

SAN BRUNO MOUNTAIN HABITAT CONSERVATION PLAN TRUST

Trustees

Mike Callagy, County Executive – County of San Mateo
Clay Holstine, Interim 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 13, 2024

Time: 1:15 pm to 2:00 pm

Location:

In-person attendance: Redwood Conference Room, 4th floor in 455 County Center
(Hall of Justice)

Virtual attendance: <https://us02web.zoom.us/j/84437619287>

HYBRID MEETING - IN-PERSON AND BY VIDEOCONFERENCE

This meeting of the San Bruno Mountain Habitat Conservation Plan Board of Trustees will be held in person and by teleconference pursuant to Government Code Section 54953(e). Members of the public will be able to participate in the meeting remotely via the Zoom platform or in person in the Redwood Conference Room at the address above. For information regarding how to participate in the meeting, either in person or remotely, please refer to the instructions at the end of the agenda. Public Participation: The June 13, 2024 Board of Trustees meeting may be accessed through Zoom online at <https://us02web.zoom.us/j/84437619287>. The webinar ID is: 844 3761 9287. The June 13, 2024 Board of Supervisors meeting may also be accessed via telephone by dialing +1 669-444-9171 (Local). Enter the webinar ID: Webinar ID: 844 3761 9287, then press #. Members of the public can also attend this meeting physically in the Redwood Conference Room at 455 County Center, 4th Floor, Redwood City.

*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 or remotely through Zoom at the option of the speaker. Public comments via Zoom will be taken first, followed by speakers in person.

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. Update on HCP Amendment
 - b. 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 2023-24 Annual Activities Highlights **
4. Upcoming & Recent Meetings
 - a. Grazing Technical Advisory Committee
 - b. Natural Resource Coordination – Quarterly
 - c. Trustees Meeting – June 2025

Consent Agenda

1. Approve the June 1, 2023 Meeting Minutes
2. Approve the San Bruno Mountain Habitat Conservation Plan Trust Fund's Annual Audit for FY 2022-23

**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.

**San Bruno Mountain
Habitat Conservation Plan**

	<u>Budget</u>	<u>Budget</u>	<u>Actuals thru 5/31/24</u>	<u>Budget</u>	<u>Change</u>
	2022-23	2023-24	2023-24	2024-45	
Interest					
HCP Fund Interest	\$ 8,000	\$ 8,000	\$ 21,566	\$ 15,000	\$ 7,000
Endowment Fund Interest	\$ 39,826	\$ 39,826	\$ -	\$ 39,826	\$ -
Total Interest Revenue	\$ 47,826	\$ 47,826	\$ 21,566	\$ 54,826	\$ 7,000
Revenue From HCP Fees	\$ 257,287	\$ 271,433	\$ 200,181	\$ 275,000	\$ 3,567
Toll Brothers Northeast Ridge Restoration	\$ 127,500	\$ 127,500	\$ -	\$ -	\$ (127,500)
PCA MTC Grant	\$ 137,900	\$ 137,900	\$ -	\$ 50,000	\$ (87,900)
					\$ -
Total Revenue	\$ 590,513	\$ 584,659	\$ 221,747	\$ 379,826	\$ (204,833)
Fund Balance	\$ 832,998	\$ 635,757	\$ 824,784	\$ 911,639	\$ 275,882
TOTAL AVAILABLE FUNDS	\$ 1,423,511	\$ 1,220,416	\$ 1,046,531	\$ 1,291,465	\$ 71,049
EXPENDITURES					
HCP Biological Monitoring Contracts	\$ 15,000	\$ 15,000	\$ 14,080	\$ 15,000	\$ -
Grazing Management HCP Trust Funds	\$ 108,229	\$ 275,800	\$ 6,086	\$ 275,800	\$ -
HCP Vegetation Management Contracts	\$ 150,000	\$ 175,000	\$ 67,716	\$ 175,000	\$ -
Emergency Response Funds	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
Fuel Reduction	\$ 69,511	\$ 69,511	\$ 27,357	\$ 42,153	\$ (27,357)
Other Contracts	\$ 4,000	\$ 4,000	\$ -	\$ 4,000	\$ -
Callippe Hill Dedication Environmental Assessment	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Total HCP Contracts	\$ 363,739	\$ 554,311	\$ 115,240	\$ 526,953	\$ (27,357)
Grant/Restricted					
McKesson Property Restoration	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
PG&E Battery Road 59 Restoration	\$ 3,550	\$ 7,445	\$ -	\$ -	\$ (7,445)
Grazing Management PCA MTC Grant Funds	\$ 65,000	\$ 137,900	\$ -	\$ 50,000	\$ (87,900)
Toll Brothers Northeast Ridge Restoration	\$ 127,500	\$ 127,500	\$ -	\$ -	\$ (127,500)
Total Grant/Restricted	\$ 324,267	\$ 372,845	\$ -	\$ 150,000	\$ (222,845)
County Support					
County Staff HCP Administration	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -
County Staff Contract Management	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
County Staff (Administrative Support)	\$ 7,500	\$ 7,500	\$ -	\$ 7,500	\$ -
NRM Park Aide	\$ 30,347	\$ 30,347	\$ -	\$ 30,347	\$ -
Total County Support	\$ 72,847	\$ 72,847	\$ -	\$ 72,847	\$ -
Other Charges					
Auditing Contract	\$ 1,900	\$ 2,200	\$ 5,000	\$ 6,200	\$ 4,000
Property Tax	\$ 25,000	\$ 25,000	\$ 14,652	\$ 25,000	\$ -
Total Other Charges	\$ 26,900	\$ 27,200	\$ 19,652	\$ 31,200	\$ 4,000
Total Expenditures	\$ 787,753	\$ 1,027,203	\$ 134,892	\$ 781,000	\$ (246,202)
Year-End Fund Balance for HCP Funds	\$ 248,949	\$ 50,783	\$ 485,963	\$ 184,789	\$ 134,006
Year-End Fund Balance for PG&E Battery Road 59 Restoration	\$ 3,895	\$ -	\$ 7,445	\$ 7,445	\$ 7,445
Year-End Fund Balance for McKesson Property Improvements (Starting FY17/18)	\$ 318,231	\$ 218,231	\$ 418,231	\$ 318,231	\$ 100,000
Total Year-End Fund Balance	\$ 635,757	\$ 269,014	\$ 911,639	\$ 510,465	\$ 241,451

San Bruno Mountain Habitat Conservation Plan Trust

Meeting Minutes

June 1, 2023

The meeting convened at 2:30 p.m. in person at the Criminal Justice Training Room.

TRUSTEES PRESENT: Clay Holstine (City of Brisbane), Sharon Ranals (City of South San Francisco), Mike Callagy (County of San Mateo)

TRUSTEES ABSENT: Thomas Piccolotti (City of Daly City)

STAFF PRESENT: Evan Cole (SMCP), Hannah Ormshaw (SMCP), Brett Jones (fiscal auditor), Austin Lam (SMCP)

1) Public Comments

Denise – concern with the livestock grazing proposal, conservation grazing is the grazing industry’s greenwashing of intensive land management. Urges trustees to reconsider the grazing, feels that it is a backward approach to the management. Believes that the land management is a farce/fallacy that historically that these were grasslands. Wildfire mitigation – feels that in 10-15 years people will look back and think that fuel management is not good, and that we will look back and think this was the wrong approach. Mentions Craig Dreman and his mowing approach for native grassland.

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

Consent agenda included minutes from June 2022 meeting and FY2021-22 Audit

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

Motion carried 3-0.

3) Report Backs

a) Dedication Status Updates

- Hannah 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.
- County, City of Brisbane, and HOA are in negotiations over a maintenance easement for existing drainage infrastructure on the parcel. It is in the County’s guidelines for acceptance of dedications that existing drainage infrastructure must have a maintenance easement for the county to accept the parcel.
- Dedication agreement to come to the County’s Board of Supervisors for approval after the maintenance easement agreement can be met.

b) USFWS discussion on HCP Amendment

- Hannah Ormshaw updated that an HCP amendment is in progress in regard to the Quarry development. This would entail an amendment to the incidental take permit (ITP) for the HCP, to address listed butterfly species that currently do not have take coverage for the Quarry property, an update to the operating program for the parcel, since it is currently specific to quarry operations, and would need to change to reflect the new land use, and an update to the funding program for the HCP to update commercial assessment fees for the HCP trust fund. Procedurally, all of the signatories of the HCP would receive an amended ITP for signature/approval, and the other items would be handled between City of Brisbane the developer, the County, and the USFWS.

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.
- U.S. Fish and Wildlife Service \$20,000 grant for restoration of the federally endangered San Francisco Lessingia. Grant is closed out and no longer active

No action required for this item.

No public comment 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 2023-24*

- Evan Cole discussed the proposed changes to the budget for FY 2023-24.
 - o Revenues include interest for the trust fund as well as interest from the HCP endowment
 - o Revenue also includes fees collected annually from property owners within the HCP area
 - o Slight increase in the previous years in the San Bruno Mountain fees, related to x metrics and property value changes
 - o Increase in the grazing trust fund line due to more work upcoming in the next year to help with the grant
 - o Additional funding for vegetation management due to increased staff capacity to do more work
 - o Other line items consistent with previous years
- Hannah Ormshaw discussed the desire to work with the Cities on homeowner annual fee payment, that we have difficulty getting all payments provided annually. Austin Lam explained that annually we expect to receive ~\$275,000 in annual fees, but only typically receive \$200,000-\$220,000. We are only at about a 70% participation rate. Each household pays ~\$60 annually. We cannot at the County level add this to the property tax bill without creating a special district. Currently we send invoices annually for payment. Balance of unpaid fees gains interest. County Parks would like to reach out to the City department on ways to reach homeowners for compliance on fee payment, and can do as a follow up for this meeting.

Clay Holstine asked if we Can we show the running balance for the endowment in future years for the trustees.

Clay Holstine asked if there was prescribed burning occurring on the mountain. Evan responded no.

Sharon Ranals asked about who supervises the interns, that it seems to be a very cost-effective tool. Evan explained park aides working for the department, and supervision by parks natural resource management staff.

Public comment –

Pat – just because you put conservation in front of grazing does not make it so. Talking about grazing as a detriment for the mountain, methane gas, and environmental degradation. Increasing grazing. Sounds like subsidized grazing at a taxpayer expense. Methane is a greenhouse gas impacting climate change. Strongly urge to put the brakes on this.

Denise – introducing grazing as a detriment to San Bruno elfin and the impacts that grazing could have on the species. Cites information on the impacts to San Bruno elfin

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

Motion carried 3-0.

5) Review of 2020-2021 Annual Activities Highlights

- Vegetation management 269 acres. Focus on high quality habitat areas to improve habitat quality
- Butterfly monitoring – species monitored biannually, this year has been Mission blue, last year was callippe and San Bruno elfin. Populations are stable
- Grazing update - grazing strategy completed. Major milestone for the project
- Mission blue butterfly translocations occur annually, partnering with the national parks service on the translocations, helps meet the recovery goals for the species
- Butterfly reintroduction for bay checkerspot has been occurring since 2017, has been successful that the species are continuing to sustain and go through different life stages. Parks staff to take on monitoring for this species moving forward
- Fuel reduction update – no active projects, work upcoming
- Volunteer restoration. A lot of volunteer friendly activities and do great work for the mountain.

Holstine – can there be a spring field tour – include in the tour next year.

Public Comment – Pat – comment that eucalyptus. Glad we are managing. Getting rid of scrub. Concerned that coyote brush is being removed. Biodiversity hot spot. Protect biodiversity and concerned about demonization of coyote brush. Can't change environment, shouldn't be fighting the native plants.

Denise – concern about mission blue using coyote brush, misguided removal of coyote brush.

No action required for this update.

6) Upcoming & Recent Meetings

a) Grazing TAC

- i) **Grazing strategy.** Trustees meeting. Evan gave update on the grazing program benefits. Timeline. 3 year monitoring program. Use the monitoring program to monitor the benefits

Mike Callagy asked for clarification on the benefits of grazing for habitat management, and the monitoring to assess impacts. Evan provided clarification.

- b) Natural Resource Coordination – Quarterly**
- c) Trustees Meeting – May 2024**

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

Motion carried 3-0.

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

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2023

Table of Contents

	<u>Page</u>
Appointed Officials	i
Independent Auditors' Report	1
Basic Financial Statements:	
Statement of Net Position	4
Statement of Activities.....	5
Balance Sheet	8
Statement of Revenues, Expenditures, and Changes in Fund Balance	9
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual	10
Notes to Basic Financial Statements	11
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21

**San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2023**

Appointed Officials

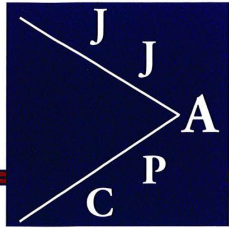
TRUSTEES

Thomas Piccolotti – City Manager, City of Daly City

Clay Holstine – City Manager, City of Brisbane

Sharon Ranals – City Manager, City of South San Francisco

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, 2023, 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, 2023, 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 April 22, 2024 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.

April 22, 2024

JJACPA, Inc.
JJACPA, Inc
Dublin, CA

BASIC FINANCIAL STATEMENTS

San Bruno Mountain Habitat Conservation Plan Trust Fund

Statement of Net Position

June 30, 2023

	<u>2023</u>
ASSETS	
Current assets:	
Cash and investments	\$ 755,435
Accounts receivable:	
Accounts	105,741
Interest	6,652
Total assets	<u><u>\$ 867,828</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 43,044
Total liabilities	<u>43,044</u>
NET POSITION	
Restricted for:	
McKesson property	418,231
Battery road restoration	7,445
Unrestricted	399,108
Total net position	<u><u>824,784</u></u>
Total liabilities and net position	<u><u>\$ 867,828</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, 2023

	<u>2023</u>
OPERATING REVENUES:	
Other charges	\$ 209,066
Total operating revenues	<u>209,066</u>
OPERATING EXPENSES	
Professional fees	163,526
Special contract services	<u>53,903</u>
Total operating expenses	<u>217,429</u>
Operating income (loss)	<u>(8,363)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	17,134
Taxes and assessments	<u>(16,985)</u>
Total nonoperating revenues (expenses)	<u>149</u>
Change in net position	(8,214)
NET POSITION (DEFICIT):	
Beginning of year	832,998
End of year	<u>\$ 824,784</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, 2023

	<u>2023</u>
ASSETS	
Current assets:	
Cash and investments	\$ 755,435
Accounts receivable:	
Accounts	105,741
Interest	6,652
Total current assets	<u>867,828</u>
Total assets	<u>\$ 867,828</u>
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 43,044
Total current liabilities	<u>43,044</u>
FUND BALANCE	
Restricted	425,676
Unassigned	399,108
Total fund balance	<u>824,784</u>
Total liabilities and fund balance	<u>\$ 867,828</u>
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	
Total fund balances - total governmental funds	\$ 824,784
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>\$ 824,784</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, 2023

	<u>2023</u>
REVENUES:	
Other charges	\$ 209,066
Interest revenue	17,134
Gifts and donations	-
Total revenues	<u>226,200</u>
EXPENDITURES	
Professional fees	163,526
Special contract services	53,903
Taxes and assessments	16,985
Total expenditures	<u>234,414</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,214)</u>
Net Change in fund balance	(8,214)
FUND BALANCE (DEFICIT):	
Beginning of year	832,998
End of year	<u>\$ 824,784</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	\$ (8,214)
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.	<u>-</u>
Change in net position of governmental activities	<u>\$ (8,214)</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, 2023

	Original Budget	Final Budget	2023 Actual	Variance Positive (Negative)
REVENUES:				
Other charges	\$ 542,687	\$ 542,687	\$ 209,066	\$ (333,621)
Interest revenue	47,826	47,826	17,134	(30,692)
Total Revenues	<u>590,513</u>	<u>590,513</u>	<u>226,200</u>	<u>(364,313)</u>
EXPENDITURES:				
Professional fees	326,167	326,167	163,526	162,641
Special contract services	436,586	436,586	53,903	382,683
Taxes and assessments	25,000	25,000	16,985	8,015
Total Expenditures	<u>787,753</u>	<u>787,753</u>	<u>234,414</u>	<u>553,339</u>
REVENUES OVER (UNDER) EXPENDITURES	(197,240)	(197,240)	(8,214)	(189,026)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (197,240)</u>	<u>\$ (197,240)</u>	(8,214)	<u>\$ (189,026)</u>
FUND BALANCES (DEFICIT):				
Beginning of year			832,998	
End of year			<u>\$ 824,784</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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS, Continued

At June 30, 2023, 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-	0.32%
Negotiable Certificates of Deposit	A+	0.64%
Negotiable Certificates of Deposit	A	0.32%
U.S. Government Securities		
U.S. Treasury Securities	AA+	25.41%
U.S. Instrumentalities	AAA	3.77%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	26.15%
Federal Home Loan Mortgage Corporation	AA+	11.20%
Federal Home Loan Bank- Floating rate	AA+	1.98%
Federal Farm Credit Bank	AA+	5.88%
Federal Home Loan Mortgage Corporation - Floating Rate	AA+	0.32%
Federal National Mortgage Association	AA+	5.06%
Corporate Bonds		
Corporate Bonds	AAA	0.12%
Corporate Bonds	AA+	0.38%
Corporate Bonds	AA	1.38%
Corporate Bonds	AA-	0.56%
Corporate Bonds	A1	0.20%
Corporate Bonds	A+	1.72%
Corporate Bonds	A	3.33%
Corporate Bonds	A-	3.14%
Corporate Bonds	BBB+	1.12%
Corporate Bonds - Floating Rate Securities	A-	0.13%
Asset Backed Securities	AAA	0.54%
Municipal Bonds	AAA	0.08%
Municipal Bonds	AA+	0.13%
Municipal Bonds	AA	0.06%
Municipal Bonds	AA-	0.15%
Money Market Funds	AAA	1.63%
California Asset Management Program	AAA	2.90%
Commercial Paper	A1	1.38%
Total		100.00%

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2023

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, 2023, the County Pool had a weighted average maturity of 1.51 years and its investment in floating rate securities was \$10 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, 2023

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, 2023, accounts receivable is as follows:

	<u>2023</u>
Accounts receivable	\$ 105,741
Interest receivable	<u>6,652</u>
Total Accounts Receivable	<u>\$ 112,393</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>2023</u>
Contract services	<u>\$ 43,004</u>
Accounts Payable	<u>\$ 43,004</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, 2023

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>2023</u>
Restricted for:	
McKesson property	\$ 418,231
Battery road restoration	7,445
Unassigned	<u>399,108</u>
Total Fund Balance	<u>\$ 824,784</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.

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>399,108</u>
Total	<u>\$ 824,784</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.

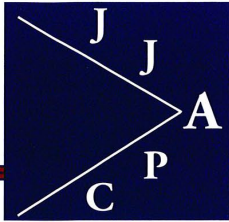
San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated April 22, 2024.

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.

April 22, 2024

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA