

SAN BRUNO MOUNTAIN HABITAT CONSERVATION PLAN TRUST

Trustees

Mike Callagy, County Executive – County of San Mateo
Clay Holstine, City Manager – City of Brisbane
Thomas Piccolotti, City Manager – City of Daly City
Sharon Ranals, City Manager – City of South San Francisco

Date: Thursday, June 1, 2023

Time: 2:30 pm to 3:30 pm

Location:

In-person attendance: Criminal Justice Training Room, 1st floor in 400 County Center (Hall of Justice)

*** IN-PERSON MEETING ONLY *** This meeting of the San Bruno Mountain Habitat Conservation Plan Board of Trustees will be held in person, pursuant to Government Code Section 54953(e). Members of the public will be able to participate in the meeting in person in the Criminal Justice Training Room at the address above. For information regarding how to participate in the meeting, please refer to the instructions at the end of the agenda.

*Written public comments may be emailed to parksandrecreation@smcgov.org, and such written comments should indicate the specific agenda item on which you are commenting. *Spoken public comments will be accepted during the meeting in person at the option of the speaker.

Meeting Agenda

Pledge of Allegiance

Roll Call

Public Comment

Action to Set the Agenda and Approve the Consent Agenda Items

Regular Agenda

1. Report Backs
 - a. Dedication Status Updates
 - b. Update on HCP Amendment
 - c. Updates on Grant-funded Project Activities

2. Approve the San Bruno Mountain HCP Budget
 - a. Review and Update Planned Expenditures for Habitat Conservation Activities within the San Bruno Mountain Habitat Conservation Plan area for FY 2023-24

3. Review of FY 2022-23 Annual Activities Highlights **

4. Upcoming & Recent Meetings
 - a. Grazing Technical Advisory Committee
 - b. Natural Resource Coordination – Quarterly
 - c. Trustees Meeting – May 2024

Consent Agenda

1. Approve the June 23, 2022 Meeting Minutes

2. Approve the San Bruno Mountain Habitat Conservation Plan Trust Fund's Annual Audit for FY 2021-22

**PowerPoint presentation

*Instructions for Public Comment During Meetings

During meetings of the Board of Trustees, members of the public may address the Members of the Board of Trustees as follows:

*Spoken Comments:

Spoken public comments will be accepted during the meeting in person at the option of the speaker. If you wish to speak to the Trustees, please fill out a speaker's slip located near the conference room door. If you have anything that you wish distributed to the Trustees and included in the official record, please hand it to the staff person for the Parks Department who will distribute the information to the Trustees members and staff.

*Written Comments:

Written public comments may be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to parksandrecreation@smcgov.org.
2. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda or is on the consent agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your e-mailed comment is received by 5:00 p.m. on the day before the meeting, it will be provided to the Members of the Board of Trustees and made publicly available on the agenda website under the specific item to which your comment pertains. If e mailed comments are received after 5:00p.m. on the day before the meeting, we will make every effort to either (i) provide such e-mailed comments to the Board of Trustees and make such e mails publicly available on the agenda website prior to the meeting, or (ii) read such emails during the meeting. Whether such emailed comments are forwarded and posted, or are read during the meeting, they will still be included in the administrative record.



COUNTY OF SAN MATEO
Parks Department

DATE: June 1, 2023

TO: San Bruno Mountain Habitat Conservation Plan Trustees

FROM: Hannah Ormshaw, Assistant Director

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 yet been transferred to a SBMHCP signatory as conserved habitat.

“Toll CA XIX, LP (“Toll Brothers”), the developer of the real property known as the Northeast Ridge #2, has now offered two parcels for dedication to the County in accordance with the terms of the HCP. A Dedication and Transfer Agreement has been developed to clarify the next steps in the dedication process for these parcels to be added to the San Bruno Mountain State and County Park. The property for dedication and transfer to the County at this time consists of two parcels, “Parcel B” and “Parcel C” (totaling 78.27 acres), that make up the prime butterfly habitat that was conserved by HCP Amendment 5, as approved in 2010. Parcel F located between Parcels B and C will be dedicated to the City of Brisbane as an emergency vehicle access lane from the Northeast Ridge #2 residential subdivision to the Guadalupe Canyon Parkway. Attached is a survey of these described properties.

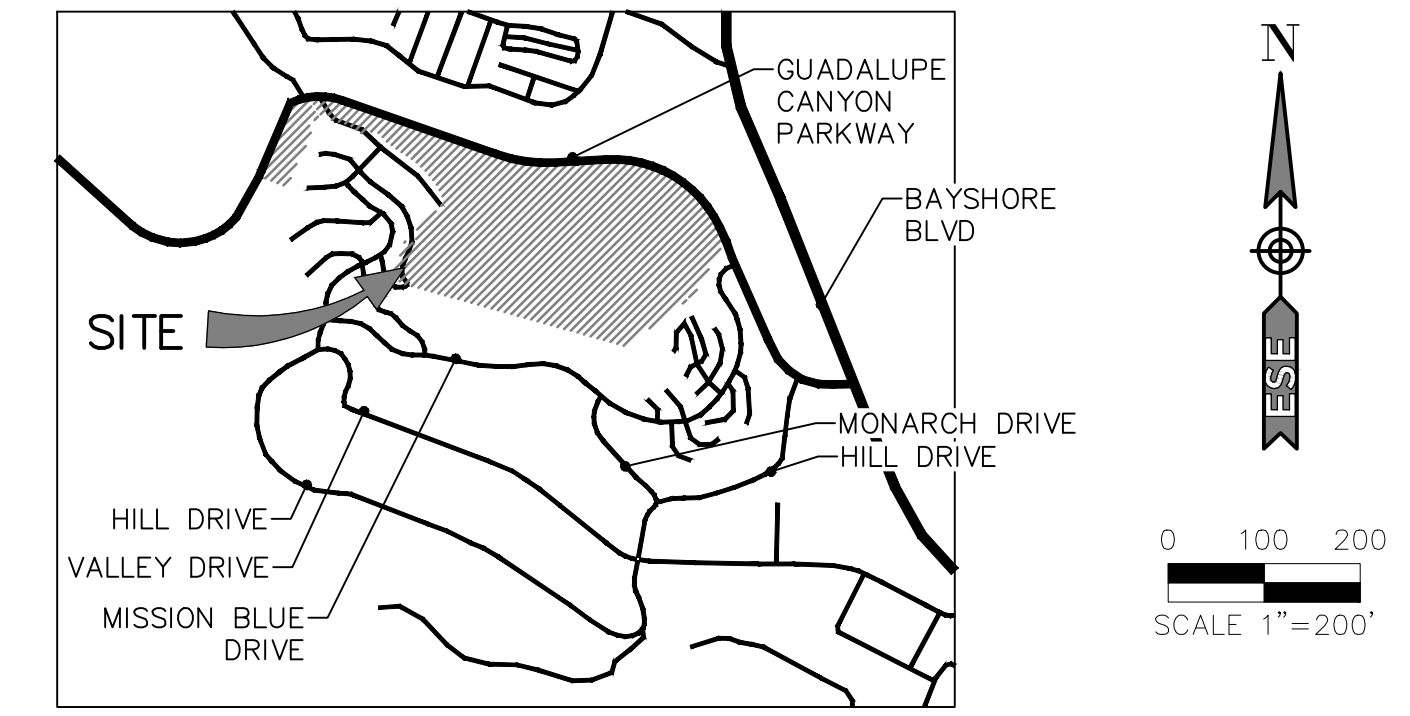
At this time, the County, City of Brisbane, and the Viewpoint HOA are in discussions regarding a maintenance easement for concrete storm drainage ditches that had been constructed on the hillside within Parcel B to be dedicated. The finalization of the parcel dedication process, and the acceptance of the parcel by the County will be able to be completed once an agreement or resolution can be made on this maintenance easement.

BOUNDARY RETRACEMENT SURVEY

OF

TOLL, CA - APN: 005-510-99

NAD27 US CA ZONE III



VICINITY MAP
NOT TO SCALE

TITLE COMMITMENT NOTE

THIS SURVEY DOES NOT CONSTITUTE A TITLE SEARCH BY ESE CONSULTANTS AND/OR EMPLOYEES OF ESE CONSULTANTS TO DETERMINE OWNERSHIP OR EASEMENTS OF RECORD. FOR ALL INFORMATION REGARDING EASEMENTS, RIGHTS-OF-WAY AND TITLE OF RECORD, ESE CONSULTANTS RELIED UPON THE PRELIMINARY TITLE REPORT PREPARED BY FIRST AMERICAN TITLE COMPANY, ORDER NO. 0131-624859616, DATED REV. 11/06.

LEGAL DESCRIPTION

PARCELS B AND C, AS SHOWN ON THE MAP ENTITLED, "NORTHEAST RIDGE LANDMARK AT THE RIDGE UNIT II - NEIGHBORHOOD 2", FILED FOR RECORD ON DECEMBER 29, 2011 IN MAP BOOK 138 OF MAPS AT PAGES 7 THROUGH 22, INCLUSIVE, SAN MATEO COUNTY RECORDS.

NOTES

1. TOTAL PROJECT AREA AS SHOWN
2. THE SURVEYOR MAKES NO GUARANTEE THAT ALL OF THE ABOVE/UNDERGROUND UTILITIES SHOWN COMPRISE ALL IN THE AREA, EITHER IN SERVICE OR ABANDONED. THE SURVEYOR FURTHERMORE DOES NOT WARRANT THAT THE ABOVE/UNDERGROUND UTILITIES SHOWN ARE IN THE LOCATION INDICATED. THE SURVEYOR HAS NOT PHYSICALLY LOCATED ABOVE/UNDERGROUND UTILITIES.
3. THIS SURVEY IS BASED ON RECORDS OF SURVEY PROVIDED BY FIRST AMERICAN TITLE COMPANY.
4. THE SURVEYOR IS NOT AWARE OF ANY CHANGES IN STREET RIGHT OF WAY LINES EITHER COMPLETED OR PROPOSED.
5. THIS MAP OR EXHIBIT HAS BEEN CREATED FOR THE REPRESENTATION OF RECORD INFORMATION PROVIDED BY SAID TITLE COMPANY AS SHOWN HEREON. THE INTENT OF THIS SURVEY IS NOT TO CREATE OR ABANDON ANY EASEMENTS OR BOUNDARIES OF LAND.

REFERENCE

- R1 RECORD OF SURVEY OF "GUADALUPE CANYON PARKWAY SAN MATEO COUNTY ROAD NO. 69 BETWEEN THE CITY OF DALY CITY AND BAYSHORE BLVD." RECORDED AS VOLUME 8, PAGE 23, SAN MATEO COUNTY RECORDS.
- R2 THAT CERTAIN MAP TITLED "NORTHEAST RIDGE UNIT NO. 1" FILED FOR RECORD IN VOLUME 125 OF RECORDED SUBDIVISION MAPS PAGE 29, SAN MATEO COUNTY RECORDS.

THIS EXHIBIT IS CREATED FOR REFERENCE ONLY



LEGEND

- SECTION LINE
- PROPERTY BOUNDARY
- PARCEL LINE
- RIGHT OF WAY LINE
- EASEMENT LINE
- SURVEY TIE

- SMC SAN MATEO COUNTY RECORD OF SURVEY
- ROS RECORD OF SURVEY
- TM TRACT MAP
- ESMT EASEMENT
- PUE PUBLIC UTILITY EASEMENT
- R/W RIGHT-OF-WAY
- FND FOUND
- CL CENTERLINE
- FOUND MONUMENT
- FOUND REBAR AND CAP MARKED LS7179
- FOUND IRON PIPE
- ⊗ FOUND "X" IN CONCRETE

BOUNDARY RETRACEMENT SURVEY
TOLL, CA - APN: 005-510-99

PARCELS B AND C, AS SHOWN ON
"NORTHEAST RIDGE LANDMARK AT THE RIDGE UNIT II -
NEIGHBORHOOD 2"
BOOK 138 OF MAPS PAGE 7-22,
SAN MATEO COUNTY RECORDS

SAN MATEO COUNTY CALIFORNIA

ESE CONSULTANTS
ENGINEERING • PLANNING • SURVEYING • ENVIRONMENTAL

6800 K&B Center Parkway | Suite 320
Pleasanton, CA 94566
925-244-6065

DRAWN: DB	CHECKED: DB	DATE: 11.11.2021	ORDER NUMBER: EXHIBIT PURPOSE ONLY
FILE NAME: BRSBANE - EXHIBIT RETRACEMENT SURVEY NAD27 US CA	SHEET: 1	PAGE 11 OF 11	



**San Bruno Mountain
Habitat Conservation Plan**

Hide

		<u>Budget</u>	<u>Actuals thru 6/30/22</u>	<u>Budget</u>	<u>Actuals thru 3/31/23</u>	<u>Budget</u>	<u>Change</u>
		2021-22	2021-22	2022-23	2022-23	2023-24	
Interest							
HCP Fund Interest		\$ 9,000	\$ 6,786	\$ 8,000	\$ 5,259	\$ 8,000	\$ -
Endowment Fund Interest		\$ 43,525		\$ 39,826	\$ -	\$ 39,826	\$ 0
Total Interest Revenue		\$ 52,525	\$ 6,786	\$ 47,826	\$ 5,259	\$ 47,826	\$ 0
Revenue From HCP Fees							
		\$ 246,940	\$ 216,079	\$ 257,287	\$ 102,010	\$ 271,433	\$ 14,146
Toll Brothers Northeast Ridge Restoration		\$ 127,500		\$ 127,500	\$ -	\$ 127,500	\$ -
PCA MTC Grant		\$ 137,900		\$ 137,900	\$ -	\$ 137,900	\$ -
							\$ -
Total Revenue		\$ 584,865	\$ 222,866	\$ 590,513	\$ 107,270	\$ 584,659	\$ (5,854)
Fund Balance		\$ 952,655	\$ 952,655	\$ 832,998	\$ 832,998	\$ 635,757	\$ (197,240)
TOTAL AVAILABLE FUNDS		\$ 1,537,520	\$ 1,175,521	\$ 1,423,511	\$ 940,268	\$ 1,220,416	\$ (203,095)
EXPENDITURES							
HCP Biological Monitoring Contracts	HCPBM	\$ 15,000	\$ 1,231	\$ 15,000	\$ -	\$ 15,000	\$ -
Grazing Management HCP Trust Funds	HCPGC	\$ 128,000	\$ 19,772	\$ 108,229	\$ 35,318	\$ 200,000	\$ 91,772
HCP Vegetation Management Contracts	HCPVC	\$ 150,000	\$ 134,257	\$ 150,000	\$ -	\$ 175,000	\$ 25,000
Emergency Response Funds	HCPEC	\$ 15,000	\$ 9,500	\$ 15,000	\$ -	\$ 15,000	\$ -
Fuel Reduction	HCPFR	\$ 80,000	\$ 24,233	\$ 69,511	\$ -	\$ 69,511	\$ -
Other Contracts		\$ 4,000	\$ 15,277	\$ 4,000	\$ -	\$ 4,000	\$ -
Callippe Hill Dedication Environmental Assessment		\$ 2,000		\$ 2,000	\$ -	\$ -	\$ (2,000)
Total HCP Contracts		\$ 394,000	\$ 204,270	\$ 363,739	\$ 35,318	\$ 478,511	\$ 114,772
Grant/Restricted							
McKesson Property Restoration	HCPMR	\$ 100,000	\$ 26,788	\$ 100,000	\$ -	\$ 100,000	\$ -
PG&E Battery Road 59 Restoration	HCPPR	\$ 3,550		\$ 3,550	\$ -	\$ 7,445	\$ 3,895
Grazing Management PCA MTC Grant Funds		\$ 65,000		\$ 65,000	\$ -	\$ 137,900	\$ 72,900
Toll Brothers Northeast Ridge Restoration		\$ 127,500		\$ 127,500	\$ -	\$ 127,500	\$ -
Total Grant/Restricted		\$ 316,050	\$ 53,074	\$ 324,267	\$ -	\$ 372,845	\$ 48,578
County Support							
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		\$ 23,000	\$ 17,706	\$ 30,347	\$ -	\$ 30,347	\$ -
Total County Support		\$ 65,500	\$ 60,206	\$ 72,847	\$ -	\$ 72,847	\$ -
Other Charges							
Auditing Contract		\$ 1,800	\$ 1,800	\$ 1,900	\$ -	\$ 2,200	\$ 300
Property Tax		\$ 21,000	\$ 23,173	\$ 25,000	\$ 16,985	\$ 25,000	\$ -
Total Other Charges		\$ 22,800	\$ 24,973	\$ 26,900	\$ 16,985	\$ 27,200	\$ 300
Total Expenditures		\$ 798,350	\$ 342,523	\$ 787,753	\$ 52,303	\$ 951,403	\$ 163,650
Year-End Fund Balance for HCP Funds		\$ 317,356	\$ 407,322	\$ 248,949	\$ 462,289	\$ 50,783	\$ (198,166)
Year-End Fund Balance for PG&E Battery Road 59 Restoration		\$ 3,895	\$ 7,445	\$ 3,895	\$ 7,445	\$ -	\$ (3,895)
Year-End Fund Balance for McKesson Property Improvements (Starting FY17/18)		\$ 345,019	\$ 418,231	\$ 318,231	\$ 418,231	\$ 218,231	\$ (100,000)
Total Year-End Fund Balance		\$ 739,170	\$ 832,998	\$ 635,757	\$ 887,965	\$ 269,013	\$ (366,744)

San Bruno Mountain Habitat Conservation Plan Trust

Meeting Minutes

June 23, 2022

The meeting convened at 1:00 p.m. via Zoom Online Conference Call.

TRUSTEES PRESENT: Clay Holstine (City of Brisbane), Mike Futrell (City of South San Francisco), Shawna Maltbie (City of Daly City).

Justin Mates, Deputy County Manager, present on behalf of Mike Callagy (County of San Mateo)

STAFF PRESENT: Hannah Ormshaw (SMCP), Brett Jones (fiscal auditor), Rolando Jorquera (SMCP), Austin Lam (SMCP)

1) Public Comments

No oral public comments were made during this meeting.

2) Action to Set the Agenda and Approve the Consent Agenda Items

Consent agenda included minutes from June 2021 meeting and FY2020-21 Audit

Action: Motion/Second Holstine/Futrell to set the agenda and approve the consented agenda items.

Motion carried 3-0.

3) Report Backs

a) Dedication Status Updates

- Ms. Ormshaw provided a memo outlining updates on the Toll Brothers property dedication of the Northeast Ridge parcels to the County, in conjunction with the development described in the 2008 HCP amendment.
- has now offered two parcels for dedication to the County in accordance with the terms of the HCP. A Dedication and Transfer Agreement has been developed to clarify the next steps in the dedication process for these parcels to be added to the San Bruno Mountain State and County Park. The property for dedication and transfer to the County at this time consists of two parcels, “Parcel B” and “Parcel C” (totaling 78.27 acres), that make up the prime butterfly habitat that was conserved by HCP Amendment 5, as approved in 2010.

- Toll Brothers agreed to provide funding to the County in the amount of \$127,500 to complete the remaining necessary habitat restoration work and to address neglected management during the 5 years the dedication process was pending. This restoration work will be overseen by the County of San Mateo Parks Department.
- Dedication agreement to come to the County’s Board of Supervisors for approval, County will receive funding upon completion of this, and will be able to proceed with restoration efforts and management of the property as conserved habitat.

No action required for this item.

b) USFWS discussion on HCP Amendment

- Communication between County and City of Brisbane Staff and USFWS Staff regarding existing take coverage of callippe silverspot and bay checkerspot butterfly within planned parcels
- USFWS has indicated that it may be necessary to amend the HCP to include modifications to the existing incidental take permit, that would provide necessary take coverage for the species for remaining unplanned parcels within the HCP area

No action required for this item.

c) Updates on Grant Awards from the State Coastal Conservancy & Metropolitan Transportation Commission, and the United States Fish and Wildlife Service

- County Parks working with Metropolitan Transportation Commission on \$137,900 grant award given for the SBMHCP Grazing Pilot Program.
- County Parks also working with U.S. Fish and Wildlife Service on a \$20,000 grant for restoration of the federally-endangered San Francisco Lessingia. Work is underway for the project in coordination with San Bruno Mountain Watch

No action required for this item.

4) Review and Approval of San Bruno Mountain HCP Budget

a) Review and Update of Planned Expenditures for Habitat Conservation Activities within the San Bruno Mountain Habitat Conservation Plan area for FY 2021-22*

- Ms. Ormshaw discussed the proposed changes to the budget for FY 2021-22.
 - Revenues include interest for the trust fund as well as interest from the HCP endowment

- Revenue also includes fees collected annually from property owners within the HCP area
 - Other line items under revenue include grant award, and anticipated receipt of funding from Toll Brothers for restoration of the Northeast Ridge parcels
 - Expenditures largely follow the standard allocations set aside annually for these allotments that are set aside annually to be used for these activities
 - Grazing Management and Fuel Reduction expenditures are higher as a result of the additional one-time funding allocation from the unrestricted fund balance and would not be sustained at this level long term as we work toward implementing these special projects.
 - The grazing management funds represent match for the grant received for the grazing pilot program
 - Maintenance easement, survey, and real property costs in expenditures include internal costs for preparing documentation and working with our real property division on the northeast ridge dedication process
 - Other expenditures for McKesson, grants, and funds for management of parcels 1,2, & 6
- Mr. Holstine asked about who implements the fuel reduction projects and if the local fire agencies have input on the projects. Ms. Ormshaw responded that the County Parks department manages these projects but has contractors that implement the work, including the recent eucalyptus removal project on Old Guadalupe Trail and the gorse management efforts near the Saddle Loop trail. Ms. Ormshaw responded that fire agency input was provided during the development of the Department’s wildfire fuel management program, with confirmation of the importance of proposed projects
 - Mr. Holstine notes that in recent years we have improved our fiscal position significantly over the years and that we have made significant efforts to improve our efforts across the HCP area

No public comment for this item

Action: Motion/Second Holstine/Futrell to approve the budget.

Motion carried 3-0.

5) Review of 2020-2021 Annual Activities Highlights

- The annual activities report for the SBMHCP has been posted to the San Mateo County Parks website, which contains more thorough information on annual butterfly monitoring results and other habitat management activities.
- A map is presented that shows the habitat enhancement and vegetation management performed for 2021. Work mostly focused on native scrub removal

where scrub is encroaching into high-quality butterfly habitat and grassland areas, as well as removal of invasive species such as jubata grass, fennel, broom, radish, gorse, poison hemlock, eucalyptus, and English ivy. Most work was performed by contractors, with some of it also being performed by County Parks staff.

- Butterfly monitoring surveys focused on Mission Blue butterfly in 2021
- San Francisco *Lessingia* restoration project is being led by San Bruno Mountain Watch, who have stewarded the site for a while. The grant being awarded for the project will be instrumental in identifying effective propagation and seeding methods for the species.
- A grazing management plan is under development for the Cattle Grazing Pilot project. A displayed map depicts the two pilot areas, one at Northeast Ridge and one at Southeast Slope. Tasks for this year will involve working on long-term monitoring and reporting plan, grazing management plan, and infrastructure planning.
- Mission Blue translocations are ongoing
- Bay checkerspot reintroduction is ongoing this spring. Creekside Science introduced larvae to the Northeast Ridge, which has a high non-native host plant presence and thus strong potential for successful reintroduction of the species.
- Volunteer stewardship and restoration efforts have been restarted recently. Events include weeding around Ranch Road trail area and pulling broom at Northeast Ridge, with plans to continue hosting events in the future.
- Discussion on the San Bruno Mountain fuel reduction projects. Project areas are ones with invasive species concerns or dense eucalyptus stands in close proximity to other properties or neighborhoods. Fuel breaks will be created near Franciscan Park Community, Crocker Street Entrance, and Alta Vista Avenue. Work will also continue this year with removing gorse along Saddle Loop Trail.
- Note that there was a fire on the Southeast slope in June 2022

Questions from Mr. Holstine on the fire – what would be the next steps for this, and is there a known determination for what caused the fire. Ms. Ormshaw responded that we may conduct some erosion control efforts if needed, and that there is no known cause for the fire.

No action required for this update.

6) Upcoming & Recent Meetings

a) Grazing TAC

b) Natural Resource Coordination – Quarterly

c) Trustees Meeting – May 2023

- The timing of a May meeting works well for fiscal staff to prepare the budget information and to be able to present budget information to trustees in advance of a new fiscal year.

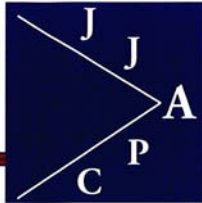
Action: Motion/Second Holstine/Futrell to adjourn the meeting.

Motion carried 3-0.

SAN BRUNO MOUNTAIN HABITAT CONSERVATION PLAN TRUST FUND

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

JUNE 30, 2022



JJACPA, Inc.

A Professional Accounting Services Corp.

January 3, 2023

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

We have audited 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, 2022 and have issued our report thereon dated January 3, 2023. 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 2, 2022, 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.

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, 2022. 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 January 3, 2023.

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, 2022, 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.

January 3, 2023

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

January 3, 2023

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, 2022 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 January 3, 2023:

Financial Statements

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 2, 2022, 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.
- 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.
- All 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.
- The effects of uncorrected misstatements summarized in the attached schedule⁵ and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- 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.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 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/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 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.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- 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.
- With regard to 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 accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

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;
 - 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 provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 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, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of all the entity's related parties and the nature of 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 is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- 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
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 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.

Rolando Jorquera

Rolando Jorquera, Financial Services Manager II

Austin Lam

Austin Lam, Management Analyst

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

BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2022

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San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2022

Appointed Officials

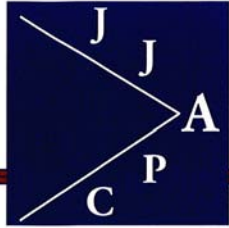
TRUSTEES

Sharon Ranals – Interim City Manager, City of South San Francisco

Clay Holstine – City Manager, City of Brisbane

Shawna Maltbie – City Manager, Daly City

Michael Callagy – County Executive Officer, County of San Mateo



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of San Bruno Mountain Habitat Conservation Plan Trust Fund (Trust), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Trust, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Trust's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards 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 opinions on the basic financial statements are 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 January 3, 2023 on our consideration of the Trust'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 solely 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 the effectiveness of 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's internal control over financial reporting and compliance.

January 3, 2023

JJACPA, Inc.
JJACPA, Inc
Dublin, CA

BASIC FINANCIAL STATEMENTS

San Bruno Mountain Habitat Conservation Plan Trust Fund

Statement of Net Position

June 30, 2022

	<u>2022</u>
ASSETS	
Current assets:	
Cash and investments	\$ 594,960
Accounts receivable:	
Accounts	287,223
Interest	1,846
Total assets	<u><u>\$ 884,029</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 51,031
Total liabilities	<u>51,031</u>
NET POSITION	
Restricted for:	
McKesson property	418,231
Battery road restoration	7,445
Unrestricted	407,322
Total net position	<u><u>832,998</u></u>
Total liabilities and net position	<u><u>\$ 884,029</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, 2022

	<u>2022</u>
OPERATING REVENUES:	
Other charges	\$ 216,079
Total operating revenues	<u>216,079</u>
OPERATING EXPENSES	
Professional fees	259,143
Special contract services	<u>60,206</u>
Total operating expenses	<u>319,349</u>
Operating income (loss)	<u>(103,270)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	6,786
Taxes and assessments	<u>(23,173)</u>
Total nonoperating revenues (expenses)	<u>(16,387)</u>
Change in net position	(119,657)
NET POSITION (DEFICIT):	
Beginning of year	952,655
End of year	<u>\$ 832,998</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, 2022

	<u>2022</u>
ASSETS	
Current assets:	
Cash and investments	\$ 594,960
Accounts receivable:	
Accounts	287,223
Interest	1,846
Total current assets	<u>884,029</u>
Total assets	<u>\$ 884,029</u>
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 51,031
Total current liabilities	<u>51,031</u>
FUND BALANCE	
Restricted	425,676
Unassigned	407,322
Total fund balance	<u>832,998</u>
Total liabilities and fund balance	<u>\$ 884,029</u>
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	
Total fund balances - total governmental funds	\$ 832,998
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>
Net position of governmental activities	<u>\$ 832,998</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, 2022

	<u>2022</u>
REVENUES:	
Other charges	\$ 216,079
Interest revenue	6,786
Gifts and donations	-
Total revenues	<u>222,865</u>
EXPENDITURES	
Professional fees	259,143
Special contract services	60,206
Taxes and assessments	23,173
Total expenditures	<u>342,522</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(119,657)</u>
Net Change in fund balance	(119,657)
FUND BALANCE (DEFICIT):	
Beginning of year	952,655
End of year	<u>\$ 832,998</u>
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
Net change in fund balances - total governmental funds	\$ (119,657)
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.	
Change in net position of governmental activities	<u>\$ (119,657)</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, 2022

	Original Budget	Final Budget	2022 Actual	Variance Positive (Negative)
REVENUES:				
Other charges	\$ 532,340	\$ 532,340	\$ 216,079	\$ (316,261)
Interest revenue	52,525	52,525	6,786	(45,739)
Total Revenues	<u>584,865</u>	<u>584,865</u>	<u>222,865</u>	<u>(362,000)</u>
EXPENDITURES:				
Professional fees	317,850	317,850	259,143	58,707
Special contract services	459,500	459,500	60,206	399,294
Taxes and assessments	21,000	21,000	23,173	(2,173)
Total Expenditures	<u>798,350</u>	<u>798,350</u>	<u>342,522</u>	<u>455,828</u>
REVENUES OVER (UNDER) EXPENDITURES	(213,485)	(213,485)	(119,657)	(93,828)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (213,485)</u>	<u>\$ (213,485)</u>	(119,657)	<u>\$ (93,828)</u>
FUND BALANCES (DEFICIT):				
Beginning of year			952,655	
End of year			<u>\$ 832,998</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, 2022

Notes to Basic Financial Statements

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, Callippe Silverspot Butterfly, San Bruno Elfin, Bay Checkered Butterfly, and the San Francisco Garter Snake.

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 homeowners living within in the plan area since the adoption of the plan, and continue to pay throughout 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, 2022

Notes to Basic Financial Statements

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, 2022

Notes to Basic Financial Statements

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, 2022

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, 2022

Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS, Continued

At June 30, 2022, the County Pool was invested in the following securities:

Investment Type	Standard & Poor's Rating	%of Portfolio
Negotiable Certificates of Deposit		
Negotiable Certificates of Deposit	AA-	0.29%
Negotiable Certificates of Deposit	A1+	2.25%
Negotiable Certificates of Deposit	A1	3.17%
Negotiable Certificates of Deposit	A	0.36%
U.S. Government Securities		
U.S. Treasury Securities	AA+	33.95%
U.S. Instrumentalities	AAA	10.13%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	9.55%
Federal Home Loan Mortgage Corporation	AA+	3.98%
Federal Home Loan Bank- Floating rate	AA+	5.41%
Federal Farm Credit Bank	AA+	5.42%
Federal Farm Credit Bank- Floating Rate	AA+	0.50%
Federal National Mortgage Association	AA+	5.07%
Corporate Bonds		
Corporate Bonds	AA+	0.27%
Corporate Bonds	AA	0.76%
Corporate Bonds	AA-	0.10%
Corporate Bonds	A+	1.47%
Corporate Bonds	A	3.83%
Corporate Bonds	A-	2.11%
Corporate Bonds	BBB+	1.34%
Corporate Bonds - Floating Rate Securities	A1	0.21%
Corporate Bonds - Floating Rate Securities	A+	0.31%
Asset Backed Securities	AAA	1.23%
Municipal Bonds	AAA	0.14%
Municipal Bonds	AA+	0.15%
Municipal Bonds	AA	0.07%
Municipal Bonds	AA-	0.11%
Money Market Funds	AAA	0.53%
Local Agency Investment Fund	Not rated	0.36%
California Asset Management Program	AAA	2.52%
Commercial Paper	A1+	2.27%
Commercial Paper	A1	2.14%
Total		100.00%

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS, Continued

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 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).

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, 2022, the County Pool had a weighted average maturity of 1.45 years and its investment in floating rate securities was \$22 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements

3. RECEIVABLES

Accounts Receivable

Accounts receivable represent amounts due from developers and homeowners for fees assessed during the year. For June 30, 2022, accounts receivable is as follows:

	<u>2022</u>
Accounts receivable	\$ 287,223
Interest receivable	1,846
Total Accounts Receivable	<u>\$ 289,069</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.

4. ACCOUNTS PAYABLE

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

	<u>2022</u>
Contract services	<u>\$ 51,031</u>
Accounts Payable	<u>\$ 51,031</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.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements

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>2022</u>
Restricted for:	
McKesson property	\$ 418,231
Battery Road restoration	7,445
Unassigned	<u>407,322</u>
Total Fund Balance	<u><u>\$ 832,998</u></u>

- *McKesson property*: Represents amounts set aside for the maintenance of McKesson property.
- *Battery Road restoration*: Represents amounts set aside for PG&E Battery Road 59 restoration.
- *Parcel maintenance*: Represents amounts set aside for the maintenance of parcels 1, 2 and 6.

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	\$ 418,231
Battery Road restoration	7,445
Unrestricted	<u>407,322</u>
Total	<u><u>\$ 832,998</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.

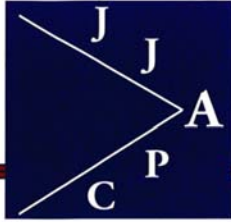
San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements

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.

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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 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 and major fund of the San Bruno Mountain Habitat Conservation Plan Trust Fund (Trust) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated January 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of Trust'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust'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 financial statements. 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.

January 3, 2023

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA