

# 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
<b>Assets</b>		
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>
<b>Liabilities</b>		
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>
<b>Net position:</b>		
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
<b>Operating revenues</b>		
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>
<b>Operating expenses</b>		
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>
<b>Nonoperating revenues/(expenses)</b>		
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
	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
Measurement Date							
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
<b>Assets</b>		
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
<b>Liabilities</b>		
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
<b>Operating revenue</b>		
Sale of natural gas & other revenue	\$ 8,051,026	\$ 6,820,832
Total operating revenue	8,051,026	6,820,832
<b>Operating expenses</b>		
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
<b>Operating loss</b>	(9,579)	(30,833)
<b>Nonoperating revenue</b>		
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:

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and investments	\$ 70,694,511	\$ 56,201,857
Receivables	165,531	170,007
Due from other governments	2,154	606
<b>Total Assets</b>	<b>70,862,196</b>	<b>56,372,470</b>
<b>LIABILITIES</b>		
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
<b>Total Liabilities</b>	<b>5,383,309</b>	<b>6,472,380</b>
<b>NET POSITION</b>		
Unrestricted	65,478,887	49,900,090
<b>Total Net Position</b>	<b>\$ 65,478,887</b>	<b>\$ 49,900,090</b>

## Statement of Activities

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

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
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
<b>Total Revenues</b>	<b>26,279,289</b>	<b>26,113,921</b>
<b>Expenses:</b>		
General Government	1,225,756	1,028,444
Restoration /Preservation	9,474,736	19,548,817
<b>Total Expenses</b>	<b>10,700,492</b>	<b>20,577,261</b>
<b>Change in Net Position</b>	<b>15,578,797</b>	<b>5,536,660</b>
<b>Net Position - Beginning</b>	<b>49,900,090</b>	<b>44,363,430</b>
<b>Net Position - Ending</b>	<b>\$ 65,478,887</b>	<b>\$ 49,900,090</b>

# 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
Encinal 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
<b>Grand Total</b>	<b>\$ 90,450,616</b>	<b>\$ 22,033,645</b>	<b>\$ 8,696,910</b>	<b>\$ 30,720,555</b>	<b>\$ 59,730,061</b>

Approved projects  
Expenditures-to-date  
Project Balance

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

Total Cash & Inv

\$70.7 million