



City of
SANTA CLARITA
California



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Comprehensive Annual Financial Report

Fiscal Year Ended - June 30, 2010

**CITY OF SANTA CLARITA
(CALIFORNIA)**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

City of Santa Clarita
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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City of
SANTA CLARITA

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Phone: (661) 259-2489 • FAX: (661) 259-8125
www.santa-clarita.com

January 28, 2011

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, 2010 is hereby submitted, in accordance with Chapter 2.12 of the City of Santa Clarita Municipal Code. This report provides the City Council and the public with an understanding of the financial condition of the City of Santa Clarita as of June 30, 2010.

This 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 this 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. This report fulfills that obligation. Caporicci & Larson, Inc., 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, 2010. The independent auditor's report is located at the front of the financial section of this 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). These 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 this 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. These reports are available in the City's separately issued Single Audit Report.



CITY PROFILE

The City of Santa Clarita officially incorporated on December 15, 1987 as a General Law City, and 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 55 square miles. With a population of approximately 180,000, the City is the 26th largest city in the State of California and the fourth largest in Los Angeles County. 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 has attracted regional and national sports events like the Amgen Tour of California, Volcom Skate Park event, Southern California Junior Olympics, and the 2010 United Soccer League Woman's Championship.

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, among other things, 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 for 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 minutes from the Bob Hope Airport in Burbank, the City of Santa Clarita enjoys a prime position in north Los Angeles County and is 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 two fiscal years heightened awareness of city programs and budgets throughout the state. The City has a 100 percent track record for adopting a balanced, on-time budget, with ample reserves and contingency funds. Santa Clarita is proud to share Fiscal Year 09-10 was successful and stable for the City.

Santa Clarita boasts one of the lowest unemployment rates in Los Angeles County at 7.7 percent, compared to 12.5 for Los Angeles County and 12.2 percent for the state of California (as of September 2010). Targeted employment sectors in Santa Clarita include aerospace, biomedical, entertainment, and technology. Several noted and internationally recognized brands based in the Santa Clarita Valley opened new operation centers or expanded existing facilities in the last year including, Advanced Bionics, Boston Scientific, Bioness, Princess Cruises, Pharmavite, Aerospace Dynamics International, Santa Clarita Studios, among others. Additionally, Disney/ABC Studios recently announced the “Studios at the Ranch” project which will bring a dozen new sound stages and a production facility and an additional 3,000 jobs to the Santa Clarita Valley.

While prudent fiscal planning on behalf of the City of Santa Clarita City Council has lessened the affect of the global economic slowdown, which has devastated some local communities, the City was not immune to the hardships of the recession.

In 2009, the City of Santa Clarita was named as Los Angeles’ most business friendly city by the Los Angeles Economic Development Corporation, citing the City’s many business-friendly practices including the innovative 21-Point Business Plan for Progress, adopted by the City Council in 2009. This program, which includes more than \$18 million dollars of investment in results-driven initiatives to stimulate the economy at the local level, was developed at the request of the City Council and designed with input from several key industry liaisons and business-minded community organizations, including the Santa Clarita Chamber of Commerce, College of the Canyons, and Val Valley Industry Association.

The City’s entertainment industry enjoyed many successes in the year, with FY 09-10 resulting in an economic impact of nearly \$20 million to local businesses from location filming alone. Santa Clarita is home to more than 20 sounds stages and 10 movie ranches and hundreds of film related businesses. Five network television shows, including HBO’s “Big Love,” CBS’s “NCIS,” ABC Family’s “Make it or Break it,” FX’s “Justified,” and TNT’s “Franklin and Bash” 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 \$2 million to the general fund from Transient Occupancy Tax (T.O.T.). Attraction of regional and national sports tourism events like the AT&T Champions Classic, Amgen Tour of California, Volcom Skate Park event, Southern California Junior Olympics, and the 2010 United Soccer League Woman’s Championship, generates additional visitors in Santa Clarita and increased revenue for the City and its businesses

The City of Santa Clarita continually develops and implements 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) named the City of Santa Clarita the most business-friendly city in the county. Santa Clarita has also been named one of the Top 25 City Retail Markets in California by the California Retail Survey for two consecutive years, and new retail centers such as Bridgeport Marketplace and Plaza at Golden Valley are anchored with strong tenants like California Pizza Kitchen, Southern California Orthopedic Institute, 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.

The City of Santa Clarita continues to use business attraction and retention programs like the Enterprise Zone Program to support business by providing 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, including both existing and proposed development areas, and has proven to be a powerful business attraction and retention tool. To date, Santa Clarita Enterprise Zone staff has issued over 2,556 employee vouchers for jobs created or retained as a result of the Enterprise Zone program, potentially saving local employers almost \$96 million because of State income tax credits.

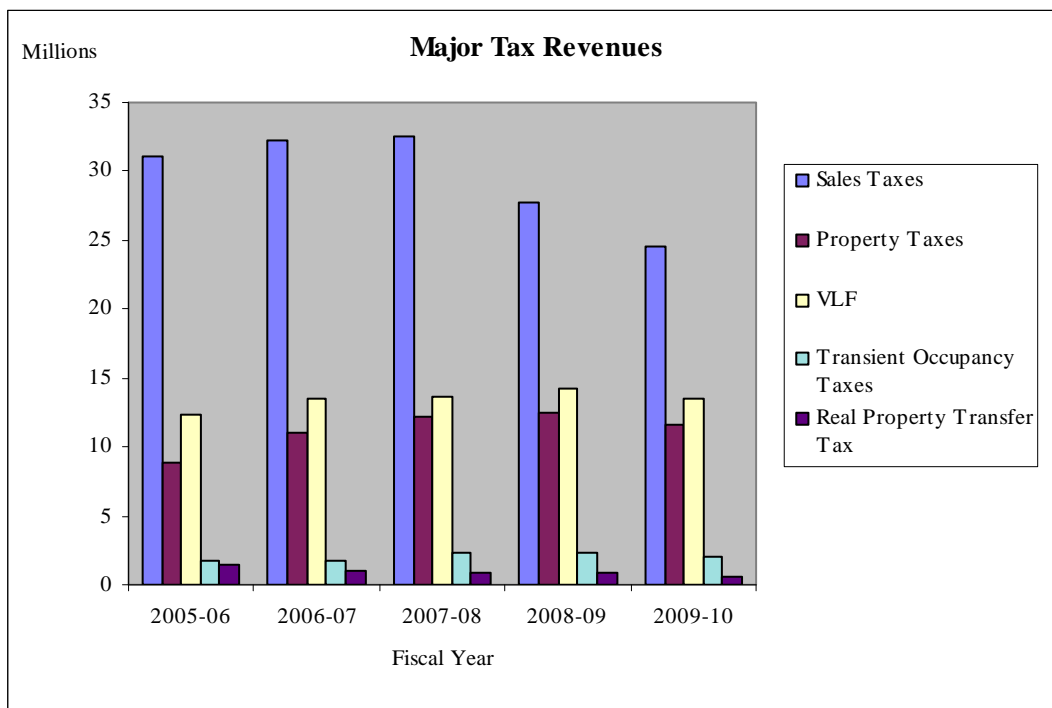
Santa Clarita recognizes the important role education plays in the success of the community. The City is home to three premier colleges, including California Institute of the Arts (CalArts), College of the Canyons, and the Masters College, all of which offer world-class instruction and programming that prepares students to become the next generation of business professionals and leaders. Santa Clarita was 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 approximately 180,000 residents and is consistently ranked one of California’s model cities, boasting the essential elements needed for well-balanced living and total wellbeing. Santa Clarita ranks as one of the safest cities in California 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. This year the City was successful in attracting Advanced Bionics to locate in the City that added 350 high-paying jobs. Through the Enterprise Zone, the City’s new job growth totals 750. 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 current economic downturn has directly affected the City’s revenue growth, producing decreases in sales tax, property tax, property tax in-lieu of Vehicle License Fee (VLF), Transient Occupancy Tax (TOT), and real property transfer tax revenues for Fiscal Year 09-10.



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 2009-2010

- ❖ On March 20, 2010, the City of Santa Clarita held the grand opening of the Cross Valley Connector project. The Cross Valley Connector is a network of roadways which has taken over 10 years to complete and at a cost of approximately \$245 million. The Santa Clarita City Council hosted the event and was attended by approximately 400-500 people.
- ❖ The City of Santa Clarita marks a new chapter for Old Town Newhall with a groundbreaking event for the new Old Town Newhall library on March 16, 2010. The new Old Town Newhall Library will house a book and media capacity of more than 135,000 items, 190 reader seats, 68 public computers, and 110 meeting seats. This new building will mark the City's second LEED-certified building.
- ❖ On February 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 and was later signed into law by President Obama. The City of Santa Clarita received a total of \$16.79 million in funding. The funds awarded to the City will be used to fund various road maintenance projects, the McBean Park and Ride Project, the Neighborhood Stabilization Program, and significant Transit improvements including the Transit Maintenance Facility Solar Canopies, and the Transit Information Network Project, to name a few.

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, 2009. This was the twenty-first consecutive year the City has achieved this 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.

This report is a joint effort by many people from many different areas of responsibility. The preparation of this 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 Service 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,

A handwritten signature in blue ink, appearing to read "Darren Hernández", with a stylized flourish at the end.

Darren Hernández,
Deputy City Manager

DH:cm

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, 2009

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**OFFICIALS OF THE CITY OF SANTA CLARITA
As of June 30, 2010**

City Council

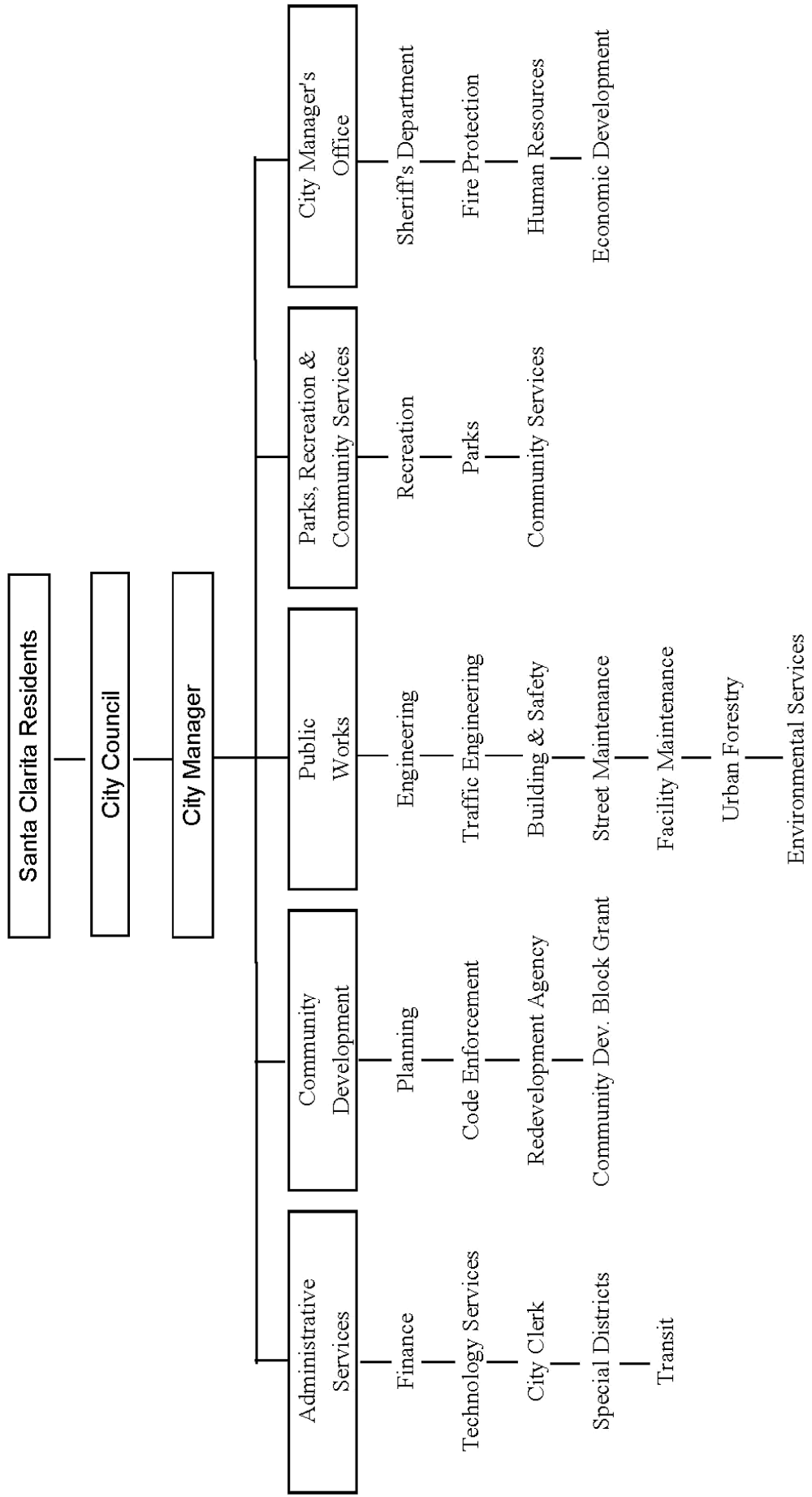
Laurene Weste	MAYOR
Marsha McLean	MAYOR PRO TEM
Laurie Ender	COUNCILMEMBER
Bob Kellar	COUNCILMEMBER
Frank Ferry	COUNCILMEMBER

City Officials

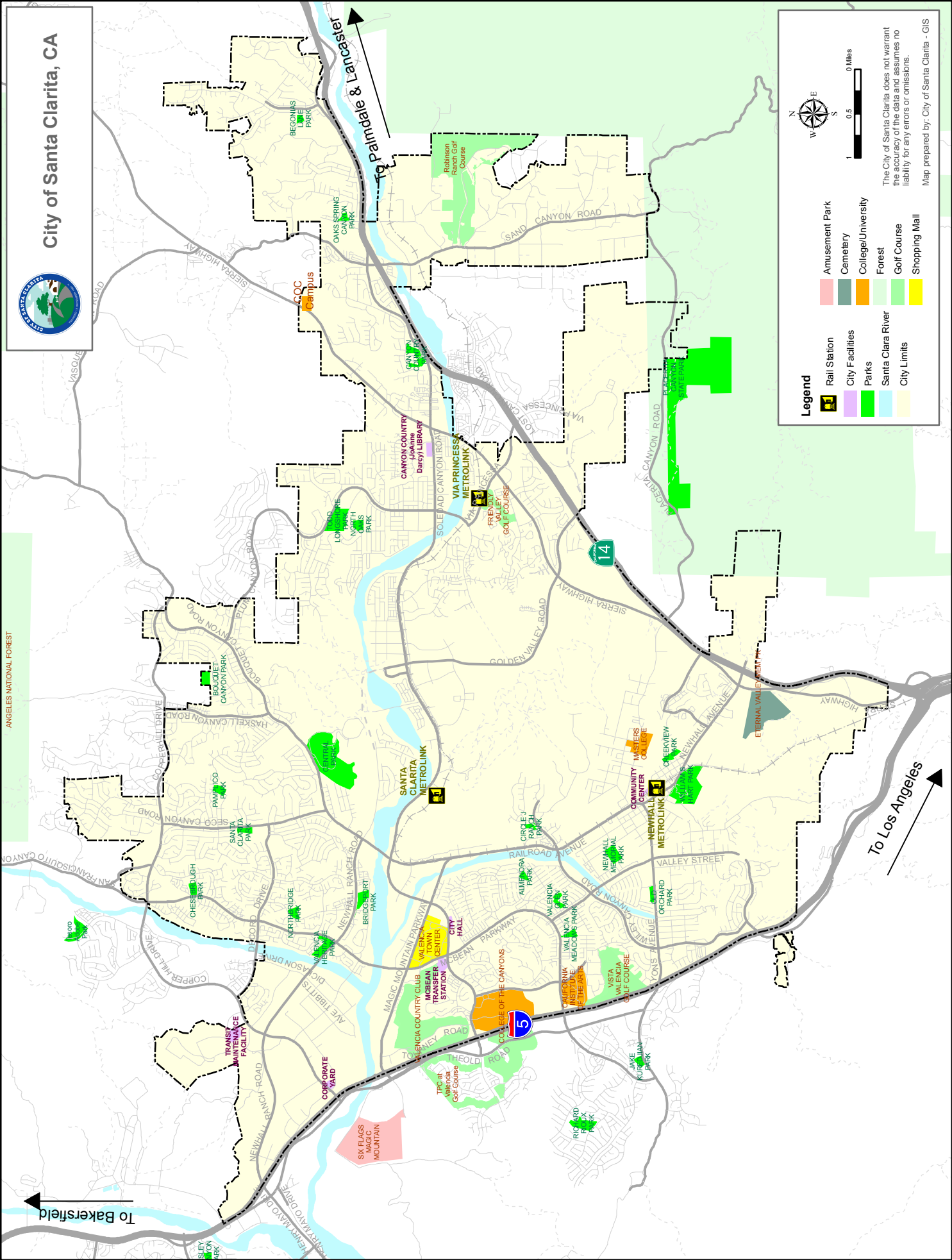
Ken Pulskamp	CITY MANAGER
Ken Striplin	ASSISTANT CITY MANAGER
Carl Newton	CITY ATTORNEY
Paul Brotzman	DIRECTOR OF COMMUNITY DEVELOPMENT
Richard Gould	DIRECTOR OF PARKS, RECREATION & COMMUNITY SERVICES
Darren Hernández	DEPUTY CITY MANAGER
Robert Newman	DIRECTOR OF PUBLIC WORKS/CITY ENGINEER

City of Santa Clarita

ORGANIZATION CHART As of June 30, 2010



City of Santa Clarita, CA



Legend

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

0 Miles
0.5 Miles

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



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Clarita, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 read in conjunction with this report in considering the results of our audit.

To the Honorable Mayor and Members of the City Council
of the City of Santa Clarita
Santa Clarita, California
Page 2

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion Required Supplementary Information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information 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 and Statistical Sections 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
January 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2010

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, 2010. 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 \$879.3 million. Of this amount, \$63 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 decreased by 1.83%, primarily as a result of the increase in unearned revenue. Net assets of the business-type activities decreased by \$2,346,414, or 3.35%, and net assets of the governmental activities decreased by \$14 million, or 1.70%.
- The capital assets of the City's governmental activities increased by \$25.5 million, or 3.58% over last fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$141 million. This represents a decrease of \$14.2 million as compared to the prior year.

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).

USING THIS ANNUAL REPORT (CONTINUED)

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.

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.

See independent auditors report.

REPORTING THE CITY AS A WHOLE - GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

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 is provided to explain the differences created by this integrated approach.

The City reports governmental fund financial information within 33 governmental funds. The general fund, bridge and thoroughfare fund, developer fees fund, open space preservation district special revenue fund, capital projects-redevelopment agency fund, and debt service-redevelopment agency fund 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 is 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.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS - FUND FINANCIAL STATEMENTS (CONTINUED)

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 79-86 of this report.

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 89-134 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 decreased by \$16.3 million, decreasing from \$895.6 million to \$879.3 million.

THE CITY AS A WHOLE (CONTINUED)

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>ASSETS:</u>						
Current and Other Assets	\$236,495,818	\$ 272,204,340	\$ 6,848,160	\$ 6,580,204	\$ 243,343,978	\$ 278,784,544
Capital assets	737,167,870	711,663,024	68,160,029	66,963,851	805,327,899	778,626,875
TOTAL ASSETS	973,663,688	983,867,364	75,008,189	73,544,055	1,048,671,877	1,057,411,419
<u>LIABILITIES:</u>						
Long Term Liabilities	82,018,862	84,375,842	-	-	82,018,862	84,375,842
Other Liabilities	80,117,362	73,942,786	7,272,660	3,462,112	87,390,022	77,404,898
TOTAL LIABILITIES	162,136,224	158,318,628	7,272,660	3,462,112	169,408,884	161,780,740
<u>NET ASSETS:</u>						
Invested in capital assets, net of related debt	657,644,168	629,621,720	67,911,725	66,963,851	725,555,893	696,100,267
Restricted	90,665,041	97,414,312	-	-	90,665,041	97,414,312
Unrestricted	63,218,255	98,512,704	(176,196)	3,118,092	63,042,059	102,116,100
TOTAL NET ASSETS	\$ 811,527,464	\$ 825,548,736	\$ 67,735,529	\$ 70,081,943	\$ 879,262,993	\$ 895,630,679

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

As of June 30, 2010, assets exceeded liabilities by \$879.3 million. The largest component of the City's net assets, 82.5%, is represented by its \$725 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, 10.3%, represents resources subject to external restrictions on how they may be used. The remaining 7.17% of unrestricted net assets, \$63 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 decreased by \$14 million over the prior year, \$9 million of which is represented by increase in long term liabilities. Increase in liabilities accounted for the majority of the overall decrease in net assets for business-type activities of \$2.4 million. The unrestricted portion of the business-type activities increased by \$3.2 million.

See independent auditors report.

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities

Revenues from governmental activities were down by \$39 million or -22.75%, due primarily to several Capital Grants and Contributions that have not continued to fiscal year 2009-2010. The cost of all governmental activities this year was \$139.4 million, a decrease of 12.13% over the past year. As shown in the Statement of Activities, the governmental activities expenditures were ultimately financed in part by the taxpayers, as \$25.6 million in revenues were generated by service revenues received from the performance of these activities; another \$16.2 million was received from government agencies and other organizations that subsidized certain programs with operating grants and contributions; and another \$15.3 million in revenues was generated from capital grants and contributions. Community Development programs were the only activities that generated net revenues of \$17.7 million. Overall, the City's governmental program and general revenues amounted to \$132.9 million, which funded the expenditures and resulted in a \$14 million decrease in net assets. Part of the \$132.9 million program and general revenue is other non-program governmental revenue amounting to \$75.8 million that the City realized this past year.

THE CITY AS A WHOLE (CONTINUED)

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

	Government Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues:						
Charges for services	\$ 25,647,587	\$ 41,768,203	\$ 3,181,614	\$ 3,299,263	\$ 28,829,201	\$ 45,067,466
Operating grants and contributions	16,224,269	25,079,906	10,260,579	13,653,177	26,484,848	38,733,083
Capital grants and contributions	15,249,634	23,636,779	-	-	15,249,634	23,636,779
General Revenues						
Taxes:						
Property taxes, levied for general purposes	25,126,278	26,820,068	-	-	25,126,278	26,820,068
Other Taxes	37,534,705	45,876,287	-	-	37,534,705	45,876,287
Grants and contributions not restricted to specific programs	896,708	6,020,940	-	-	896,708	6,020,940
Other	12,254,308	2,887,853	82,554	938,901	12,336,862	3,826,754
Total Revenues	132,933,489	172,090,036	13,524,747	17,891,341	146,458,236	189,981,379
General government	32,116,335	30,094,380	-	-	32,116,335	30,094,380
Public safety	17,912,704	17,489,870	-	-	17,912,704	17,489,870
Public works	26,758,527	48,514,645	-	-	26,758,527	48,514,645
Parks and recreation	27,835,763	32,747,618	-	-	27,835,763	32,747,618
Community development	13,831,341	9,761,681	-	-	13,831,341	9,761,681
Unallocated infrastructure depreciation	15,545,626	14,405,047	-	-	15,545,626	14,405,047
Interest on long term debt	5,476,918	5,725,201	-	-	5,476,918	5,725,201
Transit	-	-	23,348,708	22,299,379	23,348,708	22,299,379
Total Expenses	139,477,214	158,738,442	23,348,708	22,299,379	162,825,922	181,037,821
Increase/Decrease in Net Assets before transfers	(6,543,725)	13,351,594	(9,823,961)	(4,408,038)	(16,367,686)	8,943,556
Transfers	(7,477,547)	(8,006,128)	7,477,547	8,006,128	-	-
Increase/Decrease In Net Assets	(14,021,272)	5,345,466	(2,346,414)	3,598,090	(16,367,686)	8,943,556
Net Assets - Beginning of Year	825,548,736	820,203,270	70,081,943	66,483,853	895,630,679	886,687,123
Net Assets - End of Year	\$ 811,527,464	\$ 825,548,736	\$ 67,735,529	\$ 70,081,943	\$ 879,262,993	\$ 895,630,679

See independent auditors report.

THE CITY AS A WHOLE (CONTINUED)

Business-Type Activities

Business-type activities decreased the City's net assets by \$2.4 million for the current year. Business-type activities revenues decreased by \$4.4 million during the year for a total of \$13.5 million in revenues, not including the \$7.5 million of transfers in from other governmental activities. This was largely due to a decrease of \$3.4 million in operating grants and contributions. Related transit activity expenses increased by \$1,049,329.

THE CITY'S FUNDS

The governmental funds reported a combined fund balance at the end of the current fiscal year of \$141 million, a decrease of \$14.2 million over the prior year. Approximately \$71 million is reserved and already committed for specific restricted purposes, and approximately \$70 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 \$77.8 million, an increase of \$3.9 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 \$19.5 million in reserved general fund balance accounted for 27.6% of the total reserved governmental fund balance. The unreserved general fund balance of \$58.2 million, which is available for spending at the City's discretion, is up by \$16.9 million from prior year. The City's general fund balance has reserved \$19.5 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 to the financial statements.

Other major fund balance changes are noted below:

- The bridge and thoroughfare fund balance has realized a decrease of \$3 million or 78.7% from the prior year. This unusual and large decrease in fund balance is due to the recording of liability from developer fee credits. These credits are issued to developers when a particular project has been completed in which developers have contributed portions of bridges and thoroughfares in conjunction with a particular project.
- The developer fees fund balance decreased in the current year by \$964,412. This is due primarily to an increase in deferred revenues from developers.
- The Open Space Preservation District fund realized a decrease of \$169,485 this fiscal 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 \$17.5 million.
- Presented separately 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 \$23.1 million and \$34.5 million for the capital projects fund - redevelopment agency.

THE CITY'S FUNDS, (CONTINUED)

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

In addition to the major funds, the fund balances for the other governmental funds experienced an aggregate decrease of \$4.5 million, resulting in an overall 10.2% decrease in other governmental funds' balances.

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 decreased over the prior year by \$2.3 million or 3.35%. This \$2.3 million decrease was primarily due to the increase in total liabilities. The unrestricted portion of the business-type activities net assets decrease by \$3.7 million from prior year. The Internal Service funds net assets decreased by \$205,280 or -1.09%, ending the fiscal year with a fund balance of \$18.5 million, of which \$10.1 million is unrestricted.

General Fund Budgetary Highlights

Comparison of the fiscal year 2009-10 original (adopted) general fund budgeted expenditures and transfers of \$82 million to the final budgeted expenditures of \$85.4 million results in a net increase of \$3 million.

Included in this net increase is \$1.27 million in committed purchase orders and contracts from the prior June 30 balance, as well as \$664,741 of prior fiscal year operating and capital improvement projects approved for carryover into fiscal year 2009-10. The resulting beginning budget balance was equal to \$84.3 million.

Original Budget +	Cont. Appropriations +	Encumbrances =	Beg. Balance +	Supplemental Changes =	Final Budget
\$82,382,315 +	\$664,741 +	\$1,272,355 =	\$84,319,411 +	\$1,096,615 =	\$85,416,026

Comparing the beginning budget of \$84 million with the final budget of \$85.4 million indicates the general fund had supplemental budgetary appropriations of \$1,096,615 during the fiscal year. Included in the supplemental appropriations are the results of this year's budget review.

During the mid-year budget review, budgeted general fund revenue had a net increase of \$592,330. Included in the net increase is \$461,078 in Franchise Fees and \$130,000 in Real Property Transfer Tax.

At year end, the City's actual revenues are \$234,495 more than the final budgetary estimates. Actual expenditures were less than the final budgetary estimates by \$10 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had \$805.3 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	
	2010	2009	2010	2009	2010	2009
Land	\$ 101,976,048	\$ 84,071,279	\$ 15,087,880	\$ 10,787,880	\$ 117,063,928	\$ 94,859,159
Construction in progress	1,387,798	43,776,640	1,744,885	2,097,683	3,132,683	45,874,323
Infrastructure, net	574,110,439	531,550,499	-	-	574,110,439	531,550,499
Depreciable site improvements, net	21,951,041	12,917,720	1,536,390	1,607,566	23,487,431	14,525,286
Depreciable buildings and improvements, net	35,381,200	36,378,551	35,741,494	35,555,280	71,122,694	71,993,831
Depreciable equipment, net	2,361,344	2,968,335	14,049,380	16,915,442	16,410,724	19,883,777
TOTALS	\$ 737,167,870	\$ 711,663,024	\$ 68,160,029	\$ 66,963,851	\$ 805,327,899	\$ 778,626,875

Major capital asset events during the year included:

- Completion of the Cross Valley Connector project. The Cross Valley Connector is a network of roadways and consists of two 1,100 feet long northbound and southbound bridges, which has taken over ten years to complete at a cost of approximately \$245 million.
- Groundbreaking event of the Old Town Newhall Library. This new library will be located in Old Town Newhall and will house a book and media capacity of more than 135,000, 190 reader seats, 68 public computers, and 110 meeting seats.
- Completion of the Newhall Streetscape Project - The Newhall Streetscape project is a major public improvement effort which constructed and created landscaping, hardscaping, street furniture, street lights, pavers, and mid-block crossings.

Additional information on the City of Santa Clarita's capital assets can be located in Note 3 to the financial statements on pages 55 through 57.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At year-end, the City's total debt amounted to \$85 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	
	2010	2009	2010	2009	2010	2009
Refunding Certificates of						
Participation, net	\$ 13,422,653	\$ 14,420,511	\$ -	\$ -	\$ 13,422,653	\$ 14,420,511
Tax Allocation Bonds	38,035,154	38,549,624	-	-	38,035,154	38,549,624
Certificates of						
Participation	15,525,000	15,525,000	-	-	15,525,000	15,525,000
Lease Revenue Bonds	13,172,254	13,430,912	-	-	13,172,254	13,430,912
Contract and Leases						
Payable	2,019,416	2,834,795	248,304	485,304	2,267,720	3,320,099
Compensated Absences	2,529,495	2,471,047	-	-	2,529,495	2,471,047
Claims Payable	50,000	50,000	-	-	50,000	50,000
TOTALS	\$ 84,753,972	\$ 87,281,889	\$ 248,304	\$ 485,304	\$ 85,002,276	\$ 87,767,193

The City's governmental activities had \$84.8 million in debt at year-end. Governmental Activities long-term debt decreased overall by \$2.5 million during the year.

The City's business-type activities debt decreased by \$237,000, from \$485,304 to \$248,304. 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, 2010, 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, 2010, was \$3,246,962,129.

Additional information on the City of Santa Clarita's debt can be located in Note 4 to the financial statements, on pages 58 through 66.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economic landscape has changed rapidly and dramatically since 2007 when the financial system tumbled. Despite being one of Southern California's fastest growing residential and business communities and a leader in conservative fiscal practices, the City has not been immune to the economic meltdown.

- General fund sales tax revenue remains one of the primary sources of revenue to operate general governmental functions; it continues to be the largest revenue source, accounting for 32.3% or \$25.1 million. Sales Tax has been susceptible to the slowing economy and projected to decrease by 5.2% in 2010-11.
- Property tax revenues accounts for 31.3% or \$24.4 million in 2010-11. This is a decline of 2.8%. The County Assessor's office makes changes to the City's property tax roll daily to reflect transfers in ownership, new construction, assessment appeals, parcel splits and other dynamic changes.

Budgeted general fund revenues for fiscal year 2010-11 is \$70.8 million, 3.0% lower than the budget revenues of the prior year. The City's general fund operating and capital expenditures for the coming year are budgeted at \$69.8 million; no overall change over the previous year. Operational expenditures increased by .3% or \$187,000 and capital expenditures decreased by 62.6% or \$177,000. Since the economic recession, the City has been able to reduce General Fund spending levels by \$12 million, or 13.5%. The City's 2010-11 operating budget for ALL funds decreased by 1.1% or \$1.4 million.

The City remains dedicated to service excellence, teamwork and creativity. With the unpredictable economic climate, City staff from all departments and levels has provided input on how to reduce costs that will keep the City financially solvent and maintain exceptional service levels. The 2010-11 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. A copy of the City's 2010-11 budget can be obtained by contacting the City Finance Division or visit the web at santa-clarita.com/cityhall/departments/cmo/citybudget.

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.

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Santa Clarita
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 209,254,695	\$ 3,988,568	\$ 213,243,263
Cash and investments with fiscal agent	1,165,418	-	1,165,418
Receivables:			
Accounts	1,574,044	32,119	1,606,163
Interest	1,299,000	-	1,299,000
Taxes	10,254,588	-	10,254,588
Prepaid costs	602,235	-	602,235
Due from other governments	7,433,585	2,775,210	10,208,795
Loans receivable	1,649,914	-	1,649,914
Land held for resale	763,436	-	763,436
Internal balances	(52,263)	52,263	-
Non-current assets:			
Deferred charges	2,547,966	-	2,547,966
Deposits	3,200	-	3,200
Capital assets:			
Nondepreciable assets	103,363,846	16,832,765	120,196,611
Depreciable assets, net	633,804,024	51,327,264	685,131,288
Total capital assets, net	<u>737,167,870</u>	<u>68,160,029</u>	<u>805,327,899</u>
Total assets	<u>973,663,688</u>	<u>75,008,189</u>	<u>1,048,671,877</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	21,316,591	6,970,080	28,286,671
Unearned revenue	16,052,626	14,409	16,067,035
Due to other governments	787,209	-	787,209
Deposits payable	30,716,220	-	30,716,220
Interest payable	995,431	-	995,431
Compensated absences payable	257,408	39,867	297,275
Due within one year	-	248,304	248,304
Noncurrent liabilities:			
Other postemployment benefits payable	7,514,175	-	7,514,175
Due within one year	2,477,702	-	2,477,702
Due in more than one year	82,018,862	-	82,018,862
Total liabilities	<u>162,136,224</u>	<u>7,272,660</u>	<u>169,408,884</u>
NET ASSETS			
Invested in capital assets, net of related debt	657,644,168	67,911,725	725,555,893
Restricted for:			
Capital improvements	4,769,573	-	4,769,573
Special revenues	21,886,092	-	21,886,092
Redevelopment projects	6,844,736	-	6,844,736
Low and moderate income housing	34,488,967	-	34,488,967
Special assessments	22,675,673	-	22,675,673
Unrestricted	63,218,255	(176,196)	63,042,059
Total net assets	<u>\$ 811,527,464</u>	<u>\$ 67,735,529</u>	<u>\$ 879,262,993</u>

See accompanying Notes to Basic Financial Statements.

City of Santa Clarita
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 32,116,335	\$ 396,651	\$ 1,308,489	\$ 25,000
Public safety	17,912,704	2,194,038	27,990	-
Public works	26,758,527	3,162,052	11,671,245	1,765,224
Parks and recreation	27,835,763	3,956,933	452,917	581,230
Community development	13,831,341	15,937,913	2,763,628	12,878,180
Unallocated infrastructure depreciation	15,545,626	-	-	-
Interest and fiscal charges	5,476,918	-	-	-
Total governmental activities	139,477,214	25,647,587	16,224,269	15,249,634
Business-type activities:				
Transit	23,348,708	3,181,614	10,260,579	-
Total	\$ 162,825,922	\$ 28,829,201	\$ 26,484,848	\$ 15,249,634

General Revenues:

- Taxes:
 - Sales taxes
 - Property taxes, levied for general purposes
 - Franchise taxes
 - Transient occupancy taxes
 - Property transfer tax
- Unrestricted revenue in lieu of sales taxes
- Grant and contributions not restricted to specific programs
- Business license
- Unrestricted investment earnings
- Miscellaneous revenue
- Transfers

Total general revenues and transfers

Changes in net assets

Net assets - beginning of year

Net assets - end of year

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (30,386,195)	\$ -	\$ (30,386,195)
(15,690,676)	-	(15,690,676)
(10,160,006)	-	(10,160,006)
(22,844,683)	-	(22,844,683)
17,748,380		17,748,380
(15,545,626)	-	(15,545,626)
(5,476,918)	-	(5,476,918)
<u>(82,355,724)</u>	<u>-</u>	<u>(82,355,724)</u>
-	(9,906,515)	(9,906,515)
<u>(82,355,724)</u>	<u>(9,906,515)</u>	<u>(92,262,239)</u>
24,511,238	-	24,511,238
25,126,278	-	25,126,278
6,407,923	-	6,407,923
2,050,857	-	2,050,857
4,564,687	-	4,564,687
2,952,915	-	2,952,915
896,708	-	896,708
268,583	-	268,583
4,871,133	82,554	4,953,687
4,161,677	-	4,161,677
<u>(7,477,547)</u>	<u>7,477,547</u>	<u>-</u>
<u>68,334,452</u>	<u>7,560,101</u>	<u>75,894,553</u>
(14,021,272)	(2,346,414)	(16,367,686)
<u>825,548,736</u>	<u>70,081,943</u>	<u>895,630,679</u>
<u>\$ 811,527,464</u>	<u>\$ 67,735,529</u>	<u>\$ 879,262,993</u>



FUND FINANCIAL STATEMENTS

City of Santa Clarita
Balance Sheet
Governmental Funds
June 30, 2010

	Special Revenue Funds			
	General	Bridge and Thoroughfare	Developer Fees	Open Space Preservation District
ASSETS				
Cash and investments	\$ 67,771,347	\$ 18,651,235	\$ 8,718,054	\$ 17,343,075
Cash and investments with fiscal agents	-	-	-	-
Receivable:				
Accounts	390,864	-	446,375	6,722
Interest	552,589	150,512	70,368	24,052
Taxes	8,287,517	-	-	108,811
Prepaid costs	59,694	-	-	-
Due from other funds	4,988,761	-	-	-
Due from other governments	352,729	-	-	-
Land held for resale	-	-	-	-
Deposits	200	-	-	3,000
Loans receivable	-	-	-	-
Advances to other funds	19,015,402	19,247,359	5,541,714	-
Total assets	\$ 101,419,103	\$ 38,049,106	\$ 14,776,511	\$ 17,485,660
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 6,390,485	\$ 1,054,683	\$ 367,226	\$ 954
Deferred revenue	8,861,608	902,706	13,504,308	10,790
Due to other governments	-	-	-	-
Deposits	8,409,487	22,306,733	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	20,646,417	-	-
Total liabilities	23,661,580	44,910,539	13,871,534	11,744
Fund Balances:				
Reserved:				
General fund	19,546,015	-	-	-
Special revenue fund	-	21,511,730	38,225	17,473,916
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
Unreserved, designated:				
General fund	220,616	-	-	-
Special revenue fund	-	-	866,752	-
Capital projects fund	-	-	-	-
Unreserved, undesignated	57,990,892	(28,373,163)	-	-
Total fund balances	77,757,523	(6,861,433)	904,977	17,473,916
Total liabilities and fund balances	\$ 101,419,103	\$ 38,049,106	\$ 14,776,511	\$ 17,485,660

See accompanying Notes to Basic Financial Statements.

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Redevelopment Agency	Redevelopment Agency		
\$ 28,210	\$ 34,739,265	\$ 45,573,957	\$ 192,825,143
896,539	-	268,879	1,165,418
-	-	728,450	1,572,411
-	54,989	313,896	1,166,406
-	58,235	1,800,025	10,254,588
-	-	-	59,694
-	-	-	4,988,761
-	-	7,080,856	7,433,585
-	763,436	-	763,436
-	-	-	3,200
-	-	1,649,914	1,649,914
-	-	-	43,804,475
<u>\$ 924,749</u>	<u>\$ 35,615,925</u>	<u>\$ 57,415,977</u>	<u>\$ 265,687,031</u>
\$ -	\$ 341,295	\$ 5,612,648	\$ 13,767,291
-	24,669	6,689,346	29,993,427
-	760,994	26,215	787,209
-	-	-	30,716,220
-	-	4,988,761	4,988,761
24,048,962	-	-	44,695,379
<u>24,048,962</u>	<u>1,126,958</u>	<u>17,316,970</u>	<u>124,948,287</u>
-	-	-	19,546,015
-	-	-	39,023,871
924,749	-	735,405	1,660,154
-	763,436	9,747,993	10,511,429
-	-	-	220,616
-	-	26,484,169	27,350,921
-	33,725,531	-	33,725,531
(24,048,962)	-	3,131,440	8,700,207
<u>(23,124,213)</u>	<u>34,488,967</u>	<u>40,099,007</u>	<u>140,738,744</u>
<u>\$ 924,749</u>	<u>\$ 35,615,925</u>	<u>\$ 57,415,977</u>	<u>\$ 265,687,031</u>



City of Santa Clarita
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds \$ 140,738,744

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

	Government- Wide Statement of Net Assets	Less Internal Service Funds	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. Those assets consist of:			
Non-depreciable	\$ 103,363,846	\$ 7,669,393	
Depreciable, net of accumulated depreciation	633,804,024	735,249	
Total capital assets	\$ 737,167,870	\$ 8,404,642	728,763,228

Bond issuance costs from issuing debt were expenditures in the fund financial statements. However, they were deferred and subject to capitalization and amortization in the Government-Wide Financial Statements:

Deferred charges, net of accumulated amortization 2,547,966

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, these revenues are included in the government-wide statements.

Change in deferred revenue and unearned revenue 13,940,801

OPEB obligations are not a current liability. Therefore are not included in the governmental fund financials.

(7,514,175)

	Government- Wide Statement of Net Assets	Less Internal Service Funds	
Liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds:			
Capital leases - current	\$ (1,624)	\$ -	
Loans payable - current	(601,078)	-	
Long-term debt - due within one year	(1,875,000)	-	
Compensated absences - noncurrent	(2,272,087)	-	
Loans payable - noncurrent	(1,416,714)	-	
Long-term debt - noncurrent	(78,675,000)	-	
Deferred discount/premiums	394,939	-	
Claims payable	(50,000)	(50,000)	
	\$ (84,496,564)	\$ (50,000)	(84,446,564)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.

(995,431)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets. Internal balances of \$52,263 are not included.

18,492,895

Net assets of governmental activities \$ 811,527,464

City of Santa Clarita
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds			
	General	Bridge and Thoroughfare	Developer Fees	Open Space Preservation District
REVENUES:				
Taxes	\$ 59,549,071	\$ -	\$ -	\$ 1,677,326
Licenses and permits	4,093,250	-	-	-
Developer fees	-	1,671,160	1,250,308	-
Investment income	2,425,941	1,015,254	335,108	129,987
Revenue from other agencies	680,167	-	-	-
Fines and forfeitures	406,267	-	-	-
Service charges	5,281,736	-	-	-
Other revenue	137,620	221,849	-	-
Overhead reimbursement	2,943,287	-	-	-
Total revenues	75,517,339	2,908,263	1,585,416	1,807,313
EXPENDITURES:				
Current:				
General government	14,315,072	-	-	1,263,146
Public safety	17,600,951	-	-	-
Public works	12,870,256	1,433,149	-	-
Parks and recreation	19,115,239	-	-	-
Community development	4,527,958	-	719,263	-
Capital outlay	-	4,691,971	1,164,752	-
Debt service:				
Bond issuance costs	-	-	-	-
Principal retirement	442,137	-	-	-
Interest and fiscal charges	20,542	432,728	-	-
Total expenditures	68,892,155	6,557,848	1,884,015	1,263,146
REVENUES OVER (UNDER) EXPENDITURES	6,625,184	(3,649,585)	(298,599)	544,167
OTHER FINANCING SOURCES (USES):				
Transfers in	3,776,171	627,031	-	-
Transfers out	(6,543,029)	-	(665,813)	(713,652)
Total other financing sources (uses)	(2,766,858)	627,031	(665,813)	(713,652)
Net change in fund balances	3,858,326	(3,022,554)	(964,412)	(169,485)
FUND BALANCES:				
Beginning of year	73,899,197	(3,838,879)	1,869,389	17,643,401
End of year	<u>\$ 77,757,523</u>	<u>\$ (6,861,433)</u>	<u>\$ 904,977</u>	<u>\$ 17,473,916</u>

See accompanying Notes to Basic Financial Statements.

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Redevelopment Agency	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,142,383	\$ 16,346,049	\$ 80,714,829
-	-	-	4,093,250
-	-	131,895	3,053,363
244	510,349	1,069,042	5,485,925
-	-	33,200,978	33,881,145
-	-	1,530,051	1,936,318
-	-	5,530,785	10,812,521
-	-	3,932,167	4,291,636
-	-	-	2,943,287
244	3,652,732	61,740,967	147,212,274
-	44,567	12,328,725	27,951,510
-	-	261,178	17,862,129
-	-	6,291,170	20,594,575
-	-	933,191	20,048,430
-	3,958,854	1,643,867	10,849,942
-	4,623,327	35,703,218	46,183,268
-	243	15	258
400,000	-	1,768,977	2,611,114
2,639,917	-	2,317,965	5,411,152
3,039,917	8,626,991	61,248,306	151,512,378
(3,039,673)	(4,974,259)	492,661	(4,300,104)
1,779,817	4,859,886	7,910,210	18,953,115
(4,859,886)	(3,191,516)	(12,956,766)	(28,930,662)
(3,080,069)	1,668,370	(5,046,556)	(9,977,547)
(6,119,742)	(3,305,889)	(4,553,895)	(14,277,651)
(17,004,471)	37,794,856	44,652,902	155,016,395
\$ (23,124,213)	\$ 34,488,967	\$ 40,099,007	\$ 140,738,744

City of Santa Clarita

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2010

Net change in fund balance - total governmental funds:	\$ (14,277,651)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over the estimated useful lives as depreciation expense. This amount does not include internal service fund activity of \$178,588. The following was the amount of capital assets recorded in the current period:

Capital outlay	34,255,047
Loss on disposal	(127,370)

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds. The adjustment is the difference between the depreciation expense of the governmental activities in the amount of \$18,656,060 and the depreciation expense of the internal service funds in the amount of \$337,463.

(18,318,597)

Amortization expense was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, amortization expense was not reported as an expenditure in the governmental funds:

Amortization of bond premiums and discounts	(34,014)
Amortization of deferred charges	(68,795)

Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.

Principal payments on bonds, COP's, loans and capital leases	2,620,379
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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. The following amount represents the change from the prior year:

Compensated absences	(58,448)
Accrued interest	28,036
Other post employment benefits	(3,555,794)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue 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.

(14,278,785)

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.

(205,280)

Change in net assets of governmental activities	\$ (14,021,272)
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PROPRIETARY FUND FINANCIAL STATEMENTS



City of Santa Clarita
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activity	Government Activities
	Transit Enterprise	Internal Service Fund
ASSETS		
Current assets:		
Cash and investments	\$ 3,988,568	\$ 16,429,552
Receivables:		
Accounts	-	1,633
Interest	32,119	132,594
Prepaid items	-	542,541
Due from other governments	2,775,210	-
Advances to other fund	-	890,904
Total current assets	<u>6,795,897</u>	<u>17,997,224</u>
Noncurrent assets:		
Capital assets:		
Land	15,087,880	7,669,393
Construction in progress	1,744,885	-
Site improvements, net of accumulated depreciation	1,536,390	-
Building, net of accumulated depreciation	35,741,494	-
Equipment, net of accumulated depreciation	14,049,380	735,249
Total noncurrent assets	<u>68,160,029</u>	<u>8,404,642</u>
Total assets	<u>74,955,926</u>	<u>26,401,866</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	7,009,947	7,806,708
Deferred revenue	14,409	-
Capital leases payable	248,304	-
Total current liabilities	<u>7,272,660</u>	<u>7,806,708</u>
Noncurrent liabilities:		
Claims payable	-	50,000
Total noncurrent liabilities	<u>-</u>	<u>50,000</u>
Total liabilities	<u>7,272,660</u>	<u>7,856,708</u>
NET ASSETS		
Invested in capital assets, net of related debt	67,911,725	8,404,642
Unrestricted	(228,459)	10,140,516
Total net assets	<u>\$ 67,683,266</u>	<u>\$ 18,545,158</u>
<i>Net assets reconciliation:</i>		
Net assets of proprietary funds	\$ 67,683,266	
Adjustment to reflect the consolidation of internal service fund activities related to the Transit Fund	<u>52,263</u>	
Net assets of business-type activities	<u>\$ 67,735,529</u>	

See accompanying Notes to Basic Financial Statements.

City of Santa Clarita
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-Type Activity - Transit Enterprise	Government Activities - Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 3,181,614	\$ 2,406,311
Total operating revenue	3,181,614	2,406,311
OPERATING EXPENSES:		
Administrative and personnel services	2,062,864	-
Transportation services	15,821,970	-
Service and supplies	1,633,254	5,327,668
Depreciation	3,830,620	258,808
Total operating expenses	23,348,708	5,586,476
OPERATION INCOME (LOSS)	(20,167,094)	(3,180,165)
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental grants	10,260,579	-
Investment income	82,554	474,885
Total nonoperating revenues (expenses)	10,343,133	474,885
INCOME (LOSS) BEFORE TRANSFERS	(9,823,961)	(2,705,280)
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
Transfers in	7,689,955	2,500,000
Transfers out	(212,408)	-
Total transfers	7,477,547	2,500,000
Changes in net assets	(2,346,414)	(205,280)
NET ASSETS:		
Beginning of the year	70,081,943	18,750,438
End of the year	<u>\$ 67,735,529</u>	<u>\$ 18,545,158</u>
<i>Net assets reconciliation:</i>		
Net assets of proprietary funds	\$ (2,346,414)	
Adjustment to reflect the consolidation of internal service fund activities related to the Transit Fund	-	
Net assets of business-type activities	<u>\$ (2,346,414)</u>	

See accompanying Notes to Basic Financial Statements.

City of Santa Clarita
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Business-Type Activity - Transit Enterprise	Government Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 3,188,269	\$ 2,407,338
Other operating expenses	736,604	-
Payment to suppliers	(13,410,220)	1,116,833
Payments to employees	(2,062,864)	-
Net cash provided by (used for) operating activities	(11,548,211)	3,524,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash contributed by other governments	10,260,579	-
Cash received from other funds	7,689,955	2,474,886
Cash paid to other funds	(212,408)	-
Net cash provided by (used for) noncapital financing activities	17,738,126	2,474,886
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(5,026,798)	(7,769,326)
Principal payments on financed debt	(237,000)	-
Net cash provided by (used for) capital and related financing activities	(5,263,798)	(7,769,326)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	78,317	481,808
Net cash provided (used) by investing activities	78,317	481,808
Net increase (decrease) in cash and cash equivalents	1,004,434	(1,288,461)
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,984,134	17,718,013
End of year	\$ 3,988,568	\$ 16,429,552
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (20,167,094)	\$ (3,180,165)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	3,830,620	258,808
Change in assets and liabilities:		
Increase (decrease) in accounts receivable	6,655	1,027
Increase (decrease) in due from other governments	734,060	-
Increase (decrease) in prepaid expenses	-	(542,541)
Increase (decrease) in accounts payable and accrued liabilities	4,045,004	6,987,042
Increase (decrease) in deferred revenues	2,544	-
Net cash provided (used) by operating activities	\$ (11,548,211)	\$ 3,524,171

See accompanying Notes to Basic Financial Statements.



FIDUCIARY FUND FINANCIAL STATEMENTS



City of Santa Clarita
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 282,387
Cash and investments with fiscal agent	1,793,544
Taxes receivable	12,344
Interest receivable	<u>2,222</u>
Total assets	<u>\$ 2,090,497</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 9,418
Due to other funds	300
Due to bondholders	<u>2,080,779</u>
Total liabilities	<u>\$ 2,090,497</u>



NOTES TO BASIC FINANCIAL STATEMENTS

City of Santa Clarita
Notes to Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Santa Clarita, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City 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.

As required by GAAP, these basic financial statements present the City and its component units for which the City is considered to be financially accountable. GASB Statement No. 14, *The Financial Reporting Entity*, defines component units as legally separate entities that meet any one of the following tests:

1. The City appoints the voting majority of the board of the potential component unit and:
 - ♦ is able to impose its will on the component unit and/or
 - ♦ is in a relationship of financial benefit or burden with the potential component unit.
2. The potential component unit is fiscally dependent upon the City.
3. The financial statements of the City would be misleading if data from the potential component unit was omitted.

Management determined that the following component units should be blended based on the criteria above:

The Redevelopment Agency of the City of Santa Clarita (Agency) was established in July 1991, pursuant to the State of California Health and Safety Code, Section 33000. The Agency is governed by the members of the City Council. The Agency's primary purpose 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 Agency's financial data and activity are reported within the debt service and capital projects fund types of the City. The Agency's basic financial statements can be obtained at the City's administrative offices.

The Santa Clarita Public Financing Authority (Authority) was established in July 1991 as a joint powers 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 Authority's financial data and activity are reported within the debt service and capital projects fund types of the City. The Authority's basic financial statements can be obtained at the City's administrative offices.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The accounting policies of the City conform to GAAP in the United States for local governmental units. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of which they are to be spent and means by which spending activities are controlled.

Government – Wide and Fund Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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 Statements 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. The City has elected not to follow subsequent private-sector guidance.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The City has presented all major funds that meet the required criteria. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.

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.

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds. Fiduciary fund types are accounted for according to the nature of the fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

The City reports the following agency funds:

The Assessment District No. 92-2 Fund is 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 Assessment District No. 99-1 Fund is 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 Assessment District No. 2002-1 Fund is 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.

Fund Types reported by the City

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.

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.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Investments are presented at fair value except as noted below. The fair value of participants' position in the investment pools is the same as the value of the investment pools' shares and investment income, which includes changes in fair value (i.e., realized and unrealized gains or losses). Money market funds (such as short-term, highly liquid debt instruments including bankers' acceptances and securities (notes, bills, and bonds of the U.S. government and its agencies), and participating interest-earnings investment contracts (such as negotiable certificates of deposit, certificates of deposit, and repurchase agreements) that have a remaining maturity at the time of purchase of one year or less, are carried at amortized cost which approximates market value.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

The City also participates in the Los Angeles County Pooled Investment Fund.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB No. 3)*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
 - ◆ Overall
 - ◆ Custodial Credit Risk
 - ◆ Concentration of Credit Risk
- Foreign Currency Risk

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., current portion of interfund loans) or “advances from/to other funds” (i.e., noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances.”

E. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Capital Assets

Government-Wide Financial Statements

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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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

Fund Financial Statements

The fund financial statements do not present capital assets. As such, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

G. Land Held for Resale

Land held for resale is carried at cost. An amount equal to the carrying value of land is reserved in fund balance because such assets are not available to finance the City’s current operations.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Long Term Debt

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the government-wide and proprietary fund financial statements.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The fund financial statements do not present long-term debt. As such, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

I. 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 and proprietary funds only if they have matured.

J. Claims Payable

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. 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.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Assets and Fund Balances

Government-Wide Financial Statements - In the government-wide financial statements, net assets are classified in the following:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Financial Statements - Reservations represent the fund balance which is not appropriable for expenditure or which is legally segregated for specific future use. Designated fund balance represents tentative plans for future use of financial resources. Undesignated fund balance represents the fund balance which is available for appropriation in future periods.

M. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

N. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

O. Unearned and Deferred Revenue

Government-Wide Financial Statements - Unearned revenue is recognized for transactions for which revenue has not yet been earned. Unearned revenue includes monies received in advance from the fiscal agents on the amounts deposited in the reserve funds for various bonds and prepaid charges for services.

Fund Financial Statements - Deferred revenue represents money received during the current or previous years that has not been earned or is not considered available to finance expenditures of the current period.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS

A. Cash and Investments

Cash and investments at June 30, 2010, are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Assets	Total
Cash and Investments	\$ 209,254,695	\$ 3,988,568	\$ 213,243,263	\$ 282,387	\$ 213,525,650
Cash and Investments with fiscal agent	1,165,418	-	1,165,418	1,793,544	2,958,962
Total	\$ 210,420,113	\$ 3,988,568	\$ 214,408,681	\$ 2,075,931	\$ 216,484,612

Cash and investments consisted of the following at June 30, 2010:

Cash and cash equivalents:	
Cash on hand	\$ 3,249
Deposits with financial institutions	(84,881)
Total cash and cash equivalents	(81,632)
Investments:	
US Treasury Securities	42,817,218
Federal Agencies	110,589,489
Money Markets	8,502,091
Certificates of Deposit	1,019,829
Corporate Securities	39,475,072
Local Agency Investment Fund	9,744,624
LA County Pool	1,458,959
Total investments	213,607,282
Total cash and investments	\$ 213,525,650

The carrying amounts of the City's demand deposits were \$(84,881) at June 30, 2010. Bank balances before reconciling items were \$338,301 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name. The overdraft of demand deposits is due to timing differences.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

B. 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage or Amount of Portfolio *	Maximum Investment in One Issuer
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
Los Angeles County Pooled Investment Fund (LACPIF)	Not Applicable	None	None
Local Agency Investment Fund (LAIF)	Not Applicable	\$ 40 M	None

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

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

C. 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage or Amount of Portfolio *	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
Money Market Mutual Funds	5 years	15%	10%
Local Agency Investment Fund (LAIF)	Not Applicable	\$ 40 M	None

D. Disclosures Relating to Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy (Policy) limits investments to a maximum maturity of five years from the date of purchase.

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.

At June 30, 2010, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
US Treasury Securities	\$ 42,817,218	\$ 31,107,252	\$ 4,093,782	\$ 6,038,204	\$ 1,577,980	\$ -
Federal Agencies	110,589,489	60,283,074	15,232,438	19,866,045	9,479,304	5,728,628
Money Market	8,502,091	8,502,091	-	-	-	-
Certificates of Deposit	1,019,829	1,019,829	-	-	-	-
Corporate Securities	39,475,072	4,451,015	19,101,767	4,193,947	7,427,985	4,300,358
Local Agency Investment Fund	9,744,624	9,744,624	-	-	-	-
LA County Pool	1,458,959	1,458,959	-	-	-	-
Total	\$ 213,607,282	\$ 116,566,844	\$ 38,427,987	\$ 30,098,196	\$ 18,485,269	\$ 10,028,986

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

E. 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:

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

Investment Type	Moody's Credit Rating	S&P's Credit Rating	% of Investments with Interest Rate Risk
US Treasury Securities	AAA	AAA	20.04%
Federal Agencies	AAA	AAA	51.77%
Money Market	Not Rated	Not Rated	3.98%
Certificates of Deposit	Not Rated	Not Rated	0.49%
Corporate Securities	Various	Various	18.48%
Local Agency Investment Fund	Not Rated	Not Rated	4.56%
LA County Pool	Not Rated	Not Rated	0.68%
Total			100.00%

E. 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:

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 26,234,963	12.28%
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	22,166,167	10.38%
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	35,797,981	16.76%
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	19,690,759	9.22%

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

G. 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, 2010, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

H. Investment in State Investment Pool

The City is a participant in LAIF which 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 City's investments with LAIF at June 30, 2010, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2010, the City had \$9,744,624 invested in LAIF, which had invested 5.42% of the pool investment funds in Structured Notes and Asset-Backed. The LAIF fair value factor of 1.001643776 was used to calculate the fair value of the investments in LAIF.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

1. 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 prorated 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 LCPIF, which are recorded on an amortized cost basis.

3. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2010, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 101,976,048	\$ 15,087,880	\$ 117,063,928
Construction-in-progress	1,387,798	1,744,885	3,132,683
Total non-depreciable assets	<u>103,363,846</u>	<u>16,832,765</u>	<u>120,196,611</u>
Depreciable assets:			
Site improvements	28,903,244	1,894,765	30,798,009
Building and improvements	46,537,031	41,483,799	88,020,830
Equipment	10,656,677	35,208,371	45,865,048
Infrastructure	791,084,910	-	791,084,910
Total depreciable assets	<u>877,181,862</u>	<u>78,586,935</u>	<u>955,768,797</u>
Less accumulated depreciation:			
Site improvements	(6,952,203)	(358,375)	(7,310,578)
Building and improvements	(11,155,831)	(5,742,305)	(16,898,136)
Equipment	(8,295,333)	(21,158,991)	(29,454,324)
Infrastructure	(216,974,471)	-	(216,974,471)
Total accumulated depreciation	<u>(243,377,838)</u>	<u>(27,259,671)</u>	<u>(270,637,509)</u>
Total depreciable assets, net	<u>633,804,024</u>	<u>51,327,264</u>	<u>685,131,288</u>
Total capital assets, net	<u>\$ 737,167,870</u>	<u>\$ 68,160,029</u>	<u>\$ 805,327,899</u>

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Governmental Activities				Balance June 30, 2010
	Balance July 1, 2009	Additions	Deletions	Reclassification	
Non-depreciable assets:					
Land	\$ 84,071,279	\$ 18,032,139	\$ (127,370)	\$ -	\$ 101,976,048
Construction-in-progress	43,776,640	22,840,702	-	(65,229,544)	1,387,798
Total non-depreciable assets	127,847,919	40,872,841	(127,370)	(65,229,544)	103,363,846
Depreciable assets:					
Site improvements	18,711,484	544,686	-	9,647,074	28,903,244
Building and improvements	46,537,031	-	-	-	46,537,031
Equipment	10,456,562	347,653	(147,538)	-	10,656,677
Infrastructure	732,979,344	2,523,096	-	55,582,470	791,084,910
Total depreciable assets	808,684,421	3,415,435	(147,538)	65,229,544	877,181,862
Less accumulated depreciation:					
Site improvements	(5,793,764)	(1,158,439)	-	-	(6,952,203)
Building and improvements	(10,158,480)	(997,351)	-	-	(11,155,831)
Equipment	(7,488,227)	(954,644)	147,538	-	(8,295,333)
Infrastructure	(201,428,845)	(15,545,626)	-	-	(216,974,471)
Total accumulated depreciation	(224,869,316)	(18,656,060)	147,538	-	(243,377,838)
Total depreciable assets, net	583,815,105	(15,240,625)	-	65,229,544	633,804,024
Governmental activities capital assets, net	\$ 711,663,024	\$ 25,632,216	\$ (127,370)	\$ -	\$ 737,167,870

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2010 as follows:

Governmental Activities	
General government	\$ 436,642
Public safety	50,575
Public works	328,034
Parks and recreation	1,939,818
Community development	17,902
Internal service funds depreciation charged to programs	337,463
Allocated depreciation	3,110,434
Unallocated infrastructure depreciation	15,545,626
Total depreciation expense - governmental activities	<u>\$ 18,656,060</u>

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Business-Type Activities				Balance June 30, 2010
	Balance July 1, 2009	Additions	Deletions	Reclassification	
Non-depreciable assets:					
Land	\$ 10,787,880	\$ 4,300,000	\$ -	\$ -	\$ 15,087,880
Construction-in-progress	2,097,683	716,762	-	(1,069,560)	1,744,885
Total non-depreciable assets	12,885,563	5,016,762	-	(1,069,560)	16,832,765
Depreciable assets:					
Site improvements	1,894,765	-	-	-	1,894,765
Building and improvements	40,414,239	-	-	1,069,560	41,483,799
Equipment	35,198,335	10,036	-	-	35,208,371
Total depreciable assets	77,507,339	10,036	-	1,069,560	78,586,935
Less accumulated depreciation:					
Site improvements	(287,199)	(71,176)	-	-	(358,375)
Building and improvements	(4,858,959)	(883,346)	-	-	(5,742,305)
Equipment	(18,282,893)	(2,876,098)	-	-	(21,158,991)
Total accumulated depreciation	(23,429,051)	(3,830,620)	-	-	(27,259,671)
Total depreciable assets, net	54,078,288	(3,820,584)	-	1,069,560	51,327,264
Business-type activities capital assets, net	\$ 66,963,851	\$ 1,196,178	\$ -	\$ -	\$ 68,160,029

Depreciation expense for business-type activities for the fiscal year ended June 30, 2010 was charged as follows:

Transit	\$ 3,830,620
Total depreciation expense	\$ 3,830,620

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Classification	
					Due Within One Year	Due More Than One Year
Governmental Activities:						
Lease Revenue Bonds:						
Series 2007	\$ 13,330,000	\$ -	\$ (255,000)	\$ 13,075,000	\$ 270,000	\$ 12,805,000
Plus deferred amount for issuance premium	100,912	-	(3,658)	97,254	-	97,254
Total Lease Revenue Bonds	13,430,912	-	(258,658)	13,172,254	270,000	12,902,254
Certificates of Participation:						
Refunding, Series 2005	14,790,000	-	(1,030,000)	13,760,000	1,060,000	12,700,000
Series 2007	15,525,000	-	-	15,525,000	-	15,525,000
Less deferred amounts:						
For issuance discounts	(369,489)	-	32,142	(337,347)	-	(337,347)
Total Certificates of Participation	29,945,511	-	(997,858)	28,947,653	1,060,000	27,887,653
Tax Allocation Bonds:						
Series 2008	29,860,000	-	(400,000)	29,460,000	420,000	29,040,000
Housing Set-Aside	8,850,000	-	(120,000)	8,730,000	125,000	8,605,000
Less deferred amounts:						
For issuance discounts	(160,376)	-	5,530	(154,846)	-	(154,846)
Total Tax Allocation Bonds	38,549,624	-	(514,470)	38,035,154	545,000	37,490,154
Capital leases payable	10,888	-	(9,264)	1,624	1,624	-
Loans payable	2,823,907	-	(806,115)	2,017,792	601,078	1,416,714
Compensated absences	2,471,047	1,608,405	(1,549,957)	2,529,495	257,408	2,272,087
Claims payable	50,000	-	-	50,000	-	50,000
Total	\$ 87,281,889	\$ 1,608,405	\$ (4,136,322)	\$ 84,753,972	\$ 2,735,110	\$ 82,018,862

Governmental Activities

Lease Revenue Bonds - Series 2007

On January 16, 2007, the 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-ways.

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 2037 and bear interest at 4.375%. Interest is payable semi-annually on February 1 and August 1, commencing August 1, 2007.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Lease Revenue Bonds - Series 2007, Continued

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.

The total principal and interest remaining to be paid on the Bonds is \$22,217,390 as of June 30, 2010. For the current year, principal and interest paid on the Bonds was \$822,156 and property tax increment net revenues were \$25,126,278. The Bonds required 3.3% of net revenues. The outstanding balance of the Bonds was \$13,075,000 at June 30, 2010.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 270,000	\$ 555,304	\$ 825,304
2012	280,000	541,804	821,804
2013	295,000	527,804	822,804
2014	310,000	513,054	823,054
2015	325,000	500,654	825,654
2016-2020	1,815,000	2,298,469	4,113,469
2021-2025	2,210,000	1,905,069	4,115,069
2026-2030	2,695,000	1,413,263	4,108,263
2031-2035	3,330,000	784,813	4,114,813
2036-2037	1,545,000	102,156	1,647,156
Total	\$ 13,075,000	\$ 9,142,390	\$ 22,217,390

The following is a summary of the unamortized premiums and discounts outstanding at June 30, 2010:

Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
\$ 100,912	\$ -	\$ (3,658)	\$ 97,254

Amortization expense was \$3,658 for June 30, 2010.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Refunding Certificates of Participation - Series 2005

On July 1, 2005, the 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.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,160,000	368,085	1,528,085
2015	1,195,000	329,359	1,524,359
2016-2020	6,645,000	956,316	7,601,316
2021	1,485,000	29,700	1,514,700
Total	\$ 13,760,000	\$ 2,996,235	\$ 16,756,235

On December 12, 2007, the 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 are backed by 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.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Refunding Certificates of Participation - Series 2005, Continued

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 713,651	\$ 713,651
2012	35,000	712,951	747,951
2013	60,000	711,051	771,051
2014	90,000	708,051	798,051
2015	120,000	703,851	823,851
2016-2020	1,100,000	3,411,256	4,511,256
2021-2025	2,070,000	3,086,313	5,156,313
2026-2030	3,300,000	2,488,341	5,788,341
2031-2035	4,885,000	1,532,231	6,417,231
2036-2038	3,865,000	283,456	4,148,456
Total	\$ 15,525,000	\$ 14,351,152	\$ 29,876,152

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the bonds. This difference is considered to be a deferred loss on refunding. The deferred loss on refunding, reported in the basic financial statements as a deduction from long-term debt, is amortized on a straight-line method over 20 years. The following is a summary of unamortized deferred loss on refunding outstanding at June 30, 2010 for both, the Series 2005 and 2007 Certificates:

Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
\$ (369,489)	\$ -	\$ 32,142	\$ (337,347)

Amortization expense was \$32,142 for June 30, 2010.

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 \$165,906, 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 reporting purposes. This bond issue is comprised of \$12,065,000 serial bonds maturing annually commencing October 1, 2010 through 2028, and three term bonds (totaling \$17,795,000) maturing on October 1, 2032, October 1, 2037, and October 1, 2043 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.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Tax Allocation Bonds – Series 2008, Continued

The total principal and interest remaining to be paid on the Bonds is \$58,400,866 as of June 30, 2010. For the current year, principal and interest paid on the Bonds was \$1,773,940 and property tax increment net revenues were \$3,142,383. The Bonds required 56% of net property tax increment revenues. The outstanding balance of the Bonds was \$29,460,000 at June 30, 2010.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	470,000	1,310,548	1,780,548
2015	490,000	1,291,348	1,781,348
2016-2020	2,760,000	6,140,338	8,900,338
2021-2025	3,365,000	5,510,319	8,875,319
2026-2030	4,195,000	4,657,309	8,852,309
2031-2035	5,290,000	3,535,372	8,825,372
2036-2040	6,710,000	2,082,663	8,792,663
2041-2043	4,875,000	373,625	5,248,625
Total	\$ 29,460,000	\$ 28,940,866	\$ 58,400,866

Tax Allocation Bonds – Housing Set-Aside

On June 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. 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, 2043 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 total principal and interest remaining to be paid on the Bonds is \$17,464,002 as of June 30, 2010. For the current year, principal and interest paid on the Bonds was \$535,156 and property tax increment net revenues were \$785,596. The Bonds required 68% of net property tax increment revenues. The outstanding balance of the Bonds was \$8,730,000 at June 30, 2010.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Tax Allocation Bonds – Housing Set-Aside, Continued

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

Year Ending June 30,	Principal	Interest	Total
2011	\$ 125,000	\$ 410,256	\$ 535,256
2012	125,000	405,256	530,256
2013	135,000	400,056	535,056
2014	140,000	394,556	534,556
2015	145,000	388,856	533,856
2016-2020	810,000	1,851,381	2,661,381
2021-2025	985,000	1,666,488	2,651,488
2026-2030	1,235,000	1,413,653	2,648,653
2031-2035	1,575,000	1,068,125	2,643,125
2036-2040	2,000,000	623,750	2,623,750
2041-2043	1,455,000	111,625	1,566,625
Total	\$ 8,730,000	\$ 8,734,002	\$ 17,464,002

The following is a summary of the unamortized discount outstanding at June 30, 2010 for both, the Series 2008 and the Housing set-Aside Tax Allocation Bonds:

Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
\$ (160,376)	\$ -	\$ 5,530	\$ (154,846)

Amortization expense was \$5,530 for June 30, 2010.

Capital Leases Payable

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
2011	\$ 1,624	\$ -	\$ 1,624
Total	\$ 1,624	\$ -	\$ 1,624

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Capital Leases Payable, Continued

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

Assets:	
Equipment	\$ 40,608
Less: accumulated depreciation	(39,254)
Total assets, net	<u>\$ 1,354</u>

Loans Payable

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due within one year	Due in more than one year
HUD Loans						
Series 2000-A	\$ 830,000	\$ -	\$ (130,000)	\$ 700,000	\$ 130,000	\$ 570,000
Series 2002-A Scherzinger Lane	688,000	-	(77,000)	611,000	77,000	534,000
Series 2002-A Boys and Girls Club	212,000	-	(23,000)	189,000	23,000	166,000
Total HUD Loans	<u>1,730,000</u>	<u>-</u>	<u>(230,000)</u>	<u>1,500,000</u>	<u>230,000</u>	<u>1,270,000</u>
2002 Zion First National Bank	421,024	-	(133,978)	287,046	140,332	146,714
2003 Zion First National Bank	672,883	-	(442,137)	230,746	230,746	-
Total	<u>\$ 2,823,907</u>	<u>\$ -</u>	<u>\$ (806,115)</u>	<u>\$ 2,017,792</u>	<u>\$ 601,078</u>	<u>\$ 1,416,714</u>

HUD Loans

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. The interest rate on this loan is fixed at 7.49%. The amount outstanding at June 30, 2010 is \$700,000.

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. The interest rate on this loan is fixed at .56%. The amount outstanding at June 30, 2010 is \$611,000.

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. The interest rate on this loan is fixed at .56%. The amount outstanding at June 30, 2010 is \$189,000.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Loans Payable, Continued

HUD Loans, Continued

Future loan payment requirements for the HUD loans are combined as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 230,000	\$ 88,424	\$ 318,424
2012	230,000	73,949	303,949
2013	230,000	59,184	289,184
2014	230,000	44,056	274,056
2015	280,000	26,697	306,697
2016-2018	300,000	25,710	325,710
Total	\$ 1,500,000	\$ 318,020	\$ 1,818,020

2002 Zion National Bank Loan

On April 8, 2002, the City entered into a lease purchase agreement with the 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). The amount outstanding at June 30, 2010 is \$287,046.

Future payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 140,332	\$ 12,108	\$ 152,440
2012	146,714	5,307	152,021
Total	\$ 287,046	\$ 17,415	\$ 304,461

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Loans Payable, Continued

2003 Zion National Bank Loan

On October 3, 2003, the City entered into a seven year fixed rate lease/leaseback transaction for certain capital transfer facilities with the 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%. The amount outstanding at June 30, 2010 is \$230,746.

Future payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 230,746	\$ 4,200	\$ 234,946
Total	\$ 230,746	\$ 4,200	\$ 234,946

Compensated absences

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

Business-Type Activities

Capital Leases Payable

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 June 30,	Principal	Interest	Total
2011	\$ 248,304	\$ 11,844	\$ 260,148
Total	\$ 248,304	\$ 11,844	\$ 260,148

The remaining book value of assets acquired through the above capital leases are as follows:

Assets:	
Equipment	\$ 2,335,964
Less: accumulated depreciation	(2,238,632)
Total assets, net	<u>\$ 97,332</u>

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

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 \$1,649,914 at June 30, 2010, has been offset by deferred revenue in other governmental funds, since these loans are not available to finance current expenditures.

6. INTERFUND TRANSACTIONS

Due To/Due From - At June 30, 2010, the City had the following short-term interfund receivables and payables.

		Due From Other Funds	
		General	Total
Due To Other Funds	Non-Major Governmental Funds	\$ 4,988,761	\$ 4,988,761
	Total	\$ 4,988,761	\$ 4,988,761

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.

Long-Term Advances - At June 30, 2010, the City had the following interfund long-term advances:

		Advances To Other Funds				Total
		General	Bridge and Thoroughfare	Developer Fees	Self Insurance	
Advances From Other Funds	Governmental Funds:					
	Bridge and Thoroughfare	\$ 508,154	\$ 19,247,359	\$ -	\$ 890,904	\$ 20,646,417
	RDA Debt Service	18,507,248	-	5,541,714	-	24,048,962
	Total	\$ 19,015,402	\$ 19,247,359	\$ 5,541,714	\$ 890,904	\$ 44,695,379

Advances between funds are to fund capital projects. Repayments will be funded through future developer fees and tax increment revenues.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. INTERFUND TRANSACTIONS, Continued

Transfers - At June 30, 2010, the City had the following transfers:

Transfers Out								
Transfers In	General Fund	Developer Fees	Open Space Preservation District	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Transit Enterprise Fund	Total
General Fund	\$ 1,234,105	\$ 19,852	\$ -	\$ -	\$ -	\$ 2,322,726	\$ 199,488	\$ 3,776,171
Bridge and Thoroughfare	-	627,031	-	-	-	-	-	627,031
Redevelopment Agency Debt Service Fund	-	-	-	-	1,779,817	-	-	1,779,817
Redevelopment Agency Capital Projects Fund	-	-	-	4,859,886	-	-	-	4,859,886
Other Governmental Funds	2,808,924	18,930	713,652	-	1,411,699	2,944,085	12,920	7,910,210
Transit Enterprise	-	-	-	-	-	7,689,955	-	7,689,955
Internal Service Funds	2,500,000	-	-	-	-	-	-	2,500,000
Total	\$ 6,543,029	\$ 665,813	\$ 713,652	\$ 4,859,886	\$ 3,191,516	\$ 12,956,766	\$ 212,408	\$ 29,143,070

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

7. INDIVIDUAL FUND DISCLOSURES

A. Deficit Fund Balances

Funds which have a deficit fund balance at June 30, 2010, are as follows:

Fund	Deficit Fund Balance
Major Funds:	
Bridge and Thoroughfare	\$ (6,861,433)
Redevelopment Agency Debt Service Fund	(23,124,213)
Other Governmental Funds:	
State Park	(673,022)
CDBG	(183)
Miscellaneous Grants	(265,319)
Federal Aid Urban	(490,832)
BJA Law Enforcement	(2,078)
HOME	(19,286)
Library Facilities Fees	(5,198)
Federal Grants	(649,868)

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 government agencies.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. INDIVIDUAL FUND DISCLOSURES, Continued

B. Expenditures In Excess Of Appropriations

For the year ended June 30, 2010, expenditures exceeded appropriations in the following programs/functions (legal level of budgetary control) of the respective funds:

<u>Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures over Appropriations</u>
Bridge and Thoroughfare Special Revenue			
Public Works	\$ 1,359,191	\$ 1,433,149	\$ 73,958
Debt Service - interest and fiscal charges	-	432,728	432,728
Developer Fees			
Community Development	703,345	719,263	15,918
Non-Major Governmental Funds:			
State Park Special Revenue			
Parks and Recreation	261,593	510,640	249,047
Federal Urban Aid Special Revenue			
Capital Outlay	2,486,462	2,656,801	170,339

8. DEFINED BENEFIT PENSION PLAN

Plan Description:

The City 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, 2010, was 11.523% for non-safety employees. The contribution requirements of plan members and the City are established and maybe amended by CalPERS.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

8. DEFINED BENEFIT PENSION PLAN, Continued

Annual Pension Cost:

For 2010, the City's annual pension cost of \$5,036,747 for CalPERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2007, 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 twenty-two 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%. 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 fifteen-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.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 4,622,000	100%	\$ -
6/30/2009	5,060,293	100%	-
6/30/2010	5,036,747	100%	-

Funded Status and Funding Progress:

As of June 30, 2009, the most recent actuarial valuation date available, the plan was 80.3% funded. The actuarial accrued liability for benefits was \$81.6 million, and the actuarial value of assets was \$65.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$16.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$25.8 million, and the ratio of the UAAL to the covered payroll was 62.24%.

Additional plan trend information for the prior two years is provided in tabular format in the Required Supplementary Information section.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

9. POST EMPLOYMENT HEALTH BENEFITS

Plan Description. City retirees, spouses and eligible dependents, receive health plan coverage through the CalPERS Health Plan (Plan). The Plan is a defined benefit plan. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses and dependents.

Eligibility. City employees are eligible who have a service retirement from the City at age 50 with five or more years of service are eligible to receive postemployment medical benefits. Employees who have a disability retirement or retire directly from the City are also eligible.

<u>Participants</u> <u>as of July 1, 2006</u>	<u>Total</u>
Active employees	326
Retirees	<u>22</u>
Total	<u>348</u>

Funding Policy. The contribution requirements are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010, the City contributed \$328,089 to the plan.

For fiscal year 2009-2010, the City contributed, on an individual basis, for employees and retirees the following amounts:

Unrepresented	\$ 12,137
SEIU Local 347	\$ 12,137

Annual OPEB Cost and Net OPEB Obligation. The City's annual Other Postemployment Benefit (OPEB) cost (expense) is calculated based on the *Annual Required Contribution of the Employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation to the Plan:

	<u>Total</u>
Annual required contribution	\$ 3,984,000
Interest on net OPEB obligation	157,291
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>4,141,291</u>
Contributions made	<u>(328,089)</u>
Increase in net OPEB obligation	3,813,202
Net OPEB obligation - beginning of year	3,700,973
Net OPEB obligation - end of year	<u><u>\$ 7,514,175</u></u>

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

9. POST EMPLOYMENT HEALTH BENEFITS, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Contribution</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 3,984,000	\$ 283,027	7.1%	\$ 3,700,973
6/30/2010	4,141,291	328,089	7.9%	7,514,175

Funded Status and Funding Progress. As of July 1, 2006, the most recent actuarial valuation date, the plan was zero percent funded. The Actuarial Accrued Liability for benefits was \$24,046,000, and the actuarial value of assets was \$0, resulting in an UAAL of \$24,046,000. The covered payroll (annual payroll of active employees covered by the plan) was \$21,200,000 and the ratio of UAAL to the covered payroll was 113.42%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial Accrued Liabilities for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2006, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4.25% investment rate of return which is based on the expected return on funds invested by CalPERS, and an annual healthcare cost trend rate of 9.70% initially and reduced by decrements of 0.6% to an ultimate rate of 4.5% thereafter. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2006, was 30 years.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

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 \$16,500 per participant per year. Employee contributions to certain plans are voluntary. During the year ended June 30, 2010, there were 916 participants in the plans. The City contributions totaled \$196,452, and employees' contributions totaled \$1,787,395.

11. RESERVES AND DESIGNATIONS OF FUND BALANCES

The City's reserves and designations at June 30, 2010, are tabulated below, followed by explanations as to the nature and purpose of each reserve and designation.

	Special Revenue Funds				Debt	Capital	Nonmajor
	General	Bridge and Thoroughfare	Developer Fees	Open Space Preservation District	Service Fund Agency	Project Fund Agency	
Reserves:							
Eucumbrances	\$ 470,919	\$ 2,264,371	\$ 38,225	\$ -	\$ -	\$ -	\$ 3,181,371
Prepaid costs	59,694	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Debt service	-	-	-	-	924,749	-	735,405
Land held for resale	-	-	-	-	-	763,436	-
Low/moderate income housing	-	-	-	-	-	-	6,566,622
Open space preservation district	-	-	-	17,473,916	-	-	-
Advance to other funds	19,015,402	19,247,359	-	-	-	-	-
Total reserves	19,546,015	21,511,730	38,225	17,473,916	924,749	763,436	10,483,398
Unreserved:							
Designated:							
Self-insurance	220,616	-	-	-	-	-	-
Special revenue purposes	-	-	866,752	-	-	-	26,484,169
Capital improvements	-	-	-	-	(24,048,962)	33,775,531	-
Undesignated	57,990,892	(28,373,163)	-	-	-	-	3,131,440
Total unreserved	58,211,508	(28,373,163)	866,752	-	(24,048,962)	33,775,531	29,615,609
Total fund balance	\$ 77,757,523	\$ (6,861,433)	\$ 904,977	\$ 17,473,916	\$ (23,124,213)	\$ 34,538,967	\$ 40,099,007

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

11. RESERVES AND DESIGNATIONS OF FUND BALANCES, Continued

- A. Reserved for Encumbrances – Amounts reserved for encumbrances are commitments for materials and services on purchase orders and contracts which are outstanding at year end.
- 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 was established to reflect long-term advances made to other funds that will be repaid in future years.
- H. Designated for Self-insurance – This designation is held to cover any shortfalls in the Self-insurance Internal Service Fund.
- 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, 2010, \$50,000 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 on 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.

The City's workers' compensation coverage is also administered by SDRMA. The City is under statutory workers' compensation coverage and claims are handled by SDRMA up to a limit of \$5,000,000 per occurrence.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

12. SELF INSURANCE, Continued

The annual member contribution is \$779,173 for the Property/Liability Program and \$574,815 for the Workers' Compensation Program (based on estimated wages). Members are subject to dividends and assessments but no such dividends have been declared, nor have any assessments been levied for the year ended June 30, 2010. Additionally, there are no known refunds or credits due to SDRMA.

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, 2010.

Changes in the reported claims liability since June 30, 2008 resulted in the following:

Liability as of June 30, 2008	\$ 70,000
Claims and changes in estimates during the year ended June 30, 2009	1,854,791
Claims and payments during the year ended June 30, 2009	(1,874,791)
Liability as of June 30, 2009	<u>\$ 50,000</u>
Claims and changes in estimates during the year ended June 30, 2010	-
Claims and payments during the year ended June 30, 2010	-
Liability as of June 30, 2010	<u><u>\$ 50,000</u></u>

SDRMA has published its own financial report for the year ended June 30, 2010, which can be obtained from SDRMA, 1112 I Street, Suite 300, Sacramento, California 95814. Summary information on SDRMA is as follows:

	Year ended June 30, 2010
Total Revenues	<u>\$ 39,887,783</u>
Total Expenses	<u>\$ 27,647,655</u>
Total Assets	<u>\$ 93,151,195</u>
Total Liabilities	<u>\$ 48,064,871</u>
Total Equity	<u>\$ 45,086,324</u>

13. NO COMMITMENT DEBT

1915 Act Limited Obligation Improvements Bonds

A. On September 2, 1992, \$879,432 of 1915 Act Limited Obligation Improvement Bonds (1915 Golden Valley Road Bonds) for the Golden Valley Road Improvement Assessment District (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 the debt service is from the property assessments within the Assessment District. The principal amount of debt outstanding at June 30, 2010, was \$530,000.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

13. NO COMMITMENT DEBT, Continued

B. On January 13, 2001, \$790,000 of 1915 Act Limited Obligation Improvement Bonds (1915 Vermont Drive/Everett Drive Bonds) for the Vermont Drive/Everett Drive Improvement Assessment District (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 the debt service is from the property assessments within the Assessment District. The principal amount of the debt outstanding at June 30, 2010, was \$575,000.

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 (Community Facilities District). 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 the bonds. The source of the debt service is from the property assessments within the Community Facilities District. The principal amount of the debt outstanding at June 30, 2010, was \$16,980,000.

14. SANTA CLARITA WATERSHED RECREATION AND CONSERVANCY AUTHORITY

In June 1992, the City entered into a joint powers agreement with the Santa Monica Mountains Conservancy (Conservancy) to create the Santa Clarita Watershed Recreation and Conservancy Authority (the Watershed Authority). The purpose of the Watershed 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.

The City performs administrative functions for the Watershed Authority, and may, at the Authority's request, make annual contributions. For the year ended June 30, 2010, the City did not make any contributions.

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

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

15. COMMITMENTS AND CONTINGENCIES

The City has active construction projects as of June 30, 2010. At year-end, the City's commitments with contractors for the projects are as follows:

<u>Project</u>	<u>Commitment</u>
Roads	
Whites/Soledad R-Turn	\$ 3,121
Newhall Streetscape Phase II	1,902,157
SF Road Pedestrian Facility	402,930
Roads total	2,308,208
Sidewalk	
Golden Oak Railroad Xing	8,025
Sidewalk total	8,025
Street Signs	
Overhead Street Signage	94,171
Street Signs total	94,171
Traffic Signals	
Intelligent Trans Subs I	1,436,460
Advance System Detection	8,137
Traffic Signals total	1,444,597
Trails	
North Valencia II Trail	56,185
South River Trail	51,405
Trails total	107,590
Total commitments	\$ 3,962,591

Golden Valley Road

In October 2001, the City initiated eminent domain proceedings in the Los Angeles Superior Court to condemn certain property for the purpose of constructing the Golden Valley Road. In July 2002, the City initiated another eminent domain action for the purpose of providing access and parking for the Soledad Transit Center Site and the Metrolink commuter rail station. For both cases, the City was countersued by various companies, including RFI Reality, Inc., Remediation Financial, Inc., Santa Clarita, LLC, and Bermite Recovery, LLC (Debtors), and has been in litigations until a settlement agreement in favor of the Debtors was approved by the Court on November 22, 2010.

The total amount of the settlement payment has been set at \$25.3 million. Of this amount the City was previously ordered by the Court to put a deposit of \$13,330,607 into the Court as part of the payment for the land. The City paid an additional \$11,969,393 to cover the remaining balance of the settlement.

City of Santa Clarita
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

15. COMMITMENTS AND CONTINGENCIES, Continued

The City has received Federal grants for specific purposes that are subject to review and audit by the Federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

In addition, the City is a defendant in certain other legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the City's financial position.

As of June 30, 2010, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

16. PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special district (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$3,045,000.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

17. SUBSEQUENT EVENTS

State Budget Crisis

In 2009, the State enacted legislation authorizing a two-year takeaway of Redevelopment Agency funds. The fiscal year 2009-2010 payment was \$1,133,646 and it is anticipated another \$242,522 would need to be submitted for the fiscal year 2010-2011. This action was litigated by the California Redevelopment Association and other parties. This lawsuit challenges the constitutionality of ABX 4-26 and seeks to prevent the State from taking redevelopment funds for non-development purposes. As of the date of this report, the court's decision is currently being appealed and the results have not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION
(Unaudited)**

City of Santa Clarita
Required Supplementary Information (Unaudited)
For the year ended June 30, 2010

1. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States for all governmental funds, except that encumbrances are shown in the year incurred for budgetary purposes. All annual appropriations lapse at fiscal year end.

On or before the last day in January of each year, all operational units submit requests for appropriations to the City Manager for budget preparation purposes. Before April 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function, and department. The City's department heads, with approval of the City Manager, may make transfers of appropriations within a department and between departments within a fund. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as reservations of fund balances. Unexpended appropriations lapse at year-end.

Following are the budget comparison schedules for the General Fund and all major special revenue funds.

City of Santa Clarita
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/(Negative)
Fund balance, July 1, 2009	\$ 73,899,197	\$ 73,899,197	\$ 73,899,197	\$ -
Resources (inflows):				
Taxes	61,163,235	61,552,313	59,549,071	(2,003,242)
Licenses and permits	4,195,178	3,710,870	4,093,250	382,380
Use of money and property	2,089,441	2,353,901	2,425,941	72,040
Revenue from other agencies	326,272	768,165	680,167	(87,998)
Fines and forfeitures	442,350	404,250	406,267	2,017
Service charges	4,819,115	4,756,420	5,281,736	525,316
Other revenue	5,000	37,000	137,620	100,620
Overhead reimbursement	2,864,318	2,864,318	2,943,287	78,969
Transfers in	1,707,852	2,611,778	3,776,171	1,164,393
Amount available for appropriation	<u>151,511,958</u>	<u>152,958,212</u>	<u>153,192,707</u>	<u>234,495</u>
Charges to appropriations (outflows):				
Current:				
General government	20,044,957	21,759,591	14,315,072	7,444,519
Public safety	18,558,380	18,558,842	17,600,951	957,891
Public works	13,469,524	13,996,841	12,870,256	1,126,585
Parks and recreation	19,800,524	19,701,878	19,115,239	586,639
Community development	3,820,137	4,627,176	4,527,958	99,218
Debt service:				
Principal retirement	442,137	442,137	442,137	-
Interest and fiscal charges	20,571	20,571	20,542	29
Transfers out	6,226,085	6,308,990	6,543,029	(234,039)
Total charges to appropriations	<u>82,382,315</u>	<u>85,416,026</u>	<u>75,435,184</u>	<u>9,980,842</u>
Fund balance, June 30, 2010	<u>\$ 69,129,643</u>	<u>\$ 67,542,186</u>	<u>\$ 77,757,523</u>	<u>\$ 10,215,337</u>

City of Santa Clarita
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule – Bridge and Thoroughfare Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive / (Negative)
	Original	Final		
Fund balance, July 1, 2009, deficit	\$ (3,838,879)	\$ (3,838,879)	\$ (3,838,879)	\$ -
Resources (inflows):				
Developer fees	1,909,751	5,610,464	1,671,160	(3,939,304)
Investment income	471,750	389,250	1,015,254	626,004
Other revenue	-	-	221,849	221,849
Transfers in	-	627,031	627,031	-
Amount available for appropriation	<u>(1,457,378)</u>	<u>2,787,866</u>	<u>(303,585)</u>	<u>(3,091,451)</u>
Charges to appropriations (outflows):				
Current:				
Public works	183,098	1,359,191	1,433,149	(73,958)
Capital outlay	2,370,472	9,559,647	4,691,971	4,867,676
Debt service - interest and fiscal charges	-	-	432,728	(432,728)
Total charges to appropriations	<u>2,553,570</u>	<u>10,918,838</u>	<u>6,557,848</u>	<u>4,360,990</u>
Fund balance, June 30, 2010, deficit	<u>\$ (4,010,948)</u>	<u>\$ (8,130,972)</u>	<u>\$ (6,861,433)</u>	<u>\$ 1,269,539</u>

City of Santa Clarita
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule – Developer Fees Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/(Negative)
Fund balance, July 1, 2009	\$ 1,869,389	\$ 1,869,389	\$ 1,869,389	\$ -
Resources (inflows):				
Developer fees	517,500	1,243,479	1,250,308	6,829
Investment income	459,011	459,011	335,108	(123,903)
Amount available for appropriation	<u>2,845,900</u>	<u>3,571,879</u>	<u>3,454,805</u>	<u>(117,074)</u>
Charges to appropriations (outflows):				
Current:				
Community development	-	703,345	719,263	(15,918)
Community development	692,370	2,075,199	1,164,752	910,447
Transfers out	-	2,143,618	665,813	1,477,805
Total charges to appropriations	<u>692,370</u>	<u>4,922,162</u>	<u>2,549,828</u>	<u>2,372,334</u>
Fund balance, June 30, 2010	<u>\$ 2,153,530</u>	<u>\$ (1,350,283)</u>	<u>\$ 904,977</u>	<u>\$ 2,255,260</u>

City of Santa Clarita
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule – Open Space Preservation District Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/(Negative)
Fund balance, July 1, 2009	\$ 17,643,401	\$ 17,643,401	\$ 17,643,401	\$ -
Resources (inflows):				
Taxes	1,618,341	1,618,341	1,677,326	58,985
Investment income	-	130,350	129,987	(363)
Amount available for appropriation	<u>19,261,742</u>	<u>19,392,092</u>	<u>19,450,714</u>	<u>58,622</u>
Charges to appropriations (outflows):				
Current:				
General government	862,312	2,127,451	1,263,146	864,305
Transfers out	<u>713,652</u>	<u>713,652</u>	<u>713,652</u>	<u>-</u>
Total charges to appropriations	<u>1,575,964</u>	<u>2,841,103</u>	<u>1,976,798</u>	<u>864,305</u>
Fund balance, June 30, 2010	<u><u>\$ 17,685,778</u></u>	<u><u>\$ 16,550,989</u></u>	<u><u>\$ 17,473,916</u></u>	<u><u>\$ 922,927</u></u>

City of Santa Clarita
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

2. DEFINED BENEFIT PENSION PLAN

PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)
SCHEDULE OF FUNDING PROGRESS
(\$ Amount in Thousands)

Miscellaneous Employees

	(A)	(B)	(C)	(D)	(E)	(F)
			(Unfunded)			(Unfunded)
Actuarial	Actuarial	Entry Age	Actuarial	Funded	Annual	Actuarial
Valuation	Value of	Actuarial	Accrued	Ratio	Covered	Liability as
Date*	Assets (AVA)	Accrued	Liability	[(A)/(B)]	Payroll	Percentage of
		Liability	[(B)-(A)]			Covered Payroll
						[(C)/(E)]
6/30/2007	\$ 50,699	\$ 60,401	\$ 9,702	83.94%	\$ 22,981	42.22%
6/30/2008	58,058	68,977	10,919	84.17%	24,725	44.16%
6/30/2009	65,525	81,604	16,079	80.30%	25,835	62.24%

* Based on most recent actuarial valuation

City of Santa Clarita
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

3. OTHER POST EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the City's Plan

	(A)	(B)	(C)	(D)	(E)	(F)
			(Unfunded)			Unfunded
Actuarial	Actuarial	Actuarial	Actuarial	Funded	Covered	Actuarial
Valuation	Asset	Accrued	Accrued	Ratio	Payroll	Liability as
Date	Value	Liability	Liability	[(A)/(B)]		Percentage of
		Entry Age	[(B)-(A)]			Covered Payroll
						[(C)/(E)]
7/1/2006	\$ -	\$ 24,046,000	\$ (24,046,000)	0.0%	\$ 21,200,000	113.42%

SUPPLEMENTARY INFORMATION



NONMAJOR GOVERNMENTAL 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 Dedication - 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.

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

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.

NONMAJOR GOVERNMENTAL FUNDS

Federal Aid Urban - To account for receipts and disbursements associated with Federal Urban Aid.

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.

Measure R - To account for the 1/2 cent sales tax revenues that Los Angeles County voters approved in November 2008 to meet the transportation needs of Los Angeles County.

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.

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.

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.



City of Santa Clarita
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Special Revenue Funds				
	Bikeway	Gas Tax	Park Dedication	Proposition A	Special Assessment
ASSETS					
Cash and investments	\$ 29,729	\$ 1,791,795	\$ 1,317,827	\$ 108,933	\$ 5,485,758
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Accounts	-	492,376	-	-	34,631
Interest	223	14,377	10,637	877	44,263
Taxes	-	-	-	-	252,171
Due from other governments	10,967	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 40,919	\$ 2,298,548	\$ 1,328,464	\$ 109,810	\$ 5,816,823
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,851	\$ 686,021	\$ 14,818	\$ 68,173	\$ 595,210
Deferred revenue	100	935,870	4,772	40,266	19,856
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	12,951	1,621,891	19,590	108,439	615,066
Fund Balances (Deficit):					
Reserved for:					
Special revenue fund	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Unreserved:					
Designated	-	676,657	1,308,874	1,371	-
Undesignated	27,968	-	-	-	5,201,757
Total fund balances (deficit)	27,968	676,657	1,308,874	1,371	5,201,757
Total liabilities and fund balances	\$ 40,919	\$ 2,298,548	\$ 1,328,464	\$ 109,810	\$ 5,816,823

Special Revenue Funds

State Park	TDA	Traffic Safety	CDBG	AQMD	Landscape Maintenance District #1	Stormwater Utility	Miscellaneous Grants
\$ 819	\$ 1,673,651	\$ -	\$ 2,332	\$ 32,500	\$ 18,403,030	\$ 5,304,496	\$ 1,836
-	-	-	-	-	-	-	-
-	-	-	-	-	43,524	129,842	-
-	13,503	-	-	-	148,507	42,763	-
-	-	160,166	-	-	944,490	346,552	-
672,828	-	-	105,194	50,400	-	-	265,873
-	-	-	142,903	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 673,647</u>	<u>\$ 1,687,154</u>	<u>\$ 160,166</u>	<u>\$ 250,429</u>	<u>\$ 82,900</u>	<u>\$ 19,539,551</u>	<u>\$ 5,823,653</u>	<u>\$ 267,709</u>
\$ 39,116	\$ 1,668,257	\$ -	\$ 39,951	\$ -	\$ 858,143	\$ 133,150	\$ 65,614
672,828	18,897	-	142,903	-	94,695	171,528	344,615
26,215	-	-	-	-	-	-	-
608,510	-	160,166	67,758	75,400	-	-	122,799
<u>1,346,669</u>	<u>1,687,154</u>	<u>160,166</u>	<u>250,612</u>	<u>75,400</u>	<u>952,838</u>	<u>304,678</u>	<u>533,028</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	18,586,713	5,518,975	-
(673,022)	-	-	(183)	7,500	-	-	(265,319)
<u>(673,022)</u>	<u>-</u>	<u>-</u>	<u>(183)</u>	<u>7,500</u>	<u>18,586,713</u>	<u>5,518,975</u>	<u>(265,319)</u>
<u>\$ 673,647</u>	<u>\$ 1,687,154</u>	<u>\$ 160,166</u>	<u>\$ 250,429</u>	<u>\$ 82,900</u>	<u>\$ 19,539,551</u>	<u>\$ 5,823,653</u>	<u>\$ 267,709</u>

City of Santa Clarita
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2010

	Special Revenue Funds					
	Sewer Maintenance	Federal Aid Urban	BJA Law Enforcement	Supplemental Law Grant	HOME	Library Facilities Fees
ASSETS						
Cash and investments	\$ -	\$ -	\$ 128,434	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	1,224
Interest	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Due from other governments	-	-	1,155	108,496	279,968	-
Notes and loans receivable	-	-	-	-	1,507,011	-
Land held for resale	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 129,589	\$ 108,496	\$ 1,786,979	\$ 1,224
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 228,098	\$ 55,945	\$ -	\$ 1,786	\$ -
Deferred revenue	-	-	75,722	101,282	1,526,297	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	262,734	-	7,213	278,182	6,422
Total liabilities	-	490,832	131,667	108,495	1,806,265	6,422
Fund Balances (Deficit):						
Reserved for:						
Special revenue fund	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
Unreserved:						
Designated	-	-	-	-	-	-
Undesignated	-	(490,832)	(2,078)	1	(19,286)	(5,198)
Total fund balances (deficit)	-	(490,832)	(2,078)	1	(19,286)	(5,198)
Total liabilities and fund balances	\$ -	\$ -	\$ 129,589	\$ 108,496	\$ 1,786,979	\$ 1,224

Special Revenue Funds					Debt Service Funds			
Public Education and Government	Proposition C	Federal Grants	Measure R	Total	Redevelopment Agency Low/Mod	Public Financing Authority	Total	
\$ 303,420	\$ 779,822	\$ 1,685	\$ -	\$ 35,366,067	\$ 9,235	\$ 457,291	\$ 466,526	
-	-	-	-	-	268,879	-	268,879	
-	-	-	-	701,597	-	-	-	
2,449	6,283	-	-	283,882	-	-	-	
83,342	-	-	-	1,786,721	-	-	-	
-	1,183,599	4,402,376	-	7,080,856	-	-	-	
-	-	-	-	1,649,914	-	-	-	
-	-	-	-	-	-	-	-	
<u>\$ 389,211</u>	<u>\$ 1,969,704</u>	<u>\$ 4,404,061</u>	<u>\$ -</u>	<u>\$ 46,869,037</u>	<u>\$ 278,114</u>	<u>\$ 457,291</u>	<u>\$ 735,405</u>	
\$ 6,362	\$ 473,842	\$ 615,234	\$ -	\$ 5,562,571	\$ -	\$ -	\$ -	
1,099	1,486,033	1,039,118	-	6,675,881	-	-	-	
-	-	-	-	26,215	-	-	-	
-	-	3,399,577	-	4,988,761	-	-	-	
<u>7,461</u>	<u>1,959,875</u>	<u>5,053,929</u>	<u>-</u>	<u>17,253,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	-	-	-	
-	-	-	-	-	278,114	457,291	735,405	
-	-	-	-	-	-	-	-	
381,750	9,829	-	-	26,484,169	-	-	-	
-	-	(649,868)	-	3,131,440	-	-	-	
<u>381,750</u>	<u>9,829</u>	<u>(649,868)</u>	<u>-</u>	<u>29,615,609</u>	<u>278,114</u>	<u>457,291</u>	<u>735,405</u>	
<u>\$ 389,211</u>	<u>\$ 1,969,704</u>	<u>\$ 4,404,061</u>	<u>\$ -</u>	<u>\$ 46,869,037</u>	<u>\$ 278,114</u>	<u>\$ 457,291</u>	<u>\$ 735,405</u>	

City of Santa Clarita
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2010

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Redevelopment Agency Low/Mod	Public Financing Authority	Total	
ASSETS					
Cash and investments	\$ 3,208,852	\$ 6,532,327	\$ 185	\$ 9,741,364	\$ 45,573,957
Cash and investments with fiscal agents	-	-	-	-	268,879
Receivables:					
Accounts	-	26,853	-	26,853	728,450
Interest	-	30,014	-	30,014	313,896
Taxes	-	13,304	-	13,304	1,800,025
Due from other governments	-	-	-	-	7,080,856
Notes and loans receivable	-	-	-	-	1,649,914
Land held for resale	-	-	-	-	-
Total assets	\$ 3,208,852	\$ 6,602,498	\$ 185	\$ 9,811,535	\$ 57,415,977
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 27,666	\$ 22,411	\$ -	\$ 50,077	\$ 5,612,648
Deferred revenue	-	13,465	-	13,465	6,689,346
Due to other governments	-	-	-	-	26,215
Due to other funds	-	-	-	-	4,988,761
Total liabilities	27,666	35,876	-	63,542	17,316,970
Fund Balances (Deficit):					
Reserved for:					
Special revenue fund	-	-	-	-	-
Debt service	-	-	-	-	735,405
Capital projects fund	3,181,186	6,566,622	185	9,747,993	9,747,993
Unreserved:					
Designated	-	-	-	-	26,484,169
Undesignated	-	-	-	-	3,131,440
Total fund balances (deficit)	3,181,186	6,566,622	185	9,747,993	40,099,007
Total liabilities and fund balances	\$ 3,208,852	\$ 6,602,498	\$ 185	\$ 9,811,535	\$ 57,415,977



City of Santa Clarita
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds				
	Bikeway	Gas Tax	Park Dedication	Proposition A	Special Assessment
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,166,169
Developer fees	-	-	-	-	-
Investment income	2,117	31,052	44,155	7,551	205,987
Revenue from other agencies	121,652	6,448,897	-	2,212,618	-
Fines and forfeitures	-	-	-	-	-
Service charges	-	-	-	-	-
Other revenue	-	23,786	-	-	1,809,168
Total revenues	123,769	6,503,735	44,155	2,220,169	4,181,324
EXPENDITURES:					
Current:					
General government	-	-	-	-	2,923,480
Public safety	-	-	-	-	-
Public works	-	2,859,655	-	51,214	1,062,246
Parks and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	140,007	5,132,821	161,487	7,037	1,036,242
Debt service:					
Bond issuance costs	-	-	-	-	-
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	140,007	7,992,476	161,487	58,251	5,021,968
REVENUES OVER (UNDER) EXPENDITURES	(16,238)	(1,488,741)	(117,332)	2,161,918	(840,644)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	217,024	-	-	1,635,574
Transfers out	-	(394,030)	(27,000)	(2,720,900)	(1,663,681)
Total other financing sources (uses)	-	(177,006)	(27,000)	(2,720,900)	(28,107)
NET CHANGE IN FUND BALANCE	(16,238)	(1,665,747)	(144,332)	(558,982)	(868,751)
FUND BALANCE:					
Beginning of year	44,206	2,342,404	1,453,206	560,353	6,070,508
End of year	\$ 27,968	\$ 676,657	\$ 1,308,874	\$ 1,371	\$ 5,201,757

Special Revenue Funds

State Park	TDA	Traffic Safety	CDBG	AQMD	Landscape Maintenance District #1	Stormwater Utility	Miscellaneous Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,963,225	\$ 81,836	\$ -
-	-	-	-	-	-	-	-
-	13,451	23,837	110	575	544,844	175,322	-
372,184	1,042,612	-	10,872	277,464	-	-	1,043,102
-	-	1,530,051	-	-	-	-	-
-	-	-	-	-	-	2,774,815	-
-	-	-	1,113,627	-	-	45,643	425,582
<u>372,184</u>	<u>1,056,063</u>	<u>1,553,888</u>	<u>1,124,609</u>	<u>278,039</u>	<u>13,508,069</u>	<u>3,077,616</u>	<u>1,468,684</u>
-	-	-	-	-	9,136,960	-	-
-	-	-	-	-	-	-	48,626
-	-	-	-	22,294	-	2,166,064	13,048
510,640	-	-	-	-	-	-	422,551
-	-	-	847,706	-	-	-	-
544,686	455,835	-	-	-	1,283,520	286,433	378,048
-	-	-	-	-	-	-	-
-	-	-	230,000	-	-	-	-
-	-	-	102,494	-	-	-	-
<u>1,055,326</u>	<u>455,835</u>	<u>-</u>	<u>1,180,200</u>	<u>22,294</u>	<u>10,420,480</u>	<u>2,452,497</u>	<u>862,273</u>
(683,142)	600,228	1,553,888	(55,591)	255,745	3,087,589	625,119	606,411
27,000	1,477,805	-	-	-	-	32,640	-
-	(2,225,259)	(1,722,132)	-	(197,296)	(40,000)	(39,267)	-
<u>27,000</u>	<u>(747,454)</u>	<u>(1,722,132)</u>	<u>-</u>	<u>(197,296)</u>	<u>(40,000)</u>	<u>(6,627)</u>	<u>-</u>
(656,142)	(147,226)	(168,244)	(55,591)	58,449	3,047,589	618,492	606,411
(16,880)	147,226	168,244	55,408	(50,949)	15,539,124	4,900,483	(871,730)
<u>\$ (673,022)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (183)</u>	<u>\$ 7,500</u>	<u>\$ 18,586,713</u>	<u>\$ 5,518,975</u>	<u>\$ (265,319)</u>

City of Santa Clarita
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds					
	Sewer Maintenance	Federal Aid Urban	BJA Law Enforcement	Supplemental Law Grant	HOME	Library Facilities Fees
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	131,895
Investment income	-	-	846	334	-	1,612
Revenue from other agencies	-	-	130,027	85,946	268,020	-
Fines and forfeitures	-	-	-	-	-	-
Service charges	-	2,645,969	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	2,645,969	130,873	86,280	268,020	133,507
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	126,273	86,279	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	-	-	-	348,661	-
Capital outlay	-	2,656,801	-	-	-	-
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	2,656,801	126,273	86,279	348,661	-
REVENUES OVER (UNDER) EXPENDITURES	-	(10,832)	4,600	1	(80,641)	133,507
OTHER FINANCING SOURCES (USES):						
Transfers in	18,930	-	-	33,204	-	-
Transfers out	-	-	-	-	-	(131,895)
Total other financing sources (uses)	18,930	-	-	33,204	-	(131,895)
NET CHANGE IN FUND BALANCE	18,930	(10,832)	4,600	33,205	(80,641)	1,612
FUND BALANCE:						
Beginning of year	(18,930)	(480,000)	(6,678)	(33,204)	61,355	(6,810)
End of year	\$ -	\$ (490,832)	\$ (2,078)	\$ 1	\$ (19,286)	\$ (5,198)

Special Revenue Funds					Debt Service Funds		
Public Education and Government	Proposition C	Federal Grants	Measure R	Total	Redevelopment Agency Low/Mod	Public Financing Authority	Total
\$ 349,223	\$ -	\$ -	\$ -	\$ 15,560,453	\$ -	\$ -	\$ -
-	-	-	-	131,895	-	-	-
6,831	9,390	-	1,013	1,069,027	12	-	12
-	2,877,978	17,185,351	1,124,255	33,200,978	-	-	-
-	-	-	-	1,530,051	-	-	-
-	-	110,001	-	5,530,785	-	-	-
-	-	398,561	-	3,816,367	-	-	-
356,054	2,887,368	17,693,913	1,125,268	60,839,556	12	-	12
268,285	-	-	-	12,328,725	-	-	-
-	-	-	-	261,178	-	-	-
-	-	116,649	-	6,291,170	-	-	-
-	-	-	-	933,191	-	-	-
-	-	202,508	-	1,398,875	-	-	-
-	1,515,733	14,993,124	-	28,591,774	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	230,000	120,000	1,418,977	1,538,977
-	-	-	-	102,494	415,156	1,800,315	2,215,471
268,285	1,515,733	15,312,281	-	50,137,407	535,156	3,219,292	3,754,448
87,769	1,371,635	2,381,632	1,125,268	10,702,149	(535,144)	(3,219,292)	(3,754,436)
-	-	-	-	3,442,177	535,156	3,219,226	3,754,382
-	(1,421,231)	-	(1,125,268)	(11,707,959)	-	-	-
-	(1,421,231)	-	(1,125,268)	(8,265,782)	535,156	3,219,226	3,754,382
87,769	(49,596)	2,381,632	-	2,436,367	12	(66)	(54)
293,981	59,425	(3,031,500)	-	27,179,242	278,102	457,357	735,459
\$ 381,750	\$ 9,829	\$ (649,868)	\$ -	\$ 29,615,609	\$ 278,114	\$ 457,291	\$ 735,405

City of Santa Clarita
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Redevelopment Agency Low/Mod	Public Financing Authority	Total	
REVENUES:					
Taxes	\$ -	\$ 785,596	\$ -	\$ 785,596	\$ 16,346,049
Developer fees	-	-	-	-	131,895
Investment income	-	-	3	3	1,069,042
Revenue from other agencies	-	-	-	-	33,200,978
Fines and forfeitures	-	-	-	-	1,530,051
Service charges	-	-	-	-	5,530,785
Other revenue	-	115,800	-	115,800	3,932,167
Total revenues	-	901,396	3	901,399	61,740,967
EXPENDITURES:					
Current:					
General government	-	-	-	-	12,328,725
Public safety	-	-	-	-	261,178
Public works	-	-	-	-	6,291,170
Parks and recreation	-	-	-	-	933,191
Community development	-	244,992	-	244,992	1,643,867
Capital outlay	1,588,202	5,523,242	-	7,111,444	35,703,218
Debt service:					
Bond issuance costs	-	12	3	15	15
Principal retirement	-	-	-	-	1,768,977
Interest and fiscal charges	-	-	-	-	2,317,965
Total expenditures	1,588,202	5,768,246	3	7,356,451	61,248,306
REVENUES OVER (UNDER) EXPENDITURES	(1,588,202)	(4,866,850)	-	(6,455,052)	492,661
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	713,651	713,651	7,910,210
Transfers out	-	(535,156)	(713,651)	(1,248,807)	(12,956,766)
Total other financing sources (uses)	-	(535,156)	-	(535,156)	(5,046,556)
NET CHANGE IN FUND BALANCE	(1,588,202)	(5,402,006)	-	(6,990,208)	(4,553,895)
FUND BALANCE:					
Beginning of year	4,769,388	11,968,628	185	16,738,201	44,652,902
End of year	\$ 3,181,186	\$ 6,566,622	\$ 185	\$ 9,747,993	\$ 40,099,007

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ 6,000	\$ 6,000	\$ 2,117	\$ (3,883)
Revenue from other agencies	57,300	166,853	121,652	(45,201)
Developer fees	-	18,492	-	(18,492)
Total revenues	63,300	191,345	123,769	(67,576)
EXPENDITURES:				
Capital outlay	94,660	185,687	140,007	45,680
Total expenditures	94,660	185,687	140,007	45,680
NET CHANGE IN FUND BALANCE	\$ (31,360)	\$ 5,658	(16,238)	\$ (21,896)
FUND BALANCE:				
Beginning of year			44,206	
End of year			\$ 27,968	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ 27,000	\$ 30,000	\$ 31,052	\$ 1,052
Revenue from other agencies	5,823,691	7,543,825	6,448,897	(1,094,928)
Other revenue	-	-	23,786	23,786
Total revenues	5,850,691	7,573,825	6,503,735	(1,070,090)
EXPENDITURES:				
Current:				
Public works	2,958,928	2,985,900	2,859,655	126,245
Capital outlay	550,000	6,176,175	5,132,821	1,043,354
Total expenditures	3,508,928	9,162,075	7,992,476	1,169,599
REVENUES OVER (UNDER) EXPENDITURES	2,341,763	(1,588,250)	(1,488,741)	99,509
OTHER FINANCING SOURCES (USES):				
Transfers in	217,024	217,024	217,024	-
Transfers out	(304,580)	(397,060)	(394,030)	3,030
Total other financing sources (uses)	(87,556)	(180,036)	(177,006)	3,030
NET CHANGE IN FUND BALANCE	\$ 2,254,207	\$ (1,768,286)	(1,665,747)	\$ 102,539
FUND BALANCE:				
Beginning of year			2,342,404	
End of year			\$ 676,657	

City of Santa Clarita
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Dedication Special Revenue Fund
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ 45,000	\$ 45,000	\$ 44,155	\$ (845)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>44,155</u>	<u>(845)</u>
EXPENDITURES:				
Capital outlay	-	597,581	161,487	436,094
Total expenditures	<u>-</u>	<u>597,581</u>	<u>161,487</u>	<u>436,094</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>45,000</u>	<u>(552,581)</u>	<u>(117,332)</u>	<u>435,249</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(27,000)	(27,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(27,000)</u>	<u>(27,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (27,000)</u>	<u>(144,332)</u>	<u>\$ (117,332)</u>
FUND BALANCE:				
Beginning of year			<u>1,453,206</u>	
End of year			<u>\$ 1,308,874</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ 45,000	\$ 45,000	\$ 7,551	\$ (37,449)
Revenue from other agencies	2,337,148	2,502,176	2,212,618	(289,558)
Total revenues	2,382,148	2,547,176	2,220,169	(327,007)
EXPENDITURES:				
Current:				
Community development	-	35,000	-	35,000
Public works	52,350	52,350	51,214	1,136
Capital outlay	1,462,000	1,590,133	7,037	1,583,096
Total expenditures	1,514,350	1,677,483	58,251	1,619,232
REVENUES OVER (UNDER) EXPENDITURES	867,798	869,693	2,161,918	1,292,225
OTHER FINANCING SOURCES (USES):				
Transfers out	(760,298)	(2,652,760)	(2,720,900)	(68,140)
Total other financing sources (uses)	(760,298)	(2,652,760)	(2,720,900)	(68,140)
NET CHANGE IN FUND BALANCE	\$ 107,500	\$ (1,783,067)	(558,982)	\$ 1,224,085
FUND BALANCE:				
Beginning of year			560,353	
End of year			\$ 1,371	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$ 1,778,638	\$ 2,315,313	\$ 2,166,169	\$ (149,144)
Investment income	179,970	179,970	205,987	26,017
Other revenue	1,604,954	1,675,652	1,809,168	133,516
Total revenues	<u>3,563,562</u>	<u>4,170,935</u>	<u>4,181,324</u>	<u>10,389</u>
EXPENDITURES:				
Current:				
General government	2,861,933	3,393,113	2,923,480	469,633
Public works	1,197,000	1,225,206	1,062,246	162,960
Capital outlay	1,536,091	2,048,909	1,036,242	1,012,667
Total expenditures	<u>5,595,024</u>	<u>6,667,228</u>	<u>5,021,968</u>	<u>1,645,260</u>
REVENUES OVER (UNDER) EXPENDITURES	(2,031,462)	(2,496,293)	(840,644)	1,655,649
OTHER FINANCING SOURCES (USES):				
Transfers in	1,211,847	1,901,969	1,635,574	266,395
Transfers out	(1,223,549)	(1,930,076)	(1,663,681)	266,395
Total other financing sources (uses)	<u>(11,702)</u>	<u>(28,107)</u>	<u>(28,107)</u>	<u>532,790</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,043,164)</u>	<u>\$ (2,524,400)</u>	(868,751)	<u>\$ 1,655,649</u>
FUND BALANCE:				
Beginning of year			<u>6,070,508</u>	
End of year			<u>\$ 5,201,757</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Revenue from other agencies	\$ 932,422	\$ 1,199,222	\$ 372,184	\$ (827,038)
Total revenues	<u>932,422</u>	<u>1,199,222</u>	<u>372,184</u>	<u>(827,038)</u>
EXPENDITURES:				
Current:				
Parks and recreation	252,422	261,593	510,640	(249,047)
Capital outlay	680,000	680,000	544,686	135,314
Total expenditures	<u>932,422</u>	<u>941,593</u>	<u>1,055,326</u>	<u>(113,733)</u>
REVENUES OVER (UNDER) EXPENDITURES	-	257,629	(683,142)	(940,771)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	27,000	27,000	-
Total other financing sources (uses)	<u>-</u>	<u>27,000</u>	<u>27,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 284,629</u>	(656,142)	<u>\$ (940,771)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(16,880)	
End of year			<u>\$ (673,022)</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 13,451	\$ 13,451
Revenue from other agencies	7,481,349	6,938,253	1,042,612	(5,895,641)
Total revenues	7,481,349	6,938,253	1,056,063	(5,882,190)
EXPENDITURES:				
Capital outlay	2,129,042	1,474,118	455,835	1,018,283
Total expenditures	2,129,042	1,474,118	455,835	1,018,283
REVENUES OVER (UNDER) EXPENDITURES	5,352,307	5,464,135	600,228	(4,863,907)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,477,805	1,477,805	-
Transfers out	(2,937,027)	(2,696,996)	(2,225,259)	471,737
Total other financing sources (uses)	(2,937,027)	(1,219,191)	(747,454)	471,737
NET CHANGE IN FUND BALANCE	\$ 2,415,280	\$ 4,244,944	(147,226)	\$ (4,392,170)
FUND BALANCE:				
Beginning of year			147,226	
End of year			\$ -	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ 15,000	\$ 15,000	\$ 23,837	\$ 8,837
Fines and forfeitures	1,185,000	1,400,000	1,530,051	130,051
Total revenues	<u>1,200,000</u>	<u>1,415,000</u>	<u>1,553,888</u>	<u>138,888</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,200,000)	(1,685,244)	(1,722,132)	(36,888)
Total other financing sources (uses)	<u>(1,200,000)</u>	<u>(1,685,244)</u>	<u>(1,722,132)</u>	<u>(36,888)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (270,244)</u>	<u>(168,244)</u>	<u>\$ 102,000</u>
FUND BALANCE:				
Beginning of year			<u>168,244</u>	
End of year			<u>\$ -</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 110	\$ 110
Revenue from other agencies	303,635	303,635	10,872	(292,763)
Other revenue	1,220,624	1,280,347	1,113,627	(166,720)
Total revenues	1,524,259	1,583,982	1,124,609	(459,373)
EXPENDITURES:				
Current:				
Community development	1,150,656	1,252,882	847,706	405,176
Debt service:				
Principal retirement	230,000	230,000	230,000	-
Interest and fiscal charges	102,494	102,494	102,494	-
Total expenditures	1,483,150	1,585,376	1,180,200	405,176
NET CHANGE IN FUND BALANCE	\$ 41,109	\$ (1,394)	(55,591)	\$ (54,197)
FUND BALANCE (DEFICIT):				
Beginning of year			55,408	
End of year			\$ (183)	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ 21,000	\$ 21,000	\$ 575	\$ (20,425)
Revenue from other agencies	201,271	226,271	277,464	51,193
Total revenues	222,271	247,271	278,039	30,768
EXPENDITURES:				
Current:				
Public works	31,940	36,825	22,294	14,531
Total expenditures	31,940	36,825	22,294	14,531
REVENUES OVER (UNDER) EXPENDITURES	190,331	210,446	255,745	45,299
OTHER FINANCING SOURCES (USES):				
Transfers out	(190,331)	(197,212)	(197,296)	(84)
Total other financing sources (uses)	(190,331)	(197,212)	(197,296)	(84)
NET CHANGE IN FUND BALANCE	\$ -	\$ 13,234	58,449	\$ 45,215
FUND BALANCE:				
Beginning of year			(50,949)	
End of year			<u>\$ 7,500</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$ 557,439	\$ 557,439	\$ 12,963,225	\$ 12,405,786
Investment income	270,000	300,000	544,844	244,844
Other revenue	11,643,143	11,643,143	-	(11,643,143)
Total revenues	<u>12,470,582</u>	<u>12,500,582</u>	<u>13,508,069</u>	<u>1,007,487</u>
EXPENDITURES:				
Current:				
General government	10,900,485	11,083,418	9,136,960	1,946,458
Capital outlay	3,090,000	4,015,863	1,283,520	2,732,343
Total expenditures	<u>13,990,485</u>	<u>15,099,281</u>	<u>10,420,480</u>	<u>4,678,801</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,519,903)	(2,598,699)	3,087,589	5,686,288
OTHER FINANCING SOURCES (USES):				
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,559,903)</u>	<u>\$ (2,638,699)</u>	3,047,589	<u>\$ 5,686,288</u>
FUND BALANCE:				
Beginning of year			<u>15,539,124</u>	
End of year			<u>\$ 18,586,713</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 81,836	\$ 81,836
Investment income	75,000	90,000	175,322	85,322
Service charges	2,295,980	2,898,820	2,774,815	(124,005)
Other revenues	-	-	45,643	45,643
Total revenues	<u>2,370,980</u>	<u>2,988,820</u>	<u>3,077,616</u>	<u>88,796</u>
EXPENDITURES:				
Current:				
Public works	2,334,091	2,457,221	2,166,064	291,157
Capital outlay	150,000	388,983	286,433	102,550
Total expenditures	<u>2,484,091</u>	<u>2,846,204</u>	<u>2,452,497</u>	<u>393,707</u>
REVENUES OVER (UNDER) EXPENDITURES	(113,111)	142,616	625,119	482,503
OTHER FINANCING SOURCES (USES):				
Transfers in	32,660	32,660	32,640	20
Transfers out	(17,880)	(40,637)	(39,267)	1,370
Total other financing sources (uses)	<u>14,780</u>	<u>(7,977)</u>	<u>(6,627)</u>	<u>1,390</u>
NET CHANGE IN FUND BALANCE	<u>\$ (98,331)</u>	<u>\$ 134,639</u>	618,492	<u>\$ 483,853</u>
FUND BALANCE:				
Beginning of year			<u>4,900,483</u>	
End of year			<u>\$ 5,518,975</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Revenues from other agencies	\$ 292,486	\$ 1,277,687	\$ 1,043,102	\$ (234,585)
Other revenue	252,148	1,544,722	425,582	(1,119,140)
Total revenues	544,634	2,822,409	1,468,684	(1,353,725)
EXPENDITURES:				
Current:				
Public safety	-	59,816	48,626	11,190
Public works	45,000	68,258	13,048	55,210
Parks and recreation	203,446	1,242,031	422,551	819,480
Capital outlay	252,148	767,298	378,048	389,250
Total expenditures	500,594	2,137,403	862,273	1,275,130
NET CHANGE IN FUND BALANCE	44,040	685,006	606,411	(78,595)
FUND BALANCE (DEFICIT):				
Beginning of year			(871,730)	
End of year			\$ (265,319)	

City of Santa Clarita

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Sewer Maintenance Special Revenue Fund

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	18,930	18,930	-
Total other financing sources (uses)	<u>-</u>	<u>18,930</u>	<u>18,930</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 18,930</u>	<u>18,930</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>(18,930)</u>	
End of year			<u>\$ -</u>	

City of Santa Clarita

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Federal Urban Aid Special Revenue Fund

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Service charges	\$ -	\$ 2,966,462	\$ 2,645,969	\$ (320,493)
Total revenues	<u>-</u>	<u>2,966,462</u>	<u>2,645,969</u>	<u>(320,493)</u>
EXPENDITURES:				
Current:				
Capital outlay	-	2,486,462	2,656,801	(170,339)
Total expenditures	<u>-</u>	<u>2,486,462</u>	<u>2,656,801</u>	<u>(170,339)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 480,000</u>	<u>(10,832)</u>	<u>\$ (490,832)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(480,000)</u>	
End of year			<u>\$ (490,832)</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 846	\$ 846
Revenues from other agencies	174,332	272,494	130,027	(142,467)
Total revenues	<u>174,332</u>	<u>272,494</u>	<u>130,873</u>	<u>(141,621)</u>
EXPENDITURES:				
Current:				
Public safety	174,332	271,941	126,273	145,668
Total expenditures	<u>174,332</u>	<u>271,941</u>	<u>126,273</u>	<u>145,668</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 553</u>	4,600	<u>\$ 4,047</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(6,678)</u>	
End of year			<u>\$ (2,078)</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 334	\$ 334
Revenues from other agencies	-	86,280	85,946	(334)
Total revenues	<u>-</u>	<u>86,280</u>	<u>86,280</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety	-	86,280	86,279	1
Total expenditures	<u>-</u>	<u>86,280</u>	<u>86,279</u>	<u>1</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	1	(1)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	33,204	33,204	-
Total other financing sources (uses)	<u>-</u>	<u>33,204</u>	<u>33,204</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 33,204</u>	33,205	<u>\$ (1)</u>
FUND BALANCE:				
Beginning of year			<u>(33,204)</u>	
End of year			<u>\$ 1</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Revenues from other agencies	\$ 860,000	\$ 860,000	\$ 268,020	\$ (591,980)
Total revenues	<u>860,000</u>	<u>860,000</u>	<u>268,020</u>	<u>(591,980)</u>
EXPENDITURES:				
Current:				
Community development	860,000	860,000	348,661	511,339
Total expenditures	<u>860,000</u>	<u>860,000</u>	<u>348,661</u>	<u>511,339</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(80,641)	<u>\$ (80,641)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>61,355</u>	
End of year			<u>\$ (19,286)</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Developer fees	\$ -	\$ 144,000	\$ 131,895	\$ (12,105)
Investment income	150	300	1,612	1,312
Total revenues	<u>150</u>	<u>144,300</u>	<u>133,507</u>	<u>(10,793)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(131,895)	(131,895)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(131,895)</u>	<u>(131,895)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 150</u>	<u>\$ 144,300</u>	<u>1,612</u>	<u>\$ (142,688)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(6,810)</u>	
End of year			<u>\$ (5,198)</u>	

City of Santa Clarita

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Public Education and Government Special Revenue Fund

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$ 285,000	\$ 325,000	\$ 349,223	\$ 24,223
Investment income	3,000	3,000	6,831	3,831
Total revenues	<u>288,000</u>	<u>328,000</u>	<u>356,054</u>	<u>28,054</u>
EXPENDITURES:				
Current:				
General government	180	308,150	268,285	39,865
Total expenditures	<u>180</u>	<u>308,150</u>	<u>268,285</u>	<u>39,865</u>
NET CHANGE IN FUND BALANCE	<u>\$ 287,820</u>	<u>\$ 19,850</u>	87,769	<u>\$ (11,811)</u>
FUND BALANCE:				
Beginning of year			<u>293,981</u>	
End of year			<u>\$ 381,750</u>	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ 60,000	\$ 40,000	\$ 9,390	\$ (30,610)
Revenue from other agencies	4,297,753	6,593,446	2,877,978	(3,715,468)
Total revenues	4,357,753	6,633,446	2,887,368	(3,746,078)
EXPENDITURES:				
Capital outlay	3,046,944	4,706,614	1,515,733	3,190,881
Total expenditures	3,046,944	4,706,614	1,515,733	3,190,881
REVENUES OVER (UNDER) EXPENDITURES	1,310,809	1,926,832	1,371,635	(555,197)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,294,543)	(871,717)	(1,421,231)	549,514
Total other financing sources (uses)	(1,294,543)	(871,717)	(1,421,231)	549,514
NET CHANGE IN FUND BALANCE	\$ 16,266	\$ 1,055,115	(49,596)	\$ (1,104,711)
FUND BALANCE:				
Beginning of year			59,425	
End of year			\$ 9,829	

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Revenues from other agencies	\$ 6,975,723	\$ 23,606,455	\$ 17,185,351	\$ (6,421,104)
Service charges		110,001	110,001	-
Other revenue	-	473,405	398,561	(74,844)
Total revenues	<u>6,975,723</u>	<u>24,189,861</u>	<u>17,693,913</u>	<u>(6,495,948)</u>
EXPENDITURES:				
Current:				
Public works	1,187,003	1,187,003	116,649	1,070,354
Community development	-	577,529	202,508	375,021
Capital outlay	5,796,220	18,971,982	14,993,124	3,978,858
Total expenditures	<u>6,983,223</u>	<u>20,736,514</u>	<u>15,312,281</u>	<u>5,424,233</u>
NET CHANGE IN FUND BALANCE	<u>\$ (7,500)</u>	<u>\$ 3,453,347</u>	2,381,632	<u>\$ (1,071,715)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(3,031,500)</u>	
End of year			<u>\$ (649,868)</u>	

City of Santa Clarita
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive/ (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,013	\$ 1,013
Revenues from other agencies	-	-	1,124,255	1,124,255
Total revenues	<u>-</u>	<u>-</u>	<u>1,125,268</u>	<u>1,125,268</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(966,500)	(1,125,268)	158,768
Total other financing sources (uses)	<u>-</u>	<u>(966,500)</u>	<u>(1,125,268)</u>	<u>158,768</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (966,500)</u>	<u>-</u>	<u>\$ 1,284,036</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ -</u>	



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 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, 2010

	Self-Insurance	Computer Replacement	Vehicle Replacement	Public Facilities Replacement	Total
ASSETS					
Current assets:					
Cash and investments	\$ 4,298,526	\$ 1,492,062	\$ 3,579,346	\$ 7,059,618	\$ 16,429,552
Receivables:					
Accounts	1,633	-	-	-	1,633
Interest	34,688	12,043	28,891	56,972	132,594
Prepaid expenses	542,541	-	-	-	542,541
Advances to other fund	890,904	-	-	-	890,904
Total current assets	5,768,292	1,504,105	3,608,237	7,116,590	17,997,224
Noncurrent assets:					
Capital assets:					
Land	5,000,000	-	-	2,669,393	7,669,393
Equipment, net of accumulated depreciation	24,015	307,421	403,813	-	735,249
Total noncurrent assets	5,024,015	307,421	403,813	2,669,393	8,404,642
Total assets	10,792,307	1,811,526	4,012,050	9,785,983	26,401,866
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	5,025,707	92,288	-	2,688,713	7,806,708
Total current liabilities	5,025,707	92,288	-	2,688,713	7,806,708
Noncurrent liabilities:					
Claims payable	50,000	-	-	-	50,000
Total noncurrent liabilities	50,000	-	-	-	50,000
Total liabilities	5,075,707	92,288	-	2,688,713	7,856,708
NET ASSETS					
Invested in capital assets	5,024,015	307,421	403,813	2,669,393	8,404,642
Unrestricted	692,585	1,411,817	3,608,237	4,427,877	10,140,516
Total net assets	\$ 5,716,600	\$ 1,719,238	\$ 4,012,050	\$ 7,097,270	\$ 18,545,158

City of Santa Clarita
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

	Self-Insurance	Computer Replacement	Vehicle Replacement	Public Facilities Replacement	Total
OPERATING REVENUES:					
Charges for services	\$ 1,654,360	\$ 416,351	\$ 335,600	\$ -	\$ 2,406,311
Total operating revenues	1,654,360	416,351	335,600	-	2,406,311
OPERATING EXPENSES:					
Services and supplies	1,543,262	377,957	81,916	3,324,533	5,327,668
Depreciation	6,702	155,978	96,128	-	258,808
Total operating expenses	1,549,964	533,935	178,044	3,324,533	5,586,476
OPERATING INCOME (LOSS)	104,396	(117,584)	157,556	(3,324,533)	(3,180,165)
NONOPERATING REVENUES (EXPENSES):					
Investment income	118,654	40,071	115,398	200,762	474,885
Total nonoperating revenues (expenses)	118,654	40,071	115,398	200,762	474,885
INCOME (LOSS) BEFORE TRANSFERS	223,050	(77,513)	272,954	(3,123,771)	(2,705,280)
TRANSFERS:					
Transfers in	1,000,000	-	-	1,500,000	2,500,000
Total other financing sources (uses)	1,000,000	-	-	1,500,000	2,500,000
CHANGE IN NET ASSETS	1,223,050	(77,513)	272,954	(1,623,771)	(205,280)
NET ASSETS:					
Beginning of year	4,493,550	1,796,751	3,739,096	8,721,041	18,750,438
End of year	\$ 5,716,600	\$ 1,719,238	\$ 4,012,050	\$ 7,097,270	\$ 18,545,158

City of Santa Clarita
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2010

	Self-Insurance	Computer Replacement	Vehicle Replacement	Public Facilities Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from interfund services provided	\$ 1,655,387	\$ 416,351	\$ 335,600	\$ -	\$ 2,407,338
Payments to suppliers	2,909,963	(403,944)	(81,916)	(1,307,270)	1,116,833
Net cash provided by (used for) operating activities	4,565,350	12,407	253,684	(1,307,270)	3,524,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from other funds	974,886	-	-	1,500,000	2,474,886
Net cash provided by (used for) noncapital financing activities	974,886	-	-	1,500,000	2,474,886
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(5,000,000)	(36,651)	(63,282)	(2,669,393)	(7,769,326)
Net cash provided (used for) by capital and related financing activities	(5,000,000)	(36,651)	(63,282)	(2,669,393)	(7,769,326)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	119,033	41,806	117,078	203,891	481,808
Net cash provided (used for) by investing activities	119,033	41,806	117,078	203,891	481,808
Net increase (decrease) in cash and cash equivalents	659,269	17,562	307,480	(2,272,772)	(1,288,461)
CASH AND CASH EQUIVALENTS:					
Beginning of year	3,639,257	1,474,500	3,271,866	9,332,390	17,718,013
End of year	\$ 4,298,526	\$ 1,492,062	\$ 3,579,346	\$ 7,059,618	\$ 16,429,552
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 104,396	\$ (117,584)	\$ 157,556	\$ (3,324,533)	\$ (3,180,165)
Adjustments to reconcile operating income to (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	6,702	155,978	96,128	-	258,808
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,027	-	-	-	1,027
Increase (decrease) in prepaid expenses	(542,541)	-	-	-	(542,541)
Increase (decrease) in account payable and accrued liabilities	4,995,766	(25,987)	-	2,017,263	6,987,042
Total adjustments	4,460,954	129,991	96,128	2,017,263	6,704,336
Net cash provided (used) by operating activities	\$ 4,565,350	\$ 12,407	\$ 253,684	\$ (1,307,270)	\$ 3,524,171

AGENCY FUNDS

The Agency Funds are used to account for assets held by the City as an agency 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, 2009

	Assessment District No. 92-2	Assessment District No. 99-1	Community Facilities District No. 2002-1	Total
ASSETS				
Cash and investments	\$ 106,667	\$ 82,817	\$ 92,903	\$ 282,387
Cash and investments with fiscal agent	63,900	60,225	1,669,419	1,793,544
Receivables:				
Accounts	5,729	6,615	-	12,344
Interest	861	668	693	2,222
Total assets	\$ 177,157	\$ 150,325	\$ 1,763,015	\$ 2,090,497
LIABILITIES				
Accounts payable and accrued liabilities	\$ 104	\$ 9,314	\$ -	\$ 9,418
Due to other funds	-	300	-	300
Due to bondholders	177,053	140,711	1,763,015	2,080,779
Total liabilities	\$ 177,157	\$ 150,325	\$ 1,763,015	\$ 2,090,497

City of Santa Clarita
Schedule of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2010

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
ASSESSMENT DISTRICT NO. 92-2				
ASSETS				
Cash and investments	\$ 105,211	\$ 1,456	\$ -	\$ 106,667
Cash and investments with fiscal agent	63,908	-	8	63,900
Receivables:				
Accounts	1,643	4,086	-	5,729
Interest	983	-	122	861
Total assets	\$ 171,745	\$ 5,542	\$ 130	\$ 177,157
LIABILITIES				
Accounts payable and accrued liabilities	\$ 960	\$ -	\$ 856	\$ 104
Due to other funds	418	-	418	-
Due to bondholders	170,367	6,686	-	177,053
Total liabilities	\$ 171,745	\$ 6,686	\$ 1,274	\$ 177,157
 ASSESSMENT DISTRICT NO. 99-1				
ASSETS				
Cash and investments	\$ 84,519	\$ -	\$ 1,702	\$ 82,817
Cash and investments with fiscal agent	60,228	-	3	60,225
Receivables:				
Accounts	861	5,754	-	6,615
Interest	790	-	122	668
Total assets	\$ 146,398	\$ 5,754	\$ 1,827	\$ 150,325
LIABILITIES				
Accounts payable and accrued liabilities	\$ 934	\$ 8,380	\$ -	\$ 9,314
Due to other funds	336	-	36	300
Due to bondholders	145,128	-	4,417	140,711
Total liabilities	\$ 146,398	\$ 8,380	\$ 4,453	\$ 150,325

City of Santa Clarita
Schedule of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2010

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
COMMUNITY FACILITIES				
DISTRICT NO. 2002-1				
ASSETS				
Cash and investments	\$ 38,017	\$ 54,886	\$ -	\$ 92,903
Cash and investments with fiscal agent	1,675,428	-	6,009	1,669,419
Receivables:				
Interest	356	337	-	693
Total assets	\$ 1,713,801	\$ 55,223	\$ 6,009	\$ 1,763,015
LIABILITIES				
Accounts payable and accrued liabilities	\$ 151	\$ -	\$ 151	\$ -
Due to other funds	-	311	-	311
Due to bondholders	1,713,650	49,054	-	1,762,704
Total liabilities	\$ 1,713,801	\$ 49,365	\$ 151	\$ 1,763,015
 TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 227,747	\$ 56,342	\$ 1,702	\$ 282,387
Cash and investments with fiscal agent	1,799,564	-	6,020	1,793,544
Receivables:				
Accounts	2,504	9,840	-	12,344
Interest	2,129	337	244	2,222
Total assets	\$ 2,031,944	\$ 66,519	\$ 7,966	\$ 2,090,497
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,045	\$ 8,380	\$ 1,007	\$ 9,418
Due to other funds	754	311	454	611
Due to bondholders	2,029,145	55,740	4,417	2,080,468
Total liabilities	\$ 2,031,944	\$ 64,431	\$ 5,878	\$ 2,090,497

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS**

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Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Clarita, California (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated January 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Mayor and Members of the City Council
of the City of Santa Clarita
Santa Clarita, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
January 28, 2011



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.

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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.

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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.

148-159

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.

160-166

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.

167-168

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.

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Key Data and Ratios Ranking

These tables present various municipalities within the State of California and are ranked in order using key data and ratios. The key data and ratios are essential operating indicators used to determine a municipality's overall financial health and credit worthiness.

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City of Santa Clarita
Net Assets by Component (1)
Last Six Fiscal Years Ended June 30, 2010
(accrual basis of accounting)

	FISCAL YEAR					
	09-10	08-09	07-08	05-06 ⁽²⁾	As Restated	04-05
Governmental Activities						
Investment in capital assets, net of related debt	\$ 657,644,168	\$ 629,621,722	\$ 672,306,820	\$ 661,210,117	\$ 614,300,517	\$ 160,829,971
Restricted for:						
Capital Projects	4,769,573	4,769,573	45,993,804	18,134,924	32,030,928	14,530,809
Debt Service	-	-	632,680	-	174,028	347
Specific Projects and Programs	85,895,468	92,894,739	61,018,399	34,441,539	30,547,345	27,009,644
Total Restricted	90,665,041	97,664,312	107,644,883	52,576,463	62,752,301	41,540,800
Unrestricted	63,218,255	96,469,866	66,249,901	87,737,817	71,001,423	53,357,322
Total governmental activities net assets	\$ 811,527,464	\$ 823,755,900	\$ 846,201,604	\$ 801,524,397	\$ 748,054,241	\$ 255,728,093
Business-type Activities						
Investment in capital assets, net of related debt	\$ 67,911,725	\$ 66,963,851	\$ 63,526,242	\$ 62,246,621	\$ 63,741,429	\$ 57,378,860
Restricted for:						
Debt Service	-	-	-	-	-	-
Unrestricted	(176,196)	3,118,092	2,957,611	1,553,088	(406,224)	(890,648)
Total business-type activities net assets	\$ 67,735,529	\$ 70,081,943	\$ 66,483,853	\$ 63,799,709	\$ 63,335,205	\$ 56,488,212
Primary Government						
Investment in capital assets, net of related debt	725,555,893	696,585,573	735,833,062	723,456,738	678,041,946	218,208,831
Restricted	90,665,041	97,664,312	107,644,883	52,576,463	62,752,301	41,540,800
Unrestricted	63,042,059	99,587,958	69,207,512	89,290,905	70,595,199	52,466,674
Total Primary Government Net Assets	\$ 879,262,993	\$ 893,837,843	\$ 912,685,457	\$ 865,324,106	\$ 811,389,446	\$ 312,216,305

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, 2010 ⁽¹⁾
(accrual basis of accounting)

	FISCAL YEAR					
	09-10	08-09	07-08	06-07	05-06	04-05
Expenses						
Governmental Activities						
General government	\$ 32,116,335	\$ 32,279,630	\$ 27,488,731	\$ 26,029,070	\$ 24,225,414	\$ 9,930,958
Public safety	17,912,704	17,489,870	16,482,917	14,398,408	13,821,626	12,437,170
Public works	26,758,527	48,514,645	30,549,888	19,273,980	6,417,841	11,754,949
Parks and recreation	27,835,763	32,747,618	21,817,251	20,573,077	20,988,533	17,637,475
Community development	13,831,341	9,761,681	9,257,881	8,985,449	16,939,976	22,371,678
Unallocated infrastructure depreciation	15,545,626	14,405,047	13,128,617	12,920,310	1,268,939	701,261
Interest on long-term debt	5,476,918	5,725,201	3,127,998	2,087,949	1,669,701	1,560,223
Total governmental activities expenses:	<u>139,477,214</u>	<u>160,923,692</u>	<u>121,853,283</u>	<u>104,268,243</u>	<u>85,332,030</u>	<u>76,393,714</u>
Business-type Activities						
Transit	23,348,708	22,299,379	21,506,317	18,315,106	16,508,457	15,239,173
Total business-type activities expenses:	<u>23,348,708</u>	<u>22,299,379</u>	<u>21,506,317</u>	<u>18,315,106</u>	<u>16,508,457</u>	<u>15,239,173</u>
Total primary government expenses:	<u>\$ 162,825,922</u>	<u>\$ 183,223,071</u>	<u>\$ 143,359,600</u>	<u>\$ 122,583,349</u>	<u>\$ 101,840,487</u>	<u>\$ 91,632,887</u>
Program Revenues						
Governmental Activities						
Charges for services:						
General government	\$ 396,651	\$ 621,624	\$ 2,737,355	\$ 302,075	\$ 186,171	\$ 377,202
Public safety	2,194,038	1,898,022	2,291,100	2,131,060	2,032,652	1,921,796
Public works	3,162,052	260,524	355,817	3,575,546	2,512,093	2,423,865
Parks and recreation	3,956,933	3,849,699	3,875,539	3,895,422	3,794,662	3,874,109
Community development	15,937,913	35,138,334	26,341,684	20,182,722	19,068,982	20,127,873
Operating grants and contributions	16,224,269	25,079,906	22,600,793	26,641,145	23,465,852	21,301,215
Capital grants and contributions	15,249,634	23,636,779	39,003,536	24,770,306	60,971,404	34,503,830
Total governmental activities program revenues:	<u>57,121,490</u>	<u>90,484,888</u>	<u>97,205,824</u>	<u>81,498,276</u>	<u>112,031,816</u>	<u>84,529,890</u>
Business-type Activities						
Charges for services:						
Transit	3,181,614	3,299,263	3,216,239	5,827,778	4,950,584	5,224,575
Operating grants and contributions	10,260,579	13,653,177	11,876,720	12,616,641	3,351,941	15,834,845
Capital grants and contributions	-	-	617,421	750,200	-	-
Total business-type activities program revenues:	<u>13,442,193</u>	<u>16,952,440</u>	<u>15,710,380</u>	<u>19,194,619</u>	<u>8,302,525</u>	<u>21,059,420</u>
Total primary government revenues:	<u>\$ 70,563,683</u>	<u>\$ 107,437,328</u>	<u>\$ 112,916,204</u>	<u>\$ 100,692,895</u>	<u>\$ 120,334,341</u>	<u>\$ 105,589,310</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, 2010 ⁽¹⁾

(accrual basis of accounting)

	FISCAL YEAR					
	09-10	08-09	07-08	06-07	05-06	04-05
Net Revenues (expenses):						
Governmental activities	\$ (82,355,724)	\$ (70,438,804)	\$ (24,647,459)	\$ (22,769,967)	\$ 26,699,786	\$ 8,136,176
Business-type activities	(9,906,515)	(5,346,939)	(5,795,937)	879,513	(8,205,932)	5,820,247
Total net revenues (expenses):	\$ (92,262,239)	\$ (75,785,743)	\$ (30,443,396)	\$ (21,890,454)	\$ 18,493,854	\$ 13,956,423
General Revenue and Other Changes in Net Assets						
Governmental activities						
Taxes:						
Sales taxes	\$ 24,511,238	\$ 27,751,506	\$ 29,076,388	\$ 23,790,825	\$ 22,204,192	\$ 22,674,470
Property taxes, levied for general purposes	25,126,278	27,212,480	24,482,930	27,891,202	23,106,806	9,023,363
Franchise taxes	6,407,923	6,704,074	6,028,903	6,248,912	5,560,153	5,314,454
Real property transfer taxes	4,564,687	4,816,638	836,824	1,073,774	1,544,534	1,611,216
Transient occupancy taxes	2,050,857	2,260,708	2,433,651	1,804,923	1,824,394	1,632,137
Unrestricted revenue in lieu of motor vehicle taxes	-	1,015,413	-	-	603,990	10,224,572
Unrestricted revenue in lieu of sales taxes	7,383,175	6,215,803	8,490,865	8,156,017	6,965,521	7,328,638
Grants and contributions not restricted						
to specific programs	896,708	-	1,252,281	1,862,901	223,241	872,475
Unrestricted investment earnings	4,871,133	6,020,940	4,566,884	4,970,193	1,891,292	1,663,699
Transfers	(7,477,547)	(8,006,128)	(8,431,120)	441,376	(12,054,795)	(13,702,591)
Total governmental activities	68,334,452	73,991,434	68,737,606	76,240,123	51,869,328	46,642,433
Business-type activities						
Grants and contributions not restricted						
to specific programs	-	-	-	-	883,615	93,334
Unrestricted investment earnings	82,554	48,961	48,961	26,367	1,050	4,538
Transfers	7,477,547	8,006,128	8,431,120	(441,376)	12,054,795	13,702,591
Total business-type activities:	7,560,101	8,055,089	8,480,081	(415,009)	12,939,460	13,800,463
Total primary government:	\$ 75,894,553	\$ 82,046,523	\$ 77,217,687	\$ 75,825,114	\$ 64,808,788	\$ 60,442,896
Change in Net Assets						
Governmental activities	\$ (14,021,272)	\$ 3,552,630	\$ 44,090,147	\$ 53,470,156	\$ 78,569,114	\$ 54,778,609
Business-type activities	(2,346,414)	2,708,150	2,684,144	464,504	4,733,528	19,620,710
Total primary government:	\$ (16,367,686)	\$ 6,260,780	\$ 46,774,291	\$ 53,934,660	\$ 83,302,642	\$ 74,399,319

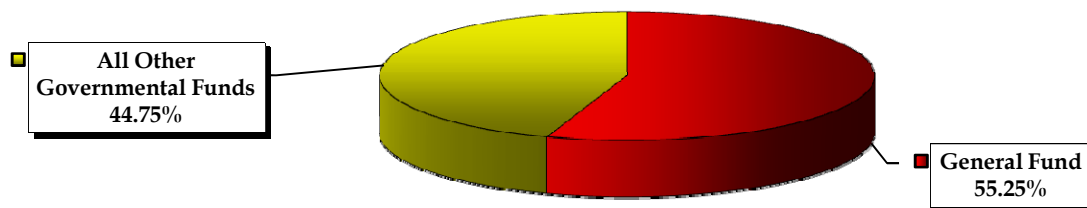
Note: (1) City of Santa Clarita implemented GASB 34 reporting module for the fiscal year ended June 30, 2003.

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, 2010
(modified accrual basis of accounting)

	FISCAL YEAR			
	09-10	08-09	07-08	06-07
General Fund				
Reserved	\$ 19,546,015	\$ 32,617,139	\$ 34,920,547	\$ 34,699,034
Unreserved	58,211,508	41,674,470	31,153,879	28,500,824
Total general fund	\$ 77,757,523	\$ 74,291,609	\$ 66,074,426	\$ 63,199,858
All Other Governmental Funds				
Reserved	\$ 51,195,454	\$ 70,667,494	\$ 51,972,970	\$ 48,303,588
Unreserved:				
Special revenue funds	2,109,198	(7,048,095)	28,377,796	3,827,570
Debt service fund	(24,048,962)	(17,004,471)	(15,873,835)	(10,461,382)
Capital projects fund	33,725,531	34,502,270	38,050,255	4,592,332
Total all other governmental funds	\$ 62,981,221	\$ 81,117,198	\$ 102,527,186	\$ 36,151,718

FUND BALANCES
Fiscal Year Ended June 30, 2010

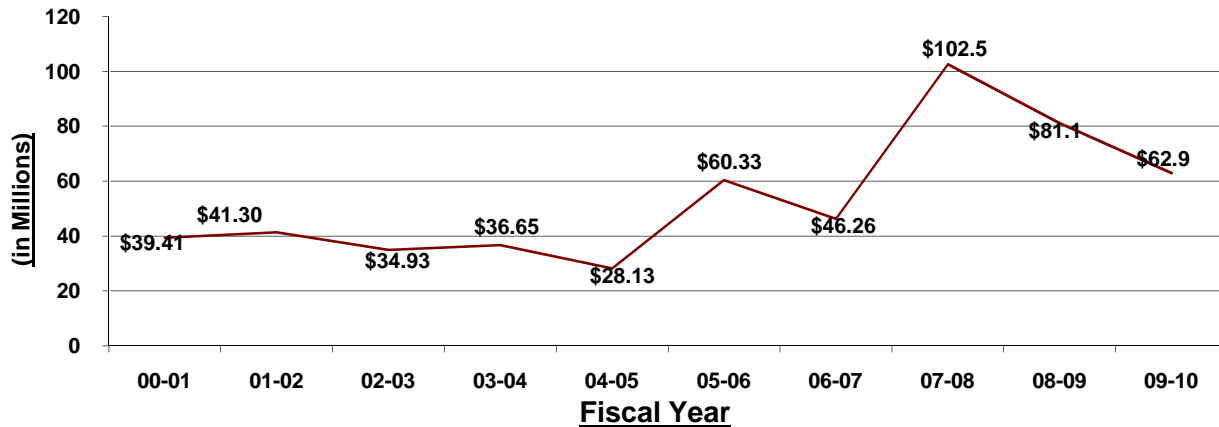


Note: (1) Balance as restated, see Notes to Basic Financial Statements #16B.

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

FISCAL YEAR						
05-06 ⁽¹⁾	04-05	03-04	02-03	01-02	00-01	
As Restated						
\$ 20,786,040	\$ 15,638,513	\$ 12,042,182	\$ 14,034,615	\$ 21,368,003	\$ 16,330,098	
18,232,779	30,780,939	23,109,773	12,927,211	3,168,903	12,209,902	
\$ 39,018,819	\$ 46,419,452	\$ 35,151,955	\$ 26,961,826	\$ 24,536,906	\$ 28,540,000	
\$ 80,399,389	\$ 30,388,825	\$ 41,563,581	\$ 9,203,674	\$ 10,852,416	\$ 8,426,033	
(7,159,062)	2,843,589	(867,508)	30,014,266	34,078,558	30,758,147	
(4,743,697)	(4,402,225)	(3,944,409)	(4,082,126)	(4,066,749)	-	
(249,111)	(698,632)	(100,527)	(196,889)	437,307	228,777	
\$ 68,247,519	\$ 28,131,557	\$ 36,651,137	\$ 34,938,925	\$ 41,301,532	\$ 39,412,957	

**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, 2010
(modified accrual basis of accounting)

	FISCAL YEAR			
	2010	2009	2008	2007
Revenues:				
Taxes	\$ 80,714,829	\$ 87,659,599	\$ 88,088,786	\$ 70,576,755
Licenses and permits	4,093,250	3,697,218	5,256,748	4,203,933
Developer fees	3,053,363	15,763,070	22,290,808	6,747,767
Investment income	5,485,925	10,749,728	8,287,441	7,926,763
Revenue from other agencies	33,881,145	28,882,884	24,247,611	37,300,213
Fines and forfeitures	1,936,318	1,759,371	2,121,570	1,918,954
Service charges	10,812,521	8,375,771	9,931,041	13,463,673
Other revenues	7,234,923	5,077,400	3,368,879	4,356,961
Total Revenues	147,212,274	161,965,041	163,592,884	146,495,019
Expenditures:				
Current:				
General government	27,951,510	27,250,056	25,965,196	23,411,750
Public safety	17,862,129	17,439,295	16,342,979	14,347,833
Public works	20,594,575	42,937,168	25,977,763	19,511,097
Parks and recreation	20,048,430	20,126,412	20,156,343	18,943,146
Community development	10,849,942	7,095,386	7,583,236	9,051,652
Capital outlays	46,183,268	41,826,511	44,906,802	57,926,955
Debt service:				
Principal	2,611,372	2,072,341	1,927,198	2,374,870
Interest, professional services, and fiscal charges	5,411,152	5,279,549	4,632,979	2,298,974
Total Expenditures	151,512,378	164,026,718	147,492,496	147,866,277
Excess of Revenues over (under) Expenditures	(4,300,104)	(2,061,677)	16,100,388	(1,371,258)
Other Financing Sources (Uses)				
Revenue bonds issued/issuance premium	-	-	-	13,894,752
Proceeds of long-term debt	-	-	54,235,000	-
Escrow payment, costs of bonds issuance, and others	-	-	(226,682)	-
Transfers-in	18,953,115	12,150,426	43,112,541	27,468,089
Transfers-out	(28,930,662)	(23,281,554)	(54,668,661)	(29,881,193)
Total Other Financing Sources (Uses)	(9,977,547)	(11,131,128)	42,452,198	11,481,648
Net change in fund balances	(14,277,651)	(13,192,805)	58,552,586	10,110,390
Fund balances (deficit) - Beginning of Year, as restated	155,016,395	168,601,612	110,049,026	99,351,576
Fund balances (deficit) - End of Year	\$ 140,738,744	\$ 155,408,807	\$ 168,601,612	\$ 109,461,966
Debt service as percentage of non capital expenditures	6.93%	5.73%	5.87%	4.95%

FISCAL YEAR						
	2006	2005	2004	2003	2002	2001
\$	66,164,485	\$ 53,763,779	\$ 43,940,454	\$ 39,813,089	\$ 35,589,227	\$ 34,053,282
	6,907,826	5,127,705	5,303,309	3,512,857		2,759,637
	28,028,933	11,963,054	7,570,352	7,857,087	17,016,274	16,295,503
	2,881,133	3,148,731	919,858	3,788,121	4,165,144	6,303,050
	38,526,364	33,089,887	36,119,851	31,157,062	30,209,371	30,133,734
	1,904,273	1,803,686	1,051,371	1,041,945	1,008,466	972,443
	13,081,649	13,339,462	12,580,933	18,095,424	17,089,401	15,489,302
	12,651,674	2,408,463	3,767,800	2,309,846	1,948,808	1,298,924
	170,146,337	124,644,767	111,253,928	107,575,431	107,026,691	107,305,875
	24,668,150	11,217,783	12,436,244	9,282,089	9,778,478	8,768,573
	13,658,723	12,429,192	12,102,441	12,124,427	11,264,808	11,386,290
	6,802,081	8,901,359	8,692,908	8,823,785	8,112,935	7,450,660
	17,376,609	15,964,949	14,226,090	11,546,673	10,492,037	9,052,687
	17,164,505	22,531,795	21,039,274	23,900,882	16,450,228	13,566,023
	49,435,744	35,096,683	19,251,357	33,179,578	46,917,311	43,364,800
	1,367,359	2,060,319	4,332,159	1,496,087	533,279	176,061
	2,878,536	1,570,581	1,760,134	1,958,388	1,598,807	1,547,751
	133,351,707	109,772,661	93,840,607	102,311,909	105,147,883	95,312,845
	36,794,630	14,872,106	17,413,321	5,263,522	1,878,808	11,993,030
	-	-	-	1,558,097	4,400,000	-
	17,700,000	-	-	1,558,097	4,400,000	-
	(17,225,304)	-	2,590,955	-	-	-
	7,865,612	8,157,999	8,278,692	7,662,207	9,550,514	2,989,329
	(19,409,716)	(20,282,188)	(18,380,627)	(18,421,513)	(18,120,682)	(11,591,270)
	(11,069,408)	(12,124,189)	(7,510,980)	(7,643,112)	229,832	(8,601,941)
	25,725,222	2,747,917	9,902,341	(2,379,590)	2,108,640	3,391,089
	74,551,009	71,803,092	61,900,751	65,838,438	64,722,707	61,331,618
\$	100,276,231	\$ 74,551,009	\$ 71,803,092	\$ 63,458,848	\$ 66,831,347	\$ 64,722,707
	5.04%	4.73%	8.24%	4.21%	3.66%	3.32%

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

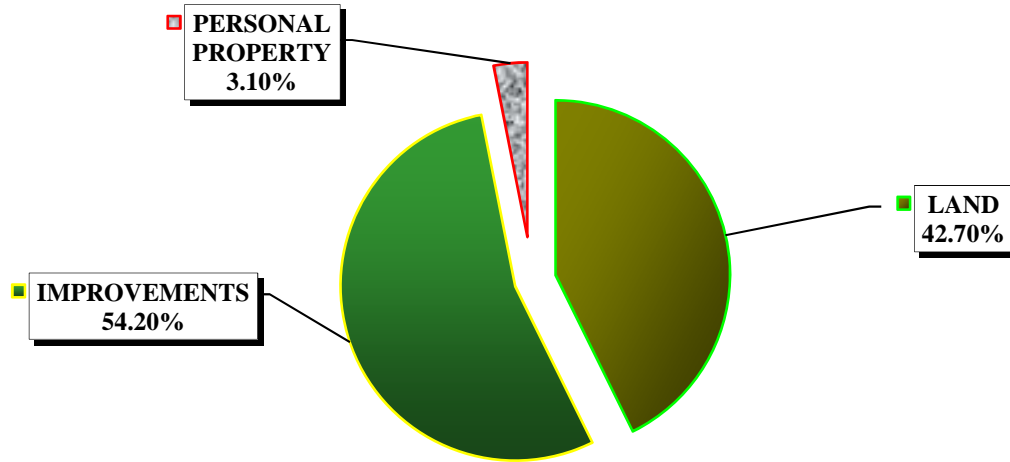
City of Santa Clarita

Assessed Valuation (1) and Actual Value of Taxable Property

Last Ten Fiscal Years

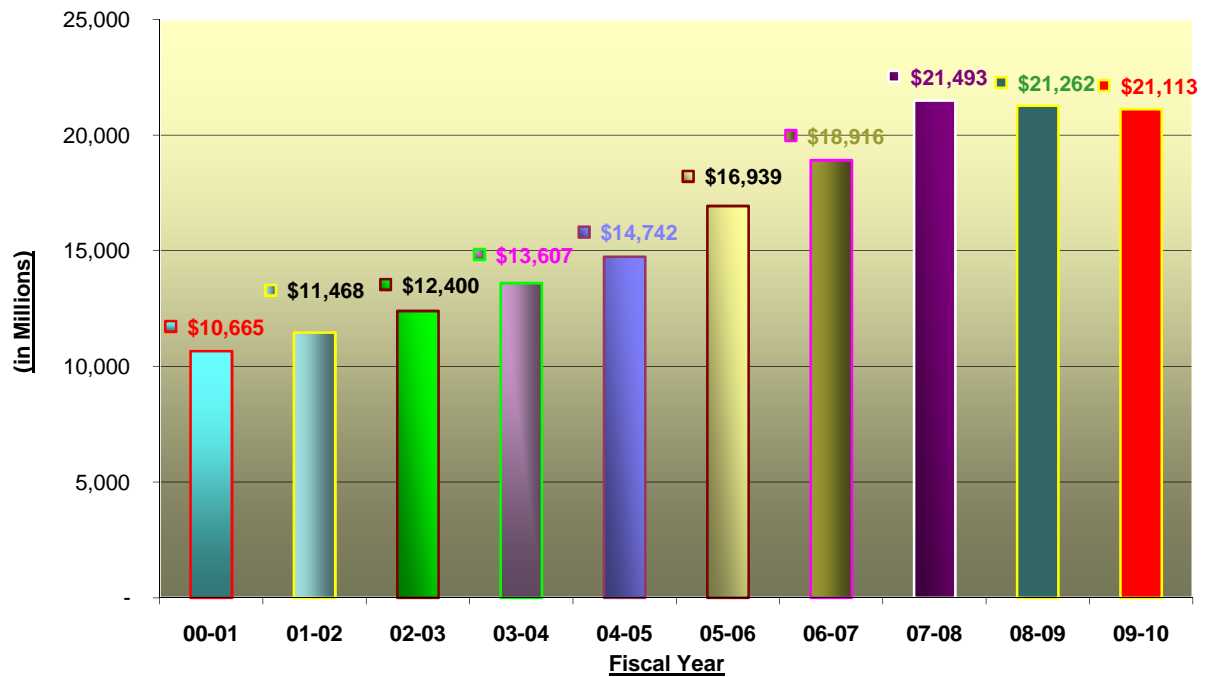
Fiscal Year	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED -UTILITY				SECURED				
	LAND	IMPROVEMENTS	PERSONAL PROPERTY	TOTAL	LAND	IMPROVEMENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL
2000-01	2,961,227	298,757	171,028	3,431,012	3,945,586,755	6,169,813,280	91,784,122	(155,105,480)	10,052,078,677
2001-02	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
2008-09	1,750,395	2,264,780	-	4,015,175	9,416,163,697	11,115,441,327	105,296,475	(323,630,904)	20,313,270,595
2009-10	1,750,395	2,264,780	-	4,015,175	9,160,567,699	11,280,024,994	112,335,544	(330,372,395)	20,222,555,302

ASSESSED VALUATION by CATEGORIES
(Total Secured and Unsecured)
Fiscal Year Ended June 30, 2010



LOCALLY ASSESSED				TOTALS				
IMPROVE- MENTS	UNSECURED		TOTAL	BEFORE OTHER EXEMPTIONS	TAXABLE ASSESSED VALUE	% INCR. (DECR.)	TOTAL DIRECT RATE (2)	HOME- OWNER PROPERTY TAX RELIEF
	PERSONAL PROPERTY	OTHER EXEMPTIONS						
240,385,121	369,315,436	(87,800)	609,612,757	10,820,315,726	10,665,122,446		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
359,543,253	600,420,921	(15,127,698)	944,836,476	21,600,880,848	21,262,122,246	-1.08%	0.08313%	224,731,598
346,874,191	553,829,644	(13,331,377)	887,372,458	21,457,647,247	21,113,942,935	-0.70%		223,277,279

**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

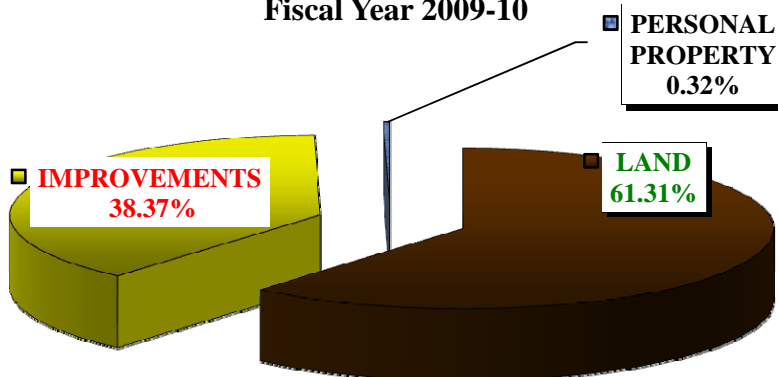
Last Ten Fiscal Years

FISCAL YEAR	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED (UTILITY)				SECURED				
	LAND	IMPROVEMENTS	PERSONAL PROPERTY	TOTAL	LAND	IMPROVEMENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL
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
2008-09	-	-	-	-	348,100,511	217,393,278	2,064,527	(3,754,719)	563,803,597
2009-10	-	-	-	-	343,043,150	214,695,279	1,775,246	(3,779,814)	555,733,861

SECURED ASSESSED VALUATION

(before other exemptions)

Fiscal Year 2009-10

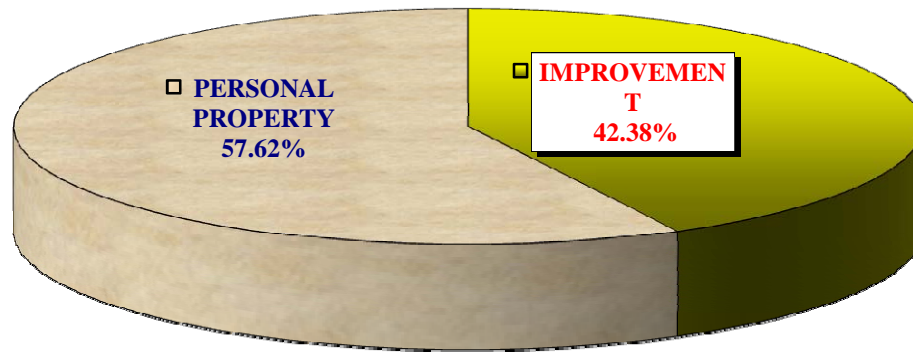


-The Redevelopment Agency of the City of Santa Clarita was established on November 28, 1989, pursuant to the State of California Health and Safety Code, Section 33000. However, the Agency was not active until fiscal year 1998-99 and the Base Year was calculated in fiscal year 1996-97, which included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

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

LOCALLY ASSESSED				TOTALS				
UNSECURED				TOTALS BEFORE BASE YEAR	BASE YEAR	TAXABLE ASSESSED VALUE	VALUE GROWTH	HOME- OWNER PROPERTY TAX RELIEF
IMPROVE- MENTS	PERSONAL PROPERTY	OTHER EXEMPTIONS	TOTAL					
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
39,771,667	48,437,084	(77,000)	88,131,751	651,935,348	(266,351,517)	385,583,831	36,870,753	2,002,848
34,102,838	46,361,945	(84,500)	80,380,283	636,114,144	(266,351,517)	369,762,627	(15,821,204)	1,921,661

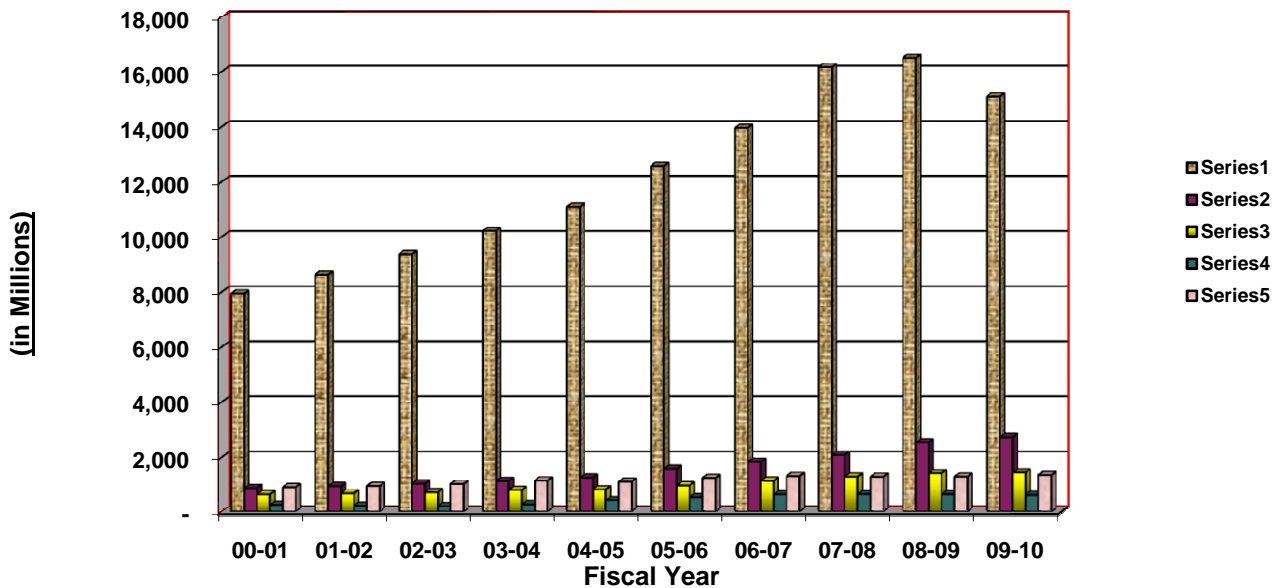
**UNSECURED ASSESSED VALUATION
(before other Exemption)
Fiscal Year 2009-10**



City of Santa Clarita
Assessed Value- Taxable Property
Last Ten Fiscal Years

CATEGORY	FISCAL YEAR				
	09-10	08-09	07-08	06-07	05-06
Residential	\$ 15,093,632,637	\$ 16,491,425,500	\$ 16,165,919,271	\$ 13,962,275,972	\$ 12,569,640,999
Commercial	2,729,669,423	2,541,908,257	2,081,576,763	1,836,340,797	1,588,835,810
Industrial	1,451,053,867	1,420,480,569	1,293,080,539	1,148,469,489	980,395,598
Irrigated	3,630,743	3,559,558	3,489,768	29,374,674	28,272,540
Dry farm			-	49,088,244	48,512,253
Recreational	121,511,353	119,459,165	114,868,032	90,435,287	94,916,719
Institutional	125,868,861	136,418,924	130,907,129	94,705,673	91,312,643
Government	206,850	201,629	197,676	194,922	190,000
Miscellaneous	843,038		810,312	795,449	779,859
Vacant land	636,182,476	664,562,300	664,792,342	656,660,955	554,551,820
SBE Nonunitary	3,573,175	1,073,171	8,243,171	10,666,005	13,172,185
Possessory Int.	150,671,347	158,723,783	239,115,623	222,654,730	205,526,182
Unsecured	944,836,476	871,039,834	790,596,511	730,697,804	659,990,996
Unknown				83,525,492	103,303,882
TOTALS:	\$ 21,261,680,246	\$ 22,408,852,690	\$ 21,493,597,137	\$ 18,915,885,493	\$ 16,939,401,486

ASSESSED VALUE - TAXABLE PROPERTY
Last Ten Fiscal Years



Source: HdL Coren & Cone, Los Angeles County Assessor 2009/10 Combined Tax Rolls.

FISCAL YEAR									
04-05		03-04		02-03		01-02		00-01	
\$	11,097,987,787	\$	10,221,634,945	\$	9,373,657,630	\$	8,630,320,972	\$	7,948,529,358
	1,258,389,787		1,132,585,601		1,043,922,879		955,529,671		879,942,873
	833,455,573		817,508,597		735,063,812		693,214,978		660,288,367
	4,351,050		3,962,743		3,933,315		5,798,245		3,871,007
	45,145,241		43,542,990		29,655,961		34,074,195		38,041,655
	84,727,948		94,694,674		60,212,317		46,322,531		42,015,479
	80,606,769		113,908,577		102,142,853		82,619,342		96,186,317
	-		493,814		484,173		474,673		465,377
	764,577		667,091		7,591,441		2,697,123		7,823,618
	440,215,418		280,744,871		212,233,528		228,265,224		260,536,412
	16,768,755		49,476,597		3,238,345		3,273,698		3,431,012
	201,323,600		153,302,360		109,259,714		75,116,757		73,906,800
	641,526,760		664,760,834		703,858,024		679,574,673		609,612,757
	36,994,610		29,585,002		14,846,193		30,278,643		40,471,414
\$	14,742,257,875	\$	13,606,868,696	\$	12,400,100,185	\$	11,467,560,725	\$	10,665,122,446

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.

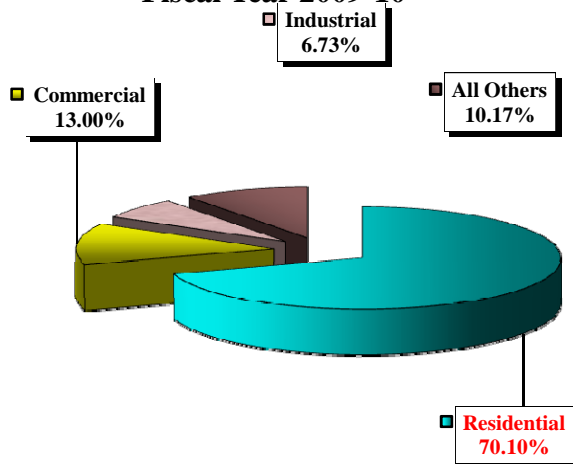
City of Santa Clarita

Assessed Value- Use Category Summary

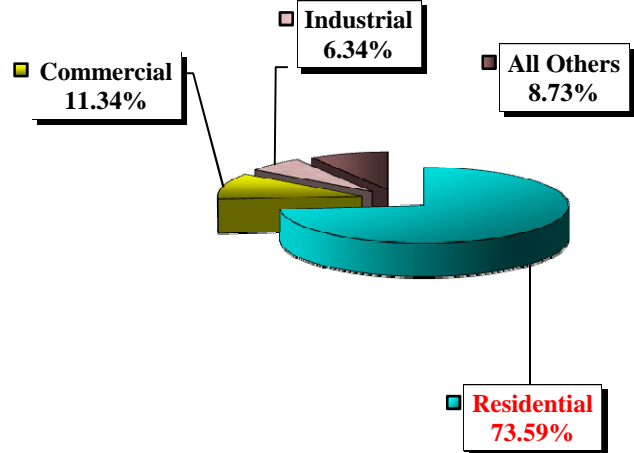
Fiscal Year 2009-10

CATEGORY	PARCELS	ASSESSED			NET TAXABLE	
		VALUE	PERCENT	EXEMPTIONS	VALUE	PERCENT
Residential	48,822	\$ 15,141,999,079	70.10%	\$ (1,349,426,421)	\$ 16,491,425,500	73.591%
Commercial	909	2,808,108,263	13.00%	266,200,006	2,541,908,257	11.343%
Industrial	667	1,452,630,919	6.73%	32,150,350	1,420,480,569	6.339%
Irrigated	6	3,630,743	0.02%	71,185	3,559,558	0.016%
Recreational	34	124,316,001	0.58%	4,856,836	119,459,165	0.533%
Institutional	89	307,868,318	1.43%	171,449,394	136,418,924	0.609%
Government	5	206,850	0.001%	5,221	201,629	0.001%
Miscellaneous	10	843,038	0.004%	16,525	826,513	0.004%
Vacant land	3,444	645,978,544	2.99%	(18,583,756)	664,562,300	2.966%
SBE Nonunitary	(12)	3,573,175	0.02%	2,500,004	1,073,171	0.005%
Possessory Int.	(2,127)	151,319,744	0.70%	(7,404,039)	158,723,783	0.708%
Unsecured	(7,016)	959,964,174	4.44%	88,924,340	871,039,834	3.887%
Unknown						
TOTALS:	53,986	\$ 21,600,438,848	100.00%	\$ (809,240,355)	\$ 22,409,679,203	100.000%

**ASSESSED VALUE by USE
CATEGORY
Fiscal Year 2009-10**



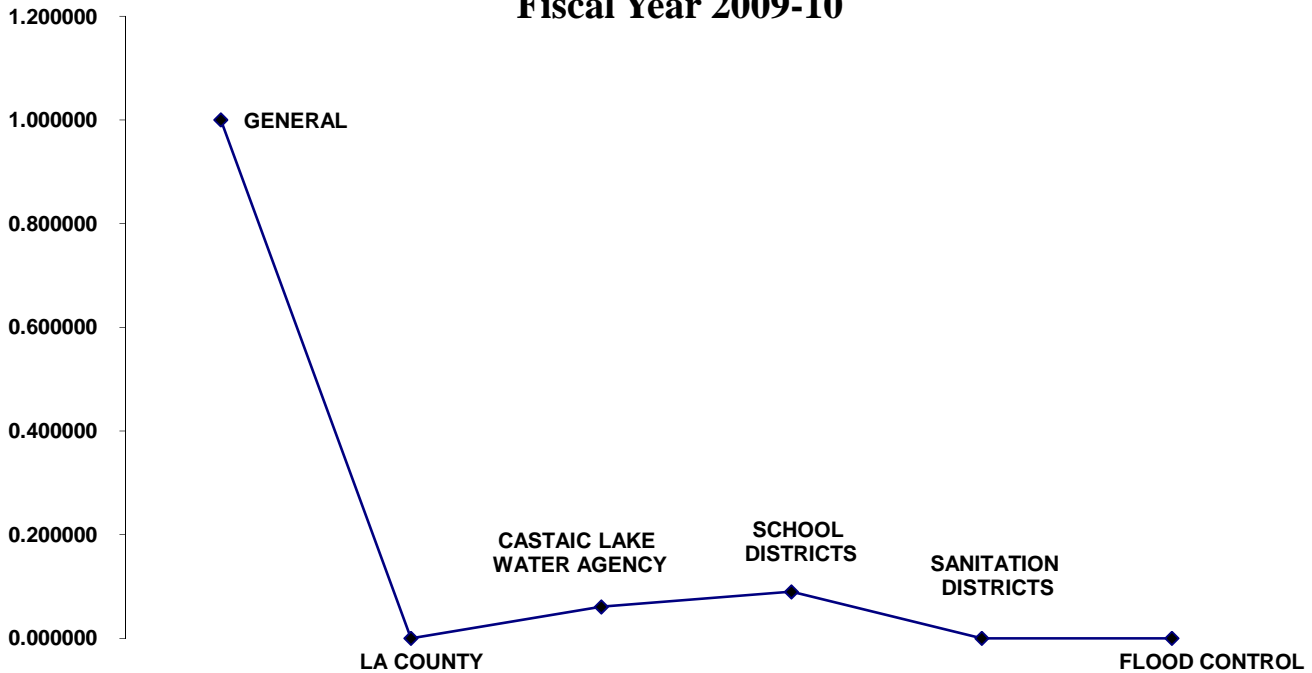
**NET TAXABLE VALUE by USE
CATEGORY
Fiscal Year 2009-10**



City of Santa Clarita
Direct and Overlapping Property Tax Rates
(rate per \$100 of assessed value)
Last Ten Fiscal Years

Fiscal Year	GENERAL	LOS ANGELES COUNTY	CASTAIC LAKE WATER AGENCY	SCHOOL DISTRICTS	COUNTY SANITATION DISTRICTS	COUNTY FLOOD CONTROL	TOTAL
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
2008-09	1.000000	0.000000	0.040000	0.077110	0.000000	0.000000	1.117110
2009-10	1.000000	0.000000	0.060750	0.089815	0.000000	0.000000	1.150565

DIRECT and OVERLAPPING PROPERTY TAX RATES
Fiscal Year 2009-10



Source: HdL Coren & Cone, Los Angeles County Assessor 2009-10 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	
2009-10	0.099110	0.000000	0.099110	1.06075%	0.07432%

Agency	2009-10	
City of Santa Clarita Tax District 1 (249.01)	0.05730	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)	0.05780	
Children's Institutional Tuition Fund (400.21)	0.00283	
Consolidated Fire Protection District of LA Co. (007.30)	0.16340	
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)	0.13380	
Educational Revenue Augmentation Fund(ERAF) (400.00)	0.08260	
Greater LA Co. Vector Control (061.80)	0.00032	
LA County Library (003.01)	0.02360	
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)	0.14050	
LA County Accum Cap Outlay (001.20)	0.00009	
Newhall Scholl District (581.01)	0.08350	
Santa Clarita Community College (814.04)	0.03740	
Santa Clarita Street Light Maintenance #2 (249.32)	0.02250	
Santa Clarita Valley Sanitation Dist. La Co.	0.02500	
Valencia Areawide Landscape T1A S.C.	0.01924	
William S. Hart Elementary School Fund (757.07)	0.04290	
William S. Hart Union High (757.02)	<u>0.08150</u>	
Total Prop. 13 Rate:	1.00000	
Castaic Lake Water Agency (302.01)	0.06075	
William S. Hart Un.Hsd Debt Services (757.51)	0.01103	
Newhall Elementary School District Debt Services 1999 Ser. B (581.53)	0.01943	
Newhall Elementary School District Debt Services 1999 Ser. A (581.52)	0.01435	
Santa Clarita Community College Debt Services 2001 Ser. 2005 (814.54)	0.00648	
Santa Clarita Community College Debt Services 2006 Ser. 2007 (814.55)	0.01183	
Santa Clarita Community College Debt Services 2005 Refunding Bonds (814.53)	0.00420	
Santa Clarita Community College Debt Services 2001 Ser. 2003 (814.52)	0.00283	
Santa Clarita Community College Debt Services 2001 Ser. 2002 (814.51)	0.00062	
William S. Hart Unified Debt Services 2001 Ser. B (757.52)	0.01507	
William S. Hart Unified Debt Services 2008 Ser. A (757.52)	<u>0.00399</u>	
Total Tax Rate	0.15057	

City of Santa Clarita
Principal Property Taxpayers
Current Fiscal Year and Two Fiscal Years Ago

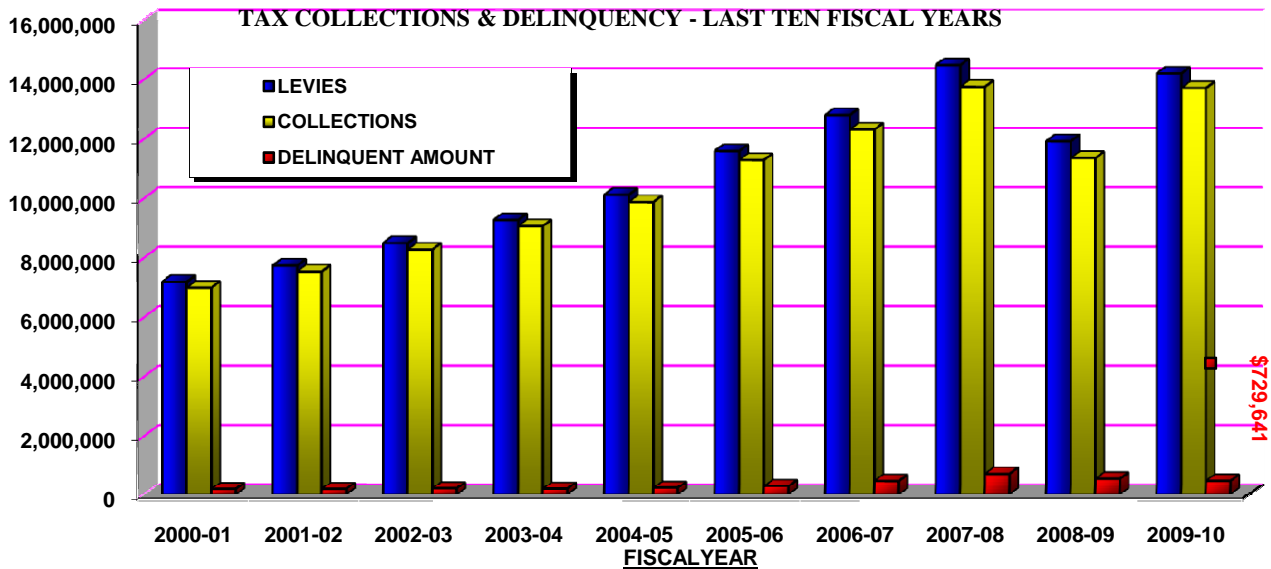
OWNER/TAXPAYER	FISCAL YEAR 2009-10			FISCAL YEAR 2008-09		
	Number of Parcels	TOTAL ASSESSED VALUE	PERCENT of TOTAL CITY ASSESSED VALUE	Number of Parcels	TOTAL ASSESSED VALUE	PERCENT of TOTAL CITY ASSESSED VALUE
Valencia Town Center	34	\$ 305,092,765	1.43 %	31	\$ 283,259,367	1.26 %
VTC Business Center	10	152,997,448	0.72	10	157,307,514	0.70
EQR Valencia LLC	218	94,981,666	0.45	218	93,110,745	0.42
Casden Santa Clarita LLC	25	81,182,347	0.38	25	79,590,546	0.36
C-Native Exchange I LLC Time Warner	12	79,450,107	0.37	12	78,960,993	0.35
Walmart Real Estate Business Trust	9	76,315,398	0.36	9	75,424,767	0.34
Rreef America Reit II Corporation	2	75,547,858	0.36	2	74,150,497	0.33
Prado Town Center West LLC	264	72,547,938	0.34	264	71,125,630	0.32
Gateway Village	1	62,100,000	0.29	1	67,743,300	0.30
PK I Granary Square LP	3	60,740,698	0.29	-	-	-
EQR-WellFan 2008	-	-	-	3	70,617,530	0.32
Total	578	1,060,956,225	4.99 %		1,051,290,889	4.69 %
All Others		20,200,724,021	95.01		21,358,388,314	95.31
Total Assessed Valuation		\$ 21,261,680,246	100.00 %		\$ 22,409,679,203	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.



City of Santa Clarita
Property Tax Levies, Tax Collections, and Delinquency
Last Ten Fiscal Years

FISCAL YEAR	TAXES LEVIED	COLLECTIONS	DELINQUENT AMOUNT	PERCENT DELINQUENCY
2000-01	7,188,685	6,993,761	194,924	2.71%
2001-02	7,741,409	7,542,204	199,205	2.57%
2002-03	8,494,397	8,274,896	219,501	2.58%
2003-04	9,271,388	9,066,213	205,175	2.21%
2004-05	10,118,983	9,878,450	240,533	2.38%
2005-06	11,593,852	11,292,337	301,515	2.60%
2006-07	12,804,630	12,317,614	487,016	3.80%
2007-08	14,483,825	13,754,184	729,641	5.04%
2008-09	11,925,285	11,361,604	563,681	4.73%
2009-10	14,202,626	13,711,940	490,686	3.45%



NOTES:

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			NOTES	BONDS (2)	TAX ALLOCATION		CAPITAL	
	OF PARTICIPATION (1)	(3)	LOANS			BONDS (4)	(5)	LEASES	TOTAL
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
2008-09	14,790,000	15,525,000	2,823,907	-	13,330,000	29,860,000	8,850,000	11,370	85,190,277
2009-10	13,760,000	15,525,000	2,017,793	-	13,075,000	29,460,000	8,730,000	1,624	82,569,417

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.

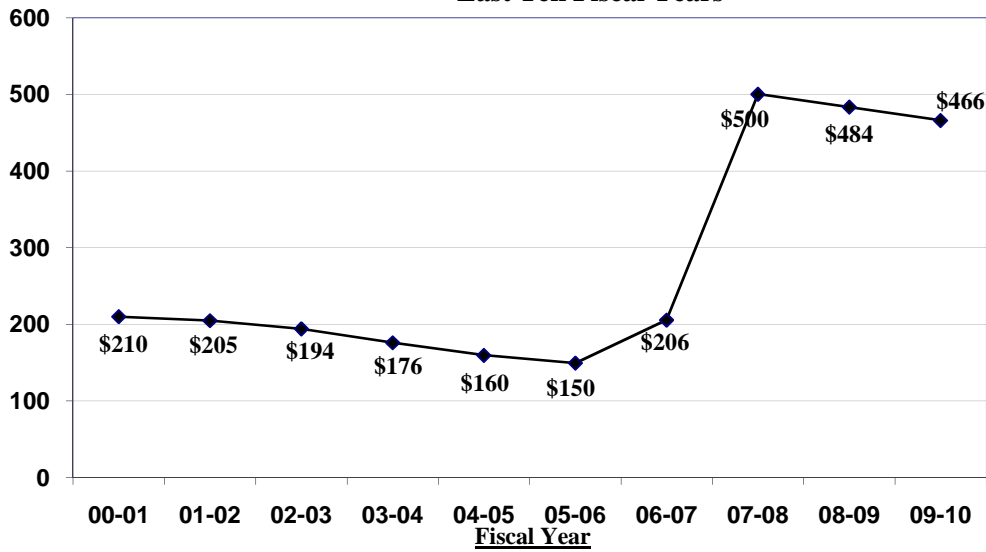
 -On July 1, 2005, the Santa Clarita Public Financing Authority issued \$17,700,000 in Certificates of advance refund \$17,640,000 of outstanding 1997 Series certificates. As a result, the 1997 Series were considered defeased and the liability for those certificates were removed from the long-term liability.

 -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

BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERCENTAGE of TAXABLE ASSESSED VALUE	DEBT PER CAPITA	OUTSTANDING DEBT TO PERSONAL INCOME
MASTER LEASE OBLIGATIONS	LEASE PAYABLE	TOTAL				
-	4,656,704	4,656,704	32,578,246	0.31%	210.01	4%
-	3,897,133	3,897,133	32,440,035	0.28%	204.94	4%
-	3,088,996	3,088,996	31,634,189	0.26%	194.22	4%
-	2,236,624	2,236,624	29,048,727	0.21%	176.14	3%
-	1,919,312	1,919,312	26,671,302	0.18%	159.75	3%
-	1,586,319	1,586,319	25,037,643	0.15%	149.56	2%
-	1,236,869	1,236,869	36,146,477	0.19%	205.76	3%
-	870,149	870,149	88,087,559	0.41%	500.41	6%
-	485,304	485,304	85,675,581	0.40%	483.63	5%
-	248,304	248,304	82,817,721	0.39%	466.21	5%

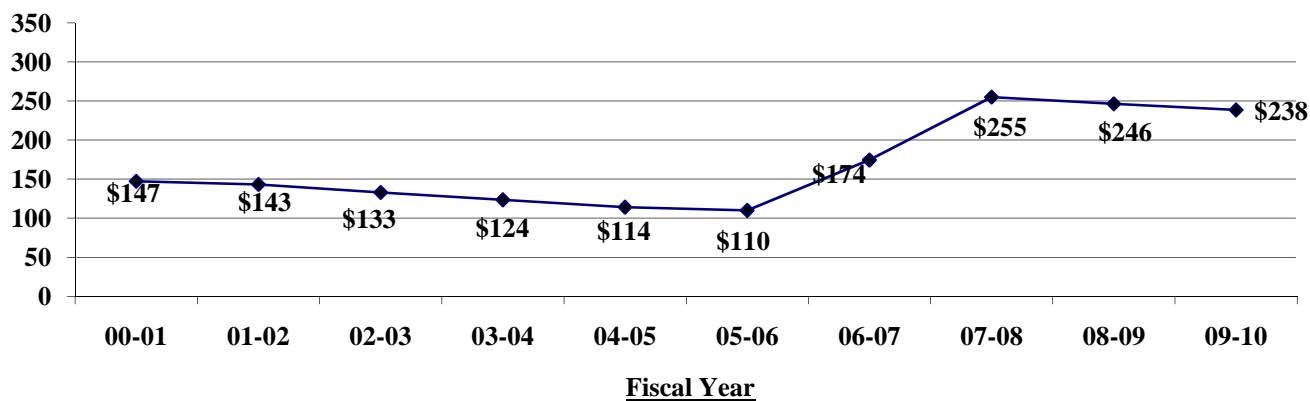
**OUTSTANDING DEBT per CAPITA
Last Ten Fiscal Years**



City of Santa Clarita
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

FISCAL YEAR	POPULATION (1)	REVENUE BONDS	CERTIFICATES of PARTICIPATION	TOTAL	PERCENTAGE of TAXABLE ASSESSED DEBT PER CAPITA	
					VALUE	
2000-01	155,124	-	22,870,000	22,870,000	0.23%	147
2001-02	158,289	-	22,675,000	22,675,000	0.21%	143
2002-03	162,875	-	21,640,000	21,640,000	0.19%	133
2003-04	164,916	-	20,375,000	20,375,000	0.16%	124
2004-05	166,958	-	19,030,000	19,030,000	0.14%	114
2005-06	167,412	-	18,410,000	18,410,000	0.12%	110
2006-07	175,676	13,893,228	16,760,000	30,653,228	0.18%	174
2007-08	176,030	13,575,000	31,315,000	44,890,000	0.24%	255
2008-09	177,150	13,330,000	30,315,000	43,645,000	0.20%	246
2009-10	177,641	13,075,000	29,285,000	42,360,000	0.20%	238

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, 2010

2009-10 Assessed Valuation: \$21,262,122,246 (Net of Redevelopment Agency

Incremental Value of \$386,027,743)

2009-10 Population: 177,641

	Total Debt 06/30/2010	Percent Applicable To City (1)	City's Share of Debt 06/30/2010
OVERLAPPING TAX AND OVERLAPPING BONDED DEBT:			
Los Angeles County Flood Control District	\$ 69,610,000	2.230 %	\$ 1,552,303
Santa Clarita Community College District	146,877,013	61.809	90,783,213
William S. Hart Union High School District	250,950,872	61.800	155,087,639
William S. Hart Union High School District - Community Facilities District No. 87-1	2,260,000	100.000	2,260,000
William S. Hart Union High School District - Community Facilities District No. 89-1	715,000	100.000	715,000
William S. Hart Union High School District - Community Facilities District No. 90-1	680,000	100.000	680,000
Los Angeles County Community College and Unified School Districts	14,539,945,000	0.00002	2,908
Castaic Union School District	9,398,248	26.347	2,476,156
Newhall School District	29,050,000	57.392	16,672,376
Saugus Union School District	51,323,110	73.672	37,810,762
Sulphur Springs Union School District	8,818,000	71.210	6,279,298
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	16,980,000	100.000	16,980,000
City of Santa Clarita 1915 Act Bonds	1,105,000	100.000	1,105,000
Los Angeles County Regional Park and Open Space Assessment District	222,660,000	2.245	4,998,717
Total Overlapping Tax and Assessment Debt			<u>352,928,372</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	855,695,839	2.245 %	19,210,372
Los Angeles County Pension Obligations	118,486,192	2.245	2,660,015
Los Angeles County Superintendent of Schools - Certificates of Participation	13,185,458	2.245	296,014
Los Angeles County Sanitation District No. 23 Authority	3,837,344	0.163	6,255
Los Angeles County Sanitation District No. 32 Authority	34,501,834	64.141	22,129,821
Santa Clarita Community College District - Certificates of Participation	35,570,000	61.809	21,985,461
William S. Hart Union High School District - Certificates of Participation	6,000,000	61.800	3,708,000
Castaic Union School District - Certificates of Participation	4,307,800	26.347	1,134,976
Newhall School District - Certificates of Participation	4,322,200	57.392	2,480,597
Saugus Union School District - Certificates of Participation	29,015,000	73.672	21,375,931
Sulphur Springs Union School District - Certificates of Participation	28,799,058	71.210	20,507,809
Los Angeles Unified School District - Certificates of Participation	432,305,375	0.00002	86
City of Santa Clarita - Certificates of Participation	26,835,000	100.000	26,835,000
Total Direct and Overlapping General Fund Debt			<u>142,330,337</u>
COMBINED GROSS TOTAL DEBT			<u>\$ 495,258,709 (2)</u>

(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 2009-10 Assessed Valuation</u>		<u>Per Capita</u>
Total Overlapping Tax and Assessment Debt.....	1.66%	\$1,986.75
<u>Ratios to Adjusted 2009-10 Assessed Valuation</u>		
Combined Direct Debt (\$42,360,000).....	0.20%	151.06
Combined Gross Total Debt.....	2.37%	\$2,787.98

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2010: \$0

Source: HdL

City of Santa Clarita
Legal Debt Margin Information
Last Ten Fiscal Years

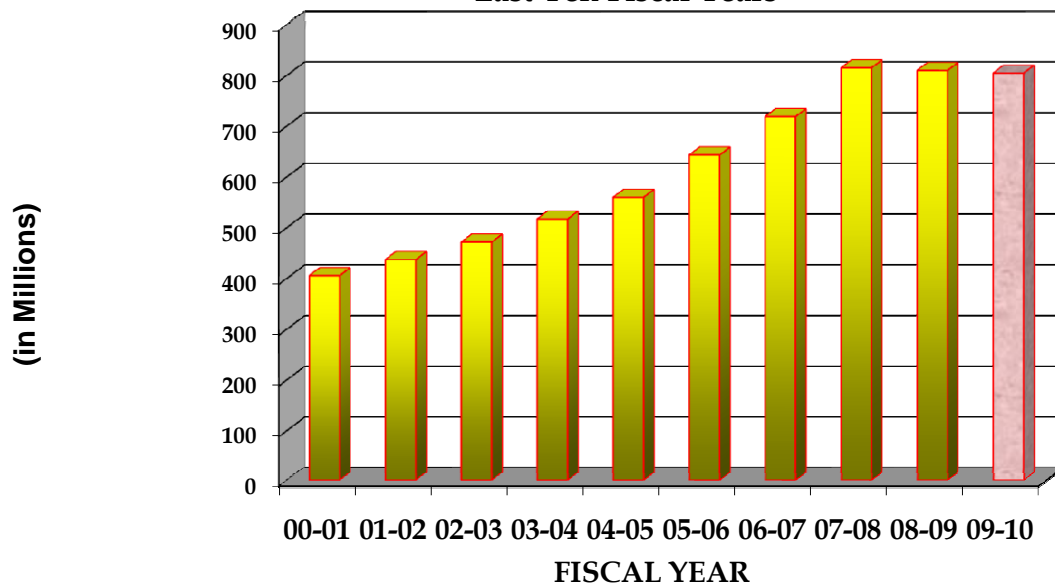
	FISCAL YEAR			
	09-10	08-09	07-08	06-07
Assessed valuation	\$ 21,457,647,247	\$ 21,600,880,848	\$ 21,740,884,855	\$ 19,177,131,442
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	5,364,411,812	5,400,220,212	5,435,221,214	4,794,282,861
Debt limit percentage	15%	15%	15%	15%
Debt limit	804,661,772	810,033,032	815,283,182	719,142,429
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	\$ 804,661,772	\$ 810,033,032	\$ 815,283,182	\$ 719,142,429
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					
05-06	04-05	03-04	02-03	01-02	00-01
\$ 17,160,386,817	\$ 14,937,115,985	\$ 13,795,632,501	\$ 12,583,305,723	\$ 11,656,956,307	\$ 10,820,315,726
25%	25%	25%	25%	25%	25%
4,290,096,704	3,734,278,996	3,448,908,125	3,145,826,431	2,914,239,077	2,705,078,932
15%	15%	15%	15%	15%	15%
643,514,506	560,141,849	517,336,219	471,873,965	437,135,862	405,761,840
-	-	-	-	-	-
\$ 643,514,506	\$ 560,141,849	\$ 517,336,219	\$ 471,873,965	\$ 437,135,862	\$ 405,761,840
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					
	TRANSIT REVENUES (1)	LESS OPERATING EXPENSES (2)	NET AVAILABLE REVENUES	DEBT SERVICE		COVERAGE
				Principal	Interest	
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%
2008-09	26,612,418	23,014,324	3,598,094	384,846	42,172	1.60%
2009-10	21,179,438	23,525,855	(2,346,417)	236,999	23,149	1.23%

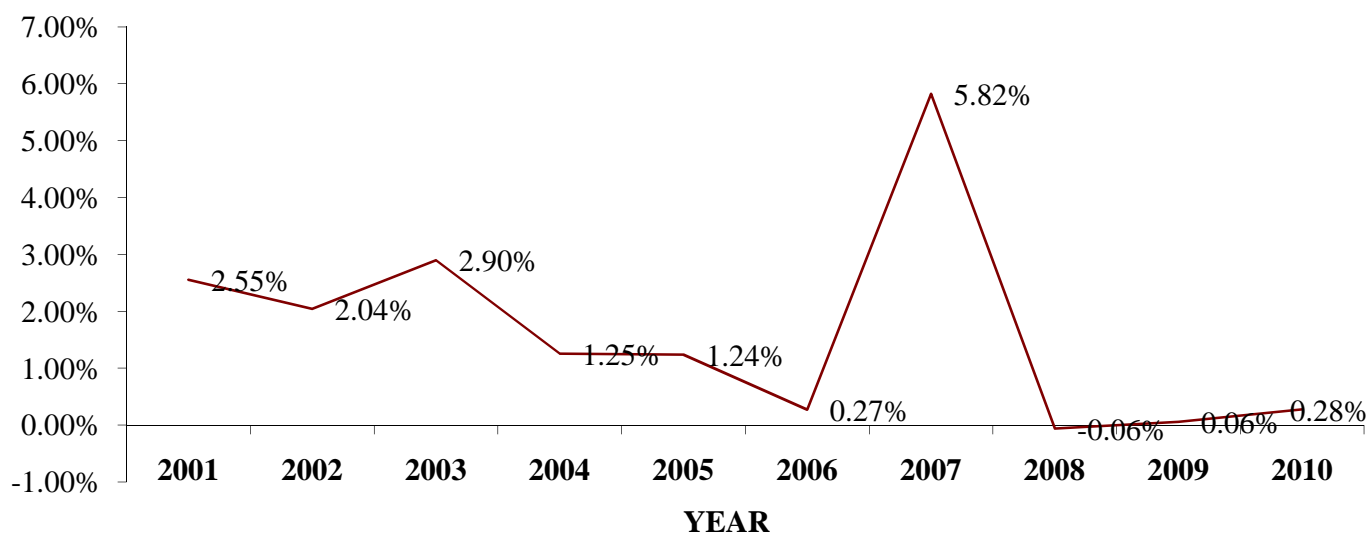
NOTE: (1) Includes Other revenues, Transfers-in, and Capital contributions
(2) Includes Transfers-out and Other expenses

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)	TOTAL PERSONAL INCOME (2)	UNEMPLOYMENT RATE (3)
2001	155,124	2.55%	9,653,900	1.75%	30,503	303,445,287	5.70%
2002	158,289	2.04%	9,817,400	1.69%	30,828	311,367,020	6.80%
2003	162,875	2.90%	9,966,200	1.52%	31,452	322,272,131	7.00%
2004	164,916	1.25%	10,107,451	1.42%	33,179	338,209,805	6.50%
2005	166,958	1.24%	10,166,417	0.58%	35,188	357,193,633	5.30%
2006	167,412	0.27%	10,245,572	0.78%	36,917	385,732,651	4.20%
2007	177,158	5.82%	10,331,939	0.84%	39,066	402,107,608 (4)	2.70%
2008	177,045	-0.06%	10,363,850	0.31%	41,875	413,316,582	4.70%
2009	177,150	0.06%	10,393,185	0.28%	42,916	N/A (5)	7.70%
2010	177,641	0.28%	10,441,080	0.46%	42,818	N/A (5)	7.70%



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.

(5) Total Personal Income not yet available for 2009 and 2010.

City of Santa Clarita
Principal Employers ⁽¹⁾
Current Fiscal Year and Three Fiscal Years Ago

EMPLOYER	2010		2007	
	NUMBER of EMPLOYEES	PERCENT of TOTAL EMPLOYMENT	NUMBER of EMPLOYEES	PERCENT of TOTAL EMPLOYMENT
Six Flag Magic Mountain	3,800	4.70%	2,165	9.18%
Princess Cruises	2,000	2.47%	2,100	8.90%
Henry Mayo Newhall Memorial Hospital	1,200	1.48%	1,133	4.80%
Specialty Laboratories	850	1.05%	725	3.07%
H.R. Textron	716	0.88%	845	3.58%
The Master's College	780	0.96%	748	3.17%
Arvato Services	580	0.72%	586	2.48%
California Institute of Arts	525	0.65%	500	2.12%
Aerospace Dynamics	440	0.54%	420	1.78%
Fanfare Media Works	400	0.49%	407	1.73%
Total	11,291	13.95%	9,629	40.81%
All Others	69,625	86.05%	13,963	59.19%
Total employment in Santa Clarita ⁽¹⁾	80,916	100.00%	23,592	100.00%

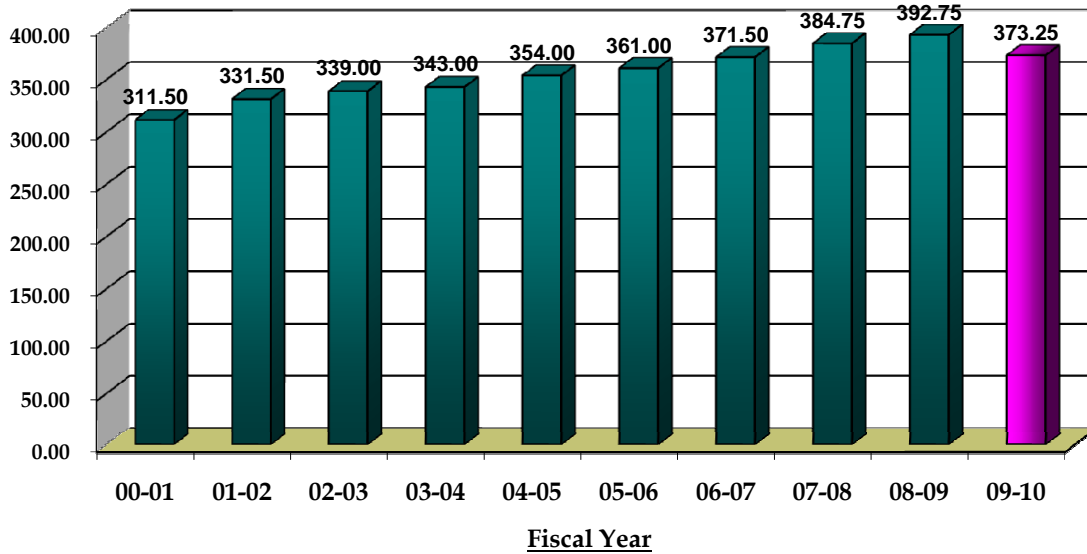
NOTE: ⁽¹⁾ Non-governmental employers

Source: 2010 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									
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
General government	89.75	95.75	91.75	86.00	96.00	79.00	78.00	78.00	75.00	68.50
Public safety (1)	-	-	-	-	-	-	-	-	-	-
Public works	128.00	135.50	136.50	133.50	115.00	146.00	138.00	150.00	150.50	138.00
Community development	33.00	36.00	35.00	33.00	36.00	20.00	20.00	20.00	19.00	18.00
Parks and Recreation	110.50	111.50	110.50	108.00	106.00	101.00	99.00	84.00	80.00	80.00
Transit	12.00	14.00	11.00	11.00	8.00	8.00	8.00	7.00	7.00	7.00
Totals	373.25	392.75	384.75	371.50	361.00	354.00	343.00	339.00	331.50	311.50

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									
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
Police:										
Parking citation issued (1)	5,114	4,126	5,257	4,587	6,042	5,960	5,040	3,893	3,674	3,322
Parking revenue collected	\$ 238,478	\$ 235,634	\$ 288,076	\$ 334,927	\$ 27,257	\$ 10,427	\$ 10,324	\$ 7,011	\$ 6,239	\$ 5,762
Public works:										
Street resurfacing (miles)	33.8	14.0	15.4	15.4	16.5	12.5	7.5	6.5	6.5	6.5
Parks and Recreation:										
Number of recreation classes	2,447	2,284	2,393	2,535	2,357	2,443	2,469	2,267	1,929	1,874
Number of facility rentals (times)	10,239	9,801	9,767	19,645	19,435	17,739	15,005	12,765	11,505	10,245
Transit:										
Number of customers served (2)	3,922,052	4,210,842	3,821,299	3,733,299	3,718,640	3,527,000	3,429,913	3,006,739	2,991,605	2,964,613

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

City of Santa Clarita
Capital Assets Statistics
by Function
Last Ten Fiscal Years

Function	FISCAL YEAR									
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
Public works:										
Streets (miles)	496	496	496	496	496	462	462	452	452	452
Street lights (1)	14,939	14,739	14,429	14,000	13,200	13,000	12,000	12,000	11,647	11,647
Traffic signals (City Jurisdiction)	166	172	176	166	167	165	158	151	141	134
Traffic signals (Joint-Jurisdiction)	6	5	4	4	5	5	4	2	2	2
Parks and recreation:										
Number of parks	20	20	20	19	18	17	16	16	15	13
Community centers	1	1	1	1	1	-	-	-	-	-
Transit:										
Stations	4	4	4	4	4	4	4	4	4	3

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 (762) and those are 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

City of Santa Clarita
Ranking on Effective Buying Income (EBI)
Based on Household EBI, Per Capital EBI, and Total Market Value

Rank	City	Household EBI	Rank	City	Per Capita EBI	Rank	City	Total Market Value
1	Saratoga	285	1	Malibu	296	1	San Jose	124,288,184
2	Manhattan Beach	225	2	Saratoga	291	2	Sunnyvale	24,725,257
3	Malibu	219	3	Manhattan Beach	290	3	Carlsbad	24,400,000
4	Lafayette	216	4	Mill Vy	287	4	Santa Clarita	21,768,416
5	San Ramon	209	5	Del Mar	285	5	Santa Monica	21,122,724
6	Yorba Linda	202	6	Beverly Hills	277	6	Palo Alto	18,922,488
7	Mill Valley	200	7	Laguna Beach	261	7	Pasadena	18,812,937
8	Del Mar	192	8	Lafayette	250	8	Beverly Hills	18,198,107
9	Palo Alto	190	9	Palo Alto	245	9	San Ramon	14,992,249
10	Mission Viejo	179	10	Santa Monica	212	10	Mountain View	14,216,170
11	Laguna Beach	173	11	San Ramon	201	11	Mission Viejo	13,246,125
12	Beverly Hills	170	12	West Hollywood	191	12	Yorba Linda	10,904,681
13	Carlsbad	164	13	Carlsbad	179	13	Manhattan Beach	10,861,361
14	Sunnyvale	164	14	Mountain View	173	14	Camarillo	9,964,062
15	Fountain Valley	163	15	Yorba Linda	168	15	Laguna Beach	9,752,455
16	Cerritos	162	16	Sunnyvale	161	16	Malibu	9,295,365
17	Santa Clarita	159	17	Mission Viejo	153	17	Saratoga	8,755,510
18	San Jose	152	18	Campbell	150	18	West Hollywood	7,245,875
19	Mountain View	151	19	Camarillo	142	19	Cerritos	6,824,297
20	Camarillo	149	20	Pasadena	132	20	Fountain Valley	6,594,781
21	Campbell	147	21	Santa Clarita	128	21	Campbell	5,983,519
22	Santa Monica	123	22	Fountain Valley	122	22	Lafayette	5,373,902
23	Pasadena	112	23	San Jose	117	23	Mill Vy	3,579,870
24	West Hollywood	101	24	Cerritos	114	24	Del Mar	2,332,913

Note: Santa Clarita Standard & Poor's credit rating = AA+, all other municipalities rated AAA.

Source: Standard & Poor's 2009 AAA Municipalities

City of Santa Clarita
Ranking on Per Capita Market Value
General Fund Balance %, & Unreserved Fund Balance%

Rank	City	Per Capita Market Value	Rank	City	Gen Fund Bal %	Rank	City	Unreserved Fund Bal %
1	Malibu	681,878	1	Cerritos	235.40	1	Lafayette	176.00
2	Beverly Hills	508,284	2	Lafayette	176.00	2	Yorba Linda	132.20
3	Del Mar	464,664	3	Yorba Linda	168.10	3	West Hollywood	131.30
4	Laguna Beach	383,764	4	West Hollywood	151.80	4	Fountain Valley	118.70
5	Palo Alto	298,617	5	Camarillo	150.90	5	Cerritos	107.10
6	Manhattan Beach	286,451	6	Mountain View	123.20	6	Malibu	105.00
7	Saratoga	271,001	7	Fountain Valley	120.00	7	Camarillo	101.40
8	Mill Vy	265,746	8	Carlsbad	119.10	8	San Ramon	101.20
9	San Ramon	244,821	9	Malibu	106.20	9	Mountain View	95.40
10	Carlsbad	235,043	10	San Ramon	103.00	10	Campbell	81.40
11	Santa Monica	233,171	11	Sunnyvale	100.70	11	Sunnyvale	75.10
12	Lafayette	215,154	12	Santa Clarita	94.52	12	Carlsbad	63.50
13	West Hollywood	194,714	13	Campbell	85.00	13	Saratoga	60.10
14	Mountain View	192,287	14	Beverly Hills	64.10	14	Beverly Hills	51.30
15	Sunnyvale	179,770	15	Santa Monica	62.00	15	Mission Viejo	48.40
16	Yorba Linda	161,097	16	Saratoga	60.60	16	Santa Clarita	44.56
17	Campbell	154,617	17	Mission Viejo	58.60	17	Laguna Beach	40.90
18	Camarillo	154,573	18	Laguna Beach	54.20	18	Mill Vy	33.30
19	Mission Viejo	138,003	19	San Jose	39.60	19	Pasadena	32.90
20	Cerritos	130,995	20	Pasadena	36.90	20	San Jose	32.70
21	Pasadena	126,657	21	Palo Alto	36.70	21	Manhattan Beach	30.60
22	San Jose	126,142	22	Mill Vy	35.90	22	Santa Monica	28.20
23	Santa Clarita	125,359	23	Manhattan Beach	34.00	23	Palo Alto	27.10
24	Fountain Valley	116,150	24	Del Mar	25.10	24	Del Mar	24.10

Note: Santa Clarita Standard & Poor's credit rating = AA+, all other municipalities rated AAA.

Source: Standard & Poor's 2009 AAA Municipalities

City of Santa Clarita

Ranking on Total Direct Debt, Overall Debt %, & Overall Debt Per Capita

Rank	City	Total Direct Debt (Mil. \$)	Rank	City	Overall Debt % Market Value	Rank	City	Overall Debt Per Capita
1	Del Mar	4,493	1	Laguna Beach	0.10	1	Laguna Beach	258
2	Laguna Beach	6,130	2	Mill Vy	0.50	2	Mill Vy	1,185
3	Saratoga	13,890	3	Del Mar	0.60	3	Mission Viejo	1,859
4	Mill Vy	15,957	4	Manhattan Beach	0.70	4	Manhattan Beach	1,960
5	Malibu	18,271	5	Mission Viejo	1.40	5	Camarillo	2,110
6	Carlsbad	18,540	6	Camarillo	1.40	6	Fountain Valley	2,264
7	West Hollywood	20,725	7	Carlsbad	1.70	7	Del Mar	2,874
8	Lafayette	26,160	8	Lafayette	1.90	8	Santa Clarita	3,064
9	Sunnyvale	44,745	9	Malibu	1.90	9	Lafayette	3,824
10	Manhattan Beach	45,120	10	Fountain Valley	2.00	10	San Jose	3,959
11	Fountain Valley	45,628	11	Palo Alto	2.00	11	Campbell	3,984
12	Campbell	46,985	12	Santa Monica	2.20	12	Carlsbad	4,092
13	Palo Alto	55,768	13	Saratoga	2.40	13	Yorba Linda	4,132
14	Mission Viejo	56,112	14	Santa Clarita	2.48	14	Cerritos	4,343
15	Mountain View	80,255	15	Mountain View	2.50	15	Sunnyvale	4,580
16	Camarillo	80,513	16	San Ramon	2.50	16	Mountain View	4,836
17	Yorba Linda	80,939	17	Campbell	2.60	17	Santa Monica	5,028
18	Santa Clarita	88,088	18	Yorba Linda	2.60	18	West Hollywood	5,134
19	San Ramon	103,262	19	Sunnyvale	2.60	19	Pasadena	5,857
20	Cerritos	182,300	20	West Hollywood	2.60	20	Palo Alto	5,976
21	Santa Monica	198,233	21	Beverly Hills	2.80	21	San Ramon	6,052
22	Beverly Hills	283,830	22	San Jose	3.10	22	Saratoga	6,520
23	Pasadena	649,776	23	Cerritos	3.30	23	Malibu	12,881
24	San Jose	1,334,232	24	Pasadena	4.60	24	Beverly Hills	14,147

Note: Santa Clarita Standard & Poor's credit rating = AA+, all other municipalities rated AAA.

Source: Standard & Poor's 2009 AAA Municipalities



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