



Association of
Bay Area Governments



FY 2019-2020 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).



	2019	2020	Change
Assets			
Current Assets:			
Cash	\$ 4,199,239	\$ 8,577,732	\$ 4,378,493
Investments	2,284,487	-	(2,284,487)
Accounts receivable	8,468	557,620	549,152
Accrued interest	14,573	5,998	(8,575)
Loan receivable	52,416	67,297	14,881
Due from federal	1,044,198	1,303,721	259,523
Due from state	11,054,511	5,521,398	(5,533,113)
Due from local	160,699	160,057	(642)
Due from other govts	67	107,303	107,236
Prepaid	63,436	759,612	696,176
Total current assets	18,882,094	17,060,738	(1,821,356)
Non-current assets			
Loan receivable	1,723,587	1,645,431	(78,156)
Capital (net)	5,436,015	5,103,423	(332,592)
OPEB asset	-	68,125	68,125
Total non-current assets	7,159,602	6,816,979	(342,623)
Total Assets	26,041,696	23,877,717	(2,163,979)
Liabilities			
Current liabilities:			
Accounts payable	8,679,099	5,585,332	(3,093,767)
Accrued liability	-	23,005	23,005
Retention payable	2,274,629	2,402,346	127,717
Unearned income	4,221,124	5,927,314	1,706,190
Due to other govt	437,473	442,487	5,014
total current liability	15,612,325	14,380,484	(1,231,841)
Non-current Liabilities			
Unearned revenue	300,317	161,021	(139,296)
Advance - PG&E	2,410,000	2,410,000	-
Net pension	15,604,366	16,083,129	478,763
Net OPEB	987,853	-	(987,853)
Total non-current liabilities	19,302,536	18,654,150	(648,386)
Total liabilities	34,914,861	33,034,634	(1,880,227)
Deferred Outflow	5,515,457	5,024,437	(491,020)
deferred inflow	1,931,953	1,723,444	(208,509)
Investment in capital assets	5,436,015	5,103,423	(332,592)
unrestricted	(10,725,676)	(10,959,347)	(233,671)
Net position	\$ (5,289,661)	\$ (5,855,924)	\$ (566,263)
Net of pension/FA	\$ 5,866,543	\$ 5,123,782	\$ (742,761)

Statement of Net Position:

- Total assets \$23.8 million
 - Cash and investments \$8.6 million
 - Up \$2.1 million from FY 2019
 - Retentions payable \$2.4 million
 - Advance \$2.4 million (PG&E)
 - Grant receivables \$6.8 million
- Total liabilities \$33.0 million down \$2.0 million
 - Current \$14.4 million - down \$1.2 million
 - Long term \$18.7 million
 - Pension liability up \$480,000
 - OPEB down \$1 million
- Negative net position \$5.9 million
 - After pension liability and fixed assets -\$5.1 million

	2019	2020	Change
Operating Revenue			
Membership dues	\$ 2,723,907	\$ 2,887,875	\$ 163,968
Conference registration	219,277	281,605	62,328
Other	86,614	59,538	(27,076)
Total operating revenue	3,029,798	3,229,018	199,220
Operating Expense			
Salary & benefit	2,639,511	2,490,428	(149,083)
Professional fees	446,547	668,244	221,697
Conference & meeting	231,936	122,889	(109,047)
Building assessment	348,817	350,000	1,183
Stipend	66,150	92,575	26,425
Insurance	148,755	126,955	(21,800)
Memberships	39,713	119,350	79,637
Depreciation	295,050	332,592	37,542
Overhead	7,484	5,304	(2,180)
Other	30,996	68,517	37,521
Total operating expenses	4,254,959	4,376,854	121,895
Operating gain (loss)	(1,225,161)	(1,147,836)	77,325
Nonoperating revenue (expense)			
Federal grants	2,241,475	2,849,679	608,204
State grants	28,783,063	26,259,980	(2,523,083)
Local grants	449,710	379,002	(70,708)
Salary & benefit	(2,297,865)	(2,375,755)	(77,890)
Professional fees	(28,569,705)	(26,373,035)	2,196,670
Interest income	53,876	23,723	(30,153)
Contribution - BATA	-	100,000	100,000
Contribution - FAN	350,000	987,853	637,853
Contribution - MTC	(527,010)	(530,000)	(2,990)
Other	(606,678)	(739,871)	(133,193)
Total nonoperating revenue (expense)	(123,134)	581,576	704,710
Change in net position	(1,348,295)	(566,260)	782,035
Beginning position	(3,941,369)	(5,289,664)	(1,348,295)
Ending position	(5,289,664)	(5,855,924)	(566,260)

Revenue and Expense Highlights:

- Total operating revenue up \$200,000
 - Membership dues up \$164,000
- Operating expense up \$122,000 (3%)
- Operating loss \$1.1 million down \$77,000
- Non-operating revenue (expense)
 - Ending balance positive \$582,000
 - Timing of grant program expense and revenue now more in line
 - \$987,000 contribution from ABAG FAN to retire unfunded OPEB liability
- Ending position should improve in the future from dues and lower pension/OPEB costs

**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, 2020
Last Ten Years***

Schedule I

	Miscellaneous Plan Tier I & II 2014	Miscellaneous Plan Tier I & II 2015	Miscellaneous Plan Tier I & II 2016	Miscellaneous Plan Tier I & II 2017	Miscellaneous Plan Tier I & II 2018	Miscellaneous Plan Tier I & II 2019
Measurement Date						
Employer's proportion of the collective net pension liability	0.4744 %	0.4738 %	0.4246 %	0.4132 %	0.4141 %	0.4016 %
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
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 %	20,901.00 %	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 %

Notes to Schedule:

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

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

Changes of Assumptions: None in 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.

Pension Liability:

- Balance as of June 30, 2020
 - ABAG's net pension liability \$16.0 million up \$480,000
 - Reasons for the increase
 - Change in assumptions
 - Change to amortization
 - No new entrants
 - Cost sharing pool comingles asset/liability of all pool agencies
 - ABAG still subject to changes in PERS assumptions

A. Changes in Net OPEB Liability/(Asset)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance as of June 30, 2019 (6/30/18 measurement date)	\$ 7,663,688	\$ 6,675,835	\$ 987,853
Changes for the year			
Service cost	-	-	-
Interest on the total OPEB liability	499,860	-	499,860
Changes in benefit terms	-	-	-
Actual vs. expected experience	(162,855)	-	(162,855)
Assumption changes	(183,250)	-	(183,250)
Contributions - employer	-	773,664	(773,664)
Net investment income	-	438,625	(438,625)
Benefit payments	(516,714)	(516,714)	-
Administrative expenses	-	(2,556)	2,556
Net changes	(362,959)	693,019	(1,055,978)
Balance at June 30, 2020 (6/30/19 measurement date)	\$ 7,300,729	\$ 7,368,854	\$ (68,125)

OPEB:

- Balance as of June 30, 2020
 - Balance of OPEB account is now an asset of \$68,215
 - The final unfunded OPEB liability of \$987,853 was paid during FY 2020
 - Principal and interest on the plan will now offset benefit payments to retirees
 - No new participants will enter the plan however changes in medical rates may impact future balances

Association of Bay Area Governments
Schedule of ABAG Conduit Financing Pool (unaudited)
For the Year Ended June 30, 2019

Transactions	Original Issue Date	Final Maturity	Original Issuance Balance	Balance 6/30/2019
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	\$ 1,800,000
ABAG 2006 Revenue Bonds, Series A (California Tax Allocation Bonds)	04/11/2006	09/01/2026	9,605,000	4,090,000
ABAG Lease Revenue Bonds, 2001-2 (California Capital Projects)	01/10/2002	12/01/2025	14,355,000	770,000
ABAG Lease Revenue Bonds, 2001 Series A (California Capital Projects)	07/31/2001	07/01/2031	15,110,000	320,000
ABAG Lease Revenue Bonds, 2002-1 (California Capital Projects)	07/18/2002	07/01/2032	13,370,000	3,710,000
ABAG 2004 Tax Allocation Revenue Bonds, Series A (California Redevelopment Agency Pool) Series A	12/15/2004	09/01/2035	34,080,000	1,290,000
ABAG 2006 Water and Wastewater Revenue Bonds, Series A (City of Ukiah)	03/02/2006	03/01/2036	75,060,000	56,640,000
ABAG 2007 Revenue Bonds, Series A and Taxable Series B (California Tax Allocation Bonds) *	12/11/2007	09/01/2036	55,425,000	-
Total 8 transactions				<u>\$ 68,620,000</u>

* The Tax Allocation Bonds 2007 Series A was fully redeemed on 9/1/2017 and the 2007 Series B was fully redeemed on 9/1/2018.

Association of Bay Area Governments
Schedule of ABAG Conduit Financing Pool
For the Year Ended June 30, 2020

Schedule 5

Transactions	Original Issue Date	Final Maturity	Original Issuance Balance	Balance 6/30/2020
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	\$ 1,115,000
ABAG 2006 Revenue Bonds, Series A (California Tax Allocation Bonds)	04/11/2006	09/01/2026	9,605,000	3,765,000
ABAG Lease Revenue Bonds, 2001-2 (California Capital Projects)	01/10/2002	12/01/2025	14,355,000	80,000
ABAG 2006 Water and Wastewater Revenue Bonds, Series A (City of Ukiah) (1)	03/02/2006	03/01/2036	75,060,000	-
ABAG Lease Revenue Bonds, 2002-1 (California Capital Projects)	07/18/2002	07/01/2032	13,370,000	3,320,000
ABAG 2004 Tax Allocation Revenue Bonds, Series A (California Redevelopment Agency Pool) Series A	12/15/2004	09/01/2035	34,080,000	520,000
ABAG Lease Revenue Bonds, 2001 Series A (California Capital Projects) (2)†	07/31/2001	07/01/2031	15,110,000	-
Total 7 transactions				<u>\$ 8,800,000</u>

(1) ABAG 2006 Water and Wastewater Revenue Bonds, Series A, had \$4,690,000 redeemed on 9/1/2019 and \$49,670,000 redeemed on 3/1/2020.

(2) ABAG Lease Revenue Bonds, 2001 Series A, was fully redeemed on 10/21/2019.

► **ABAG Conduit Financing Pool**

- Pool balance \$8.8 million
- Reduction of \$60 million refunded during the year
- Remaining issues will mature through 2036

Summary of ABAG and ABAG Funds

Association of Bay Area Governments Schedule of Net Position - ABAG June 30, 2020

Schedule 1

	ABAG					Total Association of Bay Area
	ABAG Admin	ABAG SFEP	ABAG Energy	Planning	Governments	
Assets						
Current assets:						
Cash	\$ 992,743	\$ 1,146,151	\$ 6,262,946	\$ 128,043	\$ 8,529,883	
Account receivable	553,439	4,181	-	-	557,620	
Due from/(to) other program	1,587	-	-	(1,587)	-	
Accrued interest	5,998	-	-	-	5,998	
Loan receivable	-	-	67,297	-	67,297	
Receivable from federal	-	1,077,385	13,743	212,593	1,303,721	
Receivable from state	-	5,330,640	-	190,758	5,521,398	
Receivable from local	-	138,307	21,750	-	160,057	
Due from other government	5,454	101,849	-	-	107,303	
Prepaid items	24,163	-	735,449	-	759,612	
Total current assets	1,583,384	7,798,513	7,101,185	529,807	17,012,889	
Non-current assets:						
Loan receivable	-	-	1,645,431	-	1,645,431	
Capital assets, net of accumulated depreciation/ amortization	5,103,423	-	-	-	5,103,423	
Net OPEB asset	68,125	-	-	-	68,125	
Total non-current assets	5,171,548	-	1,645,431	-	6,816,979	
Total assets	\$ 6,754,932	\$ 7,798,513	\$ 8,746,616	\$ 529,807	\$ 23,829,868	
Deferred Outflows of Resources						
Deferred outflows from pension	4,036,584	-	-	-	4,036,584	
Deferred outflows from OPEB	987,853	-	-	-	987,853	
Total deferred outflows of resources	5,024,437	-	-	-	5,024,437	
Liabilities						
Current liabilities:						
Accounts payable	122,691	4,402,974	1,059,667	-	5,585,332	
Accrued liabilities	23,005	-	-	-	23,005	
Retention payable	-	2,346,932	-	55,414	2,402,346	
Unearned revenue	-	549,675	5,036,245	341,394	5,927,314	
Due to other government	64,481	164,871	80,136	132,999	442,487	
Total current liabilities	210,177	7,464,452	6,176,048	529,807	14,380,484	
Non-current liabilities:						
Unearned revenue	-	-	161,021	-	161,021	
Advance from PG&E	-	-	2,410,000	-	2,410,000	
Net pension liability	16,083,129	-	-	-	16,083,129	
Total non-current liabilities	16,083,129	-	2,571,021	-	18,654,150	
Total liabilities	16,293,306	7,464,452	8,747,069	529,807	33,034,634	
Deferred Inflows of Resources						
Deferred inflows from pension	1,622,452	-	-	-	-	
Deferred inflows from OPEB	100,992	-	-	-	-	
Total deferred inflows of resources	1,723,444	-	-	-	-	
Net Position						
Net investment in capital assets	5,103,423	-	-	-	-	
Unrestricted	(11,340,804)	334,061	(453)	-	-	

Schedule of Revenues, Expenditures and Changes in Net Position - ABAG For the Year Ended June 30, 2020

Schedule 2

	ABAG					Total Association of Bay Area
	ABAG Admin	ABAG SFEP	ABAG Energy	Planning	Governments	
Operating Revenues						
Membership dues	\$ 2,887,875	\$ -	\$ -	\$ -	\$ 2,887,875	
Conference registration	-	281,605	-	-	281,605	
Other operating revenues	1,820	57,718	-	-	59,538	
Total operating revenues	2,889,695	339,323	-	-	3,229,018	
Operating Expenses						
Contracted salaries and benefits	2,367,035	123,393	-	-	2,490,428	
Professional fees	453,174	210,070	-	-	663,244	
Conference and meeting costs	11,874	111,015	-	-	122,889	
Building assessments	350,000	-	-	-	350,000	
Committee members' stipend	92,575	-	-	-	92,575	
Insurance	126,955	-	-	-	126,955	
Memberships	107,050	4,500	7,800	-	119,350	
Depreciation expense	332,592	-	-	-	332,592	
Overhead	5,245	59	-	-	5,304	
Other operating expenses	57,687	10,740	-	-	68,427	
Total operating expenses	3,904,187	459,777	7,800	-	4,371,764	
Operating Loss	(1,014,492)	(120,454)	(7,800)	-	(1,142,746)	
Nonoperating Revenues (Expenses)						
Federal grants	-	2,355,954	127,461	366,264	2,849,679	
State grants	-	6,087,044	20,114,356	58,580	26,259,980	
Local grants	-	248,043	130,959	-	379,002	
Contracted salaries and benefits	-	(1,769,991)	(605,764)	-	(2,375,755)	
Professional fees	-	(6,693,419)	(19,254,772)	(424,844)	(26,373,035)	
Interest income	23,723	-	-	-	23,723	
Contribution from BATA	-	100,000	-	-	100,000	
Contribution from FAN	987,853	-	-	-	987,853	
Contribution to MTC	(530,000)	-	-	-	(530,000)	
Other nonoperating expenses	-	(227,631)	(512,240)	-	(739,871)	
Total nonoperating revenues (expenses)	481,576	100,000	-	-	581,576	
Change in Net Position	(532,916)	(20,454)	(7,800)	-	(561,170)	
Net position, beginning of year	(5,704,465)	354,515	7,347	-	(5,342,603)	
Net position, end of year	\$ (6,237,381)	\$ 334,061	\$ (453)	\$ -	(5,903,773)	

* includes: recognitions of GASB 68 (pension) and GASB 75 (OPEB) expenses of \$2,447,618, a credit of \$82,000 for OPEB Implicit Subsidy, and other miscellaneous \$1,417.

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:

CFDA 66.456

National Estuary Program

Dollar threshold used to distinguish type A and B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

QUESTIONS