

City of  
Santa Clarita

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November 30, 1997

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

To: City Manager

It is a pleasure to submit for your information the Comprehensive Annual Financial Report of the City of Santa Clarita for the fiscal year ended June 30, 1997. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

### **Organization of This Report**

The Comprehensive Annual Financial Report is prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the independent public accounting firm of Moreland & Associates.

Organization of the financial report follows the guidelines set forth by the Government Finance Officers Association of the United States and Canada (GFOA) and the California Society of Municipal Finance Officers (CSMFO). A Certificate of Achievement for Excellence in Financial Reporting is presented by the GFOA and a Certificate of Award for Outstanding Financial Reporting by the CSMFO to those entities whose comprehensive annual financial reports are judged to substantially conform to program standards. In order to receive the awards, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

The City of Santa Clarita received both awards for the last eight years' financial reports and, in my opinion, the accompanying financial report conforms to the high standards of public financial reporting and will again this year be submitted to both award programs for review.



PRINTED ON RECYCLED PAPER

In accordance with the above-mentioned guidelines, the Comprehensive Annual Financial report is divided into three sections:

**I. Introductory Section**

Letter of transmittal  
GFOA Certificate of Achievement for Excellence in  
Financial Reporting  
CSMFO Certificate of Award for Outstanding Financial  
Reporting  
Officials of the City of Santa Clarita  
City organization chart

**II. Financial Section**

Independent auditors' report  
General purpose financial statements  
Notes to general purpose financial statements  
Supplemental financial statements and schedules

**III. Statistical Section**

Pertinent financial and nonfinancial data that presents  
historical trends and facts about the City

The Financial Section of this report has been structured so as to represent a "reporting pyramid." The significance of the levels of this pyramid are as follows:

**General Purpose Financial Statements** - This level includes the Independent Auditors' Report, the General Purpose Financial Statements, and Notes thereto. The Combined Financial Statements provide a summary of the City's financial position at June 30, 1997, and the results of its operations and cash flows for its proprietary funds, for the period then ended, by fund type or account group.

**Combining, Individual Fund and Account Group Statements and Schedules** - Also presented are separate sections for the various financial statements and schedules for each fund type. They reflect financial data on each generic fund type with separate columns for each individual fund. Each separate column serves as a financial statement for that particular fund, and combining financial statements are presented in each instance where the City has more than one fund of a given fund type.

The City's accounting records for general operations are maintained on the modified accrual basis of accounting. The revenues are recorded when measurable and available, and expenditures, except for accrued interest on long-term debt, which is recorded when due, are recorded when the liability is incurred.

### **The City's Accounting System and Budgetary Control**

In evaluating the City's accounting system needs, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a specific control feature should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All evaluation of the City's system of internal control will continue to occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City of Santa Clarita maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service fund, and capital project fund are included in the annual appropriated budget. In addition, yearly operating budgets are adopted for the City's proprietary fund types to facilitate management evaluation. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by function or program within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Open encumbrances are reported as a reserve of fund balance at the end of a fiscal year for all governmental funds. Encumbrances at year end lapse and then are added to the following year's budgeted appropriations.

### **The Reporting Entity**

The City of Santa Clarita was officially incorporated on December 15, 1987, after a ballot measure was passed by the City's residents. The City operates under a Council-Manager form of government and provides, either directly or under contract with the County of Los Angeles, a full range of municipal services including public safety, public works, parks and recreation, community development, etc. This report includes all funds and account groups

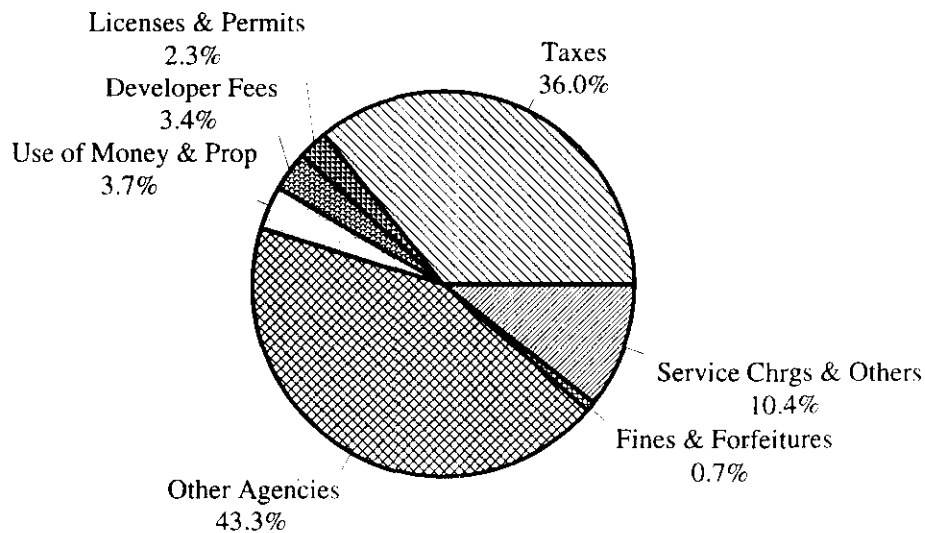
of the City of Santa Clarita, Santa Clarita Redevelopment Agency and Santa Clarita Public Financing Authority.

### General Government Functions

A summary of the general government functions overall operating results for the fiscal year ended June 30, 1997 and the amount and percentage of increases and decreases in relation to prior year revenues and expenditures is presented below. General government functions include the General, Special Revenue, Debt Service, Capital Project and Expendable Trust funds. Details of these revenue and expenditure amounts (all amounts are in thousands) by fund, can be found in the accompanying general purpose financial statements.

#### FISCAL YEAR 1996-97 REVENUES

| REVENUES:                    | FY 96-97<br>AMOUNT | PERCENT<br>OF TOTAL | INCREASE<br>(DECREASE)<br>FROM FY 95-96 | PERCENT<br>OF INCREASE<br>(DECREASE) |
|------------------------------|--------------------|---------------------|---|--------------------------------------|
| TAXES                        | \$ 23,230          | 36.0 %              | \$ 524                                  | 2.3 %                                |
| LICENSES AND PERMITS         | 1,513              | 2.3                 | (236)                                   | (13.5)                               |
| DEVELOPER FEES               | 2,215              | 3.4                 | (1,532)                                 | (40.9)                               |
| USE OF MONEY & PROPERTY      | 2,382              | 3.7                 | (15)                                    | 0.6                                  |
| REVENUES FROM OTHER AGENCIES | 27,932             | 43.3                | 6,234                                   | 28.7                                 |
| FINES AND FORFEITURES        | 454                | 0.7                 | 9                                       | 2.0                                  |
| SERVICE CHARGES & OTHERS     | 6,719              | 10.4                | 1,387                                   | 26.0                                 |
| TOTALS                       | \$ 64,445          | 100.0 %             | \$ 6,371                                | 11.0                                 |



The City experienced an overall increase of 11.0 % in general government revenues. This increase is a reflection of the improvement of California's economy in general, as well as the rapid growth of the City in particular.

The City saw a gain in revenue from **Taxes** of 2.3% from last year's total primarily due to an increase in the Transient Occupancy Tax of 20.1% and Real Property Transfer Tax of 44.6%. The increase in Transient Occupancy Tax is due to increased tourism. Real Property Transfer Tax has seen an increase due to the modest recovery in California's housing market. Sales tax, the City's largest revenue source, increased by 1.1% as Santa Clarita continues to attract new businesses.

Revenue from **Licenses and Permits** fell by 13.5% partially as a result of fewer residents needing building permits for earthquake repairs. This 13.5% decrease is also due to fewer Highway Encroachment Permits being issued this year.

**Developer Fees** revenues are collected at the approval of a project, but not recognized until expenditures are incurred. This revenue source experienced a 40.9% decrease during fiscal year 1996-97 as the City is beginning to rely more on alternative sources of funding for capital projects.

Revenues from **Use of Money and Property** decreased a slight 0.6 % due to several tenants moving out of the City Hall building. This loss in revenue was partially offset by an increase in interest income.

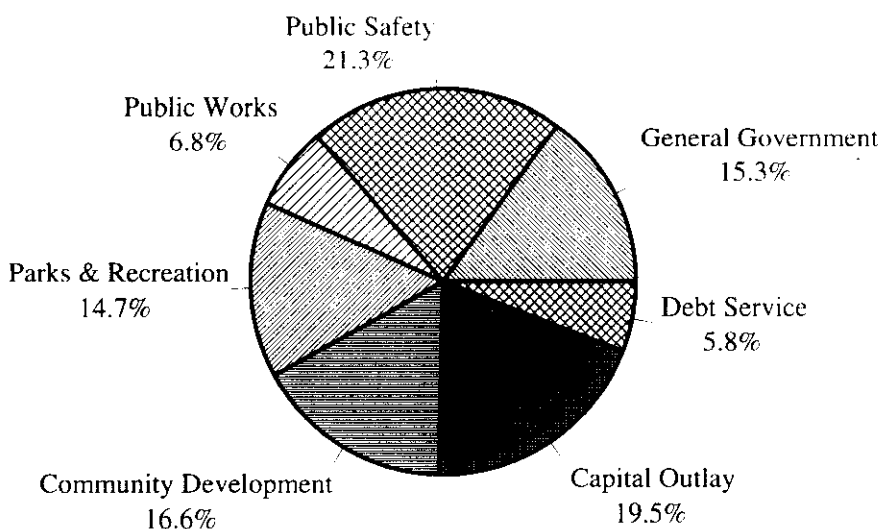
**Revenues from Other Agencies** include many of the State and County subventions that the City receives. This revenue category experienced an overall increase of 28.7 % due to several reasons. The City has obtained funds from new grant programs in fiscal year 1996-97 including the Office of Criminal Justice Grant, BJA Law Enforcement Grant and the Supplemental Law Enforcement Grant. A large part of this increase is also due to the City receiving over 100% more funds for the Community Development Block Grant programs consisting of the Home Program, the CDBG Supplement Program, and the CDBG HUD program. Finally, revenue from other agencies also increased due to an Economic Development Administration Grant of over \$2 million the City received this year.

**Fines and Forfeitures**, which consist primarily of Vehicle Code Fines, increased by 2.0% as a result of increased efforts related to parking enforcement.

Revenues from **Service Charges and Others** experienced an increase of 26.0 %. This large increase can be attributed to two factors. The most significant factor is the transfer of several landscape maintenance districts from the County to the City in fiscal year 1996-97 resulting in over \$1 million in additional revenue. Other factors that generated additional revenue include higher charges for various building and safety services as a result of a cost recovery audit the City recently underwent, as well as new recreation programs being added this year.

### FISCAL YEAR 1996-97 EXPENDITURES

| EXPENDITURES:         | FY 96-97<br>AMOUNT | PERCENT<br>OF TOTAL | INCREASE<br>(DECREASE)<br>FROM FY 95-96 | PERCENT<br>OF INCREASE<br>(DECREASE) |
|-----------------------|--------------------|---------------------|---|--------------------------------------|
| GENERAL GOVERNMENT    | \$ 7,415           | 15.3 %              | \$ 707                                  | 10.5 %                               |
| PUBLIC SAFETY         | 10,330             | 21.3                | 575                                     | 5.9                                  |
| PUBLIC WORKS          | 3,326              | 6.8                 | (446)                                   | (11.8)                               |
| PARKS & RECREATION    | 7,167              | 14.7                | 101                                     | 1.4                                  |
| COMMUNITY DEVELOPMENT | 8,091              | 16.6                | 1,458                                   | 22.0                                 |
| CAPITAL OUTLAY        | 9,483              | 19.5                | (9,699)                                 | (50.6)                               |
| DEBT SERVICE          | 2,796              | 5.8                 | 2                                       | 0.1                                  |
| <b>TOTALS</b>         | <b>\$ 48,608</b>   | <b>100.0</b>        | <b>\$ (7,302)</b>                       | <b>(13.1)</b>                        |



During fiscal year 1996-97, the City saw an overall decrease of 13.1 % in expenditures. The first category of expenditures, **General Government** increased by 10.5 % due to several factors. One is the reclassification of Public Works Administration from Public Works category. In addition, the Office of Criminal Justice program was only partially under way in fiscal year 1995-96.

**Public Safety** saw an increase of 5.9%. This is due to Emergency Preparedness Division expenditures having been classified in this category in fiscal year 1996-97 and in Parks and Recreation in fiscal year 1995-96.

**Public Works** experienced an 11.8 % decrease in fiscal year 1996-97 due to Public Works administration expenditures being classified in general government this year.

A slight increase of 1.4% in **Parks and Recreation** occurred due to new recreation programs such as Pride in Parenting and additional community center programs. These increases were partially offset by reclassifying Emergency Preparedness in Public Safety this year.

An overall increase of 22.0% in **Community Development** from fiscal year 1995-96 to fiscal year 1996-97 reflects increase in development activity as well as additional Building and Safety personnel and engineers. Planning staff have also been added to accommodate workload increases.

**Capital Outlay** decreased by 50.6 % primarily due to earthquake related projects being nearly complete. Earthquake projects decreased by more than 90% in fiscal year 1996-97. Projects funded by State Park grants were nearly complete such as the South Fork Trail Phase IV. The Bouquet Bike Trail Phase II project, funded by Bikeway funds, was also completed in fiscal year 1996-97. These decreases were partially offset by increases in other capital project expenditures such as the Via Princessa Roadway and the Newhall neighborhood and West Newhall projects, as well as the new Hotel Conference Center project.

**Debt Service** expenditures decreased by 0.1 % indicating that the City's long-term liabilities have remained almost constant.

### **Proprietary Funds**

These types of funds consist of enterprise and internal service funds. The City operates one enterprise fund, Transit Service, which offers Dial-A-Ride, local fixed route service, and commuter service to downtown Los Angeles, the San Fernando Valley, and the Antelope Valley. This enterprise fund was created to provide management with information relating to transit operations, which include debt service and depreciation and amortization. For fiscal year 1996-97, Proposition A funds of \$2,734,685, Proposition C funds of \$839,289, and TDA funds of \$2,892,371 were used to subsidize transit activity not covered by user fees.

The internal service funds provide services to other City departments. The City's internal service funds consist of Self Insurance, Equipment Replacement, and Computer Replacement funds. Combining statements for these funds and descriptions of each fund are presented in the Supplemental Information portion of this report.

### **Gann Limit**

Proposition 4, the "Gann" initiative, was passed by California voters in 1978 and is intended to limit government appropriations. According to California law, cities must use the 1978-79

appropriations as a base year and modify that figure by the composite consumer price index and population changes which have accrued in subsequent years. Because Santa Clarita is a newly incorporated city, the Los Angeles County Local Agency Formation Commission used 1985-86 fiscal year appropriations at incorporation as the base year on which the City will modify each year. The City has since performed a study to increase the limit, and City appropriations remain below the Gain limitation and are expected to continue in that respect in the near future.

### **Cash Management**

The City operates its pooled idle cash investments under the "Prudent Investor" standard and has adopted a formal investment policy. Such policy affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is permissible under current effective legislation of the State of California and other regulations. The City recently received a Certificate of Excellence award from the Municipal Treasurer's Association of the United States and Canada for its Treasurer's Investment Policy. This is the fifth time the City submitted and was successful in receiving this award which commends the City for enhancing its fiscal responsibility in the management of fiscal funds.

Temporarily idle cash was invested in a variety of investment vehicles, including the State Treasurer's Local Agency Investment Fund, Los Angeles County Pooled Investment Fund, Federal and Federal Agency instruments, Bankers Acceptances, and Commercial Paper. The City's diversified investment portfolio allows for flexibility and safety of the total invested funds. The weighted average yield on such investments for the year was 5.644% with total interest earnings for all funds at \$1,795,239.

### **Debt Administration**

In May 1991, the City entered into a master lease and option to purchase agreement in the amount of \$2,150,000 for the lease of thirteen buses. Such agreement carries an interest of 6.6% payable semi-annually, due from November 1, 1991, through May 1, 2001. Under the terms of the agreement, the City has leased these transit buses for the establishment of a City-wide local public transit system. As of June 30, 1997, the master lease obligation aggregated \$1,032,255.

In October 1991, the Public Financing Authority Revenue Bonds - Series 1991 were issued in the amount of \$22,940,000. The proceeds were used to purchase the City Hall building, pay off the corporate yard debt and will be used on certain capital road improvement projects. This was the City's first rated bond issue in which Standard and Poor assigned an A- Bond rating to the City of Santa Clarita. As of June 30, 1997, the City's obligation for Public Financing Authority Revenue Bonds - Series 1991 is \$18,800,000.



In October 1991, the City entered into a lease with an option to purchase agreement in the amount of \$4,895,000 for the lease of sixteen buses from the Los Angeles County Transportation Commission (LACTC). The agreement carries interest rates ranging from 4.9% to 6.5%, payable semi-annually from July 1, 1992, through January 1, 2004. Balance of the LACTC lease obligation as of June 30, 1997, equals \$3,245,000.

In September 1992, the City entered into an agreement whereby the Los Angeles County Transportation Commission loaned the City \$2,500,000 for the construction of a commuter rail station. Interest on the note accrues at the equivalent rate earned by the Los Angeles County Pooled Investment Fund plus one-half percent. Payments are due annually for five years. As of June 30, 1997, the City's obligation is \$500,000.

In October 1992, the City received a distribution of loan proceeds totaling \$2,557,436 from the Price Company. This money has been used for the acquisition of certain infrastructure improvements surrounding the Price Club. Interest on the note accrues at the rate of 10% per year. Payments are due quarterly and will equal 70% of the sales tax revenue generated monthly from the operation of the Price Club Center. The payments will be made for a period of 30 years. As of June 30, 1997, the City's obligation for the Note Payable is \$2,557,436 in original loan proceeds and \$367,713 of accrued interest.

In April, 1993, the City entered into an agreement whereby the City will reimburse Home Depot Company \$690,000 for certain public improvements. Interest on the note accrues at the rate of 7% per year. Payments are due quarterly and will equal up to 50% of the sales tax revenue generated monthly from the operation of the Home Depot. The payments will be made for a period of 7 years or until accrued interest and principal are paid in full. As of June 30, 1997, the unpaid principal balance was \$177,727.

In April, 1996, the City entered into a lease with an option to purchase agreement in the amount of \$525,000 for the lease of a computer system from Municipal Leasing Associates, Inc. As of June 30, 1997, the City had received \$452,273 in proceeds from the Capital Lease which was used to acquire computer equipment. The remaining proceeds will be received in fiscal year 1996-97. Interest, at 4.9%, and principal are payable semi-annually from November 9, 1996 through May 9, 1999.

In August 1996, the City entered into a lease with an option to purchase agreement in the amount of \$107,381 for the lease of property through Municipal Leasing Associates, Inc. Such agreement carries interest at the rate of 5.38% per annum on the unpaid principal balance payable semi-annually from January 30, 1997 through July 30, 2000. As of June 30, 1997 the unpaid principal balance was \$95,828.

### **Fiduciary Operations**

Trust and agency funds are maintained to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and other funds. The

City's General Trust Fund is an expendable trust fund which accounts for assets and activities restricted to a specific purpose in accordance with a formal intent. An Agency fund is custodial in nature and is used to receive and disburse funds which do not belong to the City.

The City's agency funds are the Deferred Compensation Plan, the Community Facilities District No. 92-1, and Assessment District No. 92-2. The Deferred Compensation Plan represents employee contributions invested in accounts with the International City Managers Association (ICMA) Retirement Corporation. The Community Facilities District No. 92-1 represents bond proceeds from the sale of Special Tax Bonds, Series A. These bonds were issued to finance a portion of the costs of acquiring certain public infrastructure improvements located within the vicinity of the Valencia Town Center. The bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982. This fund was established during fiscal year 1992-93. Finally, Assessment District No. 92-2 represents bond proceeds from Limited Obligation Improvement Bonds, Series 1996 which were issued to finance the acquisition of certain public improvements in the area of Golden Valley Road. These bonds were issued pursuant to the Improvement Bond Act of 1915. This fund was established during fiscal year 1996-97.

### **Risk Management**

The City of Santa Clarita maintains full coverage for all municipal events under its general liability policy. This policy provides a \$250,000 self-insured retention and is layered to a total coverage of \$10 million per occurrence. In addition to general liability, the City maintains individual policies for autos, property, flood, special events, and earthquake damage where appropriate. As a precautionary measure, all employees in a position with significant financial responsibility are independently bonded. The individual bond compliments the blanket dishonest bond extended to all employees.

Workers' compensation claims are currently administered through the State Fund. Overall, Santa Clarita has continued to maintain an excellent loss history in this area due to departmental and City-wide safety training sessions.

To protect the self-insured retention mentioned, Santa Clarita maintains a comprehensive risk management program which focuses on detection and prevention of claims through frequent inspection. An annual review of potential hazards is conducted in conjunction with our general liability provider, Insurance Company of the West. This early identification of potential hazards, along with departmental daily, monthly and quarterly inspections, ensures that issues are addressed in a timely manner before injuries occur. In addition, the City has implemented a stringent risk assessment and contract review system which ensures that all contracts have appropriate indemnification and insurance provisions, thus protecting the City in all events. Finally, the City as a policy takes a position to aggressively defend all claims for damages. This fiduciary responsibility is not taken lightly, as is proven in excellent loss record sustained by the City since incorporation.

## **General Fixed Assets**

The City's general fixed assets represent those fixed assets used in the performance of general government functions. At June 30, 1997, the City's general fixed assets aggregated \$49,960,960. This amount represents the original cost of the assets or fair market value at the date of contribution to the City. No depreciation of general fixed assets is recognized in the City's accounting system.

The General Fixed Assets Account Group does not include those assets defined as "infrastructure assets" (i.e., roads, curbs, gutters, sidewalks, etc.). Such assets are generally immovable and are deemed to be of value only to the City.

## **Other City Highlights**

The City of Santa Clarita is fortunate in that it has many community assets to draw upon. Consequently, the community as a whole, as well as individual groups, have been very active in assisting in the formulation of goals and setting priorities for the City. One primary means for garnering citizen input is the Community Wide Strategic Plan, Share the Vision III. This short-range planning document to be prepared in February of 1998, will set the tone and direction for the City into 2000. Key items will be identified through the plan and acted upon through a collaborative effort between different agencies and community groups.

While the Strategic Planning process has proven a successful vehicle for citizen participation, we as an organization are consistently looking for new avenues to re-engage or connect others with their local government so that the community can be a better place for all.

## **Capital Improvements**

Santa Clarita takes great pride in its ability to obtain various forms of funding for its complete Citywide Capital Improvement Program. We look to the ingenuity of staff to seek out grants and obtain funding from various local, state and federal sources. A variety of significant projects were set in motion or completed during the 1996-97 fiscal year. Construction of the McBean Parkway storm drain and street improvements was completed this year which allows for development of the adjacent land including the future hotel/conference center. This project is funded entirely by a grant by the Economic Development Administration.

The first of five phases of the West Newhall street improvements was constructed by March 1997. This project increases pedestrian safety by installing curb, gutter, and sidewalk in the neighborhood. The design of the second phase of this project began design this year with construction anticipated by December 1997.

The Four Oaks dewatering wells design was completed. These wells will alleviate the high ground water problem in the Four Oaks neighborhood.

The Metrolink Station located on Soledad Canyon Road and Commuter Way provides the City of Santa Clarita with multiple transit related functions. Not only is it the first and primary light-rail commuter station, but also serves as the City's only Transit Center. The station received approximately \$650,000.00 in upgrades that included the construction of a new security and transit supervisor's building, landscape and restroom upgrades, canopy and windbreak improvements and the completion of phases II and III of the City's first Art Project.

The City of Santa Clarita's Field Services Facility serves as the primary facility to conduct the majority of Public Works, Parks, Solid Waste Management and Transit functions within the City limits. A project completed this year at the Field Services Facility constructed 4200 square feet of new office space and 4200 square feet of mezzanine. The improvement was conducted primarily to provide adequate office and storage space for the City's Transit contractor. Additional mezzanine space will be utilized for the City's growing storage needs.

The Bouquet/Seco traffic signal interconnect project began this year which will link all traffic signals along these roads. The purpose of this project is synchronization of all the traffic signals which improves traffic flow and reduces travel times.

The alignment study for both the Magic Mountain Parkway/Via Princessa project and the Wiley Canyon realignment project were also completed this year.

In conjunction with the Newhall Redevelopment Agency, revitalization efforts are underway and include the reconstruction of Railroad Avenue and a Newhall Metrolink Station. This project will begin construction in October 1997.

In addition to these projects were the annual overlay, slurry, sidewalk replacement and median modification projects.

The City began construction of a 1.5 mile stretch of the Santa Clara River Trail which will connect the entire twelve mile system. These links in the overall trail system bring the City one step closer to the premier trail system envisioned within the General Plan. The City also began the design of the first phase of the City Central Park. This phase, complete with sport fields, will provide additional recreational opportunities for our residents of the City. In concert with this project is the planning for the future Santa Clarita Parkway.

### **Economic Condition and Outlook**

Southern California's economy has rebounded extraordinarily and is expected to outpace the nation's economy in 1998. While the state enjoys continued strength in the entertainment, tourism, apparel, and new technology industries, we are beginning to see a migration of

people back to California after a long recession. According to local realtors, California's real estate market is also making a recovery from one of the worst declines in California's history. According to expert economists, the outlook of California's overall economy is favorable.

Santa Clarita's economy remains one of the strongest in the areas with representative industries in three of the four strong growth sectors--entertainment, tourism, and new technology. The California Retail Survey listed Santa Clarita as the fastest growing Southern California retail market over the past six years with a 41% growth rate. This diversity contributes to Santa Clarita's healthy economy which has remained strong even during downturns.

Santa Clarita has the lowest unemployment rate of any city in Los Angeles County with a population of over 100,000, has the sixth largest labor force in Los Angeles County and was named by the California Business Magazine as the second best city in California in which to do business.

Examples of recent commercial development include a 95,000 square foot commercial center with an Albertson's supermarket, an auto repair shop and two restaurants; a new Mitsubishi dealership, Price/Costco store expansion; and a shopping center which includes Orchard Supply and Hardware, Office Max, Hollywood Video, Aaron Brothers art store, and Presidente restaurant; and the Spectrum Health Club, 70,000 square foot facility to name a few. Future developments include a Valencia Entertainment Center, an IMAX theater, a Saturn dealership, and a 273 room regional hotel and conference center.

The City of Santa Clarita's robust economy, desirable location, award-winning schools, and low crime rate makes this one of the most enviable cities in which to live and work. And as the City continues to attract new businesses, our financial status is expected to remain very solid in many years to come.

### **Independent Audit**

An audit by independent certified public accountants is required annually. The accounting firm of Moreland & Associates has been selected by the City Council to perform this service. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

### **Awards**

I am pleased to report that CSMFO awarded its Outstanding Financial Reporting Award and GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clarita for its Comprehensive Annual Financial Report for the fiscal year ended

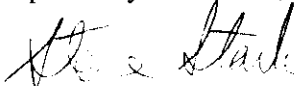
June 30, 1996. Based on the latest available data from GFOA, the City of Santa Clarita was one of 1,395 municipalities nationwide, of approximately 36,000 municipal governments, to receive this award.

A GFOA Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to GFOA Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Division. I should like to express my appreciation to all members of the division who assisted and contributed to its preparation, in particular, Barbara Boswell, Accounting Manager; Michele Hansen and April Jordan, Accountants; Jackie Bialas, General Accounting Specialist; and Nina Giangreco, Graphic Designer. I should also like to thank the Mayor; Members of the City Council; and the City Manager, George Carvalho, for their continuing efforts in planning and administering the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steve Stark  
Director of Administrative Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santa Clarita,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1996

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



*Arthur R. Lynch*  
President

*Jeffrey L. Escoe*  
Executive Director

*California Society of  
Municipal Finance Officers*

Certificate of Award

*Outstanding Financial Reporting 1995-96*

Presented to the

*City of Santa Clarita*

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

*February 24, 1997*



*Burton R. Underwood*  
Chair, Professional & Technical Standards Committee  
*Dorothy A. Steinhilber*  
President, CSMFO

⌘ *Dedicated to Excellence in Municipal Financial Management* ⌘



**OFFICIALS OF THE CITY OF SANTA CLARITA**

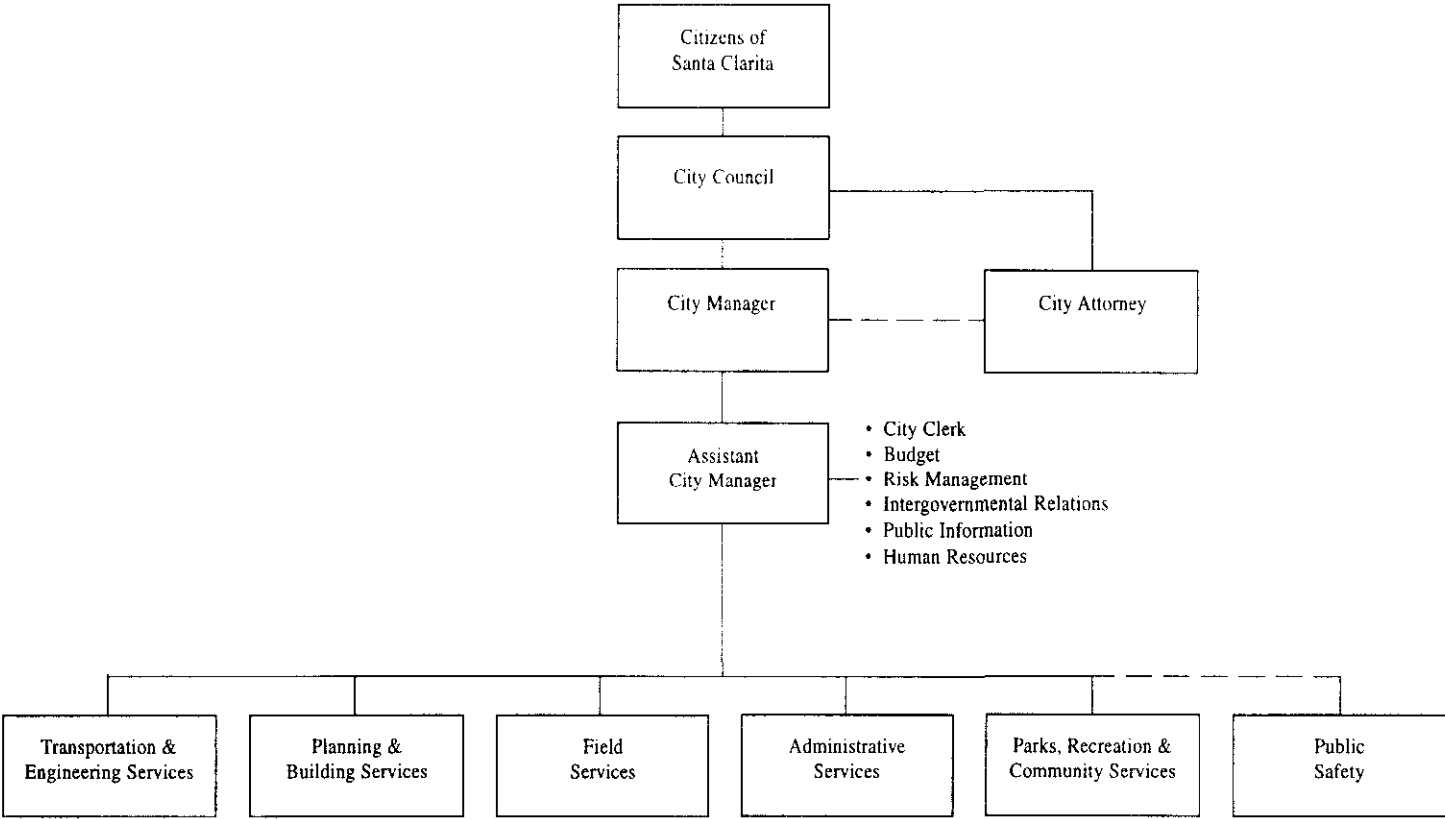
**City Council**

- Hamilton C. Smyth      **MAYOR**
- Janice H. Heidt      **MAYOR PRO-TEM**
- Carl Boyer III      **COUNCILMEMBER**
- Jo Anne Darcy      **COUNCILMEMBER**
- Jill Klajic      **COUNCILMEMBER**

**City Officials**

- George Carvalho      **CITY MANAGER**
- Kenneth Pulskamp      **ASSISTANT CITY MANAGER**  
**DIRECTOR OF PLANNING & BUILDING SERVICES**
- Carl Newton      **CITY ATTORNEY**
- Sharon Dawson      **CITY CLERK**
- Steve Stark      **DIRECTOR OF ADMINISTRATIVE SERVICES**
- Terri Maus      **ACTING DIRECTOR OF FIELD SERVICES**
- Rick Putnam      **DIRECTOR OF PARKS, RECREATION & COMMUNITY SERVICES**
- Anthony Nisich      **DIRECTOR OF TRANSPORTATION & ENGINEERING SERVICES**  
**CITY ENGINEER**

# City of Santa Clarita ORGANIZATION CHART



# City of Santa Clarita

