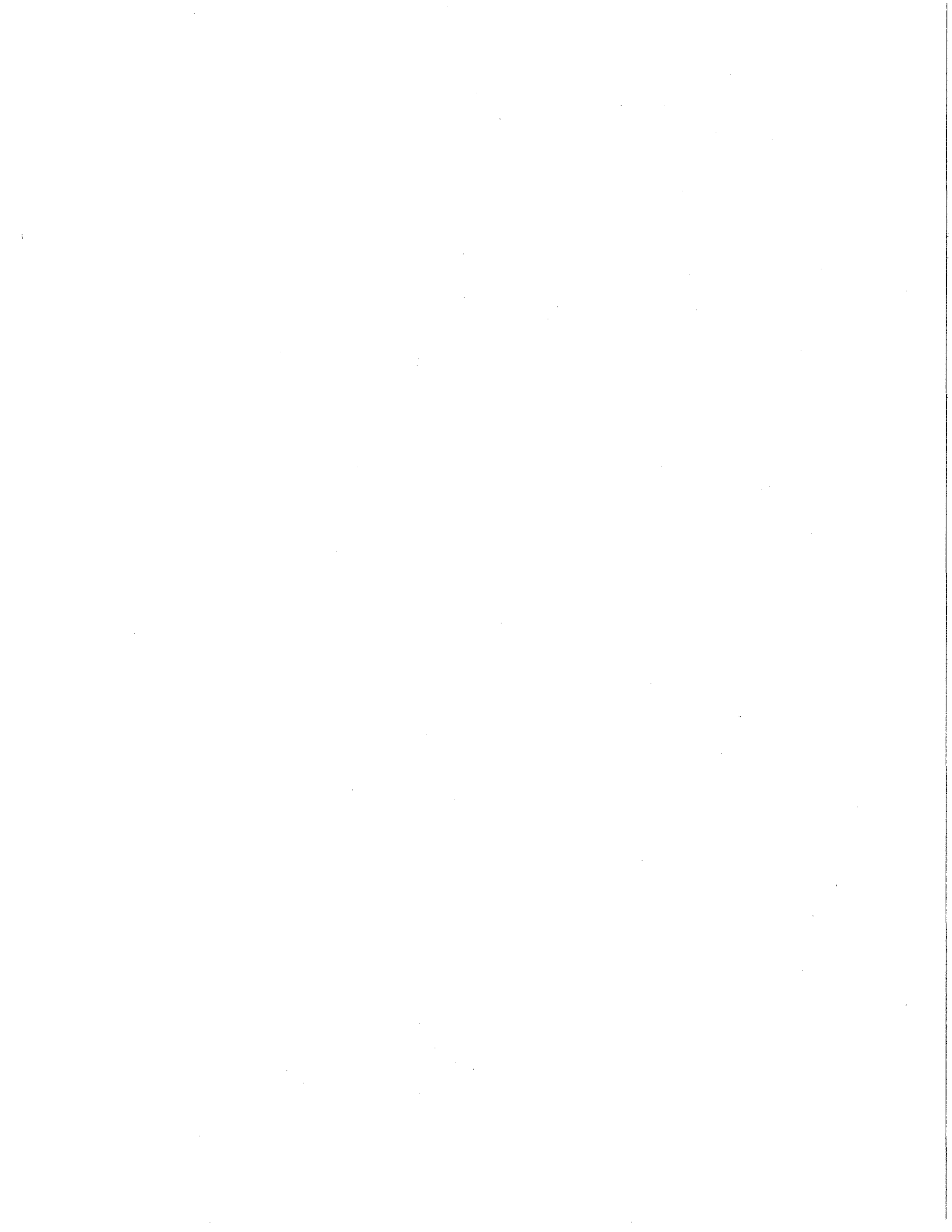
PURPOSE: Record allowance for doubtful accounts re: A/R as of 6/30/06. Accounts 61-90 days, 15% deemed uncollectible, 91-360 days deemed uncollectible, 361-998 days deemed 50% uncollectible, 999+ days deemed 90% uncollectible.

PREPARED/PARKED BY: Jody	DATE:	DOCUMENT #:
AUDITED BY:	DATE:	
POSTED BY:	DATE:	

91,225.43 +
771.66 +
470,231.31 +
562,228.40 *



Lead column	Balance		
1100 Cash Constant			
1101 Cash - Oper Acct	10,375,743.37		
1102 Payroll Account	53,685.39-		
1107 Workers' Compensation Account			
1109 Mrkt Adj-Investments	309,742.33-		
1125 Imprest Cash	2,000.00		
1151 Cashiers Cash:CH	200.00		
1152 Cashiers Cash:DSB	150.00		
1153 Cashiers Cash:PD	500.00		
1154 Cashiers Cash:PSC	100.00		
1155 Cashiers Change	200.00		
1160 LAIF/City			
1195 Cash Held by Trustee	38,628.80	10,054,094.45	
1201 AR Recon - General	1,311,513.14		
1202 AR Recon-Business Tx	3,923.21		
1203 AR Recon - Park Cit	688,751.50		
1204 BAB-AR Recon Clearng			
1205 AR Recon-Utility			
1220 Accts Rec Accruals	165,900.48-		
1224 PERS Advance Rec	20,680.92		
1261 COBRA - Blue Cross	1,223.76-		
1262 COBRA - Kaiser			
1264 COBRA - Vision	118.80-		
1266 COBRA - Dental/Delta	512.08-		
1267 COBRA - CA Care	1,283.12-		
1268 COBRA - Dental/PMI	55.00-	1,293,547.13	
1299 Cash Advance			
1310 Interest Receivable	309,153.49	309,153.49	
1320 Property Taxes	498,487.36		
1321 Taxes Receivable	2,730,198.74	3,228,686.10	
1410 Grants Receivable	22,988.00	22,988.00	
1620 Due from SVCDA			
1650 Due from CDBG			
1660 Due from Capital Prj	1,774,972.50		
1675 Due from Transit	2,017,359.20	3,792,331.70	
1720 Cultural Center Rec	218,665.64		
1725 Public Cemetery Rec	219,007.92		
1730 Section 125 Advance	5,000.00	442,673.56	
1735 Advances-Other Funds	19,334,513.52	19,334,513.52	
1799 Allow-Doubtful Accts	562,228.40-		
1810 Assessments Rec			
1920 Furnishings & Equipment => \$5000 (M	253,032.05		
1928 Computers => \$5,000 (Modified)	183,680.85		
1930 Vehicles (Modified)	23,055.39		exclude
1990 Accum Depreciation - OLD	454,768.29-		
	38,482,987.95	38,477,987.95	
2001 AP Reconciliation	128,351.46-		
2002 BAB AP Recon Clearng			
2003 P/R Recon Account			
2020 Goods Receipt/ Invoice Receipt	59,637.25-		
2030 A/P Accruals	491,852.45-		
2050 Use Tax Payable			
2070 Animal Licenses Pay	230.00-		
2090 Due to Section 125	38,629.80-		
2097 Due to VCTC		718,700.96-	
2180 Accrued Payroll	631,228.60-		
2185 Accrued Benefits Pay	4,573,715.56-		
2186 Accrued Benefits Payable-Contra	4,573,715.56		
2190 PERS			
2195 PERS Pre-payment	80,111.99-	711,340.59-	
2554 Deferred Revenue	250,000.00-	250,000.00-	
	1,680,041.55-	1,680,041.55-	
2900 Fund Balance	37,440,993.76-	36,797,946.4	643,047.36-
2901 Fund Balance - General Fund			
2902 Fund Balance - Special Revenue			
31101 Property Taxes-Sec	5,620,328.29-		



CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

	<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	\$ -	\$ (18,086)	\$ 1,216,994
Construction-in-progress	20,432,820	1,026,840	(1,923,385)	19,536,275
Total capital assets, not being depreciated	<u>21,667,900</u>	<u>1,026,840</u>	<u>(1,941,471)</u>	<u>20,753,269</u>
Capital assets, being depreciated:				
Buildings and improvements	11,913,577	156,466	-	12,070,043
Furnishings and equipment	5,112,755	167,366	(515,436)	4,764,685
Vehicles	7,466,741	946,007	(21,963)	8,390,785
Distribution system	85,990,406	4,609,399	(50,372)	90,549,433
Total capital assets being depreciated	<u>110,483,479</u>	<u>5,879,238</u>	<u>(587,771)</u>	<u>115,774,946</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,792,212)	(269,952)	-	(4,062,164)
Furnishings and equipment	(4,136,937)	(274,531)	501,675	(3,909,793)
Vehicles	(4,525,352)	(723,050)	17,010	(5,231,392)
Distribution system	(47,221,572)	(2,025,959)	36,678	(49,210,853)
Total accumulated depreciation	<u>(59,676,073)</u>	<u>(3,293,492)</u>	<u>555,363</u>	<u>(62,414,202)</u>
Total capital assets, being depreciated, net	<u>50,807,406</u>	<u>2,585,746</u>	<u>(32,408)</u>	<u>53,360,744</u>
Business-type activities capital assets, net	<u>\$ 72,475,306</u>	<u>\$ 3,612,586</u>	<u>\$ (1,973,879)</u>	<u>\$ 74,114,013</u>

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

Governmental activities:	
General Government	\$ 1,664,063
Community Services	8,717
Planning (ES)	6,469
Public Ways & Facilities (PW)	808,703
Public Safety	523,170
Total depreciation expense-governmental activities	<u>\$ 3,011,122</u>
Business-type activities:	
Sanitation	\$ 1,785,583
Waterworks	811,428
Transit	696,481
Total depreciation expense-business-type activities	<u>\$ 3,293,492</u>

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

E. Construction commitments

The City has active construction projects as of June 30, 2006. The commitments for governmental fund projects are included in the reserved fund balances. The project commitments for enterprise funds at year end are as follows:

Water tank construction and improvements projects	\$1,888,569
Water quality control plant upgrades	884,078
Water and recycled water master plan updates	207,282
Hansen work order system	138,910
Sanitation plant nitrification / denitrification upgrade project	86,568
Refurbishment of pumping facilities	53,201
Groundwater basin perennial aquifer yield study	26,710
Total construction commitments	\$3,285,318

F. Interfund receivables, payables, and transfers

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

Due to / from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Simi Valley transit system	\$ 2,017,359
	Regional mall	96,424
	Nonmajor governmental funds	1,678,549
Community development agency housing administration fund	Nonmajor governmental funds	201,743
Total		\$ 3,994,075

Advances from / to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Merged Tapo Canyon and West End Tax Increment	\$ 11,145,520
	Nonmajor governmental funds (Public Facility Imprv)	3,348,380
	Nonmajor governmental funds (Madera Royal)	152,613
	Internal Service funds	4,688,000
Nonmajor governmental funds (Lighting Maintenance District)	Merged Tapo Canyon and West End Tax Increment	2,500,000
Total		\$ 21,834,513

The advances from the General fund to the Merged Tapo Canyon and West End Tax Increment funds, and nonmajor governmental fund (Madera Royal Tax Increment fund) are to fund various

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

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

The composition of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General	Streets and roads	\$ 996,088	Fund street projects, sound walls, and traffic signals
	Simi Valley transit system	2,463,092	Subsidy for transit operations
	Nonmajor governmental funds	<u>5,496,565</u>	Fund capital improvement projects, landscape zones, contributions to pension and replacement funds
		<u>8,955,745</u>	
CDA housing administration	Nonmajor governmental funds	<u>17,900</u>	Contributions to pension and replacement funds
Merged Tapo Canyon and West End tax increment	CDA housing administration	2,493,426	Fund 20% low and moderate income set-aside
	Streets and roads	18,631	Fund streets projects
	Nonmajor governmental funds	<u>4,813,839</u>	Fund CDA admin costs, and scheduled debt service
		<u>7,325,896</u>	
Development related fees funds	Streets and roads	703,600	Fund street projects
	Nonmajor governmental funds	<u>2,874,774</u>	Fund public facility improvements, 2-way radio project, and scheduled debt service
		<u>3,578,374</u>	
Nonmajor governmental funds	General fund	6,249,709	Fund transportation needs
	CDA housing administration	12,885	Fund 20% low and moderate income set-aside
	Streets and roads	599,198	Fund street projects
	Regional Mall	15,518,000	Fund infrastructure for the regional mall
	Nonmajor governmental funds	<u>3,915,500</u>	Fund capital projects, public facility improvements, and contributions to pension and replacement funds
	<u>26,295,292</u>		
Total governmental funds		<u>46,173,207</u>	
Proprietary funds	Nonmajor governmental funds	1,146,100	Contributions to pension and replacement funds, and fund 2-way radio project
Internal service activities	Nonmajor governmental funds	<u>5,400</u>	Contributions to pension, and replacement funds
Total		<u>\$47,324,707</u>	

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

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, 2006 was \$7,260,000.
- **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, 2006 was \$30,040,000.
- **City of Simi Valley 2004 Certificates of Participation (COP):**
Original issue amount \$25,955,000; interest rates at 3.75% to 5.0%; maturing September 1, 2006-2034. The COP are payable in annual installments ranging from \$460,000 to \$1,615,000. They were issued at a premium, which has been added to the new debt and is being amortized over the life of the bonds. Issuance costs are shown as deferred charges and are being amortized over the life of the bonds. These COP were issued to provide financing for improvements to and expansion of the Senior Citizens' Center and public capital improvements relating to the construction of a shopping mall. The annual lease/debt service payments will be supported by contributions from various City funds based on the benefit received. The identified funds have the long-term financial capacity to support the required payments. To meet the conditions of the COP financing structure and to avoid costly capitalized interest costs during the construction period, the City's Wastewater Treatment Plant, which has an estimated value in excess of \$50 million, is the leased asset during the construction period. The balance outstanding as of June 30, 2006 was \$25,955,000.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

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

- Claims and legal services payable of \$11,490,366, 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, 2006.
- Compensated absences liability of \$5,607,517 at fiscal year end. This liability consists of accumulated earned but unused annual leave of employees charged to the General fund, certain Special Revenue funds, Enterprise funds and the Workers' Compensation - Internal Service fund. The liability is liquidated from the funds to which an employee is charged.

Annual debt service requirements to maturity

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

Year Ending June 30:	2003 Tax Allocation Refunding Bond		Year Ending June 30:	1995 Lease Revenue Bonds	
	Principal	Interest		Principal	Interest
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
2010	780,000	1,305,369	2010	655,000	295,694
2011	810,000	1,276,606	2011	695,000	256,882
2012-2016	4,505,000	5,906,069	2012-2016	4,120,000	618,987
2017-2021	5,545,000	4,819,384		\$ 7,260,000	\$ 2,250,675
2022-2026	7,110,000	3,202,919			
2027-2031	9,090,000	1,180,750			
	<u>\$ 30,040,000</u>	<u>\$ 21,760,841</u>			

2004 Certificates of Participation

Year Ending June 30:	Refunding Bond	
	Principal	Interest
2007	\$ 460,000	\$ 1,194,769
2008	480,000	1,175,969
2009	495,000	1,156,469
2010	520,000	1,136,169
2011	540,000	1,114,969
2012-2016	3,045,000	5,226,763
2017-2021	3,720,000	4,547,994
2022-2026	4,675,000	3,589,797
2027-2031	6,010,000	2,263,563
2032-2035	6,010,000	605,616
	<u>\$ 25,955,000</u>	<u>\$ 22,012,078</u>

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Balances</u> <u>July 1, 2005</u>	<u>Debt</u> <u>Incurred</u>	<u>Debt</u> <u>Retired</u>	<u>Balances</u> <u>June 30, 2006</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
1995 lease revenue bonds	\$ 7,805,000	\$ -	\$ (545,000)	\$ 7,260,000	\$ 570,000
2003 tax allocation bonds	30,745,000	-	(705,000)	30,040,000	720,000
Add (less) deferred amounts:					
Bond premium	418,112	-	(16,307)	401,805	-
Deferred amount	(530,935)	-	28,482	(502,453)	-
2004 certificates of participation	25,955,000	-	-	25,955,000	460,000
Add (less) deferred amounts:					
Bond premium	375,931	-	(12,886)	363,045	-
Total bonds payable	64,768,108	-	(1,250,711)	63,517,397	1,750,000
Claims and legal services	11,444,576	2,899,204	(2,853,414)	11,490,366	4,081,349
Compensated absences	4,459,035	1,194,377	(861,274)	4,792,138	285,618
Governmental activity long-term liabilities	<u>\$ 80,671,719</u>	<u>\$ 4,093,581</u>	<u>\$ (4,965,399)</u>	<u>\$ 79,799,901</u>	<u>\$ 6,116,967</u>
Business-type activities:					
Compensated absences	851,786	232,386	(268,793)	815,379	9,954
Business-type activity long-term liabilities	<u>\$ 851,786</u>	<u>\$ 232,386</u>	<u>\$ (268,793)</u>	<u>\$ 815,379</u>	<u>\$ 9,954</u>

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

H. Fund balance reserves and designations

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

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue Funds				Capital Projects Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Development Agency Housing Administration	Merged Tapo Canyon & West End Tax Increment	Development Related Fees Funds	Streets & Roads	Regional Mall		
FUND BALANCES								
Reserved:								
Encumbrances	\$ 708,251	\$ 339,521	\$ -	\$ 172,161	\$ 5,419,530	\$ -	\$ 2,052,537	\$ 8,692,000
Loans receivable	442,674	-	-	-	-	-	-	442,674
Advances	19,334,513	-	-	-	-	-	2,500,000	21,834,513
Debt service	-	-	-	-	-	-	8,247,637	8,247,637
Total reserved	<u>20,485,438</u>	<u>339,521</u>	<u>-</u>	<u>172,161</u>	<u>5,419,530</u>	<u>-</u>	<u>12,800,174</u>	<u>39,216,824</u>
Unreserved, designated:								
Cash flow	1,000,000	-	-	-	-	-	650,000	1,650,000
Capital projects	7,973,742	-	-	-	-	-	12,871,179	20,844,921
Public Improvements	-	-	-	18,576,712	-	-	4,451,515	23,028,227
Law enforcement	-	-	-	-	-	-	469,137	469,137
Special programs	-	-	-	-	-	-	1,364,017	1,364,017
Housing programs	-	8,579,920	-	-	-	-	-	8,579,920
Total unreserved, designated	<u>8,973,742</u>	<u>8,579,920</u>	<u>-</u>	<u>18,576,712</u>	<u>-</u>	<u>-</u>	<u>19,805,848</u>	<u>55,936,222</u>
Unreserved, undesignated:	<u>7,338,767</u>	<u>-</u>	<u>(12,133,154)</u>	<u>-</u>	<u>(3,816,676)</u>	<u>(96,424)</u>	<u>(319,044)</u>	<u>(9,026,531)</u>
Total fund balances	<u>\$ 36,797,947</u>	<u>\$ 8,919,441</u>	<u>\$ (12,133,154)</u>	<u>\$ 18,748,873</u>	<u>\$ 1,602,854</u>	<u>\$ (96,424)</u>	<u>\$ 32,286,978</u>	<u>\$ 86,126,515</u>

I. Assessment district bonds

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

The outstanding assessment district bonds at June 30, 2006, consisted of the following:

Community Facilities District (District No. 04-1)	\$ 8,800,000
Sycamore Village/Wood Ranch Improvements (District No. 94-1R)	2,065,000
Royal Corto Improvements (District No. 89-1)	1,435,000
Madera Royal (District No. 98-1)	4,300,000

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, 2006 was \$169,680,000. The City is not involved with these bonds in any manner, as such the conduit debt obligations are not reflected in the accompanying financial statements. Listed below is a brief description of the bonds outstanding at year-end:

- 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, 2006, is \$15,500,000.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

- 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, 2006, is \$24,800,000.
- Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, 1993 Series A, were issued in the amount of \$22,070,000 to refund Multifamily Housing Revenue Bonds, 1984 Series A to finance the Creekside Village Apartments Project; the outstanding principal at June 30, 2006, 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, 2006, 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, 2006, is \$0.
- Multifamily Housing Revenue Refunding Bonds, Series 1996 A, and Taxable Multifamily Housing Revenue Refunding Bonds, Series 1996 B, were issued in the amount of \$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, 2006, is \$16,500,000.
- Multifamily Housing Revenue Bonds, Series 1998A, were issued in the amount of \$6,165,000 to finance the Sorrento Villas Apartments Project; the outstanding principal at June 30, 2006, is \$5,635,000.
- 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, 2006, is \$0.
- Multifamily Housing Revenue Refunding Bonds, 2002 Series A, were issued in the amount of \$3,650,000 to refinance Multifamily Housing Revenue Bonds, 1987, Series A, which financed the Ashlee Manor Apartments Project; the outstanding principal at June 30, 2006, is \$3,650,000.
- 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, 2006, is \$2,985,000.
- 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, 2006, is \$11,940,000.
- 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, 2006, is \$30,000,000.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

- 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, 2006, is \$3,600,000.

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, 2006, no such amounts were due.

B. Risk management

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

Under this program, the City is self-insured for up to \$1 million for each general liability claim and up to \$500,000 for each workers' compensation claim. The City purchases commercial insurance for property loss, as well as for claims in excess of the preceding coverage amounts. In the past three years commercial insurance paid workers' compensation claims in the amounts of \$20,739, for Fiscal Year 2004-05, and \$25,531, for Fiscal Year 2005-06.

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:

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

	<u>Year ended</u> <u>June 30, 2006</u>	<u>Year ended</u> <u>June 30, 2005</u>
Unpaid claims beginning of fiscal year	\$ 11,444,576	\$ 12,324,065
Incurred claims (including IBNRs)	2,899,204	1,575,550
Claims payments	(2,853,414)	(2,455,039)
Unpaid claims, end of fiscal year	<u>\$ 11,490,366</u>	<u>\$ 11,444,576</u>

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

C. Other post employment benefits

The City provides post-retirement health benefits to all management and sworn (police) employees per resolution numbers 2006-36 and 2005-47, respectively. The benefits vary depending upon a retiree's years of service and bargaining unit. The City pays 100 percent of premiums for health care coverage for these two groups. 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:			
Employee only	2	10	20-25 Years** up to 20 years
Employee plus one dependent	1	5	More Than 25 Years** life -time coverage
General unit employees:			
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

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

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

As of year-end, there were 70 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, 2006, the City paid \$427,657 for these benefits. However, the City is accumulating funds to pay future benefits. Assets in the amount of \$1,622,177 have been set aside in the Retiree Benefits nonmajor special revenue fund, as of the end of the fiscal year.

D. Deferred compensation plans

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

E. Pension plans

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

See independent auditors' report.

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

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 12.597% for non-safety employees and 26.978% for police employees of annual covered payroll for the year ended June 30, 2006. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost - For fiscal year 2005-06, the City's annual pension cost of \$6,479,283 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.25% to 14.45% by category and duration of service, (for safety members, rates are also dependent on entry age) and (c) 3% inflation component. The actuarial value of PERS assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a three-year period. PERS' initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period.

<u>Miscellaneous Employees</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Fiscal Year</u>			
6/30/2004	\$ 747,570	100%	-
6/30/2005	2,315,965	100%	-
6/30/2006	3,584,974	100%	-

<u>Safety Employees</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Fiscal Year</u>			
6/30/2004	\$ 1,598,084	100%	-
6/30/2005	2,490,543	100%	-
6/30/2006	2,894,309	100%	-

CITY OF SIMI VALLEY • NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2006

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, 2006 was \$1,281,292. The City's annual pension cost of \$67,696 for PARS was equal to the City's required and actual contribution. Plan assets held in trust at June 30, 2006 were \$341,090.

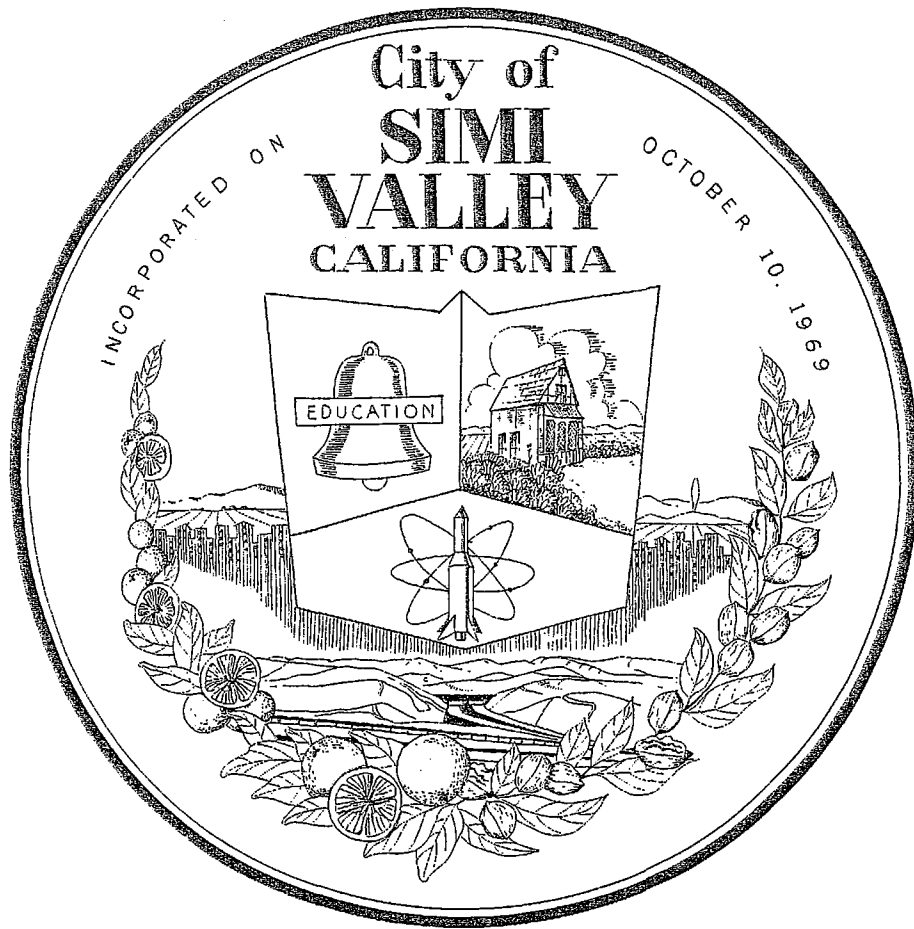
REQUIRED SUPPLEMENTARY INFORMATION

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

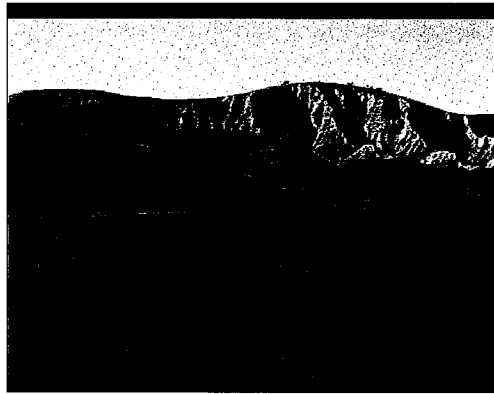
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrual Liability	Unfunded Liability/ (Excess Assets)	Unfunded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/03	\$78,786,816 ¹	\$90,799,939	\$12,013,123	86.8%	\$25,413,586	47.3%
	51,984,940 ²	63,929,099	11,944,159	81.3%	9,278,957	128.7%
6/30/04	85,706,404 ¹	102,338,399	16,631,995	83.7%	26,366,490	63.1%
	56,597,438 ²	70,618,337	14,020,899	80.1%	10,075,924	139.2%
6/30/05	96,629,417 ¹	115,676,934	19,047,517	83.5%	27,722,082	68.7%
	62,342,492 ²	78,269,004	15,926,512	79.7%	10,441,304	152.5%

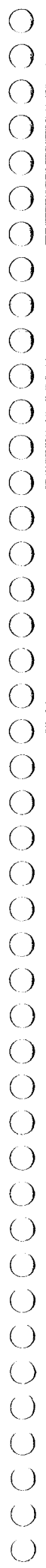
¹ Miscellaneous

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.

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

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

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

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

Capital Project Funds

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

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

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

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

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

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

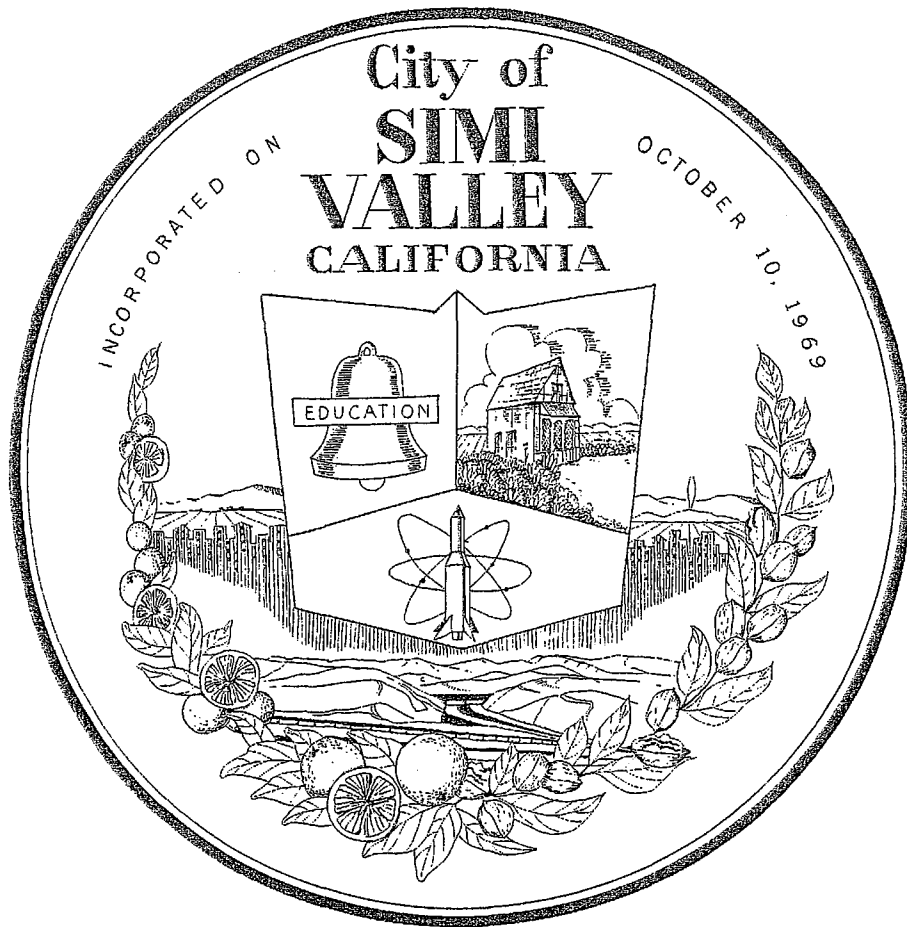
Financial Information System (FIS) fund was established to replace the City's legacy Financial Management Information System with a new Financial Information System, and is used to maintain and optimize the FIS system.

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

Police 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.



**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue		
	Community Development Agency Administration	Madera Royal Tax Increment	HOME Grant
ASSETS			
Cash and investments:			
Held by city	\$ 13,609	\$ 714	\$ 1,062,677
Held by bond trustee	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-
Taxes receivable	-	-	-
Grants receivable	-	-	-
Interest receivable	-	250	2,678
Due from other funds	-	-	-
Loans receivable (net of allowance for uncollectibles)	-	-	1,773,041
Advances to other funds	-	-	-
TOTAL ASSETS	\$ 13,609	\$ 964	\$ 2,838,396
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,112	\$ 964	\$ -
Salaries and benefits payable	10,497	-	-
Due to other funds	-	-	201,743
Advances from other funds	-	152,613	-
Deferred revenues	-	-	1,773,041
TOTAL LIABILITIES	13,609	153,577	1,974,784
FUND BALANCES			
Reserved for encumbrances	-	-	-
Reserved for loans receivable	-	-	-
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	-	-	863,612
Undesignated	-	(152,613)	-
TOTAL FUND BALANCES (DEFICITS)	-	(152,613)	863,612
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,609	\$ 964	\$ 2,838,396

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

Special Revenue			
Gasoline Tax	Transportation Funds	Lighting Maintenance District	
			ASSETS
			Cash and investments:
\$	-	\$ 344,055	\$ 3,970,715
			Held by city
			Held by bond trustee
			Accounts receivable (net of allowance for uncollectibles)
			Taxes receivable
	153,645	101,532	Grants receivable
	2,705	36,163	Interest receivable
			Due from other funds
			Loans receivable (net of allowance for uncollectibles)
		2,500,000	Advances to other funds
\$	\$	\$	\$
	500,405	6,608,410	TOTAL ASSETS
			LIABILITIES AND FUND BALANCES
			LIABILITIES
\$	-	-	88,850
			Accounts payable
			Salaries and benefits payable
			Due to other funds
			Advances from other funds
			Deferred revenues
		88,850	TOTAL LIABILITIES
			FUND BALANCES
			Reserved for encumbrances
			Reserved for loans receivable
		2,500,000	Reserved for advances to other funds
			Reserved for debt service
			Unreserved:
		400,000	Designated for cash flow
			Designated for capital projects
		3,619,560	Designated for public improvements
			Designated for law enforcement
	500,405		Designated for special programs
			Undesignated
	500,405	6,519,560	TOTAL FUND BALANCES (DEFICITS)
\$	\$	\$	\$
	500,405	6,608,410	TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	<u>Special Revenue</u>		
	Police Grants	Community Development Block Grant	Retiree Benefits
<u>ASSETS</u>			
Cash and investments:			
Held by city	\$ 472,327	\$ 286,989	\$ 1,607,073
Held by bond trustee	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-
Taxes receivable	-	-	-
Grants receivable	-	238,943	-
Interest receivable	4,540	-	15,104
Due from other funds	-	-	-
Loans receivable (net of allowance for uncollectibles)	-	491,251	-
Advances to other funds	-	-	-
TOTAL ASSETS	\$ 476,867	\$ 1,017,183	\$ 1,622,177
LIABILITIES AND FUND BALANCES			
<u>LIABILITIES</u>			
Accounts payable	\$ 1,900	\$ 194,759	\$ -
Salaries and benefits payable	5,830	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deferred revenues	-	491,251	-
TOTAL LIABILITIES	7,730	686,010	-
<u>FUND BALANCES</u>			
Reserved for encumbrances	-	437,564	-
Reserved for loans receivable	-	-	-
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	469,137	-	-
Designated for special programs	-	-	-
Undesignated	-	(106,391)	1,622,177
TOTAL FUND BALANCES (DEFICITS)	469,137	331,173	1,622,177
TOTAL LIABILITIES AND FUND BALANCES	\$ 476,867	\$ 1,017,183	\$ 1,622,177

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

<u>Special Revenue</u>		<u>Debt Service</u>	
Landscape Maintenance District No. 1	Total Nonmajor Special Revenue Funds	1995 Lease Revenue Bonds	
\$ 1,180,911	\$ 8,939,070	\$ -	ASSETS
-	-	1,013,205	Cash and investments:
-	-	-	Held by city
-	101,532	-	Held by bond trustee
-	392,588	-	Accounts receivable (net of allowance for uncollectibles)
12,014	73,454	3,766	Taxes receivable
-	-	-	Grants receivable
-	2,264,292	-	Interest receivable
-	-	-	Due from other funds
-	-	-	Loans receivable (net of allowance for uncollectibles)
-	2,500,000	-	Advances to other funds
<u>\$ 1,192,925</u>	<u>\$ 14,270,936</u>	<u>\$ 1,016,971</u>	TOTAL ASSETS
			LIABILITIES AND FUND BALANCES
\$ 110,970	\$ 400,555	\$ -	LIABILITIES
-	16,327	-	Accounts payable
-	201,743	-	Salaries and benefits payable
-	152,613	-	Due to other funds
-	2,264,292	-	Advances from other funds
-	-	-	Deferred revenues
<u>110,970</u>	<u>3,035,530</u>	<u>-</u>	TOTAL LIABILITIES
-	437,564	-	FUND BALANCES
-	-	-	Reserved for encumbrances
-	2,500,000	-	Reserved for loans receivable
-	-	1,016,971	Reserved for advances to other funds
250,000	650,000	-	Reserved for debt service
-	-	-	Unreserved:
831,955	4,451,515	-	Designated for cash flow
-	-	-	Designated for capital projects
-	469,137	-	Designated for public improvements
-	1,364,017	-	Designated for law enforcement
-	1,363,173	-	Designated for special programs
-	-	-	Undesignated
<u>1,081,955</u>	<u>11,235,406</u>	<u>1,016,971</u>	TOTAL FUND BALANCES (DEFICITS)
<u>\$ 1,192,925</u>	<u>\$ 14,270,936</u>	<u>\$ 1,016,971</u>	TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	<u>Debt Service</u>			<u>Capital Projects</u>
	<u>2003</u> Tax Allocation Refunding Bonds	<u>2004</u> Certificates of Participation	<u>Total</u> Nonmajor Debt Service	<u>CDA Projects</u>
<u>ASSETS</u>				
Cash and investments:				
Held by city	\$ 1,375,338	\$ -	\$ 1,375,338	\$ 3,429,122
Held by bond trustee	2,142,888	3,672,286	6,828,379	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Taxes receivable	-	-	-	-
Grants receivable	-	-	-	-
Interest receivable	24,192	29,488	57,446	32,228
Due from other funds	-	-	-	-
Loans receivable (net of allowance for uncollectibles)	-	-	-	-
Advances to other funds	-	-	-	-
TOTAL ASSETS	\$ 3,542,418	\$ 3,701,774	\$ 8,261,163	\$ 3,461,350
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 13,526	\$ 13,526	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	-
TOTAL LIABILITIES	-	13,526	13,526	-
<u>FUND BALANCES</u>				
Reserved for encumbrances	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for advances to other funds	-	-	-	-
Reserved for debt service	3,542,418	3,688,248	8,247,637	-
Unreserved:				
Designated for cash flow	-	-	-	-
Designated for capital projects	-	-	-	3,461,350
Designated for public improvements	-	-	-	-
Designated for law enforcement	-	-	-	-
Designated for special programs	-	-	-	-
Undesignated	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	3,542,418	3,688,248	8,247,637	3,461,350
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,542,418	\$ 3,701,774	\$ 8,261,163	\$ 3,461,350

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

Capital Projects

Cultural Arts Facility	Equipment Replacement	Geographic Information System (GIS)	Integrated Police System (IPS)	
\$ 24,950	\$ 4,305,665	\$ 112,653	\$ 35,894	ASSETS
-	-	-	-	Cash and investments:
-	-	-	-	Held by city
-	-	-	-	Held by bond trustee
-	-	-	-	Accounts receivable (net of allowance for uncollectibles)
-	-	-	-	Taxes receivable
233	3,613	1,294	3,717	Grants receivable
-	-	-	-	Interest receivable
-	-	-	-	Due from other funds
-	-	-	-	Loans receivable (net of allowance for uncollectibles)
-	-	-	-	Advances to other funds
\$ 25,183	\$ 4,309,278	\$ 113,947	\$ 39,611	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
\$ -	\$ 68,955	\$ 3	\$ 364	LIABILITIES
-	-	-	-	Accounts payable
-	-	-	-	Salaries and benefits payable
-	-	-	-	Due to other funds
-	-	-	-	Advances from other funds
-	-	-	-	Deferred revenues
-	68,955	3	364	TOTAL LIABILITIES
-	9,622	22,795	12,500	FUND BALANCES
-	-	-	-	Reserved for encumbrances
-	-	-	-	Reserved for loans receivable
-	-	-	-	Reserved for advances to other funds
-	-	-	-	Reserved for debt service
-	-	-	-	Unreserved:
25,183	4,230,701	91,149	26,747	Designated for cash flow
-	-	-	-	Designated for capital projects
-	-	-	-	Designated for public improvements
-	-	-	-	Designated for law enforcement
-	-	-	-	Designated for special programs
-	-	-	-	Undesignated
25,183	4,240,323	113,944	39,247	TOTAL FUND BALANCES (DEFICITS)
\$ 25,183	\$ 4,309,278	\$ 113,947	\$ 39,611	TOTAL LIABILITIES AND FUND BALANCES

(continued)

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Capital Projects			
	Public Facility Improvements	Financial Information System (FIS)	Stormwater Detention Basins	Police Facility
<u>ASSETS</u>				
Cash and investments:				
Held by city	\$ 9,269,438	\$ 449,992	\$ -	\$ 4,426
Held by bond trustee	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	13,526	-	-	-
Taxes receivable	-	-	-	-
Grants receivable	-	-	-	-
Interest receivable	54,019	-	-	42
Due from other funds	-	-	-	-
Loans receivable (net of allowance for uncollectibles)	-	-	-	-
Advances to other funds	-	-	-	-
TOTAL ASSETS	\$ 9,336,983	\$ 449,992	\$ -	\$ 4,468
LIABILITIES AND FUND BALANCES				
<u>LIABILITIES</u>				
Accounts payable	\$ 39,484	\$ 299,010	\$ 6,661	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	20,557	1,657,992
Advances from other funds	3,348,380	-	-	-
Deferred revenues	-	-	-	-
TOTAL LIABILITIES	3,387,864	299,010	27,218	1,657,992
<u>FUND BALANCES</u>				
Reserved for encumbrances	1,067,582	122,689	1,475	-
Reserved for loans receivable	-	-	-	-
Reserved for advances to other funds	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for cash flow	-	-	-	-
Designated for capital projects	4,881,537	28,293	-	-
Designated for public improvements	-	-	-	-
Designated for law enforcement	-	-	-	-
Designated for special programs	-	-	-	-
Undesignated	-	-	(28,693)	(1,653,524)
TOTAL FUND BALANCES (DEFICITS)	5,949,119	150,982	(27,218)	(1,653,524)
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,336,983	\$ 449,992	\$ -	\$ 4,468

**CITY OF SIMI VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

<u>Capital Projects</u>				
Police Capital Projects	Unified Two-Way Radio System	Total Nonmajor Capital Projects	Total Nonmajor Funds	
\$ 77,217	\$ 426,591	\$ 18,135,948	\$ 28,450,356	ASSETS
-	-	-	6,828,379	Cash and investments:
-	-	13,526	13,526	Held by city
-	-	-	101,532	Held by bond trustee
-	-	3,717	396,305	Accounts receivable (net of allowance for uncollectibles)
721	-	92,150	223,050	Taxes receivable
-	-	-	-	Grants receivable
-	-	-	2,264,292	Interest receivable
-	-	-	2,500,000	Due from other funds
-	-	-	-	Loans receivable (net of allowance for uncollectibles)
-	-	-	-	Advances to other funds
\$ 77,938	\$ 426,591	\$ 18,245,341	\$ 40,777,440	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
-	-	414,477	828,558	LIABILITIES
-	-	-	16,327	Accounts payable
-	-	1,678,549	1,880,292	Salaries and benefits payable
-	-	3,348,380	3,500,993	Due to other funds
-	-	-	2,264,292	Advances from other funds
-	-	-	-	Deferred revenues
-	-	5,441,406	8,490,462	TOTAL LIABILITIES
-	378,310	1,614,973	2,052,537	FUND BALANCES
-	-	-	-	Reserved for encumbrances
-	-	-	2,500,000	Reserved for loans receivable
-	-	-	8,247,637	Reserved for advances to other funds
-	-	-	650,000	Reserved for debt service
77,938	48,281	12,871,179	12,871,179	Unreserved:
-	-	-	4,451,515	Designated for cash flow
-	-	-	469,137	Designated for capital projects
-	-	-	1,364,017	Designated for public improvements
-	-	-	(319,044)	Designated for law enforcement
-	-	(1,682,217)	-	Designated for special programs
-	-	-	-	Undesignated
77,938	426,591	12,803,935	32,286,978	TOTAL FUND BALANCES (DEFICITS)
\$ 77,938	\$ 426,591	\$ 18,245,341	\$ 40,777,440	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, 2006**

	Special Revenue		
	Community Development Agency Administration	Madera Royal Tax Increment	HOME Grant
REVENUES			
Taxes	\$ -	\$ -	\$ -
Tax increment revenues	-	64,427	-
Use of money and property	-	579	274,034
From other governments	-	-	-
Grants	-	-	-
Service charges	-	-	-
Other revenues	-	-	-
Total revenues	-	65,006	274,034
EXPENDITURES			
Current:			
General government	458,600	695	26,641
Community services (CS)	-	-	-
Planning (ES)	762,722	-	129,549
Public ways and facilities (PW)	-	-	-
Public safety (PD)	-	-	-
Total current expenditures	1,221,322	695	156,190
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	6,346	-
Other	-	-	-
Total debt service	-	6,346	-
Intergovernmental	-	23,486	-
Total expenditures	1,221,322	30,527	156,190
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,221,322)	34,479	117,844
OTHER FINANCING SOURCES (USES)			
Transfers in	1,275,522	-	-
Transfers out	(54,200)	(12,885)	-
Total other financing sources (uses)	1,221,322	(12,885)	-
NET CHANGE IN FUND BALANCES	-	21,594	117,844
FUND BALANCES (DEFICITS)-BEGINNING	-	(174,207)	745,768
FUND BALANCES (DEFICITS)-ENDING	\$ -	\$ (152,613)	\$ 863,612

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<u>Special Revenue</u>			
<u>Gasoline Tax</u>	<u>Transportation Funds</u>	<u>Lighting Maintenance District</u>	
\$ -	\$ -	\$ 1,995,776	REVENUES
-	-	-	Taxes
-	7,296	188,904	Tax increment revenues
2,232,497	4,612,769	25,045	Use of money and property
-	208,698	-	From other governments
-	-	110	Grants
-	-	-	Service charges
-	-	-	Other revenues
<u>2,232,497</u>	<u>4,828,763</u>	<u>2,209,835</u>	Total revenues
			EXPENDITURES
			Current:
-	-	393,100	General government
-	-	-	Community services (CS)
-	-	-	Planning (ES)
-	40,843	1,201,955	Public ways and facilities (PW)
-	-	-	Public safety (PD)
<u>-</u>	<u>40,843</u>	<u>1,595,055</u>	Total current expenditures
-	-	-	Capital outlay
			Debt service:
-	-	-	Principal
-	-	-	Interest
-	-	-	Other
<u>-</u>	<u>-</u>	<u>-</u>	Total debt service
-	-	-	Intergovernmental
<u>-</u>	<u>40,843</u>	<u>1,595,055</u>	Total expenditures
<u>2,232,497</u>	<u>4,787,920</u>	<u>614,780</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
-	-	-	Transfers in
(2,232,497)	(4,346,410)	(296,700)	Transfers out
<u>(2,232,497)</u>	<u>(4,346,410)</u>	<u>(296,700)</u>	Total other financing sources (uses)
-	441,510	318,080	NET CHANGE IN FUND BALANCES
-	58,895	6,201,480	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ -</u>	<u>\$ 500,405</u>	<u>\$ 6,519,560</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, 2006**

	<u>Special Revenue</u>		
	<u>Police Grants</u>	<u>Community Development Block Grant</u>	<u>Retiree Benefits</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-
Use of money and property	17,538	58,887	53,070
From other governments	-	-	-
Grants	226,100	1,070,335	-
Service charges	-	-	-
Other revenues	22,127	-	18,600
Total revenues	<u>265,765</u>	<u>1,129,222</u>	<u>71,670</u>
EXPENDITURES			
Current:			
General government	-	53,143	158,115
Community services (CS)	-	275,499	-
Planning (ES)	-	195,984	-
Public ways and facilities (PW)	-	920,022	-
Public safety (PD)	677,005	-	-
Total current expenditures	<u>677,005</u>	<u>1,444,648</u>	<u>158,115</u>
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental	-	-	-
Total expenditures	<u>677,005</u>	<u>1,444,648</u>	<u>158,115</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(411,240)</u>	<u>(315,426)</u>	<u>(86,445)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	245,065	-	855,600
Transfers out	(53,617)	-	-
Total other financing sources (uses)	<u>191,448</u>	<u>-</u>	<u>855,600</u>
NET CHANGE IN FUND BALANCES	(219,792)	(315,426)	769,155
FUND BALANCES (DEFICITS)-BEGINNING	<u>688,929</u>	<u>646,599</u>	<u>853,022</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 469,137</u>	<u>\$ 331,173</u>	<u>\$ 1,622,177</u>

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<u>Special Revenue</u>		<u>Debt Service</u>	
<u>Landscape Maintenance District No. 1</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>1995 Lease Revenue Bonds</u>	
\$ -	\$ 1,995,776	\$ -	REVENUES
-	64,427	-	Taxes
42,369	642,677	41,169	Tax increment revenues
-	6,870,311	-	Use of money and property
-	1,505,133	-	From other governments
781,994	782,104	-	Grants
-	40,727	-	Service charges
824,363	11,901,155	41,169	Other revenues
			Total revenues
			EXPENDITURES
			Current:
56,061	1,146,355	-	General government
-	275,499	-	Community services (CS)
-	1,088,255	-	Planning (ES)
868,393	3,031,213	-	Public ways and facilities (PW)
-	677,005	-	Public safety (PD)
924,454	6,218,327	-	Total current expenditures
-	-	-	Capital outlay
			Debt service:
-	-	545,000	Principal
-	6,346	415,097	Interest
-	-	5,690	Other
-	6,346	965,787	Total debt service
-	23,486	-	Intergovernmental
924,454	6,248,159	965,787	Total expenditures
(100,091)	5,652,996	(924,618)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
200,000	2,576,187	963,433	Transfers in
-	(6,996,309)	-	Transfers out
200,000	(4,420,122)	963,433	Total other financing sources (uses)
99,909	1,232,874	38,815	NET CHANGE IN FUND BALANCES
982,046	10,002,532	978,156	FUND BALANCES (DEFICITS)-BEGINNING
\$ 1,081,955	\$ 11,235,406	\$ 1,016,971	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, 2006**

	<u>Debt Service</u>			<u>Capital Projects</u>
	<u>2003</u> Tax Allocation Refunding Bonds	<u>2004</u> Certificates of Participation	<u>Total</u> Nonmajor Debt Service	<u>CDA Projects</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-	-
Use of money and property	87,741	777,256	906,166	125,942
From other governments	-	-	-	-
Grants	-	-	-	-
Service charges	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>87,741</u>	<u>777,256</u>	<u>906,166</u>	<u>125,942</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Community services (CS)	-	-	-	-
Planning (ES)	-	-	-	-
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	133,072
Debt service:				
Principal	705,000	-	1,250,000	-
Interest	1,388,844	1,203,968	3,007,909	-
Other	3,375	2,968	12,033	-
Total debt service	<u>2,097,219</u>	<u>1,206,936</u>	<u>4,269,942</u>	<u>-</u>
Intergovernmental	-	-	-	-
Total expenditures	<u>2,097,219</u>	<u>1,206,936</u>	<u>4,269,942</u>	<u>133,072</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,009,478)</u>	<u>(429,680)</u>	<u>(3,363,776)</u>	<u>(7,130)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,026,053	1,152,605	4,142,091	-
Transfers out	-	(19,298,983)	(19,298,983)	-
Total other financing sources (uses)	<u>2,026,053</u>	<u>(18,146,378)</u>	<u>(15,156,892)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	16,575	(18,576,058)	(18,520,668)	(7,130)
FUND BALANCES (DEFICITS)-BEGINNING	<u>3,525,843</u>	<u>22,264,306</u>	<u>26,768,305</u>	<u>3,468,480</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 3,542,418</u>	<u>\$ 3,688,248</u>	<u>\$ 8,247,637</u>	<u>\$ 3,461,350</u>

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Capital Projects

Cultural Arts Facility	Equipment Replacement	Geographic Information System (GIS)	Integrated Police System (IPS)	
\$	\$	\$	\$	
-	-	-	-	REVENUES
879	16,060	4,020	-	Taxes
-	-	-	-	Tax increment revenues
-	-	-	-	Use of money and property
-	-	-	-	From other governments
-	-	-	6,975	Grants
-	-	-	-	Service charges
-	-	-	-	Other revenues
<u>879</u>	<u>16,060</u>	<u>4,020</u>	<u>6,975</u>	Total revenues
-	-	-	-	EXPENDITURES
-	-	-	-	Current:
-	-	-	-	General government
-	-	-	-	Community services (CS)
-	-	-	-	Planning (ES)
-	-	-	-	Public ways and facilities (PW)
-	-	-	-	Public safety (PD)
-	-	-	-	Total current expenditures
-	646,882	148,864	38,667	Capital outlay
-	-	-	-	Debt service:
-	-	-	-	Principal
-	-	-	-	Interest
-	-	-	-	Other
-	-	-	-	Total debt service
-	-	-	-	Intergovernmental
-	646,882	148,864	38,667	Total expenditures
<u>879</u>	<u>(630,822)</u>	<u>(144,844)</u>	<u>(31,692)</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
-	498,100	201,500	32,217	OTHER FINANCING SOURCES (USES)
-	-	-	-	Transfers in
-	-	-	-	Transfers out
-	<u>498,100</u>	<u>201,500</u>	<u>32,217</u>	Total other financing sources (uses)
879	(132,722)	56,656	525	NET CHANGE IN FUND BALANCES
<u>24,304</u>	<u>4,373,045</u>	<u>57,288</u>	<u>38,722</u>	FUND BALANCES (DEFICITS)-BEGINNING
<u>\$ 25,183</u>	<u>\$ 4,240,323</u>	<u>\$ 113,944</u>	<u>\$ 39,247</u>	FUND BALANCES (DEFICITS)-ENDING

(continued)

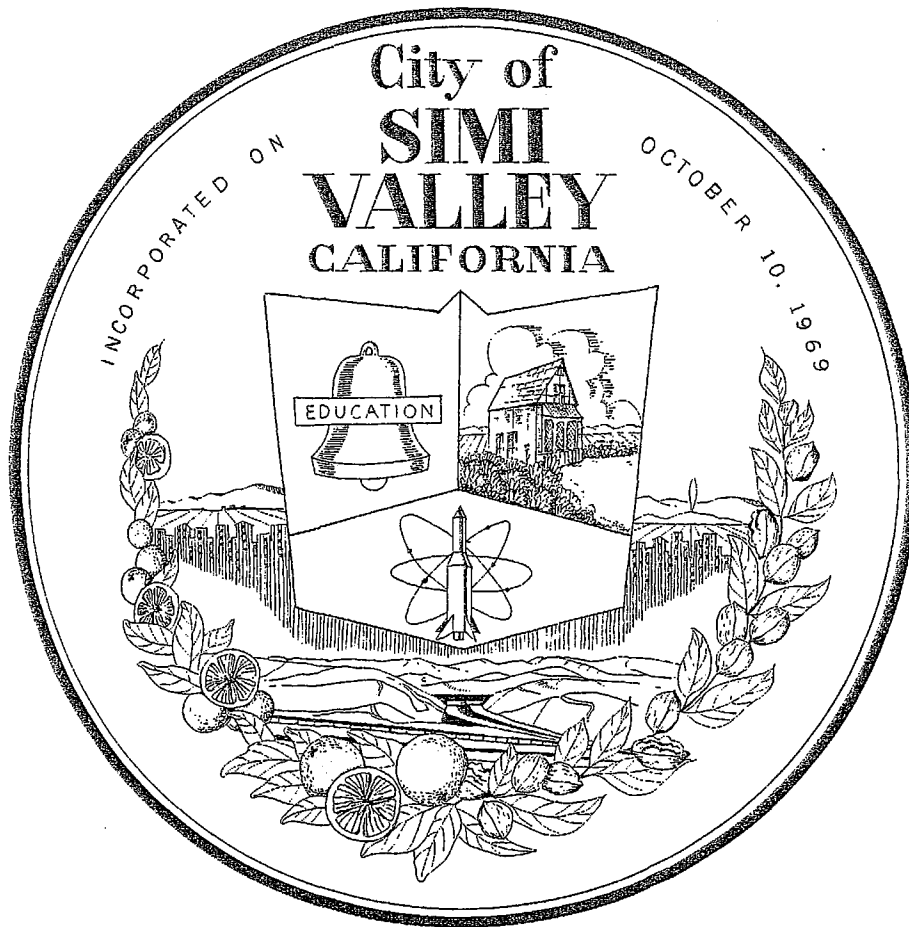
**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Capital Projects</u>			
	<u>Public Facility Improvements</u>	<u>Financial Information System (FIS)</u>	<u>Stormwater Detention Basins</u>	<u>Police Facility</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increment revenues	-	-	-	-
Use of money and property	90,008	-	-	156
From other governments	-	-	23,330	-
Grants	-	-	69,990	-
Service charges	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>90,008</u>	<u>-</u>	<u>93,320</u>	<u>156</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Community services (CS)	-	-	-	-
Planning (ES)	-	-	-	-
Public ways and facilities (PW)	-	-	-	-
Public safety (PD)	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>4,530,174</u>	<u>1,365,741</u>	<u>86,631</u>	<u>-</u>
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental	-	-	-	-
Total expenditures	<u>4,530,174</u>	<u>1,365,741</u>	<u>86,631</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,440,166)</u>	<u>(1,365,741)</u>	<u>6,689</u>	<u>156</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	7,380,983	1,217,500	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>7,380,983</u>	<u>1,217,500</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,940,817	(148,241)	6,689	156
FUND BALANCES (DEFICITS)-BEGINNING	<u>3,008,302</u>	<u>299,223</u>	<u>(33,907)</u>	<u>(1,653,680)</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 5,949,119</u>	<u>\$ 150,982</u>	<u>\$ (27,218)</u>	<u>\$ (1,653,524)</u>

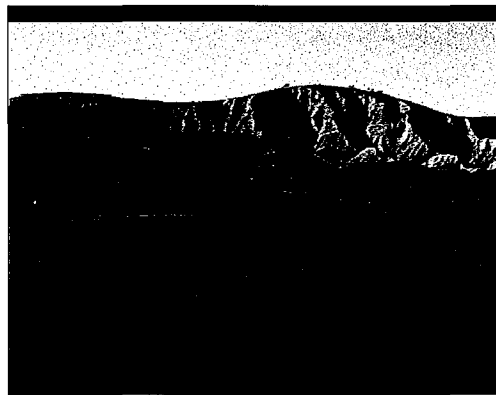
**CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Capital Projects				
Police Capital Projects	Unified Two-Way Radio System	Total Nonmajor Capital Project Funds	Total Nonmajor Funds	
\$ -	\$ -	\$ -	\$ 1,995,776	REVENUES
-	-	-	64,427	Taxes
1,948	-	239,013	1,787,856	Tax increment revenues
-	-	23,330	6,893,641	Use of money and property
-	22,443	99,408	1,604,541	From other governments
-	-	-	782,104	Grants
-	-	-	40,727	Service charges
1,948	22,443	361,751	13,169,072	Other revenues
				Total revenues
				EXPENDITURES
				Current:
-	-	-	1,146,355	General government
-	-	-	275,499	Community services (CS)
-	-	-	1,088,255	Planning (ES)
-	-	-	3,031,213	Public ways and facilities (PW)
-	-	-	677,005	Public safety (PD)
-	-	-	6,218,327	Total current expenditures
				Capital outlay
-	2,336,783	9,286,814	9,286,814	Debt service:
				Principal
-	-	-	1,250,000	Interest
-	-	-	3,014,255	Other
-	-	-	12,033	Total debt service
-	-	-	4,276,288	Intergovernmental
				Total expenditures
-	-	-	23,486	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
-	2,336,783	9,286,814	19,804,915	OTHER FINANCING SOURCES (USES)
				Transfers in
1,948	(2,314,340)	(8,925,063)	(6,635,843)	Transfers out
				Total other financing sources (uses)
50,000	2,171,500	11,551,800	18,270,078	NET CHANGE IN FUND BALANCES
-	-	-	(26,295,292)	FUND BALANCES (DEFICITS)-BEGINNING
50,000	2,171,500	11,551,800	(8,025,214)	FUND BALANCES (DEFICITS)-ENDING
51,948	(142,840)	2,626,737	(14,661,057)	
25,990	569,431	10,177,198	46,948,035	
\$ 77,938	\$ 426,591	\$ 12,803,935	\$ 32,286,978	

(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, 2006**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Other revenues	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	458,600	458,600	-
Environmental services:			
Personnel	534,400	548,067	(13,667)
Materials, supplies and services	269,700	214,655	55,045
Total environmental services	804,100	762,722	41,378
Total expenditures	1,262,700	1,221,322	41,378
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,262,700)	(1,221,322)	41,378
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	1,282,300	1,275,522	(6,778)
Transfers out	(54,200)	(54,200)	-
Total other financing sources (uses)	1,228,100	1,221,322	(6,778)
NET CHANGE IN FUND BALANCES	(34,600)	-	34,600
FUND BALANCES (DEFICITS)-BEGINNING	-	-	-
FUND BALANCES (DEFICITS)-ENDING	\$ (34,600)	\$ -	\$ 34,600

**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, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
<u>REVENUES</u>			
Tax increment revenues	\$ 63,200	\$ 64,427	\$ 1,227
Use of money and property	100	579	479
Total revenues	63,300	65,006	1,706
<u>EXPENDITURES</u>			
Current:			
General government:			
Materials, supplies, and services	700	695	5
Debt service:			
Interest	4,500	6,346	(1,846)
Intergovernmental	23,000	23,486	(486)
Total expenditures	28,200	30,527	(2,327)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	35,100	34,479	(621)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(12,600)	(12,885)	(285)
NET CHANGE IN FUND BALANCES	22,500	21,594	(906)
FUND BALANCES (DEFICITS)-BEGINNING	(174,207)	(174,207)	-
FUND BALANCES (DEFICITS)-ENDING	\$ (151,707)	\$ (152,613)	\$ (906)

**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, 2006**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 287,700	\$ 274,034	\$ (13,666)
Grants	284,800	-	(284,800)
Total revenues	<u>572,500</u>	<u>274,034</u>	<u>(298,466)</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to housing fund	120,000	26,641	93,359
Environmental services	<u>275,000</u>	<u>129,549</u>	<u>145,451</u>
Total expenditures	<u>395,000</u>	<u>156,190</u>	<u>238,810</u>
 NET CHANGE IN FUND BALANCES	 177,500	 117,844	 (59,656)
FUND BALANCES (DEFICITS)-BEGINNING	<u>745,768</u>	<u>745,768</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 923,268</u>	<u>\$ 863,612</u>	<u>\$ (59,656)</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, 2006

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
From other governments	\$ 2,218,000	\$ 2,232,497	\$ 14,497
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(2,218,000)	(2,232,497)	(14,497)
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, 2006**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ -	\$ 7,296	\$ 7,296
From other governments	4,528,000	4,612,769	84,769
Grants	-	208,698	208,698
Total revenues	<u>4,528,000</u>	<u>4,828,763</u>	<u>300,763</u>
<u>EXPENDITURES</u>			
Current:			
Public works:			
Other contract services	-	40,843	(40,843)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,528,000	4,787,920	259,920
<u>OTHER FINANCING (USES)</u>			
Transfers out	(4,141,100)	(4,346,410)	(205,310)
NET CHANGE IN FUND BALANCES	386,900	441,510	54,610
FUND BALANCES (DEFICITS)-BEGINNING	<u>58,895</u>	<u>58,895</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 445,795</u>	<u>\$ 500,405</u>	<u>\$ 54,610</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, 2006**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Taxes	\$ 1,766,700	\$ 1,995,776	\$ 229,076
Use of money and property	140,000	188,904	48,904
From other governments	24,500	25,045	545
Service charges	2,600	110	(2,490)
Total revenues	<u>1,933,800</u>	<u>2,209,835</u>	<u>276,035</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	<u>393,100</u>	<u>393,100</u>	-
Public works:			
Utilities	800,000	759,080	40,920
Services	494,900	442,875	52,025
Total public works	<u>1,294,900</u>	<u>1,201,955</u>	<u>92,945</u>
Total expenditures	<u>1,688,000</u>	<u>1,595,055</u>	<u>92,945</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	245,800	614,780	368,980
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	<u>(296,700)</u>	<u>(296,700)</u>	-
NET CHANGE IN FUND BALANCES	(50,900)	318,080	368,980
FUND BALANCES (DEFICITS)-BEGINNING	<u>6,201,480</u>	<u>6,201,480</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 6,150,580</u>	<u>\$ 6,519,560</u>	<u>\$ 368,980</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, 2006**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 10,500	\$ 17,538	\$ 7,038
Grants	474,834	226,100	(248,734)
Other revenues	-	22,127	22,127
Total revenues	<u>485,334</u>	<u>265,765</u>	<u>(219,569)</u>
<u>EXPENDITURES</u>			
Current:			
Public safety:			
Personnel	864,100	569,953	294,147
Material, supplies and services	357,382	107,052	250,330
Total public safety	<u>1,221,482</u>	<u>677,005</u>	<u>544,477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(736,148)</u>	<u>(411,240)</u>	<u>324,908</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	643,248	245,065	(398,183)
Transfers out	(54,948)	(53,617)	1,331
Total other financing sources (uses)	<u>588,300</u>	<u>191,448</u>	<u>(396,852)</u>
NET CHANGE IN FUND BALANCES	(147,848)	(219,792)	(71,944)
FUND BALANCES (DEFICITS)-BEGINNING	<u>688,929</u>	<u>688,929</u>	<u>-</u>
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 541,081</u>	<u>\$ 469,137</u>	<u>\$ (71,944)</u>

**CITY OF SIMI VALLEY
COMMUNITY DEVELOPMENT BLOCK GRANT
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 40,000	\$ 58,887	\$ 18,887
Grants	830,304	1,070,335	240,031
Total revenues	<u>870,304</u>	<u>1,129,222</u>	<u>258,918</u>
<u>EXPENDITURES</u>			
General government:			
Reimbursement to general fund	<u>53,143</u>	<u>53,143</u>	-
Community services:			
Senior programs	128,220	127,210	1,010
Other programs	244,058	148,289	95,769
Total community services	<u>372,278</u>	<u>275,499</u>	<u>96,779</u>
Environmental services:			
Reimbursement to housing fund	101,218	101,218	-
Social programs	19,500	9,750	9,750
Other programs	85,016	85,016	-
Total environmental services	<u>205,734</u>	<u>195,984</u>	<u>9,750</u>
Public works:			
Curbs, gutters, sidewalks, and street repair	<u>1,763,597</u>	<u>920,022</u>	<u>843,575</u>
Total expenditures	<u>2,394,752</u>	<u>1,444,648</u>	<u>950,104</u>
NET CHANGE IN FUND BALANCES	(1,524,448)	(315,426)	1,209,022
FUND BALANCES (DEFICITS)-BEGINNING	<u>646,599</u>	<u>646,599</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ (877,849)</u>	<u>\$ 331,173</u>	<u>\$ 1,209,022</u>

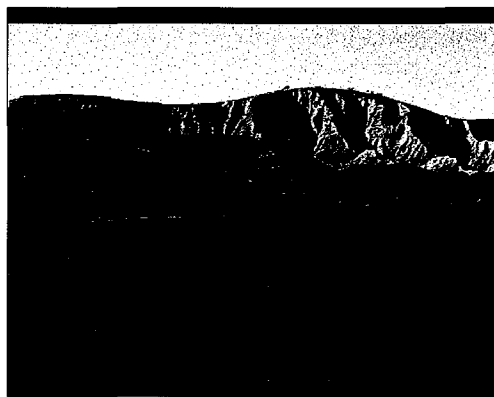
**CITY OF SIMI VALLEY
 RETIREE BENEFITS
 SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

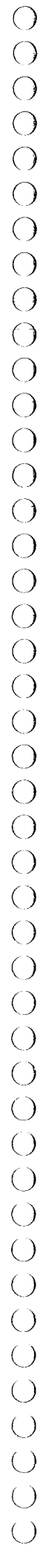
	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 600	\$ 53,070	\$ 52,470
Other revenues	18,600	18,600	-
Total revenues	<u>19,200</u>	<u>71,670</u>	<u>52,470</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
Retiree benefits	<u>415,100</u>	<u>158,115</u>	<u>256,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(395,900)	(86,445)	309,455
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	<u>855,600</u>	<u>855,600</u>	-
NET CHANGE IN FUND BALANCES	459,700	769,155	309,455
FUND BALANCES (DEFICITS)-BEGINNING	<u>853,022</u>	<u>853,022</u>	-
FUND BALANCES (DEFICITS)-ENDING	<u>\$ 1,312,722</u>	<u>\$ 1,622,177</u>	<u>\$ 309,455</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, 2006**

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Use of money and property	\$ 27,593	\$ 42,369	\$ 14,776
Service charges	788,593	781,994	(6,599)
Total revenues	816,186	824,363	8,177
<u>EXPENDITURES</u>			
Current:			
General government:			
Reimbursement to general fund	57,990	56,061	1,929
Public works:			
Utilities	337,126	309,017	28,109
Landscape maintenance contract	607,112	554,846	52,266
Other contract services	37,200	4,530	32,670
Total public works	981,438	868,393	113,045
Total expenditures	1,039,428	924,454	114,974
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(223,242)	(100,091)	123,151
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	200,034	200,000	(34)
NET CHANGE IN FUND BALANCES	(23,208)	99,909	123,117
FUND BALANCES (DEFICITS)-BEGINNING	982,046	982,046	-
FUND BALANCES (DEFICITS)-ENDING	\$ 958,838	\$ 1,081,955	\$ 123,117

INTERNAL SERVICE AND
FIDUCIARY FUNDS





**CITY OF SIMI VALLEY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006**

	Liability Insurance	Workers' Compensation Insurance	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 6,738,700	\$ 11,152,224	\$ 17,890,924
Interest receivable	43,207	71,566	114,773
TOTAL ASSETS	6,781,907	11,223,790	18,005,697
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	-	44,205	44,205
Salaries and benefits payable	-	3,504	3,504
Compensated absences	-	4,466	4,466
Claims and legal services payable	682,231	3,399,118	4,081,349
Total current liabilities	682,231	3,451,293	4,133,524
Noncurrent liabilities:			
Advances from other funds	2,344,000	2,344,000	4,688,000
Compensated absences	-	27,380	27,380
Claims and legal services payable	899,448	6,509,569	7,409,017
Total noncurrent liabilities	3,243,448	8,880,949	12,124,397
TOTAL LIABILITIES	3,925,679	12,332,242	16,257,921
<u>NET ASSETS</u>			
Unrestricted	2,856,228	(1,108,452)	1,747,776
TOTAL NET ASSETS	\$ 2,856,228	\$ (1,108,452)	\$ 1,747,776

CITY OF SIMI VALLEY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Liability Insurance	Workers' Compensation Insurance	Total
<u>OPERATING REVENUES</u>			
Charges for sales and services	\$ 1,284,566	\$ 5,119,700	\$ 6,404,266
Deposit refunds	55,900	-	55,900
Total operating revenues	<u>1,340,466</u>	<u>5,119,700</u>	<u>6,460,166</u>
<u>OPERATING EXPENSES</u>			
Salaries and benefits	-	262,289	262,289
Excess insurance premiums	539,776	225,606	765,382
Claims and legal expenses	854,021	2,079,271	2,933,292
General administration	1,757,000	126,400	1,883,400
Other	-	11,244	11,244
Total operating expenses	<u>3,150,797</u>	<u>2,704,810</u>	<u>5,855,607</u>
OPERATING INCOME (LOSS)	<u>(1,810,331)</u>	<u>2,414,890</u>	<u>604,559</u>
NONOPERATING REVENUES AND EXPENSES:			
Interest	<u>139,393</u>	<u>159,028</u>	<u>298,421</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,670,938)	2,573,918	902,980
<u>TRANSFERS</u>			
Transfers out	<u>(1,300)</u>	<u>(4,100)</u>	<u>(5,400)</u>
CHANGE IN NET ASSETS	(1,672,238)	2,569,818	897,580
TOTAL NET ASSETS-BEGINNING	<u>4,528,466</u>	<u>(3,678,270)</u>	<u>850,196</u>
TOTAL NET ASSETS-ENDING	<u>\$ 2,856,228</u>	<u>\$ (1,108,452)</u>	<u>\$ 1,747,776</u>

**CITY OF SIMI VALLEY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

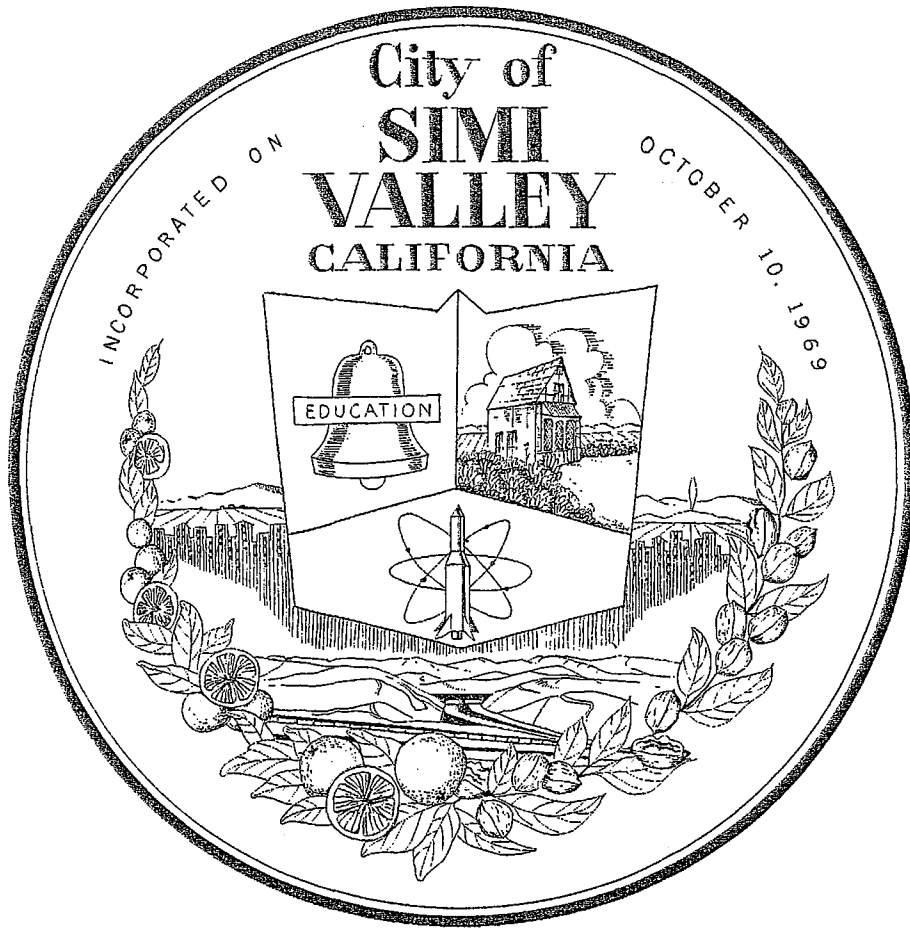
	Liability Insurance	Workers' Compensation Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from service charges and other revenues (net of refunds)	\$ 1,340,466	\$ 5,119,700	\$ 6,460,166
Cash paid for general administration	(1,757,000)	(126,400)	(1,883,400)
Cash paid for services	-	(269,596)	(269,596)
Cash paid for insurance premiums and claims	(1,628,161)	(2,056,153)	(3,684,314)
Cash paid for insurance services	-	(11,244)	(11,244)
Net cash provided (used) by operating activities	<u>(2,044,695)</u>	<u>2,656,307</u>	<u>611,612</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers to other funds	(1,300)	(4,100)	(5,400)
Net cash provided (used) by noncapital financing activities	<u>(1,300)</u>	<u>(4,100)</u>	<u>(5,400)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on investments	145,884	125,434	271,318
Net cash provided (used) by investing activities	<u>145,884</u>	<u>125,434</u>	<u>271,318</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,900,111)	2,777,641	877,530
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,638,811	8,374,583	17,013,394
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,738,700</u>	<u>\$ 11,152,224</u>	<u>\$ 17,890,924</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ (1,810,331)	\$ 2,414,890	\$ 604,559
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	(22,873)	(15,864)	(38,737)
Increase (decrease) in claims and legal services payable	(211,491)	257,281	45,790
Total adjustments	<u>(234,364)</u>	<u>241,417</u>	<u>7,053</u>
Net cash provided (used) by operating activities	<u>\$ (2,044,695)</u>	<u>\$ 2,656,307</u>	<u>\$ 611,612</u>

**CITY OF SIMI VALLEY
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2006**

	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	\$ 2,802,379	\$ 522,410	\$ 147,910	\$ 3,472,699
Held by bond trustee	4,209,280	-	-	4,209,280
Accounts receivable	23,686	4,085	1,199	28,970
TOTAL ASSETS	\$ 7,035,345	\$ 526,495	\$ 149,109	\$ 7,710,949
<u>LIABILITIES</u>				
Intergovernmental payable	\$ 7,035,345	\$ 526,495	\$ 149,109	\$ 7,710,949
TOTAL LIABILITIES	\$ 7,035,345	\$ 526,495	\$ 149,109	\$ 7,710,949

CITY OF SIMI VALLEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance at June 30, 2005	Additions	Deletions	Balance at June 30, 2006
ASSESSMENT DISTRICT - CITY OF SIMI VALLEY				
ASSETS:				
Cash and investments held by city	\$ 2,626,675	\$ 1,646,686	\$ 1,470,982	\$ 2,802,379
Cash and investments held by bond trustee	6,965,104	2,562,965	5,318,789	4,209,280
Accounts receivable	18,184	23,686	18,184	23,686
Prepays	3,000,000	-	3,000,000	-
TOTAL ASSETS	\$ 12,609,963	\$ 4,233,337	\$ 9,807,955	\$ 7,035,345
LIABILITIES:				
Intergovernmental payable	\$ 12,609,963	\$ 4,233,337	\$ 9,807,955	\$ 7,035,345
TOTAL LIABILITIES	\$ 12,609,963	\$ 4,233,337	\$ 9,807,955	\$ 7,035,345
SIMI VALLEY UNIFIED SCHOOL DISTRICT				
ASSETS:				
Cash and investments held by city	\$ 145,534	\$ 639,546	\$ 262,670	\$ 522,410
Accounts receivable	1,787	4,085	1,787	4,085
TOTAL ASSETS	\$ 147,321	\$ 643,631	\$ 264,457	\$ 526,495
LIABILITIES:				
Intergovernmental payable	\$ 147,321	\$ 643,631	\$ 264,457	\$ 526,495
TOTAL LIABILITIES	\$ 147,321	\$ 643,631	\$ 264,457	\$ 526,495
VENTURA COUNTY COMMUNITY COLLEGE DISTRICT				
ASSETS:				
Cash and investments held by city	\$ 124,246	\$ 153,515	\$ 129,851	\$ 147,910
Accounts receivable	827	1,200	828	1,199
TOTAL ASSETS	\$ 125,073	\$ 154,715	\$ 130,679	\$ 149,109
LIABILITIES:				
Intergovernmental payable	\$ 125,073	\$ 154,715	\$ 130,679	\$ 149,109
TOTAL LIABILITIES	\$ 125,073	\$ 154,715	\$ 130,679	\$ 149,109
TOTAL AGENCY FUNDS				
ASSETS:				
Cash and investments held by city	\$ 2,896,455	\$ 2,439,747	\$ 1,863,503	\$ 3,472,699
Cash and investments held by fiscal agents	6,965,104	2,562,965	5,318,789	4,209,280
Accounts receivable	20,798	28,971	20,799	28,970
Prepays	3,000,000	-	3,000,000	-
TOTAL ASSETS	\$ 12,882,357	\$ 5,031,683	\$ 10,203,091	\$ 7,710,949
LIABILITIES:				
Intergovernmental payable	\$ 12,882,357	\$ 5,031,683	\$ 10,203,091	\$ 7,710,949
TOTAL LIABILITIES	\$ 12,882,357	\$ 5,031,683	\$ 10,203,091	\$ 7,710,949



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

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

This is the fourth year reporting net assets by component. Current year totals will continue to be added to this schedule until ten years are listed.

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

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

Continued

This is the fourth year reporting changes in net assets by activities. Current year totals will continue to be added to this schedule until ten years are listed.

**CITY OF SIMI VALLEY
CHANGES IN NET ASSETS (Continued)
LAST FOUR FISCAL YEARS**

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

Concluded

Note:

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

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

	Fiscal Year				
	1996-97	1997-98	1998-99	1999-00	2000-01
General fund					
Reserved	\$ 11,582,744	\$ 12,943,417	\$ 12,283,455	\$ 12,823,990	\$ 13,183,323
Unreserved	8,091,735	8,189,507	11,097,021	13,623,995	12,829,655
Total general fund	<u>\$ 19,674,479</u>	<u>\$ 21,132,924</u>	<u>\$ 23,380,476</u>	<u>\$ 26,447,985</u>	<u>\$ 26,012,978</u>
All other government funds					
Reserved	\$ 29,187,212	\$ 24,919,258	\$ 20,523,882	\$ 16,589,981	\$ 15,126,919
Unreserved, reported in:					
Special revenue funds	9,496,463	12,828,050	18,300,332	21,196,755	25,011,661
Debt service	-	-	-	-	-
Capital projects funds	1,656,297	2,794,279	999,405	8,197,965	10,291,953
Total all other governmental funds	<u>\$ 40,339,972</u>	<u>\$ 40,541,587</u>	<u>\$ 39,823,619</u>	<u>\$ 45,984,701</u>	<u>\$ 50,430,533</u>

Continued

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

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

Concluded

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

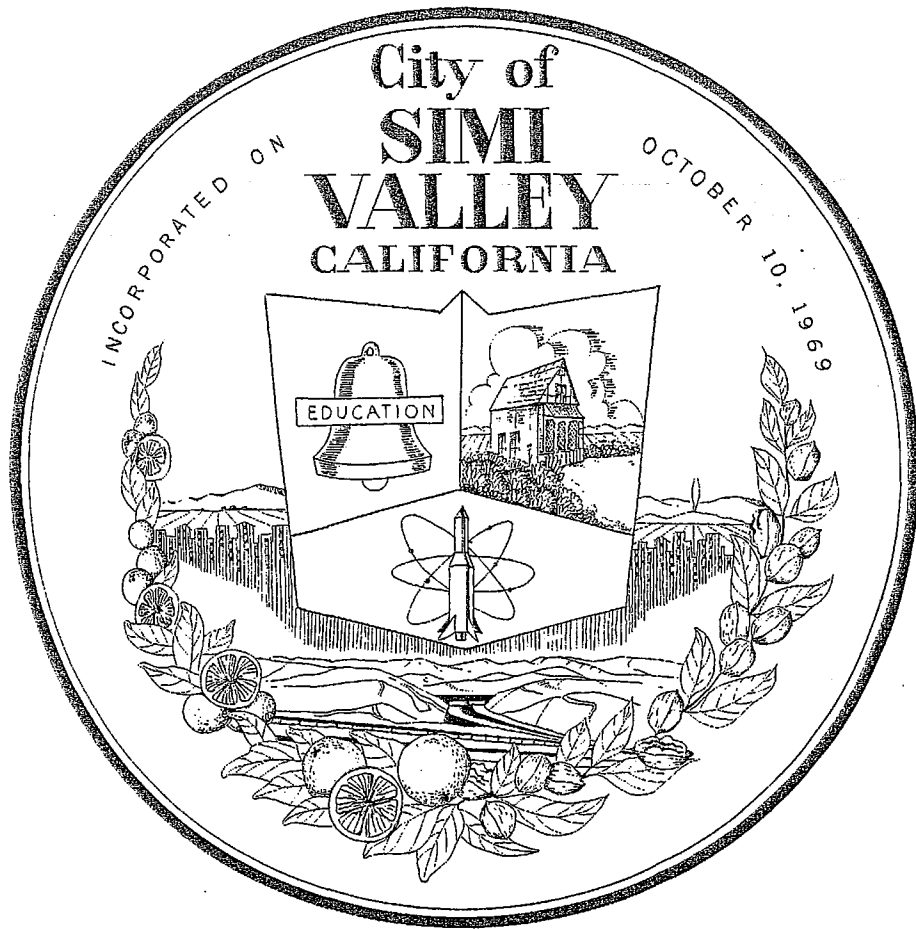
	Fiscal Year				
	1996-97	1997-98	1998-99	1999-00	2000-01
Revenues					
Taxes	\$ 18,370,399	\$ 19,188,802	\$ 20,746,962	\$ 23,450,201	\$ 25,693,896
Tax increment	5,382,035	5,693,586	5,982,745	7,364,632	8,195,407
Licenses and permits	2,112,957	3,893,592	5,374,911	4,433,952	2,933,635
Fines and forfeitures	213,651	216,620	439,538	499,286	662,042
Use of money and property	4,152,681	3,290,813	4,006,134	4,188,541	4,976,977
From other governments	8,862,833	9,200,874	9,851,690	10,932,877	12,380,349
Grants	3,584,733	7,691,643	4,539,949	2,936,444	4,516,394
Service charges	4,564,986	6,379,594	7,405,749	4,903,711	3,840,862
Other revenues	733,470	896,243	1,441,800	5,972,621	1,192,439
Total revenues	47,977,745	56,451,767	59,789,478	64,682,265	64,392,001
Expenditures					
Current:					
General government	5,088,289	4,751,880	5,322,519	3,676,924	4,764,663
Community services	2,294,638	2,330,782	2,474,621	2,775,374	2,953,456
Planning	5,024,756	5,640,296	4,576,395	5,574,574	6,939,661
Public ways and facilities	10,394,226	10,906,437	12,370,788	10,660,175	11,601,786
Public safety	14,023,538	14,783,720	15,106,774	16,030,718	17,277,973
Capital outlay	4,164,576	10,717,282	10,767,241	10,365,422	8,884,332
Debt service:					
Principal	1,695,844	1,321,538	5,655,468	2,752,528	2,261,222
Interest	3,059,534	3,124,549	3,076,717	2,900,146	3,259,940
Refunding escrow	-	-	-	-	-
Bond issuance costs	124,347	177,629	-	344,122	-
Administration	16,437	14,232	143,646	105,690	12,463
Other	-	-	-	-	-
Intergovernmental	1,682,408	1,779,799	1,886,084	2,383,287	2,601,450
Total expenditures	47,568,593	55,548,144	61,380,253	57,568,960	60,556,946
Excess of revenues over (under) expenditures	409,152	903,623	(1,590,775)	7,113,305	3,835,055
Other Financing Sources (Uses)					
Transfers in	13,674,417	22,591,518	18,118,447	21,543,602	18,798,165
Transfers out	(14,007,570)	(23,053,351)	(18,752,910)	(20,348,462)	(19,730,005)
Bonds issued	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Proceeds from loans, notes & cash advances	1,030,833	1,249,274	2,793,340	580,237	1,358,074
Gain on property held for sale	-	-	-	375,000	-
Refund excess reserves	-	-	-	-	-
Payments of notes payable	-	-	-	-	-
Contributions	-	-	-	-	-
Total other financing sources (uses)	697,680	787,441	2,158,877	2,150,377	426,234
Net change in fund balances	\$ 1,106,832	\$ 1,691,064	\$ 568,102	\$ 9,263,682	\$ 4,261,289
Debt service as a percentage of noncapital expenditures	11.28%	10.35%	17.54%	12.93%	10.71%

Continued

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

Fiscal Year					
2001-02	2002-03	2003-04	2004-05	2005-06	
					Revenues
\$ 27,555,182	\$ 29,297,747	\$ 31,605,628	\$ 39,583,365	\$ 44,789,216	Taxes
8,806,439	9,147,579	10,256,245	10,608,367	12,531,554	Tax increment
2,611,829	3,000,142	3,910,943	5,761,949	4,489,743	Licenses and permits
747,781	759,786	692,871	744,172	630,175	Fines and forfeitures
2,964,359	2,455,014	2,966,909	4,668,436	4,887,835	Use of money and property
13,169,562	13,094,236	12,072,537	9,228,523	8,059,121	From other governments
4,727,219	3,595,929	4,662,677	3,000,993	3,641,439	Grants
3,574,203	3,380,322	5,482,337	4,123,659	3,706,112	Service charges
2,075,997	1,548,029	1,530,971	6,844,687	6,589,485	Other revenues
<u>66,232,571</u>	<u>66,278,784</u>	<u>73,181,118</u>	<u>84,564,151</u>	<u>89,324,680</u>	Total revenues
					Expenditures
					Current:
4,739,066	6,656,623	5,360,370	5,705,571	5,629,708	General government
3,022,864	4,481,811	3,233,192	3,327,916	3,976,095	Community services
5,851,490	5,576,295	11,432,418	10,409,949	8,989,679	Planning
12,293,447	12,464,375	13,847,391	14,674,133	15,380,796	Public ways and facilities
18,643,300	19,828,550	23,086,299	25,427,341	27,244,060	Public safety
12,576,967	5,545,599	4,916,881	12,400,928	36,854,154	Capital outlay
					Debt service:
3,518,781	1,249,101	863,166	1,210,000	1,250,000	Principal
2,805,898	2,552,923	2,168,481	2,753,209	3,516,184	Interest
-	1,666,163	-	-	-	Refunding escrow
-	930,403	-	662,894	-	Bond issuance costs
14,553	7,594	-	-	-	Administration
-	-	8,640	328,503	12,033	Other
<u>2,771,780</u>	<u>3,132,557</u>	<u>3,628,878</u>	<u>4,126,132</u>	<u>4,649,143</u>	Intergovernmental
<u>66,238,146</u>	<u>64,091,994</u>	<u>68,545,716</u>	<u>81,026,576</u>	<u>107,501,852</u>	Total expenditures
					Excess of revenues
(5,575)	2,186,790	4,635,402	3,537,575	(18,177,172)	over (under) expenditures
					Other Financing Sources (Uses)
19,243,028	16,244,221	18,790,186	22,547,788	44,861,615	Transfers in
(20,276,040)	(17,668,880)	(20,455,120)	(24,100,325)	(46,173,207)	Transfers out
-	32,251,576	-	26,341,593	-	Bonds issued
-	(29,176,958)	-	-	-	Payment to escrow agent
1,401,121	-	-	-	-	Proceeds from loans, notes & cash advances
-	-	144,972	-	3,446,150	Gain on property held for sale
-	-	(24,245)	-	-	Refund excess reserves
-	-	(109,812)	-	-	Payments of notes payable
-	-	-	-	5,343,377	Contributions for Regional Mall
<u>368,109</u>	<u>1,649,959</u>	<u>(1,654,019)</u>	<u>24,789,056</u>	<u>7,477,935</u>	Total other financing sources (uses)
<u>\$ 362,534</u>	<u>\$ 3,836,749</u>	<u>\$ 2,981,383</u>	<u>\$ 28,326,631</u>	<u>\$ (10,699,237)</u>	Net change in fund balances
11.81%	10.68%	4.73%	7.22%	6.75%	Debt service as a percentage of noncapital expenditures

Concluded



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

Fiscal Year	Gross Assessed Valuation ¹				Percent Change	Total Direct Tax Rate
	Secured	Utility ²	Unsecured	Total		
1996-97	5,569,048,383	5,754,999	236,759,341	5,811,562,723	1.1%	1.00%
1997-98	5,742,072,685	4,739,718	247,874,934	5,994,687,337	3.2%	1.00%
1998-99	6,121,314,502	5,041,906	267,403,389	6,393,759,797	6.7%	1.00%
1999-00	6,804,211,563	4,521,505	263,487,140	7,072,220,208	10.6%	1.00%
2000-01	7,652,960,223	4,436,680	314,152,975	7,971,549,878	12.7%	1.00%
2001-02	8,338,284,943	4,535,050	319,123,415	8,661,943,408	8.7%	1.00%
2002-03	9,001,962,570	4,738,971	309,184,285	9,315,885,826	7.5%	1.00%
2003-04	9,674,185,767	4,137,416	311,473,006	9,989,796,189	7.2%	1.00%
2004-05	10,657,955,181	4,468,429	300,722,955	10,963,146,565	9.7%	1.00%
2005-06	11,865,261,607	4,078,386	313,933,434	12,183,273,427	11.1%	1.00%

NOTE:

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

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

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

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

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Basic Tax Levy per Article 13A of California State Constitution	1.000000	1.000000	1.000000	1.000000	1.000000
City	-	-	-	-	-
Total direct	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
County Flood Control District	0.007457	0.007009	0.005084	0.003439	0.001618
Simi Valley Unified School District	0.040200	0.039300	0.038300	0.034900	0.030200
Metropolitan Water District	0.008900	0.008900	0.008900	0.008900	0.008800
Ventura College District	-	-	-	-	-
Total direct and overlapping	<u><u>1.056557</u></u>	<u><u>1.055209</u></u>	<u><u>1.052284</u></u>	<u><u>1.047239</u></u>	<u><u>1.040618</u></u>

Continued

NOTE:

The tax rate information provided is for Tax Rate Area 09006, the largest tax rate area in the City. Overlapping rates are those of local and county governments that apply to property owners within the City of Simi Valley. Not all overlapping rates apply to all Simi Valley property owners; for example, although the county property tax rates apply to all city property owners, the Flood Control District rates apply only to city property owners whose property is located within that district's geographic boundaries.

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

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

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

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Simi Valley Mall LLC	\$ 135,041,925	1	0.96%	\$ -		0.00%
Shea Homes Ltd Partnership	109,889,366	2	0.78%	-		0.00%
Countrywide Home Loans/Countrywide Funding Corporation	95,149,978	3	0.67%	23,732,129	5	0.41%
DR Horton LA Holding Co, Inc	82,786,739	4	0.59%	-		0.00%
Fountains Apt Ltd	70,911,940	5	0.50%	-		0.00%
Standard Pacific Corp	70,170,789	6	0.50%	-		0.00%
Mountaingate Associates, LLC	59,459,602	7	0.42%	25,330,548	3	0.44%
Acacia Credit Fund 9-A Et Al	48,129,417	8	0.34%	-		0.00%
Fairfield Rancho Corrales	47,640,600	9	0.34%	-		0.00%
Richmond American Homes	44,103,060	10	0.31%	-		0.00%
Lincoln Wood Ranch				30,977,801	1	0.53%
Essex Meadowood				25,728,800	2	0.44%
Westgate Development				25,207,432	4	0.43%
Micom Communications Corporation				23,620,914	6	0.41%
Mayer Creekside Association				22,528,928	7	0.39%
Fritz B Burns Foundation				21,528,700	8	0.37%
F I G Holding Company				20,000,000	9	0.34%
MOW William C W-NAI				16,629,464	10	0.29%
Total Taxable Assessed Value Ten Largest Taxpayers	\$ 763,283,416		5.41%	\$ 235,284,716		4.05%

SOURCE: Ventura County Auditor-Controller

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1996-97	\$ 69,151,624	\$ 67,651,062	97.83%		\$ 67,651,062	97.83%
1997-98	71,153,843	69,933,781	98.29%		69,933,781	98.29%
1998-99	72,416,397	71,199,814	98.32%		71,199,814	98.32%
1999-00	79,350,486	77,904,659	98.18%		77,904,659	98.18%
2000-01	89,282,371	87,675,785	98.20%		87,675,785	98.20%
2001-02	96,624,697	94,486,989	97.79%		94,486,989	97.79%
2002-03	104,460,998	102,875,792	98.48%		102,875,792	98.48%
2003-04	113,380,764	111,280,050	98.15%		111,280,050	98.15%
2004-05	128,172,093	125,407,288	97.84%		125,407,288	97.84%
2005-06	138,585,819	128,788,614	92.93%		128,788,614	92.93%

Note:

1. Collections in Subsequent Years not available until fiscal year 2006-07.

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.

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.

**CITY OF SIMI VALLEY
GOVERNMENTAL REVENUES AND 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
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
2004-05	27,899,227	14,829,984	7,462,521	5,761,949	744,172	4,668,436	9,228,523
2005-06	32,255,028	16,301,320	8,764,422	4,489,743	630,175	4,887,835	8,059,121

Continued

Note: 1. Includes all Governmental Fund Types.

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

Revenues

Grants	Service Charges	Other Revenues	Total Revenues	Net Other Financing Sources	Total	Fiscal Year
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
3,000,993	4,123,659	6,844,687	84,564,151	24,789,056	109,353,207	2004-05
3,641,439	3,706,112	11,932,862	94,668,057	2,134,558	96,802,615	2005-06

Concluded

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

Fiscal Year	Governmental Activities					Total Primary Government	Percent of Personal Income (2)	Debt Per Capita (2)
	Loans	Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Special Assessment Bonds (1)			
1997	\$ -	\$34,375,000	\$15,520,000	\$ -	\$29,310,000	\$79,205,000	3.16%	\$ 752.55
1998	-	33,760,000	14,820,000	-	27,113,512	75,693,512	2.88%	711.94
1999	1,625,000	33,115,000	10,720,000	-	21,305,488	65,140,488	2.32%	594.64
2000	275,000	32,445,000	10,020,000	-	18,871,184	61,336,184	2.05%	545.56
2001	-	31,745,000	9,760,000	-	18,035,344	59,540,344	1.87%	514.53
2002	-	31,015,000	9,300,000	-	21,497,968	61,812,968	1.85%	526.37
2003	-	31,795,000	8,825,000	-	18,750,000	59,370,000	1.71%	502.75
2004	-	31,435,000	8,325,000	-	17,690,000	57,450,000	1.59%	480.39
2005	-	30,745,000	7,805,000	25,955,000	17,405,000	81,910,000	2.17%	675.35
2006	-	30,040,000	7,260,000	25,955,000	16,600,000	79,855,000	2.01%	644.39

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

(1) The City is not obligated for these bonds.

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

**CITY OF SIMI VALLEY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2006 (See Note)**

2005-06 Assessed Valuation	\$ 12,183,273,427
Less Redevelopment Agency Incremental Valuation	1,165,344,929
Adjusted Assessed Valuation	\$ 11,017,928,498

	Outstanding Debt 6/30/06	Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
<u>Overlapping and Assessment Debt Repaid with Property Taxes</u>			
Metropolitan Water District	\$ 389,565,000	0.754 %	\$ 2,937,320
Ventura County Community College District	146,700,000	13.893	20,381,031
Simi Valley Unified School District	118,210,925	96.397	113,951,785
City of Simi Valley Community Facilities Dist No.2004-1	8,800,000	100.000	8,800,000
City of Simi Valley 1915 Act Bonds	7,800,000	100.000	7,800,000
<u>Overlapping Other Debt</u>			
Ventura County General Fund Obligations	90,285,000	13.889	12,539,684
Ventura County Pension Obligations	35,185,000	13.889	4,886,845
Ventura County Superintendent of Schools Certificates	13,580,000	13.889	1,886,126
Simi Valley Unified School District Certificates	13,285,000	96.397	12,806,341
Rancho Simi Recreation & Park District Authority	1,310,000	81.956	1,073,624
Total overlapping and assessment debt			187,062,756
<u>City Direct Debt</u>			
City of Simi Valley Lease Revenue Bonds	7,260,000	100.000	7,260,000
City of Simi Valley Certificates of Participation	25,955,000	100.000	25,955,000
Total direct debt			33,215,000
Total direct and overlapping debt			\$ 220,277,756

NOTES:

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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

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

	Fiscal Year				
	1997	1998	1999	2000	2001
Debt limit	\$ 223,417,248	\$ 230,360,473	\$ 239,765,992	\$ 265,208,258	\$ 298,933,120
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 223,417,248</u>	<u>\$ 230,360,473</u>	<u>\$ 239,765,992</u>	<u>\$ 265,208,258</u>	<u>\$ 298,933,120</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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 to 3.75% for the purposes of this calculation for consistency with the original intent of the State's debt limit.

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

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

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$	12,183,273,427
Debt limit (3.75% of assessed value) ¹		456,872,754
Debt applicable to limit:		
General obligation bonds		-
Less: Amount set aside for repayment of general obligation debt		-
Total net debt applicable to limit		<u>-</u>
Legal debt margin	<u>\$</u>	<u>456,872,754</u>

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age	Public School Enrollment	Unemployment Rate
1997	105,249	\$ 2,508,084	\$ 23,830	33.8	18,918	N/A
1998	106,320	2,631,314	24,749	34.1	19,490	N/A
1999	109,546	2,811,717	25,667	34.4	20,160	N/A
2000	112,428	2,989,011	26,586	34.7	20,393	3.6%
2001	115,719	3,182,851	27,505	35.0	20,960	3.6%
2002	117,432	3,337,770	28,423	35.3	21,127	4.5%
2003	118,090	3,464,997	29,342	35.6	21,359	4.7%
2004	119,590	3,618,793	30,260	35.9	21,377	4.4%
2005	121,286	3,781,576	31,179	36.2	21,329	3.8%
2006	123,924	3,977,713	32,098	36.5	21,205	3.6%

Note:

1. Per capita income for year 2000 and 2005 was obtained from the US Census Bureau. Per capita income for interim years has been averaged.

SOURCES:

City of Simi Valley, Environmental Services Department
 US Census Bureau
 Simi Valley Unified School District
 State of California Employment Development Department

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

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment ¹</u>
Countrywide Home Loans	4,264	1	6.45%	1,682	2	2.85%
Simi Valley Unified School District	2,425	2	3.67%	1,961	1	3.32%
Farmers Insurance Group	900	3	1.36%	792	4	1.34%
Simi Valley Hospital & Health Care	799	4	1.21%	958	3	1.62%
City of Simi Valley	651	5	0.98%	565	5	0.96%
Milgard Manufacturing	497	6	0.75%	-		
Vons Grocery Stores	460	7	0.70%	-		
Albertson's Inc	348	8	0.53%	-		
Meggitt Safety Systems, Inc	316	9	0.48%	-		
Rancho Simi Parks & Recreation District	290	10	0.44%	-		
Bugle Boy	-			533	6	0.90%
Dataproducts	-			503	7	0.85%
Schlumberger Technology Inc	-			391	8	0.66%
Micom Communications Corp	-			389	9	0.66%
Whittaker Electronic Systems	-			386	10	0.65%
Total	<u>10,950</u>		<u>16.57%</u>	<u>8,160</u>		<u>13.81%</u>

Notes:

"Total Employment" as used above represents the total employment of all employers located within City limits.

1. Percentage of Total City Employment for 1997 based on trend data.

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

Function	Full & Part Time Employees as of June 30 ¹									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	59	57	60	62	63	62	68	67	67	70
Community services	27	27	28	30	34	34	35	31	32	34
Planning	55	56	55	59	63	60	58	62	63	61
Public ways and facilities	112	111	111	114	114	118	117	114	111	107
Public safety										
Sworn police personnel	116	115	115	115	119	120	120	122	122	122 ²
Civilians	58	57	57	63	65	68	69	66	63	68
Sanitation	55	53	55	56	59	55	54	52	53	53
Waterworks district no. 8	38	37	38	39	36	39	40	40	40	38
Transit	<u>21</u>	<u>22</u>	<u>22</u>	<u>23</u>	<u>37</u>	<u>41</u>	<u>41</u>	<u>40</u>	<u>42</u>	<u>43</u>
Total	<u>541</u>	<u>535</u>	<u>541</u>	<u>561</u>	<u>590</u>	<u>597</u>	<u>602</u>	<u>594</u>	<u>593</u>	<u>596</u>

Note:

1. Totals do not include temporary employees. As of 6/30/06 there were 22 temporary employees.
2. Two police officer trainees included in fiscal year 2005-06 total.

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

Function	Fiscal Year				
	2002	2003	2004	2005	2006
General government					
Business tax applications & renewals	10,286	10,392	10,426	8,696	8,546
Business tax receipts issued	7,081	7,420	7,808	7,514	8,273
Business tax revenues	\$1,397,335	\$1,370,609	\$1,287,934	\$1,355,601	\$1,831,590
Community services					
Cultural arts center events	213	230	232	220	334
Cultural arts center attendance	24,200	27,900	34,000	28,400	31,000
Senior center attendance	107,100	102,000	109,300	101,000	107,000
Planning					
Building permits	2,654	2,532	2,693	2,738	2,891
Plumbing, mechanical, & electrical permits	4,390	4,487	5,015	5,679	5,220
Permit valuation (in thousands)	\$141,835	\$182,953	\$216,442	\$415,846	\$284,767
Public Safety					
Arrests	3,613	3,281	3,201	3,818	3,686
Enforcement citations	12,164	11,948	9,878	10,249	11,585
Public ways and facilities					
Street resurfacing (miles)	13.99	3.52	14.34	6.43	5.86
Sanitation					
Wastewater customers	30,789	30,824	34,502	35,059	35,192
Average dry weather flow (MGD)	9.00	9.00	9.20	8.84	9.50
Waterworks district no. 8					
Customers	22,925	23,053	23,292	23,757	25,195 ¹
Water delivered (million gallons)	7,126.9	7,570.5	8,188.3	8,125.6	8,128.0
Transit					
Fixed-route miles	371,601	354,000	353,999	367,787	449,223
Fixed-route passengers	398,401	393,854	432,833	432,714	450,106
Fixed-route hours	26,303	20,300	23,449	24,114	28,526
Paratransit miles	280,883	276,500	260,121	235,556	238,061
Paratransit passengers	44,172	42,484	39,637	40,199	42,815
Paratransit hours	25,290	25,310	20,383	20,690	19,059

Note:

1. Balance of community (approximately 13,500 customers for fiscal year 2006) serviced by Golden State Water Co.

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

<u>Function</u>	Fiscal Year				
	2002	2003	2004	2005	2006
Public safety					
Police stations	1	1	1	1	1
Fleet size	91	94	94	94	96
Public ways and facilities					
Streets (miles)	297.74	304.83	306.25	307.67	308.03
Streetlights ¹	7190	7239	7494	7551	7,645
Traffic signals ²	103	107	107	108	116
Sanitation					
Sewerlines (miles) ³	450	450	500	500	400
Treatment capacity (millon gallons per day)	12.5	12.5	12.5	12.5	12.5
Waterworks district no. 8 ⁴					
Water mains (miles)					370
Fire hydrants					2,700
Storage capacity (million gallons)					51
Transit					
Buses - 40 foot	11	11	11	11	11
Buses - 35 foot	2	2	2	2	2
Paratransit Vehicles	10	11	11	13	13

Notes:

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

1. Streetlights are owned by Southern California Edison.
2. Traffic signals listed are those owned by the city. Fourteen additional signals, owned by Caltrans, are located at freeway ramps.
3. Collection system information was estimated in fiscal years 2002 through 2005. Data for 2006 was obtained from the City of Simi Valley's Geographical Information System.
4. Waterworks district no 8 information will be reported prospectively.

Source: City of Simi Valley
Southern California Edison