

The District completed another year of successful financial management for fiscal year 2012-2013. The District's sound fiscal management and the recent improvement in the local economy resulted in property tax revenues (the District's primary source of funding) 5% higher than projected and expenditures 9% below budgeted levels.

The District reached a new milestone of owning and managing nearly 62,000 acres of land on behalf of the public. We take great pride in continuing our mission of protecting the environment through land preservation, restoration, and by providing for public use and enjoyment of open space lands.

## Land Added to the Preserves in Fiscal Year 2012-2013

The District added 1,059 acres of new open space land, valued at \$13.5 million. Almost half of the acquisitions, \$6.8 million, were completed with partner support (gifts, grants and bargain purchases). The additions were funded from the following sources:

The District's General Fund	\$6.7 million
Gifts	\$6.4 million
Grants	<u>\$0.4 million</u>
<b>Total</b>	<b>\$13.5 million</b>

### ■ Tunitas Creek Open Space Preserve:

The largest property acquisition this year was the 952-acre Toto Ranch on the San Mateo coast, valued at \$7.1 million. Thanks to a \$3.6 million gift from Peninsula Open Space Trust (POST), the District's net expense for this property was only \$3.5 million, a bargain sale purchase at less than half the value.

### ■ El Corte de Madera Creek Open Space Preserve:

The District purchased the 31-acre Sempervirens Fund and 58-acre Gallaway property totaling 89 acres as additions to El Corte de Madera Creek Open Space Preserve. These properties include a significant old growth redwood grove and the upper tributaries to the Tunitas Creek watershed. The District paid \$1.5 million, and received a \$515,000 gift from the Sempervirens Fund and a \$375,000 grant from the Living Landscape Resource Fund to complete these land purchases.

### ■ Monte Bello Open Space Preserve:

The District partnered with Santa Clara County Parks to add the 10.7-acre Lobner Trust property that lies along the Stevens Canyon Trail corridor, which may help complete one of the trail gaps to one day link Stevens Creek County Park to Monte Bello and Saratoga Gap Open Space Preserves. The \$450,000 purchase price will be reimbursed by a 50% contribution from Santa Clara County in the summer of 2013.

### ■ Bear Creek Redwoods Open Space Preserve:

The 6.0-acre Rajczi property addition was purchased at a bargain sale price of \$25,000. Valued at \$110,000, a gift value of \$85,000 was received to complete this acquisition.

### ■ Purisima Creek Redwoods Open Space Preserve:

The District added 1.3 acres of Redwood Park parcels to this Preserve at a total value of \$6,500 with a \$5,000 gift.

### ■ Sierra Azul Open Space Preserve:

The District dissolved the Guadalupe Land Company Corporation with a sole asset of a 287-acre property. This property was managed as part of the Sierra Azul Open Space Preserve since 2005 when the corporation was purchased by the District. With the dissolution of the corporation, the property has transferred to the District.

### ■ Rancho San Antonio Open Space Preserve:

The District continues its management agreement with Santa Clara County Parks for approximately 127.85 acres.

## District Revenues

Total District revenues for Fiscal Year 2012-2013 were \$33 million, an increase of \$1.0 million over the prior fiscal year due to higher property tax revenues, as well as unexpected additional income coming from the dissolution of redevelopment agencies. Total property tax revenue was \$30.3 million, an increase of \$1.5 million or 5.3% over the previous fiscal year. The District receives approximately two-thirds of its tax revenue from Santa Clara County, and one-third from San Mateo County. Distributions from the dissolution of redevelopment agencies totaled \$927,700. Other sources of revenue include rental income, grants and donations, land and property gifts, and investment income.

The District received \$298,400 under its five-year agreement with Santa Clara County to manage the developed portion of Rancho San Antonio County Park. In addition, the District succeeded in obtaining a \$375,000 Living Landscape Resource Fund grant to cover a portion of the land acquisition cost for lands added to El Corte de Madera Creek Open Space Preserve.

## District Expenditures

District expenditures remained within the budget approved by the District Board of Directors. Excluding a 2.5 million one-time charge, Fiscal Year 2012-2013 operating and capital expenditures totaled \$19.1 million, which is 16% below budget. This is primarily due to re-scheduling the next phase of the Mount Umunhum project into the next fiscal year. The District reported a one-time charge of \$2.5 million, the \$2.5 million pre-payment of CalPERS side fund liability payoff to save over \$2.2 million of retirement expenses over the next 18 years. Expenditures for land and debt service (used for payment of long-term debt principal and interest) were \$6.7 million and \$8.9 million, respectively, resulting in total expenditures of \$37.2 million for Fiscal Year 2012-2013.

## District Assets and Liabilities

The District's net assets at the end of Fiscal Year 2012-2013 total \$299.3 million, of which the majority consists of the District's nearly 62,000 acres of land in 26 open space preserves. The District's net assets increased by \$9.6 million over the prior year, and total long-term debt obligations ended the year at \$139.0 million.

\*numbers are rounded