Bay Area Headquarters Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2022

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
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For the Year Ended June 30, 2022

Crowe LLP
Independent Member Crowe Global

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, 2022, 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, 2022, 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.

Emphasis of Matter

As discussed in Notes 2 and 4 to the financial statements, during the year ended June 30, 2022, BAHA adopted new accounting guidance, GASB Statement No. 87, Leases. The adoption resulted in recording lease receivable and deferred inflows of resources related to leases. There was no impact to net position as of July 1, 2021 as a result of adoption. Our opinion is not modified with respect to this matter.

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, 2021, 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 the 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

Crowe LLP

San Francisco, California
November 16, 2022

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, 2022. 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 2022, and BAHA reached $10.4 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 8 – 11 of this report.

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:

	2022	2021
Cash	$ 33,778,104	$ 31,199,430
Receivables	26,991,427	336,811
Other assets	265,201	171,165
Capital assets	194,875,005	200,704,679
Total assets	255,909,737	232,412,085
Deferred outflows of resources	162,866	145,118
Current liabilities	1,659,893	2,327,604
Non-current liabilities	42,257	202,012
Total liabilities	1,702,150	2,529,616
Deferred inflows of resources	26,243,407	39,869
Net position		
Net investment in capital assets	194,753,128	200,580,939
Restricted for capital projects	4,324,772	4,679,943
Unrestricted	29,049,146	24,726,836
Total net position	$ 228,127,046	$ 229,987,718

Total assets increased by $23,498 thousand in fiscal year 2022. The increase is mainly due to $26,763 thousand increase in lease receivable from the impact of GASB Statement No. 87 adoption, offset by $5,830 thousand decrease in capital assets.

Total liabilities decreased by $827 thousand in fiscal year 2022. The decrease is mainly due to $429 thousand decrease in amount due to 375 Beale Condo, $382 thousand in accrued liabilities of possessory interest tax, and $177 thousand in net pension liability in long term liabilities.

The deferred inflows increased by $26,204 thousand in fiscal year 2022. The increase is mainly due to the adoption of GASB Statement No. 87.

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:

	2022	2021
Operating revenue		
Rental income	$ 9,582,196	$ 9,807,109
Other operating revenues	798,838	783,640
Total operating revenue	10,381,034	10,590,749
Operating expenses		
Salaries and benefits	449,361	486,653
Professional fees and property management	615,937	557,012
Repairs / maintenance and supplies	1,694,008	1,072,918
Security and cleaning service	1,452,500	1,356,310
Depreciation	6,072,613	6,581,133
Possessory tax	566,389	620,936
Other expenses	1,596,126	1,483,154
Total operating expenses	12,446,934	12,158,116
Operating loss	(2,065,900)	(1,567,367)
Nonoperating revenues / (expenses)		
Interest and miscellaneous income / (expenses)	205,228	(1,081,308)
Total nonoperating revenues / (expenses)	205,228	(1,081,308)
Changes in net position	(1,860,672)	(2,648,675)
Net position - beginning	229,987,718	232,636,393
Net position - ending	$ 228,127,046	$ 229,987,718

BAHA's total operating revenues decreased by $210 thousand in fiscal year 2022, which is primarily due to the impact of GASB Statement No. 87 adoption.

Total operating expenses increased by $289 thousand in fiscal year 2022. The increase in fiscal year 2022 is primarily a result of the increased cost in repair and maintenance which occurred during the low occupancy period.

BAHA has $205 thousand nonoperating revenues in fiscal year 2022 compared to $1,081 thousand nonoperating expenses in fiscal year 2021. This increase is a result of BAHA recognizing $1,056 thousand interest income from the adoption of GASB Statement No. 87 in fiscal year 2022.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 12, 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 stabilized over the past eighteen months from the challenges posed by the COVID-19 pandemic and ensuing "flash" recession, there are new challenges that MTC and associated agencies must face over FY 2022-23 and beyond.

Inflation has been running very high since early 2021. Inflationary pressures have included supply chain challenges, extremely low unemployment (driven in part by low labor force participation), and the war in Ukraine. For the first several months of this inflationary trend, the Federal Reserve believed these inflationary pressures to be "transitory" (that is, short-term in nature). As it has become clear that these increases are not, in fact, transitory, the Federal Reserve has initiated an assertive campaign of unwinding its monetary stimulus by increasing short-term interest rates and reducing its balance sheet. In pursuing this campaign, the Federal Reserve is attempting to navigate to an economic "soft landing," in which inflation is reduced, unemployment levels remain acceptable (if somewhat higher than current), and the national economy avoids recession.

Unfortunately, steering the economy to a soft landing is an uncertain enterprise, and it is possible that the Federal Reserve may overshoot, increasing interest rates to a point that the economy goes into recession, or that today's inflationary pressures are such that increases in interest rates are insufficient to address them. Either of these could significantly increase financial risk to BAHA.

In the San Francisco Bay Area, the overall economy continues to be strong, with robust growth in sales tax revenue, unemployment rates notably lower than national and statewide rates, and inflation which, while high, is lower than national averages as well as other major metropolitan areas in California.

Pandemic related effects in the Bay Area continue, primarily with respect to the issue of "return-to-office". Office occupancy is down sharply and vacancy rates are up relative to pre-pandemic levels. These trends are likely to have uneven effects across the area, with San Francisco facing significant headwinds on this issue.

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, 2022
(With comparative information for the prior year)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	$ 29,453,332	$ 26,519,487
Accounts receivable	200,635	336,811
Accrued interest	28,137	-
Lease receivable - current	9,368,673	-
Prepaid expenses	178,154	131,407
Total current assets	39,228,931	26,987,705
Non-current assets:		
Cash and cash equivalents - restricted	4,324,772	4,679,943
Lease receivable - non-current	17,393,982	-
Net pension asset	66,892	-
Net OPEB asset	20,155	39,758
Capital assets, not being depreciated	34,230,605	34,156,444
Capital assets, net of accumulated depreciation	160,644,400	166,548,235
Total non-current assets	216,680,806	205,424,380
TOTAL ASSETS	255,909,737	232,412,085
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension	112,439	120,415
Deferred outflows from OPEB	50,427	24,703
TOTAL DEFERRED OUTFLOWS OF RESOURCES	162,866	145,118
LIABILITIES		
Current liabilities:		
Accounts payable	206,028	106,782
Retention payable	52,658	51,536
Accrued liabilities	604,848	986,996
Unearned revenue	15,450	13,704
Compensated absences liability	29,177	40,612
Tenants' security deposits	52,651	52,651
Due to other government	528,907	476,016
Due to 375 Beale Condo	170,174	599,307
Total current liabilities	1,659,893	2,327,604
Non-current liabilities:		
Net pension liability	-	176,707
Compensated absences liability	42,257	25,305
Total non-current liabilities	42,257	202,012
TOTAL LIABILITIES	1,702,150	2,529,616
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from leases	26,053,517	-
Deferred inflows from pension	169,180	18,331
Deferred inflows from OPEB	20,710	21,538
TOTAL DEFERRED INFLOWS OF RESOURCES	26,243,407	39,869
NET POSITION		
Net investment in capital assets	194,753,128	200,580,939
Restricted (expendable) for capital projects	4,324,772	4,679,943
Unrestricted	29,049,146	24,726,836
TOTAL NET POSITION	$ 228,127,046	$ 229,987,718

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, 2022
(With comparative information for the prior year)

	2022	2021
OPERATING REVENUE		
Rental income	$ 9,582,196	$ 9,807,109
Other operating revenues	798,838	783,640
TOTAL OPERATING REVENUE	10,381,034	10,590,749
OPERATING EXPENSES		
Salaries and benefits	449,361	486,653
Professional fees	330,751	288,393
Repairs and maintenance	1,671,601	1,069,305
Property management service	285,186	268,619
Insurance	214,144	221,986
Security	609,868	595,729
Cleaning service	842,632	760,581
Utilities	424,087	408,880
Computer maintenance and services	432,060	328,986
Supplies and equipment rental	22,407	3,613
Depreciation	6,072,613	6,581,133
Overhead	236,936	250,299
Possessory tax	566,389	620,936
Other	288,899	273,003
TOTAL OPERATING EXPENSES	12,446,934	12,158,116
OPERATING LOSS	(2,065,900)	(1,567,367)
NONOPERATING REVENUES AND EXPENSES		
Interest income	1,090,530	7,727
Other nonoperating revenues	193,019	171,109
Loss on disposal of capital assets	-	(271,111)
Return of contribution to BATA	(1,080,623)	(1,000,000)
Miscellaneous income	2,302	10,967
TOTAL NONOPERATING REVENUES (EXPENSES)	205,228	(1,081,308)
CHANGE IN NET POSITION	(1,860,672)	(2,648,675)
Net position - Beginning of year	229,987,718	232,636,393
Net position - End of year	$ 228,127,046	$ 229,987,718

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, 2022
(With comparative information for the prior year)

	2022	2021
Cash flows from operating activities		
Cash receipts from tenants	$ 9,730,082	$ 9,909,119
Cash payments to suppliers for goods and services	(6,676,707)	(5,153,585)
Cash payments for employee salaries and benefits	(486,725)	(509,167)
Other cash receipts	275,057	823,447
Net cash provided by operating activities	2,841,707	5,069,814
Cash flows from non-capital financing activities		
Return of contributions to BATA	(1,080,623)	(1,000,000)
Net cash used in non-capital financing activities	(1,080,623)	(1,000,000)
Cash flows from capital and related financing activities		
Acquisition of capital assets	(244,803)	(1,679,176)
Net cash used in capital and related financing activities	(244,803)	(1,679,176)
Cash flows from investing activities		
Interest received	1,062,393	7,727
Net cash provided by investing activities	1,062,393	7,727
Net increase in cash	2,578,674	2,398,365
Cash - Beginning of year	31,199,430	28,801,065
Cash - End of year	$ 33,778,104	$ 31,199,430

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, 2022
(With comparative information for the prior year)

Reconciliation of operating loss to net cash provided by operating activities

	2022	2021
Operating loss	$ (2,065,900)	$ (1,567,367)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	6,072,613	6,581,133
Other revenues	275,057	72,183
Net effect of changes in:		
Accounts receivable	56,440	(136,893)
Prepaid expenses	(46,747)	38,661
Net pension asset / liability	(243,599)	(141,803)
Net OPEB asset / liability	19,603	(13,424)
Accounts payable	102,232	(186,247)
Accrued liabilities	(382,148)	88,380
Unearned revenue	1,746	(544,737)
Lease receivable	(709,138)	-
Due from other governments	52,891	(4)
Deferred outflows from pension	7,976	96,729
Deferred outflows from OPEB	(25,724)	47,472
Compensated absences liability	5,517	22,643
Deferred inflows from pension	150,849	(35,452)
Deferred inflows from OPEB	(828)	(2,724)
Due from /(to) 375 Beale Condo	(429,133)	751,264
Net cash provided by operating activities	$ 2,841,707	$ 5,069,814

Significant Noncash Investing, Capital, and Financing Activities

	2022	2021
Acquisition of capital assets under accounts payable and accrued liabilities	$ 69,219	$ 72,205

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

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 &

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. 87, *Leases*, has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. BAHA adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard changed the accounting and reporting of BAHA leases. BAHA is now reporting the present value of future lease receipts in the lease receivables and deferred inflows of resources on the statement of net position. See note 4 for further information on the impact of the adoption of GASB Statement 87.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. BAHA adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAHA's financial statements.

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. Management is currently evaluating the effect of this statement on BAHA's financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 were effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. BAHA adopted paragraphs 4, 5, 11 and 13 of this statement in fiscal year 2020. BAHA adopted the remaining paragraphs of this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement, except for paragraphs 11b, 13, and 14 were effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The adoption of the remaining paragraphs 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. Management is currently evaluating the effect of this statement on BAHA's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on BAHA's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately. (b) The requirements in paragraphs 6–9 of this statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. BAHA adopted paragraphs 4 and 5 of this statement in fiscal year 2020 and the remaining paragraphs of this statement in fiscal year 2022. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the new term *annual comprehensive financial report* and its acronym *ACFR* and replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for reporting periods ending after December 15, 2021. BAHA adopted this standard for fiscal year ended June 30, 2022. 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 to improve 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. The adoption of paragraphs 26-32 have 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 ’s BAHA 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 California State Local Agency Investment Fund (LAIF) to be cash. The composition of cash and cash equivalents at June 30, 2022 is as follows:

Unrestricted cash and cash equivalents		
Cash at banks	$	14,453,332
LAIF		15,000,000
Total unrestricted cash and cash equivalents	$	29,453,332
Restricted cash		
Cash at banks	$	4,270,329
Money market mutual funds		54,443
Total restricted cash	$	4,324,772

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.

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 (MMD) rate plus the relevant tax point 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:

	Years
Building and improvements	7-45
Furniture and equipment	3-25
Intangible assets	5-10

BAHA completed the BAMC renovation in fiscal year 2016. Depreciation of BAMC and the assets therein commenced upon BAMC being available for occupation in May 2016.

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.**

*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 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, 2022 is as follows:

	Beginning Balance July 1, 2021	Increases	Decreases	Ending Balance June 30, 2022
Capital assets, not being depreciated:				
Land	$ 33,933,809	$ -	$ -	$ 33,933,809
Construction in progress	222,635	242,939	(168,778)	296,796
Total capital assets, not being depreciated	34,156,444	242,939	(168,778)	34,230,605
Capital assets, being depreciated:				
Building and improvements	178,393,120	23,617	-	178,416,737
Furniture and equipment	6,102,509	145,161	-	6,247,670
Tenant improvements	12,881,271	-	-	12,881,271
Intangible assets	1,654,749	-	-	1,654,749
Total capital assets being depreciated	199,031,649	168,778	-	199,200,427
Less accumulated depreciation for:				
Building and improvements	19,730,169	3,989,170	-	23,719,339
Furniture and equipment	3,377,424	558,287	-	3,935,711
Tenant improvements	7,721,073	1,525,156	-	9,246,229
Intangible assets	1,654,748	-	-	1,654,748
Total accumulated depreciation	32,483,414	6,072,613	-	38,556,027
Total capital assets, being depreciated, net	166,548,235	(5,903,835)	-	160,644,400
BAHA capital assets, net	$ 200,704,679	$ (5,660,896)	$ (168,778)	$ 194,875,005

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 adopted GASB Statement No. 87 *Leases* for the fiscal year ended June 30, 2022. On the implementation date July 1, 2021, BAHA recognized $35,706,435 lease receivable and deferred inflow of resources.

Summary of BAHA's Leases

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 expiration date on August 31, 2023. The first three months after the commencement date is the rent abatement period.

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 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 will end 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 $70,268,673, and the accumulated depreciation amount is $19,827,504 as of June 30, 2022 and reported as building and improvements.

In fiscal year 2022, BAHA received rental principal of $9,652,919 and interest of $1,056,497. Future lease payments under GASB Statement No. 87 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 9,368,673.00	$ 737,337.00	$ 10,106,010.00
2024	8,338,187	414,105	8,752,292
2025	4,224,104	166,726	4,390,830
2026	2,496,966	88,518	2,585,484
2027	2,100,655	21,042	2,121,697
2028 and after	234,070	146	234,216
Total	$ 26,762,655	$ 1,427,874	$ 28,190,529

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 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 2022 is 0.71%, which was based on the fiscal year 2021 measurement year.

In fiscal year 2022, BAHA has pension expense of $6,488, net pension asset of $66,892, deferred outflow of resources from pension of $112,439, and deferred inflow of resources from pension of $169,180.

For additional information on employees' retirement plan, see MTC's Annual Comprehensive Financial Report Note 8.

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 2022 is 0.71%, which was based on the fiscal year 2021 measurement year.

In fiscal year 2022, BAHA has OPEB expense of $17,928, net OPEB asset of $20,155, and deferred outflow of resources from OPEB of $50,427, and deferred inflow of resources from OPEB of $20,710.

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

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–Milias–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.

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 2022 is 0.71%. BAHA has current compensated absences liability of $29,177, and noncurrent liability of $42,257 as of June 30, 2022. For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 10.

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, 2022, there are approximately $1,451,300 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 2022, BAHA assessed $4,014,986 from the three condominium owners for the common area operations and refunded $568,144 to condominium owners. As of June 30, 2022, BAHA has $170,174 payables to 375 Beale Condo.

BAHA returned contribution of $1,080,623 to BATA in fiscal year 2022.

Required Supplementary Information

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

Measurement Period	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018	Miscellaneous Plan Tier I & II 2017	Miscellaneous Plan Tier I & II 2016
Proportion of the collective net pension liability/asset	0.71%	0.61%	0.91%	0.24%	1.04%	1.20%
Proportionate share of the collective net pension liability/(asset)	$ (66,892)	$ 176,707	$ 318,510	$ 69,659	$ 381,354	$ 415,579
Covered payroll	$ 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	-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)	107.53%	89.00%	80.75%	82.04%	76.85%	75.59%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None during the years 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

* Only six years' data is available.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Pension Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

	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
Fiscal Year	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Actuarially determined contribution	$ 44,970	$ 36,948	$ 63,607	$ 14,432	$ 56,750	$ 62,266
Contributions in relation to the actuarially determined contributions	(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)	$ 282,514	$ 276,887	$ 221,319	$ 317,485	$ 722,667	$ 967,268
Actual contributions as a percentage of covered payroll	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 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2020-21 were derived from the June 30, 2018 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method / Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.5 percent
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75 percent
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 six years' data is available.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Proportionate Share of Net OPEB Liability / Asset (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	Miscellaneous Plan Tier I & II **2021**	Miscellaneous Plan Tier I & II **2020**	Miscellaneous Plan Tier I & II **2019**	Miscellaneous Plan Tier I & II **2018**	Miscellaneous Plan Tier I & II **2017**
Proportion of the collective net OPEB liability/(Asset)	0.71%	0.61%	0.91%	1.59%	2.53%
Proportionate share of the collective net OPEB liability/(Asset)	$ (20,155)	$ (39,758)	$ (26,334)	$ 119,233	$ 181,305
Covered-employee payroll	$ 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	-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	105.69%	114.10%	106.80%	80.98%	80.19%

Notes to Schedule:

Benefit Changes: None in 2021.

Changes of Assumptions: In 2021, 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 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.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of OPEB Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

Fiscal Year	Miscellaneous Plan Tier I & II 2022	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018
Actuarially determined contribution	$ 21,738	$ 16,422	$ 27,224	$ 52,449	$ 79,919
Contributions in relation to the actuarially determined contributions	(23,983)	(9,935)	(43,342)	(179,767)	(79,919)
Contribution deficiency (excess)	$ (2,245)	$ 6,487	$ (16,118) (1)	$ (127,318) (1)	$ -
Covered-employee payroll for OPEB	$ 282,514	$ 207,952	$ 221,319	$ 317,485	$ 722,667
Actual contributions as a percentage of covered-employee payroll	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, 2020, 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 % of pay
Amortization method	Level % of pay
Amortization period	18 years fixed period for 2021/22
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75 percent
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
	Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Investment rate of return	4.50 percent
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

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