



Open Space
Preservation District

**Annual Financial
Report**

Fiscal Year 2012-13

Program Year Ending June 30, 2013

Open Space Preservation District

Since the City's incorporation in 1987, the City has made a significant effort to preserve the greenbelt and undeveloped land within and outside the City.

Preserving open space in and around the City has always been an important priority for the community and City Council. In July 2007, City of Santa Clarita property owners voted in favor of creating the Open Space Preservation District (OSPD). The District is designed to expand the City's Open Space, Park, and Parkland Program in order to preserve natural land from development, create more parks for community usage, and protect rare biological and geological regions.

The special assessment paid by City property owners gives the City a seat at the table to purchase land that could otherwise be developed and put pressure on the City's precious natural resources. Additionally, the Open Space Preservation District greatly assists the City in preserving natural lands, retaining wildlife corridors, and completing the City's greenbelt buffer.

Financial Accountability and Audit Panel

The Santa Clarita Financial Accountability and Audit Panel (Panel) was established by the City Council in May 2007. The Panel is responsible for:

- Reviewing and approving the annual work program to ensure land acquisition priorities are adhered to.
- Reviewing the accounting of funds generated by the Preservation District.
- Working in conjunction with the City's independent auditor to ensure the Preservation District funds were spent properly and that good fiscal management of the funds is occurring.
- Making determinations as to whether the proposed expenditures are consistent with the criteria and the requirements established in the Engineer's Report.
- Preparing an annual written report for the public, summarizing the items above.

The Panel is not responsible for the selection of land to be acquired by the City; rather, prospective land acquisition is the responsibility and authority of the City Council. Additional responsibilities, duties, and guidelines of the Panel will be outlined and formally approved in the Panel's Bylaws.

Financial Accountability and Audit Panel Members Fiscal Year 2012-13

Spence Leafdale, Chair
Wendy Langhans, Vice Chair
James Farley
Susan Orloff
Henry Schultz

Open Space Acquisition Update FY 2012-13

The Open Space Acquisition Implementation Work Program for the City of Santa Clarita is a document which outlines the acquisition principles and guidelines used to acquire vacant land and bringing it into public ownership as open space. The Work Program also identifies procedures to evaluate and rank potential open space for acquisition and maximizes the limited funding and resources available for land acquisition and the Open Space Preservation District funds. Following the established land acquisition priorities identified in the Annual Work Program, one property was acquired in Fiscal Year (FY) 2012-13, and improvements were made to recently acquired open space as follows:

In October 2012, the City closed escrow on the acquisition of 5 acres on Haskell Vista Lane in Wildwood Canyon. This acquisition was contiguous to the City's existing 90-acre Wildwood Canyon Open Space and it provided a site for a trail head and community access from Haskell Vista Lane. Existing social trails were improved and new routes created to connect a 1.1 mile trail into Wildwood Canyon Open Space. The adjacent Gateway Ranch property, currently in escrow with the Trust for Public Land, may also provide an opportunity to expand area trails in the future.

To date, City residents can enjoy over 40 miles of multi-use trails, and over half of those can be found in the Open Space. During Fiscal Year 2012-13, new trails were designed and improvements were made on previously acquired open space, including the Prince property in Placerita Canyon, Haskell Canyon, East Walker Ranch, and the new "Elsmere Loop" trail. The City continues to provide a high-quality experience for our open space patrons by establishing recognizable trail heads with step-over gates, detailed maps, distance markers, and benches.

The introduction of rangers services, provided through a contract with the Mountains Recreation Conservation Authority (MRCA), has helped to increase communication with the public and reduce illegal dumping. MRCA rangers provide vehicle and mounted patrols. Los Angeles County Sheriffs have also increased their patrols in the City's open space.

Two other acquisitions, known as the Nominn (June 2012) and Williams (April 2013) properties, were originally purchased with Open Space District Funds. While these properties met the guidelines of the Open Space Implementation Work Program, it was later determined that the Williams property and a portion of the Nominn property were not eligible for OSPD funding. The review of these acquisitions ensued at the request of the FAAP members. To make the funding corrections, on October 8, 2013, the City Council approved a fund reconciliation to exchange unrestricted funds used to purchase properties within the benefit area boundary of the Open Space preservation District with the OSPD funds used to purchase the Williams and Nominn parcels located beyond the benefit area boundary.

The following page is a summary of the OSPD property acquisitions, demonstrating the property, acreage, funding as budgeted, with the approved funding adjustments.

OSPD Property Acquisition Summary (year to date)

DATE	PROPERTY	ACRES	BUDGET		ACTUALS				FUNDING SOURCE
			Original Budget	%	Actuals	Adjusted	Actuals Adjusted	%	
Sept. 2009	East Walker Ranch	140 +/-	\$736,351	29%	\$751,788	\$1,091,649	\$1,843,437	75%	Open Space Preservation Dist. Environmental Mitigation Fund General Fund (Dev. Cont.) Los Angeles County Prop A
			\$722,823	29%	\$647,364	(\$647,364)	-	-	
			\$800,000	32%	\$800,000	(\$444,285)	\$355,715	15%	
			<u>\$250,000</u>	<u>10%</u>	<u>\$250,000</u>		<u>\$250,000</u>	<u>10%</u>	
			\$2,509,174	100%	\$2,449,152	\$0	\$2,449,152	100%	
Oct. 2009	Placerita / Quigley Canyon	10 +/-	\$500,000	81%	\$462,847	\$115,000	\$577,847	100%	Open Space Preservation Dist. Environmental Mitigation Fund
			<u>\$115,000</u>	<u>19%</u>	<u>\$115,000</u>	<u>(\$115,000)</u>	-	-	
			\$615,000	100%	\$577,847	\$0	\$577,847	100%	
Oct. 2010	Rodda/Agua Dulce Partners (in Soledad Cyn)	243 +/-	\$886,135	54%	\$542,761		\$542,761	42%	Open Space Preservation Dist. Rivers & Mtns. Conserv. Grant
			<u>\$750,000</u>	<u>46%</u>	<u>\$750,000</u>		<u>\$750,000</u>	<u>58%</u>	
			\$1,636,135	100%	\$1,292,761		\$1,292,761	100%	
Oct. 2010	Elsmere Canyon	842 +/-	\$3,850,000	63%	\$3,752,891		\$3,752,891	63%	Open Space Preservation Dist. LA Co. Sunshine Cyn Land Los Angeles County Prop A Santa Monica Mtns Conserv. (Prop 84)
			\$1,000,000	16%	\$1,000,000		\$1,000,000	17%	
			\$750,000	12%	\$750,000		\$750,000	12%	
			<u>\$500,000</u>	<u>8%</u>	<u>\$500,000</u>		<u>\$500,000</u>	<u>8%</u>	
			\$6,100,000	100%	\$6,002,891		\$6,002,891	100%	
Feb. 2011	Wildwood Canyon	90 +/-	\$410,000	82%	\$374,507	\$89,672	\$464,179	100%	Open Space Preservation Dist. Environmental Mitigation Fund
			<u>\$90,000</u>	<u>18%</u>	<u>\$89,672</u>	<u>(\$89,672)</u>	-	-	
			\$500,000	100%	\$464,179	\$0	\$464,179	100%	
June 2011	Haskell Canyon	526 +/-	\$2,900,000	93%	\$2,900,075	\$205,926	\$3,106,001	100%	Open Space Preservation Dist. Environmental Mitigation Fund
			<u>\$235,000</u>	<u>7%</u>	<u>\$205,926</u>	<u>(\$205,926)</u>	-	-	
			\$3,135,000	100%	\$3,106,001	\$0	\$3,106,001	100%	
Nov. 2011	Prince /Placerita Canyon	17 +/-	\$72,000	80%	\$72,000	(\$9,745)	\$62,255	78%	Open Space Preservation Dist. Environmental Mitigation Fund
			<u>\$18,000</u>	<u>20%</u>	<u>\$8,255</u>	<u>\$9,745</u>	<u>\$18,000</u>	<u>22%</u>	
			\$90,000	100%	\$80,255	\$0	\$80,255	100%	
Aug. 2012	Nominn (OSPD) *	25 +/-	\$1,485,000	32%	\$1,388,500	(\$1,333,018)	\$55,482	1%	Open Space Preservation Dist.
	Nominn (non-OSPD)**	1001 +/-	\$715,000	15%	\$715,000	-	\$715,000	16%	Los Angeles County Prop A Wildlife Conservation Board Environmental Mitigation Fund General Fund
			\$2,470,000	53%	\$2,470,000	-	\$2,470,000	54%	
			-	0%	\$0	\$1,001,739	\$1,001,739	22%	
			<u>-</u>	<u>0%</u>	<u>\$0</u>	<u>\$331,279</u>	<u>\$331,279</u>	<u>7%</u>	
			\$4,670,000	100%	\$4,573,500	\$0	\$4,573,500	100%	
Oct. 2012	Wildwood / Haskell Vista	5 +/-	\$52,500	100%	\$31,614		\$31,614	100%	Open Space Preservation Dist.
April 2013	Williams **	56 +/-	\$161,084	90%	\$159,484	(\$159,484)	-	-	Open Space Preservation Dist. Environmental Mitigation Fund
			<u>\$17,498</u>	<u>10%</u>	<u>\$0</u>	<u>\$159,484</u>	<u>\$159,484</u>	<u>100%</u>	
			\$178,582	100%	\$159,484	\$0	\$159,484	100%	
OSPD Total:			\$11,053,070		\$10,436,467	\$0	\$10,436,467		
Other Funds Total:			\$8,433,321		\$8,301,217		\$8,301,217		
GRAND TOTAL			\$19,486,391		\$18,737,684		\$18,737,684		

* Parcel in the OSPD Boundary

** Parcel(s) out of the OSPD Boundary

District Financial Activity

The Open Space Preservation District expands the City's Open Space, Park, and Parkland Program. It is the City Council's intent to utilize the additional funding from the District to expand the Open Space, Park, and Parkland Program to accelerate vacant land acquisition in and around the City in accordance with the guidelines outlined in the Open Space Acquisition Implementation Work Program.

This includes the acquisition, preservation, and improvement of open space and parkland and the payment of debt service for such projects.

In 2007, the City Council approved the issuance of debt to finance the acquisition of open space and parkland by executing and delivering \$15,525,000 in Certificates of Participation (Open Space and Parkland Program) 2007 Series (the "COPs"). This represented approximately half of the City's borrowing capacity and was the first bond issuance in a series of two.

The first year of the District's expenditures were very minimal and limited to annual debt service payments and associated fees and costs related to the annual levy. The second year, the District's expenditures were also nominal, including appraisal, legal, audit, and Los Angeles County fees, along with the annual levy costs. Fiscal Year 2009-10 reflected acquisition expenses tied to the **East Walker Ranch** (140 +/- acres) and **Placerita/Quigley Canyon** (10 +/- acres) properties, as well as expenditures for property appraisals, administrative, audit, and annual levy costs.

In Fiscal Year 2010-11, the City successfully completed four acquisitions. In October 2010, the City finalized the acquisition of 243 +/- acres of real property located in the Soledad Canyon area, known as the **Rodda/Agua Dulce Partners** property, and the acquisition of 842 +/- acres of real property for open space preservation, located in **Elsmere Canyon**. In February 2011, the acquisition of 90 +/- acres of real property for open space preservation, located in **Wildwood Canyon** was completed. In June 2011, the City acquired 526 +/- acres of real property in **Haskell Canyon** for open space preservation.

In Fiscal Year 2011-12, the City closed escrow on the acquisition of 17 acres near the Quigley Canyon Open Space known as **Prince/Placertita Canyon**. The purchase of this property enhanced the City's ongoing efforts to preserve open space and provide additional trail opportunities for residents. The acquisition also allowed additional trail connections and future trail alignments.

In Fiscal Year 2012-13 the City closed escrow on the acquisition of 5 acres on **Haskell Vista Lane** in Wildwood Canyon. This acquisition was contiguous to the City's 90-acre Wildwood Canyon Open Space, and it provided a site for a trail head and community access from Haskell Vista Lane. The **Nominn** acquisition took place in August 2012 with 25 acres from the acquisition within the OSPD boundary.

The following page is a summary of the audited expenditures, revenues, and fund balance.

Open Space Preservation District Revenue Summary

Account	Audited Revenues FY 2011-12	Audited Revenues FY 2012-13
Special Assessments	\$1,845,479	\$1,908,826
Rental Income	\$2,000	\$2,000
Investment Income	\$83,770	\$20,137
Other Revenue (Franchise Agreement)	-	\$20,000
Total OSPD Revenues:	\$1,931,249	\$1,950,963

Open Space Preservation District Expenditure Summary

Account	Audited Expenditures FY 2011-12	Audited Expenditures FY 2012-13
General Government	\$484,405	\$1,808,040
Capital Outlay	-	\$206,614
<i>Subtotal OSPD Expenditures:</i>	<i>\$484,405</i>	<i>\$2,014,654</i>
Transfers Out to (PFA) - Debt Service:		
- Principal	\$35,000	\$60,000
- Interest and Fiscal Charges	\$712,951	\$711,051
Transfers Out to GASB 45	\$11,278	\$12,657
Total OSPD Expenditures:	\$1,243,634	\$2,798,362

Open Space Preservation District Fund Balance

Description	Audited Amount FY 2011-12	Audited Amount FY 2012-13
Fund Balance – Beginning of Year	\$10,818,715	\$11,506,330
Fund Balance – End of Year	\$11,506,330	\$10,658,931
Net Change in OSPD Fund Balance:		(\$847,399)

Audit

The City's independent auditor, McGladrey LLP was tasked with auditing the financial statements of the Open Space Preservation District Fund for Fiscal Year ending June 30, 2013. They also audited compliance with applicable provisions of the District Engineer's Report.

The annual audit was conducted 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 standards require that McGladrey LLP plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

The audit was completed in February 2014. Upon completion of the audit, a financial statement with report on the audit was provided to the City, summarizing their audit findings.

The audit found the financial position of the Open Space Preservation District Special Revenue Fund of the City of Santa Clarita, as of June 30, 2013, in conformity with accounting principles generally accepted in the United States of America. The result of the financial audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.