



Open Space
Preservation District

**Annual Financial
Report**

Fiscal Year 2011-12

Program Year Ending June 30, 2012

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 existing 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 2011-12

John Dortch, Chair
Henry Schultz, Vice Chair
Alan Ferdman
Wendy Langhans
Spencer Leafdale

Open Space Acquisition Update FY 2011-12

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 acquisition was completed in Fiscal Year (FY) 2011-12, and improvements were made to recently acquired open space as follows:

In November 2011, the City closed escrow on the acquisition of 17 acres near the Quigley Canyon Open Space. The purchase of this property enhances the City's ongoing efforts to preserve open space and provide additional trail opportunities for residents. The acquisition will allow additional trail connections and future trail alignments. City staff is working with other willing property owners in the area to facilitate additional trail connections in this area.

Another focus in Fiscal Year 2011-12 was the improvements on previously acquired open space. The City, since the Open Space Preservation District was formed, had acquired over 1,800 acres of vacant land. In order to provide public access and prevent illegal dumping and off-road vehicle uses on these new natural lands, step-over and kissing gates, lodge-pole fencing, and signs were ordered and installed at trailheads for Haskell Canyon, Quigley Canyon, Elsmere Canyon, East Walker Ranch, and Golden Valley Ranch. Many trails were refurbished for hikers, equestrians, and mountain bikers. An under crossing linking the East Walker Ranch Open Space to the Golden Valley Open Space was identified and cleaned up to provide safe connection across Placerita Canyon Road.

Another project that was undertaken in Fiscal Year 2011-12 was the launch of the City's new website dedicated to the City's open space. Hikesantaclarita.com was launched in April 2012, with interactive maps of the City's Open Space areas and downloadable trail maps for the users. "Take a Hike" T-shirts were given out to those who attended the launch and through an online entry. Technology Services has been monitoring the hits on the website every month and are able to determine what people are looking for on the site. The public also has the ability to email staff with any questions or feedback about the open space program or the website. It has been a very important tool for staff to know what is happening in the open space.

OSPD Property Acquisition Summary (year to date)

Purchase Date	Property	Acres	Funding as Budgeted		
September 2009	East Walker Ranch	140 +/-	\$736,351 \$722,823 \$800,000 <u>\$250,000</u> \$2,509,174	29% 29% 32% <u>10%</u> 100%	Open Space Preservation District Fund Environmental Mitigation Land Acquisition Developer Contribution Los Angeles County Prop A
October 2009	Placerita/Quigley Canyon	10 +/-	\$500,000 <u>\$115,000</u> \$615,000	81% <u>19%</u> 100%	Open Space Preservation District Fund Environmental Mitigation Land Acquisition
October 2010	Rodda/Agua Dulce Partners (in Soledad Canyon)	243 +/-	\$742,595 <u>\$750,000</u> \$1,492,595	50% <u>50%</u> 100%	Open Space Preservation District Fund Rivers and Mountains Conservancy Grant
October 2010	Elsmere Canyon	842 +/-	\$3,750,000 \$1,000,000 \$750,000 <u>\$500,000</u> \$6,000,000	63% 17% 13% <u>8%</u> 100%	Open Space Preservation District Fund L.A. County Sunshine Canyon Land Fund L.A. County Prop A Grant Fund Santa Monica Mtns Conservancy – Prop 84
February 2011	Wildwood Canyon	90 +/-	\$410,000 <u>\$90,000</u> \$500,000	82% <u>18%</u> 100%	Open Space Preservation District Fund Environmental Mitigation Land Acquisition
June 2011	Haskell Canyon	526 +/-	\$2,900,000 <u>\$235,000</u> \$3,135,000	93% <u>7%</u> 100%	Open Space Preservation District Fund Environmental Mitigation Land Acquisition
November 2011	Prince/Placerita Canyon	17	\$90,000	100%	Open Space Preservation District Fund
<i>OSPD Total</i>			\$ 9,128,946		
<i>Other Funds Total</i>			\$ 5,212,823		
Grand Total			\$14,341,769		

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 reflects 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. Funding was provided through a partnership with Mountains Recreation Conservation Authority with a grant from the Rivers and Mountains Conservancy in the amount of \$750,000, the City's Open Space Preservation District (OSPD) in the amount of \$722,595, and an additional \$20,000 in OSPD funds were included in the budget for open space start-up costs including gates, fencing, and signs, for a total of \$1,492,595.

In October 2010, the City also acquired 842 +/- acres of real property for open space preservation, located in **Elsmere Canyon**. This \$6.0 million acquisition provided a unique opportunity for multi-agency involvement and participation with a coordinated funding effort to purchase Elsmere Canyon as follows:

\$3,750,000	Open Space Preservation District
\$1,000,000	L.A. County Sunshine Canyon Land Fund
\$ 750,000	L.A. County Prop A Grant Funds
\$ 500,000	<u>Santa Monica Mountains Conservancy – Prop 84</u>
\$6,000,000	Total Purchase Price

In February 2011, the acquisition of 90 +/- acres of real property for open space preservation, located in **Wildwood Canyon** was completed. The purchase price of the land was \$450,000, plus \$50,000 for escrow, title, surveying fees, due diligence, and start-up costs for gates, fencing, and signs; funded with \$410,000 from the Open Space Preservation District Fund and \$90,000 from the Environmental mitigation Land Acquisition Fund.

In June 2011, the City acquired 526 +/- acres of real property in **Haskell Canyon** for open space preservation. The total costs associated with this purchase is \$3,135,000, which includes land, escrow, title, surveying fees, gates, fencing, and signs as required. Funds in the amount of \$235,000 came from the Environmental mitigation Land Acquisition Fund and \$2,900,000 from the Open Space Preservation District Fund.

In November 2011, the City closed escrow on the acquisition of **17 acres near the Quigley Canyon** Open Space. The purchase of this property enhances the City's ongoing efforts to preserve open space and provide additional trail opportunities for residents. The acquisition will allow additional trail connections and future trail alignments. The total cost associated with this purchase is \$90,000 in Open Space Preservation District funds.

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

Open Space Preservation District Revenue Summary

Account	Audited Revenues FY 2010-11	Audited Revenues FY 2011-12
Special Assessments	\$1,748,211	\$1,845,479
Rental Income	\$2,000	\$2,000
Interest Income – LAIF	-	
Interest OSPD Bond	\$17,012	\$5,654
Interest – Other Investment	\$92,778	\$84,210
Unrealized Gain/Loss Investment	-\$29,013	-\$6,094
Total OSPD Revenues:	\$1,830,988	\$1,931,249

Open Space Preservation District Expenditure Summary

Account	Audited Expenditures FY 2010-11	Audited Expenditures FY 2011-12
Personnel	\$49,704	\$163,077
Operating	\$96,254	\$192,126
Acquisition	\$7,572,630	\$52,000
Reimbursement to General Fund	\$53,940	\$77,202
<i>Subtotal OSPD Expenditures:</i>	<i>\$7,772,528</i>	<i>\$484,405</i>
Transfers Out (to PFA) – Debt Service	\$713,661	\$747,951
Transfers Out to GASB 45	-	\$11,278
Total OSPD Expenditures:	\$8,486,189	\$1,243,634

Open Space Preservation District Fund Balance

Description	Audited Amount FY 2010-11	Audited Amount FY 2011-12
Fund Balance – Beginning of Year	\$17,473,916	\$10,818,715
Fund Balance – End of Year	\$10,818,715	\$11,506,330
Net Change in OSPD Fund Balance:		\$687,615

Audit

The City's independent auditor, Marcum LLP, was tasked with auditing the financial statements of the Open Space Preservation District Fund for fiscal year ending June 30, 2012. They also audited compliance with applicable provisions of the District's 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 Marcum 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 January 2013. 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, 2012, 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*.