



375 Beale Street
Suite 700
San Francisco, California
94105

Meeting Agenda - Final

ABAG Finance Committee

Thursday, November 18, 2021

5:00 PM

REMOTE

Association of Bay Area Governments Finance Committee

In light of Governor Newsom's State of Emergency declaration regarding COVID-19 and in accordance with the recently signed Assembly Bill 361 allowing remote meetings, this meeting will be accessible via webcast, teleconference, and Zoom for all participants.

A Zoom panelist link for meeting participants will be sent separately to committee, commission, or board members.

The meeting webcast will be available at: <https://abag.ca.gov/meetings-events/live-webcasts>

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number:

Please click the link below to join the webinar:

<https://bayareametro.zoom.us/j/81752127276>

Or One tap mobile :

US: +13462487799,,81752127276# or +12532158782,,81752127276#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 253 215 8782 or +1 408 638 0968 or +1 669 900 6833 or +1 301 715 8592 or +1 312 626 6799 or +1 646 876 9923 or 833 548 0276 (Toll Free) or 833 548 0282 (Toll Free) or 877 853 5247 (Toll Free) or 888 788 0099 (Toll Free)

Webinar ID: 817 5212 7276

Detailed instructions on participating via Zoom are available at:

<https://abag.ca.gov/zoom-information>

Committee members and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial "*9".

In order to get the full Zoom experience, please make sure your application is up to date.

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name in the subject line. Due to the current circumstances there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

The ABAG Finance Committee may act on any item on the agenda.

The meeting is scheduled to begin at 5:00 p.m.

Agenda, roster, and webcast available at <https://abag.ca.gov>

For information, contact Clerk of the Board at (415) 820-7913.

Roster

Jesse Arreguin, Cindy Chavez, Karen Mitchoff, David Rabbitt, Belia Ramos, James Sperling

1. Call to Order / Roll Call / Confirm Quorum**2. Public Comment***Information***3. Committee Member Announcements***Information***4. Chair's Report**

- 4.a. [21-1470](#) ABAG Finance Committee Chair's Report for November 18, 2021

Action: Information

Presenter: Clerk of the Board

5. Consent Calendar

- 5.a. [21-1471](#) Approval of ABAG Finance Committee Minutes of October 21, 2021

Action: Approval

Presenter: Brian Mayhew

Attachments: [05a Finance Minutes 20211021 Draft.pdf](#)

- 5.b. [21-1472](#) Report on ABAG Contracts and Purchase Requisitions between \$20,000 and \$200,000 from July 2021 to August 2021

Action: Approval

Presenter: Brian Mayhew

Attachments: [05b Summary Sheet Contracts Between 20K and 200K.pdf](#)

6. Financial Statements

- 6.a. [21-1473](#) Report on ABAG Financial Statements for period ended August 2021 (Unaudited)

Action: Approval

Presenter: Brian Mayhew

Attachments: [06a 1 Summary Sheet Financial Statements as of August 31 2021 Edited.pdf](#)

[06a 2 Report by Program August Rev & Exp Breakdown.pdf](#)

[06a 3 Budget to Actual.pdf](#)

7. Investments

7.a. [21-1474](#) Report on ABAG Investments for Period Ended August 2021 (Unaudited)

Action: Approval

Presenter: Brian Mayhew

Attachments: [07a 1 Summary Sheet Report Investments August 2021 v2.pdf](#)
[07a 2 Attachment Investment Report August 2021.pdf](#)

8. Financial Audit

8.a. [21-1513](#) Report on the Association of Bay Area Governments (ABAG) Financial Statements and Accompanying Reports for Fiscal Year 2020-2021

Action: Approval

Presenter: Kathy Lai, Lead Engagement Partner with Crowe LLP, and Brian Mayhew

Attachments: [08a 1 Summary Sheet ABAG Audit 2021 v1.pdf](#)
[08a 2 Attachment A ABAG Audit Results and Required Communications.pdf](#)
[08a 3 Attachment B FY 2020-21 ABAG Management Letter with Corrective Acti](#)
[08a 4 Attachment C ABAG Reports on Federal Awards in Accordance With OM](#)
[08a 5 Attachment D FY 2021 ABAG Financial Reports and Year End Audit Res](#)
[08a 6 Attachment E FY 2020-21 ABAG Financial Statements.pdf](#)

9. Adjournment / Next Meeting

The next regular meeting of the ABAG Finance Committee will be announced.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 21-1470 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 10/27/2021 **In control:** ABAG Finance Committee

On agenda: 11/18/2021 **Final action:**

Title: ABAG Finance Committee Chair's Report for November 18, 2021

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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ABAG Finance Committee Chair's Report for November 18, 2021

Clerk of the Board

Information



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 21-1471 **Version:** 1 **Name:**
Type: Report **Status:** Consent
File created: 10/27/2021 **In control:** ABAG Finance Committee
On agenda: 11/18/2021 **Final action:**
Title: Approval of ABAG Finance Committee Minutes of October 21, 2021
Sponsors:
Indexes:
Code sections:
Attachments: [05a Finance Minutes 20211021 Draft.pdf](#)

Date	Ver.	Action By	Action	Result
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Approval of ABAG Finance Committee Minutes of October 21, 2021

Brian Mayhew

Approval



375 Beale Street
Suite 700
San Francisco, California
94105

Meeting Minutes - Draft

ABAG Finance Committee

Thursday, October 21, 2021

4:00 PM

REMOTE

Special Meeting

Association of Bay Area Governments Finance Committee

The ABAG Finance Committee may act on any item on the agenda.

The meeting is scheduled to begin at 4:00 p.m.

Agenda, roster, and webcast available at <https://abag.ca.gov>

For information, contact Clerk of the Board at (415) 820-7913.

Roster

Jesse Arreguin, Cindy Chavez, Karen Mitchoff, David Rabbitt, Belia Ramos, James Spering

1. Call to Order / Roll Call / Confirm Quorum

Chair Mitchoff called the meeting to order at about 4:02 p.m. Quorum was present.

Present: 6 - Arreguin, Chavez, Mitchoff, Rabbitt, Ramos, and Spering

2. Public Comment

3. Committee Member Announcements

4. Chair's Report

4.a. [21-1334](#) ABAG Finance Committee Chair's Report for October 21, 2021

5. Consent Calendar

Upon the motion by Ramos and second by Chavez, the ABAG Finance Committee approved the Consent Calendar. The motion passed unanimously by the following vote:

Aye: 6 - Arreguin, Chavez, Mitchoff, Rabbitt, Ramos, and Spering

5.a. [21-1335](#) Approval of ABAG Finance Committee Minutes of September 16, 2021

6. Debt Refinancing

6.a. [21-1336](#) ABAG Pension Obligation Refinancing

Brian Mayhew gave the report.

The following gave public comment: Liz Gibbons.

Upon the motion by Arreguin and second by Spering, the ABAG Finance Committee recommended ABAG Executive Board authorization to develop a pension bond financing to refinance the current unfunded ABAG pension obligation to PeRS in an amount approximately \$17 million that will be paid to PeRS with the bonds paid off over 15 years, as reported. The motion passed by the following vote:

Aye: 5 - Arreguin, Mitchoff, Rabbitt, Ramos, and Spering

Nay: 1 - Chavez

7. Adjournment / Next Meeting

Chair Mitchoff adjourned the meeting at about 4:28 p.m. The next regular ABAG Finance Committee meeting is on November 18, 2021.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 21-1472 **Version:** 1 **Name:**

Type: Report **Status:** Consent

File created: 10/27/2021 **In control:** ABAG Finance Committee

On agenda: 11/18/2021 **Final action:**

Title: Report on ABAG Contracts and Purchase Requisitions between \$20,000 and \$200,000 from July 2021 to August 2021

Sponsors:

Indexes:

Code sections:

Attachments: [05b Summary Sheet Contracts Between 20K and 200K.pdf](#)

Date	Ver.	Action By	Action	Result
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Report on ABAG Contracts and Purchase Requisitions between \$20,000 and \$200,000 from July 2021 to August 2021

Brian Mayhew

Approval

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 5.b.

Contracts and Purchase Requisitions between \$20,000 and \$200,000

Subject:

Report on ABAG Contracts and Purchase Requisitions between \$20,000 and \$200,000 from July 2021 to August 2021.

Background:

The ABAG Finance Committee has directed staff to report on contracts and purchase orders between \$20,000 and \$200,000 approved by the Executive Director.

From July 2021 to August 2021, ABAG had the following contracts and purchase requisitions between \$20,000 and \$200,000:

Purchase Requisitions

P015055 for \$146,667– VENTURA, COUNTY OF– Sponsorship of the California climate and energy collaborative.

Contracts

C004607 Amendment #1 for \$50,000 – Solano County – BayREN Single Family, Commercial, and Green Labeling incentive program

C004563 Amendment #3 for \$45,000 – Regional Climate Protection Authority – BayREN Consultant/Professional fees

Recommended Action:

The ABAG Finance Committee is requested to accept the Report on ABAG Contracts and Purchase Requisitions between \$20,000 and \$200,000 from July 2021 to August 2021.

Attachments:

None

Reviewed:



Therese W. McMillan



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 21-1473 **Version:** 1 **Name:**
Type: Report **Status:** Committee Approval
File created: 10/27/2021 **In control:** ABAG Finance Committee
On agenda: 11/18/2021 **Final action:**
Title: Report on ABAG Financial Statements for period ended August 2021 (Unaudited)
Sponsors:
Indexes:
Code sections:
Attachments: [06a 1 Summary Sheet Financial Statements as of August 31 2021 Edited.pdf](#)
[06a 2 Report by Program August Rev & Exp Breakdown.pdf](#)
[06a 3 Budget to Actual.pdf](#)

Date	Ver.	Action By	Action	Result
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Report on ABAG Financial Statements for period ended August 2021 (Unaudited)

Brian Mayhew

Approval

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 6.a.

Financial Statements

Subject:

Report on ABAG Financial Statements for period ended August 31, 2021.

Background:

Attached are the Association of Bay Area Governments (ABAG) financial statements as of August 31, 2021.

ABAG financial information includes ABAG Administration, Bay Area Regional Energy Network (BayREN)-Energy, San Francisco Estuary Partnership (SFE) and the San Francisco Bay Trail.

Overall Summary

As of August 31, 2021, the combined ABAG financial report shows an operating surplus of \$1.9 million. The surplus is generated from the membership revenue billed at the beginning of the fiscal year. Total actual expenses were only 8% of the budget but will catch up as the year progresses.

The following are the highlights of the financial report for Administration, BayREN-Energy, SFE and San Francisco Bay Trail.

Administration

The Administration Program reports a \$2 million surplus; however, this number is misleading. Membership revenue of \$2.4 million is the major revenue source for this program. Membership revenue is recognized when bills are sent out, however as of August 31, 2021 we have collected \$1.6 million of the \$2.4 million (67% of total) billed.

Year-to-date expense is only 11% of the approved budget. However, the total \$1.6 million pension payment was made in July to take advantage of the PERS discount but amortized over a 12-month period. Taking the full payment into account, expenses are nearly \$1.8 million or 43% of the FY 2022 budget.

Adjusting the uncollected revenue and the full pension expense creates a slightly negative cashflow that will resolve itself as the year progresses.

BayREN—Energy

BayREN-Energy program is a grant funded operation consisting mainly of California Public Utilities Commission grants. BayREN expenses are \$2 million as of August and 8% of approved budget. Expenses should pick up later the year as the program ramps up its hiring and

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 6.a.

Financial Statements

contracts. Since this is a cost reimbursement grant, revenue should remain in line with expenses keeping the program at breakeven.

SFEP

SFEP is funded by a series of grants, mainly from the U.S. Environmental Protection Agency (US EPA) and Department of Water Resources (DWR).

The SFEP expense as of August was \$830 thousand against \$798 thousand in revenue, roughly only 6% of the budget. Project expenses should pick throughout the year as the program ramps up its hiring and project contracts. Since this is a cost reimbursement grant, revenues should stay in line with expenses (with a small gap due to grants being billed on a quarterly basis instead of monthly).

San Francisco Bay Trail

The San Francisco Bay Trail is a new non-profit entity that has not yet started to incur expenses

If you have any questions about this report, please contact Brian Mayhew at (415) 778-6730.

Issues:

None

Recommended Action:

The Finance Committee is requested to approve the staff report on ABAG Financial Statements for period ended August 31, 2021.

Attachments:

- A. Report by Program
- B. Budget to Actual

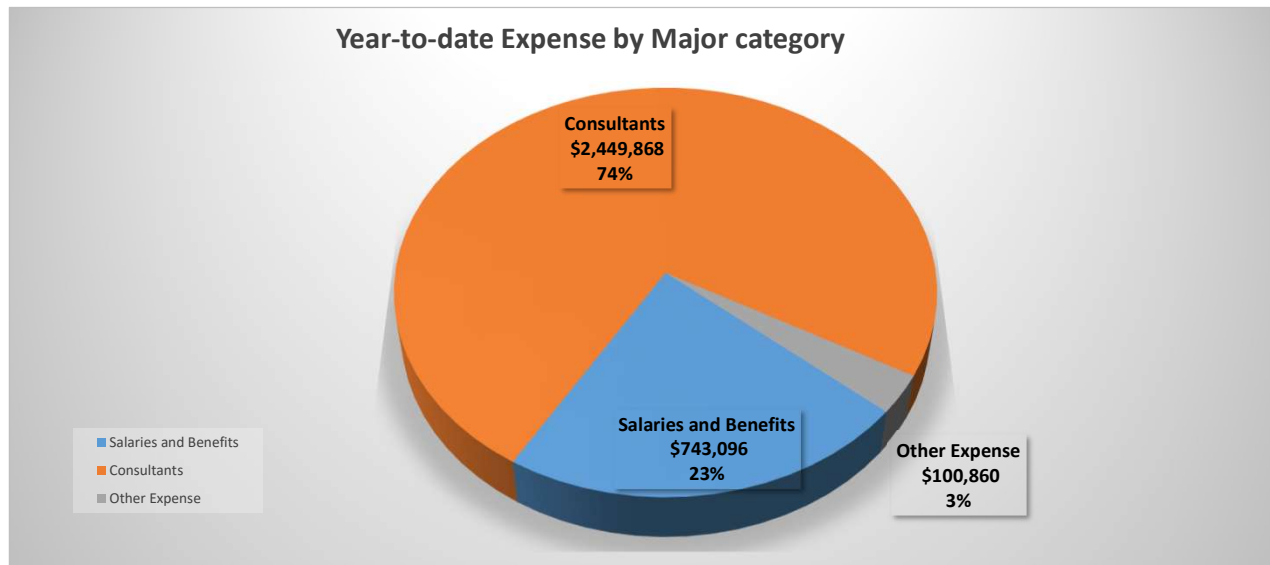
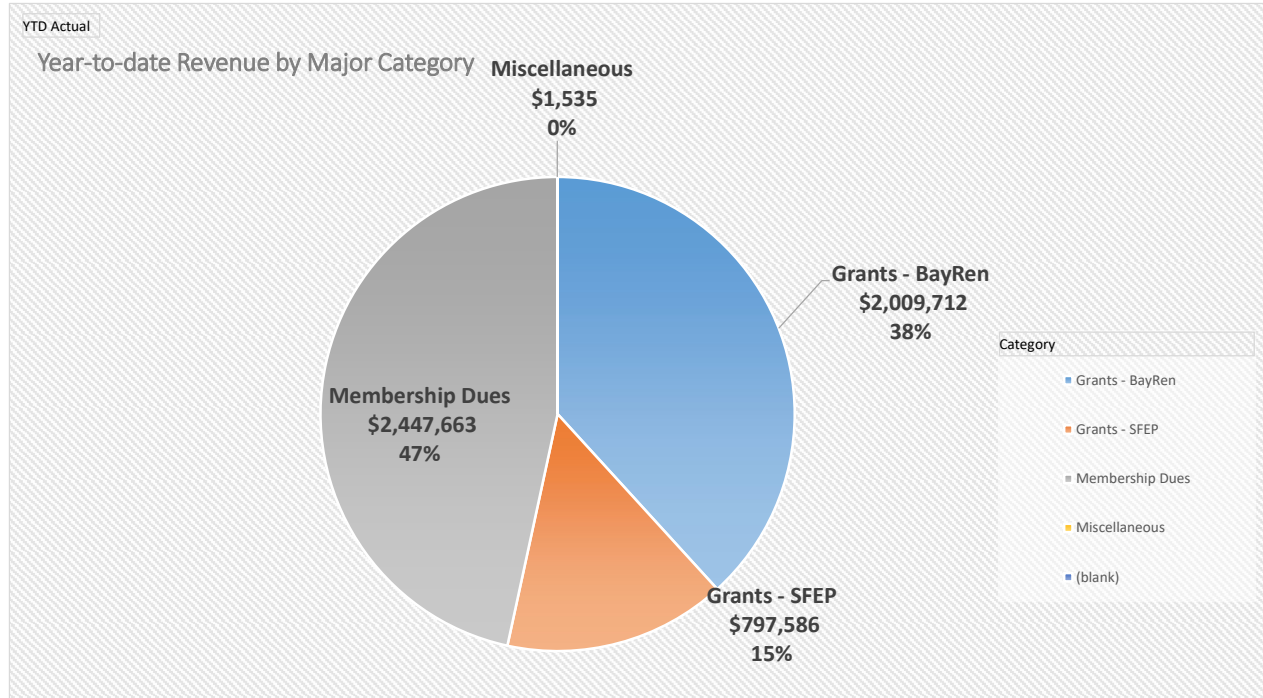
Reviewed:



Therese W. McMillan

Report by Program of Net Income/(Net Loss)
July 2021 - Aug 2021 Unaudited (17% of year)

	Fund	Approved FY22 Budget	Year-To-Date Revenues	Year-To-Date Expenses	YTD Net Income/(Net Loss)	% of Expense Budget
401	ABAG Admin	4,235,633	2,448,285	453,207	1,995,078	11%
403	BayRen - Energy	24,777,759	2,009,712	2,009,867	(155)	8%
402	SF Estuary Partnership	12,985,675	797,586	830,750	(33,164)	6%
421	San Francisco Bay Trail	173,480	913	-	913	0%
	Total	42,172,547	5,256,496	3,293,824	1,962,672	8%



MTC Production
Budget to Actual by Fund

As of 08/31/2021

Selection Criteria: Ledger: GL - General Ledger, Budget Code: WK, , Multiple Funds Selected, ,
 Report Generated on Nov 1, 2021 10:34:05 AM

Page 1

Fund: 401 - ABAG Administration

	Object Description	Budget Object	WORKING BUDGET	Actual	Balance
REVENUE					
	Administrative fees	4956	0.00	622.00	(622.00)
	Financial Services Revenue	4953	0.00	0.00	0.00
	Gain/Loss Revaluation Investmt	4850	0.00	0.00	0.00
	Gen Assembly/Conf Reg Revenue	4947	0.00	0.00	0.00
	Int Income - LAIF	4801	50,000.00	0.00	50,000.00
	Membership Dues	4946	2,447,665.00	2,447,663.00	2.00
	Miscellaneous	4950	0.00	0.00	0.00
	Miscellaneous Contribution	4955	559,238.00	0.00	559,238.00
	Transfers In	8002	600,000.00	0.00	600,000.00
	Transfers in	8401	228,730.00	0.00	228,730.00
EXPENDITURE					
	Audit	5717	173,500.00	31,777.62	141,722.38
	Bank Service Charges	5750	10,000.00	738.16	9,261.84
	Beale Assessments	5218	366,800.00	0.00	366,800.00
	Benefits - Dental	5051	0.00	(864.96)	864.96
	Benefits - Medical - Retirees	5074	0.00	89,161.75	(89,161.75)
	Benefits - OPEB	5075	550,238.00	0.00	550,238.00
	Benefits - Retirement	5062	1,613,853.00	269,617.66	1,344,235.34
	Benefits - Vision	5052	0.00	80.67	(80.67)
	Catastrophic Leave	5073	0.00	0.00	0.00
	Commtee Member's Stipend	5703	70,000.00	4,200.00	65,800.00
	Communications	5150	0.00	0.00	0.00
	Computer Maint/Services	5201	0.00	0.00	0.00
	Conference/Trning Exps & Fees	5130	8,000.00	0.00	8,000.00
	Consultant/Professional Fees	5300	191,000.00	0.00	191,000.00
	Depreciation	5790	350,000.00	55,395.48	294,604.52
	Insurance	5751	170,000.00	0.00	170,000.00
	Legal Fees	5340	25,000.00	1,894.50	23,105.50
	Mailing/Postage	5265	0.00	0.00	0.00
	Meals	5105	5,000.00	0.00	5,000.00
	Memberships	5270	25,000.00	0.00	25,000.00
	Miscellaneous	5755	1,963.00	0.00	1,963.00
	Office Supplies	5250	0.00	0.00	0.00
	Parking	5183	0.00	0.00	0.00
	Passthru/Contrib-Othr Agncies	5600	0.00	0.00	0.00
	Printing and Reproduction	5700	0.00	0.00	0.00
	Salaries	5000	0.00	0.00	0.00
	Software Licenses	5203	0.00	0.00	0.00
	Storage Rental	5184	4,428.00	1,206.00	3,222.00
	Subscriptions	5280	0.00	0.00	0.00
	Transfers out	8000	668,851.00	0.00	668,851.00
	Transfers to Fund Balance	8402	0.00	0.00	0.00
	Transit Tickets	5101	0.00	0.00	0.00
	Travel Expense	5100	2,000.00	0.00	2,000.00
REVENUE:			3,885,633.00	2,448,285.00	1,437,348.00
EXPENDITURE:			4,235,633.00	453,206.88	3,782,426.12
NET:			(350,000.00)	1,995,078.12	(2,345,078.12)

Server Name: mtc-rpt-prod.mtccloud.asp.gov.com

User Name: MTCwsamara

MTC Production
Budget to Actual by Fund

As of 08/31/2021

Selection Criteria: Ledger: GL - General Ledger, Budget Code: WK, , Multiple Funds Selected, ,
 Report Generated on Nov 1, 2021 10:34:05 AM

Page 2

Fund: 402 - ABAG SFEP Project Fund

	Object Description	Budget Object	WORKING BUDGET	Actual	Balance
REVENUE					
	Admin Civil Liability Fines	4948	11,000.00	0.00	11,000.00
	Gain/Loss Revaluation Investmt	4850	0.00	0.00	0.00
	Gen Assembly/Conf Reg Revenue	4947	340,173.00	0.00	340,173.00
	Miscellaneous	4950	1,887,098.00	0.00	1,887,098.00
	Rev - Delta Stewards Council	4228	0.00	0.00	0.00
	Revenue - Alameda County	4353	0.00	0.00	0.00
	Revenue - Ca Natural Res Agncy	4223	0.00	0.00	0.00
	Revenue - Caltrans	4216	0.00	0.00	0.00
	Revenue - Coastal Conservancy	4226	0.00	4,586.91	(4,586.91)
	Revenue - CPUC	4225	0.00	0.00	0.00
	Revenue - Donation	4941	125,000.00	0.00	125,000.00
	Revenue - DWR	4227	8,441,451.00	618,194.00	7,823,257.00
	Revenue - EPA	4018	1,591,840.00	118,070.58	1,473,769.42
	Revenue - Santa Clara Water	4351	0.00	26,073.47	(26,073.47)
	Revenue - USGS	4017	0.00	0.00	0.00
	Revenue- Dept of Interior	4021	0.00	30,661.50	(30,661.50)
	Transfers In	8002	649,729.00	0.00	649,729.00
EXPENDITURE					
	Advertising/Public Awareness	5142	0.00	0.00	0.00
	Benefits	5099	659,259.00	88,114.46	571,144.54
	Benefits - Funeral	5070	0.00	0.00	0.00
	Benefits - Holidays	5067	0.00	4,510.44	(4,510.44)
	Benefits - Personal Days	5066	0.00	3,988.31	(3,988.31)
	Benefits - Vacation and Sick	5065	0.00	34,791.10	(34,791.10)
	Benefits-Med Den Cash In Lieu	5064	0.00	0.00	0.00
	Benefits-Adm Leave MTC MPFL	5068	0.00	19.13	(19.13)
	Benefits-Covid 19 Leave	5078	0.00	504.04	(504.04)
	Conference/Trning Exps & Fees	5130	5,000.00	0.00	5,000.00
	Consultant/Professional Fees	5300	518,239.00	550,991.28	(32,752.28)
	Furn,Fix,Other-Less than \$5K	5262	0.00	0.00	0.00
	Graphics	5701	0.00	0.00	0.00
	Indirect Costs	5763	640,561.00	0.00	640,561.00
	Library Acquisitions/Books	5281	0.00	0.00	0.00
	Mailing/Postage	5265	5,300.00	0.00	5,300.00
	Meals	5105	10,800.00	0.00	10,800.00
	Meeting Room Rentals	5181	0.00	0.00	0.00
	Memberships	5270	0.00	0.00	0.00
	Miscellaneous	5755	5,000.00	4,580.78	419.22
	Office Supplies	5250	0.00	0.00	0.00
	Passthru/Contrib-Othr Agncies	5600	9,338,348.00	0.00	9,338,348.00
	Printing and Reproduction	5700	14,500.00	0.00	14,500.00
	Salaries	5000	1,385,577.00	142,537.51	1,243,039.49
	Signs, Letters, Artwork	5253	0.00	0.00	0.00
	Software Licenses	5203	0.00	0.00	0.00
	Supplies	5251	0.00	713.12	(713.12)
	Transfers out	8000	383,091.00	0.00	383,091.00
	Travel Expense	5100	20,000.00	0.00	20,000.00
REVENUE:			13,046,291.00	797,586.46	12,248,704.54
EXPENDITURE:			12,985,675.00	830,750.17	12,154,924.83
NET:			60,616.00	(33,163.71)	93,779.71

Server Name: mtc-rpt-prod.mtccloud.asp.gov.com

User Name: MTCwsamara

MTC Production
Budget to Actual by Fund

As of 08/31/2021

Selection Criteria: Ledger: GL - General Ledger, Budget Code: WK, , Multiple Funds Selected, ,
 Report Generated on Nov 1, 2021 10:34:05 AM

Page 3

Fund: 403 - ABAG Energy Project Fund

	Object Description	Budget Object	WORKING BUDGET	Actual	Balance
REVENUE					
	Miscellaneous	4950	0.00	2,137.50	(2,137.50)
	Revenue - BAAQMD	4326	76,750.00	440.62	76,309.38
	Revenue - Cal Energy Com	4224	0.00	0.00	0.00
	Revenue - CPUC	4225	23,433,569.00	2,003,914.48	21,429,654.52
	Revenue - DOE	4020	359,633.00	3,219.37	356,413.63
	Transfers In	8002	1,000,000.00	0.00	1,000,000.00
EXPENDITURE					
	Advertising/Public Awareness	5142	100,000.00	0.00	100,000.00
	Bank Service Charges	5750	0.00	354.16	(354.16)
	Benefits	5099	255,128.00	37,723.34	217,404.66
	Benefits - Holidays	5067	0.00	1,284.16	(1,284.16)
	Benefits - Personal Days	5066	0.00	197.49	(197.49)
	Benefits - Vacation and Sick	5065	0.00	4,733.49	(4,733.49)
	Benefitsâ€" Adm Leave MTC MPFL	5068	0.00	5,803.91	(5,803.91)
	Benefitsâ€" Covid 19 Leave	5078	0.00	0.00	0.00
	Commercial Incentive	5416	2,064,178.00	0.00	2,064,178.00
	Conference/Trning Exps & Fees	5130	105,000.00	0.00	105,000.00
	Consultant/Professional Fees	5300	4,131,711.00	810,548.57	3,321,162.43
	Green Labeling Incentive	5415	500,000.00	199,900.00	300,100.00
	Indirect Costs	5763	275,428.00	0.00	275,428.00
	Meals	5105	5,000.00	0.00	5,000.00
	Meeting Room Rentals	5181	0.00	0.00	0.00
	Memberships	5270	35,000.00	0.00	35,000.00
	Miscellaneous	5755	10,000.00	0.00	10,000.00
	Multi Family Incentive	5412	2,500,000.00	0.00	2,500,000.00
	Office Supplies	5250	0.00	0.00	0.00
	Passthru/Contrib-Othr Agencies	5600	7,699,806.00	0.00	7,699,806.00
	Personnel Recruitment	5140	0.00	0.00	0.00
	Salaries	5000	594,706.00	60,893.04	533,812.96
	Single Family Incentive	5411	5,341,802.00	888,428.40	4,453,373.60
	Software Licenses	5203	5,000.00	0.00	5,000.00
	Supplies	5251	0.00	0.00	0.00
	Transfers out	8000	1,150,000.00	0.00	1,150,000.00
	Travel Expense	5100	5,000.00	0.00	5,000.00
REVENUE:			24,869,952.00	2,009,711.97	22,860,240.03
EXPENDITURE:			24,777,759.00	2,009,866.56	22,767,892.44
NET:			92,193.00	(154.59)	92,347.59

Server Name: mtc-rpt-prod.mtccloud.asp.gov.com

User Name: MTC\wsamara

MTC Production
Budget to Actual by Fund
As of 08/31/2021

Selection Criteria: Ledger: GL - General Ledger, Budget Code: WK, , Multiple Funds Selected, ,
Report Generated on Nov 1, 2021 10:34:05 AM

Page 4

Fund: 421 - San Francisco Bay Trail

	Object Description	Budget Object	WORKING BUDGET	Actual	Balance
REVENUE					
	Interest Income - Other	4846	5.00	0.00	5.00
	Revenue - Donation	4941	166,000.00	155.04	165,844.96
	Revenue - Souvenir Sales	4940	10,000.00	757.46	9,242.54
EXPENDITURE					
	Advertising/Public Awareness	5142	5,000.00	0.00	5,000.00
	Bank Service Charges	5750	3,100.00	0.00	3,100.00
	Consultant/Professional Fees	5300	160,000.00	0.00	160,000.00
	Meals	5105	800.00	0.00	800.00
	Miscellaneous	5755	3,000.00	0.00	3,000.00
	Printing and Reproduction	5700	0.00	0.00	0.00
	Software Licenses	5203	80.00	0.00	80.00
	Subscriptions	5280	1,500.00	0.00	1,500.00
REVENUE:			176,005.00	912.50	175,092.50
EXPENDITURE:			173,480.00	0.00	173,480.00
NET:			2,525.00	912.50	1,612.50

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User Name: MTC\wsamara



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 21-1474 **Version:** 1 **Name:**
Type: Report **Status:** Committee Approval
File created: 10/27/2021 **In control:** ABAG Finance Committee
On agenda: 11/18/2021 **Final action:**
Title: Report on ABAG Investments for Period Ended August 2021 (Unaudited)
Sponsors:
Indexes:
Code sections:
Attachments: [07a 1 Summary Sheet Report Investments August 2021 v2.pdf](#)
[07a 2 Attachment Investment Report August 2021.pdf](#)

Date	Ver.	Action By	Action	Result
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Report on ABAG Investments for Period Ended August 2021 (Unaudited)

Brian Mayhew

Approval

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 7.a.

Investments

Subject:

Report on ABAG Investments for Period Ended August 2021 (Unaudited)

Background:

In accordance with the adopted investment policy, this report is on the ABAG investment holdings as of August 31, 2021. Total funds under ABAG management are just over \$113.6 million.

A breakdown by fund is as follows:

Fund	Market Value (\$ million)	Market Value (\$ million)	% of Total	% of Total
ABAG Admin (Note 1)	\$18.4		16.2%	
ABAG San Francisco Estuary Partnership	0.1		0.1%	
ABAG BayREN	13.4		11.8%	
Other (Note 2)	0.3		0.3%	
Subtotal ABAG		32.2		28.4%
ABAG Fin Auth Non-Profit (FAN)	3.4		3.0%	
ABAG FAN CFD 690 & 942 Market St	1.6		1.4%	
ABAG FAN CFD SF Mint	0.5		0.4%	
ABAG FAN CFD 2014 & 2017 Windemere	3.6		3.2%	
ABAG FAN CFD SF Rincon	1.4		1.2%	
Subtotal ABAG FAN		10.5		9.2%
San Francisco Bay Restoration Authority		68.5		60.3%
ABAG Power		2.4		2.1%
Portfolio Total		\$ 113.6		100.0%

Notes:

1. The ABAG Admin Fund includes a \$10 million grant from the State of California for the Regional Early Action Planning (REAP) program.
2. Other includes Balance Foundation, San Francisco Bay Trail, and Finance Corp.

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 7.a.

Investments

The portfolio breakdown is as follows:

Security Holding	Portfolio Composite	Policy Limits
Cash	53.3%	No limit
Gov't Pools	40.4%	No limit
Gov't Security	0.1%	No limit
Mutual Funds (Trustee)	6.2%	No limit
Mutual Funds (Non-Trustee)	Less than 0.1%	20% Portfolio/10% One Fund
Portfolio Total	100.0%	

Liquidity Summary of ABAG Portfolio:

Maturity	Market Value (\$ million)	% of Total Portfolio	Cumulative Minimum Level per ABAG Investment Policy
30 days or less	\$ 113.5	99.9%	10%
90 days or less	113.6 cumulative	99.9% cumulative	15%
1 year or less	113.6 cumulative	100% cumulative	30%

Issues:

None

Recommended Action:

The ABAG Finance Committee is requested to accept the Report on ABAG Investments for period August 2021 (Unaudited).

Attachment:

Investment Report, August 2021

Reviewed:



Therese W. McMillan

ABAG
Summary by Issuer
August 31, 2021

Issuer	Number of Investments	Par Value	Market Value	% of Portfolio	Average YTM 365	Average Days to Maturity
BLK ROCK T-FUND TRUSTEE	17	7,054,167.43	7,054,167.43	6.21	0.010	1
CASH	1	8,400.00	8,400.00	0.01	0.000	1
LOCAL AGENCY INVESTMENT FUND	5	45,914,698.69	45,914,698.69	40.42	0.221	1
MORGAN STANLEY GOV'T INST CUST	1	970.35	970.35	0.00	0.030	1
UNION BANK CHECKING	8	33,796,900.80	33,796,900.80	29.75	0.000	1
UNION BANK SFBRA	1	26,732,735.28	26,732,735.28	23.53	0.000	1
US TREASURY	1	100,000.00	99,991.60	0.09	0.021	64
Total and Average	34	113,607,872.55	113,607,864.15	100.00	0.090	1

ABAG
Summary by Type
August 31, 2021
Grouped by Fund

Security Type	Number of Investments	Par Value	Market Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: ABAG ADMIN						
Local Agency Investment Funds	1	50,123.74	50,123.74	0.04	0.221	1
Passbook/Checking Accounts	2	18,355,363.34	18,355,363.34	16.16	0.000	1
Subtotal	3	18,405,487.08	18,405,487.08	16.20	0.001	1
Fund: ABAG SF ESTUARY PARTNERSHIP						
Local Agency Investment Funds	1	107,652.69	107,652.69	0.09	0.221	1
Subtotal	1	107,652.69	107,652.69	0.09	0.221	1
Fund: ABAG BAYREN						
Passbook/Checking Accounts	1	13,350,844.98	13,350,844.98	11.75	0.000	1
Subtotal	1	13,350,844.98	13,350,844.98	11.75	0.000	1
Fund: ABAG BALANCE FOUNDATION						
Passbook/Checking Accounts	1	26,007.92	26,007.92	0.02	0.000	1
Subtotal	1	26,007.92	26,007.92	0.02	0.000	1
Fund: SAN FRANCISCO BAY TRAIL						
Passbook/Checking Accounts	1	293,529.51	293,529.51	0.26	0.000	1
Subtotal	1	293,529.51	293,529.51	0.26	0.000	1
Fund: ABAG FINANCE CORP						
Passbook/Checking Accounts	1	18,101.77	18,101.77	0.02	0.000	1
Subtotal	1	18,101.77	18,101.77	0.02	0.000	1
Fund: SF BAY RESTORATION AUTHORITY						
Local Agency Investment Funds	1	41,626,840.70	41,626,840.70	36.64	0.221	1
Mutual Funds - Custodial	1	970.35	970.35	0.00	0.030	1
Passbook/Checking Accounts	1	26,732,735.28	26,732,735.28	23.53	0.000	1
Treasury Discounts -Amortizing	1	100,000.00	99,991.60	0.09	0.021	64

ABAG
Summary by Type
August 31, 2021
Grouped by Fund

Security Type	Number of Investments	Par Value	Market Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Subtotal	4	68,460,546.33	68,460,537.93	60.26	0.134	1
Fund: ABAG POWER						
Local Agency Investment Funds	1	1,262,068.64	1,262,068.64	1.11	0.221	1
Passbook/Checking Accounts	1	1,177,074.86	1,177,074.86	1.04	0.000	1
Subtotal	2	2,439,143.50	2,439,143.50	2.15	0.114	1
Fund: ABAG FIN AUTH NONPROFIT						
Local Agency Investment Funds	1	2,868,012.92	2,868,012.92	2.52	0.221	1
Passbook/Checking Accounts	1	575,978.42	575,978.42	0.51	0.000	1
Subtotal	2	3,443,991.34	3,443,991.34	3.03	0.184	1
Fund: ABAG FAN CFD 2007 WINDEMERE						
Mutual Funds - Trustee	3	19,785.27	19,785.27	0.02	0.010	1
Subtotal	3	19,785.27	19,785.27	0.02	0.010	1
Fund: ABAG FAN CFD 690&942 MRKT ST						
Mutual Funds - Trustee	3	1,554,901.48	1,554,901.48	1.37	0.010	1
Subtotal	3	1,554,901.48	1,554,901.48	1.37	0.010	1
Fund: ABAG FAN CFD 2006-2 SF MINT						
Mutual Funds - Trustee	4	453,696.61	453,696.61	0.40	0.010	1
Subtotal	4	453,696.61	453,696.61	0.40	0.010	1
Fund: ABAG FAN CFD 2014&17 WINDEMERE						
Mutual Funds - Trustee	3	3,636,309.29	3,636,309.29	3.20	0.010	1
Subtotal	3	3,636,309.29	3,636,309.29	3.20	0.010	1
Fund: ABAG FAN CFD 2006-1 SF RINCON						
Mutual Funds - Trustee	5	1,397,874.78	1,397,874.78	1.23	0.010	1
Subtotal	5	1,397,874.78	1,397,874.78	1.23	0.010	1
Total and Average	34	113,607,872.55	113,607,864.15	100.00	0.090	1



Metropolitan Transportation Commission

375 Beale Street, Suite 800
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Legislation Details (With Text)

File #:	21-1513	Version:	1	Name:	
Type:	Report	Status:		Committee Approval	
File created:	11/2/2021	In control:		ABAG Finance Committee	
On agenda:	11/18/2021	Final action:			
Title:	Report on the Association of Bay Area Governments (ABAG) Financial Statements and Accompanying Reports for Fiscal Year 2020-2021				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	08a 1 Summary Sheet ABAG Audit 2021 v1.pdf 08a 2 Attachment A ABAG Audit Results and Required Communications.pdf 08a 3 Attachmetn B FY 2020-21 ABAG Management Letter with Corrective Action Response - 08a 4 Attachment C ABAG Reports on Federal Awards in Accordance With OMB Uniform Guidance.pc 08a 5 Attachment D FY 2021 ABAG Financial Reports and Year End Audit Results.pdf 08a 6 Attachment E FY 2020-21 ABAG Financial Statements.pdf				

Date	Ver.	Action By	Action	Result
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Report on the Association of Bay Area Governments (ABAG) Financial Statements and Accompanying Reports for Fiscal Year 2020-2021

Kathy Lai, Lead Engagement Partner with Crowe LLP, and Brian Mayhew

Approval

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 8.a.

Financial Statements and Accompanying Reports

Subject:

Report on the Association of Bay Area Governments (ABAG) Financial Statements and Accompanying Reports for Fiscal Year 2020-2021

Background:

Staff requests that the ABAG Finance Committee recommend that the ABAG Executive Board accept and approve the attached Financial Statements and Accompanying Reports for the Fiscal Year ended June 30, 2021 and accept the staff recommendation to reappoint Crowe LLP for the FY 2022 audit. The Financial Statements are audited by Crowe LLP.

The exit interview represents an opportunity for the Finance Committee to have direct communication with Crowe LLP, your independent auditor. As part of the exit interview, Crowe LLP will make a presentation relating to the audit results, required communications and the Report on Federal Awards. Staff will make a presentation on the ABAG Financial Statements.

There are several documents that make up the year-end Financial Statements and Accompanying Reports. These reports are presented by Crowe LLP.

FY 2020-21 ABAG Audit Results and Required Communications

The audit opinion is “unmodified” with no “material” or “significant deficiency” in internal controls. There was one finding related to financial reporting which will be corrected.

Reports on Federal Awards in Accordance with Office of Management and Budget (OMB) Uniform Guidance for the Year Ended June 30, 2021

Crowe LLP prepares this report on expenses and financial controls as they relate to federal grants.

FY 2020-21 ABAG Financial Statements

The ABAG financial statements for FY 2020-21 are comprised of five sections:

- Independent Auditors Report (p. 1)—This is the opinion expressed on internal controls and the financial statements.
- Management’s Discussion and Analysis (MD&A) (p. 3)—The MD&A provides a management overview of the information contained in the financial statements as of June 30, 2021.

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 8.a.

Financial Statements and Accompanying Reports

- Basic Financial Statements (p. 8)—Including:
 - Statement of Net Position or assets over liabilities
 - Statement of Revenue, Expenses and Changes in Net Position
 - Statement of Cash Flows
 - Notes to the Financial Statements (p. 12)—Including descriptions of the ABAG as a reporting entity and certain information considered important to understanding the reporting entity and accounting practices related to ABAG.
- Required Supplementary Information (p. 35)—Mainly pension and OPEB liabilities
- Other Supplementary Information—Additional accounting information and details of the ABAG Conduit Financing Pool

If you have any questions about this report, please contact Brian Mayhew at (415) 778-6730.

Issues:

None

Association of Bay Area Governments

Finance Committee

November 18, 2021

Agenda Item 8.a.

Financial Statements and Accompanying Reports

Recommended Action:

The ABAG Finance Committee is requested to accept the staff report and recommend ABAG Executive Board approval of the Financial Statements and Accompanying Reports for Fiscal Year 2020-21 and the reappointment of the firm Crowe LLP for the Fiscal Year 2021-22 annual external audit.

Attachments:

- A. FY 2020-21 ABAG Audit Results and Required Communication
- B. FY 2020-21 ABAG Management Letter with Corrective Action Response
- C. Reports on Federal Awards in Accordance with Office of Management and Budget (OMB) Uniform Guidance for the Year Ended June 30, 2021
- D. Presentation
- E. FY 2020-21 ABAG Financial Statements

Reviewed:



Therese W. McMillan

Association of Bay Area Governments

Audit Results and Required Communications

November 18, 2021



Dear Members of the Finance Committee of Association of Bay Area Governments,

We are pleased to present our report on the audit of Association of Bay Area Governments (“ABAG”). Our report includes a summary of the audit results and also required auditor communications under professional standards.

Our audit is substantially completed. The remaining open items typical of this stage are the receipt of the management representation letter and standard subsequent event procedures through the date of audit report issuance.

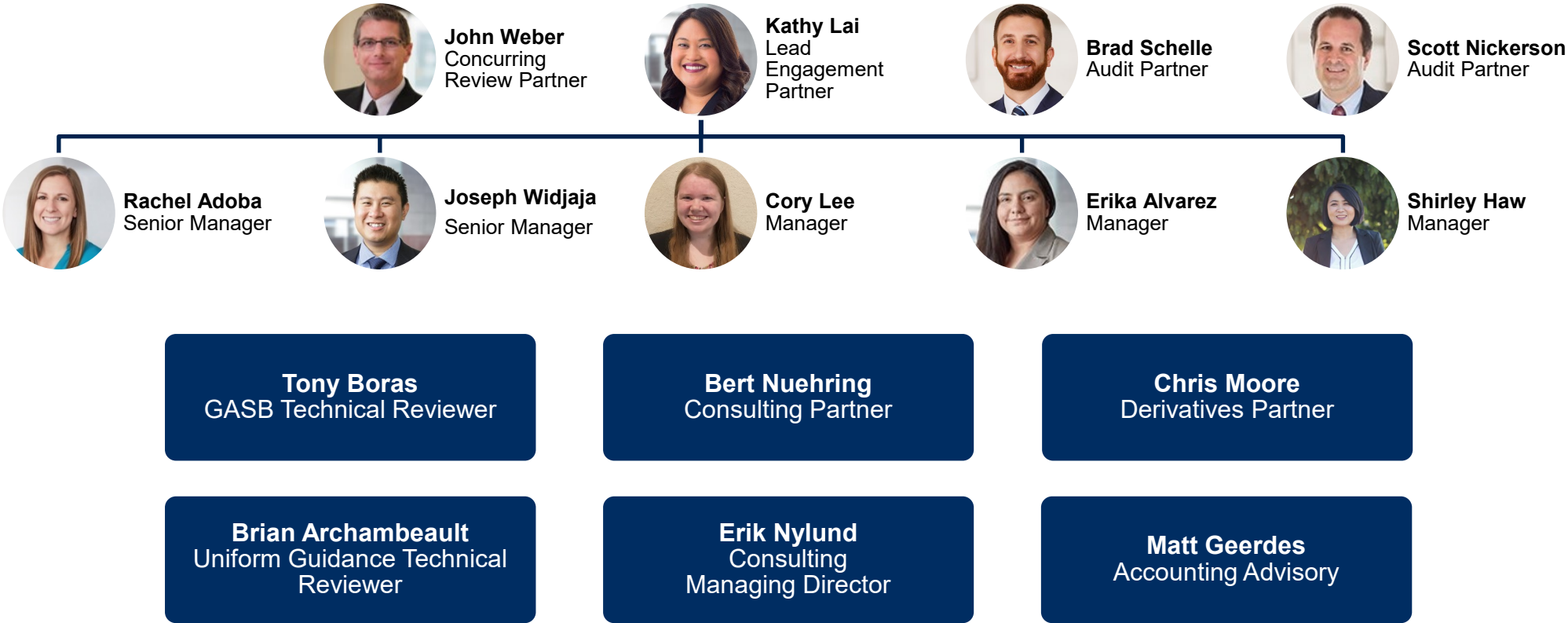
We welcome any questions you or others may have on our audit. Thank you for the opportunity to discuss the audit results.

Sincerely,

A handwritten signature in black ink that reads "Katherine V. Lai".

Katherine V. Lai
Engagement Partner

Client Service Team





Agenda

1

Audit Objectives

2

Audit Results

3

Required
Communications

Audit Objectives



Engagement Objectives

- The objective of an audit of financial statements is to express an opinion that the financial statements are in accordance with accounting principles generally accepted in the United States.
- The audit of financial statements will be performed in accordance with auditing standards generally accepted in the United States (GAAS) and generally accepted Government Auditing Standards (GAGAS).
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud.
- Our audit includes consideration of internal controls over financial reporting, but we do not express an opinion on the effectiveness of such internal controls. Our audit includes consideration of internal controls over financial reporting, but we do not express an opinion on the effectiveness of such internal controls. Management is responsible for the design and the effectiveness of internal controls.

Audit Results

Financial Statement Audit Reports



- Independent Auditor's Report on the financial statements as of and for the year ending June 30, 2021.

Entity	Opinion
ABAG	Unmodified

- We did not identify any deficiencies, significant deficiencies, or material weaknesses during our audit.



Other Reporting- Compliance

Uniform Guidance Report (ABAG)

- San Francisco Bay Water Quality Improvement Fund.
- Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance.
 - No federal findings noted.
- 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*.
 - No instances of non-compliance or other matters noted.
 - No material weakness noted.

Status of ABAG Prior Year Deficiencies

- Accounting for Grants with Eligible Cost Requirements-
Implemented.



ABAG Current Year Deficiency

Management Review of Reports

Observation

- ABAG is required to submit annual Federal Financial Reports (FFR), quarterly progress reports and Minority Business Enterprise/Women Business Enterprise (MBE/WBE) Utilization Reports to the Environmental Protection Agency (EPA) by prescribed due dates.
- We noted that the FFR was submitted timely and had evidence of an individual preparer and separate reviewer prior to submission to the EPA. However, the first three quarterly progress reports compiled by project managers primarily from information provided by the financial department and partnership managers were subject to review by the grant manager, but such review procedures were not formally documented. For the 4th Quarter report, management documented their review process, noting that the project manager prepares the progress report and the Principal Environmental Planner reviewed and approved the report prior to submission to the EPA.
- In addition, a grant manager prepares and submits the annual MBE/WBE Utilization Report to the EPA by the required due date. However, there was no review by a separate individual prior to submission.
- It should be noted that for the annual FFR, quarterly reports and MBE WBE Utilization Reports inspected all were submitted timely and supported by underlying records.

Recommendation

We recommend that management establish a formal review process over the MBE/WBE Utilization Report submitted to the EPA ensuring proper segregation of duties between the preparer and reviewer. In addition, for quarterly progress reports, we recommend that the reviewer continue to document their review process, underlying supporting documentation inspected and the results of their review prior to submitting reports to the EPA.

ABAG Management Responses to Observation

Management Response FY 21:

The management of the Association of Bay Area Governments (ABAG) concurs with the finding and recommendation. Management established a written procedure to establish and document management review over Performance Reports, Minority Business Enterprise/Women Business Enterprise (MBE/WBE) Utilization Reports, and Federal Financial Reports (FFR) submitted to the United States Environmental Protection Agency (EPA). This procedure is documented in the San Francisco Estuary Partnership (SFEP) project management resources files. The review procedures have been implemented starting with the July 2021 quarterly progress report submittals to EPA.



Required Communications

Required Communications

- Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Management has disclosed the summary of significant accounting policies in footnote 1 of each report.
- Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments.



Required Communications

- Adoption of New Accounting Standards:
 - GASB Statement No. 84, *Fiduciary Activities*
 - *GASB Statement No. 90, Majority Equity Interests*
 - *GASB Statement No. 93, Replacement of Interbank Offered Rates*
 - *Implementation Guide 2019-1 & 2019-2*



Required Communications

- Corrected Misstatements: We did not note any material corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- Uncorrected Misstatements: We did not note any uncorrected misstatements that were brought to the attention of management as a result of our audit procedures.



Required Communications

We did not note:

- Significant Accounting Policies in Controversial or Emerging Areas
- Significant Unusual Transactions
- Significant Difficulties Encountered during the Audit
- Disagreements with Management
- Consultations with Other Accountants
- Significant Related Party Findings and Issues
- Independence matters



Questions?



Thank You

Katherine V. Lai, CPA, CGMA

Partner

Kathy.Lai@crowe.com

<https://www.linkedin.com/in/kathylaicpa/>

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Management of the Association of Bay Area Governments
c/o Brian Mayhew, Chief Financial Officer
Association of Bay Area Governments
375 Beale Street
San Francisco, California 94105

Management of the Association of Bay Area Governments,

In planning and performing our audit of the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Association of Bay Area Governments ("ABAG") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered ABAG's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ABAG's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ABAG's internal control. Matters communicated in this letter are classified as follows.

- Deficiency – A control deficiency 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.
- Significant deficiency – A deficiency, or 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.
- Material weakness – A deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies, as defined above. However, we identified a certain deficiency in internal control that we are required to or wish to communicate to you.

This communication is intended solely for the information and use of the members of the Executive Board of ABAG, management, and others within the organization, and governmental granting agencies and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this letter 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 ABAG's internal control over financial reporting or on compliance. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ABAG's internal control over financial reporting and compliance. Accordingly, this letter is not suitable for any other purpose.

ABAG's written response to the deficiencies identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

San Francisco, California
November __, 2021

cc: Therese McMillan, Executive Director

Management Review of Reports

Classification:

Deficiency

Applicable Entities:

ABAG

Observation:

The United States Environmental Protection Agency (EPA) awarded a federal grant, the San Francisco Bay Water Quality Improvement Fund, to ABAG for the improvement of water quality and restoration of aquatic habitat (i.e. wetlands) in the San Francisco Bay and its watersheds. The grant agreement and related amendments require ABAG to submit annual Federal Financial Reports (FFR), quarterly progress reports and Minority Business Enterprise/Women Business Enterprise (MBE/WBE) Utilization Reports to the EPA by prescribed due dates.

We noted that the annual FFR was submitted timely and had evidence of an individual preparer and separate reviewer prior to submission to the EPA. However, the first three quarterly progress reports compiled by project managers primarily from information provided by the financial department and partnership managers were subject to review by the grant manager, but such review procedures were not formally documented. For the 4th Quarter report, management documented their review process, noting that the project manager prepares the progress report and the Principal Environmental Planner reviewed and approved the report prior to submission to the EPA.

In addition, a grant manager prepares and submits the annual MBE/WBE Utilization Report to the EPA by the required due date. However, there was no review by a separate individual prior to submission.

It should be noted that the annual FFR, quarterly reports and MBE WBE Utilization Reports inspected all were submitted timely and supported by underlying records.

Impact:

Lack of formal review and documented assessment of the grant reports may lead to unidentified errors prior to submission to the grantor.

Recommendation:

We recommend that management establish a formal review process over the MBE/WBE Utilization Report submitted to the EPA ensuring proper segregation of duties between the preparer and reviewer. In addition, for quarterly progress reports, we recommend that the reviewer continue to document their review process, underlying supporting documentation inspected and the results of their review prior to submitting reports to the EPA.

Management Response:

The management of the Association of Bay Area Governments (ABAG) concurs with the finding and recommendation. Management established a written procedure to establish and document management review over Performance Reports, Minority Business Enterprise/Women Business Enterprise (MBE/WBE) Utilization Reports, and Federal Financial Reports (FFR) submitted to the United States Environmental Protection Agency (EPA). This procedure is documented in the San Francisco Estuary Partnership (SFEP) project management resources files. The review procedures have been implemented starting with the July 2021 quarterly progress report submittals to EPA.

Association of Bay Area Governments

**Reports on Federal Awards in Accordance
with OMB Uniform Guidance
For the Year Ended June 30, 2021**

**Auditee
Association of Bay Area Governments**

**EIN
94-2832478**

Association of Bay Area Governments
Reports on Federal Awards in Accordance with OMB Uniform Guidance
For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S 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

Executive Board
Association of Bay Area Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Association of Bay Area Governments ("ABAG") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise ABAG's basic financial statements, and have issued our report thereon dated November xx, 2021.

Internal Control over Financial Reporting

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ABAG'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.

Crowe LLP

San Francisco, California
November xx, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Executive Board
Association of Bay Area Governments

Report on Compliance for Each Major Federal Program

We have audited the Association of Bay Area Governments' ("ABAG") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ABAG's major federal programs for the year ended June 30, 2021. ABAG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ABAG's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ABAG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ABAG's compliance.

Opinion on Each Major Federal Program

In our opinion, ABAG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of ABAG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ABAG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ABAG's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of ABAG as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise ABAG's basic financial statements. We issued our report thereon dated November xx, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

San Francisco, California
November xx, 2021

**Association of Bay Area Governments
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021**

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Sub-Recipients	Total Federal Expenditures
United States Environmental Protection Agency				
The San Francisco Bay Water Quality Improvement Fund				
Direct Awards				
Urban Greening Bay Area				
W999T26201	66.126		\$ 144,912	\$ 183,340
W999T53101	66.126		145,876	169,510
Transforming Shorelines				
99T87701	66.126		5,746	249,074
Subtotal: CFDA 66.126			296,534	601,924
National Estuary Program				
Direct Awards				
Implementation of the Comprehensive Conservation and Management Plan				
CE99T59901	66.456		67,362	507,084
Subtotal: CFDA 66.456			67,362	507,084
Regional Wetland Program Development Grants				
Direct Awards				
Bay Area Wetlands Regional Monitoring Program Plan				
CD99T66201	66.461		-	(3,462)
Wetlands Protection Development				
99T93501	66.461		62,762	139,481
Subtotal: CFDA 66.461			62,762	136,019
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements				
Direct Awards				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements				
BF99T61501	66.818		239,626	239,626
BF99T45501	66.818		157,792	157,792
Subtotal: CFDA 66.818			397,418	397,418
Total United States Environmental Protection Agency			824,076	1,642,445

(Continued)

**Association of Bay Area Governments
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021**

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Sub-Recipients	Total Federal Expenditures
Department of the Interior				
Clean Vessel Act				
Pass through from California State Department of Parks & Recreation				
Clean Vessel Education & Outreach Grant	15.616	C8961418	\$ -	\$ (204)
	15.616	C8962434	-	(300)
	15.616	C8963452	-	213,912
	15.616	C8964463	-	20,040
Pass through from Santa Monica Bay Foundation	15.616	C8063453	-	5,000
Subtotal: CFDA 15.616			<u>-</u>	<u>238,448</u>
Total Department of the Interior			<u>-</u>	<u>238,448</u>
Department of Energy				
Conservation Research and Development				
Direct Award				
San Francisco BayREN (BRICR)				
DE-EE00075580001	81.086	DE-EE00075580001	34,362	64,447
Subtotal: CFDA 81.086			<u>34,362</u>	<u>64,447</u>
Total US Department of Energy			<u>34,362</u>	<u>64,447</u>
Total Expenditures of Federal Awards			<u>\$ 858,438</u>	<u>\$ 1,945,340</u>

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all expenditures of federal awards of the Association of Bay Area Governments (“ABAG”). ABAG’s reporting entity is defined in Note 1 of ABAG’s Basic Financial Statements.

The Schedule is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in preparation of, the financial statements. Expenditures reported on the Schedule are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 – Indirect Cost Rate

ABAG applies its predetermined approved indirect cost rate when charging indirect costs to federal awards rather than the 10% de minimis indirect cost rate described in Section 200.414 of the Uniform Guidance.

DRAFT

ASSOCIATION OF BAY AREA GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2021

SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for
major federal programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Number 66.126

The San Francisco Bay Water Quality
Improvement Fund

Dollar threshold used to distinguish type A and B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Association of Bay Area Governments



**FY 2020-2021 FINANCIAL REPORTS AND
YEAR END AUDIT RESULTS**

ASSOCIATION OF BAY AREA GOVERNMENTS (ABAG)

ABAG was created by local governments to meet their planning and research needs related to land use, environmental and water resource protection, disaster resilience, energy efficiency and hazardous waste mitigation. In addition to the planning function, ABAG runs two major grant funded programs: San Francisco Estuary Partnership (SFEP) and Bay Area Regional Energy Network (BayREN).

Highlights of the ABAG FY 2021 financial statements included:

- ABAG's total ending net position for FY 2021 was a negative \$6,601,315, which is a \$566,000 increase from FY 2020
- The negative position is due to unfunded pension costs.
- ABAG was awarded a \$23.9 million Regional Early Action Planning (REAP) grant in FY 2020 and is programming funds in FY 2021
- BayREN and SFEP were awarded additional grant funding.
- During FY 2020, the ABAG Finance Authority for Nonprofit Corporations (FAN) made a contribution of \$987,853 help ABAG retire the unfunded OPEB liability



Statement of Net Position

	2021	2020
Assets		
Current and other assets	\$ 25,574,434	\$ 18,774,294
Capital assets	4,771,050	5,103,423
Total assets	<u>30,345,484</u>	<u>23,877,717</u>
Deferred outflows of resources	<u>3,128,066</u>	<u>5,024,437</u>
Liabilities		
Other liabilities	20,081,355	14,380,484
Long term liabilities	19,042,901	18,654,150
Total liabilities	<u>39,124,256</u>	<u>33,034,634</u>
Deferred inflows of resources	<u>950,609</u>	<u>1,723,444</u>
Net position:		
Net investment in capital assets	4,771,050	5,103,423
Unrestricted (deficit)	(11,372,365)	(10,959,347)
Total net position	<u>\$ (6,601,315)</u>	<u>\$ (5,855,924)</u>

- Assets
 - Current assets increased \$6.8 million mainly from the new REAP grant advance
- Liabilities
 - Other liabilities include the advance on the REAP grant
- Net Position
 - The negative net position is mainly the result of the \$16 million unfunded pension liability
 - Adjusting for the \$16 million pension liability and \$4.8 million capital assets, ABAG has an ending net position of just over \$5 million

Statement of Revenues, Expenses and Changes in Fund Balance

	2021	2020
Operating revenues		
Membership dues	\$ 2,410,210	\$ 2,887,875
Conference registration	22,000	281,605
Other operating revenues	158,326	59,538
Total operating revenues	<u>2,590,536</u>	<u>3,229,018</u>
Operating expenses		
Contracted salaries and benefits	2,339,501	2,490,428
Professional fees	634,070	668,244
Other operating expenses	1,037,866	1,218,182
Total operating expenses	<u>4,011,437</u>	<u>4,376,854</u>
Operating loss	<u>(1,420,901)</u>	<u>(1,147,836)</u>
Nonoperating revenues/(expenses)		
Grants	30,336,496	29,488,661
Contracted salaries and benefits	(2,292,276)	(2,375,755)
Professional fees	(25,971,309)	(26,373,035)
Other nonoperating revenues	105,759	1,111,576
Other nonoperating expenses	(1,503,160)	(1,269,871)
Total nonoperating revenues (expenses)	<u>675,510</u>	<u>581,576</u>
Change in net position	<u>(745,391)</u>	<u>(566,260)</u>
Net position - beginning	<u>(5,855,924)</u>	<u>(5,289,664)</u>
Net position - ending	<u>\$ (6,601,315)</u>	<u>\$ (5,855,924)</u>

- ▶ ABAG ended FY 2021 with a net operating loss of \$1.4 million
- ▶ Operating revenue of \$2.6 million was down \$638 thousand, mainly from the reduction of membership dues
- ▶ Operating expense of \$4.0 million was down \$366 thousand mainly from lower operating expenses
- ▶ The ending deficit increased because of the reduction in membership dues

Other Post Employment Benefits (OPEB)

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios (unaudited)
For the Year Ended June 30, 2021
Last Ten Years *

	Schedule III			
Measurement Period	2016-17	2017-18	2018-19	2019-20
Changes in Total OPEB liability				
Service cost	\$ 6,314	\$ -	\$ -	\$ -
Interest on the total OPEB liability	499,585	500,228	499,860	474,766
Difference between actual and expected experience	-	-	(162,855)	-
Changes of assumptions	-	-	(183,250)	-
Benefit payments	(485,483)	(494,650)	(516,714)	(534,301)
Net change in total OPEB liability	20,416	5,578	(362,959)	(59,535)
Total OPEB liability - beginning	7,637,694	7,658,110	7,663,688	7,300,729
Total OPEB liability - ending (a)	\$ 7,658,110	\$ 7,663,688	\$ 7,300,729	\$ 7,241,194
Changes in OPEB fiduciary net position				
Benefit payments	\$ (485,483)	\$ (494,650)	\$ (516,714)	\$ (534,301)
Contribution from employer	774,994	766,499	773,664	987,853
Net investment income	562,294	469,061	438,625	288,260
Administrative expenses	(2,814)	(12,593)	(2,556)	(5,225)
Net change in plan fiduciary net position	848,991	728,317	693,019	736,587
Plan fiduciary net position - beginning	5,098,527	5,947,518	6,675,835	7,368,854
Plan fiduciary net position - ending (b)	\$ 5,947,518	\$ 6,675,835	\$ 7,368,854	\$ 8,105,441
Plan net OPEB liability/(asset) - ending (a) - (b)	\$ 1,710,592	\$ 987,853	\$ (68,125)	\$ (864,247)
Plan fiduciary net position as a percentage of the total OPEB liability	77.66%	87.11%	100.93%	111.94%
Covered-employee payroll **	\$ 6,655,535	\$ 126,057	\$ -	\$ -
Plan net OPEB liability/(asset) of as a percentage of covered-employee payroll	25.70%	783.66%	N/A	N/A

- ▶ The OPEB has gone from an unfunded liability to fully funded asset
- ▶ End of FY 2020 ABAG had a positive account balance of \$864 thousand an increase of \$796 thousand

Net Pension Liability

**Association of Bay Area Governments,
Cost-Sharing Defined Benefit Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (unaudited)
As of fiscal year ending June 30, 2021
Last Ten Years***

Schedule I

	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
Measurement Date	Tier I & II 2014	Tier I & II 2015	Tier I & II 2016	Tier I & II 2017	Tier I & II 2018	Tier I & II 2019	Tier I & II 2020
Employer's proportion of the collective net pension liability	0.4744 %	0.4738 %	0.4246 %	0.4132 %	0.4141 %	0.4016 %	0.3898 %
Employer's proportionate share of the collective net pension liability	\$ 11,357,673	\$ 12,998,297	\$ 14,749,850	\$ 16,288,587	\$ 15,604,366	\$ 16,083,129	\$ 16,441,481
Employer's covered payroll **	\$ 6,847,411	\$ 6,198,473	\$ 6,036,594	\$ 5,832,772	\$ 74,655	\$ -	\$ -
Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	165.87 %	209.70 %	244.34 %	279.26 %	209.02 %	N/A	N/A
The pension plan's fiduciary net Position as a percentage of the total pension liability	81.15 %	79.89 %	75.87 %	75.39 %	77.69 %	77.73 %	77.71 %

Notes to Schedule:

- ▶ Net pension liability is \$16.4 million up \$358 thousand
- ▶ The last covered payroll was FY 2017
- ▶ Changes in PERS actuarial values could impact future liability

ABAG PUBLICLY OWNER ENERGY RESOURCES (POWER)

ABAG POWER is an “Energy Service Provider (ESP)”, aggregating the natural gas requirements of its members as allowed by the California Public Utilities Commission (CPUC) and purchasing gas directly from natural gas producers that offer competitive prices and reliable supply. POWER purchases natural gas on behalf of its members and arranges for delivery to the Pacific Gas and Electric (PG&E) system for distribution. The goal of POWER's Natural Gas Program is to provide both cost savings and price stability.



ABAG Power

- ABAG power is intended to be self-balancing/zero-balance account
- Any balance/deficit is allocated to the members at year-end

	2021	2020
Assets		
Cash	\$ 1,896,218	\$ 2,883,332
Receivables	667,622	451,291
Prepaid items	3,968	3,968
Natural gas inventory	66,823	55,034
Total assets	2,634,631	3,393,625
Liabilities		
Current liabilities	633,846	1,392,840
Noncurrent liabilities	2,000,785	2,000,785
Total liabilities	2,634,631	3,393,625
Net position	\$ -	\$ -

	2021	2020
Operating revenue		
Sale of natural gas & other revenue	\$ 8,051,026	\$ 6,820,832
Total operating revenue	8,051,026	6,820,832
Operating expenses		
Cost of natural gas & PG&E passthrough	7,518,552	6,385,463
Contracted salaries and benefits	204,545	211,300
Professional fees	189,467	110,183
Other expenses	148,041	144,719
Total operating expenses	8,060,605	6,851,665
Operating loss	(9,579)	(30,833)
Nonoperating revenue		
Interest income	9,579	30,833
Total nonoperating revenue	9,579	30,833
Changes in net position	-	-
Net position - beginning	-	-
Net position - ending	\$ -	\$ -

ADVANCING CALIFORNIA FINANCING AUTHORITY (ACFA) FINANCING AUTHORITY FOR NONPROFIT CORPORATIONS (ABAG FAN)

The Advancing California Finance Authority (“ACFA”) was created on January 1, 2018, as a joint exercise of powers agency established by the Association of Bay Area Governments (“ABAG”) and the Finance Authority for Nonprofit Corporation (“FAN”) pursuant to the Chapter 5, Division 7 and Title I of the Government Code Section 6500 of the State of California. ABAG and FAN are also joint exercise of powers agencies created and existing under the California Joint Exercise of Powers Act, Sections 6500 through 6599.3 (“Joint Powers Act”).

ABAG FAN assists eligible nonprofit entities and other borrowers in obtaining tax-exempt financing. Eligible entities include nonprofit corporations organized under Internal Revenue Code 501(c)(3) and other qualified borrowers financing projects in the public interest. Payments by these eligible borrowers are used to repay their respective debt and FAN is not liable for the repayment of debt in the event of a default by a borrower.

In April 2020, the Executive Committee of ABAG FAN voted to delegate administrative oversight to the ACFA board. ACFA has assumed direct oversight of all ABAG FAN activities including audit and financial reporting



STATEMENT OF NET POSITION

	2021	2020
Cash	\$ 3,276,481	\$ 3,106,401
Receivables	190,338	189,442
Total assets	3,466,819	3,295,843
Current liabilities	64,379	99,014
Total liabilities	64,379	99,014
Net position Unrestricted	3,402,440	3,196,829
Total net position	\$ 3,402,440	\$ 3,196,829

- ▶ Ending net position for FY 2021 was \$3.4 million up \$205 thousand
- ▶ Cash & investments for FY 2021 are \$3.3 million up \$170 thousand

Statement of Revenues, Expenses and Changes in Net Position

	2021	2020
Operating revenues		
Administration fees	\$ 611,549	\$ 618,963
Project monitoring fees	188,855	217,817
Other financial services revenues	110,994	120,000
Total operating revenues	911,397	956,780
Operating expenses		
Contracted salaries and benefits	180,090	408,975
Professional fees	429,666	439,770
Other expenses	112,073	242,816
Total operating expenses	721,828	1,091,561
Operating income / (loss)	189,569	(134,781)
Nonoperating revenues and expenses		
Interest income	16,042	56,858
Contribution to Association of Bay Area Governments	-	(987,853)
Total nonoperating revenues / (expenses)	16,042	(930,995)
Changes in net position	205,611	(1,065,776)
Net position - beginning	3,196,829	4,262,605
Net position - ending	\$ 3,402,440	\$ 3,196,829

- ▶ Operating revenue for FY 2021 was \$911 thousand down 5% from FY 2020
 - ▶ Revenue drop was mainly lower monitoring fees as more projects are refinanced
- ▶ Operating expense for FY 2021 was \$722 thousand down 34% from FY 2020
 - ▶ Reduction in staffing charged to ABAG FAN
- ▶ Change in net position was \$206 thousand vs negative \$931 thousand
 - ▶ Difference is the contribution to ABAG during FY 2020
- ▶ FAN has a Cash & Investments equal to 3.6 x operating revenue

ABAG SAN FRANCISCO BAY RESTORATION AUTHORITY (SFBRA)

The San Francisco Bay Restoration Authority (SFBRA) is a regional agency created to collect revenue and fund shoreline projects that will protect, restore, and enhance the San Francisco Bay.

Highlights of the SFBRA financial statement include:

- Cash and investments increased by \$8.5 million, primarily from Measure AA (page 4).
- SFBRA has a government-wide positive net position of \$49.9 million (page 8 - 9).
- Measure AA revenue was approximately \$25.6 million (page 12).
- Fixed parcel tax, therefore COVID-19 should have no impact on revenue.
- Measure AA Advance Repayment (page 24)
 - In FY 2020-21, SFBRA will make final installment payments of \$369,420 due to other governments.
- Schedule of Approved Projects (page 30)
 - Total project grants awarded through FY 2019-20 \$61.8 million.
 - SFBRA project expenses for FY 2019-20 was \$18.8 million.



SFBRA Revenue, Expense and Change in Net Position

- Cash & investments increased by \$14.5 million during FY 2021
- Total revenue of \$26.2 million
- Total expenses of \$10.7 million down \$9.9 million
- Ending Net Position of \$65.5 million up \$15.6 million

Statement of Net Position

The following table shows a summary of SFBRA's government-wide Statement of Net position as of June 30 for the last two fiscal years:

	Governmental Activities	
	2021	2020
ASSETS		
Cash and investments	\$ 70,694,511	\$ 56,201,857
Receivables	165,531	170,007
Due from other governments	2,154	606
Total Assets	70,862,196	56,372,470
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	2,147,521	3,750,736
Retention payable	2,883,609	2,107,738
Due to other governments	352,179	244,486
Non-current liabilities:		
Advance from other government	-	369,420
Total Liabilities	5,383,309	6,472,380
NET POSITION		
Unrestricted	65,478,887	49,900,090
Total Net Position	\$ 65,478,887	\$ 49,900,090

Statement of Activities

The following table shows a summary of SFBRA's government-wide Statement of Activities for the last two fiscal years:

	Governmental Activities	
	2021	2020
Revenues:		
Program revenue:		
Capital grants and contribution	\$ 375,000	\$ -
General Revenue:		
Measure AA special tax	25,703,961	25,601,057
Investment earnings	181,129	495,650
Miscellaneous	19,199	17,214
Total Revenues	26,279,289	26,113,921
Expenses:		
General Government	1,225,756	1,028,444
Restoration /Preservation	9,474,736	19,548,817
Total Expenses	10,700,492	20,577,261
Change in Net Position	15,578,797	5,536,660
Net Position - Beginning	49,900,090	44,363,430
Net Position - Ending	\$ 65,478,887	\$ 49,900,090

SFBRA Approved Projects

San Francisco Bay Restoration Authority Schedule of Approved Projects For the Year Ended June 30, 2021

Project	Grant Amount	Expenditures Through 6/30/20 (Unaudited)	CY Expenditures During FY21	Cumulative Expenditures Through 6/30/2021 (Unaudited)	Remaining Balance (Unaudited)
South Bay Salt Ponds Restoration Project, Phase 2	\$ 8,021,730	\$ 899,135	\$ 417,013	\$ 1,316,148	\$ 6,705,582
South San Francisco Bay Shoreline Project	38,639,406	17,826,091	3,899,999	21,726,090	16,913,316
Restoring wetland-upland transition zone habitat	2,661,264	813,767	623,799	1,437,566	1,223,698
Mossesum Tidal and Seasonal Wetlands Restoration Project	1,610,000	901,750	519,236	1,420,986	189,014
Dear Island Basin Phase 1 Tidal Wetlands Restoration Project	630,000	44,547	213,240	257,787	372,213
San Leandro Treatment Wetland	539,000	231,770	223,205	454,975	84,025
Emcinal Dune Restoration and Public Access	450,000	39,095	399,963	439,078	10,922
Sonoma Creek Baylands Strategy	172,500	172,500	-	172,500	-
Bay Restoration Regulatory Integration Team	2,543,512	352,344	490,894	\$43,238	1,700,274
900 Lines	4,998,600	428,660	673,605	1,102,265	3,896,335
Tuconia Marsh Restoration and Sea Level Rise Adaptation	968,916	323,966	336,517	660,503	308,413
Covote Hills Restoration and Public Access	3,950,000	-	176,212	176,212	3,773,788
Lower Walnut Creek Restoration	7,929,855	-	-	-	7,929,855
North Richmond Shoreline Living Levee	644,709	-	-	-	644,709
San Pablo Baylands Collaborative Protection and Restoration Project	2,950,000	-	41,955	41,955	2,908,045
Rehabilitating Fish Screens of Suisun Marsh	454,624	-	226,786	226,786	227,838
Heron's Head Park Shoreline Resilience	297,000	-	62,046	62,046	234,954
American Canyon Wetlands Restoration Plan	450,000	-	-	-	450,000
Oakland Shoreline Leadership Academy	180,000	-	27,846	27,846	152,154
Invasive Spartina Removal and Tidal Marsh Restoration Project	4,000,000	-	337,496	337,496	3,662,504
Long Beach Restoration Design Project w/City of San Leandro	514,500	-	-	-	514,500
Hayward Marsh Restoration Project w/East Bay Regional Parks District	500,000	-	17,078	17,078	482,922
Community Grants Program	200,000	-	-	-	200,000
Greenwood Gravel Beach Design Project (Blackies)	380,000	-	-	-	380,000
Terminal Four Wharf Removal Project	2,300,000	-	-	-	2,300,000
Burlingame Shoreline Park Project	500,000	-	-	-	500,000
Colum Creek Restoration and Adaptation Project	595,000	-	-	-	595,000
Calabum/San Tomas Aquino Creek - Marsh Connection Project	3,370,000	-	-	-	3,370,000
Grand Total	\$ 90,450,616	\$ 22,033,645	\$ 8,696,910	\$ 30,720,555	\$ 59,730,061

Approved projects
Expenditures-to-date
Project Balance

\$90.4 million
\$30.7 million
\$59.7 million

Total Cash & Inv

\$70.7 million

Association of Bay Area Governments

**Financial Statements
For the Year Ended June 30, 2021**

Association of Bay Area Governments
Financial Statements
For the Year Ended June 30, 2021
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INDEPENDENT AUDITOR'S REPORT

Members of the Executive Board of the
Association of Bay Area Governments
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Association of Bay Area Governments ("ABAG"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the ABAG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the Association of Bay Area Governments as of June 30, 2021, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ABAG's basic financial statements. The other supplementary information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021 on our consideration of the ABAG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ABAG's 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 ABAG's internal control over financial reporting and compliance.

Crowe LLP

San Francisco, California
November 18, 2021

Association of Bay Area Governments

Financial Statements for the Year Ended June 30, 2021

Management's Discussion and Analysis (unaudited)

Management's Discussion and Analysis

This section presents an overview of the financial activities of the Association of Bay Area Governments (ABAG) and its blended component units for the year ended June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

ABAG was created by local governments to meet their planning and research needs related to land use, environmental and water resource protection, disaster resilience, energy efficiency and hazardous waste mitigation. In addition to the planning function, ABAG runs two major grant funded programs: San Francisco Estuary Partnership (SFEP) and Bay Area Regional Energy Network (BayREN).

SFEP was established in 1988 by the State of California and the U.S. Environmental Protection Agency under the Clean Water Act's National Estuary Program, after the San Francisco Estuary was designated as an *estuary of national significance*. SFEP manages multiple projects designed to improve the health of the Estuary through the *Estuary Blueprint*, a comprehensive, collective vision for the Estuary's future. SFEP receives funding from federal, state and local agencies for regional-scale restoration, water quality improvement, and resilience-building projects.

BayREN is a collaboration of the nine counties that make up the San Francisco Bay Area. Led by ABAG, BayREN's energy efficiency programs help Bay Area residents and communities become more energy efficient. BayREN is primarily funded through a Public Purpose Program (PPP) Surcharge included on the utility bills of gas and electric ratepayers. The California Public Utilities Commission (CPUC) allocates PPP funding for state-mandated assistance programs for low income customers, energy efficiency programs, and public-interest research and development.

A. Financial Highlights

ABAG's federal, state, and local grants, which are the principal revenue sources of ABAG make up over 92 percent of ABAG revenue. So far, these project grants have shown no sign of slowing down, which is good for the overall success of ABAG.

While the current pandemic has certainly had its share of operational and financial challenges, ABAG continues to conduct important local programs and enhance financial performance. Examples from FY 2021:

- The BayREN Energy Program received another round of funding bringing total grant revenue to \$59 million since fiscal year 2019.
- The SFEP program received another round of funding bringing total grant revenue to \$26 million since fiscal year 2019.
- ABAG was awarded a Regional Early Action Planning Grant (REAP) for \$23.9 million during fiscal year 2021. The award included an advance of \$5.9 million which paid during fiscal year 2021.

Association of Bay Area Governments
Financial Statements for the Year Ended June 30, 2021
Management's Discussion and Analysis (unaudited)

B. Overview of the Financial Statements

The ABAG's Financial Statements include the *Statement of Net Position*, *Statement of Revenues, Expenses and Changes in Net Position*, and *Statement of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The *Statement of Net Position* reports assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and the difference as net position. The *Statement of Revenues, Expenses and Changes in Net Position* consists of operating revenues and expenses and non-operating revenues and expenses. The *Statement of Cash Flows* are presented using the direct method.

The Financial Statements provide information about the financial activities of ABAG's funds. The ABAG fund is presented as a major fund; ABAG Finance Corporation and BALANCE Foundation are presented as non-major funds in an aggregate amount in a separate column.

C. Financial Analysis

ABAG has negative net position of approximately \$7.7 million for FY 2021, a decrease of \$1.8 million compared to FY 2020. The primary contributor to the decrease in net position was the ongoing unfunded pension cost related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Statement of Net Position

The following table is a summary of ABAG's Statement of Net Position as of June 30 for the last two fiscal years:

	2021	2020
Assets		
Current and other assets	\$ 25,574,434	\$ 18,774,294
Capital assets	4,771,050	5,103,423
Total assets	30,345,484	23,877,717
Deferred outflows of resources	3,128,066	5,024,437
Liabilities		
Other liabilities	21,169,683	14,380,484
Long term liabilities	19,042,901	18,654,150
Total liabilities	40,212,584	33,034,634
Deferred inflows of resources	950,609	1,723,444
Net position:		
Net investment in capital assets	4,771,050	5,103,423
Unrestricted (deficit)	(12,460,693)	(10,959,347)
Total net position	\$ (7,689,643)	\$ (5,855,924)

Association of Bay Area Governments
Financial Statements for the Year Ended June 30, 2021
Management's Discussion and Analysis (unaudited)

Total assets increased by \$6.5 million in fiscal year 2021. The increase in total assets was primarily due to increase in cash from the state grant advance.

Compared to fiscal year 2020, total liabilities increased by \$7.2 million. The increase was primarily due to increase in unearned revenue at year end from the state grant advance.

Statement of Revenues, Expenses, and Changes in Net Position

The following table is a summary of ABAG's Statement of Revenues, Expenses, and Changes in Net Position for the last two fiscal year ended June 30:

	2021	2020
Operating revenues		
Membership dues	\$ 2,410,210	\$ 2,887,875
Conference registration	22,000	281,605
Other operating revenues	158,326	59,538
Total operating revenues	<u>2,590,536</u>	<u>3,229,018</u>
Operating expenses		
Contracted salaries and benefits	2,339,501	2,490,428
Professional fees	634,070	668,244
Other operating expenses	1,037,865	1,218,182
Total operating expenses	<u>4,011,436</u>	<u>4,376,854</u>
Operating loss	<u>(1,420,900)</u>	<u>(1,147,836)</u>
Nonoperating revenues/(expenses)		
Grants	29,248,167	29,488,661
Contracted salaries and benefits	(2,292,276)	(2,375,755)
Professional fees	(25,971,309)	(26,373,035)
Other nonoperating revenues	105,759	1,111,576
Other nonoperating expenses	(1,503,160)	(1,269,871)
Total nonoperating revenues (expenses)	<u>(412,819)</u>	<u>581,576</u>
Change in net position	<u>(1,833,719)</u>	<u>(566,260)</u>
Net position - beginning	<u>(5,855,924)</u>	<u>(5,289,664)</u>
Net position - ending	<u><u>\$ (7,689,643)</u></u>	<u><u>\$ (5,855,924)</u></u>

Total operating revenue decreased by \$0.6 million in fiscal year 2021. The decrease in total operating revenue was primarily due to a decrease in ABAG membership dues.

ABAG's total operating expenses decreased by \$0.4 million or 8.3 percent. The decrease in operating expenses was mainly due to decrease in contracted salaries and benefits, professional fees, membership payments as well as conference and meeting costs.

Association of Bay Area Governments
Financial Statements for the Year Ended June 30, 2021
Management's Discussion and Analysis (unaudited)

Total nonoperating revenue consists of grant revenue and other nonoperating revenues. In fiscal year 2021 ABAG's nonoperating revenue decreased by \$ 1.2 million, mainly due to the decrease in grant revenue and contribution from FAN.

ABAG's total non-operating expenses decreased by \$0.2 million from fiscal year 2020. The decrease in total non-operating expenses was mainly due to the decrease in contracted salaries and benefits and professional fees related to grant funded project expenses.

Overall total nonoperating revenue/expenses decreased by \$1 million for fiscal year 2021.

D. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in this management discussion and analysis and the financial statements.

E. Capital Asset Administration

ABAG's capital assets include building facilities, furniture and equipment, and capitalized software. ABAG reports its capital assets on an accrual basis. ABAG's investment in capital assets decreased from \$5,103,423 in fiscal year 2020 to \$4,771,050 in fiscal year 2021 due to asset depreciation of \$332,373. For additional information on ABAG's capital assets, refer to Note 4.

F. Economic Factors

The Bay Area economy ended a nine-year economic expansion during fiscal year 2020 with a sudden "crash" at the end of fiscal year 2020. While the "crash" was the steepest drop in GDP since the Great Depression, the economy technically recovered, surpassing the pre-pandemic level by December 2020. Immediate economic impacts include:

- Sales tax revenue was projected to fall 14% from the fiscal year 2020 total, falling for the first time in nine straight fiscal years. Instead, the increase in internet sales combined with a federal court decision that removed the federal prohibition on the assessment of state sales tax produced revenue of over \$14 million, almost exactly the level of fiscal year 2020.
- Unemployment in the Bay Area dipped below 3% in June 2019 and increased to over 9.6% by June 2020. Unemployment remains stubbornly high in California, exceeding 7.7%, and well above the national trend of 5.2%.
- With office vacancy rates at 20% or pre-pandemic levels, future office occupancy is uncertain given the level of remote workers in the Bay Area. As such, the continuing impact of the pandemic may not be known until workers return to the office.

Association of Bay Area Governments
Financial Statements for the Year Ended June 30, 2021
Management's Discussion and Analysis (unaudited)

- Signs of an improving economy include strength in housing prices and construction, however the short recession did nothing to improve the critically low supply of affordable housing in the San Francisco Bay area.

The change in economic condition had no appreciable effect on the operation and business results of ABAG.

Requests for information

This financial report is intended to provide citizens, taxpayers, creditors, and stakeholders with a general overview of the ABAG's finances. Questions about this report may be directed to the MTC Finance Department, at 375 Beale Street, Suite 800, San Francisco, California 94105.

Association of Bay Area Governments
Statement of Net Position
June 30, 2021

	Association of Bay Area Governments	Non-Major Enterprise Funds	Total
ASSETS			
Current Assets:			
Cash	\$ 17,625,737	\$ 44,110	\$ 17,669,847
Account receivable	508,190	-	508,190
Accrued interest	520	-	520
Loan receivable	67,297	-	67,297
Receivable from federal	597,563	-	597,563
Receivable from state	2,980,321	-	2,980,321
Receivable from local	155,329	-	155,329
Prepaid items	1,153,535	-	1,153,535
Total current assets	23,088,492	44,110	23,132,602
Non-current Assets			
Loan receivable	1,577,585	-	1,577,585
Capital assets, net of accumulated depreciation/ amortization	4,771,050	-	4,771,050
Net OPEB asset	864,247	-	864,247
Total non-current assets	7,212,882	-	7,212,882
TOTAL ASSETS	30,301,374	44,110	30,345,484
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	2,961,076	-	2,961,076
Deferred outflows from OPEB	166,990	-	166,990
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,128,066	-	3,128,066
LIABILITIES			
Current Liabilities:			
Accounts payable	4,375,910	-	4,375,910
Accrued liabilities	30,700	-	30,700
Retention payable	726,081	-	726,081
Unearned revenue	12,949,526	-	12,949,526
Due to other government	3,087,466	-	3,087,466
Total current liabilities	21,169,683	-	21,169,683
Non-current Liabilities:			
Unearned revenue	191,420	-	191,420
Advance from PG&E	2,410,000	-	2,410,000
Net pension liability	16,441,481	-	16,441,481
Total non-current liabilities	19,042,901	-	19,042,901
TOTAL LIABILITIES	40,212,584	-	40,212,584
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pension	950,609	-	950,609
TOTAL DEFERRED INFLOWS OF RESOURCES	950,609	-	950,609
NET POSITION			
Net investment in capital assets	4,771,050	-	4,771,050
Unrestricted	(12,504,803)	44,110	(12,460,693)
TOTAL NET POSITION	\$ (7,733,753)	\$ 44,110	\$ (7,689,643)

See accompanying notes to financial statements

Association of Bay Area Governments
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	Association of Bay Area Governments	Non-Major Enterprise Funds	Total
OPERATING REVENUES:			
Membership dues	\$ 2,410,210	\$ -	\$ 2,410,210
Conference registration	22,000	-	22,000
Other operating revenues	158,315	11	158,326
TOTAL OPERATING REVENUES	2,590,525	11	2,590,536
OPERATING EXPENSES			
Contracted salaries and benefits	2,339,501	-	2,339,501
Professional fees	630,320	3,750	634,070
Conference and meeting costs	1,320	-	1,320
Building assessments	359,000	-	359,000
Committee members' stipend	118,650	-	118,650
Insurance	115,639	-	115,639
Memberships	30,750	-	30,750
Depreciation expense	332,373	-	332,373
Overhead	14,046	-	14,046
Other operating expenses	66,087	-	66,087
TOTAL OPERATING EXPENSES	4,007,686	3,750	4,011,436
OPERATING LOSS	(1,417,161)	(3,739)	(1,420,900)
NONOPERATING REVENUES AND (EXPENSES)			
Federal grants	1,945,340	-	1,945,340
State grants	26,134,955	-	26,134,955
Local grants	1,167,872	-	1,167,872
Contracted salaries and benefits	(2,292,276)	-	(2,292,276)
Professional fees	(25,971,309)	-	(25,971,309)
Interest income	5,759	-	5,759
Contribution from BATA	100,000	-	100,000
Contribution to MTC	(530,000)	-	(530,000)
Other nonoperating expenses	(973,160)	-	(973,160)
TOTAL NONOPERATING REVENUES (EXPENSES)	(412,819)	-	(412,819)
CHANGE IN NET POSITION	(1,829,980)	(3,739)	(1,833,719)
Net Position, beginning of year	(5,903,773)	47,849	(5,855,924)
Net Position, end of year	\$ (7,733,753)	\$ 44,110	\$ (7,689,643)

See accompanying notes to financial statements

Association of Bay Area Governments
Statement of Cash Flows
For the Year Ended June 30, 2021

	Association of Bay Area Governments	Non-Major Enterprise Funds	Total
Cash flows from operating activities			
Cash receipts from customers	\$ 2,415,339	\$ 11	\$ 2,415,350
Other operating cash receipts	258,632	-	258,632
Cash payments to suppliers and contractors for goods and services	7,020	(3,750)	3,270
Other operating cash payments	(545,589)	-	(545,589)
Cash payments for retirees benefits	(1,460,939)	-	(1,460,939)
Net cash provided by operating activities	674,463	(3,739)	670,724
Cash flows from non-capital financing activities			
Federal grants	2,651,498	-	2,651,498
State grants	35,728,643	-	35,728,643
Local grants	1,172,600	-	1,172,600
Contracted salaries and benefits	(1,128,725)	-	(1,128,725)
Professional fees	(28,678,925)	-	(28,678,925)
Contribution from BATA	200,000	-	200,000
Contribution to MTC	(530,000)	-	(530,000)
Other nonoperating expenses	(1,006,958)	-	(1,006,958)
Net cash provided by non-capital financing activities	8,408,133	-	8,408,133
Cash flows from investing activities			
Interest and dividends received	13,258	-	13,258
Net cash provided by investing activities	13,258	-	13,258
Net increase/(decrease) in cash	9,095,854	(3,739)	9,092,115
Balances - beginning of year	8,529,883	47,849	8,577,732
Balances - end of year	\$ 17,625,737	\$ 44,110	\$ 17,669,847

See accompanying notes to financial statements

Association of Bay Area Governments
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2021

	Association of Bay Area Governments	Non-Major Enterprise Funds	Total
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (1,417,161)	\$ (3,739)	\$ (1,420,900)
Adjustments to reconcile operating net cash used in operating activities:			
Depreciation and amortization	332,373	-	332,373
Net effect of changes in:			
Due from other government	5,535	-	5,535
Due to other government	1,020,491	-	1,020,491
Accounts receivable	49,430	-	49,430
Loan receivable	67,847	-	67,847
Prepaid items	(163)	-	(163)
Net OPEB assets	(796,122)	-	(796,122)
Deferred outflows from pension	1,075,508	-	1,075,508
Deferred outflows from OPEB	820,863	-	820,863
Net pension liability	358,352	-	358,352
Deferred inflows from pension	(671,843)	-	(671,843)
Deferred inflows from OPEB	(100,992)	-	(100,992)
Accounts payable	(74,939)	-	(74,939)
Accrued liabilities	5,284	-	5,284
Net cash provided by operating activities	\$ 674,463	\$ (3,739)	\$ 670,724

See accompanying notes to financial statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Association of Bay Area Governments (ABAG) was established in 1961 pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500, et seq by agreement among its member counties and cities of the San Francisco Bay Area. ABAG's purpose is to serve as a permanent forum to study and discuss matters of mutual interest and concern to member jurisdictions, develop policies and action plans, and provide services and undertake actions addressing such matters.

ABAG is governed by a General Assembly comprised of elected officials from member cities and counties. The General Assembly appoints an Executive Board to carry out policy decisions, and approve the annual budget.

On April 20, 2017, The ABAG Executive Board approved a Contract for Services between ABAG and the Metropolitan Transportation Commission (MTC). As of July 1, 2017, MTC's Executive Director and the staff of the two agencies perform all of the duties and programmatic work for ABAG and its Local Collaboration Programs (LCP). ABAG remains a separate legal entity, governed by its Board of Directors, and retains its mission along with all of its statutory roles and responsibilities as the region's Council of Governments.

ABAG is a membership organization that provides a variety of planning and other service programs for its members. ABAG's principal sources of revenue include membership dues, contributions and grants. The accompanying financial statements present the ABAG operation which is the primary activity, along with the financial activities of its component units, which are entities for which ABAG is financially accountable. Although they are separate legal entities, they are presented in the financial statements as a blended component unit.

Blended Component Units

Blended component units are in substance part of ABAG's operations and are reported as an integral part of the financial statements. The following blended component units are described below:

i) ABAG Finance Corporation (Corporation)

ABAG Finance Corporation is a non-profit public benefit corporation created on June 24, 1985 to aid members in obtaining financing by acting as a credit pooling conduit. Participating members issue debt, leases or certificates of participation (COPs) that are pooled as a single issue by the Corporation. Members' payments are pooled to repay the debt and the leased assets become the property of the member when the obligation is retired. The Corporation did not take on any new debt issuances after the staff consolidation on July 1, 2017.

The Corporation is governed by a sub-committee of the ABAG Executive Board, which establishes financing policies and approves each credit pooling arrangement.

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ii) Balance Foundation (BALANCE)

Balance Foundation is a non-profit, tax-exempt corporation created on September 22, 1987 to assist Bay Area governments in obtaining funds to study, analyze and resolve regional issues. BALANCE is governed by a Board of Directors whose appointment is controlled by ABAG.

B. Basis of Presentation

ABAG's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

ABAG presents its financial statements as enterprise funds and reports the following funds:

Major funds

Association of Bay Area Governments Fund - this fund accounts for revenues and expenses of the Association of Bay Area Governments.

Non-major funds

ABAG Finance Corporation Fund - this fund accounts for revenues and expenses of the ABAG Finance Corporation.

BALANCE Foundation Fund - this fund accounts for revenues and expenses of the Bay Area Leaders Addressing the Challenge of the Economy and Environment Foundation.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

ABAG's enterprise fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

New Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 19, 2019. ABAG adopted this standard for fiscal year ended June 30, 2021. The adoption of the standard has no impact on ABAG's financial statements.

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GASB Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the effect of this statement on ABAG's financial statements.

GASB Statement No.89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is currently evaluating the effect of this statement on ABAG's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance on how to improve reporting of Majority Equity Interests. This statement improve the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. ABAG adopted this standard for fiscal year ended June 30, 2021. The adoption of the standard has no impact on ABAG's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides single method of reporting conduit debt obligations. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the effect of this statement on ABAG's financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this Statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 are effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. Management is currently evaluating the effect of this statement on ABAG's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods

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beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Management is currently evaluating the effect of paragraph 11b, 13, and 14. The adoption of the remaining paragraphs had no impact on ABAG's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on ABAG's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement in ABAG's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows; (a) The requirement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. (b) The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. ABAG adopted paragraphs 4 and 5 of this statement in fiscal year 2020. The adoption of paragraphs 4 and 5 did not have any material impact on ABAG's financial statements. Management is evaluating the effect of the remaining paragraphs of this statement on ABAG's financial statements

D. Net Position

Net position, presented in the financial statements, represents the residual interest in assets plus deferred outflows of resources after liabilities and deferred inflows of resources are deducted. ABAG's net position consists of three sections: Net investment in capital assets, restricted and unrestricted. Net position is reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. There is no amount reported in restricted net position at year-end.

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E. Cash and Investments

Under the Contract for Services, MTC invests ABAG's available cash in accordance with the adoption of MTC's investment policy and with under the prudent investor rule. The prudent investor rule states, in essence, that "in investing ... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords ABAG a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. ABAG's Administrative Committee adopted MTC's investment policy on June 9, 2017. Investments allowed under MTC's investment policy include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a nationally or state chartered bank
- Authorized pooled investment programs
- Commercial paper – Rated "A1" or "P1"
- Corporate notes – Rated "A" or better
- Municipal bond
- Mutual funds – Rated "AAA"
- Other investment types authorized by state law and not prohibited in MTC's investment policy.

ABAG applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, as amended (including by GASB Statement No. 72, *Fair Value Measurement and Application*), which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. ABAG reports its money market securities and short-term investments at cost. Net increases or decreases in the fair value of investments are shown in the Statement of Revenues, Expenses and Changes in Net Position as interest income.

ABAG considers all balances in demand deposit accounts and the Local Agency Investment Fund (LAIF) to be cash, and classifies all other highly liquid cash equivalents as short-term investments. Highly liquid cash equivalents are short-term investments that meet the following definitions:

- Readily convertible to known amounts of cash.

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- So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

F. Loan Receivable

Loan receivable consists of receivable from multifamily building owners who borrow funds through the BayREN Multifamily Capital Advance Financing Program.

G. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items based on the consumption method.

H. Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, and software, are reported in the Statement of Net Position. Capital asset acquisitions are recorded at historical cost. ABAG's intangible assets consist of purchased and licensed commercially available computer software and internally developed software.

Capital assets are defined by ABAG as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. However, capital assets that do not meet the threshold on an individual basis but are material collectively are capitalized. ABAG follows the guidance in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion & Analysis - for State and Local Governments* and GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* for recording capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset service lives are not capitalized. Depreciation and amortization are computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

	<u>Years</u>
Facilities and improvements	5 – 30
Furniture and equipment	3 - 10
Capitalized software	3 - 6

When assets have been evaluated for impairment, in which the use of capital assets is discontinued or a decision has been made to sell assets and the assets are not continuing to be used, the depreciation and amortization ceases.

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I. Due to/from Other Government

The due to other government consists of payables to MTC.

J. Retirement Plans

ABAG provides a defined benefit pension plan, which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members and beneficiaries. The ABAG Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer Defined Benefit Pension Plan (Plan) in the California Public Employees' Retirement System (CalPERS).

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

GASB 68 allows use of a measurement date up to 12 months before the employer's fiscal year end. Accordingly, for financial reporting purposes, the ABAG total pension liability was determined by CalPERS using a valuation date of June 30, 2019. CalPERS then rolled forward the total pension liability to June 30, 2020, and this is the basis for measuring ABAG's net pension liability reported at June 30, 2021.

Following the staff consolidation on July 1, 2017 and the retirement of the last ABAG employee, there are no more employees added to the Plan. Future pension liabilities for employees transferred to MTC will be covered by MTC. ABAG remains responsible for its unfunded pension liabilities.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

For additional information on the Plan, refer to Note 6.

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K. Other Post Employment Healthcare Benefits (OPEB)

ABAG provides post employments medical coverage for eligible retired employees and their eligible dependents through the Public Employees' Medical & Hospital Care Act (PEMHCA) governed by CalPERS. Eligible employees are the employees who were hired prior to July 1, 2009. ABAG established a Section 115 benefit trust fund with the California Employers' Retiree Benefit Trust (CERBT), an irrevocable agent multiple-employer post retirement healthcare trust fund administered by CalPERS. The benefit trust fund is not recorded as a fiduciary fund by ABAG as the underlying assets are not managed by ABAG.

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of ABAG's OPEB Plan and additions to/deletions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 75 requires that reported results must pertain to liability and assets information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

GASB Statement No. 75 allows the use of a measurement date up to twelve months before the employer's fiscal year end. Accordingly, for financial reporting purposes, ABAG's net OPEB asset at June 30, 2021 was determined using the actuarial valuation of June 30, 2019 and measurement date of June 30, 2020.

Following the ABAG/MTC staff consolidation at July 1, 2017 and subsequent retirement of the last ABAG employee in January 2018, there are no more employees added to the ABAG OPEB Plan. Liabilities for consolidated employees now rests with MTC as of July 1, 2017. ABAG remains responsible for its unfunded OPEB liabilities related to ABAG retirees.

For additional information about the Plan, refer to Note 7.

L. Unearned Revenue

The unearned revenue consists of the funds advanced by Caltrans for the San Pablo Spine Project, CPUC grant (passing through PG&E) for the BayREN Programs, Santa Clara Valley Water District for the professional staff support, Bay Area Quality Management District for the Heat Pump Water Heater Market Transformation Project, and State Coastal Conservancy for the Bay Trail projects.

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M. Advance from PG&E

PG&E advanced funds from CPUC grant (passing through PG&E) for the BayRen Multifamily Loan Program.

N. Deferred Outflows/Inflows of Resources on Pensions and Other Post-Employment Benefits (OPEB)

Deferred outflows of resources and deferred inflows of resources are recognized for:

- Changes in the total pension and OPEB liability arising from differences between expected and actual experience with regard to economic or demographic factors. *
- The effects of changes of assumptions about future economic or demographic factors or of other inputs. *
- Difference between projected and actual investment earnings on defined benefit pension and OPEB plan investments. **
- Net differences between the ABAG actual contributions and ABAG's proportionate share of the total contributions from employers included in the collective net pension liability. *
- Change in ABAG's proportion of collective net pension liability. *

* The balance on these accounts are recognized in pension and OPEB expenses using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of employees determined as of the beginning of the measurement period.

** The difference between projected and actual earnings amount is recognized in pension and OPEB expenses using a systematic and rational method over a closed five-year period.

Deferred outflows of resources are also used to report ABAG's contribution to CalPERS subsequent to the measurement date of the net pension and OPEB liability and before the end of the reporting period.

Refer to Note 6 and 7 for additional information.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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P. Operating and Nonoperating Revenues and Expenses

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to user service activities. Nonoperating revenues and expenses are all other revenues and expenses not related to user service activities. All grant related activities including both revenues and expenses are considered nonoperating.

Q. Contribution to Metropolitan Transportation Commission (MTC)

Contribution to MTC consists of the contribution amount approved by the ABAG General Assembly.

R. Recent Event

During FY 2020, a novel strain of coronavirus spread around the world and was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California declared a statewide shelter-in-place order which was subsequently rescinded in June 2021. The statewide shelter-in-place order had no appreciable effect on the operations and business results of the ABAG business operations. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

2. NET POSITION

ABAG has a negative net position of \$7,689,643 for fiscal year 2021. The change in negative position is mainly the result of recognition of the GASB 68 pension expense of \$2,329,094. Since staff have transitioned from ABAG to MTC employment, ABAG will no longer have any member growth in its pension or OPEB liabilities. The unfunded OPEB liability was fully funded in the fiscal year 2020 allowing ABAG to draw annual retiree medical costs from the existing trust, the California Employers' Retiree Benefit Trust (CERBT). In addition, with no additional employees, the pension liability should be reduced annually based on the current CalPERS amortization schedule.

3. CASH

A. The composition of cash at June 30, 2021 is as follows:

Cash at banks	\$ 17,312,591
Government Pools	
Local Agency Investment Fund	357,256
Total cash	<u>\$ 17,669,847</u>

The California State Local Agency Investment Fund (LAIF) is a program created by state statute as an investment alternative for California's local governments and special districts. Deposits in LAIF are presented as cash as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of principal. LAIF is unrated.

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B. Deposit Risk Factors

Custodial credit risk can affect the value of deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, ABAG may not be able to recover its deposits that are in the possession of an outside party. All checking accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to a limit of \$250,000.

Under California Government Code Sections 53651 and 53652, depending on specific types of eligible securities, a bank must deposit eligible securities to be posted as collateral with its agent and having a fair value of 110% to 150% of ABAG's cash on deposit.

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	<u>July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance June 30, 2021</u>
Capital assets being depreciated:				
Facilities and improvements	\$ 5,488,962	\$ -	\$ -	\$ 5,488,962
Furniture and equipment	373,204	-	-	373,204
Capitalized software	190,030	-	-	190,030
Total capital assets being depreciated	<u>6,052,196</u>	<u>-</u>	<u>-</u>	<u>6,052,196</u>
Less accumulated depreciation for:				
Facilities and improvements	658,675	219,558	-	878,233
Furniture and equipment	242,590	65,307	-	307,897
Capitalized software	47,508	47,508	-	95,016
Total accumulated depreciation	<u>948,773</u>	<u>332,373</u>	<u>-</u>	<u>1,281,146</u>
Total capital assets, being depreciated, net	<u>\$ 5,103,423</u>	<u>\$ (332,373)</u>	<u>\$ -</u>	<u>\$ 4,771,050</u>

5. CONDUIT FINANCING PROGRAMS FOR MEMBERS

ABAG assisted members and other borrowers in obtaining financing through the issuance of revenue bonds, special assessment debt, certificates of participation in lease revenues and in straight leasing arrangements.

The underlying liability for the repayment of each of these issues rests with the borrower participating in that issue, and not with ABAG which acts only as a conduit in pooling each issue. For that reason, ABAG has not recorded a liability for these issues. The ABAG Leasing Pool is no longer issuing new project debt and will allow the existing pool to run out.

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A summary of the outstanding balances of the ABAG's Conduit Financing Programs as of June 30, 2021 is as follows:

	Ending Balance June 30, 2021
California Redevelopment Bonds	\$ 4,790,000
California Capital Projects Bonds	3,110,000
Total	<u>\$ 7,900,000</u>

6. PENSION PLAN

A. General Information about the Pension Plan

Plan Description

The ABAG Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the state of California. The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pools. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous risk pools. Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website: www.calpers.ca.gov

Benefits Provided

The ABAG's defined benefit pension plan, the Miscellaneous Plan of Association of Bay Area Governments ("the Plan"), provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members (hired before January 1, 2013) with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. New members (hired after January 1, 2013) with five years of total service are eligible to retire at age 52 with statutorily reduced benefits.

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The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous Plan	
	Tier I	Tier II
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 Years service	5 Years service
Benefit payments	monthly for life	monthly for life
Retirement age	50- 55	52-62
Monthly benefits, as a percentage of eligible compensation	2.0%-2.5%	1.0%-2%

On July 1, 2017 all ABAG employees except for one, transferred to MTC. The last employee retired in January 2018. There will be no more employees added to the ABAG retirement Plan. ABAG remains responsible for its unfunded pension liabilities related to the legacy employees.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion and as a dollar amount for contributions toward the unfunded liability and side fund. The ABAG required contribution for the unfunded liability and side fund was \$1,567,077 in fiscal year 2021. ABAG did not make contributions for the normal cost portion in fiscal year 2021 because ABAG did not have active employees during fiscal year 2021.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, ABAG reported a net pension liability for its proportionate share of the net pension liability as \$16,441,481.

ABAG's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. ABAG's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially

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determined. ABAG's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 as follows:

	Miscellaneous Plan
Proportion - June 30, 2019	0.4016 %
Proportion - June 30, 2020	0.3898 %
Change - Increase (Decrease)	(0.0118)%

For the year ended June 30, 2021, ABAG recognized pension expense of \$2,329,094. At June 30, 2021, ABAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 1,567,077	\$ -
Difference between actual and expected experience	847,277	-
Changes in assumption	-	(117,267)
Net difference in actual and proportionate contribution	58,302	(56,371)
Net difference between projected and actual earnings on investments	488,420	-
Adjustments due to differences in proportion	-	(776,971)
Total	\$ 2,961,076	\$ (950,609)

The \$1,567,077 in the preceding table is reported as deferred outflows of resources related to employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a pension expense as follows:

Year Ended June 30	Annual Amortization
2022	\$ (306,242)
2023	236,532
2024	278,840
2025	234,260

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Actuarial Assumptions

For the measurement period ended June 30, 2020, the total pension liability was determined using the annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment rate of return	7.15%
Inflation	2.5%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table *	Derived using CalPERS's membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.5% thereafter

* The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CALPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CALPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website: www.calpers.ca.gov.

Change of Assumptions

There were no changes of assumptions from the previous measurement date.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for the Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50 %	4.80 %	5.98 %
Fixed Income	28 %	1.00 %	2.62 %
Inflation Assets	- %	0.77 %	1.81 %
Private Equity	8 %	6.30 %	7.23 %
Real Assets	13 %	3.75 %	4.93 %
Liquidity	1 %	- %	(0.92)%
Total	100 %		

(a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% is used for this period.

(c) An expected inflation of 2.92% is used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents ABAG's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what ABAG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability	\$23,619,364	\$16,441,481	\$10,510,622

C. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports that can be found on the CalPERS website: www.calpers.ca.gov.

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7. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

ABAG has contracted with the California Public Employees' Retirement System (CalPERS) for the purpose of providing medical insurance benefits for eligible retired employees and eligible survivors of retired employees. The Public Employees' Medical & Hospital Care Act (PEMHCA) governs the CalPERS Health Program. ABAG pays PEMHCA an administration fee. Once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer.

ABAG participates in the California Employers' Retiree Benefit Trust (CERBT), an irrevocable agent multiple-employer post-retirement healthcare trust established to fund its other post-employment benefits (OPEB). CERBT Fund is a Section 115 trust fund administered by CalPERS, and is managed by an appointed board not under the control of the ABAG Board. This Trust is not considered a component unit by ABAG and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709, or from CalPERS website: www.calpers.ca.gov.

Benefits provided:

Tier 1 (Hired before July 1, 2009)

- Eligible retirees retired before September 1, 1994: ABAG pays 100% of Kaiser single basic premium for the retirees; and ABAG reimburses retirees for the Medicare Part B deductible upon submission of receipt or proof of payment.
- Eligible retirees retired after September 1, 1994: ABAG pays 100% of Kaiser 2-party basic premium for eligible retired employees; reimbursement for the Medicare Part B deductible will be made to the retirees and spouses upon submission of receipt or proof of payment.
- Same benefit continues to surviving spouse if retiree elects CalPERS survivor annuity.

If retirees enroll in more expensive health plans than the Kaiser basic plan, retirees are responsible to pay for the portion exceeding the premium amount that ABAG pays.

Tier 2 (Hired on or after July 1, 2009)

ABAG contributes \$200/mo for management and \$100/mo for non-management to an individual medical after retirement account (MARA) during employment, and ABAG pays any PEMHCA minimum required by PEMHCA law. ABAG has no further obligation toward retiree health benefits or premiums.

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Eligibility

Employees become eligible to retire directly from ABAG under CalPERS and receive healthcare benefits upon reaching the age of 50 with 5 years of service. Benefits are paid for the lifetime of the retiree or eligible survivor.

Employees covered by benefit terms:

The number of participants eligible to receive benefits at June 30, 2020, the measurement date, are:

Active employees	-
Inactive employees or beneficiaries currently receiving benefit payments	47
Inactive employees entitled to but not yet receiving benefit payments	12
Total	<u>59</u>

Contribution

ABAG annually contributes to the Trust fund based on an actuarially determined contribution (ADC) amount for the reporting period determined based on the funding policy and the most recent measurement available. For the fiscal year ended June 30, 2021, total ABAG contributions were \$987,853. There was no covered-employee payroll in fiscal year 2021 because of no active employees in fiscal year 2021.

B. Net OPEB Asset

ABAG's net OPEB asset was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2019
Contribution Policy	Contributes full ADC
Discount Rate	6.75%
General Inflation	2.75%
Expected Long-Term Rate of Return on Investment	Same as discount rate. Contributions projected to keep sufficient plan assets to pay all benefit from trust.
Medical Trend Rate	Non-Medicare 7.25% for 2021 decreasing to an ultimate rate of 4% in 2076; Medicare 6.30% for 2021, decreasing to an ultimate rate of 4% in 2076.
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

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PEMHCA Minimum Increase	4.25% annually
Salary Increases	Aggregate 3% annually
	Merit - CalPERS 1997-2015 Experience Study
Changes of Assumptions	None
Changes of Benefit Terms	None

Expected Long-Term Rate of Return:

Asset Class Component	Target Allocation* CERBT-Strategy 1	Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

The expected long term real rates of returns are presented as geometric means.

*Policy target effective October 1, 2018.

Discount Rate - The discount rate used to measure the total OPEB liability was 6.75 percent the same as the prior valuation discount rate. The projection of cash flows used to determine the discount rate assumed that ABAG's contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in a separately issued CERBT financial report that can be found on the CalPERS website: www.calpers.ca.gov.

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D. Changes in Net OPEB Liability/(Asset)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance as of June 30, 2020 (6/30/19 measurement date)	\$ 7,300,729	\$ 7,368,854	\$ (68,125)
Changes for the year			
Service cost	-	-	-
Interest on the total OPEB liability	474,766	-	474,766
Changes in benefit terms	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	987,853	(987,853)
Net investment income	-	288,260	(288,260)
Benefit payments	(534,301)	(534,301)	-
Administrative expenses	-	(5,225)	5,225
Net changes	(59,535)	736,587	(796,122)
Balance at June 30, 2021 (6/30/20 measurement date)	\$ 7,241,194	\$ 8,105,441	\$ (864,247)

Sensitivity of the Net OPEB Liability/(Asset) to the Changes in the Discount Rate

The following presents what ABAG's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	Discount Rate		
	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability/(Asset)	\$ (45,804)	\$ (864,247)	\$ (1,545,358)

Sensitivity of the Net OPEB Liability/(Asset) to the Changes in the Healthcare Cost Trend Rate

The following presents what ABAG's net OPEB liability/(asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability/(Asset)	\$ (1,594,921)	\$ (864,247)	\$ 1,580

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E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, ABAG recognized negative OPEB expense of \$76,251. At June 30, 2021, ABAG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 166,990	\$ -
Total	<u>\$ 166,990</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 5,697
2023	47,393
2024	59,163
2025	54,737

8. CONTINGENCIES

ABAG's grant funded projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantors' audits are completed and final rulings by the grantors' administrative departments are obtained. Disallowed expenditures, if any, must be absorbed by ABAG.

ABAG is involved in various claims and litigation that are considered normal to ABAG's activities. In the opinion of ABAG's management, the ultimate resolution of these matters will not have a material adverse effect on ABAG's financial statements.

9. RISK MANAGEMENT

ABAG is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. ABAG purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by ABAG from insurance companies. To date, there have been no significant reductions in any of ABAG's insurance coverage, and no settlement amounts have exceeded commercial insurance coverage for the past three years.

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10. RELATED PARTY TRANSACTIONS

The 375 Beale Condominium Corporation

The 375 Beale Condominium Corporation (the “375 Beale Condo”) was incorporated in June 2017 in the state of California under the Non-profit Mutual Benefit Corporation Law. The 375 Beale Condo was formed to provide for the management of the association for the three condominium owners: Bay Area Headquarters Authority (BAHA), Bay Area Air Quality Management District (BAAQMD), and the Association of Bay Area Governments (ABAG), in the property known as 375 Beale Street, San Francisco, California.

375 Beale Condo exercises a custodial responsibility on behalf of the owner occupants and assesses sufficient amounts to meet all required expenditures of the common area and joint used space. The 375 Beale Condo collects two types of assessment fees: common area and shared services. Assessment fees are predetermined yearly by the budget approved by the board. The assessment fees billed to ABAG for common area assessments and shared services assessment fees were \$171,966 and \$187,034 respectively for fiscal year 2021.

Metropolitan Transportation Commission (MTC)

On April 20, 2017, the ABAG Executive Board approved a Contract for Services between ABAG and MTC which states that the MTC Executive Director and MTC staff will perform all of the duties and programmatic work for ABAG. On July 1, 2017 all members of ABAG staff, excluding ABAG's Legal Counsel, who retired on January 5, 2018, were merged into the staff of MTC as new employees of MTC. ABAG paid MTC \$3,294,520 for administrative support services during fiscal year 2021. On June 11, 2020 ABAG's General Assembly approved the proposed Budget and Work Program for Fiscal Year 2021, which includes a contribution amount of \$530,000 to MTC. In January 2021, ABAG made a contribution of \$530,000 to MTC.

On November 14, 2018, MTC board approved an operational advance to ABAG in the amount not to exceed \$10 million to assist ABAG in its cash flows needs. The advance will be drawn by ABAG as needed. ABAG will be charged 1% fee on any drawn amounts. On October 23, 2019, MTC's board approved an extension of the ABAG Operational Advance for Liquidity and Cash Flow through December 2021, unless reauthorized in advance by MTC and ABAG. MTC authorized up to \$2 million of the operational advance for longer term project loans, and authorized up to \$1 million of the longer term project loans for the ABAG Bay Area Regional Energy Network (BayREN) Water Bill Savings Program. During fiscal year 2021 ABAG utilized the operational advance for the amount of \$2 million. ABAG repaid \$1M of the \$2M advance in fiscal year 2021 and repaid the remaining in July 2021.

ABAG Finance Authority for Non-Profit Corporations (FAN)

ABAG Finance Authority for Non-Profit Corporations (FAN) assists non-profit corporations and local governments in obtaining financing. Prior to July 1, 2017, ABAG contracted with FAN to provide administrative support. As of July 1, 2017, the support services are provided by MTC staff through a Contract for Services agreement between ABAG and MTC.

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ABAG Publicly Owned Energy Resources (POWER)

ABAG Publicly Owned Energy Resources (POWER) provides gas energy aggregation services to participating members. Prior to July 1, 2017, ABAG contracted with POWER to provide administrative support. As of July 1, 2017, the support services are provided by MTC staff through a Contract for Services agreement.

San Francisco Bay Restoration Authority (SFBRA)

The San Francisco Bay Restoration Authority (SFBRA) is a regional entity established by the San Francisco Bay Restoration Authority Act, Government Code section 66700 et seq. that is charged with raising and allocating local resources for the protection and enhancement of tidal wetlands and other wildlife habitat in and surrounding the San Francisco Bay. SFBRA successfully placed the San Francisco Bay Clean Water, Pollution Prevention and Habitat Restoration Measure (“Measure AA”), a regional special tax measure, on the June 2016 ballot to raise such funds.

On October 24, 2016, the State Coastal Conservancy (SCC), ABAG and SFBRA entered into a joint powers agreement that provides for SCC and ABAG to perform staff functions for SFBRA (“JPA”). Subsequent to the execution of the JPA, on May 30, 2017 ABAG and MTC entered into the Contract for Services under which MTC assumed staff functions for ABAG, commencing July 1, 2017.

Required Supplementary Information

**Association of Bay Area Governments,
Cost-Sharing Defined Benefit Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (unaudited)
As of fiscal year ending June 30, 2021
Last Ten Years***

Schedule I

	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
Measurement Date	Tier I & II 2014	Tier I & II 2015	Tier I & II 2016	Tier I & II 2017	Tier I & II 2018	Tier I & II 2019	Tier I & II 2020
Employer's proportion of the collective net pension liability	0.4744 %	0.4738 %	0.4246 %	0.4132 %	0.4141 %	0.4016 %	0.3898 %
Employer's proportionate share of the collective net pension liability	\$ 11,357,673	\$ 12,998,297	\$ 14,749,850	\$ 16,288,587	\$ 15,604,366	\$ 16,083,129	\$ 16,441,481
Employer's covered payroll **	\$ 6,847,411	\$ 6,198,473	\$ 6,036,594	\$ 5,832,772	\$ 74,655	\$ -	\$ -
Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	165.87 %	209.70 %	244.34 %	279.26 %	209.02 %	N/A	N/A
The pension plan's fiduciary net Position as a percentage of the total pension liability	81.15 %	79.89 %	75.87 %	75.39 %	77.69 %	77.73 %	77.71 %

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

** The last employee retired in January 2018. There were no active employees thereafter.

Changes of Assumptions: None in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expenses). In 2014, amounts reported were based on the 7.5 percent discount rate.

Association of Bay Area Governments
Cost-Sharing Defined Benefit Pension Plan
Schedule of Employer Contributions - Pension (unaudited)
As of fiscal year ending June 30, 2021
Last Ten Years *

Schedule II

	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
Fiscal Year Date	Tier I & II Fiscal Year 2014-2015	Tier I & II Fiscal Year 2015-2016	Tier I & II Fiscal Year 2016-2017	Tier I & II Fiscal Year 2017-2018	Tier I & II Fiscal Year 2018-2019	Tier I & II Fiscal Year 2019-2020	Tier I & II Fiscal Year 2020-2021
Actuarially determined contribution	\$ 1,305,738	\$ 491,374	\$ 2,744,108	\$ 1,293,682	\$ 1,391,147	\$ 1,754,472	\$ 1,567,077
Contributions in relation to the actuarially determined contributions	\$ (1,305,738)	\$ (491,374)	\$ (2,744,108)	\$ (1,293,682)	\$ (1,391,147)	\$ (1,754,472)	\$ (1,567,077)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll **	\$ 6,198,473	\$ 6,036,594	\$ 5,832,772	\$ 74,655	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	21.07 %	8.14%	47.05%	1,732.88%	N/A	N/A	N/A

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

** The last employee retired in January 2018. There were no active employees thereafter.

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2017 funding valuation report and listed in the following table.

Actuarial cost method	Entry age normal cost
Amortization method/period	Level of percentage pay. For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Fair value of assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increase	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Association of Bay Area Governments
Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios (unaudited)
For the Year Ended June 30, 2021
Last Ten Years *

Schedule III

Measurement Period	2016-17	2017-18	2018-19	2019-20
Changes in Total OPEB liability				
Service cost	\$ 6,314	\$ -	\$ -	\$ -
Interest on the total OPEB liability	499,585	500,228	499,860	474,766
Difference between actual and expected experience	-	-	(162,855)	-
Changes of assumptions	-	-	(183,250)	-
Benefit payments	(485,483)	(494,650)	(516,714)	(534,301)
Net change in total OPEB liability	20,416	5,578	(362,959)	(59,535)
Total OPEB liability - beginning	7,637,694	7,658,110	7,663,688	7,300,729
Total OPEB liability - ending (a)	<u>\$ 7,658,110</u>	<u>\$ 7,663,688</u>	<u>\$ 7,300,729</u>	<u>\$ 7,241,194</u>
Changes in OPEB fiduciary net position				
Benefit payments	\$ (485,483)	\$ (494,650)	\$ (516,714)	\$ (534,301)
Contribution from employer	774,994	766,499	773,664	987,853
Net investment income	562,294	469,061	438,625	288,260
Administrative expenses	(2,814)	(12,593)	(2,556)	(5,225)
Net change in plan fiduciary net position	848,991	728,317	693,019	736,587
Plan fiduciary net position - beginning	5,098,527	5,947,518	6,675,835	7,368,854
Plan fiduciary net position - ending (b)	<u>\$ 5,947,518</u>	<u>\$ 6,675,835</u>	<u>\$ 7,368,854</u>	<u>\$ 8,105,441</u>
Plan net OPEB liability/(asset) - ending (a) - (b)	<u>\$ 1,710,592</u>	<u>\$ 987,853</u>	<u>\$ (68,125)</u>	<u>\$ (864,247)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	77.66%	87.11%	100.93%	111.94%
Covered-employee payroll **	\$ 6,655,535	\$ 126,057	\$ -	\$ -
Plan net OPEB liability/(asset) of as a percentage of covered-employee payroll	25.70%	783.66%	N/A	N/A

Notes to Schedule

* Fiscal year 2018 was the first year of implementation of GASB 75, therefore only four years are shown.

** The last employee retired in January 2018. There were no active employees thereafter.

There are no changes on discount rate and long-term expected rate of return on Assets.

Mortality projected fully generational with Scale MP-2019 in both June 30, 2020 and June 30, 2019 measurement date. Mortality projected fully generational with Scale MP-2017 in June 30, 2018 measurement date. Medical trend rate for non-medicare decreased to 7.25% from 7.5% for 2021; and medical trend rate for medicare decreased to 6.3% from 6.5% for 2021.

Association of Bay Area Governments
Schedule of Employer Contributions - OPEB (unaudited)
For the Year Ended June 30, 2021
Last 10 Years *

Schedule IV

	Fiscal Year 2017-2018	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-21
Actuarially determined contribution **	\$ 752,000	\$ 93,000	\$ 93,000	\$ (164,000)
Contributions in relation to the actuarially determined contribution	(766,499)	(773,664)	(987,853)	-
Contribution deficiency (excess)	<u>\$ (14,499)</u>	<u>\$ (680,664)</u>	<u>\$ (894,853)</u>	<u>\$ (164,000)</u>
Covered-employee payroll ***	\$ 126,057	\$ -	\$ -	\$ -
Contribution as a percentage of covered-employee payroll	608.06%	N/A	N/A	N/A

Notes to Schedule

* Fiscal year 2018 was the first year of implementation of GASB 75, therefore only four years are shown.

** The June 30, 2019 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/21 and 6/30/22.

*** The last employee retired in January 2018. There were no active employees thereafter.

Methods and assumptions for 2020-2021 actuarially determined contribution:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level % of Pay
Amortization Method	Level % of pay
Amortization Period	17-year fixed period for 2020/21 (reduced from 18-year, 19-year and 20-year fixed period for 2019/20, 2018/19 and for 2017/18 respectively)
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076; Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

Other Supplementary Information

Association of Bay Area Governments
Schedule of Net Position - ABAG
June 30, 2021

Schedule 1

	ABAG Admin	ABAG SFEP	ABAG Energy	ABAG Planning	Total Association of Bay Area Governments
Assets					
Current assets:					
Cash	\$ 1,206,968	\$ 1,703,148	\$ 9,333,244	\$ 5,382,377	\$ 17,625,737
Account receivable	508,190	-	-	-	508,190
Accrued interest	520	-	-	-	520
Loan receivable	-	-	67,297	-	67,297
Receivable from federal	-	514,211	56,139	27,213	597,563
Receivable from state	-	2,911,687	-	68,634	2,980,321
Receivable from local	-	135,455	19,874	-	155,329
Prepaid items	24,326	390	1,128,819	-	1,153,535
Total current assets	<u>1,740,004</u>	<u>5,264,891</u>	<u>10,605,373</u>	<u>5,478,224</u>	<u>23,088,492</u>
Non-current assets:					
Loan receivable	-	-	1,577,585	-	1,577,585
Capital assets, net of accumulated depreciation/ amortization	4,771,050	-	-	-	4,771,050
Net OPEB asset	864,247	-	-	-	864,247
Total non-current assets	<u>5,635,297</u>	<u>-</u>	<u>1,577,585</u>	<u>-</u>	<u>7,212,882</u>
Total assets	<u>\$ 7,375,301</u>	<u>\$ 5,264,891</u>	<u>\$ 12,182,958</u>	<u>\$ 5,478,224</u>	<u>\$ 30,301,374</u>
Deferred Outflows of Resources					
Deferred outflows from pension	2,961,076	-	-	-	2,961,076
Deferred outflows from OPEB	166,990	-	-	-	166,990
Total deferred outflows of resources	<u>3,128,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,128,066</u>
Liabilities					
Current liabilities:					
Accounts payable	77,923	2,795,771	1,404,466	97,750	4,375,910
Accrued liabilities	25,024	388	5,288	-	30,700
Retention payable	-	726,081	-	-	726,081
Unearned revenue	-	90,987	8,074,754	4,783,785	12,949,526
Due to other government	1,084,972	1,192,246	213,559	596,689	3,087,466
Total current liabilities	<u>1,187,919</u>	<u>4,805,473</u>	<u>9,698,067</u>	<u>5,478,224</u>	<u>21,169,683</u>
Non-current liabilities:					
Unearned revenue	-	37,019	154,401	-	191,420
Advance from PG&E	-	-	2,410,000	-	2,410,000
Net pension liability	16,441,481	-	-	-	16,441,481
Total non-current liabilities	<u>16,441,481</u>	<u>37,019</u>	<u>2,564,401</u>	<u>-</u>	<u>19,042,901</u>
Total liabilities	<u>17,629,400</u>	<u>4,842,492</u>	<u>12,262,468</u>	<u>5,478,224</u>	<u>40,212,584</u>
Deferred Inflows of Resources					
Deferred inflows from pension	950,609	-	-	-	950,609
Net Position					
Net investment in capital assets	4,771,050	-	-	-	4,771,050
Unrestricted	(12,847,692)	422,399	(79,510)	-	(12,504,803)
Total net position	<u>\$ (8,076,642)</u>	<u>\$ 422,399</u>	<u>\$ (79,510)</u>	<u>\$ -</u>	<u>\$ (7,733,753)</u>

Association of Bay Area Governments
Schedule of Revenues, Expenses and Changes in Net Position - ABAG
For the Year Ended June 30, 2021

Schedule 2

	ABAG Admin	ABAG SFEP	ABAG Energy	ABAG Planning	Total Association of Bay Area Governments
Operating Revenues					
Membership dues	\$ 2,410,210	\$ -	\$ -	\$ -	\$ 2,410,210
Conference registration	-	22,000	-	-	22,000
Other operating revenues	40,682	117,633	-	-	158,315
Total operating revenues	2,450,892	139,633	-	-	2,590,525
Operating Expenses					
Contracted salaries and benefits	2,183,620 *	155,881	-	-	2,339,501
Professional fees	562,091	68,229	-	-	630,320
Conference and meeting costs	-	1,320	-	-	1,320
Building assessments	359,000	-	-	-	359,000
Committee members' stipend	118,650	-	-	-	118,650
Insurance	115,639	-	-	-	115,639
Memberships	26,250	4,500	-	-	30,750
Depreciation expense	332,373	-	-	-	332,373
Overhead	4,513	9,533	-	-	14,046
Other operating expenses	63,776	2,311	-	-	66,087
Total operating expenses	3,765,912	241,774	-	-	4,007,686
Operating Loss	(1,315,020)	(102,141)	-	-	(1,417,161)
Nonoperating Revenues (Expenses)					
Federal grants	-	1,483,475	64,446	397,419	1,945,340
State grants	-	4,528,356	19,860,123	1,746,476	26,134,955
Local grants	-	999,285	168,587	-	1,167,872
Contracted salaries and benefits	-	(1,545,317)	(746,959)	-	(2,292,276)
Professional fees	-	(4,959,904)	(18,867,510)	(2,143,895)	(25,971,309)
Interest income	5,759	-	-	-	5,759
Contribution from BATA	-	100,000	-	-	100,000
Contribution to MTC	(530,000)	-	-	-	(530,000)
Other nonoperating expenses	-	(415,416)	(557,744)	-	(973,160)
Total nonoperating revenues (expenses)	(524,241)	190,479	(79,057)	-	(412,819)
Change in Net Position	(1,839,261)	88,338	(79,057)	-	(1,829,980)
Net position, beginning of year	(6,237,381)	334,061	(453)	-	(5,903,773)
Net position, end of year	\$ (8,076,642)	\$ 422,399	\$ (79,510)	\$ -	\$ (7,733,753)

* includes: recognitions of GASB 68 (pension) and GASB 75 (OPEB) expenses of \$2,252,843, a credit of \$70,000 for OPEB Implicit Subsidy, and other miscellaneous \$777.

Association of Bay Area Governments
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2021

Schedule 3

	<u>Balance Foundation</u>	<u>ABAG Finance Corporation</u>	<u>Total Non- Major Enterprise Funds</u>
Current Assets			
Cash	\$ 26,008	\$ 18,102	\$ 44,110
Total current assets	<u>\$ 26,008</u>	<u>\$ 18,102</u>	<u>\$ 44,110</u>
Net Position			
Unrestricted	<u>26,008</u>	<u>18,102</u>	<u>44,110</u>
Total net position	<u><u>\$ 26,008</u></u>	<u><u>\$ 18,102</u></u>	<u><u>\$ 44,110</u></u>

Association of Bay Area Governments
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2021

Schedule 4

	Balance Foundation	ABAG Finance Corporation	Total Non- Major Enterprise Funds
Operating Revenues:			
Other operating revenues	\$ -	\$ 11	\$ 11
Total operating revenues	-	11	11
Operating Expenses:			
Professional fees	1,875	1,875	3,750
Total operating expenses	1,875	1,875	3,750
Operating Loss	(1,875)	(1,864)	(3,739)
Change in Net Position	(1,875)	(1,864)	(3,739)
Net position, beginning of year	27,883	19,966	47,849
Net position, end of year	\$ 26,008	\$ 18,102	\$ 44,110

Association of Bay Area Governments
Schedule of ABAG Conduit Financing Pool
For the Year Ended June 30, 2021

Schedule 5

Transactions	Original Issue Date	Final Maturity	Original Issuance Balance	Balance 6/30/2021
ABAG 1994 Tax Allocation Revenue Bonds, Series A and 1994 Subordinated Tax Allocation Revenue Bonds, Series B (California Redevelopment Agency Pool)	06/29/1994	12/15/2024	\$ 43,695,000	\$ 910,000
ABAG 2006 Revenue Bonds, Series A (California Tax Allocation Bonds)	04/11/2006	09/01/2026	9,605,000	3,425,000
ABAG Lease Revenue Bonds, 2001-2 (California Capital Projects) ⁽¹⁾	01/10/2002	12/01/2025	14,355,000	-
ABAG Lease Revenue Bonds, 2002-1 (California Capital Projects)	07/18/2002	07/01/2032	13,370,000	3,110,000
ABAG 2004 Tax Allocation Revenue Bonds, Series A (California Redevelopment Agency Pool) Series A	12/15/2004	09/01/2035	34,080,000	455,000
Total 5 transactions				<u>\$ 7,900,000</u>

(1) ABAG Lease Revenue Bonds, 2001-2 was fully paid off on June 1, 2021.