

**CITY OF SANTA CLARITA
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
MEASURE M LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 8 FUND**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2020 AND 2019**



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:	
Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	14
Measure M Local Return Fund:	
Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	17
Schedule of Capital Assets	18
Transportation Development Act Article 3 Fund:	
Financial Statements:	
Balance Sheets	19
Statements of Revenues, Expenditures and Changes in Fund Balance	20
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	21
Transportation Development Act Article 8 Fund:	
Financial Statements:	
Balance Sheets	22
Statements of Revenues, Expenditures and Changes in Fund Balance	23
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	24

CITY OF SANTA CLARITA
TABLE OF CONTENTS
(Continued)

Notes to Financial Statements	25
Independent Auditor’s Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on Audit of Financial Statements performed in Accordance with <i>Government Auditing Standards</i>	30
COMPLIANCE SECTION	
Independent Auditor’s Report on Compliance	32
Compliance Matrix	34
Schedule of Findings and Recommendations	38
EXIT CONFERENCE	39

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), Measure M Local Return Fund (MMLRF), Transportation Development Act Article 3 Fund (TDAA3F), and Transportation Development Act Article 8 Fund (TDAA8F) (collectively, the Funds), of the City of Santa Clarita, California (the City) as of and for the years ended June 30, 2020 and 2019, 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 audits. We conducted our audits 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.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF , TDAA3F and TDAA8F of the City of Santa Clarita, California, as of June 30, 2020 and 2019, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF, TDAA3F and TDAA8F of the City and do not purport to, and do not, present fairly the financial position of the City of Santa Clarita, California, as of June 30, 2020 and 2019, and the changes in its financial position 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 audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. 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 Funds' financial statements. Such 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 Funds' financial statements or to the Funds' 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 each of the Funds' financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 10, 2020, on our consideration of the City's internal control over the Funds' 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 the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' 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 the Funds' financial reporting and compliance.

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

Los Angeles, California
December 10, 2020

CITY OF SANTA CLARITA
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 8,702,839	\$ 4,605,202
Interest receivable	<u>27,673</u>	<u>18,353</u>
Total assets	<u>\$ 8,730,512</u>	<u>\$ 4,623,555</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,121	\$ 3,080
Wages payable	<u>78</u>	<u>1,664</u>
Total liabilities	<u>2,199</u>	<u>4,744</u>
 Fund Balance		
Restricted	<u>8,728,313</u>	<u>4,618,811</u>
Total fund balance	<u>8,728,313</u>	<u>4,618,811</u>
Total liabilities and fund balance	<u>\$ 8,730,512</u>	<u>\$ 4,623,555</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

	2020	2019
REVENUES		
Proposition A	\$ 4,182,055	\$ 4,343,464
Interest income	177,648	49,531
Unrealized gain on investments	137,233	34,054
Total revenues	4,496,936	4,427,049
 EXPENDITURES		
Various projects	387,434	71,916
Total expenditures	387,434	71,916
 Excess of revenues over expenditures	4,109,502	4,355,133
 Fund balance at beginning of year	4,618,811	263,678
 Fund balance at end of year	\$ 8,728,313	\$ 4,618,811

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-15	Local and Commuter Bus Service	\$ 3,500,955	\$ -	\$ 3,500,955	-
390-01	Vista Canyon Metrolink Station (T33020)	583,362	168,979	414,383	71,916
390-02	Vista Canyon Transit Bus Transfer Station (T3021)	1,002,651	218,455	784,196	-
	Total expenditures	\$ 5,086,968	\$ 387,434	\$ 4,699,534	\$ 71,916

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
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	98,094 *	-	174,211
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	517,225 **	-	995,719
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 \$		<u>8,429,945</u>	<u>\$ 615,319</u>	<u>\$ 615,319</u>	<u>\$ 8,429,945</u>

* Rail Station Parking Expansion Improvements were completed on 12/31/2005 in the amounts of \$15,623,\$82,471 and \$76,117. These improvements were combined together to conform with the City's records.

** VP Metrolink Restrooms were completed on 6/30/2010 in the amounts of \$478,494 and \$517,225. These restrooms were combined together to conform with the City's records.

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 6,880,805	\$ 3,562,727
Interest receivable	21,880	14,166
Total assets	<u>\$ 6,902,685</u>	<u>\$ 3,576,893</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 29,429	\$ 102,637
Total liabilities	<u>29,429</u>	<u>102,637</u>
 Fund Balance		
Restricted	<u>6,873,256</u>	<u>3,474,256</u>
Total fund balance	<u>6,873,256</u>	<u>3,474,256</u>
Total liabilities and fund balance	<u>\$ 6,902,685</u>	<u>\$ 3,576,893</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

	2020	2019
REVENUES		
Proposition C	\$ 3,469,022	\$ 3,602,781
Interest income	138,226	69,172
Unrealized gain on investments	109,056	79,155
Total revenues	3,716,304	3,751,108
 EXPENDITURES		
Various projects	317,304	4,047,518
Total expenditures	317,304	4,047,518
 Excess (deficiency) of revenues over expenditures	3,399,000	(296,410)
 Fund balance at beginning of year	3,474,256	3,770,666
 Fund balance at end of year	\$ 6,873,256	\$ 3,474,256

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-15	Local and Commuter Bus Service	\$ 4,902,309	\$ -	\$ 4,902,309	\$ 3,850,825
400-01	ITS PH IV and Signal Synchronization (I0009)	-	-	-	22,821
400-02	ITS PH V and Signal Synchronization (C00048)	227,343	226,950	393	52,837
400-03	ITS PH VII and Signal Synchronization (C0052)	510,564	48,576	461,988	25,320
400-04	ITS PH VII & Signal Synchronization (C0054) (previously C0052)	390,324	41,778	348,546	95,715
	Total expenditures	\$ <u>6,030,540</u>	\$ <u>317,304</u>	\$ <u>5,713,236</u>	\$ <u>4,047,518</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
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
6/29/1999	JHML 2nd Platform - SC Passenger 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 *	-
6/29/2008	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 \$		<u>3,394,994</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 3,369,994</u>

* The deletion is a maintenance related expenditure which was incorrectly recorded as a capital asset in the prior year.

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Cash and investments	\$ 4,384,683	\$ 8,880,954
Interest receivable	13,942	35,325
Total assets	\$ 4,398,625	\$ 8,916,279
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 118,969	\$ 1,195,387
Wages payable	19	3,305
Total liabilities	118,988	1,198,692
 Fund Balance		
Restricted	4,279,637	7,717,587
Total fund balance	4,279,637	7,717,587
Total liabilities and fund balance	\$ 4,398,625	\$ 8,916,279

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

	2020	2019
REVENUES		
Measure R	\$ 2,598,046	\$ 2,702,863
Interest income	136,802	142,943
Unrealized gain on investments	27,184	177,704
Total revenues	2,762,032	3,023,510
 EXPENDITURES		
Various projects	6,199,982	1,685,384
Total expenditures	6,199,982	1,685,384
 Excess (deficiency) of revenues over expenditures	(3,437,950)	1,338,126
 Fund balance at beginning of year	7,717,587	6,379,461
 Fund balance at end of year	\$ 4,279,637	\$ 7,717,587

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	2017-18 Sidewalk Repair (M0125)	\$ -	\$ -	\$ -	\$ 117,404
1.05	2018-19 Concrete Rehab Prog (M0129)	2,249	-	2,249	380,270
1.05	2018-19 Overlay & Slurry (M0128)	7,077,672	6,032,589	1,045,083	480,724
1.05	2019-20 Overlay & Slurry (M0131)	2,354,344	-	2,354,344	-
1.05	2019-20 Concrete Rehab (M0133)	435,772	144,160	291,612	-
1.05	Ave Scott Trail Connections (T1017)	21,956	1	21,955	-
1.05	Sierra Hwy Ped Improv at Golden Valley Rd (S3031)	118,359	23,232	95,127	706,986
	Total expenditures	\$ <u>10,010,352</u>	\$ <u>6,199,982</u>	\$ <u>3,810,370</u>	\$ <u>1,685,384</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2020	2019
ASSETS		
Cash and investments	\$ 7,603,309	\$ 5,451,931
Interest receivable	24,177	21,698
Total assets	\$ 7,627,486	\$ 5,473,629
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 19,622	\$ 77
Wages payable	1,585	1,252
Total liabilities	21,207	1,329
 Fund Balance		
Restricted	7,606,279	5,472,300
Total fund balance	7,606,279	5,472,300
Total liabilities and fund balance	\$ 7,627,486	\$ 5,473,629

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

CITY OF SANTA CLARITA
MEASURE M LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2020	2019
REVENUES		
Measure M	\$ 2,920,349	\$ 3,048,284
Interest income	187,048	80,616
Unrealized gain on investments	110,783	73,801
Total revenues	3,218,180	3,202,701
 EXPENDITURES		
Various projects	1,084,201	18,060
Total expenditures	1,084,201	18,060
 Excess of revenues over expenditures	2,133,979	3,184,641
 Fund balance at beginning of year	5,472,300	2,287,659
 Fund balance at end of year	\$ 7,606,279	\$ 5,472,300

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

CITY OF SANTA CLARITA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Citywide ped RIRd	\$ 35,000	\$ 34,996	\$ 4	\$ -
1.05	2018-19 Overlay & Slurry (M0128)	507,624	507,624	-	-
1.05	2019-20 Overlay & Slurry (M0131)	5,331,898	445,581	4,886,317	-
1.05	Sidewalk Gap Closures (T0053)	96,940	96,000	940	18,060
	Total expenditures	\$ 5,971,462	\$ 1,084,201	\$ 4,887,261	\$ 18,060

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2020

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2020</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

	2020	2019
ASSETS		
Cash and investment	\$ 420,398	\$ 280,095
Interest receivable	9,575	1,116
Due from Metro	12,811	10,898
Total assets	\$ 442,784	\$ 292,109
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 7,020
Due to Metro	418,961	253,410
Total liabilities	418,961	260,430
 Fund Balance		
Restricted	23,823	31,679
Total fund balance	23,823	31,679
Total liabilities and fund balance	\$ 442,784	\$ 292,109

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

	2020	2019
REVENUES		
TDA 3 (Note 10)	\$ 1,490	\$ (4,010)
Interest income	2,346	1,232
Unrealized gain on investments	6,418	4,443
Total revenues	10,254	1,665
EXPENDITURES		
Various projects	18,110	17,114
Total expenditures	18,110	17,114
Deficiency of revenues over expenditures	(7,856)	(15,449)
Fund balance at beginning of year	31,679	47,128
Fund balance at end of year	\$ 23,823	\$ 31,679

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

CITY OF SANTA CLARITA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
For the Fiscal Year Ended June 30, 2020

Project Description	Program Year	Allocations	Expenditures	Unexpended Allocations	Project Status
Local allocations					
Railroad Ave Class 1 Bike Trail	2015	\$ 17,948	\$ -	\$ 17,948	Ongoing
Soledad Cyn / GVR Bike Path	2017	151,971	309	151,662	Ongoing
Ave Scott Trail Connection	2018	108,354	17,328	91,026	Ongoing
Sand Cyn Trail PH III	2018	170,515	473	170,042	Ongoing
Total		<u>\$ 448,788</u>	<u>\$ 18,110</u>	<u>430,678</u>	
Less: Fund balance carried forward				(31,679)	
Unexpended interest accumulated to date				12,106	
Funds returned to Metro				(418,961) *	
Fund balance at beginning of year				<u>31,679</u>	
Fund balance at end of year				<u>\$ 23,823</u> **	

* Funds returned included unused TDA 3 funds of \$415,619 and interest income earned of \$3,342. See Note 10.

** The City has encumbered the remaining fund balance of \$23,823 for Ave Scott Trail Connection and Railroad Ave Class 1 Bike Trail projects as of June 30, 2020.

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

	2020	2019
ASSETS		
Cash and investments	\$ 1,579,861	\$ 1,340,670
Interest receivable	5,605	7,418
Total assets	\$ 1,585,466	\$ 1,348,088
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 316,020	\$ 303,609
Wages payable	826	2,410
Due to Metro	9,754	4,859
Total liabilities	326,600	310,878
 Fund Balance		
Restricted	1,258,866	1,037,210
Total fund balance	1,258,866	1,037,210
Total liabilities and fund balance	\$ 1,585,466	\$ 1,348,088

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

CITY OF SANTA CLARITA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2020	2019
REVENUES		
TDA 8 (Note 10)	\$ 1,878,161	\$ 2,293,868
Interest income	31,045	33,156
Unrealized gain on investments	21,840	122,308
Total revenues	1,931,046	2,449,332
 EXPENDITURES		
Various projects	1,522,982	5,496,273
Total expenditures	1,522,982	5,496,273
 Excess (deficiency) of revenues over expenditures	408,064	(3,046,941)
 OTHER FINANCING USES		
Transfer to Transit Fund	-	(738,472)
Transfer to Gas Tax Fund	(182,802)	(459,346)
Transfer to General Fund	(3,606)	(3,702)
Total other financing uses	(186,408)	(1,201,520)
 Excess (deficiency) of revenues over expenditures and other financing uses	221,656	(4,248,461)
 Fund balance at beginning of year	1,037,210	5,285,671
 Fund balance at end of year	\$ 1,258,866	\$ 1,037,210

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

CITY OF SANTA CLARITA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
For the Fiscal Year Ended June 30, 2020

Project Description	Program Year	Allocations	Expenditures	Unexpended Allocations	Project Status
Local allocations					
2015-16 Median Mod Construction	2019	\$ 31,808	\$ (12,301) *\$	44,109	Completed
Systemic Safety Analysis Program	2018	1,489	1,489	-	Completed
Battery Back Up Install (2019-20) PH 2	2020	135,000	116,072	18,928	Completed
2019-20 Circulation Improvement	2020	160,000	97,633	62,367	Ongoing
2019-20 Intersection N Enhancement	2020	140,000	47,047	92,953	Ongoing
2019-20 Intersection Impr	2020	120,000	107,485	12,515	Completed
Traffic Signal Annex - Upgrade	2020	258,200	244,961	13,239	Completed
2019-20 ADA Access Ramps	2020	50,000	-	50,000	Ongoing
2017-18 Overlay & Slurry	2018	864,834	169,701	695,133	Ongoing
2017-18 Bridge Maint Prog	2018	86,996	9,544	77,452	Ongoing
2018-19 Overlay And Slurry	2020	45,000	45,000	-	Completed
2019-20 Overlay And Slurry	2021	-	-	-	Ongoing
2019-20 Thermoplastic Ln	2020	120,000	76,565	43,435	Ongoing
Ave Rotella Refurbishment	2019	43,613	43,613	-	Completed
Dockweiler Dr. Alignment (Design)	2006	787,938	560,823	227,115	Ongoing
Sierra Hwy Br Over SC River	2013	22,673	9,552	13,121	Ongoing
Sierra Hwy Constability	2019	33,666	58	33,608	Ongoing
Safe Routes to School	2017	5,740	5,740	-	Ongoing
Soledad Cyn / GVR Bike Path	2019	14,503	-	14,503	Ongoing
Sub-total		<u>2,921,460</u>	<u>1,522,982</u>	<u>1,398,478</u>	
Transfer to Gas Tax (Note 9)		-	182,802	(182,802)	
Transfer to General Fund		3,606	3,606	-	
Total		<u>\$ 2,925,066</u>	<u>\$ 1,709,390</u>	<u>1,215,676</u>	
Less: Fund balance carried forward				(1,037,210)	
Unexpended interest accumulated to date				52,944	
Funds returned to Metro				(9,754) **	
Fund balance at beginning of year				<u>1,037,210</u>	
Fund balance at end of year				<u>\$ 1,258,866</u> ***	

* The 2015-16 Median Mod Construction Project is co-funded by CalTrans Grant. During the close-out of the project, the City transferred expenditures paid in prior years from TDA Article 8 to Federal Grant Fund in order to maximize the use of CalTrans Grant.

** Funds returned included unused TDA 8 funds of \$9,696 and interest of \$58. See Note 10.

*** The City has encumbered the remaining fund balance of \$1,258,866 as of June 30, 2020 for various projects.

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), Transportation Development Act Article 3 Fund (TDAA3F) and Transportation Development Act Article 8 Fund (TDAA8F) (collectively, the Funds) 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 is derived from 15% of a county-wide 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.

MMLRF is derived from 17% of a county-wide 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.

TDAA3F and TDAA8F are Special Revenue Funds that account 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, MMLRF, 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 the 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. The statement of revenues, expenditures and changes in fund balances for Special Revenue Funds generally presents increases (revenue 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, 2020 and 2019
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

In accordance with Governmental Accounting Standard Board (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 investment at fair value and recognizes unrealized gain (loss) on investments.

Refer to City's 2020 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment policy and fair value measurement.

Fund Balance Reporting

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 resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF TDAA3F and TDAA8F report the following fund balance classification as of June 30, 2020:

- Restricted – Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).

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

Reclassification

Certain reclassifications have been made to fiscal year 2019 amounts in order to conform to the fiscal year 2020 presentation. Such reclassifications had no effect on the previously reported change in fund balance.

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF, TDAA3F and TDAA8F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Measure M Local Return Program Guidelines, the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act (TDA) Article 3 Bicycle and Pedestrian Funds, and the Los Angeles County Metropolitan Transportation Authority Guidelines to the Administration of TDA Article 8.

CITY OF SANTA CLARITA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(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. See accompanying Compliance Matrix.

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. See accompanying Compliance Matrix.

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance, known as Measure M. In accordance with Measure M Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 – TDA ARTICLE 3 COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 – TDA ARTICLE 8 COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99400, funds received pursuant to this Code's section may only be used for activities relating to transit, paratransit, and local streets and roads, including facilities for the exclusive use of pedestrians and bicycles to fulfill unmet transit needs in areas outside the service area of Metro operations. See accompanying Compliance Matrix.

NOTE 8 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF, TDAA3F and TDAA8F's cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash and investments 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.

CITY OF SANTA CLARITA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 9 – TRANSFERS TO TRANSIT FUND AND GAS TAX FUND – TRANSPORTATION DEVELOPMENT ACT FUND 8

During the fiscal years ended June 30, 2020 and 2019, TDA Article 8 Fund transferred \$182,802 and \$459,346 respectively to Gas Tax Fund to fund local streets, highways and roads improvements and maintenance costs, and \$0 and \$738,472 respectively to Transit Fund to support transit operations.

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the fiscal years ended June 30, 2020 and 2019 consisted of the following:

TDA Article 3 Fund

	2020	2019
FY 2017-18 allocation	\$ 120,834	\$ 116,824
FY 2018-19 allocation	146,636	130,782
FY 2019-20 allocation	149,639	-
Less: funds returned to Metro	(415,619)	(251,616)
Total payments requested	<u>\$ 1,490</u>	<u>\$ (4,010)</u>

TDA Article 8 Fund

	2020	2019
FY 2017-18 allocation	\$ 1,887,857	\$ 2,298,528
Less: funds returned to Metro	(9,696)	(4,660)
Total payments requested	<u>\$ 1,878,161</u>	<u>\$ 2,293,868</u>

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with state 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, 2020, and 2019, the City has funds on reserve as follows:

TDA Article 3 Fund

	2020	2019
FY 2017-18 allocation	\$ 119,344	\$ 120,834
FY 2018-19 allocation	146,636	146,636
FY 2019-20 allocation	155,627	-
Available reserve balance	<u>\$ 421,607</u>	<u>\$ 267,470</u>

CITY OF SANTA CLARITA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED (Continued)

For fiscal year 2019-20, any TDA Article 3 funds left on reserve for FY 2015-16 or prior, are subject to lapse if not by claimed by the City by June 30, 2020. There no funds lapsed in FY 2019-20.

TDA Article 8 Fund

	2020	2019
FY 2017-18 allocation	\$ 1,695,941	\$ 3,574,102
FY 2018-19 allocation	8,651,483	8,651,483
FY 2019-20 allocation	9,170,814	-
Available reserve balance	\$ 19,518,238	\$ 12,225,585

For fiscal year 2019-20, any TDA Article 8 funds left on reserve for FY 2015-16 or prior, are subject to lapse if not by claimed by the City by June 30, 2020. There no funds lapsed in FY 2019-20.

NOTE 12 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

The City has evaluated events or transactions that occurred subsequent to June 30, 2020 through December 10, 2020, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



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, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, Transportation Development Act Article 3 Fund and Transportation Development Act Article 8 Fund (collectively, the Funds) of the City of Santa Clarita, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the Funds’ 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 Funds’ 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 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 all 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, Transportation Development Act Article 3 and Transportation Development Act Article 8 Fund financial statements 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 audits, 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 10, 2020

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 (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds, and the Los Angeles County Metropolitan Transportation Authority Guidelines to the Administration of Transportation Development Act Article 8 (collectively, the Guidelines) for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for the City's compliance with the 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 Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program, and Transportation Development Act Articles 3 and 8 programs 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 with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

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

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2020.



Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 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 Guidelines 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 Guidelines 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.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 10, 2020

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2020

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).			X	None	There were no expenditures that exceeded 25% of approved project budget.
5.	Administrative expenditures are within the 20% cap of the total annual Local Return Expenditures.			X	None	There were no administrative expenditures in FY 2019/20.
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.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping and documentation are adequate.	X			None	
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	X			None	
14.	Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2019/20.

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes	X			None	
2.	Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings was on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds	X			None	
10.	Administrative expenditures are within the 20% cap.			X	None	There were no administrative expenditures in FY 2019/20.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2019/20.
12.	A separate account was established for capital reserve funds and capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY2019/20.
13.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2019/20.

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY 2019/20.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2019/20.
12.	A separate account was established for capital reserve funds and capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY2019/20.
13.	Recreational transit form was submitted timely.			X	None	There was no recreational transit in FY 2019/20.

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
D. 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	
E. Transportation Development Act Article 8 Fund						
1.	Timely use of funds.	X			None	
2.	Expenditures were incurred for activities relating to transit, paratransit and local streets and roads.	X			None	

CITY OF SANTA CLARITA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2020

No findings were noted.

EXIT CONFERENCE

CITY OF SANTA CLARITA
PROPOSITION A, PROPOSITION C, MEASURE R, MEASURE M LOCAL RETURN FUNDS,
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND, AND TRANSPORTATION
DEVELOPMENT ACT ARTICLE 8 FUND
EXIT CONFERENCE
June 30, 2020

An exit conference was held on December 22, 2020 with the City of Santa Clarita. Those in attendance were:

Simpson & Simpson Representative:

May Yi, Audit Senior

City's Representative:

Puujee Wrinkle, Financial Analyst

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and no non-compliance issue with Metro Guidelines.

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

Puujee Wrinkle, Financial Analyst

Simpson & Simpson, LLP
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF SANTA CLARITA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, Transportation Development Act Article 3 Fund and Transportation Development Act Article 8 Fund for the fiscal years ended June 30, 2020 and 2019 for the City of Santa Clarita and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date