

**SAN FRANCISCO BAY
RESTORATION AUTHORITY**

**Financial Statements
For the year ended June 30, 2025**

San Francisco Bay Restoration Authority

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For the Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Governing Board
San Francisco Bay Restoration Authority
San Francisco, California

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities and major fund of the San Francisco Bay Restoration (SFBRA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the SFBRA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the SFBRA, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SFBRA's, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SFBRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SFBRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SFBRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SFBRA's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited", 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 basic 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 other supplementary information, except for that portion marked "unaudited", is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Crowe LLP

San Francisco, California
October 27, 2025

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Management's Discussion and Analysis (unaudited)

Management's Discussion and Analysis

The San Francisco Bay Restoration Authority (SFBRA) is a nine-county regional agency created to collect revenue and fund shoreline projects that will protect, restore, and enhance San Francisco Bay. Voters in the region approved the Measure AA special tax in June 2016. SFBRA began collecting tax levy on July 1, 2017. The special tax will expire on June 30, 2037. This section presents an overview of the financial activities of SFBRA for the year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

A. Financial Highlights

The majority of the activities in fiscal year 2025 were collecting the special tax assessment revenue, awarding grants and expansion of the restoration projects. The following are some of the highlights from fiscal year 2025.

- Collected Measure AA special tax revenue of \$25,946,253.
- Total project allocation to other entities in FY 2025 were \$21,417,132.
- Total project grants awarded in FY 2025 increased by \$18,844,553 compared to FY 2024.

B. Overview of the Government-Wide Financial Statements

The government-wide financial statements provide an overview of SFBRA. The government-wide financial statements comprise a Statement of Net Position, a Statement of Activities and accompanying notes. The Statement of Net Position presents financial information on the government-wide net position of SFBRA at the end of the 2025 fiscal year. The difference between the assets plus deferred outflows and liabilities plus deferred inflows is reported as "Net Position."

The Statement of Activities presents government-wide information showing the change in net position resulting from revenues earned and expenses incurred during the 2025 fiscal year. All changes in net position are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

C. Overview of the Fund Financial Statements

SFBRA is composed of one governmental fund which is presented as a general fund that is used to account for SFBRA activities and is supported by Measure AA special tax revenue sources.

Governmental fund financial statements provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as on the balance of resources available to be spent at fiscal year-end rather than the longer-term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities. The financial statements of the governmental fund are prepared under the modified accrual basis of accounting.

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Management’s Discussion and Analysis (unaudited)

D. Government-Wide Financial Analysis

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:

	Governmental Activities	
	2025	2024
Assets		
Cash and investments	\$ 103,649,069	\$ 97,034,071
Receivables	1,650,967	1,944,449
Prepaid items	279,023	186,640
Total Assets	<u>105,579,059</u>	<u>99,165,160</u>
Liabilities		
Accounts payable	3,698,641	5,163,062
Retention payable	6,811,157	5,888,043
Due to other governments	264,864	264,711
Total Liabilities	<u>10,774,662</u>	<u>11,315,816</u>
Net Position		
Unrestricted	94,804,397	87,849,344
Total	<u>\$ 94,804,397</u>	<u>\$ 87,849,344</u>

Total cash and investments increased by \$6.61 million in FY 2025. The increase is primarily due to timing of revenue collections and project allocations to other entities. There is also a significant increase in investment income with a higher rate of return in the fiscal year. Refer to Note 3 in the Notes to Financial Statements for details of SFBRA investments.

The receivables decreased by \$0.29 million mainly due to the collection of interest receivable as of June 30, 2025, offset by an increase in local agencies receivable related to Measure AA special tax revenue.

Accounts payable decreased by \$1.46 million as a result of timing in vendor invoice payments. The increase in retention payable by \$0.92 million is due to the growing number of restoration projects requiring retention withholdings on vendors’ invoices.

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Management’s Discussion and Analysis (unaudited)

Statement of Activities

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

	Governmental Activities	
	2025	2024
Revenues:		
Program Revenues		
Capital grants and contributions	\$ 300,000	\$ 275,000
General Revenues		
Measure AA special tax	25,946,253	25,901,253
Investment income	4,516,634	4,399,507
Miscellaneous	3,839	9,163
Total Revenues	<u>30,766,726</u>	<u>30,584,923</u>
Expenses:		
General Government	1,627,334	1,531,969
Restoration / Preservation	22,184,339	18,278,420
Total Expenses	<u>23,811,673</u>	<u>19,810,389</u>
Change in Net Position	6,955,053	10,774,534
Total Net Position - Beginning	<u>87,849,344</u>	<u>77,074,810</u>
Total Net Position - Ending	<u>\$ 94,804,397</u>	<u>\$ 87,849,344</u>

Total revenues increased by \$0.18 million or about 0.59 percent during FY 2025 primarily due to the increase in SFBRA's investment earnings as of FY 2025. SFBRA’s capital grants and contributions also increased in current year to support the Bay Restoration Regulatory Integration Team (BRRIT) project. Generally, there should be very little change in general revenue because the Measure AA special tax revenue is based on the collection of special parcel tax which is assessed at \$12 per year per parcel.

Total expenses increased by \$4.00 million in FY 2025. The increase is primarily due to completion of various Restoration projects. Refer to page 24 and 25 for a complete list of the approved and completed projects as of fiscal year 2025.

SFBRA ended FY 2025 with a surplus of \$6.96 million which increased the net position to \$94.80 million.

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Management’s Discussion and Analysis (unaudited)

E. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

F. General Fund Budget

SFBRA adopted a budget of \$26,983,993 for fiscal year 2025 including a budget surplus of \$15,043. SFBRA is a single fund, two program entity. The main program is the project fund where the bay restoration projects are budgeted. The second program is the operating fund funded with a 5 percent transfer from the project fund as well as interest earnings on all invested funds. The project fund budgets bay restoration projects on a life-to-date basis where project expenses continue for the life of the project. Regardless of the fiscal year, the project continues until reduced, completed, or closed. The operating fund is budgeted and maintained on a fiscal year basis with all appropriations lapsing at fiscal year-end. Because budgeted projects exist on a life to date basis, it is not unusual for allocations to exceed annual revenue provided there is sufficient equity in the project fund balance to cover the allocation. Refer to pages 24 and 25 for detail.

The legal limit for budget control purposes is the life-to-date total in the project budget and the annual total in the operating budget. While the Treasurer is authorized to carryover all unspent encumbrance balances and the Executive Director is authorized to reallocate project amounts from an existing project contingency, no other increase to an adopted budget is allowed without formal Board approval.

The actual revenues-to-expenditures balance for fiscal year 2025 reflects a surplus of \$6,955,053. The revenue variance of \$3,767,690 is due to higher interest income. The expenditure variance of \$3,172,320 was mainly due to the timing of awarded project grants. In addition, most projects are multi-year projects, so it takes several years to expend the full project budget. Unspent project balance carries over to the fiscal year 2026 budget. The following provides a condensed view of the final budget compared to actual for the year ended June 30, 2025.

	General Fund			
	Adopted Budget	Final Budget	Actual	Variance
Revenue	\$ 26,999,036	\$ 26,999,036	\$ 30,766,726	\$ 3,767,690
Expenditures	26,983,993	26,983,993	23,811,673	3,172,320
Net change in fund balance	15,043	15,043	6,955,053	6,940,010
Fund balance - beginning	87,849,344	87,849,344	87,849,344	—
Fund balance - ending	<u>\$ 87,864,387</u>	<u>\$ 87,864,387</u>	<u>\$ 94,804,397</u>	<u>\$ 6,940,010</u>

Requests for information

This financial report is designed to provide a general overview of the San Francisco Bay Restoration Authority’s financial position for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Metropolitan Transportation Commission (MTC) Finance Department, San Francisco Bay Restoration Authority at 375 Beale Street, Suite 800, San Francisco, California 94105.

San Francisco Bay Restoration Authority
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 12,003,992
Investments	91,645,077
Accounts receivable	1,650,967
Prepaid items	<u>279,023</u>
TOTAL ASSETS	<u>105,579,059</u>
LIABILITIES	
Accounts payable	3,698,641
Retention payable	6,811,157
Due to other governments	<u>264,864</u>
TOTAL LIABILITIES	<u>10,774,662</u>
NET POSITION	
Unrestricted	<u>94,804,397</u>
TOTAL NET POSITION	<u><u>\$ 94,804,397</u></u>

See accompanying notes to financial statements

San Francisco Bay Restoration Authority

Statement of Activities

For the Year Ended June 30, 2025

	Program Revenues				Net (Expenses) Revenues and Change in Net Position	
					Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenue	Total
Functions:						
Government Activities:						
General Government	\$ 1,627,334	\$ —	\$ —	\$ —	\$ —	\$ (1,627,334)
Restoration / Preservation	22,184,339	—	—	300,000	300,000	(21,884,339)
Total Governmental Activities	<u>\$ 23,811,673</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ (23,511,673)</u>
General Revenues:						
Measure AA special tax						25,946,253
Investment income						4,516,634
Miscellaneous						3,839
Total General Revenues						<u>30,466,726</u>
Change in Net Position						6,955,053
Net Position - Beginning						87,849,344
Net Position - Ending						<u>\$ 94,804,397</u>

See accompanying notes to financial statements

San Francisco Bay Restoration Authority

Balance Sheet

Governmental Fund - General Fund

June 30, 2025

ASSETS

Cash and cash equivalents	\$ 12,003,992
Investments	91,645,077
Accounts receivable	1,650,967
Prepaid items	<u>279,023</u>
TOTAL ASSETS	<u><u>\$ 105,579,059</u></u>

LIABILITIES

Accounts payable	\$ 3,698,641
Retention payable	6,811,157
Due to other governments	<u>264,864</u>
TOTAL LIABILITIES	<u><u>10,774,662</u></u>

FUND BALANCE

Nonspendable:

Prepaid Items	279,023
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Committed to:

Restoration / Preservation SF Bay Projects	61,868,190
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Assigned to:

Restoration / Preservation SF Bay Projects	10,667,049
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Unassigned

	<u>21,990,135</u>
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TOTAL FUND BALANCE	<u><u>94,804,397</u></u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 105,579,059</u></u>
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See accompanying notes to financial statements

San Francisco Bay Restoration Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended June 30, 2025

REVENUES

Measure AA special tax	\$ 25,946,253
Revenue - local governments	300,000
Investment income	4,516,634
Miscellaneous	<u>3,839</u>
TOTAL REVENUES	<u><u>30,766,726</u></u>

EXPENDITURES

Contracted administrative services	1,403,559
Allocation to other entities	21,464,132
Professional fees	175,011
County fees	721,009
Other	<u>47,962</u>
TOTAL EXPENDITURES	<u><u>23,811,673</u></u>

NET CHANGE IN FUND BALANCE	6,955,053
Fund balance - beginning	<u>87,849,344</u>
Fund balance - ending	<u><u>\$ 94,804,397</u></u>

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Operations

The San Francisco Bay Restoration Authority (SFBRA) was established on September 30, 2008 by the San Francisco Bay Restoration Authority Act, Government Code section 66700 et seq. SFBRA is a regional entity and its purpose is to raise and allocate local resources for restoration, enhancement, protection, and enjoyment of wetlands and wildlife habitats in the San Francisco Bay and along its shoreline.

SFBRA is governed by a board that was formed based on the California Government Code (CGC) Section 66703(a) which defines the composition of SFBRA's seven voting member board. The Association of Bay Area Governments (ABAG) appoints SFBRA's board members based on the provisions of CGC Section 66703 (a), but ABAG has no ability to remove the appointed members of the board. The composition of SFBRA's board is different from that of ABAG's board. ABAG has no ability to modify or approve SFBRA's budget, approve the rate changes, appoint, hire, reassign or dismiss the management of SFBRA. In addition, there is no financial/ benefit burden relationship between ABAG and SFBRA that may result from legal entitlement or obligation. For the above reasons, SFBRA is not considered a component unit of ABAG.

On January 13, 2016, SFBRA's Board unanimously voted to place a funding measure (Measure AA) on the June 7, 2016 ballot in the nine-county Bay Area to generate funds to protect and restore San Francisco Bay. Measure AA was approved by the voters with a 70% affirmative vote. The annual tax levies commenced on July 1, 2017 with an ending date of June 30, 2037.

SFBRA, the State Coastal Conservancy (SCC) and ABAG desired to reduce redundancy and increase efficiency by jointly carrying out their common grant-making powers in the expenditure of Measure AA funds. On October 24, 2016, SCC, ABAG and SFBRA entered into a joint powers agreement that provides for SCC and ABAG to perform staff functions for SFBRA ("JPA"). Subsequent to the execution of the JPA, on May 30, 2017 ABAG and Metropolitan Transportation Commission (MTC) entered into the Contract for Services under which MTC assumed staff functions for ABAG, commencing July 1, 2017. In November 2017, ABAG, SCC and SFBRA amended the JPA to acknowledge that MTC will fulfill the staffing responsibilities assigned to ABAG in the JPA. The primary staff functions that SCC provides to SFBRA include Executive Officer, Clerk of the Board, legal, and program services. The primary staff functions that MTC provides to SFBRA include Fiscal Agent/Treasurer and program services. SFBRA paid \$683,356 and \$455,358 to SCC and MTC, respectively, for the services provided, which is recorded in the contracted salaries and benefits and overhead at June 30, 2025. Refer to Note 4 for the remaining balance SFBRA will pay for services provided by MTC and SCC during fiscal year 2025.

B. Basis of Presentation

SFBRA's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Notes to Financial Statements

These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display the overall financial activities of SFBRA. The Statement of Net Position reports the difference between SFBRA's total assets plus deferred outflows and total liabilities plus deferred inflows as "Net Position".

The Statement of Activities reports increases and decreases in SFBRA's net position. It is also prepared on the full accrual basis, which means it includes all of SFBRA's revenues and expenses, regardless of when cash changes hands.

General Fund Financial Statements

SFBRA presents a governmental fund, which consists of operating/administration and project funds. A fund is a separate set of self-balancing accounts that comprise assets, liabilities, net position, revenues and expenditures. The operating/administration fund represents five percent of measure AA tax revenue, which may be used for general government purposes. The project fund reports the activities of the restoration and preservation of the San Francisco Bay Wetland. Both activities are presented in a single column in the fund financial statements. The Fund Financial Statements report increases and decreases in SFBRA's fund balance.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Under the full accrual basis of accounting method, revenues are recognized when earned, rather than when cash changes hands, and expenses are recorded when the liability is incurred.

Fund Financial Statements

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay for liabilities of the current period. SFBRA considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when liabilities are incurred, as under the accrual basis of accounting.

New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal year beginning after December 15, 2023, and all reporting periods thereafter. SFBRA adopted this standard for fiscal year ended June 30, 2025. The adoption of the standard has no impact on SFBRA's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess and disclose information regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service a government provides. The requirements of this

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Notes to Financial Statements

statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The adoption of the standard has no impact on SFBRA's financial statements.

D. Net Position

The government-wide financial statements utilize a net position presentation. Net Position is the excess of an entity's assets and deferred outflows of resources over its liabilities and deferred inflows of resources and is categorized as follows:

- Net Investment in Capital Assets groups all capital assets into one component of net position. Accumulated depreciation and any outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. There is no net investment in capital assets at year end.
- Restricted Net Position reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. There is no restricted net position at year end.
- Unrestricted Net Position represents net position of SFBRA that is not included in the determination of net investment in capital assets or the restricted component of net position.

Sometimes SFBRA will fund outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. SFBRA considers restricted net position to have been depleted before unrestricted net position is applied.

E. Fund Balance

Fund balance of governmental funds is reported in the following categories based on the nature of limitations confining the use of resources for specific purposes:

- Nonspendable Fund Balance – includes amounts that are (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid amounts, and long-term interfund advances and receivables.
- Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. There is no restricted fund balance at year end.
- Committed Fund Balance – represents amounts that can only be used for specific purposes through resolutions authorized by SFBRA's Board of Directors. Commitments can only be modified or lifted through Board resolutions.
- Assigned Fund Balance – comprises amounts that are constrained by the SFBRA Governing Board's intended to be used for specific purposes that are neither restricted nor committed.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications.

Sometimes SFBRA will fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned fund balances). To determine the amounts to report as restricted, committed, assigned, and unassigned fund balances in the fund financial statements, a flow

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Notes to Financial Statements

assumption must be made about the order in which the resources are considered to be applied. SFBRA fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

F. Cash and Investments

SFBRA has assigned its management of cash and investments to MTC under the Contract for Services and adopted MTC's investment policy. Accordingly MTC, on behalf of SFBRA invests its available funds under the prudent investor rule. The prudent investor rule states, in essence, that "in investing ... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords SFBRA a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Allowable investments include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a nationally or state chartered bank
- Authorized pooled investment programs
- Commercial paper – Rated "A1" or "P1"
- Corporate notes – Rated "A" or better
- Municipal bonds - Rated "A1" or "P1" or better
- Mutual funds – Rated "AAA"
- Other investment types authorized by State law and not prohibited in MTC's investment policy.

SFBRA applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, as amended (including by GASB Statement No. 72, *Fair Value Measurement and Application*), which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. SFBRA reports its money market securities at cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statement of Expenditures and Changes in Fund Balance as interest income.

SFBRA considers all balances in demand deposit accounts and associated sweep money market mutual funds, and the funds in government pools to be cash.

G. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items based on the consumption method.

H. Revenue Recognition

Revenue will primarily be comprised of special assessments from Measure AA secured through property taxes, which are recognized in the year of levy if their receipt occurs within 60 days after year-end.

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Notes to Financial Statements

I. Allocation to Other Entities

Allocation to other entities consists of the project costs of the restoration / preservation of the San Francisco Bay, as well as sponsorships to other organizations. Expenses are recorded or accrued related to the period to the extent the invoices are received by SFBRA through 90 days after the end of the fiscal year.

2. NET POSITION

SFBRA has a positive net position of \$94,804,397. The positive position is mainly the result of the collection of special assessments from Measure AA.

3. CASH AND INVESTMENTS

A. A summary of Cash and Investments as shown on the Statement of Net Position at June 30, 2025 is as follows:

Cash and cash equivalents	\$ 12,003,992
Investments	<u>91,645,077</u>
Total cash and investments	<u>\$ 103,649,069</u>

B. The composition of cash and cash equivalents at June 30, 2025 is as follows:

Cash in Banks	\$ 6,972,755
Government Pool	
Local Agency Investment Fund	<u>5,031,237</u>
Total cash and cash equivalents	<u>\$ 12,003,992</u>

The First American Government Obligations Fund is part of the overnight sweep fund utilized by U.S. Bank demand deposit accounts. The fund invests in U.S. government securities and repurchase agreements collateralized by such obligations. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

The Morgan Stanley Government Portfolio is part of the overnight sweep fund utilized by U.S. Bank. The fund invests in obligations issued or guaranteed by the U.S. Government and its agencies and instrumentalities and in repurchase agreements collateralized by such securities. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

The money market mutual funds in the SFBRA portfolio are expressed as a percentage of SFBRA's total cash and investments as follows:

Money Market Mutual Funds	
First American Government Obligations Fund	7 %
Morgan Stanley Government Portfolio	2 %

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Notes to Financial Statements

State law and MTC policy limit mutual fund investments to 20 percent of the portfolio, with no more than 10 percent of the portfolio in any single fund except for mutual funds supporting bond proceeds. All the mutual fund holdings are highly rated by Standard & Poor's and Moody's.

The California State Local Agency Investment Fund (LAIF) is a program created by state statute as an investment alternative for California's local governments and special districts. Deposits in LAIF are presented as cash as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of principal. LAIF is unrated.

State law and MTC policy do not limit investments in Joint Powers Authority Funds, county or state investment pools as a percentage of the portfolio.

Investments

GASB Statement No. 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments in the following table are valued on the basis of price data provided by the custodian bank. The fair value hierarchy as of June 30, 2025 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury	\$ 87,717,592	\$ —	\$ —	\$ 87,717,592
Money Market Mutual Funds ⁽¹⁾	1,911,942	—	—	1,911,942
Government-Sponsored Enterprise	—	2,015,543	—	2,015,543
Total Investments Measured at Fair Value	<u>\$ 89,629,534</u>	<u>\$ 2,015,543</u>	<u>\$ —</u>	<u>\$ 91,645,077</u>

⁽¹⁾ Money market mutual funds are strategically utilized for investment purposes.

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Notes to Financial Statements

C. Deposit and Investment Risk Factors

There are many factors that can affect the value of deposits and investments such as credit risk, custodial credit risk, concentration of credit risk, and interest rate risk.

i. Credit Risk

The U.S. Treasury and Government-Sponsored Enterprise (GSE) holdings carry “AA+/Aa1/AA+” ratings from Standard & Poor’s, Moody’s and Fitch, respectively.

ii. Custodial Credit Risk

Custodial credit risk is the risk that securities held by the custodian and in the custodian’s name may be lost and not be recovered.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SFBRA may not be able to recover its deposits that are in the possession of an outside party. All checking accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to the limit of \$250,000.

Under California Government Code Sections 53651 and 53652, depending on specific types of eligible securities, a bank must deposit eligible securities to be posted as collateral with its agent having a fair value of 110% to 150% of SFBRA’s cash on deposit.

iii. Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments. Investments in issuers that represent 5 percent or more of total investments at June 30, 2025 are as follows:

U.S. Treasury	96 %
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iv. Interest Rate Risk

Interest rate risk is the potential adverse effect resulting from changes in market interest rates on the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The weighted average duration of SFBRA’s U.S. Treasury securities and GSE Securities (expressed in number of years) at June 30, 2025 are as following:

U.S. Treasury	0.51
Federal Home Loan Bank	0.53

San Francisco Bay Restoration Authority
Financial Statements for the year ended June 30, 2025
Notes to Financial Statements

4. DUE TO OTHER GOVERNMENTS

Due to other governments includes the amount due to SCC and MTC for staff services in fiscal year 2025. A schedule of due to other governments is as follows:

<u>Agency</u>	<u>Amount</u>	<u>Notes</u>
Metropolitan Transportation Commission	\$ 57,855	FY25 financial service fees and June 2025 program staff services
State Coastal Conservancy	207,009	April 2025 to June 2025 services
Total	<u>\$ 264,864</u>	

5. MEASURE AA SPECIAL ASSESSMENT TAX

SFBRA Measure AA special assessment tax revenues for the fiscal year ended June 30, 2025 are noted as follows for each county:

<u>County</u>	<u>Fiscal Year Ending June 30, 2025</u>
Alameda	\$ 5,301,841
Contra Costa	4,349,622
Marin	1,084,129
Napa	577,881
San Francisco	2,429,502
San Mateo	2,593,080
Santa Clara	5,807,262
Solano	1,705,799
Sonoma	2,097,137
Total Measure AA Special Assessment Tax Revenues	<u>\$ 25,946,253</u>

6. RISK MANAGEMENT

SFBRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. SFBRA transfers its risks by purchasing commercial insurance through an insurance broker, who obtains the appropriate insurance coverage needed by SFBRA from insurance companies. No settlement amounts have exceeded commercial insurance coverage for the past three years. Insurance coverage is subject to market volatility. Therefore, where it makes financial sense, SFBRA retains part or all of its risk but only after diligent executive review of any risk retention decision.

7. COMMITMENTS AND CONTINGENCIES

As of June 30, 2025, there are \$61,868,190 in future expenditure commitments.

REQUIRED SUPPLEMENTARY INFORMATION

San Francisco Bay Restoration Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
SFBRA - Project (unaudited)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Measure AA special tax	\$ 25,899,036	\$ 25,899,036	\$ 25,946,253	\$ 47,217
Revenue - local governments	300,000	300,000	300,000	—
Total Revenues	<u>26,199,036</u>	<u>26,199,036</u>	<u>26,246,253</u>	<u>47,217</u>
Expenditures				
Allocation to other entities	24,154,000	24,154,000	21,417,132	2,736,868
Professional fees	—	—	46,198	(46,198)
County fees	750,000	750,000	721,009	28,991
Total Expenditures	<u>24,904,000</u>	<u>24,904,000</u>	<u>22,184,339</u>	<u>2,719,661</u>
Revenues Over / (Under) Expenditures	1,295,036	1,295,036	4,061,914	2,766,878
Other Financing Sources (Uses)				
Transfer out to Operating Fund	(1,294,952)	(1,294,952)	(1,297,313)	(2,361)
Net Change in Fund Balances	84	84	2,764,601	2,764,517
Fund balances - beginning	<u>79,151,889</u>	<u>79,151,889</u>	<u>79,151,889</u>	<u>—</u>
Fund balances - ending	<u>\$ 79,151,973</u>	<u>\$ 79,151,973</u>	<u>\$ 81,916,490</u>	<u>\$ 2,764,517</u>

Note: No difference between budgetary basis of accounting and GAAP.

San Francisco Bay Restoration Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
SFBRA - Operating (unaudited)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Investment income	\$ 800,000	\$ 800,000	\$ 4,516,634	\$ 3,716,634
Other	—	—	3,839	3,839
Total Revenues	800,000	800,000	4,520,473	3,720,473
Expenditures				
Contracted administrative services	1,631,798	1,631,798	1,403,559	228,239
Allocation to other entities	—	—	47,000	(47,000)
Professional fees	100,000	100,000	128,813	(28,813)
Operating contingency	129,495	129,495	—	129,495
Other	218,700	218,700	47,962	170,738
Total Expenditures	2,079,993	2,079,993	1,627,334	452,659
Revenues (Under) Expenditures	(1,279,993)	(1,279,993)	2,893,139	4,173,132
Other Financing Sources (Uses)				
Transfer in from Project Fund	1,294,952	1,294,952	1,297,313	2,361
Net Change in Fund Balances	14,959	14,959	4,190,452	4,175,493
Fund balances - beginning	8,697,455	8,697,455	8,697,455	—
Fund balances - ending	\$ 8,712,414	\$ 8,712,414	\$ 12,887,907	\$ 4,175,493

Note: No difference between budgetary basis of accounting and GAAP.

OTHER SUPPLEMENTARY INFORMATION

San Francisco Bay Restoration Authority
Schedule of Approved Projects
For the Year Ended June 30, 2025

Project	Grant Amount	Expenditures Through 6/30/24 (Unaudited)	CY Expenditures During FY25	Cumulative Expenditures Through 6/30/25 (Unaudited)	Remaining Balance (Unaudited)
South Bay Salt Ponds Restoration Project, Phase 2	\$ 9,176,402	\$ 4,870,227	\$ 1,086,541	\$ 5,956,768	\$ 3,219,634
South San Francisco Bay Shoreline Project	61,466,079	35,599,425	51,674	35,651,099	25,814,980
Restoring Wetland-Upland transition Zone Habitat - Phase 1 & 2	4,597,264	2,661,264	—	2,661,264	1,936,000
Montezuma Tidal and Seasonal Wetlands Restoration Project - Phase 1 & 2	3,710,000	1,610,000	489,216	2,099,216	1,610,784
Deer Island Basin Tidal Wetlands Restoration Project - Phase 1 & 2	3,052,214	594,011	127,226	721,237	2,330,977
San Leandro Treatment Wetland Phase 1 & 2	4,273,415	538,926	—	538,926	3,734,489
Encinal Dune Restoration and Public Access	450,000	450,000	—	450,000	—
Sonoma Creek Baylands Strategy	172,500	172,500	—	172,500	—
Bay Restoration Regulatory Integration Team	7,698,731	3,491,314	451,087	3,942,401	3,756,330
900 Innes	4,998,600	4,998,600	—	4,998,600	—
Tiscornia Marsh Restoration and Sea Level Rise Adaptation	4,507,763	1,132,181	134,726	1,266,907	3,240,856
Coyote Hills Restoration and Public Access	4,050,000	3,950,000	100,000	4,050,000	—
Lower Walnut Creek Restoration	10,929,855	4,793,629	5,810,916	10,604,545	325,310
North Richmond Shoreline Living Levee - Phase 1 & 2	2,547,459	694,709	53,479	748,188	1,799,271
San Pablo Baylands Collaborative Protection & Restoration Project - Phase 1, 2 & 3	9,997,000	1,619,923	5,887,687	7,507,610	2,489,390
Rehabilitating Fish Screens of Suisun Marsh - Phase 1 & 2	1,816,294	538,131	1,278,163	1,816,294	—
Heron's Head Park Shoreline Resilience - Phase 1 & 2	1,092,067	341,941	100,259	442,200	649,867
American Canyon Wetlands Restoration Plan - Phase 1 & 2	1,702,373	502,373	—	502,373	1,200,000
Oakland Shoreline Leadership Academy	174,026	174,026	—	174,026	—
Invasive Spartina Removal and Tidal Marsh Restoration Project	7,999,963	3,999,963	—	3,999,963	4,000,000
Long Beach Restoration Design Project w/ City of San Leandro	514,500	361,680	125,353	487,033	27,467
Hayward Marsh Restoration Project - Phase 1 & 2	1,175,000	661,489	308,786	970,275	204,725
Community Grants Program	606,627	—	—	—	606,627
Marin City Wetlands Restoration	100,000	100,000	—	100,000	—
Candlestick Point Stewardship/Sunrise Point - Phase 1 & 2	300,000	217,682	82,318	300,000	—
Bay Restoration: Youth Engagement & Service Learning in Oakland	99,713	99,713	—	99,713	—
San Leandro Creek (Lisjan) community Project	115,000	53,518	8,824	62,342	52,658
Sacred Spaces Project	300,000	—	94,173	94,173	205,827

San Francisco Bay Restoration Authority
Schedule of Approved Projects
For the Year Ended June 30, 2025

Project	Grant Amount	Expenditures Through 6/30/24 (Unaudited)	CY Expenditures During FY25	Cumulative Expenditures Through 6/30/25 (Unaudited)	Remaining Balance (Unaudited)
Storytelling Shoreline Futures: MLK Regional Shoreline	300,000	—	176,604	176,604	123,396
Southeast San Francisco Shoreline Stewards Project	300,000	—	—	—	300,000
Healing a Wounded Watershed within the Colma Creek Collective	278,660	—	—	—	278,660
Greenwood Gravel Beach Design Project	380,000	203,729	163,195	366,924	13,076
Terminal Four Wharf Removal Project	4,600,000	4,600,000	—	4,600,000	—
Burlingame Shoreline Park Project	1,491,499	1,287,817	162,044	1,449,861	41,638
Colma Creek Restoration and Adaptation Project	594,905	594,905	—	594,905	—
Calabazas/San Tomas Aquino Creek - Marsh Connection Project	3,370,000	2,056,236	616,534	2,672,770	697,230
Evolving Shorelines Bothin Marsh	1,955,000	255,000	479,644	734,644	1,220,356
Wetlands Regional Monitoring Program	5,905,000	1,569,112	1,028,769	2,597,881	3,307,119
De-Pave Park	735,360	663,009	72,351	735,360	—
Baylands Habitat Restoration and Community Engagement in East Palo Alto	688,016	219,926	101,623	321,549	366,467
SAFER Bay Planning Project	4,980,000	1,688,723	1,805,406	3,494,129	1,485,871
Regionally Advancing Living Shorelines in San Francisco Bay	500,000	383,230	58,654	441,884	58,116
Goat Island Tidal Marsh Restoration and Public Access Project	839,700	42,625	210,588	253,213	586,487
Berkeley North Basin Project	600,000	27,807	351,292	379,099	220,901
Newark Baylands Acquisition	4,000,000	—	—	—	4,000,000
McInnis Marsh Beneficial Dredge Sediment Reuse and Tidal Wetlands Restoration	1,300,000	—	—	—	1,300,000
MLK Jr. Regional Shoreline Restoration and Flood Management Project	1,000,000	—	—	—	1,000,000
Alviso Shoreline Habitat Restoration	330,730	—	—	—	330,730
Grand Total	\$ 181,771,715	\$ 87,819,344	\$ 21,417,132	\$ 109,236,476	\$ 72,535,239