

**City of
Santa Clarita**

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November 30, 1996

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, 1996. 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 Diehl, Evans & Company.

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 seven 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.



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 statement
 - 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, 1996, 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

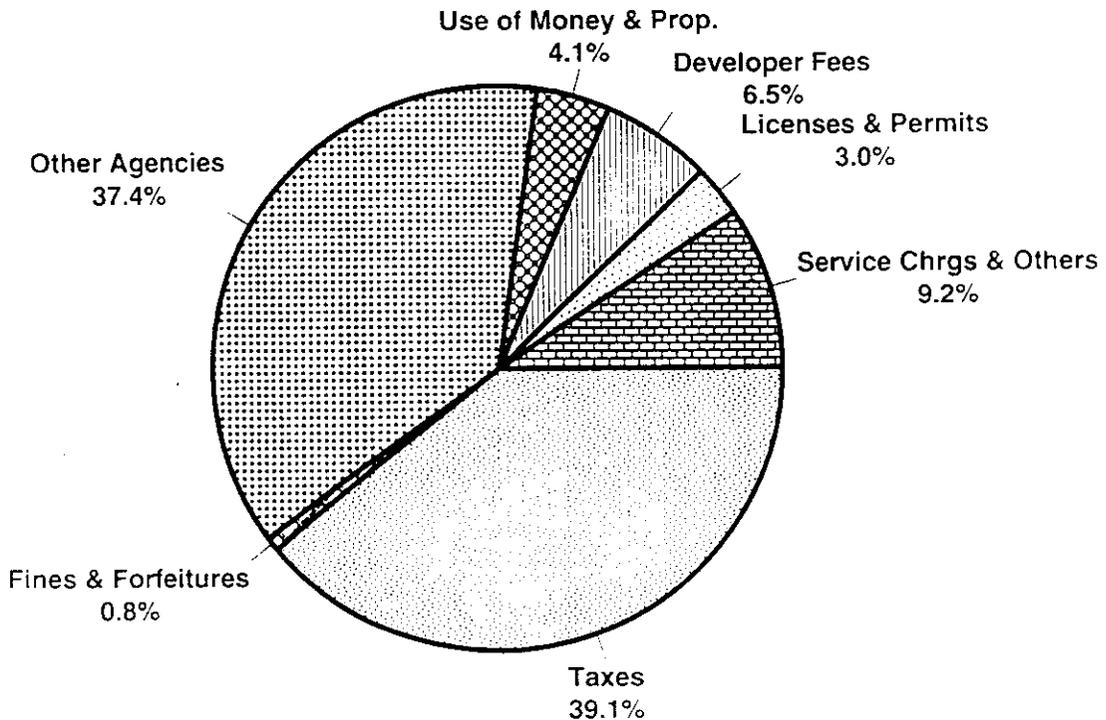
The City of Santa Clarita was officially incorporated on December 15, 1987, after a ballot measure was passed by the City's residents. The City operates under a Council-Manager form of government and provides, either directly or under contract with the County of Los Angeles, a full range of municipal 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, 1996 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 1995-96 REVENUES

REVENUES:	FY 95-96 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM FY 94-95	PERCENT OF INCREASE (DECREASE)
TAXES	\$ 22,706	39.1 %	\$ 537	2.4 %
LICENSES AND PERMITS	1,749	3.0	477	37.5
DEVELOPER FEES	3,747	6.5	(1,049)	(21.9)
USE OF MONEY & PROPERTY	2,397	4.1	57	2.4
REVENUES FROM OTHER AGENCIES	21,698	37.4	(5,740)	(20.9)
FINES AND FORFEITURES	445	0.8	27	6.5
SERVICE CHARGES & OTHERS	5,332	9.2	887	20.0
TOTALS	\$ 58,074	100.0 %	\$ (4,804)	(7.6)



The City experienced an overall decrease of 7.6% in general government revenues. The stability of the City's tax revenues, which comprises 39.1% of the total revenue base has been consistent in minimizing the effects of a weak economy in prior years.

This is reflected by Revenue from Taxes gain of 2.4% from last year's total. Sales tax, the City's largest revenue source, increased by 2.4% due to a modest recovery in the state's economy. The largest increase in taxes was seen in the real property transfer tax which increased by 20.1% from last year as a result of a County audit which showed the City was due additional revenues. At the same time, franchise tax revenue increased 5.6% due to growth in the City. Business license taxes along with the City's new Peddler permits increased by 9.6% from last year showing that businesses are continuing to make Santa Clarita their home.

Revenues from Licenses and Permits showed the largest gain with an increase of 37.5% due to an overall rise in the issuance of various types of building and safety permits.

Developer Fees revenues are collected at the approval of a project but not recognized until the expenditures are incurred. During the 1995-96 fiscal year, developer project expenditures were significantly less than last year thus accounting for the 21.9% decrease in Developer Fee revenues.

An overall increase of 2.4% in Use of Money & Property occurred during the fiscal year. This is due mainly to the high occupancy rate maintained in City Hall throughout 1995-96. Interest income actually decreased slightly due to the slow decrease of interest rates.

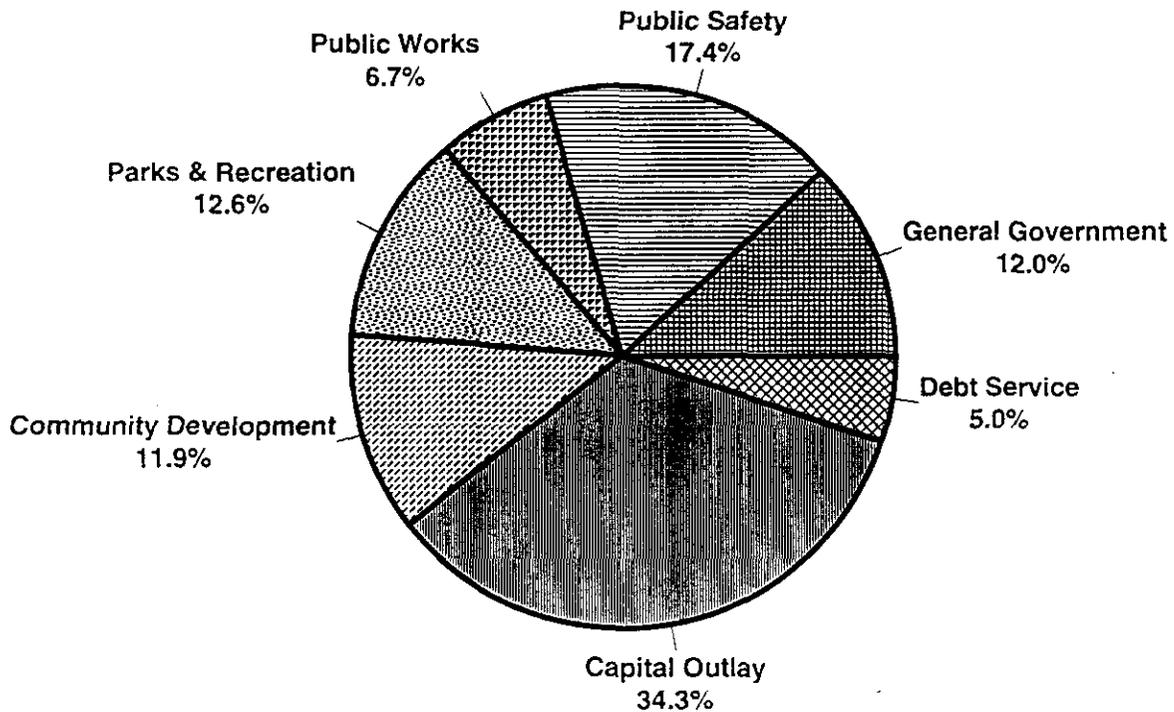
Revenues from Other Agencies include many of the State and County subventions that the City receives. This revenue category experienced an overall decrease of 20.9% for several reasons. The most significant decrease occurred in the City's revenue received from FEMA as a result of the 1994 Northridge Earthquake. This amounted to a 98% decrease from last year. Park grants experienced a 95.8% decrease due to the rescheduling of projects for next year. As a result of obtaining new grant funds, the City has been able to offset some of these decreases. Some of the new grants obtained include the Office of Traffic Safety Grant, Economic Development Administration Grant, Federal Transit Grant, U.S. Department of Agriculture Grant, and the Los Angeles County Open Space Grant.

Fines and Forfeitures, which consists primarily of Vehicle Code Fines, increased by 6.5% as a result of increased efforts made by the City's code enforcement staff.

Revenues from Service Charges and Others experienced a decrease of 20.0%. This increase can be attributed mainly to the receipt of funds in the prior fiscal year from various Homeowner's Associations to reimburse the City for earthquake repairs of the paseos.

FISCAL YEAR 1995-96 EXPENDITURES

EXPENDITURES	FY 95-96 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM FY 94-95	PERCENT OF INCREASE (DECREASE)
GENERAL GOVERNMENT	\$ 6,708	12.0 %	\$ 1,522	29.4 %
PUBLIC SAFETY	9,755	17.4	(362)	(3.6)
PUBLIC WORKS	3,772	6.7	(2,013)	(34.8)
PARKS & RECREATION	7,066	12.6	651	10.2
COMMUNITY DEVELOPMENT	6,633	11.9	1,886	39.7
CAPITAL OUTLAY	19,182	34.3	(6,305)	(24.7)
DEBT SERVICE	2,794	5.0	109	4.1
TOTALS	\$ 55,910	100.0 %	\$ (4,511)	(7.5)



During fiscal year 1995-96, the City saw an overall decrease of 7.5% in expenditures. The first category of expenditures, **General Government** increased by 29.4%. This increase is mostly due to a reorganization which occurred at the onset of the fiscal

year. General Services and Property Management divisions moved from Public Works to the newly created Administrative Services Department which also includes Finance and Information Resources. Additionally, the Community Recovery Agency decreased by 37% due to reduced activity while in litigation. And lastly, CDBG expenditures were moved from general government to Community Development.

Public Safety had a 3.6 % decrease due to vacancies in some of the police positions which were a direct result of the County cutbacks. Although we contracted with them for a certain number of positions, the County would not allow certain positions to be filled thus creating savings.

Public Works experienced a 34.8% decrease in expenditures mainly due to Property Management and General Services being reclassified to general government. Solid Waste division decreased by 59% because the funds used to fight the Elsmere Landfill were no longer budgeted in Solid Waste. However, along with these decreases, the Street Maintenance and Vehicle Maintenance experienced an increase in expenditures due to increased demands placed on our roads due to growth.

Parks, Recreation, and Community Services expenditures went up 10.2% from last year. The biggest increase was in the Emergency Preparedness division due to the reclassification of the Special Projects division which was previously under General Government. Recreation programs were also expanded to meet the needs of the community and as a result experienced a 17.7% increase in expenditures.

An overall increase of 39.7% occurred in the Community Development category. The Stormwater Utility showed a 37.9% increase from last year due to the ongoing expenses developing the Stormwater master plan, and the hiring of full-time staff. The newly created Building and Engineering Services department which includes Building and Safety, Engineering, and Code Enforcement had a cumulative average increase of 20.5%.

The near completion of all earthquake repairs throughout the City contributed to the 24.7% decrease in the Capital Outlay expenditures. This amounted to a 72.3% reduction in expenditures from last year.

Debt Service expenditures increased by 4.1% from last year primarily because of the interest accrued on the loan from general fund to the Community Recovery Agency.

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, depreciation and amortization. For fiscal year 1995-96, Proposition A funds of \$2,411,671, Proposition C funds of \$593,800, and TDA funds of \$2,626,605 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 Gann 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 Man Rule" 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 fourth 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, 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 5.453% with total interest earnings for all funds at \$1,302,311.

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 6.7% 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, 1996, the master lease obligation aggregated \$1,250,526.

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, 1996, the City's obligation for Public Financing Authority Revenue Bonds - Series 1991 is \$19,715,000.

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, 1996, equals \$3,610,000.

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, 1996, the City's obligation is \$1,000,000.

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, 1996, the City's obligation for the Note Payable is \$2,557,436.

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 seven years or until accrued interest and principal are paid in full.

In June, 1995, the City entered into an agreement with Newhall Land and Farming Company for the purchase of land to be developed for a rail station. Interest on the note accrues at the rate of 7-1/2% per year. Interest and principal payments are due quarterly. The City's obligation as of June 30, 1996 is \$677,769.

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, 1996, the City had received \$195,848 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.

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 which represents employee contributions invested in accounts with the International City Managers Association (ICMA) Retirement Corporation and the Community Facilities District No. 92-1 which 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.

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 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 dishonesty 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 the 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, 1996, the City's general fixed assets aggregated \$49,187,319. 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 II. This short-range planning document, prepared in October of 1994, set the tone and direction for the City into 1997. Key items focused upon within the strategic plan included obtaining new roads, enhancing Youth and Family Programs, revitalizing Old Newhall, defeating the proposed Elsmere Canyon Landfill, preserving open space and reducing gangs and gang-related activity to name a few. Each of these projects has received significant attention and are now well on their way to completion. 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. Since 1988, general fund dollars have not been utilized to fund any facet of the capital program. Rather we look to the ingenuity of staff to seek out grants and obtain funding from various local, state and federal sources. During the 1996-97 fiscal year, a variety of significant projects were set in motion or completed. These include the Valencia Soledad Canyon corridor traffic improvements, the San Fernando Road widening project and construction of sidewalk curb and gutter repair in east Newhall.

In the area of parks and trails capital improvements, the City was very proud to dedicate phase IV of the South Fork Trail, as well as phase II of the Santa Clara River Trail. These links in the overall trail system brought the City one step closer to the premier trail system envisioned within the General Plan. Secondly, the City began construction of the eight-acre Creekview Park. This park, complete with soccer fields, hard courts, and a tot lot, will provide additional recreational opportunities for our residents within the Newhall area of the City.

In addition to the brick and mortar capital projects, the Parks Development Division was successful in obtaining special funding to allow for the acquisition of open space both in and outside of the City limits. The acquisition included Santa Clarita Woodlands Park (60 acres), Lost Canyon (26 acres) and 8 acres of property at Mint Canyon. Each of these acquisitions further the City's stated strategic planning goals of preservation of open space.

Significant projects initiated yet not completed in 1995/96 include the alignment study for the Magic Mountain Parkway/Via Princessa project. This is the first major roadway proposed for construction since incorporation. In addition, the City is currently working with Newhall Land and Farm and the Castaic Lake Water Agency in the development of a 500-acre park located within the center of the City. In concert with this project is the planning for the future Santa Clarita Parkway.

Another significant effort now underway is the formation of the Newhall Redevelopment Agency. The City has held numerous public meetings with interested stakeholders to develop a shared vision for the Downtown Newhall area. This vision is expressed in the completed Freedman, Tung and Bottomley report adopted by the City Council. As a means to finance the capital cost associated with achieving this vision, a redevelopment feasibility analysis was initiated. Santa Clarita is now in the process of conducting a preliminary study to determine appropriate boundaries for the proposed redevelopment agency.

A major source of community pride was also the Congressional approval of the Omnibus Parks and Public Lands Management Act of 1996, which prohibited the exchange of National Forest Land for the siting of urban landfills. This bill achieved through the leadership of Congressman Howard Buck McKeon was a great win for the City in its ongoing efforts to oppose the siting of what has been termed the world largest dump directly outside of the City boundaries.

Economic Condition and Outlook

After a difficult and prolonged recession, California's economy has begun to show strong signs of renewal. By early 1996, the state's economy had replaced all of the jobs lost to the recession of the early 1990's. Economic forecasts from those including UCLA, Merrill Lynch, First Interstate Bank and the California State Department of Finance all expect this upturn to continue, if not accelerate. Many believe that this recovery has been propelled by particular growth sectors, many of which rank among the most promising fields in the future. These growth sectors are also found in Santa Clarita.

Key among the areas for future growth are the field of technology, design, tourism and entertainment related industries. Specifically in Southern California, the film industry has become a key source of new higher wage jobs paying more than 40% above the statewide average. These new areas of California Economy have been termed the *knowledge value* sector. This can be readily seen in Santa Clarita with over four film studios including, The Disney Golden Oak Ranch, Santa Clarita Studios and Melody Ranch to name a few. The industrial center, located in the western portion of the City, houses over 780 firms of this nature embellishing the

City's overall jobs and economic base.

In addition to its increasing knowledge value base economy, Santa Clarita is fortunate to have a healthy business community. In recent years the City attracted various commercial names such as Barnes and Noble Bookstore and additional nationally known businesses. In addition the Creekside auto mall, the Valencia Town Center, Price Club, Lucky and Hughes Market continue to be several of the largest sales tax producers and major non industrial employers in the City.

Like others municipalities in Southern California, Santa Clarita is not without its challenges. In 1996 the Valencia Market Place, located directly across from the City boundaries, opened. This retail center contains many big box retailers such as Toys R Us, Wal Mart, Linens and Things and a future Circuit City. The City is currently conducting an analysis of the potential sales tax leakage and indirect impacts of the center on Santa Clarita's revenue picture.

Still, with this and other challenges, all are extremely optimistic about the City's continued economic growth. Santa Clarita is continuing to experience a steady rise in property taxes and building permits which, along with sales tax form a strong foundation for City revenues. On the horizon for 1996/97 there are several new office complexes, the annexation of Lockheed, a 250-room Hilton hotel with conference center, a Spectrum health club, neighborhood commercial developments and a promising Galpin Saturn dealership.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Diehl, Evans & Company 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

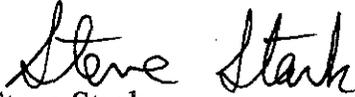
I am pleased to report that CSMFO awarded its Outstanding Financial Reporting Award and GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clarita for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. Based on the latest available data from GFOA, the City of Santa Clarita was one of 1,299 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 be 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 department who assisted and contributed to its preparation, in particular, Barbara Boswell, Acting Accounting Manager; Michele Hansen and April Skinner, Accountants; Chris Roman, Administrative Analyst; and Jackie Bialas, Account Clerk. Thanks also to Terri Maus, Assistant to the City Manager; and Nina Giangreco, the City's Graphic Artist for their contributions. 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, 1995

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. Egan
Executive Director

**CALIFORNIA SOCIETY OF
MUNICIPAL FINANCE OFFICERS**

Certificate of Award

Outstanding Financial Reporting 1994-95

Presented to

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 26, 1996



Dave Bass

Chair, Professional & Technical Standards Committee

Robert C. Leland

President

⌘ *Dedicated to Excellence in Municipal Financial Management* ⌘

Officials of the City of Santa Clarita

City Council

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

City Officials

George Carvalho	CITY MANAGER
Kenneth Pulskamp	ASSISTANT CITY MANAGER ACTING COMMUNITY DEVELOPMENT DIRECTOR
Carl Newton	CITY ATTORNEY
Jenny Roney	INTERIM CITY CLERK
Steve Stark	DIRECTOR OF ADMINISTRATIVE SERVICES
Lynn M. Harris	DEPUTY CITY MANAGER DIRECTOR OF PUBLIC WORKS
Rick Putnam	DIRECTOR OF PARKS, RECREATION & COMMUNITY SERVICES
Anthony Nisich	DIRECTOR OF BUILDING & ENGINEERING SERVICES CITY ENGINEER

City of Santa Clarita Organization Chart

