

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



Date: September 13, 2018

To: ABAG Finance Committee

From: Executive Director

Subject: **Report on ABAG Financial Statements from July 2017 to June 2018 (Unaudited)**

Attached are the ABAG financial statements for the fiscal period ending June 30, 2018. The June 2018 financials are preliminary, unaudited, and subject to change upon completion of the annual audit process.

ABAG consists of ABAG Administration, San Francisco Estuary Partnership and BayRen-Energy. In addition, ABAG is a member of the Joint Powers Association of ABAG Power and ABAG FAN. Finally, ABAG is an appointing authority for San Francisco Bay Restoration Authority (SFBRA). The two JPAs and SFBRA are governed by completely separate boards who are also responsible for budget and financial performance. Financial information for these three agencies is presented for information only.

Overall Summary - ABAG

Administration – ABAG Administration ended FY 2017-18 with an operating deficit while the grant supported operations of the Estuary Partnership and BayRen ended the fiscal year balanced. Revenue for ABAG actually exceeded the FY 2017-18 budget by over \$200,000; however, unplanned transition expenses caused the overdraft. Unplanned carryover and transition costs included recording GASB 68 and GASB 75 costs which had an impact of nearly \$2 million. In addition there was residual transition costs for legal staff. However, after netting down expenses for the impact of one-time pension related expenses and depreciation the net budget deficit is \$312,000, which will be covered from available reserves. Staff does not expect the transition or unplanned expenses to be repeated in the FY 2018-19 operating year. ABAG has the available assets to absorb the operating deficit for FY 2017-18.

Estuary Partnership – The Estuary Partnership is funded by a series of grants, mainly from the EPA and Department of Water Resources (DWR). Budget revenue was \$39 million while actual grant payments totaled just over \$11 million. Expenses matched revenue at \$11 million, however, overhead costs were supported by MTC transfers. Overall, the partnership ended FY 2017-18 with revenue and expense in balance.

Report on ABAG Financial Statements from July to June 2018 (Unaudited)

September 13, 2018

Page 2

BayRen – Energy – The BayRen-Energy program is grant funded and operation consisting mainly CPUC grants. The residential and commercial energy retrofit program ended FY 2017-18 with a slight cash flow balance. BayRen ended the year within budget and is completely self-supporting, including administrative overhead costs.

Other Agencies

SF Bay Restoration Authority –The Restoration Authority revenue is being collected from a parcel tax in each county starting in December 2017. Payments received through June were \$27 million. The Authority has already allocated \$18 million in grants and expect the encumbered contracts to start in the following fiscal year.

POWER – Sale of energy gas revenue is in line with the budget. Operating expense is under budget due to lower gas prices and usage by members.

FAN – FAN ended the year with an operating deficit of \$264,000. Revenue was under budget by \$156,000, mainly the result of some billing corrections, and expenses exceeded the adopted budget by \$451,000. The expense overrun was the result of carryover costs for ABAG legal staff and consulting costs necessary to evaluate the FAN debt portfolio. FAN has an operating reserve balance of over \$4.0 million so the deficit is coverable within existing resources. Staff does not expect a repeat of these unplanned start up costs in FY 2018-19 budget year.

SF Bay Restoration Authority financial information is presented for informational purposes only.

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

Recommended Action

The Finance Committee is requested to accept the staff report.



Steve Heminger

Attachment

Financial Statements