

***CITY OF SANTA CLARITA
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 8 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF SANTA CLARITA
TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditor's Report	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	14
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplemental Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	17
Transportation Development Act Article 8 Fund:	
Basic Financial Statements:	
Balance Sheets	18
Statements of Revenues, Expenditures and Changes in Fund Balance	19
Supplemental Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	20
Notes to Financial Statements	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	25
COMPLIANCE SECTION	
Independent Auditor's Report On Compliance	27
Compliance Matrix	29
Schedule of Findings and Recommendations	32
EXIT CONFERENCE	33

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Santa Clarita, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F) and Transportation Development Act Article 8 Fund (TDAA8F) of the City of Santa Clarita, California (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F of the City of Santa Clarita, California, as of June 30, 2016, and the respective changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated December 7, 2015, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F and do not purport to, and do not, present fairly the financial position of the City of Santa Clarita, California, as of June 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santa Clarita, California's PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F Fund financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 7, 2016, on our consideration of the City of Santa Clarita's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

A handwritten signature in cursive script, reading 'Simpson & Simpson'.

Los Angeles, California
November 7, 2016

CITY OF SANTA CLARITA

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 841,673	\$ 400
Interest receivable	<u>65</u>	<u>-</u>
Total assets	<u><u>\$ 841,738</u></u>	<u><u>\$ 400</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>26,183</u>	\$ <u>400</u>
Total liabilities	<u>26,183</u>	<u>400</u>
 Fund Balance		
Restricted	<u>815,555</u>	<u>-</u>
Total fund balance	<u>815,555</u>	<u>-</u>
 Total liabilities and fund balance	<u><u>\$ 841,738</u></u>	<u><u>\$ 400</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

PROPOSITION A LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
REVENUES		
Proposition A	\$ 3,774,849	\$ 3,624,617
Proposition A incentive grant	815,312	-
Interest income	4,750	4,098
Unrealized gain on investments	162	4
Miscellaneous revenue	4,240	-
Total revenues	4,599,313	3,628,719
EXPENDITURES		
Various projects	3,783,758	3,628,714
Total expenditures	3,783,758	3,628,714
Excess of revenues over expenditures	815,555	5
Fund balance at beginning of year	-	(5)
Fund balance at end of year	\$ 815,555	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016			2015 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-15	Local and Commuter Bus Service	\$ 3,722,312	\$ 3,757,974	\$ (35,662)	\$ 3,600,708
160-04	Bus Stop Improvements (FTA Y276)	-	-	-	18,161
270-03	Share of assistance to the SFV/NCC Representative	9,845	-	9,845	9,845
390-01	Vista Canyon Metrolink Station	302,283	25,784	276,499	-
	Total expenditures	<u>\$ 4,034,440</u>	<u>\$ 3,783,758</u>	<u>\$ 250,682</u>	<u>\$ 3,628,714</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date Acquired	Description	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
10/2/2001	Land for Transit Maintenance	\$ 753,372	\$ -	\$ -	\$ 753,372
6/30/2002	Land for Rail Station	655,734	-	-	655,734
6/30/2002	Building - McBean Transit	438,496	-	-	438,496
6/30/2002	Building - McBean Transit	582,534	-	-	582,534
6/30/2003	McBean Transfer Station	1,360	-	-	1,360
12/31/2005	Rail Station Parking Expansion Improvement	76,117	-	-	76,117
12/31/2005	Rail Station Parking Expansion Improvement	15,623	-	-	15,623
12/31/2005	Rail Station Parking Expansion Improvement	82,471	-	-	82,471
6/30/2006	Transit Maintenance Facility	4,677,115	-	-	4,677,115
6/30/2009	Metrolink Restroom Improvement	34,566	-	-	34,566
6/30/2010	VP Metrolink Restroom	478,494	-	-	478,494
6/30/2010	VP Metrolink Restroom	517,225	-	-	517,225
6/30/2013	SC Bus Stop Expansion	4,664	-	-	4,664
6/30/2014	McBean Park and Ride	73,268	-	-	73,268
6/30/2014	Bus Stop Improvements	38,906	-	-	38,906
Total		\$ 8,429,945	\$ -	\$ -	\$ 8,429,945

See accompanying independent auditor's report.

CITY OF SANTA CLARITA

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 1,304,689	\$ 1,139,230
Interest receivable	<u>3,230</u>	<u>2,271</u>
Total assets	<u>\$ 1,307,919</u>	<u>\$ 1,141,501</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>66,889</u>	\$ <u>-</u>
Total liabilities	<u>66,889</u>	<u>-</u>
Fund Balance		
Restricted	<u>1,241,030</u>	<u>1,141,501</u>
Total fund balance	<u>1,241,030</u>	<u>1,141,501</u>
Total liabilities and fund balance	<u>\$ 1,307,919</u>	<u>\$ 1,141,501</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

PROPOSITION C LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
REVENUES		
Proposition C	\$ 3,083,571	\$ 2,965,880
Interest income	12,573	16,794
Unrealized gain on investments	10,547	8,732
Total revenues	3,106,691	2,991,406
EXPENDITURES		
Expenditure funded by PCLRF	2,949,519	4,024,899
Total expenditures	2,949,519	4,024,899
Excess (deficiency) of revenues over expenditures	157,172	(1,033,493)
Other financing uses		
Money returned to LACMTA for Prop C Grant Finding	(57,643)	-
Excess (deficiency) of revenues over expenditures and other financing uses	99,529	(1,033,493)
Fund balance at beginning of year	1,141,501	2,174,994
Fund balance at end of year	\$ 1,241,030	\$ 1,141,501

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
110-15	Local and Commuter Bus Service	\$ 4,154,000	\$ 2,832,184	\$ 1,321,816	\$ 4,023,244
400-01	ITS PH IV and Signal Synchronization	126,892	115,075	11,817	825
480-01	Administration	2,260	2,260	-	830
	Total expenditures	<u>\$ 4,283,152</u>	<u>\$ 2,949,519</u>	<u>\$ 1,333,633</u>	<u>\$ 4,024,899</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date Acquired	Description	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
2/13/1992	Mint Canyon River Park Parcel	\$ 80,000	\$ -	\$ -	\$ 80,000
6/29/1998	Transit Maintenance Facility	22,271	-	-	22,271
6/29/1998	McBean Transfer Station	8,848	-	-	8,848
	JHML 2nd Platform - SC Passenger				
6/29/1999	Amenities	52,498	-	-	52,498
6/29/1999	Transit Maintenance Facility Improvements	126,038	-	-	126,038
6/29/2000	Rail Station Parking Improvements	266,365	-	-	266,365
6/29/2000	JHML 2nd Platform - SC Passenger	102,341	-	-	102,341
6/29/2000	Transit Maintenance Station	419,662	-	-	419,662
6/29/2001	Rail Station Parking CI Program	1,331,313	-	-	1,331,313
6/29/2001	Transit Maintenance Facility - CI Program	829,138	-	-	829,138
6/29/2004	Incident Management Traveler Info	51,910	-	-	51,910
6/29/2005	07-08 Overlay Program	25,000	-	-	25,000
6/30/2008	Electronic Sign RR Crossing	48,079	-	-	48,079
6/29/2010	Golden Valley/Soledad Interchange	1,262	-	-	1,262
6/29/2010	San Fernando RD Pedestrian Facility	30,269	-	-	30,269
Total		\$ 3,394,994	\$ -	\$ -	\$ 3,394,994

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 4,485,942	\$ 4,575,912
Interest receivable	<u>11,105</u>	<u>9,122</u>
Total assets	\$ <u><u>4,497,047</u></u>	\$ <u><u>4,585,034</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>8,125</u>	\$ <u>50,642</u>
Total liabilities	<u>8,125</u>	<u>50,642</u>
 Fund Balance		
Restricted	<u>4,488,922</u>	<u>4,534,392</u>
Total fund balance	<u>4,488,922</u>	<u>4,534,392</u>
 Total liabilities and fund balance	\$ <u><u>4,497,047</u></u>	\$ <u><u>4,585,034</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

MEASURE R LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
REVENUES		
Measure R	\$ 2,349,773	\$ 2,255,405
Interest income	31,069	28,823
Unrealized gain on investments	37,757	1,680
Total revenues	<u>2,418,599</u>	<u>2,285,908</u>
EXPENDITURES		
Various projects	<u>2,464,069</u>	<u>66,148</u>
Total expenditures	<u>2,464,069</u>	<u>66,148</u>
Excess (deficiency) of revenues over expenditures	(45,470)	2,219,760
Fund balance at beginning of year	<u>4,534,392</u>	<u>2,314,632</u>
Fund balance at end of year	\$ <u><u>4,488,922</u></u>	\$ <u><u>4,534,392</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF SANTA CLARITA

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
1.05	2014-15 Overlay & Slurry (M0102)	\$ 2,557,874	\$ 2,464,069	\$ 93,805	\$ 66,148
1.05	2015-16 Federal Overlay Program (M0113)	100,000	-	100,000	-
4.20	Operating subsidy to existing operator	138,430	-	138,430	-
	Total expenditures	<u>\$ 2,796,304</u>	<u>\$ 2,464,069</u>	<u>\$ 332,235</u>	<u>\$ 66,148</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF SANTA CLARITA

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

BALANCE SHEETS

JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investment	\$ 196,006	\$ 186,266
Interest receivable	485	371
Due from other government	<u>11,102</u>	<u>-</u>
Total assets	<u><u>\$ 207,593</u></u>	<u><u>\$ 186,637</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 90,261	\$ 10,839
Wages payable	<u>2,428</u>	<u>-</u>
Total liabilities	<u>92,689</u>	<u>10,839</u>
Fund Balance		
Restricted	<u>114,904</u>	<u>175,798</u>
Total fund balance	<u>114,904</u>	<u>175,798</u>
Total liabilities and fund balance	<u><u>\$ 207,593</u></u>	<u><u>\$ 186,637</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
REVENUES		
Drawdown FY 2015-16 apportionment	\$ 133,231	\$ -
Payment from prior year reserve	12,502	280,638
Interest income	590	752
Unrealized gain on investments	1,619	186
Total revenues	147,942	281,576
EXPENDITURES		
Various projects	204,713	178,158
Total expenditures	204,713	178,158
Excess (deficiency) of revenues over expenditures	(56,771)	103,418
Other financing uses		
Funds returned to LACMTA	(4,123)	(5,164)
Excess (deficiency) of revenues over expenditures and other financing uses	(60,894)	98,254
Fund balance at beginning of year	175,798	77,544
Fund balance at end of year	\$ 114,904	\$ 175,798

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS**

For the Fiscal Year Ended June 30, 2016

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Sidewalk Repair	2016	\$ 133,231	\$ 89,116	\$ 44,115	Ongoing
Railroad Ave Class 1 Bike Trail	2015	6,407	85,462	(79,055)	Completed
Sand Canyon Trail Phase III	2015	6,096	30,135	(24,039)	Completed
Total		<u>\$ 145,734</u>	<u>\$ 204,713</u>	(58,979)	
Unexpended interest accumulated to date				2,208	
Fund returned to LACMTA				(4,123)	
Fund balance at beginning of year				<u>175,798</u>	
Fund balance at end of year				<u>\$ 114,904</u>	*

* The City has encumbered the remaining fund balance of \$114,904 for the Sidewalk Repair as of June 30, 2016.

See accompanying independent auditor's report.

CITY OF SANTA CLARITA

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

BALANCE SHEETS

JUNE 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investment	\$ 9,247,400	\$ 7,698,071
Interest receivable	<u>22,891</u>	<u>15,346</u>
Total assets	<u><u>\$ 9,270,291</u></u>	<u><u>\$ 7,713,417</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,427,204	\$ 240,523
Wages payable	<u>3,323</u>	<u>6,275</u>
Total liabilities	<u>1,430,527</u>	<u>246,798</u>
Fund Balance		
Restricted	<u>7,839,764</u>	<u>7,466,619</u>
Total fund balance	<u>7,839,764</u>	<u>7,466,619</u>
Total liabilities and fund balance	<u><u>\$ 9,270,291</u></u>	<u><u>\$ 7,713,417</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
REVENUES		
Payment from prior year reserve	\$ 8,979,414	\$ 7,968,453
Interest income	53,538	34,881
Unrealized gain on investments	73,906	20,973
Total revenues	9,106,858	8,024,307
EXPENDITURES		
Various projects	7,469,325	7,741,548
Total expenditures	7,469,325	7,741,548
Excess of revenues over expenditures	1,637,533	282,759
Other financing uses		
Funds returned to LACMTA	(1,264,388)	-
Excess of revenues over expenditures and other financing uses	373,145	282,759
Fund balance at beginning of year	7,466,619	7,183,860
Fund balance at end of year	\$ 7,839,764	\$ 7,466,619

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARITA

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS**

For the Fiscal Year Ended June 30, 2016

Project Description	Program Year	Allocations	Expenditures	Unexpended Allocations	Project Status
Local allocations					
14-15 Overlay & Slurry Program	2015	\$ 6,701,842	\$ 6,386,622	\$ 315,220	Ongoing
15-16 Overlay & Slurry Program	2016	2,219,000	311,195	1,907,805	Ongoing
Sand canyon road & VP Guardrails	2015	16,700	-	16,700	Ongoing
14-15 Sidewalk Repair	2015	544,740	533,545	11,195	Ongoing
14-15 Access Ramp Construction	2015	181,600	181,600	-	Completed
12-13 Federal Overlay Program	2013	-	(126,140)	126,140	Completed
15-16 Federal Overlay Program	2016	-	6,301	(6,301)	Completed
Lost Canyon Rd Bridge Widening	2013	160,365	122,353	38,012	Ongoing
2015-16 Circulation & Safety Program	2016	87,500	43,567	43,933	Ongoing
2013-14 Circulation & Safety Program	2016	178,500	-	178,500	Ongoing
Sierra Highway Br Over Sc Rvr	2015	189,321	24,090	165,231	Ongoing
Newhall 8th & 9th St. Ped Imp		-	(14,335)	14,335	Completed
2012-13 Bridge Maintenance Program	2013	2,001	(5,974)	7,975	Completed
2015-16 Sidewalk Repair	2016	5,890,644	-	5,890,644	Ongoing
2013-14 Highway Safety Improvement Program	2015	100,900	-	100,900	Ongoing
McBean Parkway Widening Over River	2013	146,420	-	146,420	Ongoing
Sidewalk Gap Closures	2015	20,000	-	20,000	Ongoing
Total		<u>\$ 16,439,533</u>	<u>\$ 7,462,825</u>	8,976,708	
Fund balance carried forward					
		(7,466,619)			
Transfers out:					
Reimbursement to General Fund		<u>6,500</u>	<u>6,500</u>	-	
		<u>\$ 8,979,414</u>	<u>\$ 7,469,325</u>	1,510,089	
Unexpended interest accumulated to date				127,444	
Fund returned to LACMTA				(1,264,388)	
Fund balance at beginning of year				7,466,619	
MTA - TDA Article 3 Reserve Account					
Fund balance at end of year				<u>\$ 7,839,764</u>	*

* This amount was encumbered as of June 30, 2016 for the above ongoing projects.

See accompanying independent auditor's report.

CITY OF SANTA CLARITA

NOTES TO FINANCIAL STATEMENTS **For the Fiscal Years Ended June 30, 2016 and 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F), and Transportation Development Act Article 8 Fund (TDAA8F) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20% respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF represents 15% of the ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

Transportation Development Act Article 3 Fund (TDAA3F) and Transportation Development Act Article 8 Fund (TDAA8F) is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 and 8 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, TDAA3F and TDAA8F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue funds are reported on a spending or "financial flow" measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF SANTA CLARITA

NOTES TO FINANCIAL STATEMENTS For the Fiscal Years Ended June 30, 2016 and 2015 (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's 2016 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F report the following fund balance classification as of June 30, 2016:

- Restricted – Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by LACMTA.

Information regarding the fund balance reporting policy adopted by the City is described in Note 1 to the City's Comprehensive Annual Financial Report.

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, and Transportation Development Act Article 3 & 8 and the Los Angeles County Metropolitan Transportation Authority Funding, and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds, and Allocation Guidelines for Transportation Development Act Article 8 transit and paratransit programs to fulfill unmet transit needs in areas outside the service area of LACMTA operations.

CITY OF SANTA CLARITA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2016 and 2015
(Continued)

NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs.

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Measure R Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234 and 99400 (a), funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities, transit and paratransit programs to fulfill unmet transit needs in areas outside the service area of LACMTA operations. See accompanying Compliance Matrix.

NOTE 6 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

NOTE 7 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT

The Proposition A Discretionary Incentive Grant amounting to \$815,312 for the year ended June 30, 2016, represent additional funds received from Metro for participating in the Voluntary NTD Program.

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

CITY OF SANTA CLARITA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2016 and 2015
(Continued)

NOTE 8 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
FY 2013-14 reserve	\$ -	\$ 135,363
Funds returned in FY 2013-14	-	16,448
FY 2014-15 allocation	6,407	128,827
Fund returned in FY 2014-15	6,095	
FY 2015-16 allocation	133,231	-
Total payment requested	\$ 145,733	\$ 280,638

NOTE 9 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2016 and 2015, the City has funds on reserve as follows:

	2016	2015
FY 2014-15 allocation	\$ -	\$ 6,407
FY 2015-16 allocation	-	-
Available reserve balance	\$ -	\$ 6,407

For FY 2015-16, any TDA Article 3 funds left on reserve for FY 2011-12 or prior, are subject to lapse if not claimed by the City by June 30, 2016. There were no funds that lapsed in FY 2015-16.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the City received the results of an audit conducted on the Sierra Highway Over The Railroad Grant in accordance with MOU P0006364. The audit report dated August 2016 required the City to return to Metro \$57,643 for overpayment on project S309. The City paid the \$57,643 to Metro on December 1, 2016.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the
City of Santa Clarita, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F), and Transportation Development Act Article 8 Fund (TDAA8F) of the City of Santa Clarita, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's local return funds, TDAA3F and TDAA8F financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify any deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

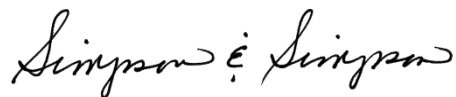


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F), and Transportation Development Act Article 8 Fund (TDAA8F) are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'Simpson & Simpson'.

Los Angeles, California
November 7, 2016

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Independent Auditor's Report On Compliance

To the Honorable Members of the City Council of the
City of Santa Clarita, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Santa Clarita, California (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (Guidelines) and Transportation Development Act Article 8 Funds (Guidelines) for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for the City's compliance with those guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a local return program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Each Local Return Program, Transportation Development Act Article 3 and Transportation Development Act Article 8

In our opinion, the City of Santa Clarita complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Transportation Development Act Article 3 (TDAA3F), and Transportation Development Act Article 8 (TDAA8F) Fund for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding No. 2016-001. Our opinion on each local return program is not modified with respect to this matter.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

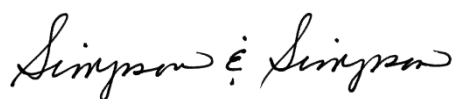
Report on Internal Control Over Compliance

Management of the City of Santa Clarita is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs, the TDAA3F and the TDAA8F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.



Los Angeles, California
November 7, 2016

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2016

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
A. Proposition A and Proposition C Local Return Funds					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Expenditures did not exceed 25% of Metro's approved budget.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	All on-going and carryover projects were reported in Form B.	X		None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X		None	
8.	Annual Expenditure Report (Form C) was submitted on time.	X		None	
9.	Recreational Transit Form was submitted on time.	N/A		None	
10.	Cash or cash equivalents were maintained.	X		None	
11.	Accounting procedures, record keeping and documentation were adequate.	X		None	

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2016
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
12.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	
B. Measure R Local Return Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Fund were not substituted for property tax.	X		None	
5.	Administrative expenses were within the 20% cap.	N/A		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.	X		None	

N/A - Not applicable as the City did not expend funds.

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2016
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
10.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the Measure R account.	X		None	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	
C. Transportation Development Act Article 3 Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None	
D. Transportation Development Act Article 8 Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were incurred for transit, paratransit, and local streets and roads.		X	\$7,670	See Finding 2016-001 on the Summary of Findings and Recommendations.

CITY OF SANTA CLARITA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2016

TDA 8 - Finding No. 2016-001

Finding	Entity
Compliance Reference	According to Transportation Development Act (TDA) Article 8 Guidelines, Section 3 paragraph (c), "On construction projects, all expenditures charged to the Article 8 fund or recorded in the Article 8 accounts in the gas tax fund must be supported by a warrant or other source document clearly showing that the payment for the expenditure was made in the same fiscal year as the charge to the fund, and that the source document (invoice, requisition, timesheet, equipment rental charge, etc.) clearly identifies the project. The above source documents, together with the books, must be official records of the claimant and should be retained by the claimant for three years after project completion or expenditure of funds for auditing purposes."
Condition	To support the propriety of expenditures being charged to the TDA 8 Fund, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers. The City accrued expenditure to Nichols Consulting Engineers, CHTD that was in excess of the actual invoice by \$7,670. Therefore, this amount is not properly supported by an invoice and cancelled check.
Cause	The items/services provided by Nichols Consulting Engineers, CHTD originally charged to the fund were based on an email stating the amount to be charged to the City. However, once the City obtained the invoice it was \$7,670 less than previously stated causing an overstatement of expenditures.
Effect	The unsupported expenditures resulted in questioned costs of \$7,670 for TDA 8.
Recommendation	In accordance with the Guidelines, we recommend that the City reimburse its TDA 8 account in the amount of \$7,670. In addition, we recommend that the City establish controls to ensure that the costs charged to the TDA 8 fund are adequately supported by contracts, invoices, canceled checks or similar documentation so that TDA expenditures are in compliance with the Guidelines.
Management's Response	The City of Santa Clarita does not agree with Finding No. 16-01. The City's practice is to accrue expenditures based on estimates using all available information at the time of the accrual when an invoice is not available. Project managers contact vendors directly to obtain estimates of pending invoices. The accrual was posted for \$49,650 and the actual invoice received was for \$41,980 for a difference of \$7,670. The City does not adjust accruals after an invoice has been received as CIP projects are multi-year projects. If there is a difference between the accrual recorded and the actual invoice amount, the difference will simply offset expenditures in the next year. If the accrual had been posted for \$41,980, the remaining balance of \$7,670 would have remained encumbered which is eligible to be drawn per TDA guidelines. The difference between the accrual and actual invoice is immaterial and will be spent in FY 2016-17.
Auditor Rejoinder	The City's response to the finding does not dispute the fact that the City overcharged the TDA Article 8 Fund based upon an estimated accrual. The accrual should have been adjusted to the actual expense after the invoice was received, and the TDA Article 8 Fund's cash and expenses adjusted accordingly. The recommendation is appropriate and the excess charged should be reimbursed to the TDA Article 8 Fund.

EXIT CONFERENCE

CITY OF SANTA CLARITA

**PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**

EXIT CONFERENCE

June 30, 2016

An exit conference was held on November 30, 2016 with the City of Santa Clarita. Those in attendance were:

Simpson & Simpson Representative:

Caprice McGuire, Senior Auditor

City's Representative:

Lisett Bautista, Financial analyst

Matters Discussed:

Results of the audit, one finding was noted

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report: