

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Santa Clarita's financial performance provides a narrative overview and analysis of the financial activities of the City of Santa Clarita (City) for the fiscal year ended June 30, 2003. 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 City's financial statements and the additional information included in the transmittal letter.

FINANCIAL HIGHLIGHTS

- The assets of the City of Santa Clarita exceeded its liabilities at the close of the most recent fiscal year by \$193.11 million. Of this amount, \$29.72 million represents unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by 9.9%, with net assets of the business-type activities increasing by \$124,833, or less than 1%, and net assets of the governmental activities increasing by \$17.33 million, or 11.74%.
- During the year, the City had revenues that were \$26.06 million more than the \$81.44 million in expenses recorded by the City in its governmental activities.
- In the City's business-type activities, expenses were \$8.61 million more than transit related revenues.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$61.90 million. This represents a decrease of \$3.94 million as compared to the prior year.
- The unreserved portion of fund balances, that which is available for spending at the government's discretion, amounts to \$38.66 million, or 62% of the total fund balance. This represents a 15% increase over the previous years unreserved fund balances of \$33.61 million.
- The general fund had \$26.96 million in fund balance as of current year-end. The increase of \$2.42 million over the prior year amounts to a 9.88% increase. This increase is due primarily to the increase in tax-related revenues.

USING THIS ANNUAL REPORT

The discussion and analysis are intended to serve as an introduction to the City of Santa Clarita's basic financial statements. This annual report consists of a series of basic financial statements, comprised of three components as follows:

1) Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities provides information about the activities of the City as a whole and presents a long-term view of the City's finances, in a manner similar to a private-sector business.

2) Fund Financial Statements

All of the funds of the City of Santa Clarita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. 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 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. You also need to consider other non-financial factors, however, such as changes in the economy due to external factors that will cause a 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

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

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 of Santa Clarita consist of transit activities related to the operation of the City’s local public transportation system.

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

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

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

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

Governmental Funds (Continued)

The City reports governmental fund financial information within 32 governmental funds. The general fund, bridge and thoroughfare fund, developer fee fund, federal aid urban fund, and the Redevelopment Agency debt service 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 non-major governmental funds is provided elsewhere 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, and vehicle and public facilities replacement.

Proprietary funds are reported in the same way all activities are reported in the Statement of Net Assets and the Statement of Activities. The proprietary fund financial statements provide separate information for the Transit Enterprise Fund, which is considered to be a major fund of the City. All of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in 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 Net Assets. We exclude these activities 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 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.

THE CITY AS A WHOLE

In accordance with GASB Statement No. 34, the City is not required to restate financial information from prior periods for the purpose of providing comparative information for this analysis. In future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

THE CITY AS A WHOLE (continued)

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

The City's net assets may be analyzed and used as an indicator of the City's overall financial condition. The City's combined net assets increased over the past fiscal year in the amount of \$17.45 million, increasing from \$175.66 million to \$193.11 million.

TABLE 1

STATEMENT OF NET ASSETS

June 30, 2003

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current and Other Assets	\$ 100,398,238	\$ 1,157,904	\$ 101,556,142
Capital Assets	<u>117,592,375</u>	<u>31,768,871</u>	<u>149,361,246</u>
TOTAL ASSETS	<u>217,990,613</u>	<u>32,926,775</u>	<u>250,917,388</u>
<u>LIABILITIES</u>			
Current Liabilities	25,020,761	2,535,541	27,556,302
Non-Current Liabilities	<u>28,015,148</u>	<u>2,236,623</u>	<u>30,251,771</u>
TOTAL LIABILITIES	<u>53,035,909</u>	<u>4,772,164</u>	<u>57,808,073</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of related debt	90,486,961	30,916,502	121,403,463
Restricted	41,822,380	567,140	42,389,520
Unrestricted	<u>32,645,363</u>	<u>(3,329,031)</u>	<u>29,316,332</u>
TOTAL NET ASSETS	<u>\$ 164,954,704</u>	<u>\$ 28,154,611</u>	<u>\$ 193,109,315</u>

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

As of June 30, 2003, assets exceeded liabilities by \$193.11 million. The largest component of the City's net assets, 62.86%, is represented by its \$121.40 million investment in capital assets (e.g., land, buildings and improvements, equipment, infrastructure, 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.

THE CITY AS A WHOLE (CONTINUED) - An additional portion of the City's net assets, 21.95%, represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$29.32 million, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of the governmental activities net assets. However, for the business-type activities net asset categories, the unrestricted net assets are deficit by \$3.3 million.

TABLE 2
CHANGES IN NET ASSETS
For the Year Ended June 30, 2003

	Government Activities	Business-Type Activities	Total
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$ 23,605,287	\$ 4,362,529	\$ 27,967,816
Operating Grants and Contributions	19,239,884	2,232,947	21,472,831
Capital Grants and Contributions	13,236,601	-	13,236,601
General Revenues			
Taxes:			
Property Taxes	8,323,522	-	8,323,522
Other Taxes	40,450,106	-	40,450,106
Grants and Contributions not Restricted to Specific Programs	939,559	-	939,559
Other	1,710,373	67,450	1,777,823
Total Revenues	107,505,332	6,662,926	114,168,258
<u>Expenses</u>			
General Government	9,033,093		9,033,093
Public Safety	12,107,145		12,107,145
Public Works	8,971,939		8,971,939
Parks and Recreation	14,515,769		14,515,769
Community Development	34,837,564		34,837,564
Unallocated Infrastructure Depreciation	82,564		82,564
Interest on Long-Term Debt	1,896,652		1,896,652
Transit	-	15,272,143	15,272,143
Total Expenses	81,444,726	15,272,143	96,716,869
Increase in Net Assets Before Transfers	26,060,606	(8,609,217)	17,451,389
Transfers	(8,734,050)	8,734,050	-
Increase in Net Assets	17,326,556	124,833	17,451,389
Net Assets - Beginning of Year	147,628,148	28,029,778	175,657,926
Net assets - End of year	\$ 164,954,704	\$ 28,154,611	\$ 193,109,315

Governmental Activities

The City's net assets from governmental activities increased \$17.33 million, accounting for over 99% of the \$17.45 million growth in the City's net assets. The cost of all governmental activities this year was \$81.44 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$25.36 million, because some of the cost was paid by those who directly benefited from the programs (\$23.61 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$19.24 million), and capital grants and contributions (\$13.24 million). The Public Works and Community Development programs show respective net revenues of \$2.52 million and \$4.50 million at year-end, primarily due to timing differences in the completion of capital projects and the additional building of revenues in anticipation of upcoming capital projects. Overall, the City's governmental program revenues were \$56.08 million. The City paid for the remaining "public benefit" portion of the governmental activities with \$51.42 million of other revenues. These other revenues include \$8.32 million in property taxes, an increase of 9.5% over the prior year, and \$24.34 million of sales tax revenues, which increased by 9.9% over the prior year.

Business-Type Activities

Business-type activities increased the City's net assets by \$124,833 for the current year ended, with total expenses for the business-type activities amounting to over \$15.2 million. The increase in net assets of the business-type activities amounted to an increase of less than 1%. The reduced amounts of current year revenues from intergovernmental and other grants contributed to the lesser amount of current year growth in net assets.

THE CITY'S FUNDS

The governmental funds combined fund balance of \$61.90 million decreased from \$65.84 million, or by 5.97%. Approximately 62% of the ending fund balance amount, or \$38.66 million, is unreserved fund balance that is available for spending at the City's discretion. The remaining \$23.24 million is reserved and already committed for specific restricted purposes. The total governmental fund balance includes the general fund balance of \$26.96 million, which increased by \$2.42 million from the prior year. The \$2.42 million represents increases in property taxes, sales taxes, license and permit fees, and a decrease in total operating expenditures from the prior year. The City's general fund balance has reserved \$14.03 million for advances, encumbrances, and prepaid items. More detailed information about the combined fund balance reserves is presented in Note 11 to the financial statements.

Other major fund balance changes are noted below:

- The Redevelopment Agency Debt Service fund balance decreased, due to the payment of annual interest expense on long-term debt and the transfer of additional City loan proceeds from the City to the capital projects fund.
- The 44.66% decline in the Bridge and Thoroughfare fund balance, from \$20.20 million to \$11.18 million, is due in large part to the 70.20% decrease in developer fees. The \$10.47 million decrease in developer fee revenues represents a change in the life cycle of the districts' development projects, with new permitting activity giving way to continued development and completion of developer projects. Alternately, the City's project

THE CITY'S FUNDS (continued) - expenditures increased during the current year by 27.3%, as developer constructed district improvements were completed and related third-party reimbursements became due. Additional investment income reductions of 46.11% were realized, due to the decline in interest yields for the City's portfolio and the decreased district fund cash balances maintained during the year.

- The Developer Fees fund balance increased by 118%, rising from a deficit balance of \$82,987 in the prior year to over \$800 thousand at current year-end. Increased recognition in the current year of previously deferred developer fees and transfers from other funds, to be utilized for the Golden Valley Road interim project, contributed to the increase in fund balance. In addition, the deferred revenues balance increased by almost \$6 million during the year, resulting in significant increases in cash and related investment income. The ending deferred revenues balance of \$5.5 million represents a single receipt of funds to be used for future street improvement projects.
- The FAU (Federal Aid Urban) fund deficit was increased by an additional 126% to an ending deficit balance of \$2.54 million. Capital project expenses for the various roadway and parking projects have increased by \$1.945 million in the current year, accounting for the increase in fund deficit. The deficit balance is expected to be cleared in future years when the remaining grant reimbursements of \$2.57 million are collected.

In addition to the major funds, the fund balances for the other non-major governmental funds experienced an aggregate increase of \$3.11 million, or 11.79%, over the prior year.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Although the total net assets for the Transit Enterprise fund increased over the prior year by less than 1%, the amount of unrestricted net assets decreased by over 213%. This is due to the increased investment in restricted capital assets. Unrestricted net assets for the Transit Enterprise fund were at a deficit balance at both current and prior year-end. The operational results for the transit services resulted in a loss of \$10.70 million. These operational losses were offset by transfers from other funds and grant revenues. Also, internal service funds net assets increased by 44.3%, due to transfers from other funds and investment income exceeding the operational results by \$2.83 million.

General Fund Budgetary Highlights

Comparing the FY 2002-03 original (adopted) general fund budgeted expenditures and transfers of \$59.39 million to the final budgeted expenditures of \$76.31 million shows a net increase of \$16.92 million.

Included in this net increase is \$11.64 million in committed purchase orders and contracts from the prior June 30 balance, as well as \$800 thousand of prior fiscal year Capital Improvement Projects approved for carryover into fiscal year 2002-03. The resulting beginning budget balance was equal to \$71.93 million.

Original Budget +	Cont. Appropriations +	Encumbrances =	Beg. Balance +	Supplemental Changes =	Final Budget
\$59,392,556 +	\$897,108 +	\$11,638,618 =	\$71,928,282 +	\$4,385,784 =	\$76,314,066

General Fund Budgetary Highlights (continued) - Comparing the beginning budget of \$71.93 million to the final budget of \$76.31 million indicates the general fund had supplemental budgetary appropriations of \$4.38 million for the 2002-03 fiscal year. Included in those supplemental appropriations are the results of the mid-year budget review.

At the mid-year budget review, the City Council approved additional appropriations for non-represented employee cost-of-living salary increases of 2.8%, as well as increased costs related to the City's contribution towards employee health benefits. An additional \$2 million was appropriated for transfer to the City's Facility Replacement Reserve Fund.

Major differences between the City's general fund adopted budgeted revenues and transfers of \$56.42 million and the final amended budgeted revenues of \$61.28 million are the results of changes made at the mid-year budget review. Budgeted tax and fee revenues were adjusted upwards at mid-year based on revised and updated information available at that time. Budgeted sales tax, vehicle license fees, and property tax were increased by a total of \$2 million. In addition, the budget for development related fees and service revenues were increased by a total of \$.5 million, based on the related increases in the residential and commercial development within the City.

Even though the City's general fund appropriations increased by \$ 16.92 million, the actual revenues for the year exceeded the final budgetary estimates, and actual expenditures were less than the final budgetary estimates. The City's general fund experienced a net increase in fund balance of \$2.42 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2002-03, the City had \$149.36 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, such as streets, bridges, traffic lights, sewer and drainage systems. (See Table 3)

TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION IN MILLIONS)
For the Year Ended June 30, 2003

	Governmental Activities	Business-Type Activities	Total
	2003	2003	2003
Land	\$ 42,526,051	\$ 10,787,880	\$ 53,313,931
Construction in Progress	40,881,359	1,924,996	42,806,355
Infrastructure, Net	8,261,878	-	8,261,878
Depreciable Site Improvements, Net	4,748,565	-	4,748,565
Depreciable Buildings and Improvements, Net	17,820,837	11,183,774	29,004,611
Depreciable Equipment, Net	3,353,685	7,872,221	11,225,906
TOTALS	\$ 117,592,375	\$ 31,768,871.00	\$ 149,361,246

See independent auditors report

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Major capital asset events during the year included:

- Continued construction of various buildings and pool facilities at a cost of over \$6.9 million that comprise the Santa Clarita Aquatic Center.
- Design and other related pre-construction expenditures of almost \$1.2 million have been incurred in anticipation of the start of construction of the City's new Transit Maintenance Facility.
- Completion of over \$600,000 of site improvements to provide City employees with a parking lot facility.
- Additional parking facilities and rail platform improvements amounting to approximately \$500,000 were completed at the Jan Heidt Metrolink Station.

Debt

At year-end, the City's total debt amounted to \$32.78 million in bonds, notes, capital leases, contracts, and compensated absences as shown in Table 4.

TABLE 4
OUTSTANDING DEBT AT YEAR-END
For the Year Ended June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Refunded Certificates of Participation	\$ 18,975,000	\$ -	\$ 18,975,000
Certificates of Participation	2,665,000	-	2,665,000
Notes Payable	2,507,371	-	2,507,371
Contract and Leases Payable	4,397,822	3,088,996	7,486,818
Compensated Absences	1,146,333	-	1,146,333
TOTALS	\$ 29,691,526	\$ 3,088,996	\$ 32,780,522

The City's governmental activities had \$29.69 million in debt at year-end. Governmental Activities long-term debt increased by \$1,650,125 during the year. A summary of the activity follows:

- The City entered into a capital lease obligation in the amount of \$58,097 to finance the acquisition of additional parks equipment.
- New loan agreements totaling \$1,500,000 were entered into during the year. Proceeds from these loans were used to finance improvements to Scherzinger Lane and to assist in the construction of a new gymnasium facility within the City.
- Compensated absences liability for that portion of unused, earned vacation compensation that is not expected to be paid within the coming fiscal year, increased by \$92,028.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debts issued in prior years have been used to finance land acquisitions and various capital projects.

The City's business-type activities debt decreased by \$808,137, from \$3,897,133 to \$ 3,088,996. 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, 2003, 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, 2002, was \$1,720,134,109.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the budget for FY 2003-04, management looked at the following economic factors:

- Sales tax revenues, which are the City's largest general fund revenue source, are anticipated to increase by 13%, due to anticipated increases in local consumer spending and completion of new retail sales centers within the City.
- The increase in the City's fee schedule of 2.8% provides for increased service charges and fee revenues to be derived from the provision of City services, ranging from planning and development to parks and recreational programs. Additional increases in these areas are anticipated due to the increase in new commercial and residential developments and growth in the City's population.
- The State Budget deficit is still causing uncertainty in regard to the potential impact to the City. The Motor Vehicles License Fee (VLF) "backfill" was the most likely potential revenue loss the City considered when evaluating the possible fall out from the State deficit. Although the complete loss of VLF backfill has not materialized, the potential loss of up to \$7 million in VLF backfill fees was a key factor in the City's decision to reduce budgeted VLF revenues by \$4 million dollars for the coming year, and an equal amount from expenditures.
- In light of the general uncertainty regarding the state's budget crisis, the City has continued to provide funds to be used to build up the general fund balance reserves in order to lessen the immediate impact of future State revenue losses.

Compared to the June 30, 2003 fiscal year adopted budget, the City's general fund operating and capital expenditures for the coming year are budgeted at \$59.57 million, which represents an increase of less than 1%. In comparison, the budgeted general fund revenues for fiscal year June 30, 2004 are budgeted at \$59.42 million, which represents an increase of 5% over the prior year.

While the City's 2003-04 operating budget for all funds increased by 14% to a total of \$95.45 million, the general fund operating budget increased by only 1%. Included in the 2003-04 general fund operating budget are: appropriations for the upcoming municipal election; additional contract employment expense related to increased building inspectors; funding for an additional public safety deputy; additional operations and maintenance expenses for the new Aquatics Center and North Valencia Park; and funding for the One Valley, One Vision general plan. The City's Transit Service

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (continued)

has also budgeted approximately \$8 million to be used for the purchase and replacement of buses and transit-related equipment.

The City continues to grow with new commercial and residential development, street improvements, park construction, and various other projects. The 2003-04 budget is a reflection of the City's commitment to the residents of Santa Clarita. The City has adopted a conservative approach to the 2003-04 budget, yet has also provided for a consistent high level of service. The City has made a commitment to allocate resources for public safety, cultural/social programs, and infrastructure improvements. A copy of the City's 2003-04 budget can be obtained by contacting the City Finance Division.

CONTACTING THE CITY'S FINANCIAL DIVISION

This financial report is designed to provide our citizens, taxpayers, customers, and 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.