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City of
Santa Clarita

November 30, 1999

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

To: City Manager

It is a pleasure to submit for your information the Comprehensive Annual Financial Report of the City of Santa Clarita for the fiscal year ended June 30, 1999. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

ORGANIZATION OF THIS REPORT

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

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

The City of Santa Clarita received both awards for the last ten 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



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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, 1999, 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 making Santa Clarita very affordable. Unemployment rates in the City averaged 3.1% in 1998 as compared to 4.8% in Simi Valley and 4.6% in Thousand Oaks. Manufacturing remains the largest category of employment in the City at 29% while Services make up a close second at 24%.

Being named the fourth safest city in the nation for its size for the past four years probably contributed to the City's high ranking in desirability. The Los Angeles County Sheriff's Department reported that Part I crimes (serious crimes) have decreased by 28% in Santa Clarita since 1995.

Santa Clarita welcomed Twin Palms, Salt Creek Grille, Poquito Mas, and Johnny Rockets restaurants as well as Borders Books as part of the new Town Center Drive. Also opened to the senior residents are the new Bouquet Senior Apartments. The North Valencia I project is currently under construction, which will bring a new lake community, called Bridgeport. Soon to begin construction is two additional buildings for Princess Cruises. Princess Cruises will have all operations in Santa Clarita when completed. The new Rye Canyon Business Park that will accommodate up to 4 million square feet of industrial uses will begin construction soon as well as the 220 acre Santa Clarita Business Park.

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.

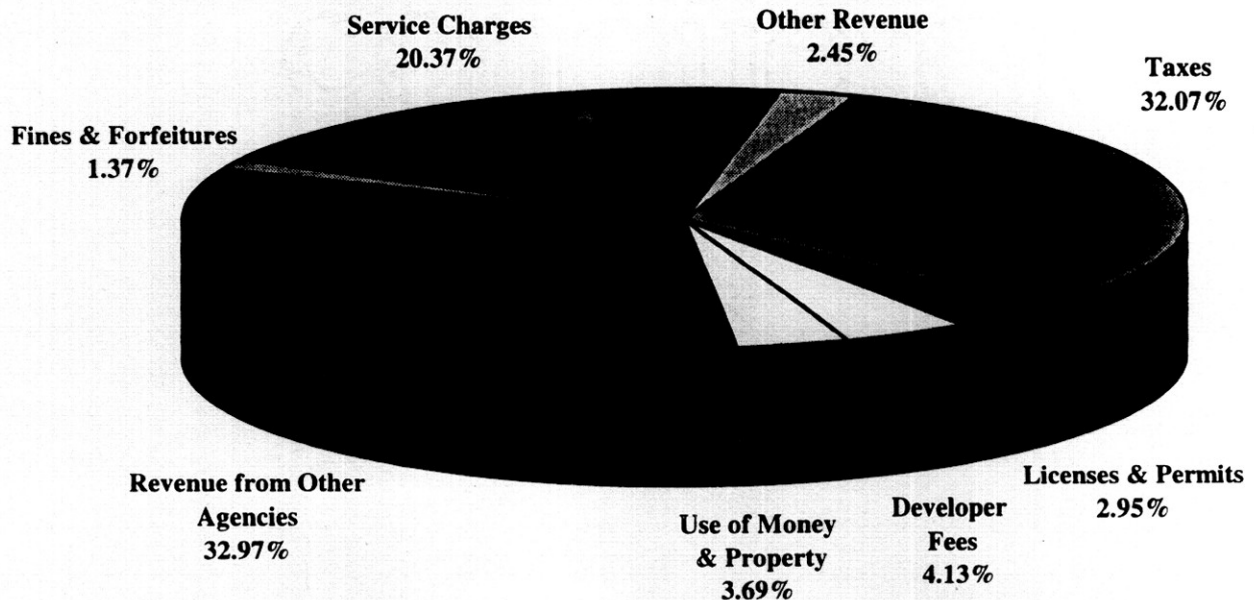
GENERAL GOVERNMENT FUNCTIONS

A summary of the general government functions overall operating results for the fiscal year ended June 30, 1999 and the amount and percentage of increases and decreases in relation to prior year revenues and expenditures is presented below. General government functions include the General, Special Revenue, Debt Service, Capital Project and Expendable Trust funds. Details of these revenue and expenditure amounts (all amounts are in thousands) by fund, can be found in the accompanying general purpose financial statements.

COMPARISON OF MAJOR GOVERNMENTAL REVENUES FISCAL YEARS 98/99 AND 97/98

	Amount FY 98/99	% of Total Revenues	Amount FY 97/98	% of Total Revenues	Variance Over/Under FY 97/98	% Increase/ (Dec) Over FY 97/98
Taxes	\$28,072,551	32.07%	\$25,458,489	31.20%	\$ 2,614,062	10.27%
Licenses & Permits	2,585,580	2.95%	2,221,696	2.72%	363,884	16.38%
Developer Fees	3,615,156	4.13%	3,994,532	4.90%	(379,376)	(9.50)%
Use of Money & Property	3,233,903	3.69%	2,496,976	3.06%	736,927	29.52%
Revenue from other agencies	28,861,626	32.97%	33,342,420	40.86%	(4,480,794)	(13.44)%
Fines & Forfeitures	1,197,794	1.37%	486,654	.60%	711,140	146.13%
Service Charges	17,836,700	20.37%	12,341,056	15.12%	5,495,644	44.54%
Other Revenue	<u>2,148,201</u>	<u>2.45%</u>	<u>1,255,595</u>	<u>1.54%</u>	<u>892,606</u>	<u>71.09%</u>
TOTAL REVENUES	<u>\$87,551,511</u>	<u>100.00%</u>	<u>\$81,597,418</u>	<u>100.00%</u>	<u>\$5,954,093</u>	<u>7.30%</u>

SOURCES OF REVENUES



The City experienced an overall increase of 7.30% in general government revenues. Only the Developer Fee and Revenue from other Agencies category experienced a decline from last year while the rest of the categories showed increases.

- An increase of 10.27% in **Taxes** was primarily due to increases in Sales Tax Revenues collected throughout the fiscal year. Many of our retail stores and car dealerships experienced a very busy year due to a good overall economy.

- **Licenses and Permits** showed an increase of 16.38% due to increased development activity within the City. The Building & Safety division in particular experienced a 30% increase in permit activity.
- Revenues from **Developer Fees** dropped 9.50% this past year. Some of these revenues are only recognized after the money has been expended on certain projects. In the past fiscal year, those expenses were considerably less than previous years.
- The City recognized an increase of 29.52% from **Use of Money and Property**. Interest income was considerably higher in many of the special districts including Bridge & Thoroughfare, Santa Clarita Lighting District and some of the Landscape Maintenance Districts due to large cash deposits being transferred to the City from the County.
- **Revenue from other agencies** decreased by 13.44% primarily due to the end of the CDBG supplemental program. Other areas where revenues decreased included the Earthquake Fund and the Hazard Mitigation Grant, as these projects are almost complete.
- **Fines and Forfeitures** were the category with the largest increase of 146.13%. Changes made recently in the law affected the way the Vehicle Code Fines are distributed between the state, county and cities resulting in additional funds coming to the City.
- **Service Charges** increased by 44.54% as compared to last year. The City acquired the Santa Clarita Lighting District from the County at the end of June 1997. This past fiscal year the City received the funds on deposit from the County thus increasing this category.
- An increase of 71.09% occurred in the **Other Revenues** category for several reasons. The City participated in an exchange of Prop A monies for general fund monies with the City of LaVerne for \$225,000. Also included in this category is a reimbursement to the General Fund for overhead from some of the special districts and the Transit fund.

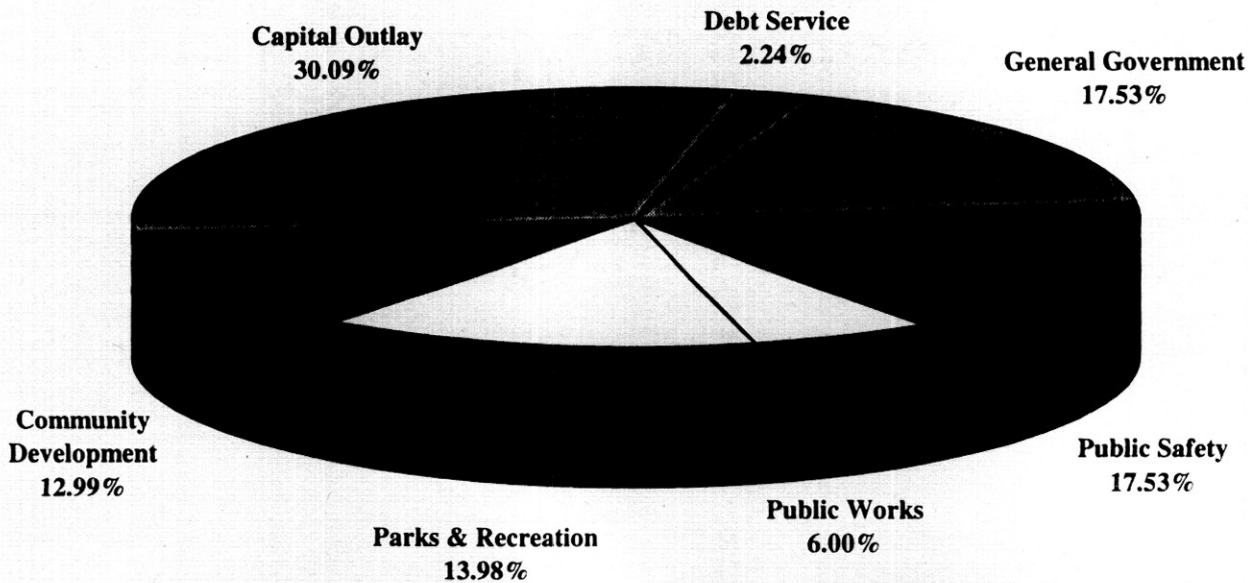
EXPENDITURES

The following schedule presents a summary of governmental fund expenditures for the fiscal year ended June 30, 1999, and the percentage of increases and decreases in relation to prior year amounts.

COMPARISON OF MAJOR GOVERNMENTAL EXPENDITURES FISCAL YEARS 98/99 AND 97/98

	Amount FY 98/99	% of Total Expenditures	Amount FY 97/98	% of Total Expenditures	Variance Over/Under FY 97/98	% Increase/ (Dec) Over FY 97/98
General Government	\$11,411,885	17.53%	\$10,529,658	16.46%	\$ 882,227	8.38%
Public Safety	11,178,500	17.17%	10,853,375	16.96%	325,125	3.00%
Public Works	3,896,738	6.00%	2,703,804	4.23%	1,192,934	44.12%
Parks and Recreation	9,103,012	13.98%	10,600,566	16.57%	(1,497,554)	(14.13)%
Community Dev.	8,458,402	12.99%	6,596,733	10.31%	1,861,669	28.23%
Capital Outlay	19,584,815	30.09%	19,208,993	30.02%	375,822	1.96%
Debt Service	<u>1,461,278</u>	<u>2.24%</u>	<u>3,485,555</u>	<u>5.45%</u>	<u>(2,024,277)</u>	<u>(58.08)%</u>
TOTAL EXPENDITURES	<u>\$65,094,630</u>	<u>100.00%</u>	<u>\$63,978,684</u>	<u>100.00%</u>	<u>\$ 1,115,946</u>	<u>1.74%</u>

USES OF FUNDS



During fiscal year 1998-99, the City saw an overall increase of 1.74% in expenditures. The Parks and Recreation and Debt Service categories experienced a decrease in expenditures this fiscal year.

- **General Government** expenditures increased by 8.38% for several reasons. Allocations were made to the Facility Maintenance and Parks Facilities Divisions to include internal service charges this year. Also, there were building improvements made throughout the year to accommodate new tenants in City Hall as well as vehicles purchased for Parks Facilities and Urban Forestry divisions.
- The modest 3.00% increase in **Public Safety** was primarily due to higher payroll costs to the City for General Law enforcement.
- The City regularly contracts with the County of Los Angeles Public Works department to do many street maintenance items. This past fiscal year there was a significant increase in the City's usage that accounted for a 44.12% jump in the **Public Works** category.
- A 14.13% decrease in expenditures occurred in the **Parks and Recreation** category. The decrease in construction costs as opposed to last fiscal year for the of the Santa Clarita Sports Complex which was completed during the year accounted for the reduction of expenditures.
- **Community Development** experienced an increase in expenditures of 28.23% due to an increase in demand for personnel in several divisions including Planning & Building Services Administration, Capital Improvement Program and Traffic.
- **Capital Outlay** had an overall increase of 1.96%. Increases in several special revenue funds accounted for the increases. The Landscape Maintenance District fund had the largest increase due the City acquiring more districts from the County. The Bridge & Thoroughfare fund and the Gas Tax fund contributed as well with money dedicated from those sources being used for various capital projects throughout the City.
- The **Debt Service** category recognized a 58.08% reduction in costs. Last year, the City paid issuance fees relating to the Refunding Certificates of Participation for the Public Financing Authority which accounted for additional costs. The first principal payment on those Certificates is not due until 2001.

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 1998-99, Proposition A funds of \$2,340,736, Proposition C funds of \$616,746, TDA funds of \$3,672,626 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 Gain limitation and are expected to continue in that respect in the near future.

CASH MANAGEMENT

The City operates its pooled idle cash investments under the "Prudent Investor" standard and has adopted a formal investment policy. Such policy affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is permissible under current effective legislation of the State of California and other regulations. The City recently received a Certificate of Excellence award from the Municipal Treasurer's Association of the United States and Canada for its Treasurer's Investment Policy. This is the 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 5.55% with total interest earnings for all funds at \$3,053,222.

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%. 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. As of June 30, 1998, \$18,480,000 of the defeased certificates is outstanding. 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, 1999 the unpaid principal is \$19,670,000.

Lease/Purchase Agreements

In May 1991, the City entered into a master lease and option to purchase agreement in the amount of \$2,150,000 for the lease of thirteen buses. Such agreement carries an interest rate of 6.7% payable semiannually, due from November 1, 1991 through May 1, 2001. Under the terms of the agreement, the City has leased these transit buses for the establishment of a City-wide local public transit system. As of June 30, 1999, the master lease obligation aggregated \$550,092.

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, 1999 equals \$2,450,000.

In August 1996, the City entered into a lease with an option to purchase agreement in the amount of \$107,381 for the lease of property through Municipal Leasing Associates, Inc. Such agreement carries interest at the rate of 5.38% per annum on the unpaid principal balance payable semiannually from January 30, 1997 through July 30, 2000. As of June 30, 1999 the unpaid principal balance was \$44,572.

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, 1998 is \$1,372,362.

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 will equal 70% of the sales tax revenue generated monthly from the operation of the Price Club Center. The payments will be made for a period of 30 years. As of June 30, 1999, the City's obligation for the Note Payable is \$2,557,436 in original loan proceeds and \$502,047 of accrued interest.

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.

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 rates at 4.77% payable annually on December 31, 1999 through December 31, 2010.

Commitment

In March 1997, the City entered into an agreement with Antelope Valley Transit Authority (AVTA) whereby the City has agreed to pay AVTA the sum of \$1,498,000 for the purchase of new buses in exchange for AVTA's Federal Transit Administration allocation. This is a non-interest bearing agreement that will be paid over three years in annual payments beginning January 1, 1998 through January 1, 2000. The City repaid \$500,000 during the year ending June 30, 1999.

FIDUCIARY OPERATIONS

Trust and agency funds are maintained to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and other funds. The City's General Trust Fund is an expendable trust fund which accounts for assets and activities restricted to a specific purpose in accordance with a formal intent. An Agency fund is custodial in nature and is used to receive and disburse funds which do not belong to the City.

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

RISK MANAGEMENT

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

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

To protect the self-insured retention mentioned, Santa Clarita maintains a comprehensive risk management program which focuses on detection and prevention of claims through frequent

inspection. An annual review of potential hazards is conducted in conjunction with our general liability provider, Insurance Company of the West. This early identification of potential hazards, along with departmental daily, monthly and quarterly inspections, ensures that issues are addressed in a timely manner before injuries occur. In addition, the City has implemented a stringent risk assessment and contract review system which ensures that all contracts have appropriate indemnification and insurance provisions, thus protecting the City in all events. Finally, the City as a policy takes a position to aggressively defend all claims for damages. This fiduciary responsibility is not taken lightly, as is proven in 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, 1999, the City's general fixed assets aggregated \$55,726,440. 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

The Capital Improvement Program (CIP) for the City provides a bridge between the City's planning and budgeting systems. It emphasizes developing a plan of action to properly maintain the existing infrastructure in a sound physical condition, as well as providing new facilities to support future development and growth. Santa Clarita takes great pride in its ability to obtain various forms of funding for its complete Citywide Capital Improvement Program. A variety of significant projects were set in motion or completed during the 1998-99 fiscal year.

The West Newhall Phase III CDBG project to install curb, gutter, sidewalk, and public access ramps was completed in June 1999.

The completion of two new traffic signals at the following locations:

- Bouquet Canyon Road/Central Park Entrance
- Whites Canyon Road/Steinway Street

The City completed curb, gutter, and sidewalk improvements on Camp Plenty Road between Stillmore Street and Calla Way. This project was needed to improve pedestrian access in the area of Sierra Vista Junior High School.

Construction has begun for the Jan Heidt Metrolink Station in Newhall and is due for completion in January 2000. Other projects currently under construction include the Via Princessa extension bridge and the Wiley Canyon Road realignment. The Via Princessa extension bridge will connect Via Princessa Road from Circle J Ranch Road to Wiley Canyon Road at Via

Pacifica. The bridge will be over the railroad tracks, SR 126, and the Santa Clara River. The Wiley Canyon Road realignment includes constructing a two-lane road, sidewalks, and retaining walls on Wiley Canyon Road between Powell Drive and Fourl Road.

The Santa Clarita Transit Center, a bus transit center to accommodate bus-to-bus transfers in the vicinity of the Valencia Town Center is currently under design. This will hopefully reduce travel time for many transit customers.

The City completed construction of an incredible multi-tiered skatepark in October 1998. The first phase of the Santa Clarita Sports Complex was completed in November 1998 and includes a multi-faceted gymnasium, racquetball courts, and locker and shower facilities. Citizens are already enjoying many activities offered at the Sports Complex such as basketball, volleyball, badminton, wallyball and racquetball. Still under construction is the City Central Park, Phase I development which includes a 15-acre portion of the site.

OTHER CITY HIGHLIGHTS

In addition to the Sports Complex opening with a state of the art "skatepark" this year, there were many exciting new programs kicked off revolving around our youth. "Character Counts" had three different programs which held contests for kids ages 4 -18 in the areas of original music, artwork, poetry, essays, and scripts about Character and/or the "Six Pillars of Character". A panel of community leaders selected the winners. The Community Center remained active as well holding numerous fieldtrips, art classes, soccer lessons, etc. The City also hosted a Youth Summit for junior high school students. Nearly 150 students participated in the day's events to learn to differentiate their personal behavioral "style" from that of their peers and to appreciate those differences as a means of fostering effective teamwork.

INDEPENDENT AUDIT

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

AWARDS

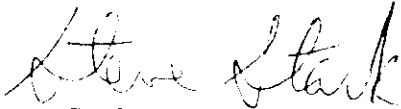
I am pleased to report that CSMFO awarded its Outstanding Financial Reporting Award and GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Clarita for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999.

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

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Division. I 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, Jan McFarlane and Michele Hansen, Accountants; Carmen Magana, Administrative Analyst; and Holly Faulconer, Graphic Designer. I would also like to thank the Mayor, Members of the City Council; and the City Manager, George Carvalho, for their continuing efforts in planning and administering the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steve Stark
Director of Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santa Clarita,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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.



Cary Brueck
President

Jeffrey L. Esser
Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 1997-98

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.*

March 1, 1999


Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



OFFICIALS OF THE CITY OF SANTA CLARITA

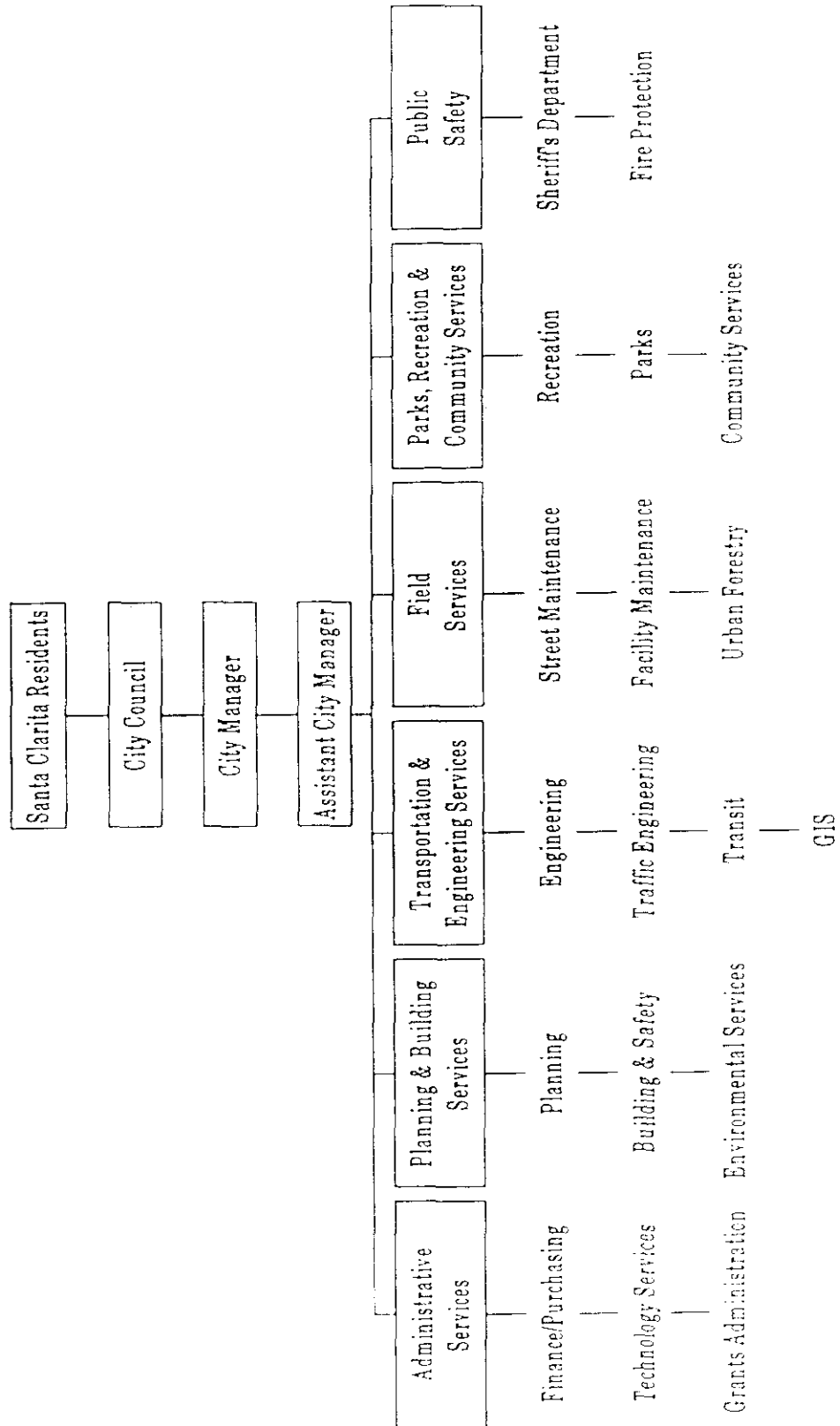
City Council

Jo Anne Darcy	MAYOR
Jill Klajic	MAYOR PRO-TEM
Janice Heidt	COUNCILMEMBER
Frank Ferry	COUNCILMEMBER
Laurene Weste	COUNCILMEMBER

City Officials

George Carvalho	CITY MANAGER
Kenneth Pulskamp	ASSISTANT CITY MANAGER
Carl Newton	CITY ATTORNEY
Sharon Dawson	CITY CLERK
Jeffrey Lambert	DIRECTOR OF PLANNING & BUILDING SERVICES
Terri Maus	DIRECTOR OF FIELD SERVICES
Anthony Nisich	DIRECTOR OF TRANSPORTATION & ENGINEERING SERVICES CITY ENGINEER
Rick Putnam	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

