

***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, 2018 AND 2017***

***AND MEASURE M LOCAL RETURN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

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FINANCIAL SECTION



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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) (collectively, the Funds), of the City of Santa Clarita, California (the City) as of and for the years ended June 30, 2018 and 2017, and Measure M Local Return Fund (MMLRF) (the Fund) of the City of Santa Clarita, California (the City) as of and for the year ended June 30, 2018, 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 an opinion 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 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, TDAA3F and TDAA8F of the City of Santa Clarita California, as of June 30, 2018 and 2017, and MMLRF of the City of Santa Clarita, California, as of June 30, 2018, 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, 2018 and 2017, 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 November 1, 2018, 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 18, 2018

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

	2018	2017
ASSETS		
Cash and investments	\$ 265,147	\$ 1,291,149
Interest receivable	1,131	284
Total assets	\$ 266,278	\$ 1,291,433
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,600	\$ 400
Total liabilities	2,600	400
 Fund Balance		
Restricted	263,678	1,291,033
Total fund balance	263,678	1,291,033
Total liabilities and fund balance	\$ 266,278	\$ 1,291,433

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

	2018	2017
REVENUES		
Proposition A	\$ 4,096,462	\$ 3,890,902
Interest income	13,285	22,560
Unrealized gain (loss) on investments	696	(5,384)
Total revenues	4,110,443	3,908,078
Various projects	5,137,798	2,617,288
Total expenditures	5,137,798	2,617,288
(Deficiency) excess of revenues (under) over expenditures	(1,027,355)	1,290,790
Fund balance at beginning of year	1,291,033	243
Fund balance at end of year	\$ 263,678	\$ 1,291,033

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, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-15	Local and Commuter Bus Service	\$ 5,169,660	\$ 5,067,401	\$ 102,259	\$ 2,483,864
390-01	Vista Canyon Metrolink Station	215,791	70,397	145,394	133,424
390-02	Vista Canyon Transit Bus Transfer Station	1	-	1	-
	Total expenditures	\$ <u>5,385,452</u>	\$ <u>5,137,798</u>	\$ <u>247,654</u>	\$ <u>2,617,288</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
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	<u>\$ 8,429,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,429,945</u>

See accompanying independent auditor's report.

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

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 3,773,022	\$ 2,964,968
Interest receivable	14,088	652
Total assets	<u>\$ 3,787,110</u>	<u>\$ 2,965,620</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 16,444	\$ 2,596
Total liabilities	<u>16,444</u>	<u>2,596</u>
 Fund Balance		
Restricted	<u>3,770,666</u>	<u>2,963,024</u>
Total fund balance	<u>3,770,666</u>	<u>2,963,024</u>
Total liabilities and fund balance	<u>\$ 3,787,110</u>	<u>\$ 2,965,620</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

	<u>2018</u>	<u>2017</u>
REVENUES		
Proposition C	\$ 3,446,730	\$ 3,178,413
Interest income	44,123	25,240
Unrealized loss on investments	<u>(44,370)</u>	<u>(19,962)</u>
Total revenues	<u>3,446,483</u>	<u>3,183,691</u>
 EXPENDITURES		
Various projects	<u>2,638,841</u>	<u>1,461,697</u>
Total expenditures	<u>2,638,841</u>	<u>1,461,697</u>
 Excess of revenues over expenditures	 807,642	 1,721,994
 Fund balance at beginning of year	 <u>2,963,024</u>	 <u>1,241,030</u>
 Fund balance at end of year	 <u>\$ 3,770,666</u>	 <u>\$ 2,963,024</u>

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, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-15	Local and Commuter Bus Service	\$ 4,070,969	\$ 2,567,131	\$ 1,503,838	\$ 1,304,217
390-02	Vista Canyon Transit Bus Transfer Station	1	-	1	-
400-01	ITS PH IV and Signal Synchronization	39,589	16,768	22,821	124,038
400-02	ITS PH V and Signal Synchronization	309,862	29,683	280,179	33,442
400-03	ITS PH VII and Signal Synchronization	90,552	25,259	65,293	-
	Total expenditures	\$ <u>4,510,973</u>	\$ <u>2,638,841</u>	\$ <u>1,872,132</u>	\$ <u>1,461,697</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
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>\$ -</u>	<u>\$ 3,394,994</u>

See accompanying independent auditor's report.

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

	2018	2017
ASSETS		
Cash and investments	\$ 7,079,612	\$ 6,800,719
Interest receivable	30,211	1,496
Total assets	\$ 7,109,823	\$ 6,802,215
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 730,362	\$ 21,492
Total liabilities	730,362	21,492
 Fund Balance		
Restricted	6,379,461	6,780,723
Total fund balance	6,379,461	6,780,723
Total liabilities and fund balance	\$ 7,109,823	\$ 6,802,215

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

	<u>2018</u>	<u>2017</u>
REVENUES		
Measure R	\$ 2,544,996	\$ 2,421,136
Interest income	101,243	74,902
Unrealized loss on investments	(93,362)	(54,909)
Total revenues	<u>2,552,877</u>	<u>2,441,129</u>
 EXPENDITURES		
Various projects	<u>2,954,139</u>	<u>149,328</u>
Total expenditures	<u>2,954,139</u>	<u>149,328</u>
 (Deficiency) excess of revenues (under) over expenditures	 (401,262)	 2,291,801
 Fund balance at beginning of year	 <u>6,780,723</u>	 <u>4,488,922</u>
 Fund balance at end of year	 <u>\$ 6,379,461</u>	 <u>\$ 6,780,723</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, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	2015-16 Federal Overlay Program (M0113)	\$ -	\$ -	\$ -	\$ 74,403
1.05	2016-17 Overlay & Slurry (M0115)	2,366,098	2,339,835	26,263	74,925
1.05	2017-18 Overlay & Slurry (M0124)	146,475	-	146,475	-
1.05	2017-18 Sidewalk Repair (M0125)	715,000	614,304	100,696	-
1.05	Ave Scott Trail Connection (T1017)	58,568	-	58,568	-
1.05	Sdierra HWY Ped AT GGR (S3031)	825,345	-	825,345	-
	Total expenditures	\$ <u>4,111,486</u>	\$ <u>2,954,139</u>	\$ <u>1,157,347</u>	\$ <u>149,328</u>

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

		2018
ASSETS		
Cash and investments	\$	2,277,938
Interest receivable		9,721
Total assets	\$	2,287,659
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$	-
Total liabilities		-
 Fund Balance		
Restricted		2,287,659
Total fund balance		2,287,659
Total liabilities and fund balance	\$	2,287,659

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

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

	2018
REVENUES	
Measure M	\$ 2,306,349
Interest income	20,201
Unrealized loss on investments	(38,891)
Total revenues	2,287,659
 EXPENDITURES	
Various projects	-
Total expenditures	-
 Excess of revenues over expenditures	 2,287,659
Fund balance at beginning of year	-
Fund balance at end of year	\$ 2,287,659

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, 2018

Project Code	Project Name	2018		Variance
		Metro Budget	Actual	Favorable (Unfavorable)
None		\$ -	\$ -	\$ -
	Total expenditures	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2018</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

	2018	2017
ASSETS		
Cash and investments	\$ 155,066	\$ -
Interest receivable	662	-
Due from Metro	10,676	139,784
Total assets	\$ 166,404	\$ 139,784
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 119,276	\$ 13,753
Due to Metro	-	19,910
Due to other funds	-	21,894
Wages payable	-	402
Total liabilities	119,276	55,959
 Fund Balance		
Restricted	47,128	83,825
Total fund balance	47,128	83,825
Total liabilities and fund balance	\$ 166,404	\$ 139,784

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

	2018	2017
REVENUES		
TDA 3	\$ 51,733	\$ 119,875
Interest income	1,199	48
Unrealized loss on investments	(2,647)	(1,197)
Total revenues	50,285	118,726
EXPENDITURES		
Various projects	86,982	149,805
Total expenditures	86,982	149,805
 (Deficiency) of revenues (under) expenditures	 (36,697)	 (31,079)
 Fund balance at beginning of year	 83,825	 114,904
 Fund balance at end of year	 \$ 47,128	 \$ 83,825

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, 2018

<u>Project Description</u>	<u>Program</u> <u>Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended</u> <u>Allocations</u>	<u>Project</u> <u>Status</u>
Local allocations					
Citywide Way Finding Sign	2017	\$ 22,612	\$ 7,494	\$ 15,118	Complete
Access Ramp Program	2017	40,115	40,115	-	Complete
Railroad Ave Class 1 Bike Trail	2015	33,276	15,327	17,949	Ongoing
Ave Scott Trail Connection	2018	141,432	24,046	117,386	Ongoing
Total		<u>\$ 237,435</u>	<u>\$ 86,982</u>	150,453	
Less: Fund balance carried forward				(83,825)	
Unexpended interest accumulated to date				(1,449)	
Funds returned to Metro				(101,876)	
Fund balance at beginning of year				83,825	
Fund balance at end of year				<u>\$ 47,128</u>	*

* The City has encumbered the remaining fund balance of \$47,128 for Ave Scott Trail Connection and Railroad Ave Class 1 Bike Trail projects as of June 30, 2018.

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

	2018	2017
ASSETS		
Cash and investments	\$ 6,464,740	\$ 5,923,478
Interest receivable	27,587	1,304
Total assets	\$ 6,492,327	\$ 5,924,782
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,196,831	\$ 227,874
Due to Metro	-	95,547
Wages payable	9,825	-
Total liabilities	1,206,656	323,421
 Fund Balance		
Restricted	5,285,671	5,601,361
Total fund balance	5,285,671	5,601,361
Total liabilities and fund balance	\$ 6,492,327	\$ 5,924,782

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

	2018	2017
REVENUES		
TDA 8	\$ 7,209,974	\$ 5,614,065
Interest income	49,455	42,572
Unrealized loss on investments	(86,412)	(80,443)
Total revenues	7,173,017	5,576,194
 EXPENDITURES		
Various projects	7,482,727	7,805,867
Total expenditures	7,482,727	7,805,867
 Deficiency of revenues under expenditures	(309,710)	(2,229,673)
 OTHER FINANCING USES		
Transfer to General Fund	(5,980)	(8,730)
 Deficiency of revenues under expenditures and other financing uses	(315,690)	(2,238,403)
 Fund balance at beginning of year	5,601,361	7,839,764
 Fund balance at end of year	\$ 5,285,671	\$ 5,601,361

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, 2018

Project Description	Program Year	Allocations	Expenditures	Unexpended Allocations	Project Status
Local allocations					
2013-14 Hwy Safety Improvement	2014	\$ 199,560	\$ 199,560	\$ -	Completed
Battery Replacement	2018	78,215	74,025	4,190	Completed
2017-18 Circular Improvement	2018	80,000	71,001	8,999	Completed
Systemic Safety Analysis	2018	10,000	-	10,000	Ongoing
2017-18 Intersection Improvement	2018	110,000	110,000	-	Completed
2016-17 CIT Improvement Sol Luther	2017	80,000	79,960	40	Completed
Intersection Mod Flasher	2018	151,785	95,353	56,432	Ongoing
2015-16 Sidewalk Repair	2016	15,106	15,106	-	Completed
2016-17 Overlay and Slurry	2017	5,112,968	4,851,517	261,451	Ongoing
2017-18 Thermoplastic Line	2018	100,000	100,000	-	Completed
2017-18 Overlay and Slurry	2018	6,370,613	1,313,439	5,057,174	Ongoing
2017-18 Sidewalk Repair	2018	175,000	124,876	50,124	Ongoing
2017-18 Bridge Maintenance	2018	5,735	129	5,606	Ongoing
Stormdrain and Culvert Upgrade	2011	42,500	42,500	-	Completed
Sierra Hwy Over SC River	2012	85,405	12,731	72,674	Ongoing
Sierra Hwy Ped Improvement at GVR	2012	273,786	273,786	-	Completed
Sidewalk Gap Closures	2014	56,521	55,594	927	Ongoing
Safe Routes to School	2016	25,000	13,150	11,850	Ongoing
2017-18 Access Ramp Construction	2018	50,000	50,000	-	Completed
Total		<u>\$ 13,022,194</u>	<u>\$ 7,482,727</u>	<u>5,539,467</u>	
Less: Fund balance carried forward				(5,601,361)	
Unexpended interest accumulated to date				(36,958)	
Funds returned to Metro				(216,838)	
Fund balance at beginning of year				<u>5,601,361</u>	
Fund balance at end of year				<u>\$ 5,285,671</u> *	

* The City has encumbered the remaining fund balance of \$5,285,671 as of June 30, 2018 for various projects.

See accompanying independent auditor's report.

CITY OF SANTA CLARITA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017

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.

Transportation Development Act Article 3 Fund (TDAA3F) and Transportation Development Act Article 8 Fund (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 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. Statement of revenue, 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, 2018 and 2017
(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 2018 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments 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, 2018:

- 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.

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, 2018 and 2017
(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. The first revenue allocation was received in the current period. 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, 2018 and 2017
(Continued)

NOTE 9 – TDA FUNDS REVENUE ALLOCATION

The revenue allocation for the fiscal years ended June 30, 2018 and 2017 consisted of the following:

TDA Article 3 Fund

	2018	2017
FY 2016-17 allocation	\$ 25,502	\$ 119,875
FY 2017-18 allocation	128,107	-
Less: Funds returned to Metro	(101,876)	-
Total payments requested	\$ 51,733	\$ 119,875

TDA Article 8 Fund

	2018	2017
FY 2015-16 allocation	\$ -	\$ 1,926,302
FY 2016-17 allocation	4,639,832	3,790,980
FY 2017-18 allocation	2,786,980	-
Less: Funds returned to Metro	(216,838)	(103,217)
Total payments requested	\$ 7,209,974	\$ 5,614,065

NOTE 10 – TDA 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, 2018, and 2017, the City has funds on reserve as follows:

TDA Article 3 Fund

	2018	2017
FY 2016-17 allocation	\$ -	\$ 25,502
FY 2017-18 allocation	116,824	-
Available reserve balance	\$ 116,824	\$ 25,502

For fiscal year 2017-18, any TDA Article 3 funds left on reserve for FY 2013-14 or prior, are subject to lapse if not by claimed by the City by June 30, 2018. There no funds lapsed in FY 2017-18.

CITY OF SANTA CLARITA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED (Continued)

TDA Article 8 Fund

	2018	2017
FY 2016-17 allocation	\$ -	\$ 4,639,832
FY 2017-18 allocation	5,867,970	-
Available reserve balance	\$ 5,867,970	\$ 4,639,832

For fiscal year 2017-18, any TDA Article 8 funds left on reserve for FY 2013-14 or prior, are subject to lapse if not by claimed by the City by June 30, 2018. There no funds lapsed in FY 2017-18.

NOTE 11 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2018 through December 18, 2018, 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
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**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, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2018.

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 18, 2018

COMPLIANCE SECTION



SIMPSON & SIMPSON

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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, 2018.

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, 2018.



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 18, 2018

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2018

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 2017/18.
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) 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	

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2018

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 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 2017/18.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2017/18.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.	X			None	
13.	Recreational transit form was submitted on time.	X			None	

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2018

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	There were no expenditures in FY 2017/18.
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.			X	None	There were no expenditures in FY 2017/18.
3.	Signed Assurances and Understandings 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	There were no expenditures in FY 2017/18.
7.	Expenditure Plan (Form One) was submitted on time.			X	None	There were no expenditures in FY 2017/18.
8.	Expenditure Report (Form Two) was submitted on time.			X	None	There were no expenditures in FY 2017/18.
9.	Timely use of funds	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY 2017/18.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2017/18.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There were no expenditures in FY 2017/18.
13.	Recreational transit form was submitted timely.			X		There were no expenditures in FY 2017/18.

CITY OF SANTA CLARITA
COMPLIANCE MATRIX
Year Ended June 30, 2018

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, 2018

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, 2018

An exit conference was held on December 12, 2018 with the City of Santa Clarita. Those in attendance were:

Simpson & Simpson Representative:

Debra M. Hughes, Auditor

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, 2018 AND 2017

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, 2018 and 2017 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