

November 30, 2002

Ken Pulskamp, City Manager
Honorable Mayor and City Council
City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355

Subject: Comprehensive Annual Financial Report of the City of Santa Clarita
for the Fiscal Year ended June 30, 2002.

Dear Mr. Pulskamp, Honorable Mayor and City Councilmembers:

It is a pleasure to submit for your information the Comprehensive Annual Financial Report of the City of Santa Clarita for the fiscal year ended June 30, 2002. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

ORGANIZATION OF THIS REPORT

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

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

The City of Santa Clarita received both awards for the last thirteen years'

financial reports and, in my opinion, the accompanying financial report conforms to the high standards of public financial reporting and will again this year be submitted to both award programs for review. In accordance with the above-mentioned guidelines, the Comprehensive Annual Financial Report is divided into three sections:

I. Introductory Section

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

II. Financial Section

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

III. Statistical Section

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

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

General Purpose Financial Statements – This level includes the Independent Auditors’ Report, the General Purpose Financial Statements, and Notes thereto. The Combined Financial Statements provide a summary of the City’s financial position at June 30, 2002, and the results of its operations and cash flows for its proprietary funds, for the period then ended, by fund type or account group.

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

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

incurred.

FINANCIAL REPORTING ENTITY

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

ECONOMIC CONDITION AND OUTLOOK

Santa Clarita remains a great place to live and work. In fact, the City was ranked as the second most desirable location in Los Angeles County for new homebuyers. The City also boasts having the fourth highest effective buying income of cities within Los Angeles County making Santa Clarita a prime market for retail investment. Unemployment rates in the City averaged 3.2% in 2002 as compared to 4.9% in Simi Valley and 4.7% in Thousand Oaks.

The City's retail base continues to grow with two new shopping center currently open and other shopping centers under construction. Now open is the Center at Shangri La which includes the Canyon Country Library, Chuy's Restaurant, Telesis Bank, All American Ice Cream, Dominos, IHOP Restaurant, Wendy's Restaurant, Santa Clarita Athletic Club and Blockbuster. The Promenade shopping center includes familiar names such as Black Angus, Olive Garden, Elephant Bar and Vons Pavilions. Under Construction is the Valencia Crossroads Shopping Center. This center will bring 188,000 square feet of commercial space anchored by a Kohl's department store.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

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

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

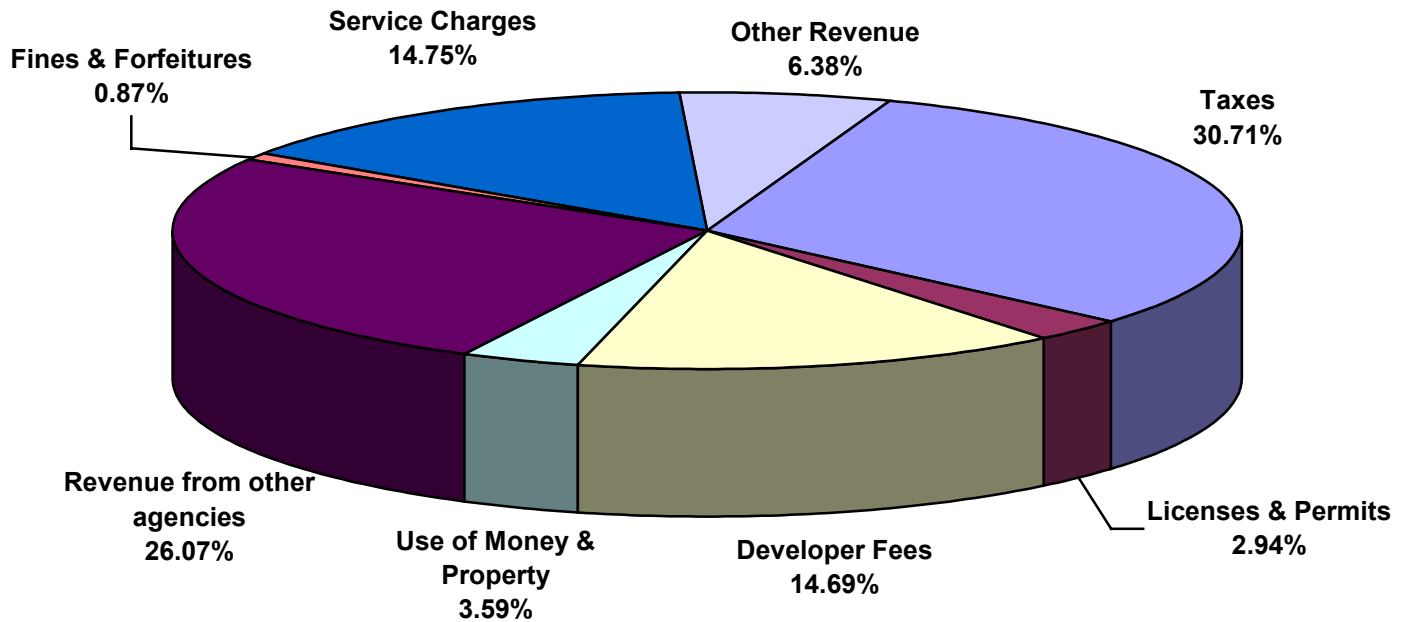
GENERAL GOVERNMENT FUNCTIONS

A summary of the general government functions overall operating results for the fiscal year ended June 30, 2002 and the amount and percentage of increases and decreases in relation to prior year revenues and expenditures is presented on the following pages. General government functions include the General, Special Revenue, Debt Service, Capital Project and Expendable Trust funds. Details of these revenue and expenditure amounts (all amounts are in thousands) by fund, can be found in the accompanying general purpose financial statements.

COMPARISON OF MAJOR GOVERNMENTAL REVENUES FISCAL YEARS 01/02 AND 00/01

	Amount FY 01/02	% of Total Revenues	Amount FY 00/01	% of Total Revenues	Variance Over/Under FY 00/01	%Increase/ (Dec) Over FY 00/01
Taxes	\$ 35,589,227	30.71%	\$ 34,053,282	29.42%	\$ 1,535,914	4.51%
Licenses & Permits	3,407,091	2.94%	2,759,637	2.38%	647,454	23.46%
Developer Fees	17,016,274	14.69%	16,295,503	14.08%	720,771	4.42%
Use of Money & Property	4,165,144	3.59%	6,303,050	5.45%	(2,138,887)	(33.93)%
Revenue from other agencies	30,209,371	26.07%	30,133,734	26.04%	75,637	0.25%
Fines & Forfeitures	1,008,466	0.87%	972,443	0.84%	36,023	3.70%
Service Charges	17,089,401	14.75%	15,489,302	13.38%	1,600,099	10.33%
Other Revenue	<u>7,393,398</u>	<u>6.38%</u>	<u>9,737,309</u>	<u>8.42%</u>	<u>(2,343,911)</u>	<u>(24.07)%</u>
TOTAL REVENUES	<u>\$115,878,372</u>	<u>100.00%</u>	<u>\$115,744,260</u>	<u>100.00%</u>	<u>\$ 134,112</u>	<u>0.12%</u>

SOURCES OF REVENUES



The City recognized a total of \$115,878,372 in revenues in fiscal year 2001-02, a slight increase over the prior year.

- An increase of 4.51% in **Taxes** was primarily due to increases in Sales Tax Revenues collected throughout the fiscal year. The City's continued expansion in its retail base has had a positive impact on sales tax revenues.
- **Licenses and Permits** showed an overall increase of 23.46% due to a increase in development activity within the City.
- Revenues from **Developer Fees** experienced an increase of 4.42%. The increase is due to approval of several large development projects that increased the amount received in Quimby Funds during the fiscal year .
- The City realized a decrease of 33.93% from **Use of Money and Property**. A slower national economy and lower yields contributed to less interest being earned by the City during the current fiscal year
- **Revenue from other agencies** increased by 0.25% primarily due to receiving more special Gas Tax revenues from the State in the current year for traffic congestion relief.
- **Fines and Forfeitures** increased 3.7% primarily due to more funds received for vehicle code fines.
- **Service Charges** increased by 10.33% as compared to last year. The increase is due primarily to an increase in the fee structure for classes offered by Parks and Recreation.
- An decrease of 24.07% occurred in the **Other Revenues** category. The decrease in this category is due to the decrease in revenues in the Expendable Trust Fund related to the Golden Valley School site.

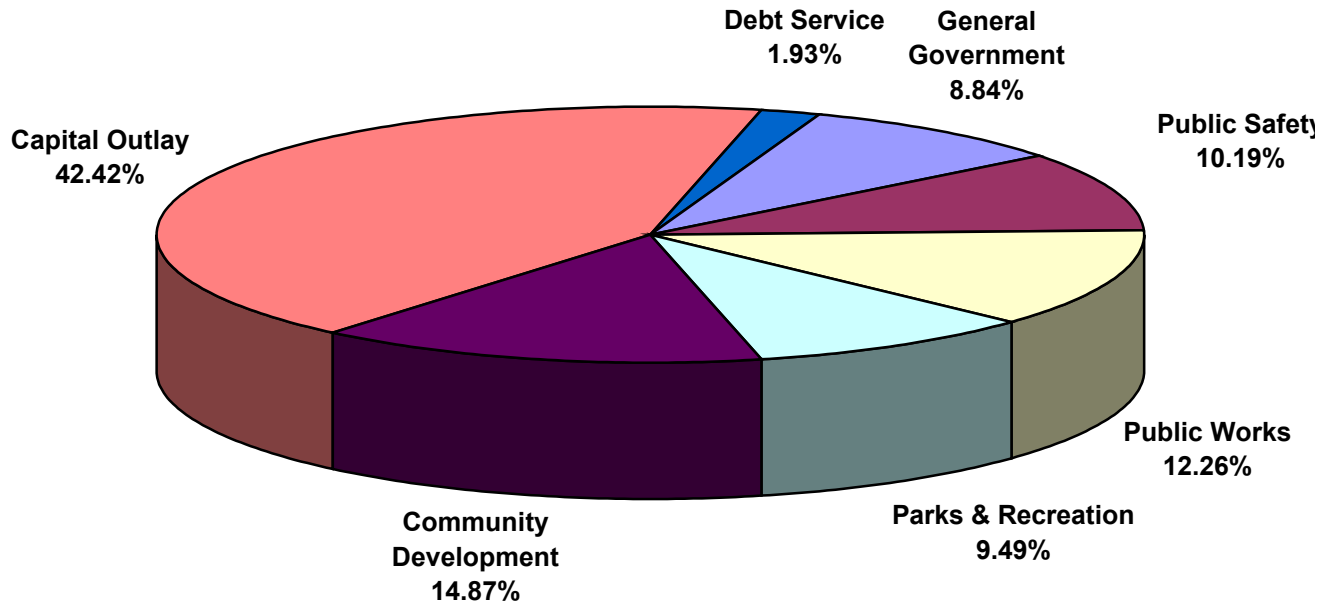
EXPENDITURES

The following schedule presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2002, and the percentage of increases and decreases in relation to prior year amounts.

COMPARISON OF MAJOR GOVERNMENTAL EXPENDITURES FISCAL YEARS 01/02 AND 00/01

	Amount FY 01/02	%of Total Expenditures	Amount FY 00/01	%of Total Expenditures	Variance Over/Under FY 00/01	%Increase/ (Dec) Over FY 00/01
General Government	\$ 9,778,478	8.84%	\$ 8,768,573	8.45%	\$ 1,009,905	11.52%
Public Safety	11,264,808	10.19%	11,386,290	10.97%	(121,482)	(1.07)%
Public Works	13,557,525	12.26%	15,889,045	15.31%	(2,331,520)	(14.67)%
Parks and Recreation	10,492,037	9.49%	9,052,687	8.73%	1,439,350	15.90%
Community Dev.	16,450,228	14.87%	13,566,023	13.08%	2,884,205	21.26%
Capital Outlay	46,917,311	42.42%	43,364,800	41.80%	3,552,511	8.19%
Debt Service	<u>2,132,086</u>	<u>1.93%</u>	<u>1,723,812</u>	<u>1.66%</u>	<u>408,274</u>	<u>23.68%</u>
TOTAL EXPENDITURES	<u>\$110,592,473</u>	<u>100.00%</u>	<u>\$ 103,751,230</u>	<u>100.00%</u>	<u>\$ 6,841,243</u>	<u>6.59%</u>

USES OF FUNDS



During fiscal year 2001-02, the City experienced an overall increase of 6.59% in expenditures.

- **General Government** expenditures increased by 11.52% primarily due to the increase in spending related to Transit Mixed Concrete opposition.
- The 1.07% decrease in **Public Safety** occurred mainly because of a small decrease in the cost of the contracted services from the Sheriffs department.
- A 14.67% decrease of costs in the **Public Works** category was due primarily to the decrease in activity for the construction of Golden Valley Road.
- **Parks and Recreation** expenditures increased this year by 15.90% primarily due to the City increasing the number of Parks that are maintained by the City and to an increase in the number of classes offered by Parks and Recreation.
- An increase of 21.26% occurred in the **Community Development** category. The Planning & Building Services department had higher costs due to increased spending related to the Transit Mixed Concrete Opposition and increased spending in Community Development Block Grant (CDBG) programs.
- **Capital Outlay** had an overall increase of 8.19% primarily due to many large capital improvement projects undertaken by the City such as design of Transit Maintenance Facility, construction of the Santa Clarita Aquatics Center, and support of the College of the Canyons Performing Arts Auditorium.
- The **Debt Service** category recognized a 23.68% increase due the first payments that became due on the CDBG Section 8 loan.

PROPRIETARY FUNDS

These types of funds consist of enterprise and internal service funds. The City operates one enterprise fund, Transit Service, which offers Dial-A-Ride, local fixed route service, and commuter service to downtown Los Angeles, the San Fernando Valley, and the Antelope Valley. This enterprise fund was created to provide management with information relating to transit operations, which include debt service, and depreciation and amortization. For fiscal year 2001-02, Proposition A funds of \$3,897,588, Proposition C funds of \$364,895 and TDA funds of \$4,156,641 were used to subsidize transit activity not covered by user fees.

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

GANN LIMIT

Proposition 4, the "Gann" initiative, was passed by California voters in 1978 and is

intended to limit government appropriations. According to California law, cities must use the 1978-79 appropriations as a base year and modify that figure by the composite consumer price index and population changes that have accrued in subsequent years. Because Santa Clarita is a newly incorporated city, the Los Angeles County Local Agency Formation Commission used 1985-86 fiscal year appropriations at incorporation as the base year on which the City will modify each year. The City has since performed a study to increase the limit, and City appropriations remain below the Gann limitation and are expected to continue in that respect in the near future.

CASH MANAGEMENT

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

Temporarily idle cash was invested in a variety of investment vehicles, including the State Treasurer's Local Agency Investment Fund, Los Angeles County Pooled Investment Fund, Federal and Federal Agency instruments, Bankers Acceptances, Corporate Notes and Commercial Paper. The City's diversified investment portfolio allows for flexibility and safety of the total invested funds. The weighted average yield on such investments for the year was 5.30% with total interest earnings for all funds at \$3,932,558.

DEBT ADMINISTRATION

Financing Authority Refunded Certificates of Participation

On August 1, 1997, the Santa Clarita Public Financing Authority issued \$19,670,000 in Certificates of Participation with an average interest rate of 4.9% to advance refund \$18,800,000 of outstanding 1991 Series certificates with an average interest rate of 6.8%. These securities were all deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 series certificates. As a result, the 1991 series certificates are considered to be defeased and the liability for those certificates has been removed from the general long-term debt account group. The Authority amended and restated the lease agreement that was entered into simultaneously with the refunded certificate issue with the City.

Principal amounts on \$12,195,000 of serial certificates mature annually each October 1, in the years 2001 through 2015 and bear interest rates ranging from 4.5%

to 5.0%. Term certificates in the amounts of \$2,370,000 and \$5,105,000 are due October 1, 2017 and 2021, respectively, and each bear interest at 5%. Interest is payable semiannually on April 1 and October 1 beginning in October 1997. As of June 30, 2002 the unpaid principal is \$19,475,000.

Certificates of Participation - Series 2001:

On November 16, 2001, the Santa Clarita Public Financing Authority issued \$3,200,000 in Certificates of Participation for the purpose of acquiring parkland. The certificates represent direct undivided fractional interests in the lease payments to be made by the City under a lease agreement with the Authority for the use of the acquired parkland. The certificates bear interest at a rate of 4.2% through November 1, 2006. From November 2, 2006 to November 1, 2016 the interest rate will be 85% of the five year advance rate as quoted by the Seattle Federal Home Loan Bank. Interest is payable semiannually on May 1 and November 1. Principal is payable on November 1 in annual installments ranging from \$100,000 to \$285,000.

The certificates are subject to annual prepayment in part in cumulative maximum prepayment amounts ranging from \$435,000 to \$500,000 on November 1 of 2002 through 2005. On November 1, 2006 and November 1, 2011, the remaining principal is subject to prepayment, in whole or in part, without premium. The Authority and City intend to prepay the certificates in full by November 1, 2006. As of June 30, 2002 the unpaid principal is \$3,200,000

Lease/Purchase Agreements

In October 1991, the City entered into a lease with an option to purchase agreement in the amount of \$4,895,000 for the lease of sixteen buses from the Los Angeles County Transportation Commission (LACTC). The agreement carries interest rates ranging from 4.9% to 6.5%, payable semiannually from July 1, 1992 through January 1, 2004. The balance of the LACTC lease obligation as of June 30, 2002 equals \$1,070,000.

In January 1998, the City entered into a lease with an option to purchase agreement in the amount of \$1,539,232 for the lease of four buses. Such agreement carries interest rates at 5.2% payable annually on January 22, 1999 through January 22, 2009. The remaining principal balance as of June 30, 2002 is \$958,958.

In September 1998, the City entered into a lease with an option to purchase agreement in the amount of \$420,000 for the lease of a phone system through Leasing Innovations, Inc. Such agreement carries interest at the rate of 4.97% per annum on the unpaid principal balance, payable annually from July 1, 1999 through July 1, 2005. As of June 30, 2002, the remaining principal balance is \$245,096.

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 an interest rate at 4.77% payable annually on December 31, 1999 through

December 31, 2010. As of June 30, 2002 the remaining principal balance is \$1,868,175.

In September 1999, the City entered into a lease with an option to purchase agreement in the amount of \$31,892 for the lease of two copiers through Ricoh Corporation. Such agreement carries interest at the rate of 10.51% per annum on the unpaid principal balance, payable annually from November 1, 1999 through October 1, 2004. As of June 30, 2002, the principal balance remaining is \$16,960.

Notes Payable

In October 1992, the City received a distribution of loan proceeds totaling \$2,557,436 from the Price Enterprises, Inc. This money has been used for the acquisition of certain infrastructure improvements surrounding the Price Club. Interest on the note accrues at the rate of 10% per year. Payments are due quarterly and equal 70% of the sales tax revenue generated monthly from the operation of the Price Club Center (known as Costco) for a period of 30 years. As of June 30, 2002, the balance outstanding is \$2,665,846 that includes the original loan proceeds of \$2,557,436 and \$108,410 of accrued interest.

Loans Payable

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 the loan was for installation of curbs, gutters and sidewalks in the West Newhall Area. Payments are due semi-annually, commencing on August 1, 2000 and continue through August 1, 2014. CDBG funds will be used to repay the loan. As of June 30, 2002, the remaining principal amount is \$1,740,000.

On April 8, 2002, the City entered into a lease purchase agreement with the Santa Clarita Public Financing Authority to finance the purchase of real property that will be 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 semiannually on October 8 and April 8 from October 8, 2002 through April 8, 2012. As of June 30, 2002, the remaining principal amount is \$1,200,000.

FIDUCIARY OPERATIONS

Trust and agency funds are maintained to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and other funds. The City's General Trust Fund is an expendable trust fund which accounts for assets and activities restricted to a specific purpose in accordance with a formal

intent. An Agency fund is custodial in nature and is used to receive and disburse funds, which do not belong to the City.

The City's agency funds are the Community Facilities District No. 92-1, Assessment District No. 92-2, and Assessment District No. 99-1. The Community Facilities District No. 92-1 represents bond proceeds from the sale of Special Tax Bonds, Series A. These bonds were issued to finance a portion of the costs of acquiring certain public infrastructure improvements located within the vicinity of the Valencia Town Center. The bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982. This fund was established during fiscal year 1992-93. Assessment District No. 92-2 represents bond proceeds from Limited Obligation Improvement Bonds, Series 1996 which were issued to finance the acquisition of certain public improvements in the area of Golden Valley Road. These bonds were issued pursuant to the Improvement Bond Act of 1915. This fund was established during fiscal year 1996-97. And finally, in January 2000, \$790,000 of 1915 Limited Obligation Improvement Bonds for the Vermont Drive/Everett Drive Improvement Assessment District were issued. The debt service on these bonds is paid from property assessments within the district.

RISK MANAGEMENT

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

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

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

GENERAL FIXED ASSETS

The City's general fixed assets represent those fixed assets used in the performance of general government functions. At June 30, 2002, the City's general fixed assets aggregated \$78,928,237. No depreciation of general fixed assets is recognized in the City's accounting system.

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

CAPITAL IMPROVEMENTS

Santa Clarita'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. Some of the more significant projects that were set in motion or completed during the 2001-02 fiscal year are as follows:

The City has completed construction on the McBean Transfer Station, a transit center to accommodate bus-to-bus transfers in the vicinity of the Valencia Town Center. The facility will include 12 bus bays and passenger amenities, and will interconnect with the paseo system, bike trails, and other pedestrian access routes. The City has also completed the 17,000 square foot Canyon Country JoAnne Darcy Library, as well as the Activity Center located at the Santa Clarita Sports Complex. These are state of the art facilities that will provide important resources. A portion of the construction on Golden Valley Road was completed and opened for traffic between Sierra Highway and Soledad Canyon Rd. The connection between Sierra Highway and State Route 14 is currently under construction and should be completed in fiscal year 2003-04.

Construction has begun on the Santa Clarita Aquatics Center which will feature 3 pools including an Olympic size 50 meter pool and a diving pool. The City is also in the process of constructing Oak Springs Park and work is continuing on the expansion of Central Park to include an additional four sports fields. Design has begun on the new Transit Maintenance facility that will eventually house the City's transit bus fleet.

OTHER CITY HIGHLIGHTS

The City of Santa Clarita has expanded its use of technology to assist the quality of service it provides to citizens by offering certain services online via the internet.

During fiscal year 2001-02, the City has started accepting payments over the internet for payment of parking citations, bus pass sales and for certain Parks and Recreation classes. The use of these online services by the community has been tremendous and the City is looking for ways to expand the current services as well as offer new services through the internet.

INDEPENDENT AUDIT

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

AWARDS

I am pleased to report that CSMFO awarded its Outstanding Financial Reporting Award and GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clarita for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001.

These awards are valid for a period of one year only. We believe our current report continues to conform to requirements, and we are submitting it to GFOA and CSMFO to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Division. I would like to express my appreciation to all members of the division who assisted and contributed to its preparation, in particular, Barbara Boswell, Accounting Manager; Dan Smith, Senior Accountant; Mary Ann Ruprecht, Jan Downey and Renee Bojorquez, Accountants; Carmen Magaña, Administrative Analyst, and Holly Faulconer, Graphic Designer. I would also like to thank the Mayor; Members of the City Council; and the City Manager, Ken Pulskamp, for their continuing efforts in planning and administering the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steve Stark
Director of Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santa Clarita,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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.



William Patrick Pate
President

Jeffrey L. Esser
Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2000-2001

Presented to the

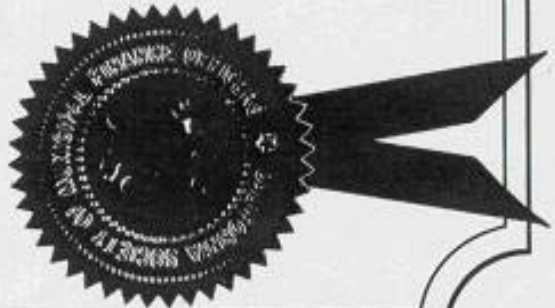
City of Santa Clarita

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

February 20, 2002


Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



OFFICIALS OF THE CITY OF SANTA CLARITA

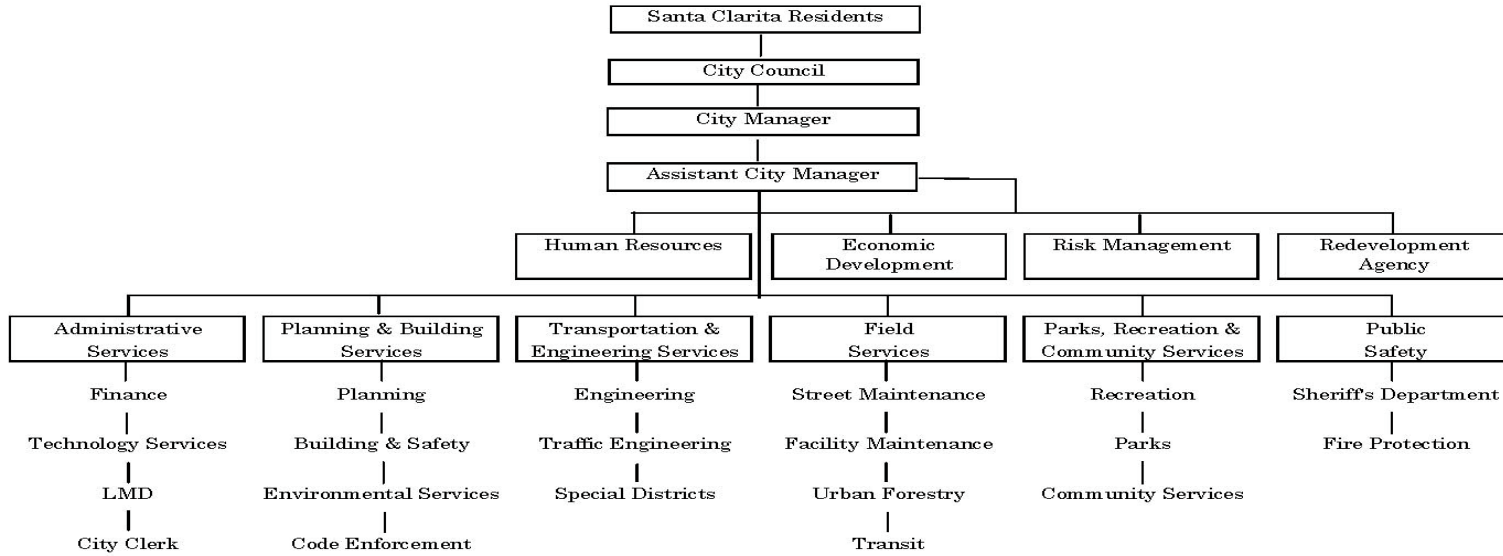
City Council

Frank Ferry	MAYOR
Cameron Smyth	MAYOR PRO TEM
Bob Kellar	COUNCILMEMBER
Marsha McLean	COUNCILMEMBER
Laurene Weste	COUNCILMEMBER

City Officials

Ken Pulskamp	CITY MANAGER
Jill Fosselman	ASSISTANT TO THE CITY MANAGER
Carl Newton	CITY ATTORNEY
Sharon Dawson	CITY CLERK
Jeffrey Lambert	DIRECTOR OF PLANNING & BUILDING SERVICES
Chris Daste	DIRECTOR OF FIELD SERVICES
Robert Newman	DIRECTOR OF TRANSPORTATION & ENGINEERING SERVICES/CITY ENGINEER
Richard Gould	DIRECTOR OF PARKS, RECREATION & COMMUNITY SERVICES
Steve Stark	DIRECTOR OF ADMINISTRATIVE SERVICES

**City of Santa Clarita
ORGANIZATION CHART**



City of Santa Clarita

Major Roads and City Boundary

