

Association of Bay Area Governments

Finance Committee

September 17, 2020

Agenda Item 6.a.

Financial Statements

Subject: Report on ABAG Unaudited Financial Statements for Fiscal Year ended June 30, 2020.

Background: Attached are the Association of Bay Area Governments (ABAG) financial statements as of June 30, 2020. The June 2020 financials are preliminary, unaudited and subject to change upon completion of the annual audit process.

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

Overall Summary

As of June 30, 2020, ABAG and its operating entities ended a very difficult operating year in fairly sound financial shape. The two Special Revenue Funds, BayRen-Energy and SF Estuary Partnership had June 30 cash flow deficits of \$2.5 million and \$1 million respectively. However, as grant based funds, year-end closing entries should reduce the deficits caused by timing differences between contractor payments and grant reimbursements. ABAG Administration Fund ended the year with an operating surplus of approximately \$155,000. In addition, all ABAG operating funds ended FY 2020 with positive cash balances eliminating the need for year-end support from MTC.

ABAG Administration Fund (401)

The Administration Program has a June 30, 2020 surplus of \$155,000. Major revenue includes \$2.9 million of membership dues and \$988,000 transfer in from FAN to cover the Other Post-Employment Benefits (OPEB) cost.

Expenses at June 30 are \$4 million including encumbrances, or 92% of the adopted budget. While still under the adopted budget, there are some important policy initiatives that were accomplished in the FY 2019-20 operating year, including:

- Payment of \$988,000 retiring the balance of the ABAG unfunded OPEB liability
- Reimbursement of \$435,000 from the PERS 115 OPEB Trust mitigating retiree medical payments
- Transfer of \$530,000 to support MTC transition costs

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In a very difficult budget year ABAG managed to meet all of the adopted policy initiatives and maintain a positive balance.

The current surplus of \$155,000 is bound to change with the final close and audit process, but nothing should produce an operating deficit. The surplus of \$155,000 increases to \$487,000 when we remove the depreciation expense.

BayREN-Energy (Fund 403)

BayREN-Energy program is a grant funded operation consisting mainly of California Public Utilities Commission grants. BayREN-Energy shows a deficit of \$2.5 million at June 30. The deficit should be corrected when salary and contract related expenses are billed against the grants as part of the year-end closing process.

Total revenue from CPUC grants was \$18.1 million. The balance of the \$32 million FY 2019-20 budget will carry over to the FY 2020-21 budget as will \$17.4 million in encumbered expenses associated with the grants.

SF Estuary Program (SFEP) (Program 1720)

SFEP is funded by a series of grants, mainly from the U.S. Environmental Protection Agency (US EPA) and Department of Water Resources (DWR). SFEP ended FY 2020 with a cash flow deficit of approximately \$1 million which should be mitigated when final expenses are billed against the grants as part of the year-end closing process.

SFEP has a grant revenue budget of approximately \$43 million of which \$5.7 million was received by June 30, 2020. The balance of the \$37 million in revenue along with \$11.4 million in current contract encumbrances against grant revenue will carry over to the FY 2020-21 operating budget.

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

Issues:

None

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Recommended Action: The ABAG Finance Committee is requested to approve the staff report on Financial Statements for Fiscal Year ended June 30, 2020 (Unaudited).

Attachments: Financial Statements

Reviewed:


Therese W. McMillan