

**SAN BRUNO MOUNTAIN HABITAT  
CONSERVATION TRUST FUND**

**Financial Statements and  
Independent Auditor's Report**

**For the Fiscal Year Ended June 30, 2004**

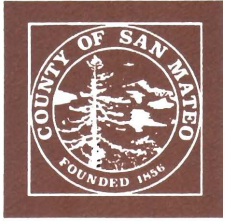
# SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND

June 30, 2004

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 2
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>	3 – 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Fund	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	9
Notes to the Financial Statements	10 - 15
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund	16
Notes to the Required Supplementary Information	17

## Office of Controller



**TOM HUENING**  
**CONTROLLER**

**COUNTY OF SAN MATEO**

555 COUNTY CENTER, 4<sup>TH</sup> FLOOR • REDWOOD CITY • CALIFORNIA 94063

ROBERT G. ADLER  
ASSISTANT CONTROLLER

KANCHAN K. CHARAN  
DEPUTY CONTROLLER

TELEPHONE: (650) 363-4777

FAX: (650) 363-7888

[www.co.sanmateo.ca.us/controller/](http://www.co.sanmateo.ca.us/controller/)

### Independent Auditor's Report

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

We have audited the accompanying statement of net assets and balance sheet of the San Bruno Mountain Habitat Conservation Trust Fund (Trust Fund) as of June 30, 2004, and the related statement of activities and revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust Fund as of June 30, 2004, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Trust Fund has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted as of July 1, 2003. The Trust Fund also implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which modifies, adds and deletes various note disclosure requirements and now accounts for its share of the securities lending transactions in the County Investment Pool under GASB Statement No. 28 – *Accounting and Financial Reporting for Securities Lending Transactions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2006, on our consideration of the Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The budgetary comparison information on pages 16 through 17 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

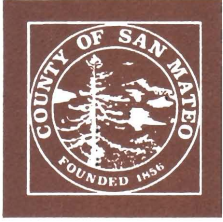
The Trust Fund has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board had determined to supplement, although not required to be a part of, the basic financial statements.

*County of San Mateo Controller*

Redwood City, California

December 21, 2006

## Office of Controller



**TOM HUENING**  
**CONTROLLER**

**COUNTY OF SAN MATEO**

555 COUNTY CENTER, 4<sup>TH</sup> FLOOR • REDWOOD CITY • CALIFORNIA 94063

ROBERT G. ADLER  
ASSISTANT CONTROLLER

KANCHAN K. CHARAN  
DEPUTY CONTROLLER

TELEPHONE: (650) 363-4777  
FAX: (650) 363-7888

[www.co.sanmateo.ca.us/controller/](http://www.co.sanmateo.ca.us/controller/)

**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***

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

We have audited the basic financial statements of the San Bruno Mountain Habitat Conservation Trust Fund (Trust Fund) as of June 30, 2004 and for the year then ended, and have issued our report thereon dated December 21, 2006. We conducted our audits 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.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Trust Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Trust Fund's accompanying financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the Trust Fund in a separate letter dated December 21, 2006.

However, we noted certain matters that we reported to management of the Trust Fund in a separate letter dated December 21, 2006.

This report is intended solely for the information and use of the board of trustees, management, others within the Trust Fund administration and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

*County of San Mateo Controller*

Redwood City, California  
December 21, 2006

**BASIC FINANCIAL STATEMENTS**  
**Government-Wide Financial Statements**

# San Bruno Mountain Habitat Conservation Trust Fund

## Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents (Note 2)	\$ 148,864
Securities lending collateral (Note 2)	20,566
Receivables, net (Note 3):	
Accounts	24,194
Interest	1,032
Grants	76,390
Due from Trustees (Note 4)	<u>33,336</u>
Total Assets	<u>304,382</u>
<b>LIABILITIES</b>	
Due to County of San Mateo	7,517
Accounts payable (Note 5)	94,130
Securities lending collateral due (Note 2)	20,566
Deferred revenue (Note 6)	<u>42,823</u>
Total Liabilities	<u>165,036</u>
<b>NET ASSETS</b>	
Unrestricted	<u>139,346</u>
Total Net Assets	<u>\$ 139,346</u>

The notes to the financial statements are an integral part of this statement.



# San Bruno Mountain Habitat Conservation Trust Fund

## Statement of Activities

For the Year Ended June 30, 2004

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Salaries and benefits	\$ 13,118
Habitat management	310,686
Planning assistance	15,674
Audit	4,218
Office and miscellaneous expenses	28,097
Total Program Expenses	<u>371,793</u>
<b>PROGRAM REVENUES (Note 7)</b>	
Special assessments:	
Homeowners and developer fees	133,674
Operating grants and contributions:	
Developers	145,369
Trustees	33,336
California Department of Fish and Game	76,390
Total Program Revenues	<u>388,769</u>
Net Program Revenue	<u>16,976</u>
<b>GENERAL REVENUES (Note 7)</b>	
Reimbursed costs	33,833
Investment earnings	5,162
Total General Revenues	<u>38,995</u>
Change in Net Assets	55,971
<b>Net Assets - Beginning</b>	<u>83,375</u>
<b>Net Assets - Ending</b>	<u><u>\$ 139,346</u></u>

The notes to the financial statements are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS**  
**Fund Financial Statements**

# San Bruno Mountain Habitat Conservation Trust Fund

## Balance Sheet

### Governmental Fund

June 30, 2004

#### ASSETS

Cash and cash equivalents (Note 2)	\$ 148,864
Securities lending collateral (Note 2)	20,566
Receivables, net (Note 3):	
Accounts	24,194
Interest	1,032
	<hr/>
Total Assets	\$ 194,656
	<hr/> <hr/>

#### LIABILITIES AND FUND BALANCE

##### Liabilities:

Due to County of San Mateo	\$ 7,517
Accounts payable (Note 5)	94,130
Securities lending collateral due (Note 2)	20,566
Deferred revenue (Note 6)	42,823
	<hr/>
Total Liabilities	165,036
	<hr/> <hr/>

##### Fund Balance:

Reserved for:	
Encumbrances	85,084
Unreserved (deficit)	(55,464)
	<hr/>
Total Fund Balance	29,620
	<hr/> <hr/>
Total Liabilities and Fund Balance	\$ 194,656
	<hr/> <hr/>

#### Reconciliation of Fund Balance Sheet to the Statement of Net Assets:

Total Fund Balance - Governmental Fund	\$ 29,620
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 5) are different because:	
Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the fund.	
Receivables, net - Grants	76,390
Due from Trustees	33,336
	<hr/>
Total Net Assets - Governmental Activities	\$ 139,346
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**San Bruno Mountain Habitat Conservation Trust Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2004**

<b>REVENUES (Note 7)</b>	
Contributions	\$ 279,043
Reimbursed costs	33,833
Investment earnings	<u>5,162</u>
Total Revenues	<u>318,038</u>
 <b>EXPENDITURES</b>	
County support	13,118
Habitat management	310,686
Audit	4,218
Office and miscellaneous expenses	28,097
Planning assistance	<u>15,674</u>
Total Expenditures	<u>371,793</u>
Deficiency of Revenues Over Expenditures/ Net Change in Fund Balance	(53,755)
<b>Fund Balance - Beginning</b>	<u>83,375</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 29,620</u></u>

The notes to the financial statements are an integral part of this statement.

## San Bruno Mountain Habitat Conservation Trust Fund

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2004

<b>Net Change in Fund Balance (page 8)</b>	\$ (53,755)
Amount reported for <i>governmental activities</i> in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.	<u>109,726</u>
<b>Change in Net Assets of Governmental Activities (page 6)</b>	<u><u>\$ 55,971</u></u>

The notes to the financial statements are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS**  
**Notes to the Basic Financial Statements**

**SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

The HCP was adopted in 1983 and covers the entire area of San Bruno Mountain. The permit necessary to administer the HCP was issued by the U.S. Fish and Wildlife Service in 1983 and is in effect for thirty years. In 1983 the Trust Fund was also established by an agreement among the U.S. Fish and Wildlife Service, 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.

Currently, the Trust Fund is working with the U.S. Fish and Wildlife Service, the California Department of Fish and Game and the Habitat Manager to amend the 1983 HCP agreement.

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 ongoing funding is provided by the new homeowners through the term of the Plan. The Trust Fund is administered by the San Mateo County Environmental Services 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.

**Implementation of Governmental Accounting Standards Board (GASB) Statements**

*GASB Statement Nos. 34, 37 and 38*

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. In June 2001 the GASB issued Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements provide for the most significant change in financial reporting in over twenty years and are scheduled for a phased implementation (based on the size of government) starting with fiscal year ending 2002. As required by the standards, the Trust Fund has adopted these statements for its fiscal year ended June 30, 2004 financial statements.

**SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*GASB Statement No. 28*

During the year, the Trust Fund implemented the provisions of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, and records its share of the securities lending transactions in the County Investment Pool including the related revenue and transaction costs.

As a result of this accounting change, securities lending collateral is recorded as an asset and a corresponding liability, increasing the Trust Fund's total assets and total liabilities by \$20,566. The related revenue and transaction costs were insignificant and not recorded. See Note 2 for additional information on securities lending.

**Government-Wide and Fund Financial Statements**

Government-wide financial statements (i.e. the statement of net assets 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 new 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.



**SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

Amounts reported as *program revenues* include 1) fees assessed to homeowners and developers for services provided, 2) operating grants and contributions, and 3) capital grants and contributions, if applicable. Internally dedicated resources are reported as *general revenue* rather than program revenues.

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.

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

*Fund Balance:* The unreserved fund balance represents the amount available for future operations. Any reservations of fund balance for amounts not available for appropriation are separately reported.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results 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 different from the basis used to reflect actual revenues and expenditures. Revenues and expenditures are recognized in the Trust Fund's budget on the cash basis of accounting except for contracted services, which are recognized on the modified accrual basis of accounting. See Note 1 of the notes to the required supplementary information on page 17 for detail.

**SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**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. The fair value of cash and cash equivalents as of June 30, 2004 approximates book value.

**Securities Lending Transactions**

State Statutes and San Mateo County's Investment Policy permit the use of a securities lending program with its principal custodian bank. The investment policy allows the custodial bank to lend up to 20% of the portfolio within the guidelines of the investment policy. The custodial agreement authorizes the bank to loan securities in the County Pool. The loaned securities represent securities on loan to brokers or dealers by the County Pool. The County receives a fee from the borrower for the use of the loaned securities. If loaned securities are not returned by the borrower, the County's Custodian is responsible for replacement of the loaned securities with similar securities. All securities loan agreements can be terminated on demand within a period specified in each agreement by either the County or borrowers.

The loaned securities as of June 30, 2004 consisted of U.S. Treasury notes and bonds, U.S. government securities, and corporate bonds. In return, the County receives collateral in the form of cash or securities equal to at least 102% of the transferred securities plus accrued interest for reinvestment. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of one day. The relationship between the maturities of the investment pool and the County's loans is affected by the maturities of the securities loans made by the other entities that use the agent's pool, which San Mateo County cannot determine. Securities lending collateral represents investments in an investment pool purchased with cash collateral that may not be pledged or sold without default by the borrower.

Total cash collateral as of June 30, 2004 amounted to \$20,566. The value of underlying securities loaned by the County Pool as of June 30, 2004 amounted to \$20,148. The Trust Fund does not have any exposure to credit risk related to the securities lending transactions as of June 30, 2004 because the market value of cash collateral exceeded that of the borrowed securities.

**SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**3. RECEIVABLES**

**Accounts Receivable**

Accounts receivable represent amounts due from developers and homeowners for fees assessed during the year. As of June 30, 2004, the accounts receivable balance of \$24,194 was net of an allowance for uncollectible accounts of \$51,882.

**Grants Receivable**

In December 2002, the Trust Fund was awarded a grant by the California Department of Fish and Game in the amount of \$100,000 to develop an amendment to the Agreement created in 1983. The grant is on a reimbursement basis and of the total awarded amount, \$79,300 is eligible for reimbursement. During the year, the Trust Fund expended \$76,390 per the terms of the grant. As of June 30, 2004 the amount receivable from the Department of Fish and Game was \$76,390.

**Interest Receivable**

The interest receivable balance of \$1,032 represents fourth quarter investment earnings due from the County Treasurer.

**4. DUE FROM TRUSTEES**

In June 2003, the Trust Fund entered into agreements with the cities of Daly City, Brisbane and South San Francisco and the County, Trustees of the Trust Fund, for their commitment to pay \$8,334 each to assist in funding an amendment to the HCP agreement. As of June 30, 2004 amounts due from Trustees were \$33,336.

**5. ACCOUNTS PAYABLE**

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

Habitat management	\$ 71,149
Planning assistance	1,463
Audit	21,518
Total	<u>\$ 94,130</u>

**6. DEFERRED REVENUE**

The deferred revenue balance of \$42,823 represent amounts collected from several homeowners, developers and homeowner associations who are currently invoiced on a calendar year basis. The portion of revenue billed for the period from July 1 through December 31 is shown as deferred.

**SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**7. 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. Another major source of revenue for the Trust Fund include amounts receivable from the California Department of Fish and Game for the awarded grant discussed in Note 3 above.

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 developers aiding in the amendment to the Agreement.

**8. RISK MANAGEMENT**

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

**9. SUBSEQUENT EVENT**

In July 2006 the County, on behalf of the Trust Fund, was awarded a grant from the California Department of Fish and Game in the amount of \$94,991 for the preparation of an amendment to the Agreement. The grant is on a reimbursement basis and is effective through December 31, 2007.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**San Bruno Mountain Habitat Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Governmental Fund**  
**For the Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Contributions	\$ 136,000	\$ 136,000	\$ 251,794	\$ 115,794
Reimbursed costs	-	-	32,856	32,856
Investment earnings	5,259	5,259	5,162	(97)
Total Revenues	<u>141,259</u>	<u>141,259</u>	<u>289,812</u>	<u>148,553</u>
<b>EXPENDITURES</b>				
County support	12,000	12,000	13,118	(1,118)
Habitat management	177,733	310,686	310,686	-
Audit	4,000	4,000	-	4,000
Office and miscellaneous expense	750	750	-	750
Planning assistance	10,500	10,500	15,674	(5,174)
Total Expenditures	<u>204,983</u>	<u>337,936</u>	<u>339,478</u>	<u>(1,542)</u>
Net Change in Fund Balance	<u>\$ (63,724)</u>	<u>\$ (196,677)</u>	(49,666)	<u>\$ 147,011</u>
<b>Fund Balance - Beginning</b>			<u>167,895</u>	
<b>Fund Balance - Ending</b>			<u>\$ 118,229</u>	

**Explanation of difference between budgetary revenues and GAAP revenue:**

Actual amount of "Total Revenues" (budgetary basis)	\$ 289,812
The Trust Fund budgets for special assessments only to the extent expected to be received, rather than on the modified accrual basis	<u>28,226</u>
Total Revenue as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 318,038</u>

**Explanation of difference between budgetary expenditures and GAAP expenditures:**

Actual amount of "Total Expenditures" (budgetary basis)	\$ 339,478
The Trust Fund budgets for expenditures, except for contracted services, only to the extent to be paid, rather than on the modified accrual basis	<u>32,315</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 371,793</u>

**SAN BRUNO MOUNTAIN HABITAT CONSERVATION TRUST FUND**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2004**

**1. BUDGETS, BUDGETARY PROCESS AND ENCUMBRANCES**

The Board of Trustees adopts an annual operating budget, which can be amended by the Board throughout the year. As discussed in Note 1 of the notes to the financial statements, the basis used to prepare the budget is different from the basis used to reflect actual revenues and expenditures. Revenues and expenditures are recognized in the Trust Fund's budget on the cash basis of accounting except for contracted services, which are recognized on the modified accrual basis of accounting. The financial statements report revenues and expenditures on the modified accrual basis of accounting as required by Generally Accepted Accounting Principles (GAAP). Adjustments were made to certain budgeted accounts to reflect changes made in financial statement presentation.

The Trust Fund uses the encumbrance system in IFAS to assist in controlling expenditures. Purchase orders, contracts and other commitments for the expenditures of monies are recorded under this system in order to reserve applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance as they do not constitute expenditures or liabilities.

The amount reported in the Trust Fund as fund balance on the budgetary basis of accounting on page 16 differs from the fund balance reported on the *Statement of Revenues, Expenditures and Changes in Fund Balance* on page 8 because of the cumulative effect of transactions such as those described on the reconciliations provided on the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual* on page 16.

**2. EXPENDITURES IN EXCESS OF BUDGET**

During the fiscal year ended June 30, 2004 expenditures for county support exceeded the budget by \$1,118, expenditures for planning assistance exceeded the budget by \$5,174 and total expenditures for the year exceeded the budget by \$1,542. The excess in expenditures was funded by available fund balance.