

# **SAN BRUNO MOUNTAIN HABITAT CONSERVATION PLAN TRUST**

## **Trustees**

Mike Callagy – County of San Mateo  
Clay Holstine – City of Brisbane  
Shawanna Maltbie – City of Daly City  
Mike Futrell – City of South San Francisco

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Date: May 7, 2020

Time: 3:00 pm to 4:00 pm

Place: Zoom Online Conference Call

## **Meeting Agenda**

1. Oral Communications
2. Review and Approval of Minutes of December 12, 2019 Meeting
3. Report Backs
  - a. Dedication Status Updates
  - b. Status expenditures for maintenance work for Parcels 1,2 & 6 – South San Francisco
4. Review and Approval of Annual Audit of SBM HCP Trust Fund for FY 2018-19\*
5. Review and Approval of the SBM HCP Budget
  - a. Review and Update of Planned Expenditures for Habitat Conservation Activities within the San Bruno Mountain Habitat Conservation Plan area for FY 2020-21\*
6. Review of 2019-20 Annual Activities Highlights \*\*
7. Upcoming Meetings\*
  - a. Grazing TAC

- b. Natural Resource Coordination – Quarterly
- c. 2020 Annual Field Tour
- d. Trustees Meeting – May 2021

\* Oral Report

\*\*PowerPoint presentation

**San Bruno Mountain Habitat Conservation Plan (HCP) Trustees  
Meeting Minutes  
December 12, 2019**

The meeting convened at 8:45 a.m. in the County Manager's Conference Room, 400 County Center, 1<sup>st</sup> Floor, Redwood City

**TRUSTEES PRESENT:** Mike Callagy, Shawna Maltbie, Mike Futrell, Clay Holstine

**STAFF PRESENT:** Hannah Ormshaw, Rolando Jorquera, Austin Lam, Sean Correa, and Brett Jones (consultant)

**1. Oral Communications**

There were none.

**2. Consideration of Minutes August 10, 2018 Meeting**

Action: M/S S. Maltbie/Holstine to approve the September 10, 2018 meeting minutes.

Motion carried 3-0.

**3. Report Backs**

**a. Dedication Status Updates:**

North East Ridge parcels:

- Toll brothers did reach out to City of Brisbane to release the bond.
- Not all requirements were met to release the bond.
- One condition from the city of Brisbane was the requirement of a trailhead from the parcel. This will be needed in order to finalize the acquisition of the parcel.

Meeting with Brisbane planning staff to work with the dedication. City of Brisbane, county and the Toll Brothers – have had a long period of time without communication. We will start communicating with them soon. Still need to decide after the advice from council how to proceed with acquiring that land. Hannah will send email to trustees upon any update about the release of the parcels from the Toll Brothers.

No action required for this update.

**4. Review and Approval of the SBM HCP Budget**

**a. Review and Approve Audit of SBM HCP Trust Fund for FY 2016-17**

Independent auditor gave a clean opinion of the audit – best rating of an audit possible. The auditor expressed no concerns with the handling of the HCP Trust Fund.

Comments:

The audit was completed late for 2018 – function of not starting in time which is why it was late

To prevent this from happening in 2019 the independent auditor is planned for starting the 2018-2019 fiscal year audit in March 2020.

Balance of the fund:

Around 1 million fund balance this year, healthier than most years according to financial records.

Action: Motion/Second Futrell/ S. Maltbie

Motion carried 3-0.

## **5. Review of planned expenditures for Habitat Conservation Activities within the San Bruno Mountain Habitat Conservation Plan area.\***

Ms. Arechiga described the proposed planned expenditures for the next two years. FY17-18 and FY18-19 to include the following:

- a. Vegetation management of conserved habitat (\$150,000 annually)
- b. Funds to support grazing research to support future pilot project (\$20,000
- c. annually);
- d. Monitoring Support (\$15,000 annually);
- e. Emergency Fund (\$15,000 annually);
- f. Other (\$5,140 FY 2017-18);
- g. Terrabay Parcels 1,2, and 6 work (\$87,395 FY 2017-18)
- h. McKesson Parcels (\$100,000; \$80,000)

Vegetation management of habitat budget about \$150,000 annually. County Parks has have active contractors and anticipate that we will meet that \$150,000 expenditure for habitat management this year, which hasn't been done in the past few years. This work is habitat enhancement work

Monitoring support \$15,000 annually

Emergency fund budgeted \$15,000 annually

For use in the event there is a fire to budget some money to do follow up work so that the burn area will be able to support crew days of work. Only about 8 acres so there will be a few crew days to support the effort

Grazing program support usually has \$20,000 each year set aside. This year we have more because we are picking up the pace on this. Funds will go toward a biological assessment, grassland productivity assessment to determine cattle food source, consult with rangeland expert, infrastructure, fencing. The pilot program is still in preparation, our goal is to bring cattle in during 2021. 2018 cost of \$3,000 for grazing – implemented for planning phase

There is \$20,000 line item for “Other Contract” with Creekside science to do scientific analysis of or butterfly data, our current data doesn’t adequately assess long term trends, our new contractor will be able to do analysis for long run

PGE mitigation money provided to do restoration on their behalf

Parcels 1 2 and 6 – are areas of San Bruno Mountain that are planned for work this year. No work was done in these parcels in 2018. There are still issues to address in that area. Partially our contracts we had allocated our efforts via our contractors on different areas and part of our prioritization for areas we want to treat was not treated there. The city of South San Francisco would like their arborist and associated team to meet with San Mateo County Parks Natural Resources staff to walk those areas and address what work can be accomplished there.

Current balance of about \$752,000 in the HCP trust fund and about \$4,300,000 in endowment fund.

## **6. Review and Approval of 2019-2020 Budget**

Action: M/S S. Maltbie/Holstine to approve Budget

Motion carried: 3-0

## **7. Review of 2017-18 Annual Report Highlights**

Conducted annual Mission blue butterfly monitoring (do every odd year). 157 adults observed this year

Habitat enhancement work for the butterflies has been occurring including work like removing scrub form grasslands, reintroducing bay checkerspot butterflies, and volunteer restoration activities some by county parks and some by South San Francisco weed warriors and San Bruno mountain watch

Annual field tour in May this year, 20 USFWS staff turned out and go over efforts for the mountain.

Upcoming in 2020

San Bruno elfin and callipe silverspot butterfly monitoring

Ongoing habitat enhancement efforts

Grazing pilot program surveys and planning

Pending dedication of northeast ridge parcels

Will be repaving of parking lot and road to secondary parking lot

Fuel reduction to remove gorse and eucalyptus abutting homeowners

Story book trail hike, San Bruno mountain watch is going to improve the historical botanic garden with a new trail that tells the story of the vegetation communities

## **8. Review of Upcoming Meetings**

Grazing TAC meeting will be in February or March in order to meet our timeline and goal for planning and implementation

Natural Resource coordination meetings, quarterly throughout the year to talk about natural resources

March 2020 annual field tour

August 2020 HCP board of trustees meeting – explore meeting change, potentially in Brisbane -Might make it public and have the public come.

Mr. Callagy asked if anyone had any questions or conflicts. None were raised.

Mr. Callagy closed the meeting.



**COUNTY OF SAN MATEO**  
Parks Department

**DATE:** May 7, 2020

**TO:** San Bruno Mountain Habitat Conservation Plan Trustees

**FROM:** Hannah Ormshaw, Natural Resource Manager

**SUBJECT:** **Update on the Status of Pending Conserved Habitat Dedications**

In accordance with the conditions of approval for the Toll Brothers development in the City of Brisbane and Foxhall Investment Ltd. lands within the City of Daly City, four parcels were to be dedicated to the San Bruno Mountain Habitat Conservation Plan (SBMHCP) area as conserved habitat. To date, the developments associated with these parcels have been completed, yet title to the properties have not been transferred to a SBMHCP signatory as conserved habitat.

Lands associated with Toll Brothers, Administrative Parcel 1-07, have reportedly completed the required restoration treatments, however Parks records show that restoration treatments ended in 2014, when the restoration plan was intended to continue through to the spring of 2017. A letter dated October 8<sup>th</sup>, 2014, outlines that Toll Brothers would come to an agreement with San Mateo County Parks to provide funding to the department for the completion of the remaining phases of the restoration plan (Spring 2015 through Spring 2017, with \$35,856.25 to be provided to the County for this work). This agreement was established and that this funding was received. There were negotiations through 2015 between Brisbane, the County Parks Department, and Toll Brothers regarding requirements to be met to satisfy the requirements for land dedication to the HCP. There is no record of communications with Toll Brothers on this subject following October 2015. In March 2019, Toll brother submitted a request to City of Brisbane to release the performance bond held for these parcels, which was denied due to the outstanding requirements to be met for acceptance of dedicated parcels.

A meeting between San Mateo County Parks staff, County counsel, and City of Brisbane staff and counsel occurs in January 2020 to discuss strategy to finalize the dedication, including a determine cost estimate for remaining restoration work as outlined in the original restoration plan, and requesting the agreement proposed in 2014 by Toll Brothers be met.

The status of the Foxhall Parcel dedications was reported in the 2019 trustees meeting, and there are currently no additional updates to provide.

ATTM: October 8<sup>th</sup>, 2014 Memo from Doug Solinsky, Toll Brothers  
Map of Pending Dedications



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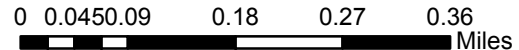
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Toll Brothers Parcels

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



# San Bruno Mountain HCP: Toll Brothers and Foxhall Parcels



## Legend

- Fox Hall Parcels
- Parks Owned Parcels
- Toll Brothers Parcels



## MEMORANDUM

Date: 10/8/2014

**From:** Doug Solinsky, Toll Brothers  
**To:** Sam Herzberg, County of San Mateo Parks Department

**Cc:** Mark Rogers, County of San Mateo Parks Department  
Matthew White, Toll Brothers  
Steve Savage, Toll Brothers  
Mike Consiglio, Toll Brothers

**Attachments:** (1) Mike Forbert letter to Matt White, dated 9/14/12, Re: 2012-2017 Plan  
(2) Mike Forbert email to Doug Solinsky, dated 9/11/14, Re: 2014 Status of Plan  
(3) West Coast Wildlands Contract with Toll Brothers dated 10/11/2012

**Subj:** **Landmark at The Ridge, Dedication of Parcels B and C**

Dear Sam,

Below is a proposed approach for the dedication of Parcels B and C that would be acceptable to Toll Brothers. If you agree with this approach, then we are hopeful that you might facilitate discussions with the City of Brisbane to resolve this issue.

According to the final map recorded in San Mateo on 12/29/2011, at the Northeast Ridge, Landmark at the Ridge, Unit II – Neighborhood 2, Toll Brothers will dedicate Parcels B and C to the County of San Mateo, with the following conditions:

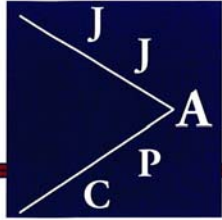
- Toll Brothers will assist the County Parks Department by staking the southeast and northwest sides of Parcel B for the survey of Parcel B.
- Toll Brothers will complete the work contemplated in Tables 1-5 of the West Coast Wildlands 5-Year Exotic Control Plan on or prior to dedication (this work is expected to be completed during the Fall of 2014) at an estimated cost of \$85,062.50
- At the time of dedication, Toll Brothers will pay to the County \$44,441.88 in total as follows:
  - The estimated cost to complete the work contemplated in Tables 6-10 of the West Coast Wildlands 5-Year Exotic Control Plan (\$35,856.25) along with an additional 10% fee to the San Mateo Park Departments (\$3,585.63) for a combined payment of \$39,441.88
  - Funds (\$5,000) for future trailhead improvements at location to be determined, including grading, and 100' of 4' wide DG path.
- Prior to such dedication, the City shall have adopted updated conditions of approval eliminating the north perimeter trail (currently contemplated in A(II)(g) of the Northeast Ridge Unit II Vesting Tentative Map Conditions of Approval).

Toll Brothers assumes that following dedication, the City of Brisbane and County Parks Department will work together to determine a future trailhead and connection to San Bruno Mountain trail system that do not disturb the Preservation Area and are consistent with the Habitat Conservation Plan.

**SAN BRUNO MOUNTAIN HABITAT CONSERVATION PLAN TRUST FUND**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND  
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

**JUNE 30, 2019**



JJACPA, Inc.

A Professional Accounting Services Corp.

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April 29, 2020

To the Trustees of the  
San Bruno Mountain Habitat Conservation Plan Trust Fund

We have audited the basic financial statements of San Bruno Mountain Habitat Conservation Plan Trust Fund (Trust Fund) as of and for the year ended June 30, 2019 and have issued our report thereon dated April 29, 2020. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our engagement letter dated November 25, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Trust Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our previous finding regarding material noncompliance and other matters noted during our audit in the Schedule of Findings and Responses included in this letter.

**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Trust Fund's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Trust Fund is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Trust Fund's financial statements relate to contingencies and subsequent events.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Trust Fund's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated April 29, 2020.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Findings or Issues**

In the normal course of our professional association with the Trust Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Trust Fund's auditors.

### **Communication of Internal Control Related Matters**

In planning and performing our audit of the financial statements of the Trust Fund as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Trust Fund's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund's internal control.

*A deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the Trustees and management of the Trust Fund and is not intended to be and should not be used by anyone other than these specified parties.

April 29, 2020

*JJACPA, Inc.*

**JJACPA, Inc.**

**Dublin, CA**

# San Bruno Mountain Habitat Conservation Plan Trust Fund

## Schedule of Findings and Responses

### For the year ended June 30, 2019

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#### Status of Prior Year Findings

#### Finding 2018-1

#### **Material Weakness of Noncompliance with California Government Code – Filing Deadline Expiration**

*Criteria:* California Government Code, Section 26909, (a) (2), requires Special Districts and Joint Powers Authorities to file an annual audit of the accounts and records with the California State Controller within 12 months of the end of the fiscal year.

*Condition:* For the year ended June 30, 2019 San Bruno Mountain Habitat Conservation Plan Trust Fund (Trust Fund) did not file an annual audit of the accounts and records with the California State Controller within 12 months of the end of the fiscal year.

*Cause:* Management of the Trust Fund was unaware of the filing requirements outlined in the California Government Code.

*Effect:* By not filing the appropriate reports with the State Controller, the Trust Fund is in violation of the California Government Code.

*Recommendation:* Management should file the audited financial statements for the year ended June 30, 2018 immediately. Additionally, the Trustees should consider having the audit timing coincide with the filing of the Trust Fund's Annual Report of Financial Transactions to the State Controller to ensure timely filing within 7 months of the fiscal year end.

*Responsible Official's Response:* Management will file the audited financial statements for the year ended June 30, 2018 immediately after they become available. Prospectively, management will also ensure that the timing of the audits will coincide with the filing of the Trust Fund's Annual Report of Financial Transactions to the State Controller within 7 months of the end of the fiscal year.

*Status:* Implemented.

April 29, 2020

JJACPA, Inc.  
7080 Donlon Way, Suite 204  
Dublin, CA 94568

Dear Mr. Arch:

This representation letter is provided in connection with your audit of the basic financial statements of the San Bruno Mountain Habitat Conservation Plan Trust Fund ("Trust Fund"), as of and for the year ended June 30, 2019 and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the Trust Fund in conformity with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 29, 2020:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 25, 2019 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes for all years.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification (ASC) 450, Contingencies), and we have not consulted a lawyer concerning litigation, claims, or assessments.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.

- All funds and activities are properly classified.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- Regarding investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable, and they appropriately reflect management’s intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Trust Fund has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Trust Fund is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.



- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- The Trust Fund has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet dates and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

*Rolando Jorquera*

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Rolando Jorquera, Administrative and Financial Services Manager

*John Cho*

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John Cho, Administrative Assistant

**SAN BRUNO MOUNTAIN HABITAT  
CONSERVATION PLAN TRUST FUND**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Elected Officials**

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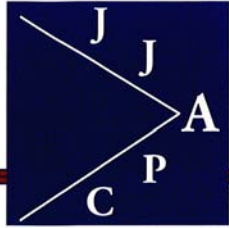
**TRUSTEES**

Mike Futrell

Clay Holstine

Shawna Maltbie

Michael Callagy



JJACPA, Inc.

A Professional Accounting Services Corp.

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## INDEPENDENT AUDITORS' REPORT

To the Trustees of the  
San Bruno Mountain Habitat Conservation Plan Trust Fund

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison information of the San Bruno Mountain Habitat Conservation Plant Trust Fund (Trust Fund), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the budgetary comparison information of the Trust Fund, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, though not a part of the basic financial statements, is required by the Governmental Accounting Standard Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2020 on our consideration of the Trust Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control over financial reporting and compliance.

April 29, 2020

*JJACPA, Inc.*  
**JJACPA, Inc**  
**Dublin, CA**

## **BASIC FINANCIAL STATEMENTS**



# San Bruno Mountain Habitat Conservation Plan Trust Fund

## Statement of Net Position

June 30, 2019

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|   | <u>2019</u>                |
|---|----------------------------|
| <b>ASSETS</b>                             |                            |
| <b>Current assets:</b>                    |                            |
| Cash and investments                      | \$ 768,030                 |
| Accounts receivable:                      |                            |
| Accounts                                  | 234,696                    |
| Interest                                  | 4,895                      |
| <b>Total assets</b>                       | <u><u>\$ 1,007,621</u></u> |
| <b>LIABILITIES</b>                        |                            |
| <b>Current liabilities:</b>               |                            |
| Accounts payable and accrued liabilities  | \$ 8,770                   |
| <b>Total liabilities</b>                  | <u>8,770</u>               |
| <b>NET POSITION</b>                       |                            |
| Restricted for:                           |                            |
| McKesson property                         | 520,784                    |
| Parcel maintenance                        | 48,186                     |
| Unrestricted                              | 429,881                    |
| <b>Total net position</b>                 | <u>998,851</u>             |
| <b>Total liabilities and net position</b> | <u><u>\$ 1,007,621</u></u> |

The accompanying notes are an integral part of these basic financial statements.

# San Bruno Mountain Habitat Conservation Plan Trust Fund

## Statement of Activities

For the year ended June 30, 2019

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|   | <u>2019</u>       |
|---|-------------------|
| <b>OPERATING REVENUES:</b>                    |                   |
| Other charges                                 | \$ 209,555        |
| <b>Total operating revenues</b>               | <u>209,555</u>    |
| <b>OPERATING EXPENSES</b>                     |                   |
| Professional fees                             | 154,522           |
| Special contract services                     | 42,500            |
| <b>Total operating expenses</b>               | <u>197,022</u>    |
| <b>Operating income</b>                       | <u>12,533</u>     |
| <b>NONOPERATING REVENUES (EXPENSES):</b>      |                   |
| Interest revenue                              | 20,532            |
| Taxes and assessments                         | (505)             |
| <b>Total nonoperating revenues (expenses)</b> | <u>20,027</u>     |
| <b>Change in net position</b>                 | 32,560            |
| <b>NET POSITION (DEFICIT):</b>                |                   |
| Beginning of year                             | 966,291           |
| End of year                                   | <u>\$ 998,851</u> |

The accompanying notes are an integral part of these basic financial statements.

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**FUND FINANCIAL STATEMENTS**

# San Bruno Mountain Habitat Conservation Plan Trust Fund

## Balance Sheet

June 30, 2019

|   | <u>2019</u>         |
|---|---------------------|
| <b>ASSETS</b>   |                     |
| <b>Current assets:</b>  |                     |
| Cash and investments  | \$ 768,030          |
| Accounts receivable:  |                     |
| Accounts  | 234,696             |
| Interest  | 4,895               |
| <b>Total current assets</b>   | <u>1,007,621</u>    |
| <b>Total assets</b>   | <u>\$ 1,007,621</u> |
| <b>LIABILITIES<br/>AND FUND BALANCES</b>  |                     |
| <b>Current liabilities:</b>   |                     |
| Accounts payable and accrued liabilities  | \$ 8,770            |
| <b>Total current liabilities</b>  | <u>8,770</u>        |
| <b>FUND BALANCE</b>   |                     |
| Restricted  | 568,970             |
| Unassigned  | 429,881             |
| <b>Total fund balance</b>   | <u>998,851</u>      |
| <b>Total liabilities and fund balance</b>   | <u>\$ 1,007,621</u> |
| <br><b>Reconciliation of the Governmental Funds Balance Sheet<br/>to the Statement of Net Position</b>  |                     |
| <b>Total fund balances - total governmental funds</b>   | \$ 998,851          |
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |                     |
| Deferred inflows are reported in governmental funds on the modified accrual basis and are recognized as revenue on the accrual basis in the government-wide statements. | <u>-</u>            |
| <b>Net position of governmental activities</b>  | <u>\$ 998,851</u>   |

The accompanying notes are an integral part of these basic financial statements.

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the year ended June 30, 2019**

|  | <u>2019</u>       |
|--|-------------------|
| <b>REVENUES:</b>   |                   |
| Other charges  | \$ 209,555        |
| Interest revenue   | 20,532            |
| <b>Total revenues</b>  | <u>230,087</u>    |
| <b>EXPENDITURES</b>  |                   |
| Professional fees  | 154,522           |
| Special contract services  | 42,500            |
| Taxes and assessments  | 505               |
| <b>Total expenditures</b>  | <u>197,527</u>    |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>   | <u>32,560</u>     |
| <b>Net Change in fund balance</b>  | 32,560            |
| <b>FUND BALANCE (DEFICIT):</b>   |                   |
| Beginning of year  | 966,291           |
| End of year  | <u>\$ 998,851</u> |
| <br><b>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</b>  |                   |
| <b>Net change in fund balances - total governmental funds</b>  | \$ 32,560         |
| Amounts reported for governmental activities in the Statement of Activities are different because:   |                   |
| Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the Statement of Activities. |                   |
| <b>Change in net position of governmental activities</b>   | <u>\$ 32,560</u>  |

The accompanying notes are an integral part of these basic financial statements.

# San Bruno Mountain Habitat Conservation Plan Trust Fund

## Statement of Revenues, Expenditures, and Changes in Fund Balance

### Budget and Actual

For the year ended June 30, 2019

|  | Original<br>Budget | Final<br>Budget    | 2019<br>Actual    | Variance<br>Positive<br>(Negative) |
|--|--------------------|--------------------|-------------------|------------------------------------|
| <b>REVENUES:</b>   |                    |                    |                   |                                    |
| Other charges  | \$ 227,490         | \$ 227,490         | \$ 209,555        | \$ (17,935)                        |
| Interest revenue   | 49,958             | 49,958             | 20,532            | (29,426)                           |
| Total Revenues   | <u>277,448</u>     | <u>277,448</u>     | <u>230,087</u>    | <u>(47,361)</u>                    |
| <b>EXPENDITURES:</b>   |                    |                    |                   |                                    |
| Professional fees  | 281,500            | 281,500            | 154,522           | 126,978                            |
| Special contract services  | 42,500             | 42,500             | 42,500            | -                                  |
| Taxes and assessments  | -                  | -                  | 505               | (505)                              |
| Total Expenditures   | <u>324,000</u>     | <u>324,000</u>     | <u>197,527</u>    | <u>126,473</u>                     |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>                                | (46,552)           | (46,552)           | 32,560            | (79,112)                           |
| <b>REVENUES OVER (UNDER) EXPENDITURES<br/>AND OTHER FINANCING (USES)</b> | <u>\$ (46,552)</u> | <u>\$ (46,552)</u> | 32,560            | <u>\$ (79,112)</u>                 |
| <b>FUND BALANCES (DEFICIT):</b>  |                    |                    |                   |                                    |
| Beginning of year  |                    |                    | 966,291           |                                    |
| End of year  |                    |                    | <u>\$ 998,851</u> |                                    |

The accompanying notes are an integral part of these basic financial statements.

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The San Bruno Mountain Habitat Conservation Trust Fund (Trust Fund) was created to carry out the purpose and provisions of the San Bruno Mountain Habitat Conservation Plan (the HCP), which attempts to resolve the endangered species and development conflict. The HCP allows limited development of endangered species habitat in exchange for implementation of a long-term program, funded by development, to protect and enhance the remaining portions of the San Bruno Mountain as habitat for the Mission Blue Butterfly and Callippe Silverspot Butterfly.

The HCP was adopted in 1983 and covers the entire area of San Bruno Mountain. The permit necessary to administer the HCP was issued by the U.S. Fish and Wildlife Service in 1983 and is in effect for thirty years. In 1983 the Trust Fund was also established by an agreement among the U.S. Fish and Wildlife Service (USFWS), the California Department of Fish and Game, the California Department of Parks and Recreation, the County of San Mateo, the City of South San Francisco, the City of Brisbane, the City of Daly City and certain land developers. The members of the Board of Trustees are the County Manager of the County of San Mateo and the City Managers of the cities of Brisbane, Daly City and South San Francisco.

In 2013 the County of San Mateo (County), as Plan Operator, extended the Section 10(a) ("Incidental Take") Permit with the USFWS for the existing HCP including all five approved amendments for another 30 years.

The Trust Fund is an entity separate from each participating entity and the Board of Trustees controls the operations of the Trust Fund. Funding is provided by developers during construction and permanent and ongoing funding is provided by the new homeowners through the term of the Plan. The Trust Fund is administered by the San Mateo County Parks Department.

The Trust Fund's financial transactions are accounted for in a Special Revenue Fund, as monies received by it are legally restricted to specific use. Trust Fund monies can only be expended for purposes authorized by the HCP agreement. Revenues received and expenditures incurred pertaining to the HCP amendment are accounted for in a separate fund maintained by the County.



**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Government-Wide and Fund Financial Statements**

Government-wide financial statements (i.e. the statement of net position and the statement of activities) and fund financial statements are presented for the Special Revenue Fund, a governmental fund, which accounts for all transactions of the Trust Fund. Under the current financial reporting model, governments are required to present government-wide and fund financial statements along with reconciliations between the two. See 'Measurement Focus, Basis of Accounting and Financial Statement Presentation' below.

The statement of activities presents a comparison between direct expenses and program revenues of the Trust Fund. *Direct expenses* are those that are specifically associated with the Trust Fund. *Program revenues* refer to grants, contributions and other revenues that meet the operational or capital requirements of the program. Any revenues not classified as program revenues represent *general revenues*.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Trust Fund considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Fee assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Trust Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Trust Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Cash Equivalents:** Cash is pooled with other funds of the County to earn a higher rate of return than could be earned by investing the funds individually. The Trust Fund considers its equity in the County's investment pool to be cash equivalents.

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Receivables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Revenues: Amounts reported as *program revenues* include 1) fees assessed to homeowners and developers for services provided, 2) operating contributions, and 3) capital grants and contributions, if applicable.

**Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results based on subsequent events could differ from those estimates.

**Budgetary Information**

The Board of Trustees approves and adopts an annual operating budget, which can be amended by the Board throughout the year. The basis used to prepare the budget is the same as used to reflect actual revenues and expenditures. No supplemental appropriations were adopted for the year.

**2. CASH AND CASH EQUIVALENTS**

**Cash and Cash Equivalents**

Cash is pooled with other funds in the San Mateo County Investment Pool (County Pool), which is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund. The Trust Fund is a voluntary participant in the County Pool.

Cash and cash equivalents in the County Pool are reported at fair value, as required by GASB 31. The change in fair value for the year is recorded as unrealized gain or loss and reported as part of investment earnings. Fair value is based on information provided by the County Treasurer.

**Authorized Investments of the County Pool**

The County Pool's Investment Policy and the California Government Code allow the County Pool to invest in the following, provided the credit ratings of the issuers are acceptable to the County Pool. The following also identifies certain requirements of the County Pool and California Government Code that address interest rate risk, credit risk, and concentrations of credit risk:

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

**2. CASH AND CASH EQUIVALENTS, Continued**

| Authorized Investment Type                                       | Maximum Maturity | Minimum Credit Quality | Maximum % Allowed in Portfolio | Maximum % Investment in One Issuer |
|--|------------------|------------------------|--------------------------------|------------------------------------|
| U.S. Treasury Obligations  | 7 years          | -                      | 100                            | 100                                |
| Obligations of U.S. Agencies or government sponsored enterprises | 7 years          | -                      | 100                            | 40                                 |
| Bankers' Acceptances   | 180 days         | A1/P1                  | 15                             | 5                                  |
| Collateralized time deposits within the state of California      | 1 year           | -                      | 15                             | 5                                  |
| Negotiable certificates of deposit                               | 5 years          | -                      | 30                             | 5                                  |
| Commercial paper/Floating rate notes                             | 270 days or less | A1/P1                  | 40                             | 5                                  |
| Repurchase agreements  | 92 days          | -                      | 100                            | 25                                 |
| Corporate bonds and medium term notes                            | 5 years          | A                      | 30                             | 5                                  |
|  |                  |                        | Up to the current state        |                                    |
| Local Agency Investment Fund (LAIF)                              | -                | -                      | limit                          | -                                  |
| Shares of beneficial interest                                    | -                | -                      | 10                             | 5                                  |
| Mortgage backed securities                                       | 5 years          | A                      | 20                             | 5                                  |

**County Pool: Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the San Mateo County's Investment Policy limit the County Pool investments in commercial paper to the rating of "A1" or better by Standards & Poor or "P1" or better by Moody's Investors Service. State law and the San Mateo County's Investment Policy also limit County Pool investments in corporate bonds to the rating of "A" or higher by both Standards & Poor's and Moody's Investors Service. No limits are placed on the U.S. government agency securities and U.S. Treasuries.

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

**2. CASH AND CASH EQUIVALENTS, Continued**

At June 30, 2019, the County Pool was invested in the following securities:

| Investment Type                          | Standard & Poor's<br>Rating | % of<br>Portfolio |
|--|-----------------------------|-------------------|
| U.S. Government Securities               |                             |                   |
| U.S. Treasury Securities                 | A1+                         | 3.81%             |
| U.S. Treasury Securities                 | AA+                         | 11.53%            |
| U.S. Instrumentalities                   | AAA                         | 8.90%             |
| U.S. Government Agency Securities        |                             |                   |
| Federal Home Loan Bank                   | AA+                         | 21.40%            |
| Federal Home Loan Bank                   | AAA                         | 0.00%             |
| Federal Home Loan Mortgage Corporation   | AA+                         | 2.75%             |
| Federal Home Loan Bank - Floating rate   | AA+                         | 0.88%             |
| Federal Farm Credit Bank                 | AA+                         | 1.74%             |
| Federal Farm Credit Bank - Floating Rate | AA+                         | 1.54%             |
| Federal National Mortgage Association    | AA+                         | 3.73%             |
| Corporate bonds                          |                             |                   |
| Corporate Bonds                          | AAA                         | 0.62%             |
| Corporate Bonds                          | AA+                         | 0.52%             |
| Corporate Bonds                          | AA                          | 0.82%             |
| Corporate Bonds                          | AA-                         | 5.11%             |
| Corporate Bonds                          | A+                          | 4.41%             |
| Corporate Bonds                          | A                           | 2.42%             |
| Corporate Bonds                          | A-                          | 1.96%             |
| Corporate Bonds Floating Rate Securities | AA+                         | 0.28%             |
| Corporate Bonds Floating Rate Securities | AA                          | 0.22%             |
| Corporate Bonds Floating Rate Securities | AA-                         | 1.16%             |
| Corporate Bonds Floating Rate Securities | A+                          | 1.90%             |
| Corporate Bonds Floating Rate Securities | A                           | 0.55%             |
| Corporate Bonds Floating Rate Securities | A-                          | 0.40%             |
| Municipal Bonds                          | AA-                         | 0.45%             |
| Money Market Funds                       | AAA                         | 0.33%             |
| Local Agency Investment Fund             | Not rated                   | 1.43%             |
| Commercial Paper                         | A1                          | 10.53%            |
| Commercial Paper                         | A1+                         | 3.19%             |
| Repurchase Agreements                    | AA+                         | 7.42%             |
| Total                                    |                             | 100.00%           |

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. State law and the County Investment Policy restrict the County's investments in U.S. Treasury Obligations to 100% of its portfolio (100% per issuer); Obligations of U.S. Agencies or government sponsored enterprises to 100% (40% per issuer); banker's acceptance to 15% (5% per issuer); collateralized time deposits within the State to 15% (5% per issuer), negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (5% per issuer); commercial paper to 40% (5% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

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**2. CASH AND CASH EQUIVALENTS, Continued**

100% (100% per issuer for U.S. Treasuries and 40% per issuer for agency obligations); shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601 to 10% (5% per issuer); and mortgage backed securities to 20% (5% per issuer). As of June 30, 2019, the investment pool has more than 5% of its total investments with the following issuer: 22.28% in Federal Home Loan Bank.

**County Pool: Foreign Currency Risk**

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or deposit. The County investment policy does not include specific provisions to address foreign currency risk as it does not hold foreign securities.

**County Pool: Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. The County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2019, the County Pool had a weighted average maturity of .93 years and its investment in floating rate securities was \$313.6 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

**3. RECEIVABLES**

**Accounts Receivable**

Accounts receivable represent amounts due from developers and homeowners for fees assessed during the year. For June 30, 2019, accounts receivable is as follows:

|                           |                          |
|---------------------------|--------------------------|
|                           | <u>2019</u>              |
| Accounts Receivable       | <u>\$ 234,696</u>        |
| Total Accounts Receivable | <u><u>\$ 234,696</u></u> |

**Interest Receivable**

The interest receivable balance represents fourth quarter investment earnings due from the County Treasurer for each fiscal year ended.

In addition, the Trust Fund receives interest payments from an endowment held for the benefit of San Bruno Mountain. These payments will be received until the endowment is used for the purpose intended.

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

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**4. ACCOUNTS PAYABLE**

Accounts payable comprises of amounts due for contracted services at fiscal year-end as follows:

|                   |                        |
|-------------------|------------------------|
|                   | <u>2019</u>            |
| Contract services | <u>\$ 8,770</u>        |
| Accounts Payable  | <u><u>\$ 8,770</u></u> |

**5. REVENUES**

The Trust Fund's major sources of revenue are collections from homeowners, homeowner associations and developers for fees assessed per the HCP agreement. Contributions are deposited monthly, quarterly or annually, based on the agreements signed at the time construction began.

Other sources of revenue include the following: a) interest income received quarterly from the County Treasurer b) funds from developers, which represent reimbursements for costs associated with the HCP and incurred by the Trust Fund and c) additional contributions from individuals developing adjacent to HCP boundaries.

**6. FUND BALANCES/NET POSITION**

Fund Balances consist of the following: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the Trust Fund's highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Currently, the Trust Fund uses only the restricted and unassigned categories.

|                    |                          |
|--------------------|--------------------------|
|                    | <u>2019</u>              |
| Restricted for:    |                          |
| McKesson property  | \$ 520,784               |
| Parcel maintenance | 48,186                   |
| Unassigned         | <u>429,881</u>           |
| Total Fund Balance | <u><u>\$ 998,851</u></u> |

- *McKesson property*: Represents amounts set aside for the maintenance of McKesson property.
- *Parcel maintenance*: Represents amounts set aside for the maintenance of parcels 1, 2 and 6.

**San Bruno Mountain Habitat Conservation Plan Trust Fund**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Notes to Basic Financial Statements**

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**6. FUND BALANCES/NET POSITION, Continued**

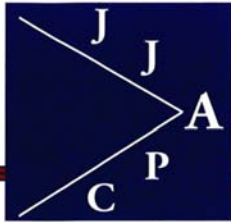
Net position consists of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by Governing Board action. Unrestricted amounts reflect balances available for current operations.

|                    | <u>Net Position</u>      |
|--------------------|--------------------------|
| Restricted for:    |                          |
| McKesson property  | \$ 520,784               |
| Parcel maintenance | 48,186                   |
| Unrestricted       | <u>429,881</u>           |
| <b>Total</b>       | <u><u>\$ 998,851</u></u> |

Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions above.

**7. RISK MANAGEMENT**

As per the Agreement, the County added the Trust Fund to its excess liability insurance coverage. The existing insurance coverage is current as of the issuance of this report. County Counsel provides legal representation for any claims or litigation of the Trust Fund at no charge.



JJACPA, Inc.

A Professional Accounting Services Corp.

**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**

**Independent Auditor's Report**

To the Trustees of the  
San Bruno Mountain Habitat Conservation Plan Trust Fund

We have audited, in accordance with the 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 financial statements of the governmental activities, the major fund, and the budgetary comparison information of the San Bruno Mountain Habitat Conservation Plan Trust Fund (Trust Fund), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements, and have issued our report thereon dated April 29, 2020

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trust Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trust Fund's financial statements are free from 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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 29, 2020

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**

**San Bruno Mountain  
Habitat Conservation Plan**

|   |       | Budget              | Actuals             | Comments  | Estimated Budget    | Actuals thru 3/31/20 | Estimated Budget    |
|---|-------|---------------------|---------------------|---|---------------------|----------------------|---------------------|
|   |       | 2018-2019           | 2018-2019           | 2018-19   | 2019-2020           | 2019-2020            | 2020-21             |
| <b>Interest</b>   |       |                     |                     |   |                     |                      |                     |
| HCP Fund Interest   |       | \$ 8,312            | \$ 20,532           |   | \$ 15,292           | \$ 7,830             | \$ 12,000           |
| Endowment Fund Interest   |       | \$ 41,646           | \$ -                |   | \$ 84,847           |                      | \$ 42,858           |
| <b>Total Interest Revenue</b>   |       | <b>\$ 49,958</b>    | <b>\$ 20,532</b>    |   | <b>\$ 100,139</b>   | <b>\$ 7,830</b>      | <b>\$ 54,858</b>    |
| <b>Insurance Recovery</b>   |       |                     |                     |   |                     |                      |                     |
|   |       |                     |                     |   |                     |                      |                     |
| Revenue From HCP Fees   |       | \$ 227,490          | \$ 209,555          | Taking into account ECI (Employment Cost Index)   | \$ 234,696          | \$ (33,584)          | \$ 234,696          |
| PG&E Battery Road 59 Restoration  |       |                     |                     | PG&E Battery Road 59 Restoration (HCPPR)  | \$ 14,006           | \$ 14,006            |                     |
| McKesson Property Restoration   |       |                     |                     | McKesson Corp. Property Conveyance  |                     |                      |                     |
| <b>South San Francisco</b>  |       |                     |                     |   |                     |                      |                     |
| McKesson Property Revenue   |       | \$ -                | \$ -                | Check from City and County of San Francisco   | \$ -                |                      |                     |
|   |       |                     |                     |   |                     |                      |                     |
| <b>Total Revenue</b>  |       | <b>\$ 277,448</b>   | <b>\$ 230,087</b>   |   | <b>\$ 348,841</b>   | <b>\$ (11,747)</b>   | <b>\$ 289,554</b>   |
| Fund Balance  |       | \$ 1,053,791        | \$ 1,053,790        |   | \$ 998,851          | \$ 998,851           | \$ 963,210          |
| <b>TOTAL AVAILABLE FUNDS</b>  |       | <b>\$ 1,331,239</b> | <b>\$ 1,283,878</b> |   | <b>\$ 1,347,692</b> | <b>\$ 987,104</b>    | <b>\$ 1,252,764</b> |
| <b>EXPENDITURES</b>   |       |                     |                     |   |                     |                      |                     |
| <b>PG&amp;E Veg. Mngmt</b>  |       |                     |                     |   |                     |                      |                     |
| HCP MNG Contracts (CRE/MIG)   |       |                     |                     |   |                     |                      |                     |
| Biological Monitoring   | HCPBM | \$ 15,000           | \$ 4,312            |   | \$ 15,000           | \$ -                 | \$ 15,000           |
| HCP Management Contracts  | HCPVC | \$ 150,000          | \$ 117,112          |   | \$ 150,000          | \$ 64,041            | \$ 150,000          |
| Grazing Management  | HCPGC | \$ 20,000           | \$ 3,282            |   | \$ 36,375           | \$ 4,238             | \$ 20,000           |
| Emergency Response Funds  | HCPEC | \$ 15,000           |                     |   | \$ 15,000           | \$ 867               | \$ 15,000           |
| Other Contracts   |       |                     |                     |   | \$ 20,000           |                      |                     |
| <b>Total HCP Contracts</b>  |       | <b>\$ 200,000</b>   | <b>\$ 124,706</b>   |   | <b>\$ 236,375</b>   | <b>\$ 69,145</b>     | <b>\$ 200,000</b>   |
| McKesson Property Restoration   | HCPMR | \$ 80,000           | \$ 28,216           | Expenditures being tracked by Job Org HCPMR   | \$ 100,000          | \$ 42,451            | \$ 100,000          |
| McKesson Real Property Charges  |       |                     |                     |   |                     |                      |                     |
| <b>McKesson Property Expenditures</b>                                       |       | <b>\$ 80,000</b>    | <b>\$ 28,216</b>    |   | <b>\$ 100,000</b>   | <b>\$ 42,451</b>     | <b>\$ 100,000</b>   |
| PG&E Battery Road 59 Restoration  | HCPPR |                     |                     |   | \$ 6,906            |                      | \$ 3,550            |
| Funds for Management of parcels 1,2 & 6                                     | HCPPM | \$ 48,186           |                     | Tracking expenditures by Job Ledger (HCPPM). Terrabay South San Francisco Work. Balance Remaining as of 7/1/18 of \$48,186. | \$ 48,186           |                      | \$ 48,186           |
| <b>County Support</b>   |       |                     |                     |   |                     |                      |                     |
| County Staff HCP Administration   |       | \$ 20,000           | \$ 20,000           |   | \$ 20,000           |                      | \$ 20,000           |
| County Staff Contract Management  |       | \$ 15,000           | \$ 15,000           |   | \$ 15,000           |                      | \$ 15,000           |
| County Staff (Administrative Support)                                       |       | \$ 7,500            | \$ 7,500            |   | \$ 7,500            |                      | \$ 7,500            |
| NRM Intern  |       |                     |                     |   |                     |                      | \$ 53,918           |
| <b>Total County Support</b>   |       | <b>\$ 42,500</b>    | <b>\$ 42,500</b>    | <b>\$ -</b>   | <b>\$ 42,500</b>    | <b>\$ -</b>          | <b>\$ 96,418</b>    |
| <b>Other Charges</b>  |       |                     |                     |   |                     |                      |                     |
| Auditing Contract   |       | \$ 1,500            | \$ 1,600            | Audit of FY16/17 will be paid in FY 2018-19   | \$ 4,800            | \$ 1,600             | \$ 1,600            |
| Property Tax  |       |                     | \$ 505              |   | \$ 1,000            |                      | \$ 1,000            |
| Other Services and Supplies   |       |                     |                     |   |                     |                      |                     |
| Transfer Check from City of South San Francisco                             |       |                     | \$ 87,500           |   |                     |                      |                     |
| <b>Total Other Charges</b>  |       | <b>\$ 1,500</b>     | <b>\$ 89,605</b>    |   | <b>\$ 5,800</b>     | <b>\$ 1,600</b>      | <b>\$ 2,600</b>     |
| <b>Total Expenditures</b>   |       | <b>\$ 372,186</b>   | <b>\$ 285,027</b>   |   | <b>\$ 391,581</b>   | <b>\$ 113,196</b>    | <b>\$ 402,568</b>   |
| Year-End Fund Balance for HCP Funds   |       | \$ 590,053          | \$ 429,881          |   | \$ 535,326          | \$ 381,568           | \$ 525,862          |
| <b>Due to County</b>  |       |                     |                     |   |                     |                      |                     |
| Year-End Fund Balance for Management of Parcels 1,2 & 3                     |       | \$ -                | \$ 48,186           |   | \$ -                | \$ -                 | \$ -                |
| Year-End Fund Balance for PG&E Battery Road 59 Restoration                  |       |                     |                     |   | \$ 7,100            | \$ 14,006            | \$ 3,550            |
| Year-End Fund Balance for McKesson Property Improvements (Starting FY17/18) |       | \$ 369,000          | \$ 520,784          |   | \$ 420,784          | \$ 478,333           | \$ 320,784          |
| <b>Total Year-End Fund Balance</b>  |       | <b>\$ 959,053</b>   | <b>\$ 998,851</b>   |   | <b>\$ 963,210</b>   | <b>\$ 873,907</b>    | <b>\$ 850,196</b>   |