



Open Space
Preservation District

**Annual Financial
Report**

Fiscal Year 2013-14

Program Year Ending June 30, 2014

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 2013-14

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

Open Space Acquisition Update FY 2013-14

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 brings 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, improvements continued to be made to previously purchased properties, while staff worked on the negotiations, grant submittals, and coordination of funding partners for two properties that would be acquired in Fiscal Year (FY) 2014-15.

In 2011, the City engaged the Trust for Public Land (TPL) to take the lead on negotiations with the owners of the 302-acre Gateway Ranch property. Gateway Ranch was previously slated to be part of the massive Las Lomas development of over 5,000 homes. Negotiations continued with the property owner, and in 2013, a purchase price was agreed to. During this time, the California Department of Fish and Wildlife conducted a wildlife study of the area, submitting it to the State Resources Agency. The Santa Clarita Conservation Corridor was approved as a Conceptual Area Protection Plan, making it eligible for funding by multiple granting agencies. In 2014, TPL closed escrow on Gateway Ranch and deeded it to the City of Santa Clarita.

During FY 2013-14, staff continued negotiations with the owners of 114 acres west of Interstate 5 near Gateway Ranch and adjacent to Rivendale Ranch. The Taylor property will provide trail connections to the north of Towsley Canyon; the Valley's most popular hiking spot.

To date, City residents can enjoy over 80 miles of trails, over half located in the Open Space. Additional trails will be added in the next year on the Gateway and Taylor properties. During Fiscal Year 2013-14, staff also worked with a volunteer group from Mountains Recreation and Conservation Authority to improve trails and add loops in Wildwood Canyon at the Haskell Vista Trailhead. In the near future, trails will be marked and mapped on the new Taylor property, connecting it to Towsley Canyon and Rivendale Ranch.

The Mountains Recreation and Conservation Authority rangers continue to be under contract and have broadened their areas of responsibility as more properties are being acquired. The rangers address issues of dumping, off-road vehicle use, and other illegal activities that are reported or observed in the open space, which improves public safety and reduces environmental impacts in the open space.

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 trailhead 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.

In Fiscal Year 2013-14, most of the expenditures involved maintenance, services, and improvements to existing open space trails, including signage, ranger services, and repairs to gates, fencing, and kiosks.

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

Open Space Preservation District Revenue Summary

Account	Audited Revenues FY 2012-13	Audited Revenues FY 2013-14
Special Assessments	\$1,908,826	\$2,143,520
Rental Income	\$2,000	-
Investment Income	\$20,137	\$50,624
Other Revenue (Franchise Agreement)	\$20,000	\$10,000
Total OSPD Revenues:	\$1,950,963	\$2,204,144

Open Space Preservation District Expenditure Summary

Account	Audited Expenditures FY 2012-13	Audited Expenditures FY 2013-14
General Government/Open Space Preservation	\$1,808,040	\$351,458
Capital Outlay	\$206,614	\$34,000
Debt Service:		
~ Principal	\$60,000	\$90,000
~ Interest and Fiscal Charges	\$711,051	\$708,184
Total OSPD Expenditures:	\$2,785,705	\$1,183,642
<i>Revenues over/under Expenditures:</i>	<i>(\$834,742)</i>	<i>\$1,020,502</i>
Other Financing Sources:		
~ Transfers from other funds		\$40,482
~ Transfers Out to GASB 45	\$12,657	(\$10,577)
Total Other Financing:	\$12,657	\$29,905
<i>Net Change in Fund Balance:</i>	<i>(\$847,399)</i>	<i>\$1,050,407</i>

Open Space Preservation District Fund Balance

Description	Audited Amount FY 2012-13	Audited Amount FY 2013-14
Fund Balance – Beginning of Year	\$11,506,330	\$10,658,931
Fund Balance – End of Year	\$10,658,931	\$11,709,338

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, 2014. 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.

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, 2014, 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*.