

Bay Area Headquarters Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements

As of and for the Year Ended June 30, 2023

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
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For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bay Area Headquarters Authority
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Bay Area Headquarters Authority (BAHA), a component unit of the Metropolitan Transportation Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise BAHA'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 financial position of BAHA, as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 BAHA, 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 opinion.

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 BAHA'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 opinion. 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 BAHA'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 BAHA'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.

Report on Partial Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAHA's financial statements for the year ended June 30, 2022, from which such partial information was derived.

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.



Crowe LLP

San Francisco, California
October 18, 2023

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Financial Statements for the Year Ended June 30, 2023
Management’s Discussion and Analysis (unaudited)

Management’s Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Headquarters Authority’s (BAHA) financial statements, a discretely presented component unit of the Metropolitan Transportation Commission (MTC). This Management’s Discussion and Analysis presents an overview of the financial activities of BAHA for the year ended June 30, 2023. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

MTC and the Bay Area Toll Authority (BATA) executed a Joint Exercise of Powers Agreement on September 28, 2011 to establish BAHA. BAHA is authorized to take all actions necessary to plan, acquire, develop, operate, and maintain BAHA’s office space and facilities. However, BAHA may not issue bonds or other forms of indebtedness. On October 14, 2011, BAHA acquired the property located on 375 Beale Street, San Francisco, California (the “Building”) for the purpose of establishing a Bay Area regional headquarters for MTC, Bay Area Air Quality Management District (BAAQMD), and the Association of Bay Area Governments (ABAG). The Building was named Bay Area Metro Center (BAMC).

In May 2016, MTC, BAAQMD, and ABAG moved into the Building. In June 2017, BAHA, BAAQMD, and ABAG formed a nonprofit mutual benefit organization, 375 Beale Condominium Corporation (“375 Beale Condo”) to manage the condominium interest at BAMC. The three agencies also established a Declaration of Covenants, Conditions and Restrictions, which governs the policy and operating guidance for 375 Beale Condo.

A. Financial Highlights

No tenants had missed any monthly payment during fiscal year 2023, and BAHA reached \$10.5 million in total operating revenue at the end of the fiscal year.

B. Overview of the BAHA Financial Statements

BAHA’s financial statements include *Statement of Net Position*, *Statement of Revenues, Expenses and Changes in Net Position*, and *Statement of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The *Statement of Net Position* reports assets, liabilities, deferred out/inflows of resources, and the difference as net position. The *Statement of Revenues, Expenses, and Changes in Net Position* consists of operating revenues and expenses and nonoperating revenues and expenses. The *Statement of Cash Flows* is presented using the direct method.

Statement of Net Position, *Statement of Revenues, Expenses and Changes in Net Position*, and *Statement of Cash Flows* are presented on pages 7 – 10 of this report.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Financial Statements for the Year Ended June 30, 2023
Management's Discussion and Analysis (unaudited)

C. Financial Analysis

Statement of Net Position

The following table is a summary of BAHA's statement of net position as of June 30 for the last two fiscal years:

	2023	2022
Cash	\$ 38,982,388	\$ 33,778,104
Receivables	23,529,585	26,991,427
Other assets	167,937	265,201
Capital assets	190,007,197	194,875,005
Total assets	252,687,107	255,909,737
Deferred outflows of resources	238,896	162,866
Current liabilities	2,570,212	1,659,893
Non-current liabilities	183,574	42,257
Total liabilities	2,753,786	1,702,150
Deferred inflows of resources	22,298,967	26,243,407
Net position		
Net investment in capital assets	189,197,905	194,753,128
Restricted for capital projects	6,038,565	4,324,772
Unrestricted	32,636,780	29,049,146
Total net position	\$ 227,873,250	\$ 228,127,046

Total assets decreased by \$3,223 thousand in fiscal year 2023. The decrease is mainly due to the decreases of \$3,462 thousand in lease receivable and \$4,868 thousand in capital assets, whereas cash increased by \$5,204 thousand from the operation.

Total liabilities increased by \$1,052 thousand in fiscal year 2023. The increase is a result of increases of \$598 thousand in payables and accrued liabilities from operation, \$330 thousand in due to other government and 375 Beale Condo, and \$147 thousand in net pension and OPEB liabilities.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Financial Statements for the Year Ended June 30, 2023
Management's Discussion and Analysis (unaudited)

Statement of Revenues, Expenses, and Changes in Net Position

The following table is a summary of BAHA's statement of revenues, expenses, and changes in net position for the last two fiscal years ended June 30:

	2023	2022
Operating revenue		
Rental income	\$ 9,659,928	\$ 9,582,196
Other operating revenues	878,998	798,838
Total operating revenue	<u>10,538,926</u>	<u>10,381,034</u>
Operating expenses		
Salaries and benefits	429,100	449,361
Professional fees and property management	798,379	615,937
Repairs / maintenance and supplies	1,015,337	1,694,008
Security and cleaning service	1,606,801	1,452,500
Depreciation	6,085,224	6,072,613
Possessory tax	571,027	566,389
Other expenses	1,918,153	1,596,126
Total operating expenses	<u>12,424,021</u>	<u>12,446,934</u>
Operating loss	(1,885,095)	(2,065,900)
Nonoperating revenues / (expenses)		
Interest and miscellaneous income / (expenses)	1,631,299	205,228
Total nonoperating revenues / (expenses)	<u>1,631,299</u>	<u>205,228</u>
Changes in net position	(253,796)	(1,860,672)
Net position - beginning	<u>228,127,046</u>	<u>229,987,718</u>
Net position - ending	<u>\$ 227,873,250</u>	<u>\$ 228,127,046</u>

BAHA's total operating revenues increased by \$158 thousand in fiscal year 2023. Rental income increased slightly by \$78 thousand, and other operating revenues, mainly escalations from tenants and revenues from parking garages, increased by \$80 thousand.

Total operating expenses decreased slightly by \$23 thousand in fiscal year 2023. The decrease in fiscal year 2023 is primarily a result of the decreased cost in repair and maintenance. The building had a series of maintenance and improvements during the pandemic low occupancy period. Most of the projects were completed or winding down in fiscal year 2023.

BAHA has \$1,631 thousand nonoperating revenues in fiscal year 2023 compared to \$205 thousand in fiscal year 2022. BAHA had no return of contribution to BATA in fiscal year 2023 whereas \$1,081 thousand was returned to BATA in fiscal year 2022.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Financial Statements for the Year Ended June 30, 2023
Management's Discussion and Analysis (unaudited)

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 11, provide additional information that is essential to a full understanding of the data provided in this management discussion and analysis and the financial statements.

E. Economic Factors

While the general economic picture nationally and regionally has largely stabilized and recovered from the challenges posed by the COVID-19 pandemic, there are a number of headwinds that BAHA must face as we consider FY 2023-24 and beyond.

These headwinds include:

- Inflation, which has been running very high for the past 2 ½ years.
- Higher interest rates, partly driven by increases in short-term interest rates by the Federal Reserve, and partly by the market reaction to both inflation generally and the Federal Reserve's actions.
- The crisis in confidence associated with regional banks and their potential failure. This issue has already caused the failure of two banks in the Bay Area (Silicon Valley Bank and First Republic Bank).

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Bay Area Headquarters Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2023
(With comparative information for the prior year)

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 32,943,823	\$ 29,453,332
Accounts receivable	275,765	200,635
Accrued interest	509	28,137
Lease receivable - current	9,143,179	9,368,673
Due from other government	18,573	-
Prepaid expenses	167,937	178,154
Total current assets	<u>42,549,786</u>	<u>39,228,931</u>
Non-current assets:		
Cash and cash equivalents - restricted	6,038,565	4,324,772
Lease receivable - non-current	14,091,559	17,393,982
Net pension asset	-	66,892
Net OPEB asset	-	20,155
Capital assets, not being depreciated	35,181,320	34,230,605
Capital assets, net of accumulated depreciation	154,825,877	160,644,400
Total non-current assets	<u>210,137,321</u>	<u>216,680,806</u>
TOTAL ASSETS	<u>252,687,107</u>	<u>255,909,737</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension	152,424	112,439
Deferred outflows from OPEB	86,472	50,427
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>238,896</u>	<u>162,866</u>
LIABILITIES		
Current liabilities:		
Accounts payable	902,973	206,028
Retention payable	52,658	52,658
Accrued liabilities	505,623	604,848
Unearned revenue	-	15,450
Compensated absences liability	27,405	29,177
Tenants' security deposits	52,651	52,651
Due to other government	615,250	528,907
Due to 375 Beale Condo	413,652	170,174
Total current liabilities	<u>2,570,212</u>	<u>1,659,893</u>
Non-current liabilities:		
Net pension liability	115,809	-
Net OPEB liability	31,016	-
Compensated absences liability	36,749	42,257
Total non-current liabilities	<u>183,574</u>	<u>42,257</u>
TOTAL LIABILITIES	<u>2,753,786</u>	<u>1,702,150</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from leases	22,274,014	26,053,517
Deferred inflows from pension	7,736	169,180
Deferred inflows from OPEB	17,217	20,710
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>22,298,967</u>	<u>26,243,407</u>
NET POSITION		
Net investment in capital assets	189,197,905	194,753,128
Restricted (expendable) for capital projects	6,038,565	4,324,772
Unrestricted	32,636,780	29,049,146
TOTAL NET POSITION	<u>\$ 227,873,250</u>	<u>\$ 228,127,046</u>

The accompanying notes are an integral part of the financial statements.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023
(With comparative information for the prior year)

	2023	2022
OPERATING REVENUE		
Rental income	\$ 9,659,928	\$ 9,582,196
Other operating revenues	878,998	798,838
TOTAL OPERATING REVENUE	<u>10,538,926</u>	<u>10,381,034</u>
OPERATING EXPENSES		
Salaries and benefits	429,100	449,361
Professional fees	495,970	330,751
Repairs and maintenance	1,003,195	1,671,601
Property management service	302,409	285,186
Insurance	237,801	214,144
Security	742,565	609,868
Cleaning service	864,236	842,632
Utilities	490,277	424,087
Computer maintenance and services	610,329	432,060
Supplies and equipment rental	12,142	22,407
Depreciation	6,085,223	6,072,613
Overhead	236,697	236,936
Possessory tax	571,027	566,389
Other	343,050	288,899
TOTAL OPERATING EXPENSES	<u>12,424,021</u>	<u>12,446,934</u>
OPERATING LOSS	<u>(1,885,095)</u>	<u>(2,065,900)</u>
NONOPERATING REVENUES AND EXPENSES		
Interest income	1,388,430	1,090,530
Other nonoperating revenues	236,907	193,019
Return of contribution to BATA	-	(1,080,623)
Miscellaneous income	5,962	2,302
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,631,299</u>	<u>205,228</u>
CHANGE IN NET POSITION	(253,796)	(1,860,672)
Net position - Beginning of year	<u>228,127,046</u>	<u>229,987,718</u>
Net position - End of year	<u>\$ 227,873,250</u>	<u>\$ 228,127,046</u>

The accompanying notes are an integral part of the financial statements.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2023
(With comparative information for the prior year)

	2023	2022
Cash flows from operating activities		
Cash receipts from tenants	\$ 10,220,954	\$ 9,730,082
Cash payments to suppliers for goods and services	(5,745,698)	(6,676,707)
Cash payments for employee salaries and benefits	(496,366)	(486,725)
Other cash receipts	<u>339,337</u>	<u>275,057</u>
Net cash provided by operating activities	<u>4,318,227</u>	<u>2,841,707</u>
Cash flows from non-capital financing activities		
Return of contributions to BATA	<u>-</u>	<u>(1,080,623)</u>
Net cash used in non-capital financing activities	<u>-</u>	<u>(1,080,623)</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(530,000)</u>	<u>(244,803)</u>
Net cash used in capital and related financing activities	<u>(530,000)</u>	<u>(244,803)</u>
Cash flows from investing activities		
Interest received	<u>1,416,057</u>	<u>1,062,393</u>
Net cash provided by investing activities	<u>1,416,057</u>	<u>1,062,393</u>
Net increase in cash	5,204,284	2,578,674
Cash - Beginning of year	<u>33,778,104</u>	<u>31,199,430</u>
Cash - End of year	<u>\$ 38,982,388</u>	<u>\$ 33,778,104</u>

The accompanying notes are an integral part of the financial statements.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2023
(With comparative information for the prior year)

Reconciliation of operating loss to net cash provided by operating activities

	2023	2022
Operating loss	\$ (1,885,095)	\$ (2,065,900)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	6,085,223	6,072,613
Other revenues	200,103	275,057
Net effect of changes in:		
Accounts receivable	(50,936)	56,440
Prepaid expenses	10,217	(46,747)
Net pension asset / liability	182,701	(243,599)
Net OPEB asset / liability	51,171	19,603
Accounts payable	9,530	102,232
Accrued liabilities	(99,225)	(382,148)
Unearned revenue	(15,450)	1,746
Lease receivable	(251,586)	(709,138)
Due from other governments	86,343	52,891
Deferred outflows from pension	(39,985)	7,976
Deferred outflows from OPEB	(36,045)	(25,724)
Compensated absences liability	(7,280)	5,517
Deferred inflows from pension	(161,444)	150,849
Deferred inflows from OPEB	(3,493)	(828)
Due from /(to) 375 Beale Condo	243,478	(429,133)
Net cash provided by operating activities	\$ 4,318,227	\$ 2,841,707

Significant Noncash Investing, Capital, and Financing Activities

Acquisition of capital assets under accounts payable and accrued liabilities	\$ 756,634	\$ 69,219
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The accompanying notes are an integral part of the financial statements.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Notes to Financial Statements
For the Year Ended June 30, 2023

1. Reporting Entity and Operations

The Bay Area Headquarters Authority (BAHA) was established on September 28, 2011 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code to provide for the joint exercise powers common to Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA) where two or more public agencies may enter into an agreement to establish an agency to exercise any power common to the contracting parties. BAHA is authorized to plan, acquire and develop BAHA's office space and facilities; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located, including the lease or rental of property; and to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporation and any governmental entity. However, BAHA may not issue bonds or other forms of indebtedness. There are six members on the governing board of BAHA. BAHA's board consists of four MTC Commissioners and two BATA Commissioners: the MTC Commission chair and vice chair, BATA Oversight Committee's chair and vice chair as well as the MTC Administration Committee's chair and vice chair.

MTC was established under Government Code Section 66500 et seq. of the laws of the State of California (the State) in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area, which includes the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

BATA was established pursuant to Chapter 4.3 of Division 17 of the California Streets and Highways Code Section 30950 et seq with the power under California Streets and Highways Code section 30951 to apply for, accept, receive, and disburse grants, loans, and other assistance from any agency of the United States or of the State and to plan projects within its jurisdiction under California Streets and Highways Code Section 30950.3.

BAHA is a discretely presented component unit in the MTC financial statements because it does not qualify for blending under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. As such, it is presented as a discretely presented component unit in the government-wide financial statements of MTC. Neither MTC nor BATA have any obligations for BAHA's liabilities or other obligations.

These standalone financial statements are for the benefit of the users of BAHA's financial statements who need more disclosure of information and to see the financial information segregated for this entity.

BAHA's Operations

On October 14, 2011, BAHA acquired the office facility at 375 Beale Street, San Francisco, California, now named Bay Area Metro Center (BAMC). The acquisition cost of BAMC was \$92,168,317. BATA contributed a cumulative amount of \$284,998,523 to be used for renovations and purchase of a Certificate of Participation (COP). MTC and MTC Service Authority for Freeway &

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For the Year Ended June 30, 2023

Expressways (SAFE) contributed \$11,672,704 and \$50,000 to BAHA, respectively. Bay Area Air Quality Management District (BAAQMD) contributed \$150,000 for electric vehicle charging stations in BAMC parking garage and \$3,000,000 for the improvements of the first-floor large retail space. BAHA has returned \$37,680,623 to BATA cumulatively through FY 2022.

BAHA is responsible for the management, operation, and maintenance of BAMC, including sales (of condominium interests in BAMC) and leasing activity. See Note 4 for further information in relation to leasing activities and management of BAMC.

On June 22, 2017, 375 Beale Condominium Corporation was incorporated under the Non-profit Mutual Benefit Corporation Law (California Corporations Code section 7110 *et seq.*) to provide for the management of the association of the three agency owners in BAMC. Cushman & Wakefield of California, Inc. (C&W) was contracted to provide the day-to-day property management services on behalf of the three condominium unit owners. BAHA, in its individual capacity, is solely responsible for the management and operation of the commercial space in BAMC.

2. Summary of Significant Accounting Policies

Basis of Presentation, Measurement Focus and Financial Statement Presentation

The financial statements for BAHA have been prepared in accordance with accounting principles generally accepted in the United States of America using the economic resources measurement focus and the accrual basis of accounting. BAHA also follows standards of Governmental Accounting Standards Board (GASB) for its financial reporting.

New Accounting Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. BAHA adopted this standard for fiscal year ended June 30, 2023. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. BAHA adopted this standard for fiscal year ended June 30, 2023. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides

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Notes to Financial Statements
For the Year Ended June 30, 2023

the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. BAHA adopted this standard for fiscal year ended June 30, 2023. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (b) The requirements in paragraphs 11-25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. BAHA adopted paragraphs 26-32 in fiscal year 2022, and paragraphs 11-25 in fiscal year 2023. The adoption of the above requirements has no impact on BAHA's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement on BAHA's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on BAHA's financial statements.

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 statements are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on BAHA's financial statements.

Cash and Cash Equivalents

BAHA considers all balances in demand deposit accounts, and the funds in the California Asset Management Program (CAMP) to be cash. The composition of cash at June 30, 2023 is as follows:

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Unrestricted cash and cash equivalents	
Cash at banks	\$ 4,236,815
CAMP	<u>28,707,008</u>
Total unrestricted cash and cash equivalents	<u>\$ 32,943,823</u>
Restricted cash	
Cash at banks	\$ 5,914,986
Money market mutual funds	<u>123,579</u>
Total restricted cash	<u>\$ 6,038,565</u>

The California Asset Management Program (CAMP) fund is a joint powers authority and common law trust. The Trust's Cash Reserve Portfolio is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income consistent with its objectives of preserving principal. CAMP funds are available for immediate withdrawal. Therefore, the position in CAMP is classified as cash. CAMP's money market portfolio is rated "AAA" by Standard & Poor's.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BAHA 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 with the securities having a fair value of 110% to 150% of BAHA's cash on deposit.

Restricted Cash

Restricted cash is the cash restricted for use on capital projects. BAHA's source of the restricted cash was contributions from BATA, which is restricted for capital purposes.

Lease Receivable and Deferred Inflow of Resources from Leases

BAHA, as a lessor, measures the lease receivable at the present value of future lease payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is recognized as rental income over the life of the lease term.

The key estimates and judgments used to determine the discount rate, lease term and lease receipts are as follows:

- BAHA uses the estimated incremental borrowing rate of its tenants as the discount rate for leases. For its governmental tenants, BAHA uses the tax-exempt Municipal Market Data

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(MMD) rate plus the relevant spread as the discount rate. For its private sector tenants, BAHA uses the weighted average discount rate of similar borrowers.

- The lease term includes the noncancelable period of the lease.
- The lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessees.

BAHA monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, consisting of land, building and improvements, office furniture and equipment, as well as intangible assets, are reported at historical cost. Capital assets are defined by BAHA as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. BAHA’s intangible assets consist of purchased commercially available computer software.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Land is not depreciated. The other assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	7-45
Furniture and equipment	3-25
Intangible assets	5-10

Deferred Outflows / Inflows from Pensions and Other Post-Employment Benefits (OPEB)

Deferred outflows of resources and deferred inflows of resources are recognized for:

- Changes in the total pension and OPEB liabilities arising from differences between expected and actual experience with regard to economic or demographic factors.*
- The effects of changes of assumptions about future economic or demographic factors or of other inputs.*
- Difference between projected and actual investment earnings on defined benefit pension and OPEB plan investments.**

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*The balances on these accounts are recognized in pension and OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of employees determined as of the beginning of the measurement period.

**This amount is recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period.

Net Pension and OPEB Liabilities / Assets

Net Pension and OPEB Liabilities / Assets are the liabilities employers have for the employee benefits provided through defined benefit pension and OPEB plans. BAHA net pension and OPEB liabilities / assets are derived from BAHA's proportional share of MTC's payroll costs for the relevant measurement year.

Operating and Nonoperating Revenues and Expenses

Operating revenues are revenues recorded from BAMC principal operations. Operating expenses are those related to the facility service activities. Nonoperating revenues and expenses are all other revenues and expenses not related to the facility service activities.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position consists of three sections: Net investment in capital assets, as well as restricted and unrestricted assets, if applicable. Net position is reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Unrestricted net position is the net amount of the residual value that is not included in the restricted categories of net position. It is BAHA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States

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of America. Accordingly, such information should be read in conjunction with BAHA's prior year financial statements, from which this selected financial data was derived.

3. Capital Assets

A summary of capital assets for the period ended June 30, 2023 is as follows:

	Beginning Balance			Ending Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 33,933,809	\$ -	\$ -	\$ 33,933,809
Construction in progress	296,796	950,715	-	1,247,511
Total capital assets, not being depreciated	<u>34,230,605</u>	<u>950,715</u>	<u>-</u>	<u>35,181,320</u>
Capital assets, being depreciated:				
Building and improvements	178,416,737	-	-	178,416,737
Furniture and equipment	6,247,670	266,700	-	6,514,370
Tenant improvements	12,881,271	-	-	12,881,271
Intangible assets	1,654,749	-	-	1,654,749
Total capital assets being depreciated	<u>199,200,427</u>	<u>266,700</u>	<u>-</u>	<u>199,467,127</u>
Less accumulated depreciation for:				
Building and improvements	23,719,339	3,989,599	-	27,708,938
Furniture and equipment	3,935,711	587,807	-	4,523,518
Tenant improvements	9,246,229	1,507,817	-	10,754,046
Intangible assets	1,654,748	-	-	1,654,748
Total accumulated depreciation	<u>38,556,027</u>	<u>6,085,223</u>	<u>-</u>	<u>44,641,250</u>
Total capital assets, being depreciated, net	<u>160,644,400</u>	<u>(5,818,523)</u>	<u>-</u>	<u>154,825,877</u>
BAHA capital assets, net	<u>\$ 194,875,005</u>	<u>\$ (4,867,808)</u>	<u>\$ -</u>	<u>\$ 190,007,197</u>

4. Leases

Lessor

BAHA is a lessor that leases office spaces of Bay Area Metro Center (BAMC) at 375 Beale Street, San Francisco to both governmental and private sector tenants. BAHA contracted Cushman & Wakefield of California, Inc. (C&W) as its sole agent and granted to C&W the exclusive right to lease rentable space on levels one to five of BAMC to commercial and retail tenants.

In March 2015, BAHA signed its first lease agreement with Rutherford + Chekene (R+C). The lease term is 87 months with the commencement date on June 1, 2016 and ends on August 31, 2023. The first three months after the commencement date is the rent abatement period.

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In October 2015, BAHA signed a lease agreement with BATA. The original lease term is 44 months with the commencement date on May 1, 2016 and expiration date on December 31, 2019. In April 2019, BAHA and BATA amended the agreement by extending the lease term to November 30, 2022. In March 2022, BAHA received a written notice from BATA that BATA would exercise its extension option to extend the lease for 12 months to November 30, 2023. In December 2022, BAHA and BATA signed the second amendment to the lease agreement and extended the lease term to September 2027.

In November 2015, BAHA signed a lease agreement with Degenkolb Engineers (Degenkolb). The lease term is 120 months with the commencement date on February 1, 2017.

In January 2016, BAHA signed a lease agreement with Twilio, Inc. (Twilio). The lease term is 96 months with the commencement date in mid-October 2016.

In November 2017, BAHA signed a lease agreement with Cubic Transportation Systems, Inc. (Cubic). Cubic moved into BAMC in mid-April of 2018, and the first month was its rent abatement period. The lease term ended on December 31, 2022.

In April 2019, BAHA signed a lease agreement with the State of California, Bay Conservation and Development Commission (BCDC) to lease office space in BAMC. BCDC moved into BAMC in mid-August 2019, and the lease term will end on August 31, 2027.

The cost of the property on lease and held for leasing is \$90,096,177, the carrying value is \$67,021,469, and the accumulated depreciation amount is \$23,074,708 as of June 30, 2023 and reported as building and improvements.

In fiscal year 2023, BAHA recorded rental principal of \$9,323,528 and interest of \$784,152. Future lease payments under GASB Statement No. 87 are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 9,143,179.15	\$ 492,964.16	\$ 9,636,143.31
2025	5,696,572	227,659	5,924,231
2026	4,036,337	128,370	4,164,707
2027	3,709,428	38,131	3,747,559
2028	649,222	665	649,887
Total	<u>\$ 23,234,738</u>	<u>\$ 887,789</u>	<u>\$ 24,122,527</u>

5. Employees' Retirement Plan

MTC, the primary government, provides a defined benefit pension plan, the Miscellaneous Employee Pension Plan (the Plan). The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of multiple employers are pooled for investment purposes, but separate accounts

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For the Year Ended June 30, 2023

are maintained for each individual employer. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

BAHA reports its participation in the Plan under the cost-sharing plan requirements of GASB Statement No. 68. MTC allocated BAHA's pension related balances based on BAHA's proportional share of payroll costs. The percentage of the allocation for fiscal year 2023 is 0.71%, which was based on the fiscal year 2022 measurement year.

In fiscal year 2023, BAHA has pension expense of \$29,891, net pension liability of \$115,809, deferred outflow of resources from pension of \$152,424, and deferred inflow of resources from pension of \$7,736.

For additional information on employees' retirement plan, see MTC's Annual Comprehensive Financial Report Note 9.

6. Other Post Employment Benefits (OPEB)

MTC, the primary government, provides post-employment medical coverage to all eligible retired employees and their eligible dependents. MTC established Section 115 irrevocable benefit trust fund for its other post-employment benefit (OPEB) plan with the Public Agency Retirement Services (PARS). The trust is a public agency agent multiple-employer post-retirement health benefit trust which provide public agencies of administration in the funding of each agency's respective other post-employment benefit obligation.

MTC contracts its health benefit program with the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for both active and retired employees.

MTC's defined benefit OPEB plan provides medical coverage to all eligible retired employees and their eligible dependents. MTC maintains the same medical plans for its retirees as for its active employees. Once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. The costs of the medical benefit are shared between the employer (95%) and retiree (5%) with a cap.

Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service with CalPERS agency. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 26.

Detailed information about the OPEB plan fiduciary net position is available in the separately issued PARS financial report. Copies of the PARS report may be obtained by writing to PARS, 4350 Von Karman Avenue, Newport Beach, CA 92660, or from PARS' website at www.pars.org.

BAHA reports its participation in the OPEB plan under the cost-sharing plan requirements of GASB Statement No. 75. MTC allocated the OPEB related balances to BAHA based on BAHA's proportional share of payroll cost. The percentage of the allocation for fiscal year 2023 is 0.71%, which was based on the fiscal year 2022 measurement year.

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For the Year Ended June 30, 2023

In fiscal year 2023, BAHA has OPEB expense of \$36,351, net OPEB liability of \$31,016, and deferred outflow of resources from OPEB of \$86,472, and deferred inflow of resources from OPEB of \$17,217.

For additional information on employees' OPEB plan, see MTC's Annual Comprehensive Financial Report Note 10.

7. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milius–Brown Act. A liability exists for accumulated vacation and sick leave. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave as well as the total accumulated vacation leave of an employee.

MTC allocated the compensated absences liability related balance to BAHA based on BAHA's proportional share of payroll costs for the relevant year. The percentage of the allocation for fiscal year 2023 is 0.71%. BAHA has current compensated absences liability of \$27,405, and noncurrent liability of \$36,749 as of June 30, 2023. For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 11.

8. Commitment and Contingencies

BAHA entered into contracts with multiple external parties to perform the building and tenant improvements construction and working space furnishings. As of June 30, 2023, there are approximately \$3,167,000 in future capital expenditure commitments.

9. Related Party Transactions

On June 22, 2017, 375 Beale Condominium Corporation ("375 Beale Condo") was incorporated in the State of California. The 375 Beale Condo started to exercise its custodial responsibility on behalf of the three owner occupants, BAHA, BAAQMD, and ABAG on July 1, 2017. The 375 Beale Condo assessed and billed both facility common and agency common assessment fees to meet all required expenditures of the common area and joint used space. Cushman and Wakefield of California, Inc. (C&W) was contracted to provide day-to-day property management services on behalf of the three condominium unit owners.

For the fiscal year 2023, BAHA assessed \$4,090,429 from the three condominium owners for the common area operations and refunded \$366,976 to condominium owners. As of June 30, 2023, BAHA has \$413,652 payables to 375 Beale Condo.

Required Supplementary Information

Bay Area Headquarters Authority
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Schedule of Proportionate Share of Net Pension Liability / Asset (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
	Tier I & II	Tier I & II	Tier I & II	Tier I & II	Tier I & II	Tier I & II	Tier I & II
	2022	2021	2020	2019	2018	2017	2016
Proportion of the collective net pension liability/asset	0.71%	0.71%	0.61%	0.91%	0.24%	1.04%	1.20%
Proportionate share of the collective net pension liability/(asset)	\$ 115,809	\$ (66,892)	\$ 176,707	\$ 318,510	\$ 69,659	\$ 381,354	\$ 415,579
Covered payroll	\$ 295,210	\$ 276,887	\$ 221,319	\$ 317,485	\$ 722,667	\$ 967,268	\$ 568,340
Proportionate share of the collective net pension liability/(asset) as a percentage of its covered payroll	39.23%	-24.16%	79.84%	100.32%	9.64%	39.43%	73.12%
Plan's fiduciary net position as a percentage of the Plan's total pension liability / (asset)	94.44%	107.53%	89.00%	80.75%	82.04%	76.85%	75.59%

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

* Only seven years' data is available.

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Schedule of Pension Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

Fiscal Year	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II
	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 43,727	\$ 44,970	\$ 36,948	\$ 63,607	\$ 14,432	\$ 56,750	\$ 62,266
Contributions in relation to the actuarially determined contributions	(43,727)	(79,181)	(63,598)	(143,453)	(14,432)	(56,750)	(62,266)
Contribution deficiency (excess)	\$ -	\$ (34,211)	\$ (26,650) ⁽¹⁾	\$ (79,846) ⁽¹⁾	\$ -	\$ -	\$ -
Covered payroll (2)	\$ 303,265	\$ 282,514	\$ 276,887	\$ 221,319	\$ 317,485	\$ 722,667	\$ 967,268
Actual contributions as a percentage of covered payroll	14.42%	28.03%	30.58%	57.52%	4.55%	7.85%	6.44%

(1) Additional payment above the Actuarially Determined Contribution to paydown the Unfunded Pension Liability.

(2) Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2021-22 were derived from the June 30, 2019 funding valuation report.

Actuarial Cost Method	Entry Age actuarial Cost Method
Amortization Method / Period	For details, see June 30, 2019 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study or the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* Only seven years' data is available.

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Schedule of Proportionate Share of Net OPEB Liability / Asset (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
	Tier I & II	Tier I & II	Tier I & II	Tier I & II	Tier I & II	Tier I & II
	2022	2021	2020	2019	2018	2017
Proportion of the collective net OPEB liability/(Asset)	0.71%	0.71%	0.61%	0.91%	1.59%	2.53%
Proportionate share of the collective net OPEB liability/(Asset)	\$ 31,016	\$ (20,155)	\$ (39,758)	\$ (26,334)	\$ 119,233	\$ 181,305
Covered-employee payroll	\$ 295,210	\$ 276,887	\$ 221,319	\$ 317,485	\$ 722,667	\$ 967,268
Proportionate share of the collective net OPEB liability/(Asset) as a percentage of its covered-employee payroll	10.51%	-7.28%	-17.95%	-8.29%	16.50%	18.74%
Plan's fiduciary net position as a percentage of the Plan's total OPEB liability	91.92%	105.69%	114.10%	106.80%	80.98%	80.19%

Notes to Schedule:

Benefit Changes: None in 2022.

Changes of Assumptions: There were no changes of assumptions in 2022. In 2021, discount rate changed from 4.5% to 3.75%, medical trend rate for Kaiser Senior Advantage was decreased, mortality improvement scale was updated to Scale MP-2020, and new claims costs and senior advantage age costs were removed. There were no changes in demographic assumptions, the discount rate, or the inflation rate in 2020. In 2019, the demographic assumptions were updated to the CalPERS 1997-2015 Experience Study. Discount rate was decreased from 4.5% in 2020 to 3.75% in 2021. The inflation rate increased from 2.5 percent in 2018 to 2.75 percent in 2019. There were no change in inflation rate in 2019-2021.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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Schedule of OPEB Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

Fiscal Year	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
	Tier I & II	Tier I & II	Tier I & II	Tier I & II	Tier I & II	Tier I & II
	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 23,239	\$ 21,738	\$ 16,422	\$ 27,224	\$ 52,449	\$ 79,919
Contributions in relation to the actuarially determined contributions	(22,491)	(23,983)	(9,935)	(43,342)	(179,767)	(79,919)
Contribution deficiency (excess)	\$ 748	\$ (2,245)	\$ 6,487	\$ (16,118) ⁽¹⁾	\$ (127,318) ⁽¹⁾	\$ -
Covered-employee payroll for OPEB	\$ 303,265	\$ 282,514	\$ 207,952	\$ 221,319	\$ 317,485	\$ 722,667
Actual contributions as a percentage of covered-employee payroll	7.42%	8.49%	4.78%	19.58%	56.62%	11.06%

(1) The July 1, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/2018 and 6/30/2019.

(2) Additional payment above the Actuarially Determined Contribution to paydown the Unfunded OPEB Liability.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, 2021, two years prior to the end of fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level percentage of pay
Amortization method	Level percentage of pay
Amortization period	17-year fixed period for 2022/23
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75 percent
Healthcare cost trend rates	Non-Medicare - 7% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Kaiser) - 5% for 2022, decreasing to an ultimate rate of 4% in 2077
Investment rate of return	3.75 percent
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020

* Future years' information will be displayed up to 10 years as information becomes available.