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City of Santa Clarita

Santa Clarita, California

Single Audit Reports
(As Reissued)

For the year ended June 30, 2009

Revised SAR
4/5/10

C&L
Caporicci & Larson
Certified Public Accountants

City of Santa Clarita
Single Audit Reports
For the year ended June 30, 2009

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

We have audited the financial statements of the City of Santa Clarita, California (City) as of and for the year ended June 30, 2009, and have issued out report thereon dated December 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a typographical error in the previously issued audit report which did not include all major programs tested during the audit. The additional major program tested was the Safe Routes to School. We have corrected this mistake on March 18, 2010, which resulted in the dual-dating of our audit report.

We noted certain matters that we reported to City Council and management in a separate letter dated December 17, 2009.

This report is intended solely for the information and use of management, the City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Irvine, California
December 17, 2009 except for correction of an error as described in the paragraph above as to which the date is March 18, 2010.

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Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Santa Clarita, California (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. 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; the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

We noted a typographical error in the previously issued audit report which did not include all major programs tested during the audit. The additional major program tested was the Safe Routes to School. We have corrected this mistake on March 18, 2010, which resulted in the dual-dating of our audit report.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our 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.

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A *control deficiency* in the City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City as of and for the year ended June 30, 2009, and have issued our report thereon dated December 17, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

This report is intended solely for the information and use of management, the City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Irvine, California
December 17, 2009 except for correction of an error as described in the paragraph above as to which the date is March 18, 2010.

City of Santa Clarita
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2009

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Department of Housing and Urban Development:			
Direct programs:			
Community Development Block Grant	14.218	B-08-MC-060576	$ 1,077,014
Program income	14.218	-	38,858
Community Development Block Grant - Section 108	14.248	B-01-MC-06-0576-A	143,434
Total Community Development Block Grant			1,259,306
Total Department of Housing and Urban Development			**1,259,306**
Department of Justice:			
Direct programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006DJBX0512	5,856
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008DJBX0231	66
Total Justice Assistance Grant			5,922
Total Department of Justice			**5,922**
Department of Labor:			
Pass-through the Antelope Valley Workforce Development Consortium:			
Workforce Investment Act - Adult Program	17.258	A08091	79,173
Workforce Investment Act - Dislocated Workers	17.260	DW08091	76,762
Total Department of Labor			**155,935**
Department of Transportation:			
Pass-through CalTrans:			
Highway Planning and Construction	20.205*	CML05450 (032)	1,242,031
Highway Planning and Construction	20.205*	RPSTPLE-5450 (033)	358,174
Highway Planning and Construction	20.205*	HISPL-5450(035)	46,826
Highway Planning and Construction	20.205*	HISPL-5450(036)	53,976
Highway Planning and Construction	20.205*	Various	3,619,100
Highway Planning and Construction	20.205*	BRLS-5450 (014)	628,952
Total Highway Planning and Construction			5,949,059
Safe Routes to School	20.205*	SR2S-5450 (037)	33,266
Safe Routes to School	20.205*	SR2S-5450 (034)	515,898
Total Safe Routes to School			549,164

*Denotes Major Program

City of Santa Clarita
Single Audit Reports
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2009

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Department of Transportation, Continued:			
Direct programs:			
Federal Transit Formula Grant	20.507	CA-90-Y013-00	$ 186,094
Federal Transit Formula Grant	20.507	CA-90-Y068	7,024
Federal Transit Formula Grant	20.507	CA-90-Y217	123,774
Federal Transit Formula Grant	20.507	CA-90-Y217	266,849
Federal Transit Formula Grant	20.507	CA-90-Y276	7,531
Federal Transit Formula Grant	20.507	CA-90-Y276	407,387
Federal Transit Formula Grant	20.507	CA-90-Y276	208,118
Federal Transit Formula Grant	20.507	CA-90-Y276	1,666,600
Program income	20.507	-	1,199,903
			4,073,280
Pass-through Los Angeles County Metropolitan Transportation Authority:			
FTA - Job Access and Reverse Commute	20.516	MOU.PT001003	243,827
Total Federal Transit Formula Grant			4,317,107
Pass-through UC Berkeley Traffic Safety Center:			
State and Community Highway Safety	20.600	CT09388	30,163
State and Community Highway Safety	20.600	SC09388	9,609
Pass-through the California Office of Traffic Safety:			
State and Community Highway Safety	20.600	AL0735	7,881
Total State and Community Highway Safety			47,653
Total Department of Transportation			**10,862,983**
Total Federal Awards Expenditures			**$ 12,284,146**

*Denotes Major Program

1. REPORTING ENTITY

The financial reporting entity, as defined by the Governmental Accounting Standard Board (GASB), consists of the primary government, which is the City of Santa Clarita, California (City), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organizations by establishing financial accountability:

- Santa Clarita Redevelopment Agency
- Santa Clarita Watershed Recreation and Conservation Authority
- Santa Clarita Open Space Preservation District

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

Funds received under the various grant programs have been recorded within the general fund, special revenue funds, and the transit enterprise fund of the City. The City utilizes the modified accrual method of accounting for the general fund and special revenue funds and the accrual basis of accounting for enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the City's basic financial statements.

B. *Schedule of Expenditures of Federal Awards*

The accompanying Schedule presents the activity of all Federal financial assistance programs of the City. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through the State of California and the County of Los Angeles is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position, change in fund balance, or results of operations of the City.

City of Santa Clarita
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended June 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Santa Clarita.
2. No significant deficiencies relating to the audit of the financial statements are reported in the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the City were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the basic financial statements.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City is reported in Part C of this Schedule below.
7. The programs tested as major programs include:

Major Program	Federal CFDA #	Federal Expenditures
Highway Planning and Construction	20.205	$ 6,498,223
Total major program expenditures		$ 6,498,223
Total federal award expenditures		$ 12,284,146
Percent of total federal award expenditures		52.90%

8. The threshold for distinguishing Types A and B programs was $368,524.
9. The City was determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statement findings were noted.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the City's major programs.

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the City's major programs.