

**CITY OF SANTA CLARITA
(CALIFORNIA)**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

JUNE 30, 2008

**PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT
CITY OF SANTA CLARITA, CALIFORNIA**



INTRODUCTORY SECTION



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City of
SANTA CLARITA

23920 Valencia Boulevard • Suite 300 • Santa Clarita, California 91355-2196
Phone: (661) 259-2489 • FAX: (661) 259-8125
www.santa-clarita.com

December 15, 2008

Honorable Mayor, Mayor Pro-Tem, and City Councilmembers:

The Comprehensive Annual Financial Report (CAFR) of the City of Santa Clarita for fiscal year ended June 30, 2008, is hereby submitted, in accordance with Chapter 2.12 of the City of Santa Clarita Municipal Code. The intent of the report is to provide the City Council and the public with an understanding of the financial condition of the City of Santa Clarita as of June 30, 2008.

The report consists of management's representations concerning the finances of the City of Santa Clarita. As such, management assumes full responsibility for the completeness and reliability of the information contained in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive framework of internal controls that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. 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 are free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Santa Clarita.

State Law requires the City to prepare an annual financial report. The report fulfills that obligation. Diehl, Evans, & Company, LLP, an independent firm of certified public accountants, has issued an unqualified ("clean") opinion on the City of Santa Clarita's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of the report. The CAFR has been prepared in conformity with generally accepted accounting principles (GAAP) and with the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB). The reporting requirements specify that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). The MD&A, which immediately follows the independent auditor's report, complements the letter of transmittal and should be read in conjunction with it.



Also, as a recipient of federal and state financial assistance, the City is required to have a "Single Audit" performed by our independent audit firm. The Single Audit was designed to meet the special needs of the federal grantor agencies. The standards governing the Single Audit engagements require that the independent auditor 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. The reports are available in the City's separately issued Single Audit Report.

City Profile

The City of Santa Clarita is celebrating over 20 years of success. Officially incorporated on December 15, 1987, as a General Law City, the City operates under a City Council/City Manager form of government. Located 35 miles northwest of downtown Los Angeles and 40 miles east of the Pacific Ocean, between Interstate 5 and State Highway 14, Santa Clarita forms an inverted triangle with the Santa Susana and San Gabriel mountain ranges. Encompassing the communities of Canyon Country, Newhall, Saugus, and Valencia, Santa Clarita covers approximately 52 square miles. With a population of over 177,000, the City is the 24th largest city in the State of California. Santa Clarita has consistently ranked in the top five safest cities in the United States. Santa Clarita residents enjoy an expansive year-round parks and recreation network, featuring 20 beautiful parks totaling 250 acres and more than 60 miles of picturesque trails and paseos designed for commuting and recreational use, including walking, riding, jogging, and skating. With its unique blend of rural, old west heritage, and urban sophistication, this fast-growing City has established an enviable balance between quality living and growth.

Santa Clarita was selected as a host city for the Amgen Tour of California, a world-class cycling event. The Amgen Tour of California is known as the "West Coast version of the Tour de France." In 2009, Santa Clarita will serve as a Tour of California host city for the third year in a row.

The City of Santa Clarita's five City Councilmembers are elected at large to four-year overlapping terms, with elections held bi-annually. The position of Mayor is selected from among the Councilmembers. The governing Council is responsible for passing ordinances, adopting the budget, setting policy, and appointing committees. The City Council appoints the City Manager, who is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the government, and appointing the various Department Heads. The City Council also appoints the City Attorney.

The City provides, either directly or under contract, a full range of municipal services including public safety, construction, maintenance of streets and other infrastructure, public works, parks and recreation, community development, and cultural events. The City also provides services through the Santa Clarita Redevelopment Agency (RDA) and the Santa Clarita Public Financing Authority (PFA), which are blended component units

of the City of Santa Clarita. The financial activities of these entities are included on this report as their activities are under the control of the City. Separate component unit reports for each entity are also available.

The City operates on a fiscal year basis, which begins July 1 and ends June 30. The City's Municipal Code requires the City Manager to prepare a budget and present it to the City Council each year. The budget process begins by January of each year and is carried out under the direction of the City Manager in cooperation with the various City departments. The proposed operating and capital budget is submitted by the City Manager to City Council for adoption by June 30, to take effect at the beginning of the fiscal year on July 1. Budgetary control for the City is maintained through its accounting systems. Once adopted, the budget may be amended throughout the year as necessary. Budgetary control is established at the function or program level within each fund.

Local Economy

Located north Los Angeles County, the City of Santa Clarita enjoys a prime position as one of Southern California's most sought-after places to live and to do business. City officials pride themselves on the organization's ability to balance the needs of locally-based companies with those of the community, resulting in an unmatched quality of life that is quintessentially California.

The instability of national and world financial markets in the last fiscal year heightened awareness of City programs and budgets throughout the state. Santa Clarita is proud to share Fiscal Year 07-08 was successful and stable for the City.

Santa Clarita boasts one of the lowest unemployment rates in Los Angeles County at 4.9 percent, compared to 7.9 for Los Angeles County and 7.6 percent for the state of California, as of June 30, 2008. Targeted employment sectors in Santa Clarita include aerospace, biotechnology, entertainment, and technology. Several noted and internationally recognized brands opened new operation centers or expanded existing facilities in the last year, including Boston Scientific, Bioness, Princess Cruises, and Pharmavite.

The City's entertainment industry enjoyed many successes in the year, with FY 07-08 resulting in an economic impact of nearly \$20 million to local businesses from location filming alone. Santa Clarita is home to more than 20 sound stages and 10 movie ranches and hundreds of film-related businesses. Five network television shows, including HBO's "Big Love," CBS's "The Unit" and "NCIS," and NBC's "Knight Rider," base in Santa Clarita and regularly film on location in the City.

Tourism continues to be one of the City of Santa Clarita's largest economic generators, contributing more than \$1.6 million to the general fund from Transient Occupancy Tax (TOT). Two new hotels opened within the City in 2007, including the 157-room Embassy Suites and the 140-room Courtyard by Marriott, both conveniently located off Interstate 5 and Highway 126. Attraction of regional and national sports tourism events, like the AT&T Champions Classic, Amgen Tour of California, and the 2009 Western

States Police & Fire Game, generates additional visitors in Santa Clarita and increased revenue for the City and its businesses. The California Association for Local Economic Developers (CALED) recognized the City's Tourism program, specifically the more than \$10 million in economic benefit in 2007 as a result of tourism and the unique public-private partnership of the Santa Clarita Valley Tourism Bureau, as the "best economic development program in the state" in 2008. This was the second consecutive year the City of Santa Clarita was recognized with this honor, with the City's Film Office taking home the same award in 2007 in recognition of the City's efforts to attract and retain the entertainment industry and filming.

Also this year, the League of California Cities recognized the City of Santa Clarita's Film and Tourism Programs as effective economic development efforts as part of the organization's prestigious 2008 Helen Putnam Awards. Both programs were showcased at the organization's annual conference in September and touted as successful effort to not only retain but grow targeted industries in an effort to enhance economic stability.

The City of Santa Clarita has developed and is implementing programs to help existing businesses succeed while also initiating programming designed to grow targeted business sectors in the coming years. Los Angeles Economic Development Corporation (LAEDC) recently named the City of Santa Clarita the most business-friendly City in the county. Santa Clarita was named one of the Top 25 City Retail Markets in California by the California Retail Survey for the second consecutive year, and new retail centers such as Bridgeport Marketplace and Plaza at Golden Valley are anchored with strong retailers such as Bristol Farms, Lowe's, Kohl's, and Target. The City's continued control of expenditure growth is a key factor in maintaining the City's strong financial position.

In 2007, the City of Santa Clarita became one of California's 42 State Enterprise Zones, which provides tax incentives to businesses located within the zone. The Santa Clarita Enterprise Zone encompasses 97 percent of all commercial and industrial-zoned property in the City, includes existing and proposed development areas, and has proven to be a powerful business attraction and retention tool. To date, Santa Clarita Enterprise Zone staff have issued over 250 employee vouchers to businesses in Santa Clarita as part of the Enterprise Zone program, potentially saving local employers over \$9 million as a result of tax credits.

Santa Clarita recognizes the important role education plays in the success of the community. The City is home to three premier colleges, including California Institute of the Arts (CalArts), College of the Canyons, and the Masters College, all of which offer world-class instruction and programming that prepares students to become the next generation of business professionals and leaders. Santa Clarita was recently named one of the best communities for young people by America's Promise, the nation's largest private-public partnership.

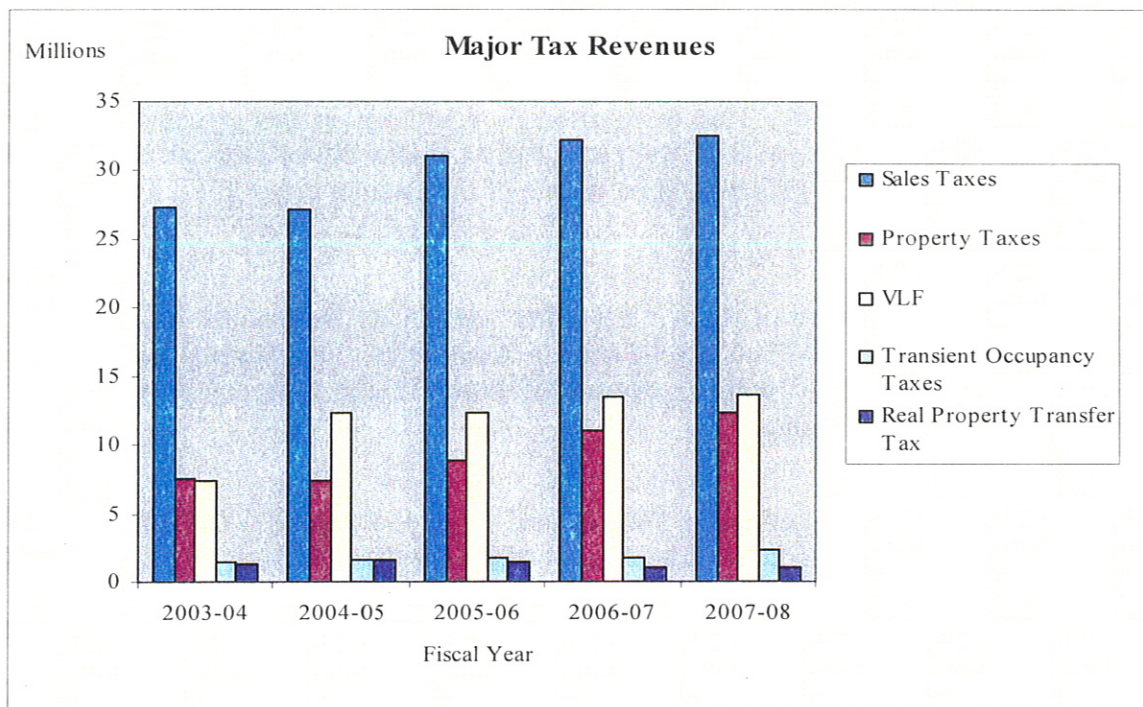
Long-Term Financial Planning

Santa Clarita's well-planned community is home to more than 177,000 residents and is consistently ranked one of California's model cities, boasting the essential elements needed for well-balanced living and total well-being. Santa Clarita ranks as one of the top five safest cities in Los Angeles County and one of the top 15 safest cities in the

United States, among cities with populations exceeding 150,000. Santa Clarita is home to a well-educated population, with more than 61 percent of adults over age 25 and older having attained some college or higher, as compared to Los Angeles County, which averages 43 percent.

The City of Santa Clarita has experienced continuous growth since its inception in 1987 and City officials work directly with the private and public sectors to attract new businesses to the Santa Clarita Valley. The City of Santa Clarita is focused on retaining existing companies and encouraging their growth within the City, while working to attract new business, thereby creating new jobs for residents. Santa Clarita has set an aggressive goal of creating two jobs for every household, providing increased opportunities for residents to work close to home.

The continued increase in business development, land area, and demographic growth have directly affected the City's revenue growth, producing overall increases in property tax revenues, property tax in-lieu of Vehicle License Fee (VLF), sales tax, and TOT for the five-year period ending June 30, 2008.



The City provides necessary funding for essential services for City Council and community identified priorities, while taking steps to ensure the City remains in good financial health. Annually, the City prepares extended forecasts for the General Fund to determine the future impact of current actions. These forecasts indicate a flat or stable General Fund over the next few years, primarily due to projected decreases in sales, property taxes, and property taxes in lieu of VLF. However, because the City of Santa Clarita has practiced smart growth in successful times, the City is well prepared for these times when revenue projections do not include growth.

The City maintains a General Fund balance sufficient to provide for various identified contingencies, as well as an established operating reserve. In addition, the General Fund contributes annually to the City's facilities replacement fund, which provides for major maintenance and replacement of infrastructure and capital improvements. The City's Capital Improvement Program (CIP) is a component of the annual budget process that addresses the City's short- and long-term capital needs. Just as important, the CIP emphasizes a plan of action that effectively maintains the existing infrastructure to a sound physical standard, as well as providing new facilities to support current growth and complement new development.

Major Milestones in Fiscal Year 2007-2008

- ❖ Santa Clarita was awarded the prestigious Grand Prize for "Best Economic Development Program" in the State of California, in 2007 and 2008. The award recognizes outstanding and innovative programs which have made a significant contribution to the field of economic development. The 2007 award was given for the City's Film program, while 2008 was bestowed with the award for Tourism.
- ❖ Governor Schwarzenegger announced that Santa Clarita would receive an Enterprise Zone designation in 2007. This designation is significant in that it enhances our efforts to attract business to the City, particularly the Downtown Newhall area, and will continue Santa Clarita's reputation as one of the premier cities in California for doing business.
- ❖ For the success the City of Santa Clarita has seen in its final phase of the Sign Compliance Program, the American Planning Association, Los Angeles (LA-APA) has recognized the City with an Award of Merit in the category of Planning Excellence in Implementation.
- ❖ The \$4.5 million Todd Longshore Park opened in conjunction with the City's 20th anniversary celebration in 2007. The 32-acre park offers breathtaking views, modern amenities, and open space preservation to honor the legacy of one of Santa Clarita's most ardent supporters and dedicated commissioners of Parks and Recreation.
- ❖ City named one of the 100 Best communities for Young People by America's Promise Alliance.

Awards and Acknowledgments

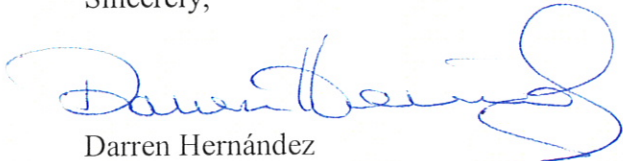
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clarita for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the 19th consecutive year the City achieved the

prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy GAAP and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the requirements of the GFOA Certificate of Achievement Program, and we are submitting it to GFOA to determine its eligibility for another certificate.

The report is a joint effort by many people from many different areas of responsibility. The preparation of the report could not have been accomplished without the hard work and team effort of the Finance Division. I would like to express my appreciation to all members of the Division who assisted and contributed to its preparation. I would also like to thank the Mayor, Mayor Pro-Tem, Councilmembers, City Manager Ken Pulskamp, Assistant City Manager Ken Striplin, Director of Public Works Robert Newman, Director of Parks, Recreation and Community Services Rick Gould, and Director of Community Services Paul Brotzman, for their continuing efforts in administering the financial operations of the City in a conservative and responsible manner.

Sincerely,



Darren Hernández
Deputy City Manager & Director of Administrative Services

DH:CM:hds

Darren\81609 PBC Transmittal Letter 08 12 12 08.doc

OFFICIALS OF THE CITY OF SANTA CLARITA
As of June 30, 2008

City Council

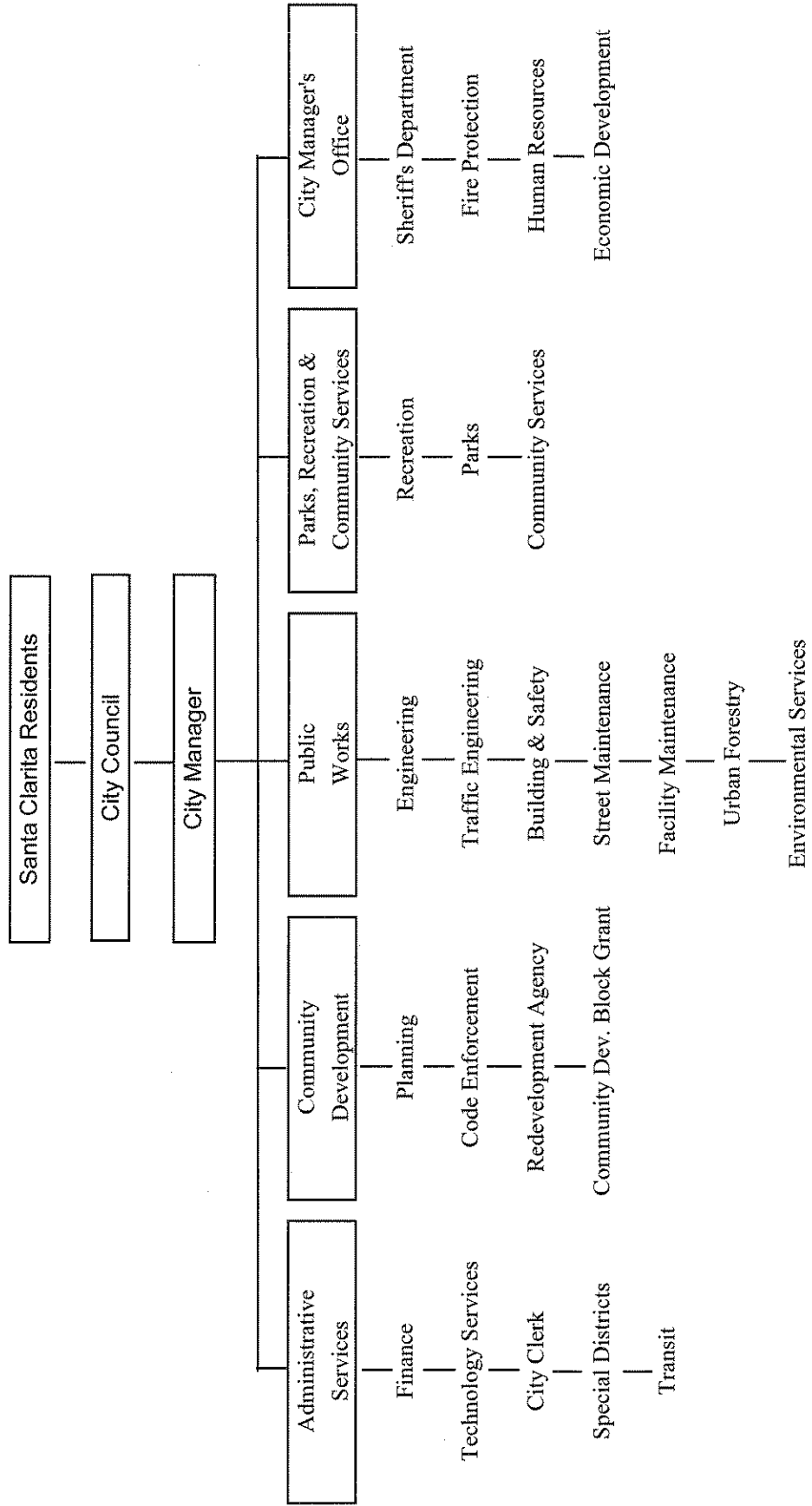
Bob Kellar	MAYOR
Frank Ferry	MAYOR PRO TEM
Laurie Ender	COUNCILMEMBER
Marsha McLean	COUNCILMEMBER
Laurene Weste	COUNCILMEMBER

City Officials

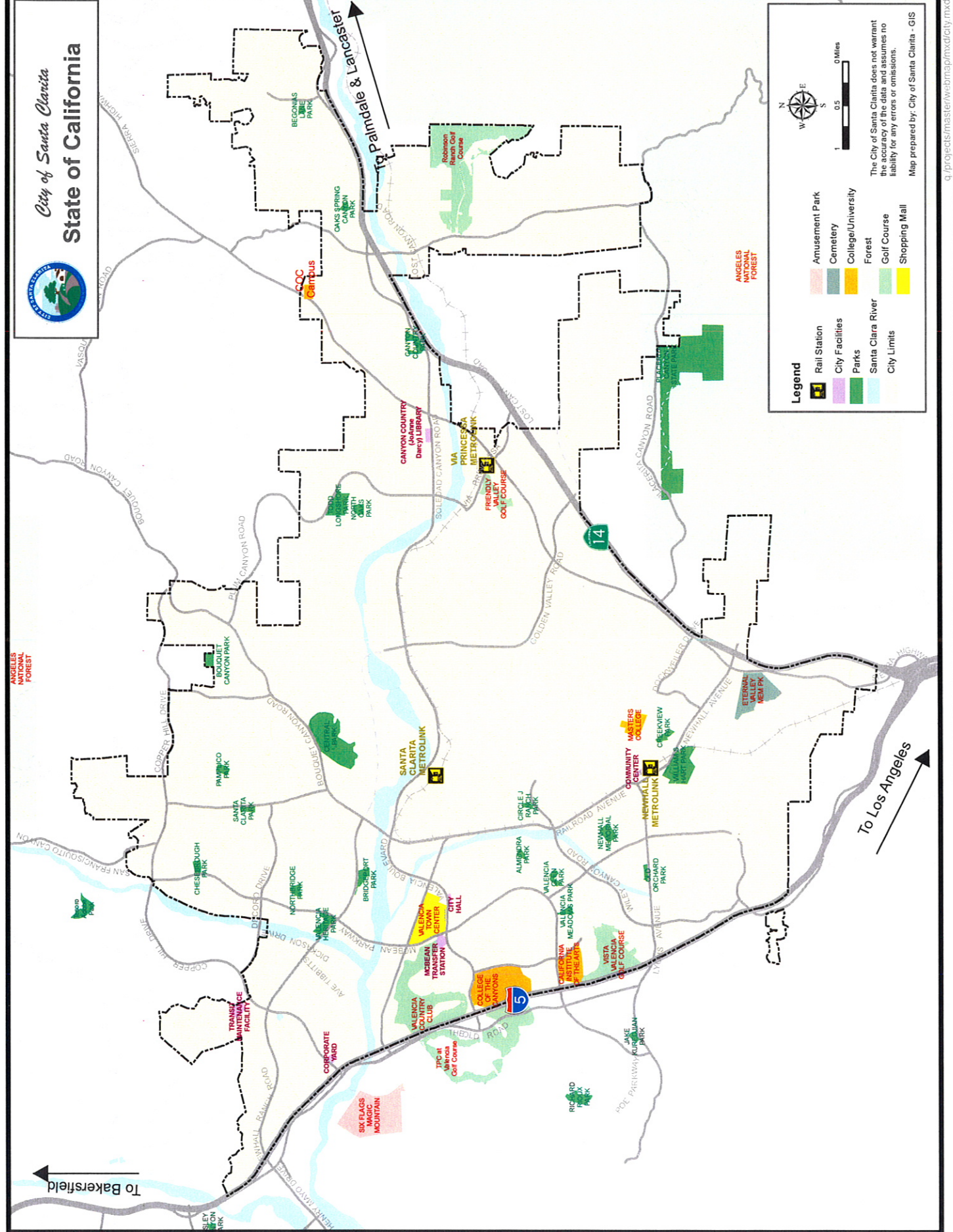
Ken Pulskamp	CITY MANAGER
Ken Striplin	ASSISTANT CITY MANAGER
Carl Newton	CITY ATTORNEY
Paul Brotzman	DIRECTOR OF COMMUNITY DEVELOPMENT
Richard Gould	DIRECTOR OF PARKS, RECREATION & COMMUNITY SERVICES
Darren Hernández	DEPUTY CITY MANAGER AND DIRECTOR OF ADMINISTRATIVE SERVICES
Robert Newman	DIRECTOR OF PUBLIC WORKS/CITY ENGINEER

City of Santa Clarita

ORGANIZATION CHART As of June 30, 2008



City of Santa Clarita
State of California



Legend

- Rail Station
- City Facilities
- Parks
- Santa Clara River
- City Limits
- Amusement Park
- Cemetery
- College/University
- Forest
- Golf Course
- Shopping Mall

The City of Santa Clarita does not warrant the accuracy of the data and assumes no liability for any errors or omissions.

Map prepared by: City of Santa Clarita - GIS



FINANCIAL SECTION





DIEHL, EVANS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

5 CORPORATE PARK, SUITE 100
IRVINE, CALIFORNIA 92606-5165
(949) 399-0600 • FAX (949) 399-0610
www.diehlevans.com

MICHAEL R. LUDIN, CPA
CRAIG W. SPRAKER, CPA
NITIN P. PATEL, CPA
ROBERT J. CALLANAN, CPA
*PHILIP H. HOLTkamp, CPA
*THOMAS M. PERLOWSKI, CPA
*HARVEY J. SCHROEDER, CPA
KENNETH R. AMES, CPA
*WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

December 11, 2008

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of City Council
City of Santa Clarita
Santa Clarita, California

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Santa Clarita, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Santa Clarita'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 activity, each major fund, and the aggregate remaining fund information of the City of Santa Clarita, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

- 1 -

OTHER OFFICES AT:

2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234

613 W. VALLEY PARKWAY, SUITE 330
ESCONDIDO, CALIFORNIA 92025-2598
(760) 741-3141 • FAX (760) 741-9890

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2008 on our consideration of the City of Santa Clarita, California's 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 the budgetary comparison schedules, identified in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis and express no opinion on it. The budgetary comparison schedules and related note 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santa Clarita, California's basic financial statements. The introductory section, supplementary information section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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.

Diehl, Evans and Company, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2008

This discussion and analysis of the City of Santa Clarita's financial performance provides an overview of the financial activities of the City of Santa Clarita (City) for the fiscal year ended June 30, 2008. Our analysis includes information regarding the City's overall financial position and results of operations to assist users in evaluating the City's financial position, a discussion of significant changes that occurred in funds, and information regarding significant budget variances. In addition, it describes the activities during the year for capital assets and long-term debt. We end our discussion and analysis with a description of currently known facts, decisions, and conditions that are expected to have a significant effect on the financial position or results of operations. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$912.7 million. Of this amount, \$51.8 million represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by 5.4%, primarily as a result of the increase in capital assets. Net assets of the business-type activities increased by \$2.7 million, or 4.2%, and net assets of the governmental activities increased by \$44.1 million, or 5.5%.
- The capital assets of the City's governmental activities increased by \$29.3 million or 4.2% over last fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$168.6 million. This represents an increase of \$58.6 million as compared to the prior year.

See independent auditors report.

USING THIS ANNUAL REPORT

The financial statements presented herein include all of the activities of the City of Santa Clarita and its component units using the integrated approach as prescribed by GASB Statement No. 34. The three components of the basic financial statements are as follows:

1) **Government-Wide Financial Statements**

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting in a manner similar to a private-sector business. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

2) **Fund Financial Statements**

The Fund Financial Statements include statements for each of the three categories of activities: governmental, proprietary and fiduciary. For governmental activities, these fund statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds and other funds.

3) **Notes to the Basic Financial Statements**

The notes provide additional information necessary to enable the user to fully understand the various financial statements.

In addition to the basic financial statements and notes, this report contains other supplementary information.

REPORTING THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole, and its activities, in a way to answer this question. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The statement of net assets reports all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Net assets are one way to measure the City's financial health or *financial position*. Over time, *increases or decreases* in the City's net assets are an indication of whether its *financial health* is improving or deteriorating. Other things to consider are non-financial factors, such as changes in the economy due to external factors that would cause an increase or decrease in consumer spending.

The statement of activities presents information relating to how the City's net assets changed during the fiscal year. All activities resulting in changes in net assets are reported when earned or incurred, regardless of the receipt or disbursement of the related transaction's cash flows. Some of the revenues and expenses reported in this statement will result in future fiscal period cash flows, such as the receipt of uncollected taxes and the payment of interest expense or compensated absences.

See independent auditors report.

The Statement of Net Assets and the Statement of Activities (Continued)

In the Statement of Net Assets and the Statement of Activities, we separate the City Activities as follows:

Governmental Activities – Most of the City’s basic services are reported in this category, including general administration (City Manager, City Clerk, Finance, etc.), public safety, public works, parks and recreation, community services, economic development, planning, and engineering. These activities are distinguished due to the use of property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues to finance these activities.

Business-Type Activities – City functions that are intended to be primarily self-supporting through the imposition of user fees and charges are reported in the business-type activity category. Business-type activities for the City consist of transit activities related to the operation of the City’s local public transportation system.

Component Unit Activities – The City of Santa Clarita is the primary government unit to two legally separate entities. The financial activity and data of the Santa Clarita Public Financing Authority and the Redevelopment Agency of the City of Santa Clarita have been accounted for within the funds of the City, and therefore separate component unit financial information is not presented within the financial statements.

REPORTING THE CITY’S MOST SIGNIFICANT FUNDS – FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to account for and accumulate financial information related to a specific activity or objective. Some funds are required to be established by State law and bond covenants; however, management established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other resources. The fund financial statements provide detailed information about the most significant funds and other funds – not the City as a whole. The City’s three types of funds are governmental, proprietary, and fiduciary.

Governmental Funds – Most of the City’s basic services are reported in governmental funds. Governmental funds financial statements focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called “*modified accrual*” accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by this integrated approach.

See independent auditors report.

Governmental Funds (Continued)

The City reports governmental fund financial information within 33 governmental funds. The general fund, bridge and thoroughfare special revenue fund, developer fees special revenue fund, open space preservation district special revenue fund, debt service-redevelopment agency fund, and capital projects-redevelopment agency fund, and are presented separately as major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Financial data for the remaining 27 governmental funds are combined into a single, aggregated presentation. Supporting financial information on each of the other governmental funds are also provided within the report.

Proprietary Funds –The City maintains two different types of proprietary funds. When the City charges customers for the services it provides, these services are generally reported in a type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement, but the proprietary fund statements provide more detail and additional information, such as a statement of cash flows. The City uses the transit enterprise fund to account for the activities related to 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 four internal service funds to account for costs related to self-insurance, computer replacement, vehicle replacement, and public facilities replacement.

Proprietary funds are reported in the same way all activities are reported in the Statement of Net Assets and the Statement of Activities. The proprietary fund financial statements provide separate information for the transit enterprise fund, which is considered to be a major fund of the City. All of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the supplementary information section of this report.

THE CITY AS TRUSTEE – FIDUCIARY FUND STATEMENTS

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain funds held for the benefit of other parties outside of the City. The City's fiduciary activities are reported in separate Statements of Fiduciary Assets and Liabilities. These activities were excluded from the City's other financial statements, because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

NOTES TO THE BASIC 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 comparison of budget and actual results for the major governmental funds. Required supplementary information can be located on pages 73-78 of this report.

See independent auditors report.

OTHER INFORMATION (CONTINUED)

The combining statements referred to earlier in connection with the other governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information described in the previous paragraph. Combining and individual fund statements and schedules, as well as schedules related to the capital assets used in the operation of governmental funds, can be found on pages 79-134 of this report.

THE CITY AS A WHOLE

The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City’s governmental and business-type activities.

The City’s net assets may be analyzed and used as an indicator of the City’s overall financial condition. The City’s combined net assets increased by \$46.8 million, increasing from \$865.9 million to \$912.7 million.

**TABLE 1
CITY OF SANTA CLARITA’S NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2008	2007 As Restated	2008	2007	2008	2007 As Restated
ASSETS:						
Current and Other Assets	\$ 268,634,435	\$ 194,925,569	\$ 6,416,378	\$ 6,102,811	\$ 275,050,813	\$ 201,028,380
Capital assets	723,115,624	693,803,347	64,396,391	63,483,490	787,512,015	757,286,837
TOTAL ASSETS	991,750,059	888,728,916	70,812,769	69,586,301	1,062,562,828	958,315,217
LIABILITIES:						
Long Term Liabilities	86,255,293	34,600,563	485,304	870,149	86,740,597	35,470,712
Other Liabilities	59,293,162	52,016,896	3,843,612	4,916,443	63,136,774	56,933,339
TOTAL LIABILITIES	145,548,455	86,617,459	4,328,916	5,786,592	149,877,371	92,404,051
NET ASSETS:						
Invested in capital assets, net of related debt	672,306,820	661,210,117	63,526,242	62,246,621	735,833,062	723,456,738
Restricted	107,644,883	52,576,463	-	-	107,644,883	52,576,463
Unrestricted	66,249,901	88,324,877	2,957,611	1,553,088	69,207,512	89,877,965
TOTAL NET ASSETS	\$ 846,201,604	\$ 802,111,457	\$ 66,483,853	\$ 63,799,709	\$ 912,685,457	\$ 865,911,166

See independent auditors report.

THE CITY AS A WHOLE (CONTINUED)

The City's Net Assets is made up of three components: Investment in Capital Assets (Net of Related Debt), Restricted Net Assets, and Unrestricted Net Assets.

As of June 30, 2008, assets exceeded liabilities by \$912.7 million. The largest component of the City's net assets, 80.6%, is represented by its \$735.8 million investment in capital assets (e.g., infrastructure, land, buildings and improvements, equipment, and construction in progress) less any related outstanding debt used to acquire the assets. These capital assets are used to provide services to the citizens, and therefore, are not available to finance future operations. In addition, resources necessary to repay the related debt must be provided by sources other than the capital assets, as the assets themselves cannot be used to satisfy these liabilities.

An additional portion of the City's net assets, 11.8%, represents resources subject to external restrictions on how they may be used. The remaining 7.6% of unrestricted net assets, \$69.2 million may be used to meet the City's ongoing obligations to citizens and creditors.

Consistent with the prior year, at the end of the current fiscal year, the City is able to report positive balances in both categories of governmental and business-type net assets. Net assets for governmental activities increased by \$44.1 million over the prior year, \$11.1 million of which is represented by increased capital assets and reductions in their related debt. Increases in capital assets also accounted for the majority of the overall increase in net assets for business-type activities of \$2.7 million. The unrestricted portion of the business-type activities increased by \$1.4 million.

Governmental Activities

Revenues from governmental activities were up by \$16.5 million or 10.4%. The cost of all governmental activities this year was \$121.8 million, an increase of 16.9% over the past year. However, as shown in the Statement of Activities, the governmental activities expenditures were ultimately financed in part by the taxpayers, as \$35.6 million in revenues were generated by service revenues received from the performance of these activities; another \$22.6 million was received from government agencies and other organizations that subsidized certain programs with operating grants and contributions; and another \$39.0 million in revenues was generated from capital grants and contributions. Community Development and Public Works programs were the only activities that generated net revenues of \$41.8 and \$4.2 million, respectively. Overall, the City's total governmental revenues amounted to \$174.4 million, which funded the expenditures and contributed an additional \$53 million to the increase in net assets. Part of the \$174.4 million total governmental revenue is other general revenue amounting to \$77.2 million that the City realized this past year.

See independent auditors report.

THE CITY AS A WHOLE (CONTINUED)

TABLE 2
CITY OF SANTA CLARITA'S CHANGES IN NET ASSETS

	Government Activities		Business-type Activities		Total	
	2007		2007		2007	
	2008	As Restated	2008	2007	2008	As Restated
Program Revenues:						
Charges for services	\$ 35,601,495	\$ 30,086,825	\$ 3,216,239	\$ 5,827,778	\$ 38,817,734	\$ 35,914,603
Operating grants and contributions	22,600,793	26,656,678	11,876,720	12,616,641	34,477,513	39,273,319
Capital grants and contributions	39,003,536	24,770,306	617,421	-	39,620,957	24,770,306
General Revenues						
Taxes:						
Property taxes, levied for general purposes	24,482,930	27,891,202	-	-	24,482,930	27,891,202
Other Taxes	46,866,631	41,074,451	-	-	46,866,631	41,074,451
Grants and contributions not restricted						
to specific programs	1,252,281	1,862,901	-	750,200	1,252,281	2,613,101
Other	4,566,884	5,541,720	48,961	26,367	4,615,845	5,568,087
Total Revenues	174,374,550	157,884,083	15,759,341	19,220,986	190,133,891	177,105,069
Expenses:						
General government	27,488,731	26,029,070	-	-	27,488,731	26,029,070
Public safety	16,482,917	14,398,408	-	-	16,482,917	14,398,408
Public works	30,549,888	19,273,980	-	-	30,549,888	19,273,980
Parks and recreation	21,817,251	20,573,077	-	-	21,817,251	20,573,077
Community development	9,257,881	8,985,449	-	-	9,257,881	8,985,449
Unallocated infrastructure						
depreciation	13,128,617	12,920,310	-	-	13,128,617	12,920,310
Interest on long term debt	3,127,998	2,087,949	-	-	3,127,998	2,087,949
Transit	-	-	21,506,317	18,315,106	21,506,317	18,315,106
Total Expenses	121,853,283	104,268,243	21,506,317	18,315,106	143,359,600	122,583,349
Increase in Net Assets before transfers	52,521,267	53,615,840	(5,746,976)	905,880	46,774,291	54,521,720
Transfers	(8,431,120)	441,376	8,431,120	(441,376)	-	-
Increase In Net Assets	44,090,147	54,057,216	2,684,144	464,504	46,774,291	54,521,720
Net Assets - Beginning of Year,						
As Restated (Note 16)	802,111,457	748,054,241	63,799,709	63,335,205	865,911,166	811,389,446
Net Assets - End of Year	\$ 846,201,604	\$ 802,111,457	\$ 66,483,853	\$ 63,799,709	\$ 912,685,457	\$ 865,911,166

See independent auditors report.

THE CITY AS A WHOLE (CONTINUED)

Business-Type Activities

Business-type activities increased the City's net assets by \$2.7 million for the current year. Business-type activities revenues decreased by \$3.4 million during the year for a total of \$15.7 million in revenues, not including the \$8.4 million of transfers in from other governmental activities. This was largely due to \$739,921 decrease in operating grants and contributions and \$2.6 million decrease in charges for services during the year. Related transit activity expenses increased by \$3.2 million or 17.4% of the \$21.5 million total.

THE CITY'S FUNDS, AS RESTATED (Note 16)

The governmental funds reported a combined fund balance at the end of the current fiscal year of \$168.6 million, an increase of \$58.6 million over the prior year. Approximately \$86.9 million is reserved and already committed for specific restricted purposes, and approximately \$81.7 million of the unreserved portion may be used to meet the City's ongoing obligations to citizens and creditors.

The total governmental fund balance includes the general fund balance of \$66 million, an increase of \$2.3 million over the prior year. The general fund is the chief operating fund of the City of Santa Clarita. At the end of the current fiscal year, the \$34.9 million in reserved general fund balance accounted for 40% of the total reserved governmental fund balance. The unreserved general fund balance of \$31.1 million, which is available for spending at the City's discretion, is up by \$2.6 million from prior year. The City's general fund balance has reserved \$34.9 million for advances, encumbrances, deposits and prepaid items. More detailed information about the combined fund balance reserves and designations and restatement are presented in Note 11 and Note 16, respectively, to the financial statements.

Other major fund balance changes are noted below:

- The bridge and thoroughfare fund balance has realized an increase of \$3.5 million or 29.7% from the prior year.
- The developer fees fund balance decreased in the current year by \$565,433 or 32.8%. This is due primarily to an increase in deferred revenues from developers.
- The Open Space Preservation District special revenue fund is new for the current year. The purpose of this fund is to accelerate vacant land acquisition in and around the City. The total fund balance for the current year is \$16.4 million.
- Presented separately this fiscal year in the major funds category is the debt service fund – redevelopment agency and the capital projects fund – redevelopment agency. The total fund balance for the current year for the debt service fund – redevelopment agency is a negative \$15.9 million and \$37.7 million for the capital projects fund – redevelopment agency.
- In addition to the major funds, the fund balances for the other governmental funds experienced an aggregate increase of \$11.7 million, resulting in an overall 32.5% increase in other governmental funds' balances.

See independent auditors report.

THE CITY'S FUNDS, AS RESTATED (Note 16) (CONTINUED)

Other major fund balance changes are noted below (continued):

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total net assets for the transit enterprise fund increased over the prior year by \$2.7 million or 4%. This \$2.7 million increase was primarily due to the increase in cash and investments and decrease in total liabilities. The unrestricted portion of the business-type activities net assets increased by \$1.4 million from prior year. The Internal Service funds net assets increased by \$4.5 million or 22.5%, ending the fiscal year with a fund balance of \$24.6 million, of which \$23.7 million is unrestricted.

General Fund Budgetary Highlights

Comparison of the fiscal year 2007-08 original (adopted) general fund budgeted expenditures and transfers of \$80.3 million to the final budgeted expenditures of \$85.7 million results in a net increase of \$5.4 million.

Included in this net increase is \$2.6 million in committed purchase orders and contracts from the prior June 30 balance, as well as \$1.5 million of prior fiscal year operating and capital improvement projects approved for carryover into fiscal year 2007-08. The resulting beginning budget balance was equal to \$84.3 million.

Original Budget +	Cont. Appropriations +	Encumbrances =	Beg. Balance +	Supplemental Changes =	Final Budget
\$80,280,867 +	\$1,470,293 +	\$2,614,370 =	\$84,365,530 +	\$1,356,112 =	\$85,721,642

Comparing the beginning budget of \$84.3 million with the final budget of \$85.7 million indicates the general fund had supplemental budgetary appropriations of \$1.4 million during the fiscal year. Included in the supplemental appropriations are the results of this year's budget review.

At the mid-year budget review, the City Council approved additional appropriations for non-represented employee cost-of-living salary increases of 3.0%, as well as increased costs related to the City's contribution towards employees' health benefits.

During the mid-year budget review, budgeted general fund revenue had a net increase of \$1.6 million. Included in the net increase is \$1.5 million increase in property tax revenue due to increasing property valuation in the area. The projected fiscal year 07-08 property valuation is an increase of 11.65% over fiscal year 06-07 actual values.

At year end, the City's actual revenues are \$2.4 million more than the final budgetary estimates. Actual expenditures were less than the final budgetary estimates by over \$15.8 million. This was partly due to large infrastructure commitments that were not liquidated at year end and projects that are multi-year.

See independent auditors report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had \$787.5 million (net of accumulated depreciation) invested in a broad range of capital assets. This investment in capital assets includes land, buildings and related improvements, vehicles and equipment, and infrastructure (including infrastructure placed in service prior to July 1, 2002), such as streets, bridges, traffic signals, medians, sidewalks, trails, sewers, curbs and gutters, and drainage systems. (See Table 3)

TABLE 3
CITY OF SANTA CLARITA'S CAPITAL ASSETS, (net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 82,955,324	\$ 79,279,650	\$ 10,787,880	\$ 10,787,880	\$ 93,743,204	\$ 90,067,530
Construction in progress	106,605,795	82,155,075	762,096	144,675	107,367,891	82,299,750
Infrastructure, net	480,771,124	482,800,768	-	-	480,771,124	482,800,768
Depreciable site improvements, Net	12,693,526	9,695,070	-	-	12,693,526	9,695,070
Depreciable buildings and improvements, net	37,381,460	37,369,921	38,095,978	38,610,490	75,477,438	75,980,411
Depreciable equipment, net	2,708,395	2,502,863	14,750,437	13,940,445	17,458,832	16,443,308
TOTALS	\$ 723,115,624	\$ 693,803,347	\$ 64,396,391	\$ 63,483,490	\$ 787,512,015	\$ 757,286,837

Major capital asset events during the year included:

- Completion of the Todd Longshore Park. The Todd Longshore Park is a neighborhood park on approximately 5 acres of the 32-acre site in Canyon Country. Amenities for this park include a parking lot, restroom facility, play area, picnic shelters, and walking paths.
- Completion of the Magic Mountain Median Demonstration project. Located between Valencia Boulevard and Bouquet Canyon, this project entails the replacement of the existing natural turf on the median with synthetic artificial turf for the purpose of evaluating the potential merits of artificial grass specific to deferred maintenance and reduction of water use.
- Significant progress in the design and road construction along Magic Mountain Parkway and the I-5 freeway.
- Design for the Newhall Library project. This effort will provide for the design and eventual construction of a new library in the Downtown Newhall area.

Additional information on the City of Santa Clarita's capital assets can be located in Note 3 to the financial statements on pages 48 through 50.

See independent auditors report.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At year-end, the City's total debt amounted to \$89.7 million in bonds, notes, capital leases, contracts, claims payable, and compensated absences as shown in Table 4. A summary of debt activity for the year follows.

TABLE 4
CITY OF SANTA CLARITA'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Refunding Certificates of Participation, net	\$ 15,388,369	\$ 16,389,028	\$ -	\$ -	\$ 15,388,369	\$ 16,389,028
Tax Allocation Bonds, net	38,544,094	-	-	-	38,544,094	-
Certificates of Participation	15,525,000	-	-	-	15,525,000	-
Lease Revenue Bonds, net	13,679,570	13,893,228	-	-	13,679,570	13,893,228
Contract and Leases Payable	3,617,410	4,364,608	870,149	1,236,869	4,487,559	5,601,477
Compensated Absences	1,993,279	1,780,826	-	-	1,993,279	1,780,826
Claims Payable	70,000	100,000	-	-	70,000	100,000
TOTALS	\$ 88,817,722	\$ 36,527,690	\$ 870,149	\$ 1,236,869	\$ 89,687,871	\$ 37,764,559

The City's governmental activities had \$88.8 million in debt at year-end. Governmental activities long-term debt increased overall by \$52.3 million during the year. A summary of the activity giving rise to new increases in debt is as follows:

- Compensated absences liability for that portion of unused, earned vacation compensation that is not expected to be paid within the coming fiscal year, increased by \$212,453.
- Claims payable liability for that portion of incurred and reported claims, as well as incurred but unreported claims, which are not expected to be paid within the coming fiscal year decreased by \$30,000. Additional information on the City of Santa Clarita's self-insurance can be located in the financial statements on page 69.

The Tax Allocation Bonds, Series 2008, for \$29.9 million were issued in connection with the City of Santa Clarita Redevelopment Agency to fund certain redevelopment projects within the Newhall Redevelopment Project Area.

The RDA Housing Tax Allocation Bonds, Series 2008, for \$8.8 million were issued in connection with the City of Santa Clarita Redevelopment Agency to fund certain low/mod housing projects within the Newhall Redevelopment Area.

On December 1, 2007, the Santa Clarita Public Financing Authority issued \$15,525,000 in Certificates of Participation for the acquisition of open space and parkland.

See independent auditors report.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The City's business-type activities debt decreased by \$366,720, from \$1,236,869 to \$870,149. No new debt related to business-type activities was issued or refinanced during the current fiscal year. Debt in the business-type activities is for capital leasing of buses and other transit-related equipment.

During the fiscal year ended June 30, 2008, the City was able to meet its current year debt obligation in a timely matter. State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The debt limitation for the City as of June 30, 2008, was \$3,224,039,571.

Additional information on the City of Santa Clarita's debt can be located in Note 4 to the financial statements, on pages 51 through 61.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the budget for fiscal year 2008-09, management looked at the following economic factors:

- Sales tax continues to be the City's largest General Fund revenue source accounting for 37.3% of the total General Fund revenue, or \$32.6 million in 2008-09. Three major sales tax generators will soon open, however, the City is conservative by projecting no growth in sales tax revenue in light of the economic downturn related to the housing, financial services and consumer spending sectors.
- Total property tax revenues for Fiscal Year 2008-09 are projected to increase by 15.7% or \$3.6 million. This projected increase is based on the assessed valuations for fiscal year 2007-08 per the County Assessor.
- The City has consistently maintained a conservative approach to budgeting revenues. Budgeted general fund revenues for fiscal year 2008-09 is .19% less than the original budgeted revenues of the prior year. The increase in total property tax revenues mentioned earlier made up for the decrease in other revenue areas. Slow down in the housing market attributed to the decrease in Licenses and Permits revenue by 18.2%, Revenues from Other Agencies also took a 51% slip, this was due to the one time FEMA grant budgeted in fiscal year 2007-08.

General fund revenues for fiscal year June 30, 2009 are budgeted at \$82.6 million net of overhead reimbursements and operating transfers in, which represents a decrease of 0.19% over the prior year, the City's general fund operating and capital expenditures for the coming year are budgeted at \$79.1 million net of reserves and debt service, which represents a decrease of 0.94% over previous year. Operational expenditures, net of reserves and debt service, for fiscal year 2009 have increased by 8%, and capital expenditures decreased by \$6.3 million or 59.5%. The City's 2008-09 operating budget for all funds increased by \$9.6 million or 8.4% to a total of \$123.6 million.

See independent auditors report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

The City continues to grow with new commercial and residential development, street improvements, park construction, and various other projects. The 2008-09 budget is a reflection of the City's commitment to the residents of Santa Clarita. This is consistent with the City's long tradition of ensuring that programming for Santa Clarita's youth and children is a priority to help curb teen crimes. The 2008-09 budget also continues the provision of consistent high levels of service to the community through the allocation of resources for public safety, cultural and social programs, and continued infrastructure improvements and maintenance. A copy of the City's 2008-09 budget can be obtained by contacting the City Finance Division or visit the web at santa-clarita.com/cityhall/cmo/budget.

CONTACTING THE CITY'S FINANCE DIVISION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the City's Finance Division, at the City of Santa Clarita, 23920 Valencia Boulevard, Suite 295, Santa Clarita, California 91355, or (661) 255-4920.

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CITY OF SANTA CLARITA

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	\$ 220,267,200	\$ 2,631,723	\$ 222,898,923
Cash and investments with fiscal agent (Note 2)	1,206,283	-	1,206,283
Receivables:			
Accounts	15,091,805	25,150	15,116,955
Interest	5,824,049	26,914	5,850,963
Intergovernmental	7,227,845	3,680,328	10,908,173
Loans	1,373,437	-	1,373,437
Prepaid costs	27,200	-	27,200
Deposits	13,331,807	-	13,331,807
Due from fiduciary funds	44,350	-	44,350
Internal balances	(52,263)	52,263	-
Land held for resale	1,607,196	-	1,607,196
Deferred charges	2,685,526	-	2,685,526
Capital assets (Note 3):			
Land	82,955,324	10,787,880	93,743,204
Construction in progress	106,605,795	762,096	107,367,891
Depreciable site improvements, net	12,693,526	-	12,693,526
Depreciable buildings and improvements, net	37,381,460	38,095,978	75,477,438
Depreciable equipment, net	2,708,395	14,750,437	17,458,832
Depreciable infrastructure, net	480,771,124	-	480,771,124
TOTAL ASSETS	991,750,059	70,812,769	1,062,562,828
LIABILITIES:			
Accounts payable and accrued liabilities	25,406,931	2,217,223	27,624,154
Accrued interest payable	725,320	22,829	748,149
Due to other governments	813,738	1,218,715	2,032,453
Unearned revenue	20,867,954	-	20,867,954
Deposits	8,916,790	-	8,916,790
Noncurrent liabilities (Notes 4 and 12):			
Due within one year	2,027,429	384,845	2,412,274
Due in more than one year	86,790,293	485,304	87,275,597
TOTAL LIABILITIES	145,548,455	4,328,916	149,877,371
NET ASSETS:			
Invested in capital assets, net of related debt	672,306,820	63,526,242	735,833,062
Restricted for capital improvements	45,993,804	-	45,993,804
Restricted for debt service	632,680	-	632,680
Restricted for redevelopment	27,846,000	-	27,846,000
Restricted for low and moderate income housing	11,295,816	-	11,295,816
Restricted for special assessment services	19,288,764	-	19,288,764
Restricted for other special purposes	2,587,819	-	2,587,819
Unrestricted	66,249,901	2,957,611	69,207,512
TOTAL NET ASSETS	\$ 846,201,604	\$ 66,483,853	\$ 912,685,457

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

CITY OF SANTA CLARITA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 27,488,731	\$ 2,737,355	\$ 113,923	\$ -
Public safety	16,482,917	2,291,100	142,015	-
Public works	30,549,888	355,817	3,235,578	31,144,181
Parks and recreation	21,817,251	3,875,539	590,729	1,656,540
Community development	9,257,881	26,341,684	18,518,548	6,202,815
Unallocated infrastructure depreciation	13,128,617	-	-	-
Interest on long term debt	3,127,998	-	-	-
Total governmental activities	121,853,283	35,601,495	22,600,793	39,003,536
Business-type activity:				
Transit	21,506,317	3,216,239	11,876,720	617,421
Total	\$ 143,359,600	\$ 38,817,734	\$ 34,477,513	\$ 39,620,957

General revenues:

Taxes:

- Sales taxes
- Property taxes, levied for general purposes
- Franchise taxes
- Real property transfer taxes
- Transient occupancy taxes
- Unrestricted revenue in lieu of sales taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net assets - Beginning of year, as restated (Note 16)

Net assets - End of year

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activity	Total
\$ (24,637,453)	\$ -	\$ (24,637,453)
(14,049,802)	-	(14,049,802)
4,185,688	-	4,185,688
(15,694,443)	-	(15,694,443)
41,805,166	-	41,805,166
(13,128,617)	-	(13,128,617)
(3,127,998)	-	(3,127,998)
<u>(24,647,459)</u>	<u>-</u>	<u>(24,647,459)</u>
<u>-</u>	<u>(5,795,937)</u>	<u>(5,795,937)</u>
<u>(24,647,459)</u>	<u>(5,795,937)</u>	<u>(30,443,396)</u>
29,076,388	-	29,076,388
24,482,930	-	24,482,930
6,028,903	-	6,028,903
836,824	-	836,824
2,433,651	-	2,433,651
8,490,865	-	8,490,865
1,252,281	-	1,252,281
4,566,884	48,961	4,615,845
(8,431,120)	8,431,120	-
<u>68,737,606</u>	<u>8,480,081</u>	<u>77,217,687</u>
44,090,147	2,684,144	46,774,291
<u>802,111,457</u>	<u>63,799,709</u>	<u>865,911,166</u>
<u>\$ 846,201,604</u>	<u>\$ 66,483,853</u>	<u>\$ 912,685,457</u>

CITY OF SANTA CLARITA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2008

	General	Special Revenue Funds	
		Bridge and Thoroughfare	Developer Fees
ASSETS			
Cash and investments	\$ 52,619,909	\$ 33,490,401	\$ 9,525,220
Cash and investments with fiscal agent	-	-	-
Accounts receivable	9,500,377	2,500,000	2,879
Interest receivable	519,087	299,118	93,247
Prepaid costs	27,200	-	-
Due from other funds	2,149,208	-	-
Due from other governments	474,017	167,320	-
Land held for resale	-	-	-
Deposits	13,330,807	-	-
Loans receivable	-	-	-
Advances to other funds	23,715,319	-	6,196,290
TOTAL ASSETS	\$ 102,335,924	\$ 36,456,839	\$ 15,817,636
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 19,090,579	\$ 1,161,013	\$ 24,287
Deferred revenue	8,253,269	3,786,579	14,636,434
Due to other governments	860	-	-
Deposits	8,916,790	-	-
Due to other funds	-	-	-
Advances from other funds	-	16,200,070	-
TOTAL LIABILITIES	36,261,498	21,147,662	14,660,721
FUND BALANCES (DEFICIT):			
Reserved	34,920,547	14,097,331	5,527,888
Unreserved:			
General fund	31,153,879	-	-
Special revenue fund	-	1,211,846	(4,370,973)
Debt service fund	-	-	-
Capital projects fund	-	-	-
TOTAL FUND BALANCES (DEFICIT)	66,074,426	15,309,177	1,156,915
TOTAL LIABILITIES AND FUND BALANCES	\$ 102,335,924	\$ 36,456,839	\$ 15,817,636

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

Special Revenue Funds (Continued)	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Open Space Preservation District	Redevelopment Agency	Redevelopment Agency		
\$ 16,371,810	\$ -	\$ 36,777,581	\$ 50,450,808	\$ 199,235,729
-	913,904	-	292,379	1,206,283
66,364	-	81,956	2,932,371	15,083,947
12,554	-	72,145	4,664,151	5,660,302
-	-	-	-	27,200
-	-	-	-	2,149,208
-	-	-	6,586,508	7,227,845
-	-	1,607,196	-	1,607,196
1,000	-	-	-	13,331,807
-	-	-	1,373,437	1,373,437
-	-	-	-	29,911,609
<u>\$ 16,451,728</u>	<u>\$ 913,904</u>	<u>\$ 38,538,878</u>	<u>\$ 66,299,654</u>	<u>\$ 276,814,563</u>
\$ 11,200	\$ -	\$ 146,308	\$ 4,447,209	\$ 24,880,596
5,058	-	29,071	11,798,749	38,509,160
-	-	676,105	136,773	813,738
-	-	-	-	8,916,790
-	-	-	2,104,858	2,104,858
-	16,787,739	-	-	32,987,809
<u>16,258</u>	<u>16,787,739</u>	<u>851,484</u>	<u>18,487,589</u>	<u>108,212,951</u>
1,000	-	2,579,835	29,766,916	86,893,517
-	-	-	-	31,153,879
16,434,470	-	-	15,102,453	28,377,796
-	(15,873,835)	-	-	(15,873,835)
-	-	35,107,559	2,942,696	38,050,255
<u>16,435,470</u>	<u>(15,873,835)</u>	<u>37,687,394</u>	<u>47,812,065</u>	<u>168,601,612</u>
<u>\$ 16,451,728</u>	<u>\$ 913,904</u>	<u>\$ 38,538,878</u>	<u>\$ 66,299,654</u>	<u>\$ 276,814,563</u>

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CITY OF SANTA CLARITA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2008

Fund balances - total governmental funds \$ 168,601,612

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 82,955,324	
Construction in progress	106,605,795	
Site improvements, net of \$5,040,898 accumulated depreciation	12,693,526	
Building and improvements, net of \$9,155,571 accumulated depreciation	37,381,460	
Equipment, net of \$4,873,222 accumulated depreciation	1,806,503	
Infrastructure, net of \$ 187,033,259 accumulated depreciation	<u>480,771,124</u>	
Total capital assets used in governmental activities		722,213,732

Debt issuance costs are reported as an expenditure in the governmental funds in the year that the costs are incurred. On the government-wide statements, such costs are reported as deferred charges and amortized over the life of the debt. Unamortized deferred charges at June 30, 2008 are:

2,685,526

Certain receivables will be collected after year-end, but are not available soon enough to pay for current-period expenditures, and therefore are offset by deferred revenue in the funds. On the government-wide statements, this deferred revenue has been recognized as income. The deferred revenue amount at June 30, 2008 is:

17,641,206

Internal Service funds are used by management to charge the costs of self-insurance and capital replacements to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

24,532,570

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds. Balances at June 30, 2008 are:

Accrued interest on long-term debt		(725,320)
Certificates of participation, net of \$401,631 unamortized discount and deferred amount	\$ (30,913,369)	
Lease revenue bonds, plus unamortized premium of \$104,570	(13,679,570)	
Tax allocation bonds payable, net of \$165,906 unamortized net discount	(38,544,094)	
Capital leases payable	(23,676)	
Loans payable	(3,593,734)	
Compensated absences	<u>(1,993,279)</u>	
Total long-term liabilities		<u>(88,747,722)</u>

Net assets of governmental activities

\$ 846,201,604

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

CITY OF SANTA CLARITA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	General	Special Revenue Funds	
		Bridge and Thoroughfare	Developer Fees
REVENUES:			
Taxes	\$ 68,032,980	\$ -	\$ -
Licenses and permits	5,256,748	-	-
Developer fees	-	21,215,477	621,005
Investment income	3,654,884	1,482,014	512,279
Revenue from other agencies	2,074,594	-	-
Fines and forfeitures	464,954	-	-
Service charges	6,368,343	-	-
Other revenue	1,167,594	-	7,362
Overhead reimbursement	1,659,376	-	-
TOTAL REVENUES	<u>88,679,473</u>	<u>22,697,491</u>	<u>1,140,646</u>
EXPENDITURES:			
Current:			
General government	13,891,238	-	-
Public safety	15,764,767	-	-
Public works	15,423,009	4,862,433	-
Parks and recreation	19,731,872	-	-
Community development	5,080,812	-	52,434
Capital outlay	-	14,305,741	1,394,178
Debt service:			
Bond issuance costs	-	-	-
Principal retirement	12,725	-	-
Interest and fiscal charges	2,145	20,648	-
TOTAL EXPENDITURES	<u>69,906,568</u>	<u>19,188,822</u>	<u>1,446,612</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,772,905</u>	<u>3,508,669</u>	<u>(305,966)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	3,081,801	-	-
Transfers out	(19,551,665)	-	(259,467)
Bonds and certificates issued	-	-	-
Issuance premiums (discounts)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(16,469,864)</u>	<u>-</u>	<u>(259,467)</u>
NET CHANGE IN FUND BALANCES	2,303,041	3,508,669	(565,433)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED	<u>63,771,385</u>	<u>11,800,508</u>	<u>1,722,348</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 66,074,426</u>	<u>\$ 15,309,177</u>	<u>\$ 1,156,915</u>

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

Special Revenue Funds (Continued)	Debt Service Fund	Capital Projects Fund	Other	Total
Open Space Preservation District	Redevelopment Agency	Redevelopment Agency	Governmental Funds	Governmental Funds
\$ 1,474,353	\$ -	\$ 2,954,920	\$ 15,626,533	\$ 88,088,786
-	-	-	-	5,256,748
-	-	-	454,326	22,290,808
189,095	1	362,639	2,086,529	8,287,441
-	-	-	22,173,017	24,247,611
-	-	-	1,656,616	2,121,570
-	-	-	3,562,698	9,931,041
-	-	40,704	493,843	1,709,503
-	-	-	-	1,659,376
<u>1,663,448</u>	<u>1</u>	<u>3,358,263</u>	<u>46,053,562</u>	<u>163,592,884</u>
11,900	-	-	12,062,058	25,965,196
-	-	-	578,212	16,342,979
-	-	-	5,692,321	25,977,763
-	-	-	424,471	20,156,343
-	-	1,553,853	896,137	7,583,236
-	-	4,222,639	24,984,244	44,906,802
-	-	939,432	878,911	1,818,343
-	-	-	1,914,473	1,927,198
-	1,191,357	-	1,600,486	2,814,636
<u>11,900</u>	<u>1,191,357</u>	<u>6,715,924</u>	<u>49,031,313</u>	<u>147,492,496</u>
<u>1,651,548</u>	<u>(1,191,356)</u>	<u>(3,357,661)</u>	<u>(2,977,751)</u>	<u>16,100,388</u>
15,000,000	1,052,000	5,273,097	18,705,643	43,112,541
(216,078)	(5,273,097)	(1,052,000)	(28,316,354)	(54,668,661)
-	-	29,860,000	24,375,000	54,235,000
-	-	(160,665)	(66,017)	(226,682)
<u>14,783,922</u>	<u>(4,221,097)</u>	<u>33,920,432</u>	<u>14,698,272</u>	<u>42,452,198</u>
16,435,470	(5,412,453)	30,562,771	11,720,521	58,552,586
-	(10,461,382)	7,124,623	36,091,544	110,049,026
<u>\$ 16,435,470</u>	<u>\$ (15,873,835)</u>	<u>\$ 37,687,394</u>	<u>\$ 47,812,065</u>	<u>\$ 168,601,612</u>

CITY OF SANTA CLARITA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Net change in fund balances - total governmental funds \$ 58,552,586

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalizable capital outlays (\$35,792,694) exceeded depreciation (\$15,325,687) in the current period: 20,467,007

The contribution of governmental capital assets to the Transit Enterprise fund is not reported in the governmental funds because there has been no flow of current financial resources. In the Statement of Activities, both sides of this transaction are reported as transfers:

Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources: 8,551,225

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Issuance of certificates of participation and tax allocation bonds	\$ (54,235,000)	
Bond issuance costs	1,818,343	
Principal payments	1,927,198	
Net bond discounts/(premiums)	226,682	
Amortization of bond premium	3,658	
Amortization of discount and deferred amount on refunding	(30,117)	
Amortization of debt issuance costs	(68,765)	
	(50,358,001)	(50,358,001)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$ (212,453)	
Accrued interest	(218,138)	
	(430,591)	(430,591)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. Conversely, collection of these revenues are reported in the governmental funds, but not in the Statement of Activities since they have been recognized in previous years. 2,795,619

Internal service funds are used by management to charge the costs of self-insurance and capital replacements to individual funds. The net revenue of internal service funds is reported with governmental activities. 4,512,302

Change in net assets of governmental activities \$ 44,090,147

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

CITY OF SANTA CLARITA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2008

ASSETS	Business-type Activity - Transit Enterprise	Government Activities - Internal Service Funds
CURRENT ASSETS:		
Cash and investments	\$ 2,613,274	\$ 21,031,471
Accounts receivable	25,150	7,858
Interest receivable	26,914	163,747
Due from other governments	3,680,328	-
Advances to other fund	-	3,076,200
TOTAL CURRENT ASSETS	6,345,666	24,279,276
NONCURRENT ASSETS:		
Capital assets:		
Land	10,787,880	-
Construction in progress	762,096	-
Buildings, net of accumulated depreciation	38,095,978	-
Equipment, net of accumulated depreciation	14,750,437	901,892
TOTAL NONCURRENT ASSETS	64,396,391	901,892
TOTAL ASSETS	70,742,057	25,181,168
LIABILITIES		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	2,198,774	526,335
Due to other governments	1,218,715	-
Accrued interest payable	22,829	-
Capital leases payable - current	384,845	-
TOTAL CURRENT LIABILITIES	3,825,163	526,335
NONCURRENT LIABILITIES:		
Claims payable	-	70,000
Capital leases payable	485,304	-
TOTAL NONCURRENT LIABILITIES	485,304	70,000
TOTAL LIABILITIES	4,310,467	596,335
NET ASSETS:		
Invested in capital assets, net of related debt	63,526,242	901,892
Unrestricted	2,905,348	23,682,941
TOTAL NET ASSETS	66,431,590	\$ 24,584,833
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	52,263	
Net Assets of business-type activities	\$ 66,483,853	

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

CITY OF SANTA CLARITA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the year ended June 30, 2008

	Business-type Activity - Transit Enterprise	Government Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 3,216,239	\$ 2,681,965
Other revenue	199,457	23,498
TOTAL OPERATING REVENUES	<u>3,415,696</u>	<u>2,705,463</u>
OPERATING EXPENSES:		
Administrative	2,026,381	-
Transportation services	14,301,516	-
Services and supplies	1,755,690	2,179,577
Depreciation	3,340,895	232,782
TOTAL OPERATING EXPENSES	<u>21,424,482</u>	<u>2,412,359</u>
OPERATING INCOME (LOSS)	<u>(18,008,786)</u>	<u>293,104</u>
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental grants	10,735,433	-
Investment income	48,961	1,094,198
Miscellaneous revenues	913,955	-
Interest expense	(53,960)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>11,644,389</u>	<u>1,094,198</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(6,364,397)</u>	<u>1,387,302</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
Transfers in	9,157,455	3,125,000
Transfers out	(726,335)	-
Capital contributions from other funds	617,421	-
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>9,048,541</u>	<u>3,125,000</u>
CHANGE IN NET ASSETS	2,684,144	4,512,302
TOTAL NET ASSETS - BEGINNING OF YEAR		<u>20,072,531</u>
TOTAL NET ASSETS - END OF YEAR		<u>\$ 24,584,833</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>-</u>	
Change in net assets of business-type activities	<u>\$ 2,684,144</u>	

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

CITY OF SANTA CLARITA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2008

	Business-type Activity - Transit Enterprise	Government Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 3,216,239	\$ -
Receipts from interfund services provided	-	2,678,965
Other operating receipts	225,726	23,498
Payments to suppliers	(18,091,914)	(1,789,770)
Payments to employees	(939,804)	-
	<u>(15,589,753)</u>	<u>912,693</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash contributed by other governments	11,545,057	-
Cash received from other funds	9,157,455	3,125,000
Cash paid to other funds	(726,335)	(3,076,200)
	<u>19,976,177</u>	<u>48,800</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(3,636,375)	(471,068)
Principal payments on financed debt	(366,720)	-
Interest expense	(60,299)	-
	<u>(4,063,394)</u>	<u>(471,068)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	48,589	1,116,273
	<u>48,589</u>	<u>1,116,273</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	371,619	1,606,698
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		
	<u>2,241,655</u>	<u>19,424,773</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		
	<u>\$ 2,613,274</u>	<u>\$ 21,031,471</u>

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

(Continued)

CITY OF SANTA CLARITA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2008

	Business-type Activity - Transit Enterprise	Government Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (18,008,786)	\$ 293,104
Depreciation	3,340,895	232,782
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	26,269	(3,000)
Increase (decrease) in accounts payable and accrued liabilities	(948,131)	419,807
Increase (decrease) in claims payable	-	(30,000)
	<u>\$ (15,589,753)</u>	<u>\$ 912,693</u>
NONCASH INVESTING, CAPITAL		
AND FINANCING ACTIVITIES:		
Contributions of capital assets from government	<u>\$ 617,421</u>	<u>\$ -</u>

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

CITY OF SANTA CLARITA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

June 30, 2008

	Agency Funds
ASSETS:	
Cash and investments	\$ 185,040
Cash and investments with fiscal agent	1,811,040
Accounts receivable	3,138
Interest receivable	1,692
	<hr/>
TOTAL ASSETS	\$ 2,000,910
	<hr/> <hr/>
LIABILITIES:	
Accounts payable and accrued liabilities	\$ 2,375
Due to other funds	44,350
Due to bondholders	1,954,185
	<hr/>
TOTAL LIABILITIES	\$ 2,000,910
	<hr/> <hr/>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity:

The City of Santa Clarita (the City), California, was incorporated on December 15, 1987, as a general law city. The City operates under a council-manager form of government and provides its citizens with a full range of municipal services, either directly or under contract with the County of Los Angeles. Such services include public safety (police and fire protection), building permit/plan approval, planning, community development, recreation, animal control and street maintenance.

The Redevelopment Agency of the City of Santa Clarita (the Agency) was established in July 1991 pursuant to the State of California Health and Safety Code, Section 33000. The primary purpose of the Agency is to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain the economic growth of the City.

The Santa Clarita Public Financing Authority (the Authority) was established in July 1991 as a joint power of authority between the City and the Agency for the purpose of providing financing and funding of public capital improvements and the acquisition of property.

The criteria used in determining the scope of the reporting entity are based on the provisions of Government Accounting Standards Board (GASB) Statement No. 14. The City of Santa Clarita is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Agency and the Authority have been accounted for as "blended" component units of the City. Despite being legally separate, these entities are, in substance, part of the City's operations. Accordingly, the balances and transactions of these component units are reported within the funds of the City. The Agency's financial data and activity are reported within the debt service and capital projects fund types, and the Authority's financial data and activity are reported within the debt service and capital projects fund types.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTE TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

The following specific criteria were used in determining that the Agency and the Authority were blended component units:

- The members of the City Council also act as the governing bodies of the Agency and the Authority.
- The Agency and the Authority are managed by employees of the City.

Financial statements for each of the individual component units may be obtained at the City's administrative offices.

B. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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 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. Certain indirect costs are included as part of the program expenses reported for individual functions and activities. 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 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. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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. 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 fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 transit enterprise fund and of the government's internal service funds are charges to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due.

Property taxes, franchise taxes, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all financial resources of the City that are not required to be accounted for in another fund.

The Bridge and Thoroughfare Special Revenue Fund is used to account for monies received from developers for street and highway construction through bridge and thoroughfare districts.

The Developer Fees Special Revenue Fund is used to account for monies received from developers for street improvements.

The Open Space Preservation District Special Revenue Fund is used to account for monies received from assessments for the costs of acquiring open space lands, parks, and parkland in accordance with the City's programs.

The Redevelopment Agency Debt Service Fund is used to account for debt service on loans from the City to the Redevelopment Agency.

The Redevelopment Agency Capital Projects Fund is used to account for the Agency's construction of all capital projects located within the project area that are not financed with housing set-aside funds.

The City reports the following major enterprise fund:

The Transit Enterprise Fund is used to account for the operation of the City's local public transit bus system.

Additionally, the City reports the following fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for special purposes.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

The City reports the following Fund Types (Continued):

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest and principal on long-term debt.

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. Such activities include self-insurance, computer replacement, vehicle replacement and public facilities replacement.

The Agency Funds are used to account for assets held by the City as an agent and related to the debt service activity on no-commitment special assessment debt.

The City has conformed to the pronouncements of the Governmental Accounting Standards Board (GASB), which are acknowledged as the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments. In accordance with GASB Statement No. 20, the City applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents:

A substantial portion of the City's investments, not held by bond trustees, are in short-term, highly liquid instruments with original maturities of three months or less, including investments in the California Local Agency Investment Fund and Los Angeles County Pooled Investment Fund. For purposes of the statements of cash flows, all pooled cash and investments held by the enterprise and internal service funds are considered to be short-term and, accordingly, are classified as cash and cash equivalents.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Investments:

Investments are stated at fair value (quoted market price or best available estimate thereof).

F. Capital Assets:

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets consist of roads, curbs and gutters, sidewalks, medians, street trees, street signs, bus shelters, bridges, trails, traffic signals, storm drains/catch basins, sewer manholes, and sewer lines. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 (\$25,000 for site improvements and building improvements and \$100,000 for infrastructure) and an estimated useful life in excess of two years. 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. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5 - 25 years
Site Improvements	5 - 25 years
Buildings and Improvements	5 - 50 years
Infrastructure	20 - 60 years

G. Inventories:

Inventories are accounted for on the purchase (expenditure) method, whereby expenditures for inventory are written off as incurred. There were no significant inventories on hand at June 30, 2008.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Employee Compensated Absences:

It is the City's policy to permit employees to accumulate earned but unused vacation (compensated absences). All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Vacation pay which is expected to be liquidated in the current period with expendable available resources is reported in the governmental funds that will pay it (primarily the General Fund). Compensated absences are reported in governmental funds only if they have matured.

I. Property Taxes:

Property taxes are an enforceable lien on property as of January 1 of each year. Taxes are levied on each July 1 and are payable in two installments on November 1 and February 1, which become delinquent on December 10 and April 10, respectively. The County of Los Angeles bills and collects property taxes for the City. Remittance of property taxes to the City is accounted for in the City's General Fund.

J. Claims and Judgments:

When it is probable that a claim liability has been incurred at year end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage, under its self-insurance program claims payable, which includes an estimate for incurred but not reported claims (IBNR) and is recorded in an Internal Service Fund.

K. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectibility of its receivables (e.g. accounts receivable, intergovernmental receivables and loans receivable), the depreciation of its capital assets and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments at June 30, 2008, are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets	Total
Unrestricted assets:			
Cash and investments	\$ 222,898,923	\$ 185,040	\$ 223,083,963
Cash and investments with fiscal agent	<u>1,206,283</u>	<u>1,811,040</u>	<u>3,017,323</u>
Total Cash and Investments	<u>\$ 224,105,206</u>	<u>\$ 1,996,080</u>	<u>\$ 226,101,286</u>

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

Cash on hand	\$ 3,609
Deposits with financial institutions	14,948,226
Investments	<u>211,149,451</u>
Total Cash and Investments	<u>\$ 226,101,286</u>

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

The table below identifies the investment types that are authorized for the City 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. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage or Amount of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State of California Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Government Sponsored Enterprise Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	5 years	15%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	\$ 40 M	None

* - Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

N/A - Not Applicable

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage or Amount Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
Money Market Mutual Funds	5 years	15%	10%
Local Agency Investment Fund (LAIF)	N/A	\$ 40 M	None

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

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

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued)

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13 - 24 Months</u>	<u>25 - 60 Months</u>	
Local Agency Investment Fund (LAIF)	\$ 91,151,121	\$ -	\$ -	\$ 91,151,121
Los Angeles County Pooled Investment Fund (LACPIF)	1,386,732	-	-	1,386,732
Federal National Mortgage Association (FNMA)	1,062,004	974,439	9,875,367	11,911,810
Federal Home Loan Bank (FHLB)	7,489,137	6,696,417	7,348,817	21,534,371
Federal Farm Credit Bank (FFCB)	429,119	488,656	10,926,265	11,844,040
Federal Home Loan Mortgage Corporation (FHLMC)	2,439,405	4,061,440	19,451,929	25,952,774
Tennessee Valley Authority	2,523,420	-	-	2,523,420
Medium-Term Notes	452,947	13,715,910	21,920,176	36,089,033
United States Treasury Notes	-	-	5,464,202	5,464,202
Money Market Mutual Funds	274,625	-	-	274,625
Held by Bond Trustee:				
Local Agency Investment Fund (LAIF)	1,685,692	-	-	1,685,692
Money Market Mutual Funds	<u>1,331,631</u>	<u>-</u>	<u>-</u>	<u>1,331,631</u>
	<u>\$110,225,833</u>	<u>\$ 25,936,862</u>	<u>\$ 74,986,756</u>	<u>\$211,149,451</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to 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 reported by Standard and Poor's, as of year end for each investment type:

<u>Investment Type</u>	<u>Total as of June 30, 2008</u>	<u>Minimum Legal Rating</u>			<u>Not Required to</u>	
			<u>AAA</u>	<u>Other</u>	<u>be Rated</u>	<u>Not Rated</u>
LAIF	\$ 91,151,121	N/A	\$ -	\$ -	\$ -	\$ 91,151,121
LACPIF	1,386,732	N/A	-	-	-	1,386,732
FNMA	11,911,810	N/A	11,911,810	-	-	-
FHLB	21,534,371	N/A	21,534,371	-	-	-
FFCB	11,844,040	N/A	11,844,040	-	-	-
FHLMC	25,952,774	N/A	25,952,774	-	-	-
Tennessee Valley Authority	2,523,420	N/A	2,523,420	-	-	-
Medium-Term Notes	36,089,033	A-1	14,529,866	21,559,167	-	-
US Treasury Notes	5,464,202	N/A	-	-	5,464,202	-
Money Market						
Mutual Funds	274,625	A	-	274,625	-	-
Held by Bond Trustee:						
LAIF	1,685,692	N/A	-	-	-	1,685,692
Money Market						
Mutual Funds	<u>1,331,631</u>	A	<u>-</u>	<u>1,331,631</u>	<u>-</u>	<u>-</u>
Total	<u>\$211,149,451</u>		<u>\$ 88,296,281</u>	<u>\$ 23,165,423</u>	<u>\$ 5,464,202</u>	<u>\$ 94,223,545</u>

The actual ratings for the Medium-Term Notes:

Other:

AA	\$ 2,154,374
AA-	10,055,620
A+	3,702,406
A	3,136,442
A-1+	<u>2,510,325</u>
Total Other	<u>\$ 21,559,167</u>

N/A - Not Applicable

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of the City's total investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 11,911,810
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	21,534,371
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	25,952,774
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	11,844,040

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2008, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each City may invest up to \$40,000,000 and may also invest without limitation in special bond proceeds accounts. 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 prorata 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.

Investment in County Investment Pool

The LACPIF is a pooled investment fund program governed by the Los Angeles County Board of Supervisors and administered by the Los Angeles County Treasurer and Tax Collector. Investments in the LACPIF are highly liquid, as deposits and withdrawals can be made at anytime without penalty. LACPIF does not impose any maximum investment limit. 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 prorata share of the fair value provided by LACPIF for the entire LACPIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LACPIF, which are recorded on an amortized cost basis.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

3. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 79,279,650	\$ 3,675,674	\$ -	\$ 82,955,324
Construction in progress	<u>82,155,075</u>	<u>28,566,872</u>	<u>(4,116,152)</u>	<u>106,605,795</u>
Total capital assets, not being depreciated	<u>161,434,725</u>	<u>32,242,546</u>	<u>(4,116,152)</u>	<u>189,561,119</u>
Capital assets, being depreciated:				
Site improvements	14,074,142	3,660,282	-	17,734,424
Building and improvements	45,530,704	1,006,327	-	46,537,031
Equipment	8,455,763	978,770	-	9,434,533
Infrastructure	<u>656,695,949</u>	<u>11,098,973</u>	<u>-</u>	<u>667,794,922</u>
Total capital assets, being depreciated	<u>724,756,558</u>	<u>16,744,352</u>	<u>-</u>	<u>741,500,910</u>
Less accumulated depreciation for:				
Site improvements	(4,379,072)	(661,826)	-	(5,040,898)
Building and improvements	(8,160,783)	(994,788)	-	(9,155,571)
Equipment	(5,952,900)	(773,238)	-	(6,726,138)
Infrastructure	<u>(173,895,181)</u>	<u>(13,128,617)</u>	<u>-</u>	<u>(187,023,798)</u>
Total accumulated depreciation	<u>(192,387,936)</u>	<u>(15,558,469)</u>	<u>-</u>	<u>(207,946,405)</u>
Total capital assets, being depreciated, net	<u>532,368,622</u>	<u>1,185,883</u>	<u>-</u>	<u>533,554,505</u>
Total governmental activities capital assets, net	<u>\$ 693,803,347</u>	<u>\$33,428,429</u>	<u>\$ (4,116,152)</u>	<u>\$ 723,115,624</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

3. CAPITAL ASSETS (CONTINUED):

Capital Asset Activity (Continued):

Business-type Activity:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 10,787,880	\$ -	\$ -	\$ 10,787,880
Construction in progress	<u>144,675</u>	<u>617,421</u>	<u>-</u>	<u>762,096</u>
Total capital assets, not being depreciated	<u>10,932,555</u>	<u>617,421</u>	<u>-</u>	<u>11,549,976</u>
Capital assets, being depreciated:				
Building and improvements	41,891,446	417,558	-	42,309,004
Equipment	<u>27,033,838</u>	<u>3,218,817</u>	<u>-</u>	<u>30,252,655</u>
Total capital assets, being depreciated	<u>68,925,284</u>	<u>3,636,375</u>	<u>-</u>	<u>72,561,659</u>
Less accumulated depreciation for:				
Building and improvements	(3,280,956)	(932,070)	-	(4,213,026)
Equipment	<u>(13,093,393)</u>	<u>(2,408,825)</u>	<u>-</u>	<u>(15,502,218)</u>
Total accumulated depreciation	<u>(16,374,349)</u>	<u>(3,340,895)</u>	<u>-</u>	<u>(19,715,244)</u>
Total capital assets, being depreciated, net	<u>52,550,935</u>	<u>295,480</u>	<u>-</u>	<u>52,846,415</u>
Total business-type activity, capital assets, net	<u>\$ 63,483,490</u>	<u>\$ 912,901</u>	<u>\$ -</u>	<u>\$ 64,396,391</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

3. CAPITAL ASSETS (CONTINUED):

Depreciation Expense:

Depreciation expense was charged to City functions/programs as follows:

Governmental Activities:

General government	\$ 401,922
Public safety	50,575
Public works	283,675
Parks and recreation	1,446,189
Community development	14,709
Internal service funds depreciation charged to programs	<u>232,782</u>
Allocated depreciation	2,429,852
Unallocated infrastructure depreciation	<u>13,128,617</u>
 Total depreciation expense - governmental activities	 <u>\$ 15,558,469</u>

Business-type Activity:

Transit	<u>\$ 3,340,895</u>
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Construction Commitments:

The City has active construction projects as of June 30, 2008. At year-end, the City's commitments with contractors for the projects are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Streets	\$ 15,700,061
Medians	112,739
Bridges	1,462,491
Traffic signals	119,102
Trails	582,240
Drainage	<u>3,424,030</u>
 Total	 <u>\$ 21,400,663</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES:

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

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008	Due Within One Year
Governmental Activities:					
Lease Revenue Bonds:					
Series 2007	\$ 13,785,000	\$ -	\$ (210,000)	\$ 13,575,000	\$ 245,000
Plus deferred amount for issuance premium	<u>108,228</u>	<u>-</u>	<u>(3,658)</u>	<u>104,570</u>	<u>-</u>
Total Lease Revenue Bonds	<u>13,893,228</u>	<u>-</u>	<u>(213,658)</u>	<u>13,679,570</u>	<u>245,000</u>
Certificates of Participation:					
Refunding, Series 2005	16,760,000	-	(970,000)	15,790,000	1,000,000
Series 2007	-	15,525,000	-	15,525,000	-
Less deferred amounts:					
For issuance discounts	(19,985)	(60,776)	2,589	(78,172)	-
On refunding	<u>(350,987)</u>	<u>-</u>	<u>27,528</u>	<u>(323,459)</u>	<u>-</u>
Total Certificates of Participation	<u>16,389,028</u>	<u>15,464,224</u>	<u>(939,883)</u>	<u>30,913,369</u>	<u>1,000,000</u>
Tax Allocation Bonds:					
Series 2008	-	29,860,000	-	29,860,000	-
Housing Set-Aside	-	8,850,000	-	8,850,000	-
Less deferred amounts:					
For issuance discounts	-	(165,906)	-	(165,906)	-
Total Tax Allocation Bonds	<u>-</u>	<u>38,544,094</u>	<u>-</u>	<u>38,544,094</u>	<u>-</u>
Subtotal	30,282,256	54,008,318	(1,153,541)	83,137,033	1,245,000
Capital leases payable	36,401	-	(12,725)	23,676	12,788
Loans payable	4,328,207	-	(734,473)	3,593,734	769,641
Compensated absences	1,780,826	1,445,128	(1,232,675)	1,993,279	500,000
Claims payable (see Note 12)	<u>100,000</u>	<u>-</u>	<u>(30,000)</u>	<u>70,000</u>	<u>35,000</u>
Total governmental activities long-term liabilities	<u>\$ 36,527,690</u>	<u>\$ 55,453,446</u>	<u>\$ (3,163,414)</u>	<u>\$ 88,817,722</u>	<u>\$ 2,562,429</u>
Business-type Activity:					
Capital leases payable	<u>\$ 1,236,869</u>	<u>\$ -</u>	<u>\$ (366,720)</u>	<u>\$ 870,149</u>	<u>\$ 384,845</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities:

A. Lease Revenue Bonds - Series 2007:

On January 16, 2007, the Santa Clarita Public Financing Authority issued \$13,785,000 Lease Revenue Bonds, Series 2007. Concurrent with this bond issuance, the Authority entered into a lease and lease-back arrangement with the City whereby the Authority used the proceeds of the bond issuance to make a lump-sum lease payment to the City. In return, the City will make lease-back payments to the Authority sufficient to cover the principal and interest due on the Series 2007 Bonds. The property subject to the lease and lease-back arrangement is City Hall. The City used the proceeds from the lump-sum lease payment to make a valuation deposit with the Los Angeles County Superior Court in connection with the acquisition of right-of-way.

Principal amounts on serial bonds mature annually each February 1 in the years 2008 through 2018 and bear interest at rates ranging from 4.0% to 5.0%. \$2,495,000 term bonds mature February 1, 2033 and bear interest at 4.3%. \$2,965,000 term bonds mature February 1, 2037 and bear interest at 4.375%. Interest is payable semi-annually on February 1 and August 1, commencing August 1, 2007.

The term bonds maturing February 1, 2033 are subject to mandatory redemption commencing February 1, 2030. The term bonds maturing February 1, 2037 are subject to mandatory redemption commencing February 1, 2034. Bonds maturing on or after February 1, 2018 are subject to optional redemption on or after February 1, 2017.

Future debt service requirements on the lease revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 245,000	\$ 577,485	\$ 822,485
2010	255,000	566,460	821,460
2011	270,000	555,304	825,304
2012	280,000	541,804	821,804
2013	295,000	527,804	822,804
2014 - 2018	1,685,000	2,435,869	4,120,869
2019 - 2023	2,040,000	2,071,669	4,111,669
2024 - 2028	2,485,000	1,625,163	4,110,163
2029 - 2033	3,055,000	1,053,589	4,108,589
2034 - 2037	2,965,000	331,188	3,296,188
Total	<u>\$ 13,575,000</u>	<u>\$ 10,286,335</u>	<u>\$ 23,861,335</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

B. Refunding Certificates of Participation - Series 2005:

On July 1, 2005, the Santa Clarita Public Financing Authority issued \$17,700,000 in Certificates of Participation with an average interest rate of 3.4% to advance refund \$17,640,000 of outstanding 1997 Series certificates with an average interest rate of 4.9%. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 series certificates. As a result, the 1997 Series certificates are considered to be defeased, and the liability for those certificates has been removed from the long-term liabilities. The defeased 1997 Series certificates have been retired. The Authority amended and restated the lease agreement with the City that was entered into simultaneously with the refunded certificates issue.

Principal amounts mature annually each October 1 in the years 2006 through 2020 and bear interest at rates ranging from 3.0% to 4.0%. Interest is payable semi-annually on April 1 and October 1.

The certificates maturing on or after October 1, 2016, are subject to optional prepayment on any date on or after October 1, 2015, at a price equal to the principal amount plus accrued interest to the prepayment date, without premium.

Future debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 1,000,000	\$ 532,201	\$ 1,532,201
2010	1,030,000	501,752	1,531,752
2011	1,060,000	470,401	1,530,401
2012	1,090,000	438,151	1,528,151
2013	1,125,000	404,223	1,529,223
2014 - 2018	6,195,000	1,422,516	7,617,516
2019 - 2021	<u>4,290,000</u>	<u>260,941</u>	<u>4,550,941</u>
Total	<u>\$ 15,790,000</u>	<u>\$ 4,030,185</u>	<u>\$ 19,820,185</u>

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CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

C. Certificates of Participation - Series 2007:

On December 12, 2007, the Santa Clarita Public Financing Authority issued \$15,525,000 in Certificates of Participation to provide financing for the costs of acquiring open space lands, parks, and parkland in accordance with the City's open space, park and parkland programs, purchase a reserve fund surety and fund the costs of delivery of the Certificates. The Certificates evidence proportionate interest in lease payments to be made by the City to the Authority for the use and occupancy of the Aquatic Center and Sports Complex.

The Certificates were issued at a discount of \$60,776, which will be amortized and recognized as interest expense over the life of the debt on a straight-line basis for government-wide financial statement purposes. This issuance is comprised of \$6,000,000 serial certificates maturing annually on October 1 from 2011 to 2028 and two term certificates (totaling \$9,525,000) maturing on October 1, 2033 and October 1, 2037 that are payable in annual sinking fund installments commencing October 1, 2029. Interest on the certificates is payable semi-annually on October 1 and April 1 at rates ranging from 4.00% to 4.60% for the serial certificates and 4.75% for the term certificates.

Future debt service requirements on the certificates are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 713,651	\$ 713,651
2010	-	713,651	713,651
2011	-	713,651	713,651
2012	35,000	712,951	747,951
2013	60,000	711,051	771,051
2014 - 2018	765,000	3,485,756	4,250,756
2019 - 2023	1,655,000	3,243,600	4,898,600
2024 - 2028	2,770,000	2,765,543	5,535,543
2029 - 2033	4,205,000	1,962,995	6,167,995
2034 - 2038	<u>6,035,000</u>	<u>755,606</u>	<u>6,790,606</u>
Total	<u>\$ 15,525,000</u>	<u>\$ 15,778,455</u>	<u>\$ 31,303,455</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

D. Tax Allocation Bonds - Series 2008:

On June 12, 2008, the Agency issued the Santa Clarita Redevelopment Agency Tax Allocation Bonds, Series 2008 (2008 Bonds) in the amount of \$29,860,000. Proceeds of the 2008 Bonds will be used to finance certain redevelopment projects of the Agency, fund a debt service reserve account, and pay for costs of the bond issuance. The bonds were issued at a net discount of \$160,665, which will be amortized and recognized as interest expense over the life of the debt on a straight-line basis for government-wide financial statement purposes. This bond issue is comprised of \$12,065,000 serial bonds maturing annually on October 1 through 2028 and three term bonds (totaling \$17,795,000) maturing on October 1, 2032, October 1, 2037, and October 1, 2042 that are payable in annual sinking fund installments commencing October 1, 2029. Interest on the 2008 Bonds is payable semi-annually on October 1 and April 1 at rates ranging from 4.00% to 4.75% for the serial bonds and 4.75% to 5.00% for the term bonds.

The annual debt service requirements on the 2008 Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ -	\$ 1,114,374	\$ 1,114,374
2010	400,000	1,380,148	1,780,148
2011	420,000	1,363,748	1,783,748
2012	435,000	1,346,648	1,781,648
2013	450,000	1,328,948	1,778,948
2014 - 2018	2,550,000	6,352,738	8,902,738
2019 - 2023	3,105,000	5,783,476	8,888,476
2024 - 2028	3,830,000	5,030,178	8,860,178
2029 - 2033	4,820,000	4,018,156	8,838,156
2034 - 2038	6,095,000	2,710,097	8,805,097
2039 - 2042	7,755,000	1,006,875	8,761,875
Totals	<u>\$ 29,860,000</u>	<u>\$ 31,435,386</u>	<u>\$ 61,295,386</u>

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CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

E. Tax Allocation Bonds - Housing Set-Aside:

On June 12, 2008, the Agency issued the Santa Clarita Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2008 (Housing Set-Aside Bonds) in the amount of \$8,850,000. Proceeds of the Housing Set-Aside Bonds will be used to finance low and moderate income housing projects and programs, fund a reserve fund, and pay for costs of the bond issuance. The bonds were issued at a net discount of \$5,241, which will be amortized and recognized as interest expense over the life of the debt on a straight-line basis for government-wide financial statement purposes. The bond issue is comprised of \$3,550,000 serial bonds maturing annually on October 1 through 2028 and three term bonds (totaling \$5,300,000) maturing on October 1, 2032, October 1, 2037, and October 1, 2042 that are payable in annual sinking fund installments commencing October 1, 2029. Interest on the Housing Set-Aside Bonds is payable semi-annually on October 1 and April 1 at rates ranging from 4.00% to 4.875% for the serial bonds and 5.00% for the term bonds.

The annual debt service requirements on the Housing Set-Aside Bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 335,205	\$ 335,205
2010	120,000	415,156	535,156
2011	125,000	410,256	535,256
2012	125,000	405,256	530,256
2013	135,000	400,056	535,056
2014 - 2018	750,000	1,913,781	2,663,781
2019 - 2023	910,000	1,746,741	2,656,741
2024 - 2028	1,125,000	1,524,825	2,649,825
2029 - 2033	1,430,000	1,218,088	2,648,088
2034 - 2038	1,815,000	814,375	2,629,375
2039 - 2042	<u>2,315,000</u>	<u>300,625</u>	<u>2,615,625</u>
Totals	<u>\$ 8,850,000</u>	<u>\$ 9,484,364</u>	<u>\$ 18,334,364</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

F. Capital Leases Payable:

- (1) In August 2005, the City entered into a lease with an option to purchase agreement in the amount of \$40,608 for the lease of a copier. Payments of \$812 are due monthly through August 2010.

Future lease payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 8,652	\$ 1,094	\$ 9,746
2010	9,278	468	9,746
2011	<u>1,610</u>	<u>14</u>	<u>1,624</u>
Total	<u>\$ 19,540</u>	<u>\$ 1,576</u>	<u>\$ 21,116</u>

- (2) In April 2006, the City entered into a lease with an option to purchase agreement in the amount of \$14,518 for the lease of a copier. Payments of \$427 are due monthly through April 2009.

Future lease payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	<u>\$ 4,136</u>	<u>\$ 134</u>	<u>\$ 4,270</u>

The remaining assets acquired through existing capital leases are as follows:

Assets:

Equipment	\$ 55,126
Less: accumulated depreciation	<u>(29,302)</u>
Total assets, net	<u>\$ 25,824</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

G. Loans Payable:

(1) In December 1999, the City entered into a loan agreement with the Secretary of Housing and Urban Development in the amount of \$2,000,000. The purpose of this loan was to provide financing for the installation of curbs, gutters and sidewalks in the West Newhall area. Payments are due semi-annually, commencing on August 1, 2001, and continuing through August 1, 2014. Future CDBG grant funding will be used to repay the loan.

In August 2002, the City entered into a loan agreement with the Secretary of Housing and Urban Development in the amount of \$1,150,000. The purpose of this loan was to provide financing for the construction of improvements to Scherzinger Lane. Payments are due semi-annually, commencing on February 1, 2003, and continuing through August 1, 2017. Future CDBG grant funding will be used to repay the loan.

In August 2002, the City entered into a loan agreement with the Secretary of Housing and Urban Development in the amount of \$350,000. The purpose of this loan was to assist the Boys and Girls Club in financing the construction of a new gymnasium. Payments are due semi-annually, commencing on February 1, 2003, and continuing through August 1, 2017. Future CDBG grant funding will be used to repay the loan.

Future loan payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 230,000	\$ 116,159	\$ 346,159
2010	230,000	102,494	332,494
2011	230,000	88,424	318,424
2012	230,000	73,949	303,949
2013	230,000	59,184	289,184
2014 - 2018	<u>810,000</u>	<u>96,463</u>	<u>906,463</u>
Total	<u>\$ 1,960,000</u>	<u>\$ 536,673</u>	<u>\$ 2,496,673</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

G. Loans Payable (Continued):

(2) On April 8, 2002, the City entered into a lease purchase agreement with the Santa Clarita Public Financing Authority to finance the purchase of real property that was developed as an employee parking lot for the City. The Authority assigned all of its rights under the lease purchase agreement to Zions First National Bank. In consideration of this assignment, Zions First National Bank advanced the City \$1,200,000. The lease purchase agreement calls for interest at a rate of 4.79% per annum on the unpaid balance. Principal and interest are payable to Zions First National Bank semi-annually, commencing on October 8, 2002, and continuing through April 8, 2012. The asset acquired with the loan proceeds is reported in the governmental activities' capital assets as land (not being depreciated).

Future payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 127,647	\$ 24,783	\$ 152,430
2010	133,835	18,595	152,430
2011	140,322	12,108	152,430
2012	<u>147,053</u>	<u>5,307</u>	<u>152,360</u>
Total	<u>\$ 548,857</u>	<u>\$ 60,793</u>	<u>\$ 609,650</u>

(3) On October 3, 2003, the City entered into a seven year fixed rate lease/leaseback transaction for certain capital transfer facilities with the Santa Clarita Public Financing Authority. The Authority assigned all of its rights under the leaseback transaction to Zions First National Bank. In consideration of this assignment, Zions First National Bank loaned the Authority \$2,590,955, which the Authority used to pay the up-front rental payment due to the City. This amount was used to prepay, in full, the note payable to Price Enterprise, Inc. The balance of the proceeds were used to pay for delivery costs. The lease/leaseback transaction calls for the City to make semi-annual payments of principal and interest to Zions First National Bank, commencing on May 1, 2004. Interest is fixed at a rate of 3.64%.

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CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

G. Loans Payable (Continued):

(3) (Continued):

Future payment requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 411,994	\$ 35,844	\$ 447,838
2010	442,137	20,570	462,707
2011	<u>230,746</u>	<u>4,200</u>	<u>234,946</u>
Total	<u>\$ 1,084,877</u>	<u>\$ 60,614</u>	<u>\$ 1,145,491</u>

H. Compensated Absences:

There is no fixed payment schedule for earned but unpaid compensated absences.

Business-type Activity:

A. Capital Leases Payable:

(1) In January 1998, the City entered into a lease with an option to purchase agreement in the amount of \$1,539,232 for the lease of four buses. Such agreement carries interest at 5.2%, payable annually on January 22 through 2009.

Future lease payment requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	<u>\$ 158,636</u>	<u>\$ 8,234</u>	<u>\$ 166,870</u>

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CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

4. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

A. Capital Leases Payable (Continued):

(2) In December 1998, the City entered into a lease with an option to purchase agreement in the amount of \$2,335,964 for the lease of six buses. Such agreement carries interest at 4.77%, payable annually on December 31 through 2010.

Future lease payment requirements are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 226,209	\$ 33,939	\$ 260,148
2010	237,000	23,148	260,148
2011	<u>248,304</u>	<u>11,844</u>	<u>260,148</u>
Total	<u>\$ 711,513</u>	<u>\$ 68,931</u>	<u>\$ 780,444</u>

The remaining assets acquired through existing capital leases are as follows:

Assets:

Equipment	\$ 3,875,196
Less: accumulated depreciation	<u>(3,185,444)</u>
Total assets, net	<u>\$ 689,752</u>

5. LOANS RECEIVABLE:

The City has provided deferred-payment rehabilitation loans to qualified homeowners in connection with CDBG and HOME rehabilitation programs. The loans receivable balance totaling \$1,373,437 at June 30, 2008, has been offset by deferred revenue in the other governmental funds, since these loans are not available to finance current expenditures.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2008, is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 2,104,858
	Agency Funds	<u>44,350</u>
		<u>\$ 2,149,208</u>

The interfund payables balance represents routine and temporary cash flow assistance from the General Fund until the amounts receivable from other governments are collected to reimburse eligible expenditures.

Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bridge and Thoroughfare Special Revenue Fund	\$ 7,489,773
	Redevelopment Agency Debt Service Fund	16,225,546
Developer Fees Special Revenue Fund	Bridge and Thoroughfare Special Revenue Fund	5,634,097
	Redevelopment Agency Debt Service Fund	562,193
Self-Insurance Internal Service Fund	Bridge and Thoroughfare Special Revenue Fund	<u>3,076,200</u>
		<u>\$ 32,987,809</u>

Advances between the funds are to fund capital projects. Amounts will be reimbursed to the receivable fund through future developer fees and tax increment revenues.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED):

Interfund Transfers:

<u>Transfer In to Fund</u>	<u>Transfers Out of Fund</u>	<u>Amount</u>
General Fund	Developer Fees Special Revenue Fund	\$ 259,467
	Other Governmental Funds	2,111,579
	Transit Enterprise Fund	710,755
Open Space Preservation District Special Revenue Fund	Other Governmental Funds	15,000,000
Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Projects Fund	1,052,000
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	5,273,097
Other Governmental Funds	General Fund	16,426,665
	Open Space Preservation District Special Revenue Fund	216,078
	Other Governmental Funds	2,047,320
	Transit Enterprise Fund	15,580
Transit Enterprise	Other Governmental Funds	9,157,455
Internal Service Funds	General Fund	<u>3,125,000</u>
		<u>\$ 55,394,996</u>

Transfers provide funding for capital projects, capital acquisitions and debt service.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

7. INDIVIDUAL FUND DISCLOSURES:

A. Deficit Fund Balances:

Funds which have a deficit fund balance at June 30, 2008, are as follows:

Major Funds:

Redevelopment Agency Debt Service Fund	\$ 15,873,835
--	---------------

Other Governmental Funds:

State Park Special Revenue Fund	302,224
CDBG Special Revenue Fund	39,772
Miscellaneous Grants Special Revenue Fund	1,348,959
Sewer Maintenance Special Revenue Fund	18,930
BJA Law Enforcement Special Revenue Fund	2,984
HOME Special Revenue Fund	1,867
Federal Grants Special Revenue Fund	607,757

The City plans to remove these deficits through transfers from the General Fund, receipt of developer fees, receipt of tax increment revenues and receipt of deferred grant revenues from other governmental agencies.

B. Expenditures Exceeding Appropriations:

For the year ended June 30, 2008, expenditures exceeded appropriations in the following programs/functions (the legal level of budgetary control) of the respective funds:

	<u>Program/Function</u>	<u>Excess Expenditures</u>
Major Funds:		
General Fund	Debt service	\$ 14,870
Bridge and Thoroughfare Special Revenue	Public works	716,348
	Debt service	20,648
Redevelopment Agency Capital Projects	Capital outlay	2,511,552
	Debt service	939,432
Other Governmental Funds:		
Special Assessment Special Revenue	Public works	774,028
	Capital outlay	707,248
State Park Special Revenue	Parks and recreation	13,020
Public Financing Authority Capital Projects	Debt service	168,537

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

8. DEFINED BENEFIT PENSION PLAN:

Plan Description:

The City of Santa Clarita contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy:

Participants are required to contribute 8% 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 for the year ended June 30, 2008, was 11.387% for non-safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost:

For 2008, the City's annual pension cost of \$4,622,420 for CalPERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The contributions were determined as a level percent of payroll over an average remaining period of fifteen years from the valuation date. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25% to 14.45%, depending on age, service and type of employment, (c) an inflation rate of 3.00%, (d) a payroll growth rate of 3.25%, and (e) individual salary growth based on a merit scale that varies by duration of employment, coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%. The actuarial value of CalPERS' assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three-year period (smoothed market value). 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. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

8. DEFINED BENEFIT PENSION PLAN (CONTINUED):

Annual Pension Cost (Continued):

Three-Year Trend Information for CalPERS
(\$ Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 3,578	100%	\$ -
2007	4,280	100%	-
2008	4,622	100%	-

Funded Status and Funding Progress:

As of June 30, 2007, the most recent actuarial valuation date, the plan was 83.9% funded. The actuarial accrued liability for benefits was \$60.4 million, and the actuarial value of assets was \$50.70 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$23.0 million, and the ratio of the UAAL to the covered payroll was 42.2%.

The schedule of funding progress presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress
(\$ Amounts in Thousands)

Actuarial Valuation Date	Entry Age Normal Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded AAL (UAAL)/ (Excess Assets) (A-B)	Funded Ratio (B/A)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(A-B)/C]
6/30/05	\$ 44,138	\$ 36,024	\$ 8,114	81.6 %	\$ 19,842	40.9 %
6/30/06	50,463	42,487	7,976	84.2 %	21,669	36.8 %
6/30/07	60,401	50,699	9,702	83.9 %	22,981	42.2 %

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

9. POST EMPLOYMENT BENEFITS:

In addition to the retirement benefits described in Note 8, the City provides post-retirement health care benefits, in accordance with a City resolution, to all employees who retire from the City on or after attaining age 50 with 5 years CalPERS credited service. The City pays the cost of the retirees' enrollment, including the enrollment of family members, in a health benefits plan to a maximum of \$913 per month.

The City funds these amounts on a pay-as-you-go basis. For the year ended June 30, 2008, there were 33 eligible participants for which the City paid \$241,006 for medical insurance premiums.

10. DEFERRED COMPENSATION PLAN/DEFINED CONTRIBUTION PLAN:

The City has established Deferred Compensation/Defined Contribution plans for certain classifications of management under Internal Revenue Service Code Section 401(a). City participation in contributions to the plans is mandatory. The City is obligated to contribute amounts ranging from \$2,000 to \$15,500 per participant per year. Employee contributions to certain plans are voluntary. During the year ended June 30, 2008, there were 24 participants in the plans. The City contributions totaled \$72,144, and employees' contributions totaled \$60,171.

11. RESERVES AND DESIGNATIONS OF FUND BALANCES:

A city may set up "reserves" of fund equity to segregate fund balances or net assets which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use. Fund "designations" of unreserved fund balances also may be established to indicate tentative plans for financial resource utilization in a future period.

The City's reserves and designations at June 30, 2008, are tabulated below, followed by explanations as to the nature and purpose of each reserve and designation.

	Special Revenue Funds				Redevelopment	Other Governmental Funds
	General Fund	Bridge and Thoroughfare	Developer Fees	Open Space Preservation District	Agency Capital Projects	
Reserves:						
Encumbrances	\$ 1,594,422	\$ 14,097,331	\$ 67,888	\$ -	\$ 972,639	\$ 17,734,461
Prepaid costs	27,200	-	-	-	-	-
Deposits	13,330,807	-	-	1,000	-	-
Debt service	-	-	-	-	-	746,582
Land held for resale	-	-	-	-	1,607,196	-
Low/moderate income housing	-	-	-	-	-	11,285,873
Advance to other funds	19,968,118	-	5,460,000	-	-	-
Total Reserves	<u>\$ 34,920,547</u>	<u>\$ 14,097,331</u>	<u>\$ 5,527,888</u>	<u>\$ 1,000</u>	<u>\$ 2,579,835</u>	<u>\$ 29,766,916</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

11. RESERVES AND DESIGNATIONS OF FUND BALANCES (CONTINUED):

	Special Revenue Funds				Redevelopment	
	General Fund	Bridge and Thoroughfare	Developer Fees	Open Space Preservation District	Agency Capital Projects	Other Governmental Funds
Designations:						
Self-insurance	\$ 220,616	\$ -	\$ -	-	\$ -	\$ -
Special revenue purposes	-	-	-	-	-	31,916,032
Capital improvements	-	-	-	-	-	6,186,071
Total Designations	<u>\$ 220,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,102,103</u>

- A. Reserved for Encumbrances - Amounts reserved for encumbrances are commitments for materials and services on purchase orders and contracts which are unperformed.
- B. Reserved for Prepaid Costs - This reserve is for prepaid costs since they are not available as a resource to meet expenditures of the current year.
- C. Reserved for Deposits - This reserve is for deposits since they are not available as a resource to meet expenditures of the current year.
- D. Reserved for Debt Service - These reserves represent amounts accumulated in accordance with a bond indenture or similar covenant.
- E. Reserved for Land Held for Resale - This reserve is for land held for resale by the Agency since it is not available as a resource to meet expenditures of the current year.
- F. Reserved for Low/Moderate Income Housing - This reserve is for amounts set-aside from tax increment money received by the Agency for the purpose of spending on projects that benefit low/moderate income households.
- G. Reserved for Advances to Other Funds - This reserve is established to reflect the advances to the Redevelopment Agency, so they will not be considered as current funds available.
- H. Designated for Self-insurance - This designation is held to cover any shortfalls in the Self-insurance Internal Service Fund.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

11. RESERVES AND DESIGNATIONS OF FUND BALANCES (CONTINUED):

- I. Designated for Special Revenue Purposes - These funds are designated for specific special revenue purposes, as restricted by law or administrative action.
- J. Designated for Capital Improvements - These funds are designated to provide for new capital additions, as determined by the City Council.

12. SELF INSURANCE:

The City joined Special Districts Risk Management Authority (SDRMA) in the fall of 2005. SDRMA is a self insurance risk pool that serves as a not-for-profit public agency to its members. Through SDRMA the City currently holds a \$500 general liability deductible. All general liability claims above \$500 and up to a limit of \$10,000,000 are handled by SDRMA. On June 30, 2008, \$100,000 was accrued by the City for general liability claims that were received prior to the partnership with SDRMA. While the ultimate amounts of losses that occurred prior to SDRMA are dependent of future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses.

Settled claims have not exceeded any of these coverage amounts in any of the last three fiscal years, and there were no reductions in the City's insurance coverage during the year ended June 30, 2008.

Changes in the reported liability since June 30, 2006, resulted in the following:

Liability as of June 30, 2006	\$ 566,632
Claims and changes in estimates during the year ended June 30, 2007	1,427,195
Claims payments during the year ended June 30, 2007	<u>(1,893,827)</u>
Liability as of June 30, 2007	100,000
Claims and changes in estimates during the year ended June 30, 2008	1,251,935
Claims payments during the year ended June 30, 2008	<u>(1,281,935)</u>
Liability as of June 30, 2008	<u>\$ 70,000</u>

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

13. SEGMENT INFORMATION:

Net working capital (deficit) of the Transit Enterprise System at June 30, 2008, was as follows:

Current assets	\$ 6,364,115
Current liabilities payable from current assets	<u>(3,843,612)</u>
Net working capital (deficit)	<u>\$ 2,520,503</u>

14. NO COMMITMENT DEBT:

1915 Act Limited Obligation Improvements Bonds

- A. On September 2, 1992, \$879,432 of 1915 Act Limited Obligation Improvement Bonds for the Golden Valley Road Improvement Assessment District were issued. The 1915 Golden Valley Road Bonds are not a general obligation of the City, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The source of debt service is from the property assessments within the district. The principal amount of debt outstanding at June 30, 2008, was \$75,000.
- B. On January 13, 2001, \$790,000 of 1915 Act Limited Obligation Improvement Bonds for the Vermont Drive/Everett Drive Improvement Assessment District were issued. The 1915 Vermont Drive/Everett Drive Bonds are not a general obligation of the City, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The source of debt service is from the property assessments within the district. The principal amount of the debt outstanding at June 30, 2008, was \$590,000.

Community Facilities District No. 2002-1 Special Tax Bonds

On October 29, 2002, \$17,370,000 of Special Tax bonds were issued for Community Facilities District No. 2002-1. The Special Tax bonds are not a general obligation of the City, and neither the faith and credit nor the taxing power of the City is pledged to the payment of these bonds. The source of debt service is from property assessments within the district. The principal amount of debt outstanding at June 30, 2008, was \$17,205,000.

See independent auditors' report.

CITY OF SANTA CLARITA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

15. SANTA CLARITA WATERSHED RECREATION AND CONSERVANCY AUTHORITY:

In June 1992, the City entered into a joint powers agreement with the Santa Monica Mountains Conservancy to create the Santa Clarita Watershed Recreation and Conservancy Authority (the Authority). The purpose of the Authority is to acquire, develop and conserve additional park and open space lands, including water-oriented recreation and conservation projects. The governing board consists of two representatives from the Conservancy and two from the City.

Upon termination of the agreement, personal property and funds will be returned to the originating party. Any real property owned by the Authority shall be conveyed to the City unless the Authority deems otherwise. The City has an ongoing financial responsibility and an ongoing financial interest in the Authority; however, it does not have an equity interest.

Financial statements of the Authority may be obtained at the City's administrative offices.

16. RESTATEMENT OF NET ASSETS/FUND BALANCES:

Beginning fund balances of the General Fund and Developer Fees Special Revenue Fund have been increased by \$571,527 and \$15,533, respectively, as a result of reclassifying previously deferred interest income that met the availability criteria as of July 1, 2007. On the government-wide statements, these amounts had been improperly classified as unearned revenue, therefore, beginning net assets of the governmental activities has also been increased.

See independent auditors' report.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA CLARITA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 65,638,227	\$ 67,227,547	\$ 68,032,980	\$ 805,433
Licenses and permits	5,334,130	5,334,130	5,256,748	(77,382)
Investment income	2,172,950	2,172,950	3,654,884	1,481,934
Revenue from other agencies	3,058,369	3,073,889	2,074,594	(999,295)
Fines and forfeitures	350,950	350,950	464,954	114,004
Service charges	6,162,795	6,214,633	6,368,343	153,710
Other revenue	48,000	136,459	1,167,594	1,031,135
Overhead reimbursement	1,708,846	1,708,846	1,659,376	(49,470)
TOTAL REVENUES	<u>84,474,267</u>	<u>86,219,404</u>	<u>88,679,473</u>	<u>2,460,069</u>
EXPENDITURES:				
Current:				
General government	25,243,063	25,725,372	13,891,238	11,834,134
Public safety	15,794,891	16,327,656	15,764,767	562,889
Public works	15,501,243	16,952,297	15,423,009	1,529,288
Parks and recreation	19,630,911	20,797,944	19,731,872	1,066,072
Community development	4,110,759	5,918,373	5,080,812	837,561
Debt service:				
Principal retirement	-	-	12,725	(12,725)
Interest and fiscal charges	-	-	2,145	(2,145)
TOTAL EXPENDITURES	<u>80,280,867</u>	<u>85,721,642</u>	<u>69,906,568</u>	<u>15,815,074</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,193,400</u>	<u>497,762</u>	<u>18,772,905</u>	<u>18,275,143</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,281,598	3,168,813	3,081,801	(87,012)
Transfers out	(6,446,004)	(23,100,119)	(19,551,665)	3,548,454
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,164,406)</u>	<u>(19,931,306)</u>	<u>(16,469,864)</u>	<u>3,461,442</u>
NET CHANGE IN FUND BALANCE	1,028,994	(19,433,544)	2,303,041	21,736,585
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED				
	<u>63,771,385</u>	<u>63,771,385</u>	<u>63,771,385</u>	<u>-</u>
FUND BALANCE - END OF YEAR				
	<u>\$ 64,800,379</u>	<u>\$ 44,337,841</u>	<u>\$ 66,074,426</u>	<u>\$ 21,736,585</u>

See independent auditors' report and note to required supplementary information.

CITY OF SANTA CLARITA

BUDGETARY COMPARISON SCHEDULE

BRIDGE AND THOROUGHFARE SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Developer fees	\$ 1,750,000	\$ 32,008,000	\$ 21,215,477	(10,792,523)
Investment income	229,500	229,500	1,482,014	1,252,514
TOTAL REVENUES	<u>1,979,500</u>	<u>32,237,500</u>	<u>22,697,491</u>	<u>(9,540,009)</u>
EXPENDITURES:				
Current:				
Public works	143,216	4,146,085	4,862,433	(716,348)
Capital outlay	4,371,984	33,792,338	14,305,741	19,486,597
Debt service:				
Interest and fiscal charges	-	-	20,648	(20,648)
TOTAL EXPENDITURES	<u>4,515,200</u>	<u>37,938,423</u>	<u>19,188,822</u>	<u>18,749,601</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,535,700)	(5,700,923)	3,508,669	9,209,592
OTHER FINANCING SOURCES:				
Transfers in	-	500,000	-	(500,000)
NET CHANGE IN FUND BALANCE	(2,535,700)	(5,200,923)	3,508,669	8,709,592
FUND BALANCE - BEGINNING OF YEAR	<u>11,800,508</u>	<u>11,800,508</u>	<u>11,800,508</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,264,808</u>	<u>\$ 6,599,585</u>	<u>\$ 15,309,177</u>	<u>\$ 8,709,592</u>

See independent auditors' report and note to required supplementary information.

CITY OF SANTA CLARITA

BUDGETARY COMPARISON SCHEDULE

DEVELOPER FEES SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Developer fees	\$ -	\$ -	\$ 621,005	\$ 621,005
Investment income	225,000	225,000	512,279	287,279
Other revenue	-	-	7,362	7,362
TOTAL REVENUES	225,000	225,000	1,140,646	915,646
EXPENDITURES:				
Current:				
Community development	-	92,279	52,434	39,845
Capital outlay	722,000	1,722,354	1,394,178	328,176
TOTAL EXPENDITURES	722,000	1,814,633	1,446,612	368,021
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(497,000)	(1,589,633)	(305,966)	1,283,667
OTHER FINANCING USES:				
Transfers out	-	(701,211)	(259,467)	441,744
NET CHANGE IN FUND BALANCE	(497,000)	(2,290,844)	(565,433)	1,725,411
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	1,722,348	1,722,348	1,722,348	-
FUND BALANCE - END OF YEAR	\$ 1,225,348	\$ (568,496)	\$ 1,156,915	\$ 1,725,411

See independent auditors' report and note to required supplementary information.

CITY OF SANTA CLARITA

BUDGETARY COMPARISON SCHEDULE

OPEN SPACE PRESERVATION DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,474,353	\$ 1,474,353
Investment income	-	-	189,095	189,095
TOTAL REVENUES	-	-	1,663,448	1,663,448
EXPENDITURES:				
Current:				
General government	-	221,578	11,900	209,678
EXCESS OF REVENUES OVER (UUNDER) EXPENDITURES	-	(221,578)	1,651,548	1,873,126
OTHER FINANCING SOURCES (USES):				
Transfers in	-	15,000,000	15,000,000	-
Transfers out	-	(216,078)	(216,078)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	14,783,922	14,783,922	-
NET CHANGE IN FUND BALANCE	-	14,562,344	16,435,470	1,873,126
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 14,562,344	\$ 16,435,470	\$ 1,873,126

See independent auditors' report and note to required supplementary information.

CITY OF SANTA CLARITA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2008

1. BUDGETS AND BUDGETARY ACCOUNTING:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
- 2) The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. Actual expenditures may not exceed budgeted appropriations at the functional or program level. The City Manager is authorized to transfer budgeted amounts at the program level. The City has the following programs accounted for through its governmental funds: general government, public safety, public works, parks and recreation, community development, capital outlay and debt service expenditures.
- 3) Annual budgets for the governmental funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparison is presented for the Sewer Maintenance Special Revenue Fund, the Public Education and Government Special Revenue Fund, the Redevelopment Agency Debt Service Fund, the Redevelopment Agency Low/Mod Debt Service Fund and the Public Financing Authority Debt Service Fund.
- 4) Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations at year-end lapse, and then re-appropriated amounts are added to the following year's budgeted appropriations. At June 30, 2008, governmental fund balances have been reserved for encumbrances carried forward.

See independent auditors' report.

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Bikeway - To account for monies received from the State of California restricted for bicycle and pedestrian facilities available under Article 3 of Transportation Development Act (SB821).

Gas Tax - To account for monies received and expended from the state and county gas tax allocation restricted to fund various street highway improvements including maintenance.

Park Improvement - To account for monies received from developers restricted to fund the acquisition and development of new park land space.

Proposition A - As "Proposition A" increased sales tax in Los Angeles County by one-half percent (.5%), this fund accounts for financial activity relative to the City's share of these monies. "Proposition A" revenue is to be used for transportation-related purposes.

Special Assessment - To account for monies received for small assessment districts.

State Park - To account for grant monies received from the State of California Department of Parks and Recreation for construction or improvements of park lands within the City.

TDA (Transportation Development Act) - To account for monies received from the State of California under Article 8 of the TDA. These funds may be used for local streets and road expenditures when the City's unmet transportation needs have been satisfied.

Traffic Safety - To account for monies received from vehicle code fines. This fund is used to finance law enforcement expenditures.

CDBG (Community Development Block Grant) - To account for Federal entitlements under the Housing and Community Development Act of 1974, as amended. The City Council annually allocates CDBG Funds to various programs.

AQMD (Air Quality Management District) - To account for revenues and expenditures for Air Quality Management.

Aid to Cities - To account for receipts and disbursements associated with County Aid to cities grant.

Landscape Maintenance District #1 - To account for receipts and disbursements related to a landscape district.

OTHER GOVERNMENTAL FUNDS

(CONTINUED)

SPECIAL REVENUE FUNDS

(CONTINUED)

Stormwater Utility - To account for receipts and disbursements related to stormwater and run-off programs.

Miscellaneous Grants - To account for receipts and disbursements for non-federal miscellaneous grants.

Sewer Maintenance - To account for monies received from developers as sewer frontage fees to be used to fund sewer maintenance projects.

BJA Law Enforcement - To account for receipts and disbursements for the BJA law enforcement grant.

Supplemental Law Grant - To account for receipts and disbursements for the supplemental law grant.

HOME - To account for receipts and disbursements for the activity for the HOME grant program.

Library Facilities Fees - To account for receipts and disbursements for the library facilities.

Public Education and Government - To account for the 1% PEG Capital Grant funds received from video service providers pursuant to Digital Infrastructure and Video Competition Act of 2006.

Proposition C - To account for the City's share of the one-half percent (.5%) increased sales tax in Los Angeles County as a result of "Proposition C". This revenue is to be used for transportation related purposes.

Federal Grants - To account for receipts and disbursements of miscellaneous federal grant monies not accounted for in other funds.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest and principal on general long-term debt.

Redevelopment Agency Low/Mod - To account for principal and interest payments on the Housing Set-Aside Tax Allocation Bonds, Series 2008.

Public Financing Authority - To account for principal and interest payments on the 1991 Revenue Bonds issued by the Santa Clarita Public Financing Authority.

OTHER GOVERNMENTAL FUNDS
(CONTINUED)

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for the acquisition or construction of the City's major capital facilities, other than those financed by proprietary funds.

OTHER FUNDS:

General Capital Projects - To account for major capital improvement projects not accounted for in other funds.

Redevelopment Agency Low/Mod - To account for the 20% set-aside of tax increment revenues, bond proceeds and other revenues to be used for development of low and moderate income housing.

Public Financing Authority - To account for the construction of all capital projects that utilize public financing authority funds.

MAJOR FUND:

Redevelopment Agency - To account for the Agency's construction of all capital projects located within the project area that are not financed with housing set-aside funds.

CITY OF SANTA CLARITA
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2008

	Special Revenue Funds			
	Bikeway	Gas Tax	Park Improvement	Proposition A
ASSETS				
Cash and investments	\$ 422,760	\$ 3,092,663	\$ 1,970,548	\$ 1,029,544
Cash and investments with fiscal agent	-	-	-	-
Accounts receivable	-	777,938	15,802	-
Interest receivable	3,796	28,779	17,900	10,125
Due from other governments	60,000	-	103,170	-
Loans receivable	-	-	-	-
TOTAL ASSETS	\$ 486,556	\$ 3,899,380	\$ 2,107,420	\$ 1,039,669
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 54,177	\$ 195,644	\$ 19,152	\$ 152,878
Deferred revenue	279,808	2,861,061	110,382	4,080
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	333,985	3,056,705	129,534	156,958
FUND BALANCES (DEFICITS):				
Reserved:				
Encumbrances	84,032	3,534,780	342,868	745,753
Debt service	-	-	-	-
Low/moderate income housing	-	-	-	-
Unreserved:				
Designated for special revenue purposes	68,539	-	1,635,018	136,958
Designated for capital improvements	-	-	-	-
Undesignated	-	(2,692,105)	-	-
TOTAL FUND BALANCES (DEFICITS)	152,571	842,675	1,977,886	882,711
TOTAL LIABILITIES AND FUND BALANCES	\$ 486,556	\$ 3,899,380	\$ 2,107,420	\$ 1,039,669

See independent auditors' report.

Special Revenue Funds (Continued)

Special Assessment	State Park	TDA	Traffic Safety	CDBG	AQMD
\$ 6,582,169	\$ 19,773	\$ -	\$ 45,805	\$ 205,908	\$ 702,797
-	-	-	-	-	-
244,597	-	-	112,070	-	-
70,486	-	-	16,097	-	6,432
-	302,337	3,913,718	-	159,676	54,600
-	-	-	-	141,004	-
<u>\$ 6,897,252</u>	<u>\$ 322,110</u>	<u>\$ 3,913,718</u>	<u>\$ 173,972</u>	<u>\$ 506,588</u>	<u>\$ 763,829</u>
\$ 422,078	\$ 26,015	\$ 175,193	\$ -	\$ 166,742	\$ -
28,402	302,337	3,309,770	6,487	379,618	2,592
-	26,215	-	-	-	-
64,121	269,767	423,860	-	-	-
<u>514,601</u>	<u>624,334</u>	<u>3,908,823</u>	<u>6,487</u>	<u>546,360</u>	<u>2,592</u>
343,786	116,465	3,342,543	-	293,940	-
-	-	-	-	-	-
-	-	-	-	-	-
6,038,865	-	-	167,485	-	761,237
-	-	-	-	-	-
-	(418,689)	(3,337,648)	-	(333,712)	-
<u>6,382,651</u>	<u>(302,224)</u>	<u>4,895</u>	<u>167,485</u>	<u>(39,772)</u>	<u>761,237</u>
<u>\$ 6,897,252</u>	<u>\$ 322,110</u>	<u>\$ 3,913,718</u>	<u>\$ 173,972</u>	<u>\$ 506,588</u>	<u>\$ 763,829</u>

(Continued)

CITY OF SANTA CLARITA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2008

	Special Revenue Funds (Continued)			
	Aid to Cities	Landscape Maintenance District #1	Stormwater Utility	Miscellaneous Grants
ASSETS				
Cash and investments	\$ -	\$ 13,406,632	\$ 3,433,643	\$ 26,915
Cash and investments with fiscal agent	-	-	-	-
Accounts receivable	-	467,919	1,238,280	-
Interest receivable	-	150,427	30,028	-
Due from other governments	-	-	-	1,990,977
Loans receivable	-	-	-	-
TOTAL ASSETS	\$ -	\$ 14,024,978	\$ 4,701,951	\$ 2,017,892
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ 1,070,234	\$ 198,259	\$ 661,726
Deferred revenue	-	48,631	12,099	1,575,311
Due to other governments	-	-	-	-
Due to other funds	-	-	-	1,129,814
TOTAL LIABILITIES	-	1,118,865	210,358	3,366,851
FUND BALANCES (DEFICITS):				
Reserved:				
Encumbrances	-	13,212	316,619	1,313,104
Debt service	-	-	-	-
Low/moderate income housing	-	-	-	-
Unreserved:				
Designated for special revenue purposes	-	12,892,901	4,174,974	-
Designated for capital improvements	-	-	-	-
Undesignated	-	-	-	(2,662,063)
TOTAL FUND BALANCES (DEFICITS)	-	12,906,113	4,491,593	(1,348,959)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 14,024,978	\$ 4,701,951	\$ 2,017,892

See independent auditors' report.

Special Revenue Funds (Continued)

<u>Sewer Maintenance</u>	<u>BJA Law Enforcement</u>	<u>Supplemental Law Grant</u>	<u>HOME</u>	<u>Library Facility Fees</u>	<u>Public Education and Government</u>
\$ -	\$ 2,864	\$ 111,482	\$ -	\$ 134,417	\$ 89,669
-	-	-	-	-	-
-	-	-	-	1,224	56,760
-	-	762	-	1,213	821
-	2,030	-	-	-	-
-	-	-	1,232,433	-	-
<u>\$ -</u>	<u>\$ 4,894</u>	<u>\$ 112,244</u>	<u>\$ 1,232,433</u>	<u>\$ 136,854</u>	<u>\$ 147,250</u>
\$ -	\$ 7,878	\$ 56,442	\$ -	\$ 1,919	\$ -
-	-	54,978	1,232,433	114,303	331
-	-	-	-	-	-
18,930	-	-	1,867	-	-
<u>18,930</u>	<u>7,878</u>	<u>111,420</u>	<u>1,234,300</u>	<u>116,222</u>	<u>331</u>
-	47,582	46,247	-	27,571	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	146,919
-	-	-	-	-	-
(18,930)	(50,566)	(45,423)	(1,867)	(6,939)	-
<u>(18,930)</u>	<u>(2,984)</u>	<u>824</u>	<u>(1,867)</u>	<u>20,632</u>	<u>146,919</u>
<u>\$ -</u>	<u>\$ 4,894</u>	<u>\$ 112,244</u>	<u>\$ 1,232,433</u>	<u>\$ 136,854</u>	<u>\$ 147,250</u>

(Continued)

CITY OF SANTA CLARITA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2008

	Special Revenue Funds (Continued)			Debt Service Funds
	Proposition C	Federal Grants	Total	Redevelopment Agency Low/Mod
ASSETS				
Cash and investments	\$ 573,328	\$ 20,303	\$ 31,871,220	\$ -
Cash and investments with fiscal agent	-	-	-	288,552
Accounts receivable	-	-	2,914,590	-
Interest receivable	3,365,932	936,679	4,639,477	-
Due from other governments	-	-	6,586,508	-
Loans receivable	-	-	1,373,437	-
TOTAL ASSETS	\$ 3,939,260	\$ 956,982	\$ 47,385,232	\$ 288,552
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 197,716	\$ 355,203	\$ 3,761,256	\$ -
Deferred revenue	563,704	902,479	11,788,806	-
Due to other governments	-	110,558	136,773	-
Due to other funds	-	196,499	2,104,858	-
TOTAL LIABILITIES	761,420	1,564,739	17,791,693	-
FUND BALANCES (DEFICITS):				
Reserved:				
Encumbrances	3,471,988	450,596	14,491,086	-
Debt service	-	-	-	288,552
Low/moderate income housing	-	-	-	-
Unreserved:				
Designated for special revenue purpose	-	-	26,022,896	-
Designated for capital improvements	-	-	-	-
Undesignated	(294,148)	(1,058,353)	(10,920,443)	-
TOTAL FUND BALANCES (DEFICITS)	3,177,840	(607,757)	29,593,539	288,552
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,939,260	\$ 956,982	\$ 47,385,232	\$ 288,552

See independent auditors' report.

Debt Service Funds (Continued)		Capital Projects Funds				Total
Public Financing Authority	Total	General Capital Projects	Redevelopment Agency Low/Mod	Public Financing Authority	Total	Other Governmental Funds
\$ 457,291	\$ 457,291	\$ 6,868,936	\$ 11,253,361	\$ -	\$ 18,122,297	\$ 50,450,808
739	289,291	-	-	3,088	3,088	292,379
-	-	-	17,781	-	17,781	2,932,371
-	-	-	24,674	-	24,674	4,664,151
-	-	-	-	-	-	6,586,508
-	-	-	-	-	-	1,373,437
<u>\$ 458,030</u>	<u>\$ 746,582</u>	<u>\$ 6,868,936</u>	<u>\$ 11,295,816</u>	<u>\$ 3,088</u>	<u>\$ 18,167,840</u>	<u>\$ 66,299,654</u>
\$ -	\$ -	\$ 685,953	\$ -	\$ -	\$ 685,953	\$ 4,447,209
-	-	-	9,943	-	9,943	11,798,749
-	-	-	-	-	-	136,773
-	-	-	-	-	-	2,104,858
-	-	685,953	9,943	-	695,896	18,487,589
-	-	3,243,375	-	-	3,243,375	17,734,461
458,030	746,582	-	-	-	-	746,582
-	-	-	11,285,873	-	11,285,873	11,285,873
-	-	-	-	-	-	26,022,896
-	-	2,939,608	-	3,088	2,942,696	2,942,696
-	-	-	-	-	-	(10,920,443)
<u>458,030</u>	<u>746,582</u>	<u>6,182,983</u>	<u>11,285,873</u>	<u>3,088</u>	<u>17,471,944</u>	<u>47,812,065</u>
<u>\$ 458,030</u>	<u>\$ 746,582</u>	<u>\$ 6,868,936</u>	<u>\$ 11,295,816</u>	<u>\$ 3,088</u>	<u>\$ 18,167,840</u>	<u>\$ 66,299,654</u>

CITY OF SANTA CLARITA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	Special Revenue Funds			
	Bikeway	Gas Tax	Park Improvement	Proposition A
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	454,326	-
Investment income	21,745	80,409	149,805	372,616
Revenue from other agencies	222,227	3,088,489	-	2,674,083
Fines and forfeitures	-	-	-	-
Service charges	-	-	-	-
Other revenue	-	183	-	-
TOTAL REVENUES	243,972	3,169,081	604,131	3,046,699
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	2,670,934	-	31,389
Parks and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	222,227	1,699,009	2,555,018	584,161
Debt service:				
Bond issuance costs	-	-	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	222,227	4,369,943	2,555,018	615,550
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,745	(1,200,862)	(1,950,887)	2,431,149
OTHER FINANCING SOURCES (USES):				
Transfers in	-	250,000	-	-
Transfers out	-	(322,671)	-	(8,757,455)
Bonds and certificates issued	-	-	-	-
Issuance premiums (discounts)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(72,671)	-	(8,757,455)
NET CHANGE IN FUND BALANCES	21,745	(1,273,533)	(1,950,887)	(6,326,306)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	130,826	2,116,208	3,928,773	7,209,017
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 152,571	\$ 842,675	\$ 1,977,886	\$ 882,711

See independent auditors' report.

Special Revenue Funds (Continued)

Special Assessment	State Park	TDA	Traffic Safety	CDBG	AQMD
\$ 3,511,580	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
355,255	-	4,895	56,626	20,754	33,680
-	433,882	713,747	-	979,539	211,864
-	-	-	1,656,616	-	-
128,954	-	-	-	-	-
32,428	-	-	-	-	-
<u>4,028,217</u>	<u>433,882</u>	<u>718,642</u>	<u>1,713,242</u>	<u>1,000,293</u>	<u>245,544</u>
2,617,857	-	-	-	-	-
-	-	-	-	-	-
774,028	-	-	-	-	43,242
-	221,868	-	-	-	-
-	-	-	-	871,102	-
707,248	194,262	713,948	-	8,282	-
-	-	-	-	-	-
-	-	-	-	230,000	-
-	-	-	-	129,524	-
<u>4,099,133</u>	<u>416,130</u>	<u>713,948</u>	<u>-</u>	<u>1,238,908</u>	<u>43,242</u>
<u>(70,916)</u>	<u>17,752</u>	<u>4,694</u>	<u>1,713,242</u>	<u>(238,615)</u>	<u>202,302</u>
1,192,030	-	-	-	-	-
(1,199,584)	(9)	-	(1,713,242)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(7,554)</u>	<u>(9)</u>	<u>-</u>	<u>(1,713,242)</u>	<u>-</u>	<u>-</u>
(78,470)	17,743	4,694	-	(238,615)	202,302
6,461,121	(319,967)	201	167,485	198,843	558,935
<u>\$ 6,382,651</u>	<u>\$ (302,224)</u>	<u>\$ 4,895</u>	<u>\$ 167,485</u>	<u>\$ (39,772)</u>	<u>\$ 761,237</u>

(Continued)

CITY OF SANTA CLARITA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2008

	Special Revenue Funds (Continued)			
	Aid to Cities	Landscape Maintenance District #1	Stormwater Utility	Miscellaneous Grants
REVENUES:				
Taxes	\$ -	\$ 11,160,125	\$ 70,617	\$ -
Developer fees	-	-	-	-
Investment income	-	618,976	153,928	-
Revenue from other agencies	-	-	-	3,679,926
Fines and forfeitures	-	-	-	-
Service charges	-	-	3,433,744	-
Other revenue	-	30,667	86,225	60,047
TOTAL REVENUES	-	11,809,768	3,744,514	3,739,973
EXPENDITURES:				
Current:				
General government	-	9,358,504	41,298	33,970
Public safety	-	-	-	217,789
Public works	-	-	2,172,728	-
Parks and recreation	-	-	-	202,603
Community development	-	-	-	-
Capital outlay	-	272,568	75,000	2,862,392
Debt service:				
Bond issuance costs	-	-	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	-	9,631,072	2,289,026	3,316,754
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,178,696	1,455,488	423,219
OTHER FINANCING SOURCES (USES):				
Transfers in	30	-	169,407	-
Transfers out	-	-	(15,840)	-
Bonds and certificates issued	-	-	-	-
Issuance premiums (discounts)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	30	-	153,567	-
NET CHANGE IN FUND BALANCES	30	2,178,696	1,609,055	423,219
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	(30)	10,727,417	2,882,538	(1,772,178)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ -	\$ 12,906,113	\$ 4,491,593	\$ (1,348,959)

See independent auditors' report.

Special Revenue Funds (Continued)

Sewer Maintenance	BJA Law Enforcement	Supplemental Law Grant	HOME	Library Facility Fees	Public Education and Government
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,481
-	-	-	-	-	-
-	-	8,821	20	5,125	1,438
-	37,344	330,080	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	37,344	338,901	20	5,125	146,919
-	-	-	-	10,429	-
-	21,768	338,655	-	-	-
-	-	-	-	-	-
-	-	-	9,445	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	21,768	338,655	9,445	10,429	-
-	15,576	246	(9,425)	(5,304)	146,919
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	15,576	246	(9,425)	(5,304)	146,919
(18,930)	(18,560)	578	7,558	25,936	-
\$ (18,930)	\$ (2,984)	\$ 824	\$ (1,867)	\$ 20,632	\$ 146,919

(Continued)

CITY OF SANTA CLARITA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2008

	Special Revenue Funds (Continued)			Debt Service Funds
	Proposition C	Federal Grants	Total	Redevelopment Agency Low/Mod
REVENUES:				
Taxes	\$ -	\$ -	\$ 14,887,803	\$ -
Developer fees	-	-	454,326	-
Investment income	44,975	-	1,929,068	1
Revenue from other agencies	9,388,530	413,306	22,173,017	-
Fines and forfeitures	-	-	1,656,616	-
Service charges	-	-	3,562,698	-
Other revenue	-	284,293	493,843	-
TOTAL REVENUES	9,433,505	697,599	45,157,371	1
EXPENDITURES:				
Current:				
General government	-	-	12,062,058	-
Public safety	-	-	578,212	-
Public works	-	-	5,692,321	-
Parks and recreation	-	-	424,471	-
Community development	-	-	880,547	-
Capital outlay	7,386,539	929,746	18,210,400	-
Debt service:				
Bond issuance costs	-	-	-	-
Principal retirement	-	-	230,000	-
Interest and fiscal charges	-	-	129,524	-
TOTAL EXPENDITURES	7,386,539	929,746	38,207,533	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,046,966	(232,147)	6,949,838	1
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,611,467	454,623
Transfers out	(400,000)	-	(12,408,801)	(166,072)
Bonds and certificates issued	-	-	-	-
Issuance premiums (discounts)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(400,000)	-	(10,797,334)	288,551
NET CHANGE IN FUND BALANCES	1,646,966	(232,147)	(3,847,496)	288,552
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	1,530,874	(375,610)	33,441,035	-
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 3,177,840	\$ (607,757)	\$ 29,593,539	\$ 288,552

See independent auditors' report.

Debt Service Funds (Continued)		Capital Projects Funds				Total
Public Financing Authority	Total	General Capital Projects	Redevelopment Agency Low/Mod	Public Financing Authority	Total	Other Governmental Funds
\$ -	\$ -	\$ -	\$ 738,730	\$ -	\$ 738,730	\$ 15,626,533
-	-	-	-	-	-	454,326
3,244	3,245	-	150,491	3,725	154,216	2,086,529
-	-	-	-	-	-	22,173,017
-	-	-	-	-	-	1,656,616
-	-	-	-	-	-	3,562,698
-	-	-	-	-	-	493,843
<u>3,244</u>	<u>3,245</u>	<u>-</u>	<u>889,221</u>	<u>3,725</u>	<u>892,946</u>	<u>46,053,562</u>
-	-	-	-	-	-	12,062,058
-	-	-	-	-	-	578,212
-	-	-	-	-	-	5,692,321
-	-	-	-	-	-	424,471
-	-	-	15,590	-	15,590	896,137
-	-	6,773,844	-	-	6,773,844	24,984,244
4,203	4,203	-	413,208	461,500	874,708	878,911
1,684,473	1,684,473	-	-	-	-	1,914,473
1,470,962	1,470,962	-	-	-	-	1,600,486
<u>3,159,638</u>	<u>3,159,638</u>	<u>6,773,844</u>	<u>428,798</u>	<u>461,500</u>	<u>7,664,142</u>	<u>49,031,313</u>
<u>(3,156,394)</u>	<u>(3,156,393)</u>	<u>(6,773,844)</u>	<u>460,423</u>	<u>(457,775)</u>	<u>(6,771,196)</u>	<u>(2,977,751)</u>
3,300,576	3,755,199	12,956,827	166,072	216,078	13,338,977	18,705,643
-	(166,072)	-	(454,623)	(15,286,858)	(15,741,481)	(28,316,354)
-	-	-	8,850,000	15,525,000	24,375,000	24,375,000
-	-	-	(5,241)	(60,776)	(66,017)	(66,017)
<u>3,300,576</u>	<u>3,589,127</u>	<u>12,956,827</u>	<u>8,556,208</u>	<u>393,444</u>	<u>21,906,479</u>	<u>14,698,272</u>
144,182	432,734	6,182,983	9,016,631	(64,331)	15,135,283	11,720,521
313,848	313,848	-	2,269,242	67,419	2,336,661	36,091,544
<u>\$ 458,030</u>	<u>\$ 746,582</u>	<u>\$ 6,182,983</u>	<u>\$ 11,285,873</u>	<u>\$ 3,088</u>	<u>\$ 17,471,944</u>	<u>\$ 47,812,065</u>

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BIKEWAY SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ 18,000	\$ 18,000	\$ 21,745	\$ 3,745
Revenue from other agencies	-	252,203	222,227	(29,976)
TOTAL REVENUES	18,000	270,203	243,972	(26,231)
EXPENDITURES:				
Capital outlay	562,757	649,800	222,227	427,573
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(544,757)	(379,597)	21,745	401,342
FUND BALANCE - BEGINNING OF YEAR	130,826	130,826	130,826	-
FUND BALANCE - END OF YEAR	\$ (413,931)	\$ (248,771)	\$ 152,571	\$ 401,342

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ 67,500	\$ 67,500	\$ 80,409	\$ 12,909
Revenue from other agencies	3,101,591	5,951,057	3,088,489	(2,862,568)
Other revenue	-	-	183	183
TOTAL REVENUES	3,169,091	6,018,557	3,169,081	(2,849,476)
EXPENDITURES:				
Current:				
Public works	2,639,948	2,810,915	2,670,934	139,981
Capital outlay	2,690,210	5,305,863	1,699,009	3,606,854
TOTAL EXPENDITURES	5,330,158	8,116,778	4,369,943	3,746,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,161,067)	(2,098,221)	(1,200,862)	897,359
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	250,000	-
Transfers out	(291,545)	(319,662)	(322,671)	(3,009)
TOTAL OTHER FINANCING SOURCES (USES)	(41,545)	(69,662)	(72,671)	(3,009)
NET CHANGE IN FUND BALANCE	(2,202,612)	(2,167,883)	(1,273,533)	894,350
FUND BALANCE - BEGINNING OF YEAR	2,116,208	2,116,208	2,116,208	-
FUND BALANCE - END OF YEAR	\$ (86,404)	\$ (51,675)	\$ 842,675	\$ 894,350

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Developer fees	\$ -	\$ -	\$ 454,326	\$ 454,326
Investment income	243,000	243,000	149,805	(93,195)
TOTAL REVENUES	243,000	243,000	604,131	361,131
EXPENDITURES:				
Capital outlay	773,180	3,881,148	2,555,018	1,326,130
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(530,180)	(3,638,148)	(1,950,887)	1,687,261
FUND BALANCE - BEGINNING OF YEAR	3,928,773	3,928,773	3,928,773	-
FUND BALANCE - END OF YEAR	\$ 3,398,593	\$ 290,625	\$ 1,977,886	\$ 1,687,261

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ 157,000	\$ 157,500	\$ 372,616	\$ 215,116
Revenue from other agencies	7,373,715	2,693,981	2,674,083	(19,898)
TOTAL REVENUES	7,530,715	2,851,481	3,046,699	195,218
EXPENDITURES:				
Current:				
Community development	65,000	65,000	-	65,000
Public works	31,850	31,850	31,389	461
Capital outlay	1,385,000	1,453,725	584,161	869,564
TOTAL EXPENDITURES	1,481,850	1,550,575	615,550	935,025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,048,865	1,300,906	2,431,149	1,130,243
OTHER FINANCING USES:				
Transfers out	(7,178,708)	(8,762,863)	(8,757,455)	5,408
NET CHANGE IN FUND BALANCE	(1,129,843)	(7,461,957)	(6,326,306)	1,135,651
FUND BALANCE - BEGINNING OF YEAR	7,209,017	7,209,017	7,209,017	-
FUND BALANCE - END OF YEAR	\$ 6,079,174	\$ (252,940)	\$ 882,711	\$ 1,135,651

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL ASSESSMENT SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 3,035,155	\$ 3,035,155	\$ 3,511,580	\$ 476,425
Investment income	275,535	275,535	355,255	79,720
Service charges	140,279	140,279	128,954	(11,325)
Other revenue	-	-	32,428	32,428
TOTAL REVENUES	3,450,969	3,450,969	4,028,217	577,248
EXPENDITURES:				
Current:				
General government	3,273,744	3,514,727	2,617,857	896,870
Public works	-	-	774,028	(774,028)
Capital outlay	-	-	707,248	(707,248)
TOTAL EXPENDITURES	3,273,744	3,514,727	4,099,133	(584,406)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	177,225	(63,758)	(70,916)	(7,158)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,653	968,727	1,192,030	223,303
Transfers out	(6,711)	(976,160)	(1,199,584)	(223,424)
TOTAL OTHER FINANCING SOURCES (USES)	(5,058)	(7,433)	(7,554)	(121)
NET CHANGE IN FUND BALANCE	172,167	(71,191)	(78,470)	(7,279)
FUND BALANCE - BEGINNING OF YEAR	6,461,121	6,461,121	6,461,121	-
FUND BALANCE - END OF YEAR	<u>\$ 6,633,288</u>	<u>\$ 6,389,930</u>	<u>\$ 6,382,651</u>	<u>\$ (7,279)</u>

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE PARK SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 451,170	\$ 548,170	\$ 433,882	\$ (114,288)
EXPENDITURES:				
Current:				
Parks and recreation	188,654	208,848	221,868	(13,020)
Capital outlay	254,170	433,823	194,262	239,561
TOTAL EXPENDITURES	442,824	642,671	416,130	226,541
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,346	(94,501)	17,752	112,253
OTHER FINANCING USES:				
Transfers out	-	(9)	(9)	-
NET CHANGE IN FUND BALANCE	8,346	(94,510)	17,743	112,253
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(319,967)	(319,967)	(319,967)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (311,621)	\$ (414,477)	\$ (302,224)	\$ 112,253

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TDA SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 4,895	\$ 4,895
Revenue from other agencies	6,033,443	6,049,433	713,747	(5,335,686)
TOTAL REVENUES	6,033,443	6,049,433	718,642	(5,330,791)
EXPENDITURES:				
Capital outlay	-	4,981,208	713,948	4,267,260
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,033,443	1,068,225	4,694	(1,063,531)
OTHER FINANCING USES:				
Transfers out	(6,049,433)	-	-	-
NET CHANGE IN FUND BALANCE	(15,990)	1,068,225	4,694	(1,063,531)
FUND BALANCE - BEGINNING OF YEAR	201	201	201	-
FUND BALANCE - END OF YEAR	\$ (15,789)	\$ 1,068,426	\$ 4,895	\$ (1,063,531)

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ 45,000	\$ 45,000	\$ 56,626	\$ 11,626
Fines and forfeitures	1,811,400	1,811,400	1,656,616	(154,784)
TOTAL REVENUES	1,856,400	1,856,400	1,713,242	(143,158)
OTHER FINANCING USES:				
Transfers out	(2,050,000)	(1,863,394)	(1,713,242)	150,152
NET CHANGE IN FUND BALANCE	(193,600)	(6,994)	-	6,994
FUND BALANCE - BEGINNING OF YEAR	167,485	167,485	167,485	-
FUND BALANCE - END OF YEAR	\$ (26,115)	\$ 160,491	\$ 167,485	\$ 6,994

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CDBG SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 20,754	\$ 20,754
Revenue from other agencies	1,172,363	1,172,363	979,539	(192,824)
TOTAL REVENUES	1,172,363	1,172,363	1,000,293	(172,070)
EXPENDITURES:				
Current:				
Community development	933,695	1,238,941	871,102	367,839
Capital outlay		50,000	8,282	41,718
Debt service:				
Principal retirement	230,000	230,000	230,000	-
Interest and fiscal charges	129,524	129,524	129,524	-
TOTAL EXPENDITURES	1,293,219	1,648,465	1,238,908	409,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(120,856)	(476,102)	(238,615)	237,487
FUND BALANCE - BEGINNING OF YEAR	198,843	198,843	198,843	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 77,987	\$ (277,259)	\$ (39,772)	\$ 237,487

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AQMD SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ 29,250	\$ 29,250	\$ 33,680	\$ 4,430
Revenue from other agencies	282,810	282,810	211,864	(70,946)
TOTAL REVENUES	312,060	312,060	245,544	(66,516)
EXPENDITURES:				
Current:				
Public works	93,000	84,365	43,242	41,123
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	219,060	227,695	202,302	(25,393)
FUND BALANCE - BEGINNING OF YEAR	558,935	558,935	558,935	-
FUND BALANCE - END OF YEAR	\$ 777,995	\$ 786,630	\$ 761,237	\$ (25,393)

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AID TO CITIES SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING USES:				
Transfers in	\$ -	\$ 30	\$ 30	\$ -
NET CHANGE IN FUND BALANCE	-	30	30	-
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(30)	(30)	(30)	-
FUND BALANCE - END OF YEAR	\$ (30)	\$ -	\$ -	\$ -

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANDSCAPE MAINTENANCE DISTRICT #1 SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 10,030,273	\$ 10,830,273	\$ 11,160,125	\$ 329,852
Investment income	445,500	445,500	618,976	173,476
Other revenue	-	-	30,667	30,667
TOTAL REVENUES	<u>10,475,773</u>	<u>11,275,773</u>	<u>11,809,768</u>	<u>533,995</u>
EXPENDITURES:				
Current:				
General government	8,699,386	9,916,709	9,358,504	558,205
Capital outlay	-	280,887	272,568	8,319
TOTAL EXPENDITURES	<u>8,699,386</u>	<u>10,197,596</u>	<u>9,631,072</u>	<u>566,524</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,776,387	1,078,177	2,178,696	1,100,519
FUND BALANCE - BEGINNING OF YEAR	<u>10,727,417</u>	<u>10,727,417</u>	<u>10,727,417</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,503,804</u>	<u>\$ 11,805,594</u>	<u>\$ 12,906,113</u>	<u>\$ 1,100,519</u>

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STORMWATER UTILITY SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 70,617	\$ 70,617
Investment income	103,500	103,500	153,928	50,428
Service charges	2,504,675	2,504,675	3,433,744	929,069
Other revenue	-	-	86,225	86,225
TOTAL REVENUES	2,608,175	2,608,175	3,744,514	1,136,339
EXPENDITURES:				
Current:				
General government	-	65,571	41,298	24,273
Public works	2,368,952	2,444,860	2,172,728	272,132
Capital outlay	75,000	349,644	75,000	274,644
TOTAL EXPENDITURES	2,443,952	2,860,075	2,289,026	571,049
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	164,223	(251,900)	1,455,488	1,707,388
OTHER FINANCING SOURCES (USES):				
Transfers in	169,351	169,350	169,407	57
Transfers out	(205,809)	(14,080)	(15,840)	(1,760)
TOTAL OTHER FINANCING SOURCES (USES)	(36,458)	155,270	153,567	(1,703)
NET CHANGE IN FUND BALANCE	127,765	(96,630)	1,609,055	1,705,685
FUND BALANCE - BEGINNING OF YEAR	2,882,538	2,882,538	2,882,538	-
FUND BALANCE - END OF YEAR	<u>\$ 3,010,303</u>	<u>\$ 2,785,908</u>	<u>\$ 4,491,593</u>	<u>\$ 1,705,685</u>

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MISCELLANEOUS GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 450,982	\$ 1,007,517	\$ 3,679,926	\$ 2,672,409
Other revenue	142,500	148,600	60,047	(88,553)
TOTAL REVENUES	593,482	1,156,117	3,739,973	2,583,856
EXPENDITURES:				
Current:				
General government	-	108,500	33,970	74,530
Public safety	162,656	236,042	217,789	18,253
Parks and recreation	249,074	236,954	202,603	34,351
Capital outlay	142,500	4,022,257	2,862,392	1,159,865
TOTAL EXPENDITURES	554,230	4,603,753	3,316,754	1,286,999
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	39,252	(3,447,636)	423,219	3,870,855
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(1,772,178)	(1,772,178)	(1,772,178)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (1,732,926)	\$ (5,219,814)	\$ (1,348,959)	\$ 3,870,855

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BJA LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ 85,052	\$ 37,344	\$ (47,708)
EXPENDITURES:				
Current:				
Public safety	-	70,039	21,768	48,271
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	15,013	15,576	563
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(18,560)	(18,560)	(18,560)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (18,560)</u>	<u>\$ (3,547)</u>	<u>\$ (2,984)</u>	<u>\$ 563</u>

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SUPPLEMENTAL LAW GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 8,821	\$ 8,821
Revenue from other agencies	-	384,751	330,080	(54,671)
 TOTAL REVENUES	-	384,751	338,901	(45,850)
EXPENDITURES:				
Current:				
Public safety	-	384,903	338,655	46,248
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(152)	246	398
 FUND BALANCE - BEGINNING OF YEAR	578	578	578	-
 FUND BALANCE - END OF YEAR	\$ 578	\$ 426	\$ 824	\$ 398

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOME SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 20	\$ 20
Revenue from other agencies	800,000	800,000	-	(800,000)
TOTAL REVENUES	800,000	800,000	20	(799,980)
EXPENDITURES:				
Current:				
Community development	800,743	801,002	9,445	791,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(743)	(1,002)	(9,425)	(8,423)
FUND BALANCE - BEGINNING OF YEAR	7,558	7,558	7,558	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 6,815	\$ 6,556	\$ (1,867)	\$ (8,423)

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LIBRARY FACILITIES FEES SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 2,700	\$ 2,700	\$ 5,125	\$ 2,425
EXPENDITURES:				
Current:				
General government	-	38,000	10,429	27,571
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,700	(35,300)	(5,304)	29,996
FUND BALANCE - BEGINNING OF YEAR	25,936	25,936	25,936	-
FUND BALANCE - END OF YEAR	\$ 28,636	\$ (9,364)	\$ 20,632	\$ 29,996

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 135,000	\$ 135,000	\$ 44,975	\$ (90,025)
Revenue from other agencies	4,641,714	18,168,946	9,388,530	(8,780,416)
TOTAL REVENUES	4,776,714	18,303,946	9,433,505	(8,870,441)
EXPENDITURES:				
Capital outlay	3,235,000	13,976,272	7,386,539	6,589,733
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,541,714	4,327,674	2,046,966	(2,280,708)
OTHER FINANCING USES:				
Transfers out	(422,752)	(661,865)	(400,000)	261,865
NET CHANGE IN FUND BALANCE	1,118,962	3,665,809	1,646,966	(2,018,843)
FUND BALANCE - BEGINNING OF YEAR	1,530,874	1,530,874	1,530,874	-
FUND BALANCE - END OF YEAR	\$ 2,649,836	\$ 5,196,683	\$ 3,177,840	\$ (2,018,843)

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FEDERAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ 413,306	\$ 413,306
Other revenue	1,102,080	2,041,808	284,293	(1,757,515)
TOTAL REVENUES	<u>1,102,080</u>	<u>2,041,808</u>	<u>697,599</u>	<u>(1,344,209)</u>
EXPENDITURES:				
Current:				
Public safety	20,397	-	-	-
Public works	-	295,000	-	295,000
Capital outlay	2,089,280	3,084,008	929,746	2,154,262
TOTAL EXPENDITURES	<u>2,109,677</u>	<u>3,379,008</u>	<u>929,746</u>	<u>2,449,262</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,007,597)	(1,337,200)	(232,147)	1,105,053
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(375,610)</u>	<u>(375,610)</u>	<u>(375,610)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (1,383,207)</u>	<u>\$ (1,712,810)</u>	<u>\$ (607,757)</u>	<u>\$ 1,105,053</u>

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL CAPITAL PROJECTS FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Capital outlay	<u>10,536,817</u>	<u>12,800,953</u>	<u>6,773,844</u>	<u>6,027,109</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,536,817)	(12,800,953)	(6,773,844)	6,027,109
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>16,650,475</u>	<u>12,956,827</u>	<u>(3,693,648)</u>
NET CHANGE IN FUND BALANCE	(10,536,817)	3,849,522	6,182,983	2,333,461
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$(10,536,817)</u></u>	<u><u>\$ 3,849,522</u></u>	<u><u>\$ 6,182,983</u></u>	<u><u>\$ 2,333,461</u></u>

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REDEVELOPMENT AGENCY LOW/MOD CAPITAL PROJECTS FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 557,633	\$ 729,713	\$ 738,730	\$ 9,017
Investment income	90,000	90,000	150,491	60,491
TOTAL REVENUES	647,633	819,713	889,221	69,508
EXPENDITURES:				
Current:				
Community development	96,003	17,030	15,590	1,440
Debt service:				
Bond issuance cost		432,136	413,208	18,928
TOTAL EXPENDITURES	96,003	449,166	428,798	20,368
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	551,630	370,547	460,423	89,876
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	166,072	166,072
Transfers out	-	(268,878)	(454,623)	(185,745)
Bonds and certificates issued	-	8,850,000	8,850,000	-
Issuance premiums (discounts)	-	(5,241)	(5,241)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	8,575,881	8,556,208	(19,673)
NET CHANGE IN FUND BALANCE	551,630	8,946,428	9,016,631	70,203
FUND BALANCE - BEGINNING OF YEAR	2,269,242	2,269,242	2,269,242	-
FUND BALANCE - END OF YEAR	\$ 2,820,872	\$ 11,215,670	\$ 11,285,873	\$ 70,203

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC FINANCING AUTHORITY CAPITAL PROJECTS FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 3,725	\$ 3,725
EXPENDITURES:				
Debt service:				
Bond issuance cost	-	292,963	461,500	(168,537)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(292,963)	(457,775)	(164,812)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	15,525,000	216,078	(15,308,922)
Transfers out	-	15,302,818	(15,286,858)	(30,589,676)
Bonds and certificates issued	-	-	15,525,000	15,525,000
Issuance premiums (discounts)	-	-	(60,776)	(60,776)
TOTAL OTHER FINANCING SOURCES (USES)	-	30,827,818	393,444	(30,434,374)
NET CHANGE IN FUND BALANCE	-	30,534,855	(64,331)	(30,599,186)
FUND BALANCE - BEGINNING OF YEAR	67,419	67,419	67,419	-
FUND BALANCE - END OF YEAR	\$ 67,419	\$ 30,602,274	\$ 3,088	\$(30,599,186)

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND - MAJOR FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,230,533	\$ 2,918,853	\$ 2,954,920	\$ 36,067
Investment income	18,000	18,000	362,639	344,639
Other revenue	-	-	40,704	40,704
TOTAL REVENUES	<u>2,248,533</u>	<u>2,936,853</u>	<u>3,358,263</u>	<u>421,410</u>
EXPENDITURES:				
Current:				
Community development	974,204	7,011,899	1,553,853	5,458,046
Capital outlay	-	1,711,087	4,222,639	(2,511,552)
Debt service:				
Bond issuance costs	-	-	939,432	(939,432)
TOTAL EXPENDITURES	<u>974,204</u>	<u>8,722,986</u>	<u>6,715,924</u>	<u>2,007,062</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,274,329</u>	<u>(5,786,133)</u>	<u>(3,357,661)</u>	<u>2,428,472</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,273,097	5,273,097
Transfers out	(697,042)	(1,808,680)	(1,052,000)	756,680
Bonds and certificates issued	-	29,860,000	29,860,000	-
Issuance premiums (discounts)	-	-	(160,665)	(160,665)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(697,042)</u>	<u>28,051,320</u>	<u>33,920,432</u>	<u>5,869,112</u>
NET CHANGE IN FUND BALANCE	<u>577,287</u>	<u>22,265,187</u>	<u>30,562,771</u>	<u>8,297,584</u>
FUND BALANCE - BEGINNING OF YEAR	<u>7,124,623</u>	<u>7,124,623</u>	<u>7,124,623</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,701,910</u>	<u>\$ 29,389,810</u>	<u>\$ 37,687,394</u>	<u>\$ 8,297,584</u>

See independent auditors' report.

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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for goods or services provided by a central service department to other City departments.

Self-Insurance - To account for the financing of the City's self-insurance program.

Computer Replacement - To account for the financing of the replacement of the City's computer equipment.

Vehicle Replacement - To account for the financing of the replacement of the City's automotive equipment.

Public Facilities Replacement - To account for the financing of the replacement of the City's public facilities.

CITY OF SANTA CLARITA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2008

	<u>Self-Insurance</u>	<u>Computer Replacement</u>
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 1,685,776	\$ 1,389,356
Accounts receivable	4,858	-
Interest receivable	14,184	12,699
Advances to other fund	3,076,200	-
	<u>4,781,018</u>	<u>1,402,055</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Capital assets:		
Equipment	-	1,224,568
Less: accumulated depreciation	-	<u>(751,679)</u>
	<u>-</u>	<u>472,889</u>
TOTAL NONCURRENT ASSETS		
	<u>4,781,018</u>	<u>1,874,944</u>
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	24,695	184,142
NONCURRENT LIABILITIES:		
Claims payable	<u>70,000</u>	<u>-</u>
	<u>94,695</u>	<u>184,142</u>
TOTAL LIABILITIES		
NET ASSETS		
Invested in capital assets, net of related debt	-	472,889
Unrestricted	<u>4,686,323</u>	<u>1,217,913</u>
	<u>\$ 4,686,323</u>	<u>\$ 1,690,802</u>
TOTAL NET ASSETS		

See independent auditors' report.

<u>Vehicle Replacement</u>	<u>Public Facilities Replacement</u>	<u>Totals</u>
\$ 3,021,180	\$ 14,935,159	\$ 21,031,471
3,000	-	7,858
27,647	109,217	163,747
-	-	3,076,200
<u>3,051,827</u>	<u>15,044,376</u>	<u>24,279,276</u>
1,530,240	-	2,754,808
<u>(1,101,237)</u>	-	<u>(1,852,916)</u>
<u>429,003</u>	-	<u>901,892</u>
<u>3,480,830</u>	<u>15,044,376</u>	<u>25,181,168</u>
55,759	261,739	526,335
-	-	70,000
<u>55,759</u>	<u>261,739</u>	<u>596,335</u>
429,003	-	901,892
<u>2,996,068</u>	<u>14,782,637</u>	<u>23,682,941</u>
<u>\$ 3,425,071</u>	<u>\$ 14,782,637</u>	<u>\$ 24,584,833</u>

CITY OF SANTA CLARITA

COMBINING STATEMENT OF REVENUES, EXPENSES AND
AND CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS

For the year ended June 30, 2008

	Self-Insurance	Computer Replacement
OPERATING REVENUES:		
Charges for services	\$ 1,866,021	\$ 397,434
Other revenue	20,152	-
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	1,886,173	397,434
	<hr/>	<hr/>
OPERATING EXPENSES:		
Services and supplies	1,486,961	164,384
Depreciation	-	103,598
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	1,486,961	267,982
	<hr/>	<hr/>
OPERATING INCOME	399,212	129,452
NONOPERATING REVENUES:		
Investment income	224,387	76,566
	<hr/>	<hr/>
INCOME BEFORE TRANSFERS	623,599	206,018
TRANSFERS:		
Transfers in	125,000	-
	<hr/>	<hr/>
CHANGE IN NET ASSETS	748,599	206,018
TOTAL NET ASSETS - BEGINNING OF YEAR	3,937,724	1,484,784
	<hr/>	<hr/>
TOTAL NET ASSETS - END OF YEAR	\$ 4,686,323	\$ 1,690,802
	<hr/>	<hr/>

See independent auditors' report.

<u>Vehicle Replacement</u>	<u>Public Facilities Replacement</u>	<u>Totals</u>
\$ 418,510	\$ -	\$ 2,681,965
3,346	-	23,498
<u>421,856</u>	<u>-</u>	<u>2,705,463</u>
870	527,362	2,179,577
<u>129,184</u>	<u>-</u>	<u>232,782</u>
<u>130,054</u>	<u>527,362</u>	<u>2,412,359</u>
291,802	(527,362)	293,104
<u>160,643</u>	<u>632,602</u>	<u>1,094,198</u>
452,445	105,240	1,387,302
<u>-</u>	<u>3,000,000</u>	<u>3,125,000</u>
452,445	3,105,240	4,512,302
<u>2,972,626</u>	<u>11,677,397</u>	<u>20,072,531</u>
<u>\$ 3,425,071</u>	<u>\$ 14,782,637</u>	<u>\$ 24,584,833</u>

CITY OF SANTA CLARITA

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS

For the year ended June 30, 2008

	Self-Insurance	Computer Replacement
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ 1,866,021	\$ 397,434
Other operating receipts	20,152	-
Payments to suppliers	(1,513,728)	(9,549)
NET CASH PROVIDED BY OPERATING ACTIVITIES	372,445	387,885
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	125,000	-
Cash paid to other funds	(3,076,200)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(2,951,200)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	-	(329,593)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	210,203	79,004
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,368,552)	137,296
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,054,328	1,252,060
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,685,776	\$ 1,389,356
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 399,212	\$ 129,452
Depreciation	-	103,598
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	-	-
Increase (decrease) in accounts payable and accrued liabilities	3,233	154,835
Increase (decrease) in claims payable	(30,000)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 372,445	\$ 387,885

See independent auditors' report.

Vehicle Replacement	Public Facilities Replacement	Totals
\$ 415,510	\$ -	\$ 2,678,965
3,346	-	23,498
(870)	(265,623)	(1,789,770)
<u>417,986</u>	<u>(265,623)</u>	<u>912,693</u>
-	3,000,000	3,125,000
-	-	(3,076,200)
<u>-</u>	<u>3,000,000</u>	<u>48,800</u>
(141,475)	-	(471,068)
<u>164,193</u>	<u>662,873</u>	<u>1,116,273</u>
440,704	3,397,250	1,606,698
<u>2,580,476</u>	<u>11,537,909</u>	<u>19,424,773</u>
<u>\$ 3,021,180</u>	<u>\$ 14,935,159</u>	<u>\$ 21,031,471</u>
\$ 291,802	\$ (527,362)	\$ 293,104
129,184	-	232,782
(3,000)	-	(3,000)
-	261,739	419,807
-	-	(30,000)
<u>\$ 417,986</u>	<u>\$ (265,623)</u>	<u>\$ 912,693</u>

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FIDUCIARY FUNDS

AGENCY FUNDS

The Agency Funds are used to account for assets held by the City as an agent for individuals.

Assessment District No. 92-2 - To account for monies held to account for debt service requirements of Assessment District No. 92-2.

Assessment District No. 99-1 - To account for monies held to account for debt service requirements of Assessment District No. 99-1.

Community Facilities District No. 2002-1 - To account for monies held to account for debt service requirements of Community Facilities District No. 2002-1.

CITY OF SANTA CLARITA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

June 30, 2008

	Agency Funds			Totals
	Assessment District No. 92-2	Assessment District No. 99-1	Community Facilities District No. 2002-1	
ASSETS:				
Cash and investments	\$ 122,303	\$ 22,911	\$ 39,826	\$ 185,040
Cash and investments with fiscal agent	64,250	60,837	1,685,953	1,811,040
Accounts receivable	1,187	1,951	-	3,138
Interest receivable	1,111	217	364	1,692
TOTAL ASSETS	<u>\$ 188,851</u>	<u>\$ 85,916</u>	<u>\$ 1,726,143</u>	<u>\$ 2,000,910</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 1,306	\$ 922	\$ 147	\$ 2,375
Due to other funds	30,000	-	14,350	44,350
Due to bondholders	157,545	84,994	1,711,646	1,954,185
TOTAL LIABILITIES	<u>\$ 188,851</u>	<u>\$ 85,916</u>	<u>\$ 1,726,143</u>	<u>\$ 2,000,910</u>

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSESSMENT DISTRICT NO. 92-2				
ASSETS:				
Cash and investments	\$ 74,083	\$ 48,220	\$ -	\$ 122,303
Cash and investments with fiscal agent	68,424	-	4,174	64,250
Accounts receivable	1,127	60	-	1,187
Interest receivable	1,258	-	147	1,111
TOTAL ASSETS	\$ 144,892	\$ 48,280	\$ 4,321	\$ 188,851
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 1,328	\$ -	\$ 22	\$ 1,306
Due to other funds	-	30,000	-	30,000
Due to bondholders	143,564	13,981	-	157,545
TOTAL LIABILITIES	\$ 144,892	\$ 43,981	\$ 22	\$ 188,851
ASSESSMENT DISTRICT NO. 99-1				
ASSETS:				
Cash and investments	\$ 27,072	\$ -	\$ 4,161	\$ 22,911
Cash and investments with fiscal agent	61,360	-	523	60,837
Accounts receivable	327	1,624	-	1,951
Interest receivable	1,587	-	1,370	217
TOTAL ASSETS	\$ 90,346	\$ 1,624	\$ 6,054	\$ 85,916
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 940	\$ -	\$ 18	\$ 922
Due to bondholders	89,406	-	4,412	84,994
TOTAL LIABILITIES	\$ 90,346	\$ -	\$ 4,430	\$ 85,916

(Continued)

See independent auditors' report.

CITY OF SANTA CLARITA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
COMMUNITY FACILITIES DISTRICT NO. 2002-1				
ASSETS:				
Cash and investments	\$ 17,265	\$ 22,561	\$ -	\$ 39,826
Cash and investments with fiscal agent	1,690,270	-	4,317	1,685,953
Interest receivable	-	364	-	364
TOTAL ASSETS	\$ 1,707,535	\$ 22,925	\$ 4,317	\$ 1,726,143
LIABILITIES:				
Accounts payable and accrued liabilities	-	147	-	147
Due to other funds	-	14,350	-	14,350
Due to bondholders	1,707,535	4,111	-	1,711,646
TOTAL LIABILITIES	\$ 1,707,535	\$ 18,608	\$ -	\$ 1,726,143
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 118,420	\$ 70,781	\$ 4,161	\$ 185,040
Cash and investments with fiscal agent	1,820,054	-	9,014	1,811,040
Accounts receivable	1,454	1,684	-	3,138
Interest receivable	2,845	364	1,517	1,692
TOTAL ASSETS	\$ 1,942,773	\$ 72,829	\$ 14,692	\$ 2,000,910
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 2,268	\$ 147	\$ 40	\$ 2,375
Due to other funds	-	44,350	-	44,350
Due to bondholders	1,940,505	18,092	4,412	1,954,185
TOTAL LIABILITIES	\$ 1,942,773	\$ 62,589	\$ 4,452	\$ 2,000,910

See independent auditors' report.

CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS

CITY OF SANTA CLARITA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$ 82,955,324	\$ 79,279,650
Site improvements	17,734,424	14,074,142
Buildings and improvements	46,537,031	45,530,704
Equipment	6,679,725	6,227,782
Infrastructure	667,794,922	656,695,949
Construction in progress	<u>106,605,795</u>	<u>82,155,075</u>
 TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u><u>\$ 928,307,221</u></u>	 <u><u>\$ 883,963,302</u></u>
INVESTMENT IN GOVERNMENTAL FUNDS ASSETS BY SOURCE:		
Donation of fixed assets from the County of		
Los Angeles, at estimated fair market value	\$ 12,448,203	\$ 12,448,203
Other donations	53,040,043	44,713,880
General fund	<u>862,818,975</u>	<u>826,801,219</u>
 TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u><u>\$ 928,307,221</u></u>	 <u><u>\$ 883,963,302</u></u>

- (1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

See independent auditors' report.

CITY OF SANTA CLARITA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION (1)

June 30, 2008

Function	Land	Site Improvements	Buildings and Improvements	Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 20,294,139	\$ 802,782	\$ 9,790,468	\$ 2,298,275	\$ -	\$ 120,345	\$ 33,306,009
Public safety	-	-	481,405	27,623	-	-	509,028
Public works	14,924,448	267,715	1,131,179	3,075,505	-	-	19,398,847
Parks and recreation	38,290,369	16,663,928	35,133,978	972,368	-	2,847,677	93,908,320
Community development	9,446,367	-	-	305,955	667,794,921	103,637,774	781,185,017
Total	<u>\$ 82,955,323</u>	<u>\$ 17,734,425</u>	<u>\$ 46,537,030</u>	<u>\$ 6,679,726</u>	<u>\$ 667,794,921</u>	<u>\$ 106,605,796</u>	<u>\$ 928,307,221</u>

- (1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

See independent auditor's report.

CITY OF SANTA CLARITA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION

For the year ended June 30, 2008

Function	Governmental Funds Capital Assets July 1, 2007	Additions	Deletions	Governmental Funds Capital Assets June 30, 2008
General government	\$ 32,577,857	\$ 728,152	\$ -	\$ 33,306,009
Public safety	509,028	-	-	509,028
Public works	19,143,416	255,431	-	19,398,847
Parks and recreation	90,388,912	6,264,339	2,744,931	93,908,320
Community development	741,344,089	41,212,148	1,371,220	781,185,017
Total	<u>\$ 883,963,302</u>	<u>\$ 48,460,070</u>	<u>\$ 4,116,151</u>	<u>\$ 928,307,221</u>

See independent auditors' report.



STATISTICAL SECTION

(Unaudited)



This part of the City of Santa Clarita's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

CONTENTS		Page
Financial Trends		
	These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	137-143
Revenue Capacity		
	These tables contain information that may help in assessing the viability of the City's most significant revenue sources, the property and sales taxes.	144-155
Debt Capacity		
	These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	156-162
Demographic and Economic Information		
	These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	163-164
Operating Information		
	These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relate to the services the City provides and the activities it performs.	165-168



CITY OF SANTA CLARITA
NET ASSETS by COMPONENT ⁽¹⁾
Last Six Fiscal Years Ended June 30, 2008
(accrual basis of accounting)

	FISCAL YEAR					
	07-08	06-07	05-06 ⁽²⁾ As Restated	04-05	03-04	02-03
Governmental Activities						
Investment in capital assets, net of related debt	\$ 672,306,820	\$ 661,210,117	\$ 614,300,517	\$ 160,829,971	\$ 110,924,177	\$ 90,486,961
Restricted for:						
Capital Projects	45,993,804	18,134,924	32,030,928	14,530,809	14,679,895	11,707,084
Debt Service	632,680	-	174,028	347	49	53
Specific Projects and Programs	61,018,399	34,441,539	30,547,345	27,009,644	25,683,042	30,115,243
Total Restricted	107,644,883	52,576,463	62,752,301	41,540,800	40,362,986	41,822,380
Unrestricted	66,249,901	87,737,817	71,001,423	53,357,322	49,662,321	32,645,363
Total governmental activities net assets	\$ 846,201,604	\$ 801,524,397	\$ 748,054,241	\$ 255,728,093	\$ 200,949,484	\$ 164,954,704
Business-type Activities						
Investment in capital assets, net of related debt	\$ 63,526,242	\$ 62,246,621	\$ 63,741,429	\$ 57,378,860	\$ 38,827,474	\$ 28,679,875
Restricted for:						
Debt Service	-	-	-	-	-	567,140
Unrestricted	2,957,611	1,553,088	(406,224)	(890,648)	(1,959,972)	(1,092,404)
Total business-type activities net assets	\$ 66,483,853	\$ 63,799,709	\$ 63,335,205	\$ 56,488,212	\$ 36,867,502	\$ 28,154,611
Primary Government						
Investment in capital assets, net of related debt	735,833,062	723,456,738	678,041,946	218,208,831	149,751,651	119,166,836
Restricted	107,644,883	52,576,463	62,752,301	41,540,800	40,362,986	42,389,520
Unrestricted	69,207,512	89,290,905	70,595,199	52,466,674	47,702,349	31,552,959
Total Primary Government Net Assets	\$ 912,685,457	\$ 865,324,106	\$ 811,389,446	\$ 312,216,305	\$ 237,816,986	\$ 193,109,315

Note: (1) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt, restricted, and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or (2) enabling legislations is enacted by the City.

(2) City of Santa Clarita implemented GASB 34 reporting module for the fiscal year ended June 30, 2003. Fiscal Year 2005-06 balance was restated as a result of the City's valuation of the estimated historical cost of infrastructure placed in service prior to July 1, 2002. See Notes to Basic Financial Statements #16.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

CITY OF SANTA CLARITA
CHANGES in NET ASSETS
Last Six Fiscal Years Ended June 30, 2008 ⁽¹⁾
(accrual basis of accounting)

	FISCAL YEAR					
	07-08	06-07	05-06	04-05	03-04	02-03
Expenses						
Governmental Activities						
General government	\$ 27,488,731	\$ 26,029,070	\$ 24,225,414	\$ 9,930,958	\$ 10,645,351	\$ 9,033,093
Public safety	16,482,917	14,398,408	13,821,626	12,437,170	12,113,853	12,107,145
Public works	30,549,888	19,273,980	6,417,841	11,754,949	8,859,452	8,971,939
Parks and recreation	21,817,251	20,573,077	20,988,533	17,637,475	15,370,145	14,515,769
Community development	9,257,881	8,985,449	16,939,976	22,371,678	20,482,573	34,837,564
Unlocated infrastructure depreciation	13,128,617	12,920,310	1,268,939	701,261	243,369	82,564
Interest on long-term debt	3,127,998	2,087,949	1,669,701	1,560,223	1,608,577	1,896,652
Total governmental activities expenses:	<u>121,853,283</u>	<u>104,268,243</u>	<u>85,332,030</u>	<u>76,393,714</u>	<u>69,323,320</u>	<u>81,444,726</u>
Business-type Activities						
Transit	21,506,317	18,315,106	16,508,457	15,239,173	14,557,850	15,272,143
Total business-type activities expenses:	<u>21,506,317</u>	<u>18,315,106</u>	<u>16,508,457</u>	<u>15,239,173</u>	<u>14,557,850</u>	<u>15,272,143</u>
Total primary government expenses:	<u>\$ 143,359,600</u>	<u>\$ 122,583,349</u>	<u>\$ 101,840,487</u>	<u>\$ 91,632,887</u>	<u>\$ 83,881,170</u>	<u>\$ 96,716,869</u>
Program Revenues						
Governmental Activities						
Charges for services:						
General government	\$ 2,737,355	\$ 302,075	\$ 186,171	\$ 377,202	\$ 325,190	\$ 268,054
Public safety	2,291,100	2,131,060	2,032,652	1,921,796	1,143,772	1,146,070
Public works	355,817	3,575,546	2,512,093	2,423,865	2,697,751	2,675,812
Parks and recreation	3,875,539	3,895,422	3,794,662	3,874,109	3,133,880	2,960,491
Community development	26,341,684	20,182,722	19,068,982	20,127,873	20,740,859	16,554,860
Operating grants and contributions	22,600,793	26,641,145	23,465,852	21,301,215	18,503,221	19,239,884
Capital grants and contributions	39,003,536	24,770,306	60,971,404	34,503,830	12,239,868	13,236,601
Total governmental activities program revenues:	<u>97,205,824</u>	<u>81,498,276</u>	<u>112,031,816</u>	<u>84,529,890</u>	<u>58,784,541</u>	<u>56,081,772</u>
Business-type Activities						
Charges for services:						
Transit	3,216,239	5,827,778	4,950,584	5,224,575	4,581,799	4,362,529
Operating grants and contributions	11,876,720	12,616,641	3,351,941	15,834,845	8,937,213	2,232,947
Capital grants and contributions	617,421	750,200	-	-	-	-
Total business-type activities program revenues:	<u>15,710,380</u>	<u>19,194,619</u>	<u>8,302,525</u>	<u>21,059,420</u>	<u>13,519,012</u>	<u>6,595,476</u>
Total primary government revenues:	<u>\$ 112,916,204</u>	<u>\$ 100,692,895</u>	<u>\$ 120,334,341</u>	<u>\$ 105,589,310</u>	<u>\$ 72,303,553</u>	<u>\$ 62,677,248</u>

Note: (1) City of Santa Clarita implemented GASB 34 reporting module for the fiscal year ended June 30, 2003.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

CITY OF SANTA CLARITA
CHANGES in NET ASSETS
Last Six Fiscal Years Ended June 30, 2008 ⁽¹⁾
(accrual basis of accounting)

	FISCAL YEAR					
	07-08	06-07	05-06	04-05	03-04	02-03
Net Revenues (expenses):						
Governmental activities	\$ (24,647,459)	\$ (22,769,967)	\$ 26,699,786	\$ 8,136,176	\$ (10,538,779)	\$ (25,362,954)
Business-type activities	(5,795,937)	879,513	(8,205,932)	5,820,247	(1,038,838)	(8,676,667)
Total net revenues (expenses):	\$ (30,443,396)	\$ (21,890,454)	\$ 18,493,854	\$ 13,956,423	\$ (11,577,617)	\$ (34,039,621)
General Revenue and Other Changes in Net Assets						
Governmental activities						
Taxes:						
Sales taxes	\$ 29,076,388	\$ 23,790,825	\$ 22,204,192	\$ 22,674,470	\$ 27,329,574	\$ 24,337,912
Property taxes, levied for general purposes	24,482,930	27,891,202	23,106,806	9,023,363	9,452,945	8,323,522
Franchise taxes	6,028,903	6,248,912	5,560,153	5,314,454	5,131,964	4,863,519
Real property transfer taxes	836,824	1,073,774	1,544,534	1,611,216	1,327,924	920,676
Transient occupancy taxes	2,433,651	1,804,923	1,824,394	1,632,137	1,458,388	1,186,141
Unrestricted revenue in lieu of motor vehicle taxes	-	-	603,990	10,224,572	10,216,165	9,141,858
Unrestricted revenue in lieu of sales taxes	8,490,865	8,156,017	6,965,521	7,328,638	-	-
Grants and contributions not restricted						
to specific programs	1,252,281	1,862,901	223,241	872,475	1,279,029	939,559
Unrestricted investment earnings	4,566,884	4,970,193	1,891,292	1,663,699	655,106	1,710,373
Transfers	(8,431,120)	441,376	(12,054,795)	(13,702,591)	(9,737,217)	(8,734,050)
Total governmental activities	68,737,606	76,240,123	51,869,328	46,642,433	47,113,878	42,689,510
Business-type activities						
Grants and contributions not restricted						
to specific programs	-	-	883,615	93,334	-	-
Unrestricted investment earnings	48,961	26,367	1,050	4,538	17,800	67,450
Transfers	8,431,120	(441,376)	12,054,795	13,702,591	9,737,217	8,734,050
Total business-type activities:	8,480,081	(415,009)	12,939,460	13,800,463	9,755,017	8,801,500
Total primary government:	\$ 77,217,687	\$ 75,825,114	\$ 64,808,788	\$ 60,442,896	\$ 56,868,895	\$ 51,491,010
Change in Net Assets						
Governmental activities	\$ 44,090,147	\$ 53,470,156	\$ 78,569,114	\$ 54,778,609	\$ 36,575,099	\$ 17,326,556
Business-type activities	2,684,144	464,504	4,733,528	19,620,710	8,716,179	124,833
Total primary government:	\$ 46,774,291	\$ 53,934,660	\$ 83,302,642	\$ 74,399,319	\$ 45,291,278	\$ 17,451,389

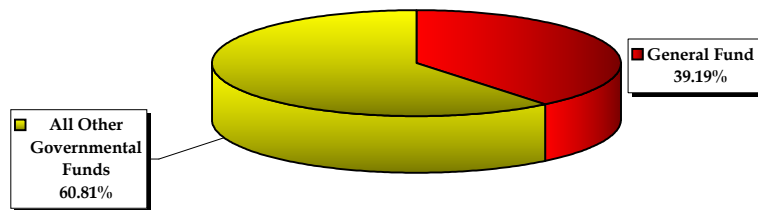
Note: (1) City of Santa Clarita implemented GASB 34 reporting module for the fiscal year ended June 30, 2003.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

CITY OF SANTA CLARITA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years Ended June 30, 2008
(modified accrual basis of accounting)

	FISCAL YEAR			
	07-08	06-07	05-06 ⁽¹⁾ As Restated	04-05
General Fund				
Reserved	\$ 34,920,547	\$ 34,699,034	\$ 20,786,040	\$ 15,638,513
Unreserved	31,153,879	28,500,824	18,232,779	30,780,939
Total general fund	<u>\$ 66,074,426</u>	<u>\$ 63,199,858</u>	<u>\$ 39,018,819</u>	<u>\$ 46,419,452</u>
All Other Governmental Funds				
Reserved	\$ 51,972,970	\$ 48,303,588	\$ 80,399,389	\$ 30,388,825
Unreserved:				
Special revenue fund	28,377,796	3,827,570	(15,073,824)	2,843,589
Debt service funds	(15,873,835)	(10,461,382)	(4,743,697)	(4,402,225)
Capital projects fund	38,050,255	4,592,332	(249,111)	(698,632)
Total all other governmental funds	<u>\$ 102,527,186</u>	<u>\$ 46,262,108</u>	<u>\$ 60,332,757</u>	<u>\$ 28,131,557</u>

FUND BALANCES
Fiscal Year Ended June 30, 2008

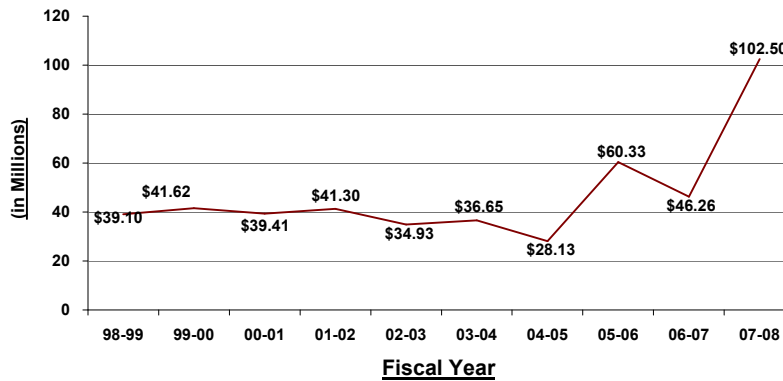


Note: (1) Balance as restated, see Notes to Basic Financial Statements #16B.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR					
03-04	02-03	01-02	00-01	99-00	98-99
\$ 12,042,182	\$ 14,034,615	\$ 21,368,003	\$ 16,330,098	\$ 13,412,456	
23,109,773	12,927,211	3,168,903	12,209,902	11,948,231	12,033,130
\$ 35,151,955	\$ 26,961,826	\$ 24,536,906	\$ 28,540,000	\$ 25,360,687	\$ 12,033,130
\$ 41,563,581	\$ 9,203,674	\$ 10,852,416	\$ 8,426,033	\$ 18,574,159	\$ 10,850,020
(867,508)	30,014,266	34,078,558	30,758,147	22,571,066	28,197,598
(3,944,409)	(4,082,126)	(4,066,749)	-	-	-
(100,527)	(196,889)	437,307	228,777	474,522	54,467
\$ 36,651,137	\$ 34,938,925	\$ 41,301,532	\$ 39,412,957	\$ 41,619,747	\$ 39,102,085

**FUND BALANCES
ALL OTHER GOVERNMENTAL FUNDS
Last Ten Fiscal Years**



CITY OF SANTA CLARITA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years Ended June 30, 2008
(modified accrual basis of accounting)

	FISCAL YEAR			
	2008	2007	2006	2005
Revenues:				
Taxes	\$ 88,088,786	\$ 70,576,755	\$ 66,164,485	\$ 53,763,779
Licenses and permits	5,256,748	4,203,933	6,907,826	5,127,705
Developer fees	22,290,808	6,747,767	28,028,933	11,963,054
Investment income	8,287,441	7,926,763	2,881,133	3,148,731
Revenue from other agencies	24,247,611	37,300,213	38,526,364	33,089,887
Fines and forfeitures	2,121,570	1,918,954	1,904,273	1,803,686
Service charges	9,931,041	13,463,673	13,081,649	13,339,462
Other revenues	3,368,879	4,356,961	12,651,674	2,408,463
Total Revenues	163,592,884	146,495,019	170,146,337	124,644,767
Expenditures:				
Current:				
General government	25,965,196	23,411,750	24,668,150	11,217,783
Public safety	16,342,979	14,347,833	13,658,723	12,429,192
Public works	25,977,763	19,511,097	6,802,081	8,901,359
Parks and recreation	20,156,343	18,943,146	17,376,609	15,964,949
Community development	7,583,236	9,051,652	17,164,505	22,531,795
Capital outlays	44,906,802	57,926,955	49,435,744	35,096,683
Debt service:				
Principal	1,927,198	2,374,870	1,367,359	2,060,319
Interest, professional services, and fiscal charges	4,632,979	2,298,974	2,878,536	1,570,581
Total Expenditures	147,492,496	147,866,277	133,351,707	109,772,661
Excess of Revenues over (under) Expenditures	16,100,388	(1,371,258)	36,794,630	14,872,106
Other Financing Sources (Uses)				
Revenue bonds issued/issuance premium	-	13,894,752 ⁽¹⁾	-	-
Proceeds of long-term debt	54,235,000	-	17,700,000	-
Escrow payment, costs of bonds issuance, and others	(226,682)	-	(17,225,304)	-
Transfers-in	43,112,541	27,468,089	7,865,612	8,157,999
Transfers-out	(54,668,661)	(29,881,193)	(19,409,716)	(20,282,188)
Total Other Financing Sources (Uses)	42,452,198	11,481,648	(11,069,408)	(12,124,189)
Net change in fund balances	58,552,586	10,110,390	25,725,222	2,747,917
Fund balances (deficit) - Beginning of Year, as restated	110,049,026	99,351,576 ⁽²⁾	74,551,009	71,803,092
Fund balances (deficit) - End of Year	\$ 168,601,612	\$ 109,461,966	\$ 100,276,231	\$ 74,551,009
Debt service as percentage of non capital expenditures	5.87%	4.95%	5.04%	4.73%

NOTE: (1) On January 16, 2007 the Santa Clarita Public Financing Authority issued \$13,785,000 Lease Revenue Bonds, Series 2007, for the acquisition of right-of-way.

(2) Balance as restated, see Notes to Basic Financial Statements #16.

FISCAL YEAR					
2004	2003	2002	2001	2000	1999
\$ 43,940,454	\$ 39,813,089	\$ 35,589,227	\$ 34,053,282	\$ 30,320,166	\$ 28,072,551
5,303,309	3,512,857		2,759,637	3,341,660	2,585,580
7,570,352	7,857,087	17,016,274	16,295,503	7,916,830	3,615,156
919,858	3,788,121	4,165,144	6,303,050	3,439,177	3,233,903
36,119,851	31,157,062	30,209,371	30,133,734	25,047,788	28,861,626
1,051,371	1,041,945	1,008,466	972,443	1,019,370	1,197,794
12,580,933	18,095,424	17,089,401	15,489,302	15,219,587	17,836,700
3,767,800	2,309,846	1,948,808	1,298,924	859,511	1,326,809
111,253,928	107,575,431	107,026,691	107,305,875	87,164,089	86,730,119
12,436,244	9,282,089	9,778,478	8,768,573	8,156,391	11,411,885
12,102,441	12,124,427	11,264,808	11,386,290	10,386,922	11,178,500
8,692,908	8,823,785	8,112,935	7,450,660	6,785,186	3,075,346
14,226,090	11,546,673	10,492,037	9,052,687	8,769,545	9,103,012
21,039,274	23,900,882	16,450,228	13,566,023	10,978,733	8,458,402
19,251,357	33,179,578	46,917,311	43,364,800	27,909,694	19,584,815
4,332,159	1,496,087	533,279	176,061	29,161	26,755
1,760,134	1,958,388	1,598,807	1,547,751	1,501,752	1,434,523
93,840,607	102,311,909	105,147,883	95,312,845	74,517,384	64,273,238
17,413,321	5,263,522	1,878,808	11,993,030	12,646,705	22,456,881
-	1,558,097	4,400,000	-	-	-
-	1,558,097	4,400,000	-	-	-
2,590,955	-	-	-	-	487,227
8,278,692	7,662,207	9,550,514	2,989,329	3,927,765	3,740,077
(18,380,627)	(18,421,513)	(18,120,682)	(11,591,270)	(16,392,428)	(13,495,185)
(7,510,980)	(7,643,112)	229,832	(8,601,941)	(12,464,663)	(9,267,881)
9,902,341	(2,379,590)	2,108,640	3,391,089	182,042	13,189,000
61,900,751	65,838,438	64,722,707	61,331,618	61,149,576	47,960,576
\$ 71,803,092	\$ 61,900,751	\$ 65,838,438	\$ 64,722,707	\$ 61,331,618	\$ 61,149,576
8.24%	4.21%	3.66%	3.32%	3.28%	3.27%

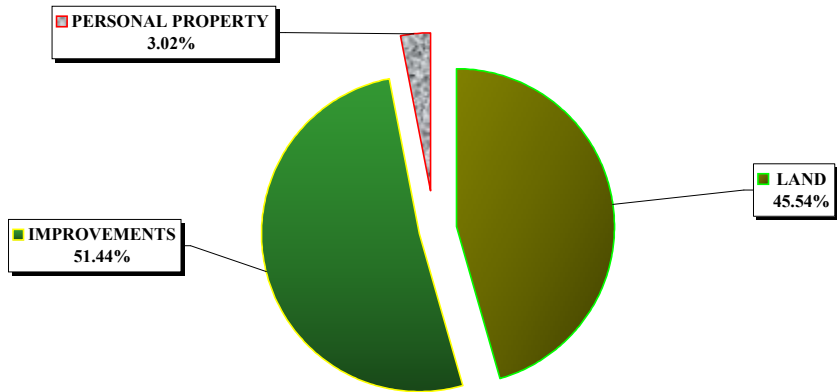
Source: City of Santa Clarita, Administrative Services Department - Finance Division

CITY OF SANTA CLARITA

**ASSESSED VALUATION ⁽¹⁾ and ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED - UTILITY				LAND	IMPROVE- MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL
	LAND	IMPROVE- MENTS	PERSONAL PROPERTY	TOTAL					
1998-99	1,932,727	558,165	270,790	2,761,682	3,293,436,525	5,288,454,498	81,080,379	(119,145,230)	8,543,826,172
1999-00	1,733,140	323,181	185,010	2,241,331	3,549,417,695	5,661,843,960	91,953,388	(121,319,796)	9,181,895,247
2000-01	2,961,227	298,757	171,028	3,431,012	3,945,586,755	6,169,813,280	91,784,122	(155,105,480)	10,052,078,677
2001-02	2,759,375	327,081	187,242	3,273,698	4,337,350,843	6,540,398,513	95,719,580	(188,756,582)	10,784,712,354
2002-03	2,743,160	314,910	180,275	3,238,345	4,742,666,578	7,042,138,889	91,308,887	(183,110,538)	11,693,003,816
2003-04	5,301,621	43,969,100	205,876	49,476,597	5,312,201,652	7,688,524,882	79,538,536	(187,628,805)	12,892,636,265
2004-05	5,420,327	11,091,534	256,894	16,768,755	6,068,433,252	8,136,867,187	73,449,031	(194,782,110)	14,083,967,360
2005-06	2,098,608	10,833,957	239,620	13,172,185	7,440,682,741	8,947,087,936	89,939,825	(211,472,197)	16,266,238,305
2006-07	2,156,981	8,312,011	197,013	10,666,005	8,556,960,792	9,766,997,767	104,509,489	(253,946,364)	18,174,521,684
2007-08	1,515,305	6,727,866	-	8,243,171	9,899,005,161	10,912,016,138	98,107,607	(214,371,451)	20,694,757,455

ASSESSED VALUATION by CATEGORIES
(Total Secured and Unsecured)
Fiscal Year Ended June 30, 2008



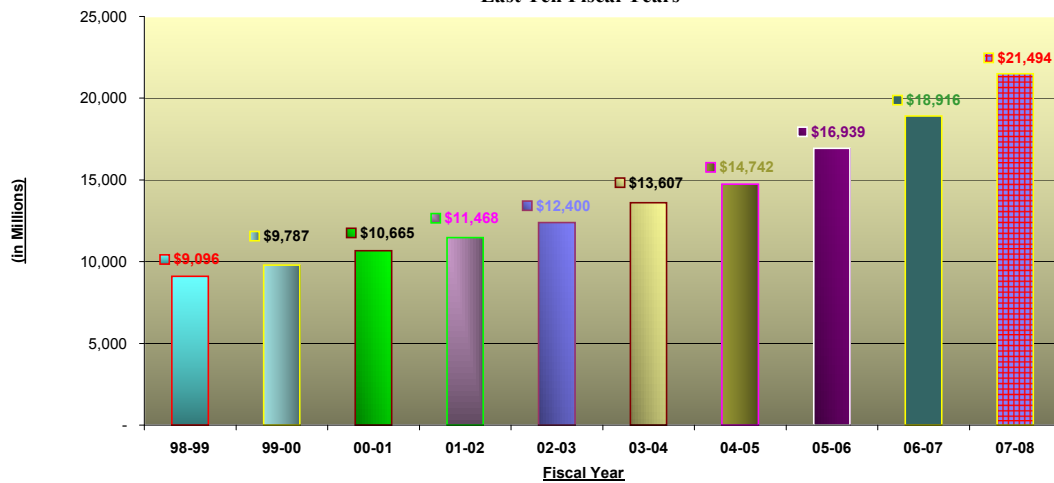
Note:

(1) Assessed valuation is based on 100% of full value in accordance with Section 135 of the California Revenue and Taxation Code

Source: HdL Coren & Cone, County of Los Angeles, Auditor-Controller Office, Combined Tax Rolls 2007/08

LOCALLY ASSESSED				TOTALS				
UNSECURED				BEFORE OTHER EXEMPTIONS	TAXABLE ASSESSED VALUE	% INCR. (DECR.)	TOTAL DIRECT RATE (2)	HOME- OWNER PROPERTY TAX RELIEF
IMPROVE- MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL					
261,802,791	288,487,295	(1,355,411)	548,934,675	9,216,023,170	9,095,522,529	13.25%	0.05903%	201,615,429
282,745,700	319,794,318	-	602,540,018	9,907,996,392	9,786,676,596	7.60%	0.05794%	199,793,885
240,385,121	369,315,436	(87,800)	609,612,757	10,820,315,726	10,665,122,446	8.98%	0.05824%	199,566,151
273,022,487	407,191,186	(639,000)	679,574,673	11,656,956,307	11,467,560,725	7.52%	0.06100%	199,815,494
281,002,279	422,950,745	(95,000)	703,858,024	12,583,305,723	12,400,100,185	8.13%	0.06192%	199,128,847
254,085,173	411,805,661	(1,135,000)	664,755,834	13,795,632,501	13,606,868,696	9.73%	0.06279%	199,643,032
242,047,848	399,549,912	(76,000)	641,521,760	14,937,115,985	14,742,257,875	8.34%	0.06432%	205,852,669
216,098,046	453,406,084	(9,513,134)	659,990,996	17,160,386,817	16,939,401,486	14.90%	0.06909%	206,658,586
255,417,833	482,574,856	(7,299,585)	730,693,104	19,177,126,742	18,915,880,793	11.67%	0.08039%	206,464,204
264,708,723	558,804,055	(32,916,267)	790,596,511	21,740,884,855	21,493,597,137	13.63%	0.08327%	220,192,568

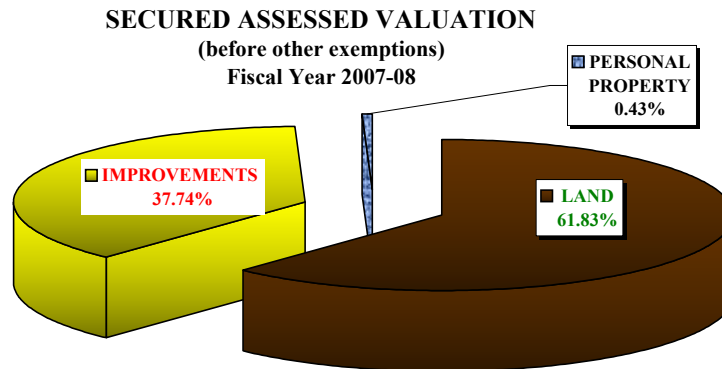
**TOTAL ASSESSED VALUATION
(Taxable Values)
Last Ten Fiscal Years**



(2) Direct Rate includes Redevelopment Agency areas

CITY OF SANTA CLARITA
REDEVELOPMENT AGENCY ⁽¹⁾
ASSESSED VALUATION ⁽²⁾ and ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

FISCAL YEAR	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED (UTILITY)				SECURED				
	LAND	IMPROVEMENTS	PERSONAL PROPERTY	TOTAL	LAND	IMPROVEMENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL
1998-99	\$ 68,944	\$ 51,759	\$ 29,632	\$ 150,335	\$ 115,222,237	\$ 127,657,072	\$ 4,474,912	\$ (4,120,954)	\$243,233,267
1999-00	47,103	35,364	20,244	102,711	119,628,829	131,911,448	3,855,740	(1,609,625)	253,786,392
2000-01	43,544	32,692	18,715	94,951	129,489,221	136,444,009	4,069,074	(1,624,719)	268,377,585
2001-02	47,672	35,789	20,489	103,950	142,657,899	145,596,895	3,810,222	(2,524,574)	289,540,442
2002-03	45,897	34,458	19,726	100,081	149,325,297	149,506,716	5,028,543	(2,575,054)	301,285,502
2003-04	52,416	39,351	22,527	114,294	161,106,889	159,691,365	3,806,986	(4,148,124)	320,457,116
2004-05	65,404	49,101	28,109	142,614	180,810,905	166,935,237	2,314,234	(5,083,826)	344,976,550
2005-06	61,007	45,801	26,219	133,027	273,260,130	176,564,344	2,435,378	(4,859,824)	447,400,028
2006-07	50,158	37,657	21,558	109,373	295,792,467	185,299,271	2,545,972	(5,085,710)	478,552,000
2007-08	-	-	-	-	335,974,647	205,086,767	2,346,546	(4,630,171)	538,777,789



(1) -The Redevelopment Agency of the City of Santa Clarita was established on November 28, 1989, pursuant to the State of California Health and Safety Code, Section 33000. However, the Agency was not active until fiscal year 1998-99 and the Base Year was calculated in fiscal year 1996-97, which included the Homeowners Tax Relief of that year.

(2) -Assessed valuation is based on 100% of full value in accordance with Section 135 of the California Revenue and Taxation Code.

Source: County of Los Angeles, Auditor-Controller/Tax Division

LOCALLY ASSESSED				TOTALS				
UNSECURED				TOTALS	TAXABLE	VALUE	HOME-	
IMPROVE- MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL	BEFORE BASE YEAR	BASE YEAR	ASSESSED VALUE	GROWTH	OWNER PROPERTY TAX RELIEF
\$ 4,972,866	\$ 12,239,116	\$ (3,000)	\$ 17,208,982	\$ 260,592,584	\$ (266,351,517)	\$ (5,758,933)	\$ -	\$ 1,870,400
4,143,500	14,484,623	-	18,628,123	272,517,226	(266,351,517)	6,165,709	11,924,642	1,860,600
3,796,012	16,424,155	(10,000)	20,210,167	288,682,703	(266,351,517)	22,331,186	16,165,477	1,895,600
4,515,557	14,923,310	(15,000)	19,423,867	309,068,259	(266,351,517)	42,716,742	20,385,556	1,918,000
5,983,748	19,053,059	(30,000)	25,006,807	326,392,390	(266,351,517)	60,040,873	17,324,131	1,890,000
6,272,382	19,035,089	(33,000)	25,274,471	345,845,881	(266,351,517)	79,494,364	19,453,491	1,923,600
6,326,173	22,151,970	(33,000)	28,445,143	373,564,307	(266,351,517)	107,212,790	27,718,426	2,161,147
5,901,959	23,034,914	(91,000)	28,845,873	476,378,928	(266,351,517)	210,027,411	102,814,621	2,053,943
26,593,269	25,569,962	(16,300)	52,146,931	530,808,304	(266,351,517)	264,456,787	54,429,376	1,971,567
28,204,577	48,299,529	(217,300)	76,286,806	615,064,595	(266,351,517)	348,713,078	84,256,291	2,034,432

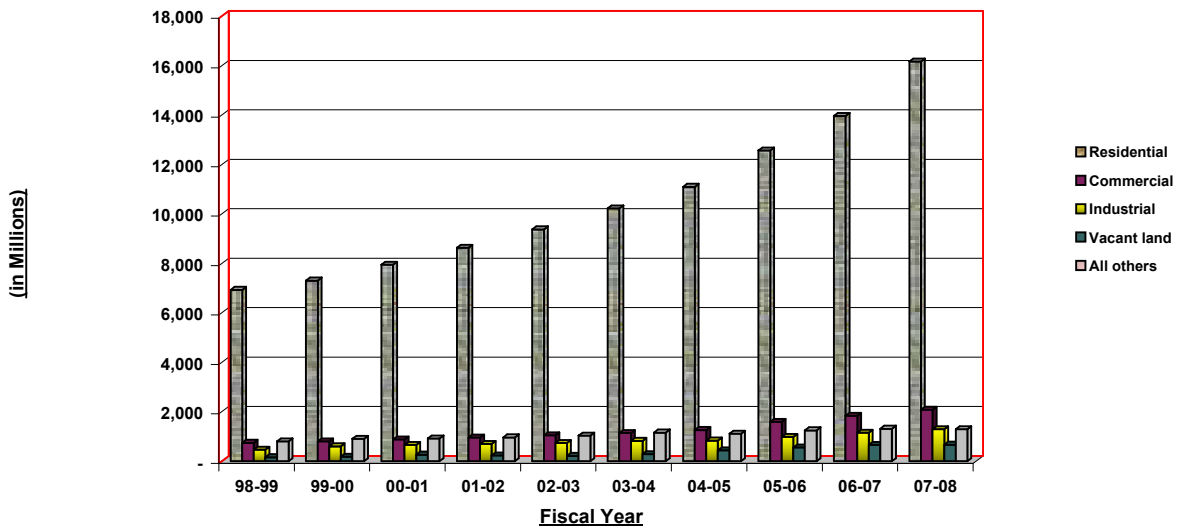
**UNSECURED ASSESSED VALUATION
(before other Exemption)
Fiscal Year 2007-08**



CITY OF SANTA CLARITA
ASSESSED VALUE - TAXABLE PROPERTY
Last Ten Fiscal Years

CATEGORY	FISCAL YEAR				
	07-08	06-07	05-06	04-05	03-04
Residential	\$ 16,165,919,271	\$ 13,962,275,972	\$ 12,569,640,999	\$ 11,097,987,787	\$ 10,221,634,945
Commercial	2,081,576,763	1,836,340,797	1,588,835,810	1,258,389,787	1,132,585,601
Industrial	1,293,080,539	1,148,469,489	980,395,598	833,455,573	817,508,597
Irrigated	3,489,768	29,374,674	28,272,540	4,351,050	3,962,743
Dry farm	-	49,088,244	48,512,253	45,145,241	43,542,990
Recreational	114,868,032	90,435,287	94,916,719	84,727,948	94,694,674
Institutional	130,907,129	94,705,673	91,312,643	80,606,769	113,908,577
Government	197,676	194,922	190,000	-	493,814
Miscellaneous	810,312	795,449	779,859	764,577	667,091
Vacant land	664,792,342	656,660,955	554,551,820	440,215,418	280,744,871
SBE Nonunitary	8,243,171	10,666,005	13,172,185	16,768,755	49,476,597
Possessory Int.	239,115,623	222,654,730	205,526,182	201,323,600	153,302,360
Unsecured	790,596,511	730,697,804	659,990,996	641,526,760	664,760,834
Unknown	-	83,525,492	103,303,882	36,994,610	29,585,002
TOTALS:	\$ 21,493,597,137	\$ 18,915,885,493	\$ 16,939,401,486	\$ 14,742,257,875	\$ 13,606,868,696

ASSESSED VALUE - TAXABLE PROPERTY
Last Ten Fiscal Years



Source: HdL Coren & Cone, Los Angeles County Assessor 2007/08 Combined Tax Rolls.

FISCAL YEAR				
02-03	01-02	00-01	99-00	98-99
\$ 9,373,657,630	\$ 8,630,320,972	\$ 7,948,529,358	\$ 7,306,570,760	\$ 6,927,181,010
1,043,922,879	955,529,671	879,942,873	797,649,082	742,166,572
735,063,812	693,214,978	660,288,367	597,514,771	466,678,700
3,933,315	5,798,245	3,871,007	5,055,001	4,342,301
29,655,961	34,074,195	38,041,655	47,333,049	32,069,164
60,212,317	46,322,531	42,015,479	41,371,556	30,749,352
102,142,853	82,619,342	96,186,317	105,635,607	83,480,361
484,173	474,673	465,377	456,265	698,422
7,591,441	2,697,123	7,823,618	7,687,998	7,774,167
212,233,528	228,265,224	260,536,412	179,422,468	161,050,965
3,238,345	3,273,698	3,431,012	2,241,331	2,241,331
109,259,714	75,116,757	73,906,800	77,224,408	72,702,286
703,858,024	679,574,673	609,612,757	602,540,018	548,934,675
14,846,193	30,278,643	40,471,414	15,974,282	15,453,223
\$ 12,400,100,185	\$ 11,467,560,725	\$ 10,665,122,446	\$ 9,786,676,596	\$ 9,095,522,529

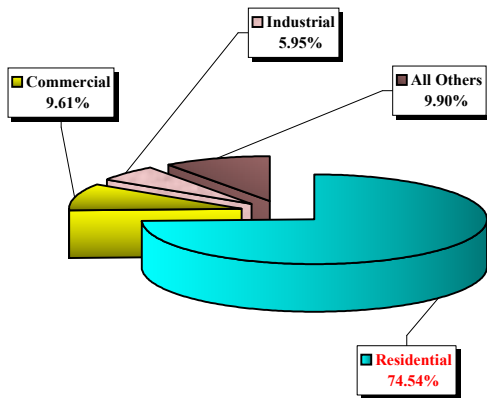
Notes: In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value 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 is subject to the limitation just mentioned.

CITY OF SANTA CLARITA

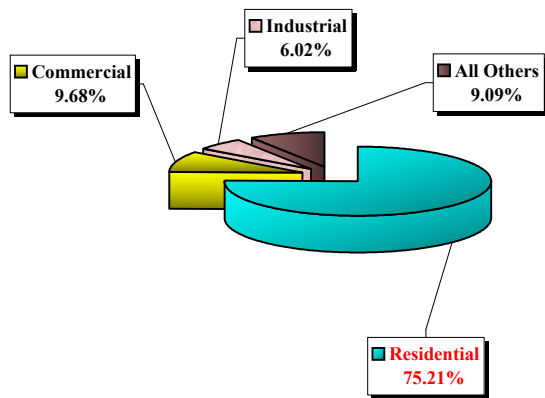
ASSESSED VALUE - USE CATEGORY SUMMARY Fiscal Year 2007-08

CATEGORY	PARCELS	ASSESSED VALUE	PERCENT	EXEMPTIONS	NET TAXABLE VALUE	PERCENT
Residential	48,399	\$ 16,206,510,256	74.54%	\$ 40,590,985	\$ 16,165,919,271	75.213%
Commercial	774	2,088,849,098	9.61%	7,272,335	2,081,576,763	9.685%
Industrial	621	1,294,150,828	5.95%	1,070,289	1,293,080,539	6.016%
Irrigated	6	3,489,768	0.02%	-	3,489,768	0.016%
Recreational	39	122,074,460	0.56%	7,206,428	114,868,032	0.534%
Institutional	86	287,742,311	1.32%	156,835,182	130,907,129	0.609%
Government	5	198,820	0.001%	1,144	197,676	0.001%
Miscellaneous	10	810,312	0.004%	-	810,312	0.004%
Vacant land	3,352	665,454,050	3.06%	661,708	664,792,342	3.093%
SBE Nonunitary	(112)	8,243,171	0.04%	-	8,243,171	0.038%
Possessory Int.	(2,125)	239,849,003	1.10%	733,380	239,115,623	1.112%
Unsecured	(6,907)	823,512,778	3.79%	32,916,267	790,596,511	3.678%
Unknown			0.00%	-		0.000%
TOTALS:	53,292	\$ 21,740,884,855	100.00%	\$ 247,287,718	\$ 21,493,597,137	100.000%

**ASSESSED VALUE by USE CATEGORY
Fiscal Year 2007-08**



**NET TAXABLE VALUE by USE CATEGORY
Fiscal Year 2007-08**

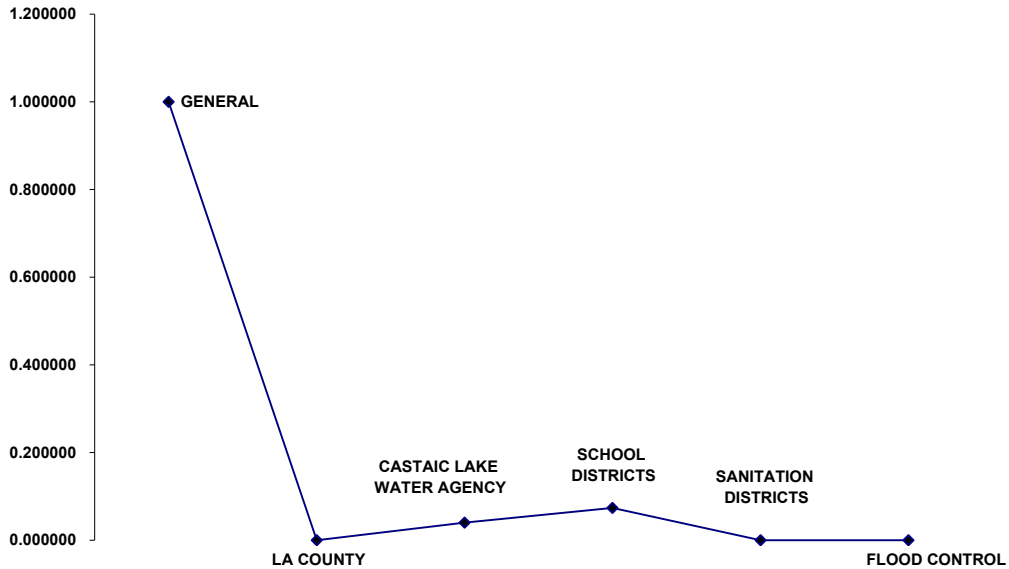


Source: HdL Coren & Cone, Los Angeles County Assessor 2007/08 Combined Tax Rolls.

CITY OF SANTA CLARITA
DIRECT and OVERLAPPING PROPERTY TAX RATES
(rate per \$100 of assessed value)
Last Ten Fiscal Years

Fiscal Year	GENERAL	CASTAIC		SCHOOL DISTRICTS	COUNTY SANITATION DISTRICTS	COUNTY FLOOD CONTROL	TOTAL
		LOS ANGELES COUNTY	LAKE WATER AGENCY				
1998-99	1.000000	0.001564	0.060786	0.028022	0.003126	0.003544	1.097042
1999-00	1.000000	0.001314	0.060614	0.026663	0.001015	0.001519	1.091125
2000-01	1.000000	0.001314	0.060614	0.000298	0.000498	0.001552	1.064276
2001-02	1.000000	0.001128	0.123017	0.041235	0.000561	0.001073	1.167014
2002-03	1.000000	0.001033	0.106227	0.069731	0.000487	0.000881	1.178359
2003-04	1.000000	0.000992	0.066000	0.079461	0.000328	0.000462	1.147243
2004-05	1.000000	0.000923	0.056169	0.064493	0.000321	0.000245	1.122151
2005-06	1.000000	0.000795	0.049327	0.064422	0.000000	0.000049	1.114593
2006-07	1.000000	0.000660	0.040000	0.060360	0.000000	0.000050	1.101070
2007-08	1.000000	0.000000	0.040000	0.074050	0.000000	0.000000	1.114050

DIRECT and OVERLAPPING PROPERTY TAX RATES
Fiscal Year 2007-08



Source: HdL Coren & Cone, Los Angeles County Assessor 2007-08 Tax Rate Table

CITY OF SANTA CLARITA

DIRECT and OVERLAPPING PROPERTY TAX RATES

(rate per \$100 of assessed value)

One Year Detail of Rates producing Revenue for City and Associated Redevelopment Agencies

City General Fund Direct Rates				RDA Incremental Rate	Total Direct Rate
Roll Year	City Share of 1% per Prop. 13	Debt Rates	Total City Rates	Prop. 13 plus applicable voter approved debt	
2007-08	0.079870	0.000000	0.079870	1.04000%	0.08327%

<u>Agency</u>	<u>2007-08</u>	
City of Santa Clarita Tax District 1 (249.01)	0.05735	Notes: General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rates area (TRA) by net taxable value. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows. RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. In 1978, California voters passed Proposition 13 which set the property tax at a 1.00% fixed amount. This 1.00% is shared by all the taxing agencies for which the subject property resides within. In addition to 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
Castaic Lake Water Agency (302.01)	0.05779	
Children's Institutional Tuition Fund (400.21)	0.00283	
Consolidated Fire Protection District of LA Co. (007.30)	0.16341	
County School Service Fund Newhall (581.06)	0.00801	
County School Service Hart William S. Hart (757.06)	0.00034	
County School Services (400.15)	0.00143	
Development Center Handicapped Minor Newhall (581.07)	0.00088	
Educational Augmentation Fund Impound (400.01)	0.13377	
Educational Revenue Augmentation Fund(ERAF) (400.00)	0.08255	
Greater LA Co. Vector Control (061.80)	0.00032	
LA County Library (003.01)	0.02364	
LA County Fire - Ffw (007.31)	0.00323	
LA County Flood Control Improvement District (030.10)	0.00176	
LA County Flood Control Maintenance (030.70)	0.00996	
LA County General (001.05)	0.14051	
LA County Accum Cap Outlay (001.20)	0.00009	
Newhall Scholl District (581.01)	0.08349	
Santa Clarita Community College (814.04)	0.03744	
Santa Clarita Street Light Maintenance #2 (249.32)	0.02253	
Santa Clarita Valley Sanitation Dist. La Co.	0.02503	
Valencia Areawide Landscape T1A S.C.	0.01924	
William S. Hart Elementary School Fund (757.07)	0.04289	
William S. Hart Union High (757.02)	0.08151	
Total Prop. 13 Rate:	1.00000	
Castaic Lake Water Agency (302.01)	0.04000	
William S. Hart Un.Hsd Debt Services (757.51)	0.01028	
Newhall Elementary School District Debt Services 1999 Ser. B (581.53)	0.01533	
Newhall Elementary School District Debt Services 1999 Ser. A (581.52)	0.01402	
Santa Clarita Community College Debt Services 2001 Ser. 2005 (814.50)	0.00626	
Santa Clarita Community College Debt Services 2006 Ser. 2007 (814.55)	0.00776	
Santa Clarita Community College Debt Services 2005 Refunding Bonds (814.53)	0.00385	
Santa Clarita Community College Debt Services 2001 Ser. 2003 (814.52)	0.00198	
Santa Clarita Community College Debt Services 2001 Ser. 2002 (814.51)	0.00122	
William S. Hart Unified Debt Services (757.52)	0.01336	
Total Tax Rate	0.11405	

Source: HdL Coren & Cone, Los Angeles County Assessor 2007/08 Tax Rate Table

CITY OF SANTA CLARITA
PRINCIPAL PROPERTY TAXPAYERS
 Current Fiscal Year and Two Fiscal Years Ago

OWNER/TAXPAYER	FISCAL YEAR 2007-08			FISCAL YEAR 2005-06		
	Number of Parcels	TOTAL ASSESSED VALUE	PERCENT of TOTAL CITY ASSESSED VALUE	Number of Parcels	TOTAL ASSESSED VALUE	PERCENT of TOTAL CITY ASSESSED VALUE
Valencia Town Center	30	\$ 277,077,500	1.27 %	30	\$ 227,588,430	1.33 %
EQR Valencia LLC	218	91,285,050	0.42	217	54,881,437	0.32
Casden Santa Clarita LLC	25	78,029,956	0.36	25	74,999,960	0.44
Sam's Real Estate Business Trust/WalMart	4	74,050,394	0.34	-	-	-
Prado Town Center West LLC	267	72,754,504	0.33	8	48,696,944	0.28
Rreef America Reit II Corporation	2	72,650,100	0.33	-	-	-
Newhall Land and Farming Company	296	72,554,608	0.33	142	124,754,967	0.73
Princess Cruises Inc.	5	66,006,818	0.30	7	60,186,928	0.35
ERP Operating	5	65,098,719	0.30	-	-	-
Prism River Oaks Limited Partnership	7	53,641,335	0.25	-	-	-
EQR Town Center LLC	-	-	-	3	50,687,860	0.30
Henry Mayo Newhall Memorial	-	-	-	-	-	-
California Institute of Arts	-	-	-	-	-	-
CPF Promenade LLC	-	-	-	16	63,386,867	0.37
EQR Essex Place Financing Limited	-	-	-	2	48,610,900	0.28
Lexington Lion Clarita Limited Partnership	-	-	-	6	48,643,800	0.28
Total		923,148,984	4.25 %		753,794,293	4.41 %
All Others		20,817,735,871	95.75		16,357,948,724	95.59
Total Assessed Valuation		\$ 21,740,884,855	100.00 %		\$ 17,111,743,017	100.00 %

NOTE: The amounts shown above include assessed value data for both the City and the Redevelopment Agency. Prior years' information are not available at this time.

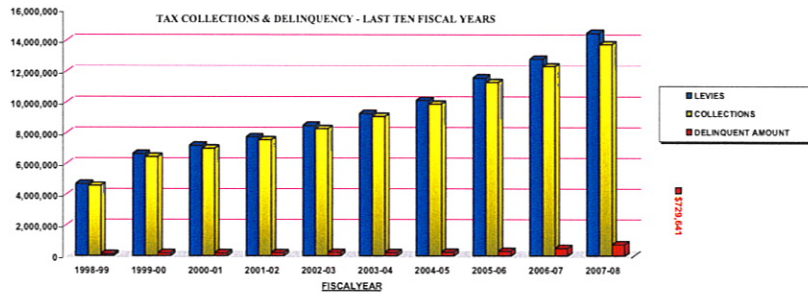
Source: HdL Coren & Cone, LA County Assessor 2007/08 Combined Tax Rolls



CITY OF SANTA CLARITA

PROPERTY TAX LEVIES, TAX COLLECTIONS, AND DELINQUENCY
Last Ten Fiscal Years

FISCAL YEAR	TAXES LEVIED	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS (1)	TOTAL COLLECTIONS TO DATE		DELINQUENT AMOUNT	PERCENT DELINQUENCY
		AMOUNT	PERCENT OF LEVY		AMOUNT (1)	PERCENT OF LEVY (1)		
1998-99	4,695,918	4,560,128	97.1%	N/A	N/A	N/A	135,790	2.89%
1999-00	6,652,430	6,456,536	97.1%	N/A	N/A	N/A	195,894	2.94%
2000-01	7,188,685	6,993,761	97.3%	N/A	N/A	N/A	194,924	2.71%
2001-02	7,741,409	7,542,204	97.4%	N/A	N/A	N/A	199,205	2.57%
2002-03	8,494,397	8,274,896	97.4%	N/A	N/A	N/A	219,501	2.58%
2003-04	9,271,388	9,066,213	97.8%	N/A	N/A	N/A	205,175	2.21%
2004-05	10,118,983	9,878,450	97.6%	N/A	N/A	N/A	240,533	2.38%
2005-06	11,593,852	11,292,337	97.4%	N/A	N/A	N/A	301,515	2.60%
2006-07	12,804,630	12,317,614	96.2%	N/A	N/A	N/A	487,016	3.80%
2007-08	14,483,825	13,754,184	95.0%	N/A	N/A	N/A	729,641	5.04%



NOTES:

(1) For tax increment revenue, LA County does not provide detail of prior year collections. Therefore, the information about subsequent collections and total collections to date is not available.

Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

Source: County of LA, Department of Auditor-Controller

CITY OF SANTA CLARITA
RATIO OF OUTSTANDING DEBT by TYPE
Last Ten Fiscal Years

GOVERNMENTAL ACTIVITIES										
FISCAL YEAR	CERTIFICATES			LOANS	NOTES	BONDS (2)	TAX ALLOCATION		CAPITAL	TOTAL
	OF PARTICIPATION (1)	(3)					BONDS (4)	(5)	LEASES	
1998-99	19,670,000	-	-	-	3,059,483	-	-	-	464,572	23,194,055
1999-00	19,670,000	-	2,000,000	-	3,019,844	-	-	-	394,878	25,084,722
2000-01	19,670,000	3,200,000	1,870,000	-	2,859,195	-	-	-	322,347	27,921,542
2001-02	19,475,000	3,200,000	2,940,000	-	2,665,846	-	-	-	262,056	28,542,902
2002-03	18,975,000	2,665,000	4,213,913	-	2,507,371	-	-	-	183,909	28,545,193
2003-04	18,335,000	2,040,000	6,333,828	-	-	-	-	-	103,275	26,812,103
2004-05	17,640,000	1,390,000	5,698,192	-	-	-	-	-	23,798	24,751,990
2005-06	17,700,000	710,000	5,029,113	-	-	-	-	-	12,211	23,451,324
2006-07	16,760,000	-	4,328,207	-	13,785,000	-	-	-	36,401	34,909,608
2007-08	15,790,000	15,525,000	3,593,734	-	13,575,000	29,860,000	8,850,000	-	23,676	87,217,410

NOTES:

(1) In 1991 the Santa Clarita Public Financing Authority issued \$22,940,000 aggregate principal amount of Local Agency (Redevelopment) Revenue Bonds Series 1991. Simultaneously with the receipt of the Bond proceeds, the Authority acquired \$22,940,000 Certificates of Participation issued by the Santa Clarita Redevelopment Agency, of which the proceeds were transferred to the City to finance and/or refinance the design, acquisition, improvement or construction of land, the City Hall Building and certain road improvements, and to refinance certain debt. The Agency leased back the facilities to the City for lease payments to be made by the City to Financing Authority equal to the principal and interest due on the principal and interest due on the revenue bonds. At this point of time, the RDA was not active.

-The 1991 Series certificates were later refunded in fiscal year 1997-98 by the Certificates of Participation Series 1997 of \$19,670,000. As a result, the 1991 Series certificates are considered to be defeased and the liability for those certificates were removed from the general long-term debt.

-On July 1, 2005, the Santa Clarita Public Financing Authority issued \$17,700,000 in Certificates of advance refund \$17,640,000 of outstanding 1997 Series certificates. As a result, the 1997 Series were considered defeased and the liability for those certificates were removed from the long-term liability.

-In November 2001, the Authority issued \$3,200,000 in Certificates of Participation for the acquisition of parkland.

(2) On January 16, 2007, the Santa Clarita Public Financing Authority issued \$13,785,000 Lease Revenue Bonds, Series 2007 for the acquisition of right-of-way.

(3) On December 1, 2007, the Santa Clarita Public Financing Authority issued \$15,525,000 in Certificates of Participation for the acquisition of open space and parkland.

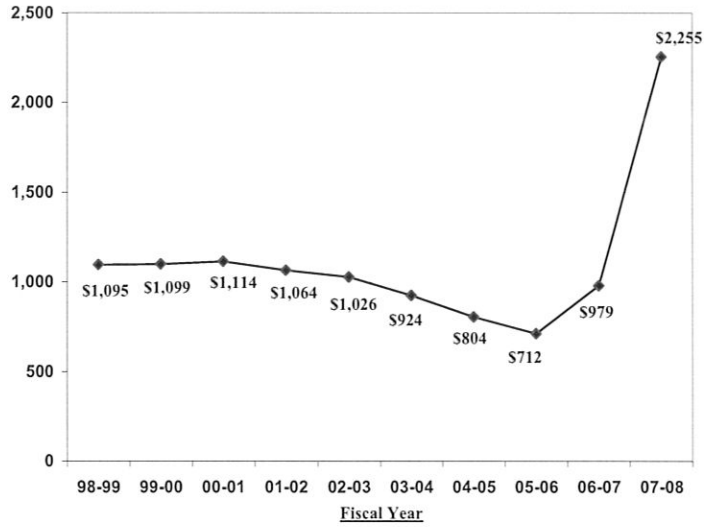
(4) On June 1, 2008, the Santa Clarita Redevelopment Agency issued \$29,860,000 in Non Housing Tax Allocation Bonds to fund certain redevelopment projects within the Newhall Redevelopment Project area.

(5) On June 1, 2008, the Santa Clarita Redevelopment Agency issued \$8,850,000 in Low/Mod Housing Tax Allocation Bonds to fund certain redevelopment Housing projects within the Newhall Redevelopment Project area.

Sources: City of Santa Clarita, Administrative Services Department - Finance Division
County of Los Angeles Auditor-Controller.

BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERCENTAGE of TAXABLE ASSESSED VALUE	DEBT PER CAPITA
MASTER LEASE OBLIGATIONS	LEASE PAYABLE	TOTAL			
550,092	6,062,682	6,612,774	29,806,829	0.33%	\$1,095.03
284,106	5,378,351	5,662,457	30,747,179	0.31%	1,099.17
-	4,656,704	4,656,704	32,578,246	0.31%	1,114.47
-	3,897,133	3,897,133	32,440,035	0.28%	1,063.50
-	3,088,996	3,088,996	31,634,189	0.26%	1,026.15
-	2,236,624	2,236,624	29,048,727	0.21%	923.59
-	1,919,312	1,919,312	26,671,302	0.18%	803.86
-	1,586,319	1,586,319	25,037,643	0.15%	711.54
-	1,236,869	1,236,869	36,146,477	0.19%	979.13
-	870,149	870,149	88,087,559	0.41%	2,254.84

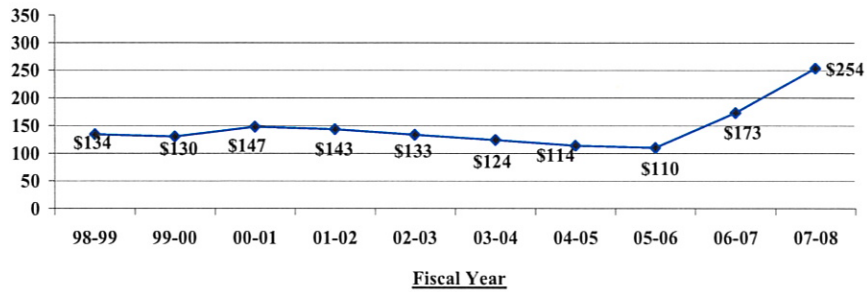
OUTSTANDING DEBT per CAPITA
Last Ten Fiscal Years



CITY OF SANTA CLARITA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

FISCAL YEAR	OUTSTANDING GENERAL BONDED DEBT				PERCENTAGE of TAXABLE ASSESSED VALUE DEBT PER CAPITA	
	POPULATION (1)	REVENUE BONDS	CERTIFICATES of PARTICIPATION	TOTAL	VALUE	CAPITA
1998-99	146,979	-	19,670,000	19,670,000	0.22%	134
1999-00	151,260	-	19,670,000	19,670,000	0.20%	130
2000-01	155,124	-	22,870,000	22,870,000	0.21%	147
2001-02	158,289	-	22,675,000	22,675,000	0.20%	143
2002-03	162,875	-	21,640,000	21,640,000	0.17%	133
2003-04	164,916	-	20,375,000	20,375,000	0.15%	124
2004-05	166,958	-	19,030,000	19,030,000	0.13%	114
2005-06	167,412	-	18,410,000	18,410,000	0.11%	110
2006-07	177,158	13,893,228	16,760,000	30,653,228	0.16%	173
2007-08	177,045	13,575,000	31,315,000	44,890,000	0.21%	254

GENERAL BONDED DEBT OUTSTANDING
per CAPITA
Last Ten Fiscal Years



Source: (1) State of California, Finance Department

CITY OF SANTA CLARITA
DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2008

2007-08 Assessed Valuation: \$21,493,597,137 (Net of Redevelopment
Agency Incremental Value of \$348,713,078)

2007-08 Population: 177,045

	Total Debt 06/30/2008	Percent Applicable To City (1)	City's Share of Debt 06/30/2008
OVERLAPPING TAX AND OVERLAPPING BONDED DEBT:			
Los Angeles County Flood Control District	\$ 99,210,000	2.432 %	\$ 2,412,787
Newhall County Water District - I.D. No. 2 (Sewer and Water issues)	170,000	99.138-99.214	168,592
Santa Clarita Community College District	152,402,974	61.914	94,358,777
William S. Hart Union High School District	144,186,106	61.908	89,258,409
William S. Hart Union High School District - Community Facilities District No. 87-1	3,144,562	100.000	3,144,562
William S. Hart Union High School District - Community Facilities District No. 89-1	1,052,442	100.000	1,052,442
William S. Hart Union High School District - Community Facilities District No. 90-1	750,000	70.348	527,610
Los Angeles County Community College and Unified School Districts	8,695,865,000	0.0000	1,739
Castaic Union School District	11,111,914	23.327	2,592,076
Newhall School District	32,070,000	57.572	18,521,066
Saugus Union School District	91,287,532	73.139	66,766,788
Sulphur Springs Union School District	11,770,000	71.972	8,471,104
City of Santa Clarita Open Space and Parkland Assessment District	15,525,000	100.000	15,525,000
City of Santa Clarita Community Facilities District No. 2002-1	17,205,000	100.000	17,205,000
City of Santa Clarita 1915 Act Bonds	1,180,000	100.000	1,180,000
Los Angeles County Regional Park and Open Space Assessment District	269,995,000	2.405	6,493,380
Total Overlapping Tax and Assessment Debt			<u>327,679,332</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	1,019,552,788	2.405 %	24,520,245
Los Angeles County Pension Obligations	352,255,398	2.405	8,471,742
Los Angeles County Superintendent of Schools - Certificates of Participation	17,861,064	2.405	429,559
Los Angeles County Sanitation District No. 32 Authority	37,822,416	64.254	24,302,415
Los Angeles County Sanitation District No. 23 Authority	4,206,664	0.200	8,413
Santa Clarita Community College District - Certificates of Participation	28,675,000	61.914	17,753,840
William S. Hart Union High School District - Certificates of Participation	18,620,000	61.905	11,526,711
Castaic Union School District - Certificates of Participation	22,000,325	23.327	5,132,016
Newhall School District - Certificates of Participation	4,754,675	57.752	2,745,920
Saugus Union School District - Certificates of Participation	845,000	73.139	618,025
Sulphur Springs Union School District - Certificates of Participation	28,799,058	71.972	20,727,258
Los Angeles Unified School District - Certificates of Participation	498,121,710	0.00002	100
City of Santa Clarita - Certificates of Participation	29,365,000	100.000	29,365,000
Total Direct and Overlapping General Fund Debt			<u>145,601,244</u>
COMBINED TOTAL DEBT			<u>\$ 473,280,576</u> (2)

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the City
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 2007-08 Assessed Valuation</u>		<u>Per Capita</u>
Total Overlapping Tax and Assessment Debt.....	1.52%	\$1,850.83
Combined Direct Debt (\$44,890,000).....	0.21%	165.86
Combined Total Debt.....	2.24%	\$2,673.22

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2008: \$0

CITY OF SANTA CLARITA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

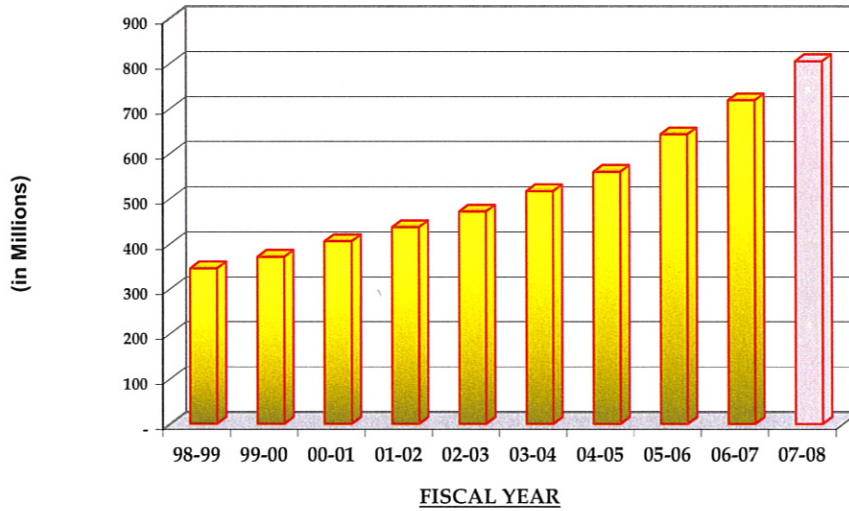
	FISCAL YEAR			
	07-08	06-07	05-06	04-05
Assessed valuation	\$ 21,493,597,137	\$ 19,177,131,442	\$ 17,160,386,817	\$ 14,937,115,985
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	5,373,399,284	4,794,282,861	4,290,096,704	3,734,278,996
Debt limit percentage	15%	15%	15%	15%
Debt limit	806,009,893	719,142,429	643,514,506	560,141,849
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	\$ 806,009,893	\$ 719,142,429	\$ 643,514,506	\$ 560,141,849
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% market value. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR					
03-04	02-03	01-02	00-01	99-00	98-99
\$ 13,795,632,501	\$ 12,583,305,723	\$ 11,656,956,307	\$ 10,820,315,726	\$ 9,907,996,392	\$ 9,216,023,170
25%	25%	25%	25%	25%	25%
3,448,908,125	3,145,826,431	2,914,239,077	2,705,078,932	2,476,999,098	2,304,005,793
15%	15%	15%	15%	15%	15%
517,336,219	471,873,965	437,135,862	405,761,840	371,549,865	345,600,869
-	-	-	-	-	-
\$ 517,336,219	\$ 471,873,965	\$ 437,135,862	\$ 405,761,840	\$ 371,549,865	\$ 345,600,869
0%	0%	0%	0%	0%	0%

LEGAL DEBT MARGIN
Last Ten Fiscal Years



CITY OF SANTA CLARITA
PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	TRANSIT					COVERAGE
	TRANSIT REVENUES (1)	LESS OPERATING EXPENSES (2)	NET AVAILABLE REVENUES	DEBT SERVICE		
				Principal	Interest	
1998-99	10,906,892	9,268,960	1,637,932	754,667	287,604	9.56%
1999-00	12,108,910	10,217,313	1,891,597	950,317	351,533	10.75%
2000-01	21,469,569	11,636,514	9,833,055	1,005,753	445,170	6.76%
2001-02	25,041,599	12,582,811	12,458,788	759,571	228,698	3.95%
2002-03	15,714,048	13,167,728	2,546,320	808,137	192,799	6.37%
2003-04	24,171,361	13,693,876	10,477,485	852,372	135,063	4.09%
2004-05	35,677,983	14,037,109	21,640,874	317,312	102,395	1.18%
2005-06	22,041,436	17,242,035	4,799,401	332,993	86,230	1.90%
2006-07	19,468,288	19,033,240	435,048	349,449	69,388	2.15%
2007-08	24,888,921	22,204,777	2,684,144	366,720	60,298	1.72%

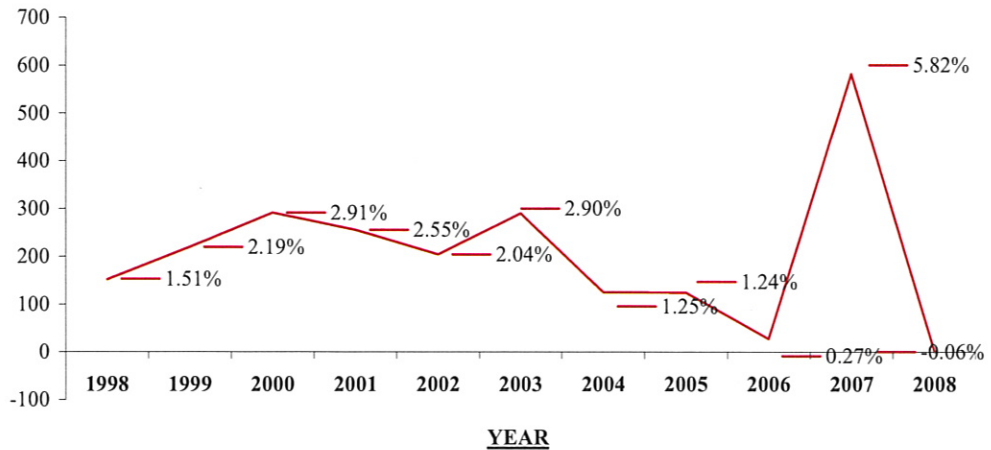
NOTE: (1) Includes Other revenues, Transfers-in, and Capital contributions
(2) Includes Transfers-out and Other expenses

Source: City of Santa Clarita, Administrative Services Department - Finance Division

CITY OF SANTA CLARITA
DEMOGRAPHIC and ECONOMIC STATISTICS
Last Ten Calendar Years

YEAR	CITY OF SANTA CLARITA POPULATION (1)	AVERAGE ANNUAL PERCENTAGE INCREASE	LOS ANGELES COUNTY POPULATION (1)	AVERAGE ANNUAL PERCENTAGE INCREASE	PER CAPITA PERSONAL INCOME (2)	UNEMPLOYMENT RATE (3)
1998	143,836	1.51%	9,225,788	0.86%	\$ 27,220	6.60%
1999	146,979	2.19%	9,330,116	1.13%	27,973	5.90%
2000	151,260	2.91%	9,487,409	1.69%	29,232	5.40%
2001	155,124	2.55%	9,653,900	1.75%	30,503	5.70%
2002	158,289	2.04%	9,817,400	1.69%	30,828	6.80%
2003	162,875	2.90%	9,966,200	1.52%	31,452	7.00%
2004	164,916	1.25%	10,107,451	1.42%	33,179	6.50%
2005	166,958	1.24%	10,166,417	0.58%	35,188	5.30%
2006	167,412	0.27%	10,245,572	0.78%	36,917	4.20%
2007	177,158	5.82%	10,331,939	0.84%	39,066 (4)	2.70%
2008	177,045	-0.06%	10,363,850	0.31%	41,875	4.70%

CITY OF SANTA CLARITA
POPULATION -PERCENT CHANGE
Last Ten Years



- Sources: (1) State of California, Finance Department
(2) U.S. Department of Commerce, Bureau of Economic Analysis (BEA)
Personal Income and Unemployment rates are for the regional area, Los Angeles. The City of Santa Clarita's related information is not available.
(3) State of California, Department of Employment Development (EDD)
(4) Annual data is not available; average figures for first 10 months of the calendar year were utilized.

CITY OF SANTA CLARITA

PRINCIPAL EMPLOYERS ⁽¹⁾

Current Fiscal Year and Three Fiscal Years Ago

EMPLOYER	2008		2005	
	NUMBER	PERCENT	NUMBER	PERCENT
	of EMPLOYEES	of TOTAL EMPLOYMENT	of EMPLOYEES	of TOTAL EMPLOYMENT
Six Flag Magic Mountain	3,689	15.64%	3,878	19.56%
Princess Cruises	2,100	8.90%	1,577	7.95%
Henry Mayo Newhall Memorial Hospital	1,212	5.14%	1,240	6.25%
H.R. Textron	845	3.58%	662	3.34%
The Master's College	755	3.20%	755	3.81%
Specialty Laboratories	725	3.07%	670	3.38%
Arvato Services	586	2.48%	474	2.39%
California Institute of Arts	500	2.12%	515	2.60%
Aerospace Dynamics	450	1.91%	435	2.19%
Fanfare Media Works	407	1.73%	490	2.47%
Total	11,269	47.77%	10,696	53.95%
All Others	12,323	52.23%	9,131	46.05%
Total employment in Santa Clarita (1)	23,592	100.00%	19,827	100.00%

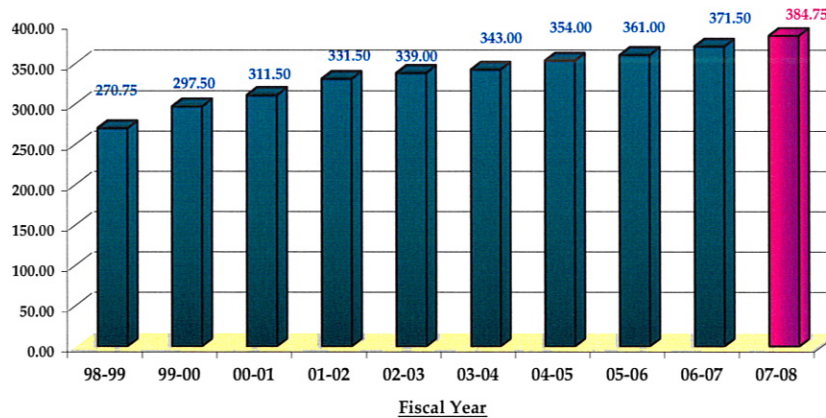
NOTE: (1) Non-governmental employers

Source: 2008 Santa Clarita Valley - Real Estate and Economic Outlook

CITY OF SANTA CLARITA
FULL-TIME and PART-TIME CITY EMPLOYEES
by FUNCTION
Last Ten Fiscal Years

Function	FISCAL YEAR									
	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01	99-00	98-99
General government	91.75	86.00	96.00	79.00	78.00	78.00	75.00	68.50	64.50	62.00
Public safety (1)	-	-	-	-	-	-	-	-	-	-
Public works	136.50	133.50	115.00	146.00	138.00	150.00	150.50	138.00	134.00	119.00
Community development	35.00	33.00	36.00	20.00	20.00	20.00	19.00	18.00	18.00	17.00
Parks and Recreation	110.50	108.00	106.00	101.00	99.00	84.00	80.00	80.00	73.00	65.75
Transit	11.00	11.00	8.00	8.00	8.00	7.00	7.00	7.00	8.00	7.00
Totals	384.75	371.50	361.00	354.00	343.00	339.00	331.50	311.50	297.50	270.75

CITY OF SANTA CLARITA - EMPLOYEES
Last Ten Fiscal Years



(1) Police and Fire services have been provided by the County

Source: City of Santa Clarita, Administrative Services Department - Finance Division

CITY OF SANTA CLARITA

OPERATING INDICATORS

by FUNCTION

Last Ten Fiscal Years

Function	FISCAL YEAR				
	07-08	06-07	05-06	04-05	03-04
Police:					
Parking citation issued (1)	5,257	4,587	6,042	5,960	5,040
Parking revenue collected	\$ 288,076	\$ 334,927	\$ 27,257	\$ 10,427	\$ 10,324
Public works:					
Street resurfacing (miles)	15.4	15.4	16.5	12.5	7.5
Parks and Recreation:					
Number of recreation classes	2,393	2,535	2,357	2,443	2,469
Number of facility rentals (times)	9,767	19,645	19,435	17,739	15,005
Transit:					
Number of customers served (2)	3,821,299	3,733,299	3,718,640	3,527,000	3,429,913

NOTE: (1) The City of Santa Clarita contracts Los Angeles County, Sheriff Department for its Police services.
The number of citation issued and money collected are within the City's boundaries.

(2) Number of customers served include those outside of the City boundaries.

Source: City of Santa Clarita, Administrative Services Department - Finance Division

FISCAL YEAR				
02-03	01-02	00-01	99-00	98-99
3,893	3,674	3,322	Not Available	Not Available
\$ 7,011	\$ 6,239	\$ 5,762	Not Available	Not Available
6.5	6.5	6.5	5.5	5.5
2,267	1,929	1,874	1,479	1,534
12,765	11,505	10,245	8,985	8,500
3,006,739	2,991,605	2,964,613	2,384,919	2,235,079

CITY OF SANTA CLARITA

CAPITAL ASSET STATISTICS

by FUNCTION

Last Ten Fiscal Years

Function	FISCAL YEAR									
	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01	99-00	98-99
Public works:										
Streets (miles)	496	496	496	462	462	452	452	452	426	426
Street lights (1)	14,429	14,000	13,200	13,000	12,000	12,000	11,647	11,647	-	-
Traffic signals (City Jurisdiction)	176	166	167	165	158	151	141	134	129	118
Traffic signals (Joint-Jurisdiction)	4	4	5	5	4	2	2	2	-	-
Parks and recreation:										
Number of parks	20	19	18	17	16	16	15	13	12	12
Community centers	1	1	1	-	-	-	-	-	-	-
Transit:										
Stations	4	4	4	4	4	4	4	3	3	2

NOTE: (1) All of the above referred street lights are/were owned and maintained by Edison Company. The Highway Safety Lights (HSL) are the streetlights attached to traffic signals (200) and those are the City owned and maintained through a contract with the County. The City took over the streetlights from County in 1998 and the City Engineering division established the inventory reports since 2001.

Source: City of Santa Clarita, Administrative Services Department - Finance Division