

# **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.

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(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.

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(Continued)

## 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**

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

(Continued)

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

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

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**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