Bay Area Headquarters Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2024

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
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For the Year Ended June 30, 2024

Crowe

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, 2024, 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, 2024, 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

(Continued)

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, 2023, 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

Crowe LLP

San Francisco, California
October 15, 2024

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 fiscal year ended June 30, 2024. 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, the Bay Area Air Quality Management District (BAAQMD), and the Association of Bay Area Governments (ABAG). The Building was named the 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 missed any monthly payment during fiscal year 2024, and BAHA reached $10.1 million in total operating revenue by 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.

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:

	2024	2023
Cash	$ 39,119,003	$ 38,982,388
Receivables	14,547,169	23,529,585
Other assets	283,001	167,937
Capital assets	188,203,571	190,007,197
Total assets	242,152,744	252,687,107
Deferred outflows of resources	258,783	238,896
Current liabilities	2,296,799	2,570,212
Non-current liabilities	230,749	183,574
Total liabilities	2,527,548	2,753,786
Deferred inflows of resources	13,288,948	22,298,967
Net position		
Net investment in capital assets	187,261,942	189,197,905
Restricted for capital projects	18,448,338	6,038,565
Unrestricted	20,884,751	32,636,780
Total net position	$ 226,595,031	$ 227,873,250

Total assets decreased by $10,534 thousand in fiscal year 2024. The decrease is mainly due to the decreases of $8,982 thousand in lease receivable and $1,804 thousand in capital assets.

Total liabilities decreased by $226 thousand in fiscal year 2024. The decrease is a result of $615 thousand payment to other government for prior year balances offset by increases of $137 thousand in payables and accrued liabilities from operation and $252 thousand in due to 375 Beale Condo.

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:

	2024	2023
Operating revenue		
Rental income	$ 9,069,757	$ 9,659,928
Other operating revenues	984,228	878,998
Total operating revenue	10,053,985	10,538,926
Operating expenses		
Salaries and benefits	582,595	429,100
Professional fees and property management	1,279,761	798,379
Repairs / maintenance and supplies	2,200,411	1,015,337
Security and cleaning service	1,611,443	1,606,801
Depreciation and amortization	5,943,834	6,085,224
Possessory tax	441,080	571,027
Other expenses	2,007,002	1,918,153
Total operating expenses	14,066,126	12,424,021
Operating loss	(4,012,141)	(1,885,095)
Nonoperating revenues / (expenses)		
Interest and miscellaneous income	2,733,922	1,631,299
Total nonoperating revenues	2,733,922	1,631,299
Changes in net position	(1,278,219)	(253,796)
Net position - beginning	227,873,250	228,127,046
Net position - ending	$ 226,595,031	$ 227,873,250

BAHA's total operating revenues decreased by $485 thousand in fiscal year 2024. Rental income decreased by $590 thousand due to a tenant's lease term expiration, whereas other operating revenues, mainly escalations from tenants and revenues from parking garages, increased by $105 thousand.

Total operating expenses increased by $1,642 thousand in fiscal year 2024. The increase in fiscal year 2024 is primarily a result of increases of $1,098 in repair and maintenance and $469 in professional fees. The building had several maintenance projects inside and outside of the building.

BAHA has $2,734 thousand nonoperating revenues in fiscal year 2024 compared to $1,631 thousand in fiscal year 2023. In fiscal year 2024, the interest income in nonoperating revenues increased by $1,022 thousand. The increase was due to an increased balance in interest yielding accounts, as well as higher interest rates in fiscal year 2024.

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 continues to perform well with meaningful growth in GDP and low unemployment, there are several headwinds that BAHA must consider for FY 2024-25 and beyond.

These headwinds include:

- Inflation, which has continued to run higher than desired for the past 3 ½ years.
- The risk associated with regional banks and their exposure to commercial real estate as regional and national markets continue to experience high vacancy rates and decreasing commercial property values.
- Higher interest rates, partly driven by sustained short-term interest rates by the Federal Reserve, and partly by the market reaction to both inflation generally and the Federal Reserve's actions.
- Potentially weaker economic growth including potential slacking of consumer demand.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Metropolitan Transportation Commission (MTC) Finance Department, 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, 2024
(With comparative information for the prior year)

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	$ 20,670,665	$ 32,943,823
Accounts receivable	455,610	275,765
Accrued interest	—	509
Lease receivable - current	5,696,572	9,143,179
Due from other government	—	18,573
Prepaid expenses	283,001	167,937
Total current assets	27,105,848	42,549,786
Non-current assets:		
Cash and cash equivalents - restricted	18,448,338	6,038,565
Lease receivable - non-current	8,394,987	14,091,559
Capital assets, not being depreciated/amortized	36,008,914	35,181,320
Capital assets, net of accumulated depreciation/amortization	152,194,657	154,825,877
Total non-current assets	215,046,896	210,137,321
TOTAL ASSETS	242,152,744	252,687,107
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension	140,939	152,424
Deferred outflows from OPEB	117,844	86,472
TOTAL DEFERRED OUTFLOWS OF RESOURCES	258,783	238,896
LIABILITIES		
Current liabilities:		
Accounts payable	548,155	902,973
Retention payable	198,212	52,658
Accrued liabilities	852,254	505,623
Compensated absences liability	32,559	27,405
Tenants' security deposits	—	52,651
Due to other government	—	615,250
Due to 375 Beale Condo	665,619	413,652
Total current liabilities	2,296,799	2,570,212
Non-current liabilities:		
Net pension liability	136,118	115,809
Net OPEB liability	51,667	31,016
Compensated absences liability	42,964	36,749
Total non-current liabilities	230,749	183,574
TOTAL LIABILITIES	2,527,548	2,753,786
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from leases	13,252,911	22,274,014
Deferred inflows from pension	3,792	7,736
Deferred inflows from OPEB	32,245	17,217
TOTAL DEFERRED INFLOWS OF RESOURCES	13,288,948	22,298,967
NET POSITION		
Net investment in capital assets	187,261,942	189,197,905
Restricted for capital projects	18,448,338	6,038,565
Unrestricted	20,884,751	32,636,780
TOTAL NET POSITION	$ 226,595,031	$ 227,873,250

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, 2024
(With comparative information for the prior year)

	2024	2023
OPERATING REVENUE		
Rental income	$ 9,069,757	$ 9,659,928
Other operating revenues	984,228	878,998
TOTAL OPERATING REVENUE	10,053,985	10,538,926
OPERATING EXPENSES		
Salaries and benefits	582,595	429,100
Professional fees	964,935	495,970
Repairs and maintenance	2,101,384	1,003,195
Property management service	314,826	302,409
Insurance	240,147	237,801
Security	692,655	742,565
Cleaning service	918,788	864,236
Utilities	494,761	490,277
Computer maintenance and services	643,718	610,329
Supplies and equipment rental	99,027	12,142
Depreciation and amortization	5,943,834	6,085,223
Overhead	292,427	236,697
Possessory tax	441,080	571,027
Other	335,949	343,050
TOTAL OPERATING EXPENSES	14,066,126	12,424,021
OPERATING LOSS	(4,012,141)	(1,885,095)
NONOPERATING REVENUES AND EXPENSES		
Interest income	2,410,350	1,388,430
Other nonoperating revenues	321,384	236,907
Miscellaneous income	2,188	5,962
TOTAL NONOPERATING REVENUES (EXPENSES)	2,733,922	1,631,299
CHANGE IN NET POSITION	(1,278,219)	(253,796)
Net position - Beginning of year	227,873,250	228,127,046
Net position - End of year	$ 226,595,031	$ 227,873,250

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, 2024
(With comparative information for the prior year)

	2024	2023
Cash flows from operating activities		
Cash receipts from tenants	$ 10,033,646	$ 10,220,954
Cash payments to suppliers for goods and services	(7,450,415)	(5,745,698)
Cash payments for employee salaries and benefits	(539,069)	(496,366)
Other cash receipts	304,717	339,337
Net cash provided by operating activities	1,733,628	4,318,227
Cash flows from capital and related financing activities		
Acquisition of capital assets	(4,153,426)	(530,000)
Net cash used in capital and related financing activities	(4,153,426)	(530,000)
Cash flows from investing activities		
Interest received	2,556,413	1,416,057
Net cash provided by investing activities	2,556,413	1,416,057
Net increase in cash	136,615	5,204,284
Cash - Beginning of year	38,982,388	33,778,104
Cash - End of year	$ 39,119,003	$ 38,982,388

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, 2024
(With comparative information for the prior year)

Reconciliation of operating loss to net cash provided by operating activities

	2024	2023
Operating loss	$ (4,012,141)	$ (1,885,095)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	5,943,834	6,085,223
Other revenues	286,143	200,103
Net effect of changes in:		
Accounts receivable	(142,415)	(50,936)
Prepaid expenses	(115,064)	10,217
Net pension liability	20,309	182,701
Net OPEB liability	20,651	51,171
Accounts payable	(106,702)	9,530
Accrued liabilities	111,732	(99,225)
Unearned revenue	—	(15,450)
Lease receivable	122,076	(251,586)
Tenant security deposit	(52,651)	—
Due from other governments	(596,677)	86,343
Deferred outflows from pension	11,485	(39,985)
Deferred outflows from OPEB	(31,372)	(36,045)
Compensated absences liability	11,369	(7,280)
Deferred inflows from pension	(3,944)	(161,444)
Deferred inflows from OPEB	15,028	(3,493)
Due from /(to) 375 Beale Condo	251,967	243,478
Net cash provided by operating activities	$ 1,733,628	$ 4,318,227

Significant Noncash Investing, Capital, and Financing Activities

	2024	2023
Acquisition of capital assets under accounts payable and accrued liabilities	$ 743,416	$ 756,634

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 of powers common to Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA). 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. 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 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 acquisition and renovations and for the purchase of a Certificate of Participation (COP) issued by the Bay Area Air Quality Management District (BAAQMD). 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 meeting room construction. BAHA has returned $37,680,623 of BATA contributions to BATA cumulatively through FY 2024.

BAHA is responsible for the management, operation, and maintenance of BAMC, including sales (of condominium interests in BAMC) and leasing activity. See Note 5 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. BAHA, in its individual capacity, is solely responsible for the management and operation of the commercial space in BAMC. Cushman & Wakefield of California, Inc. (C&W) was contracted by BAHA to provide the day-to-day property management services on behalf of the three condominium unit owners.

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. 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 London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (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, public-private and public-public partnership arrangements (PPPs), and subscription-based information technology arrangements (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, paragraphs 11-25 in fiscal year 2023, and paragraphs 4-10 in fiscal year 2024. The adoption of the above requirements has no impact 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. BAHA adopted this standard for fiscal year ended June 30, 2024. The adoption of the standard has no impact 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, 2024 is as follows:

Unrestricted cash and cash equivalents		
Cash at banks	$	10,165,811
CAMP		10,504,854
Total unrestricted cash and cash equivalents	$	20,670,665
Restricted cash		
Cash at banks	$	706,165
Money market mutual funds		17,742,173
Total restricted cash	$	18,448,338

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 (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 or aggregate 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 and amortized 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
SBITA assets	3

Subscription-Based Information Technology Arrangements (SBITAs)

BAHA has entered into subscription-based contracts to use vendor-provided information technology. The SBITA asset is measured at the amount of the initial measurement of the SBITA liability, adjusted for the payments made at or before the agreement commencement date, plus certain initial direct costs. The SBITA asset is amortized on a straight-line basis over the shorter of the SBITA agreement term or the useful life of the SBITA asset.

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, 2024 is as follows:

	Beginning Balance July 1, 2023	Increases	Decreases	Transfers	Ending Balance June 30, 2024
Capital assets, not being depreciated/amortized:					
Land	$ 33,933,809	$ —	$ —	$ —	$ 33,933,809
Construction in progress	1,247,511	3,055,683	(88,783)	(2,139,306)	2,075,105
Total capital assets, not being depreciated/amortized	35,181,320	3,055,683	(88,783)	(2,139,306)	36,008,914
Capital assets, being depreciated/amortized:					
Building and improvements	178,416,737	—	—	—	178,416,737
Furniture and equipment	6,514,370	1,082,269	—	2,139,306	9,735,945
Tenant improvements	12,881,271	—	—	—	12,881,271
Intangible assets	1,654,749	—	—	—	1,654,749
SBITA assets	—	91,039	—	—	91,039
Total capital assets being depreciated/amortized	199,467,127	1,173,308	—	2,139,306	202,779,741
Less accumulated depreciation/amortization for:					
Building and improvements	27,708,938	3,989,599	—	—	31,698,537
Furniture and equipment	4,523,518	656,758	—	—	5,180,276
Tenant improvements	10,754,046	1,291,738	—	—	12,045,784
Intangible assets	1,654,748	—	—	—	1,654,748
SBITA assets	—	5,739	—	—	5,739
Total accumulated depreciation/amortization	44,641,250	5,943,834	—	—	50,585,084
Total capital assets, being depreciated/amortized, net	154,825,877	(4,770,526)	—	2,139,306	152,194,657
BAHA capital assets, net	$ 190,007,197	$ (1,714,843)	$ (88,783)	$ —	$ 188,203,571

4. Subscription-Based Information Technology Arrangements (SBITA)

BAHA has entered into subscription-based contracts to use vendor-provided information technology. The SBITAs have initial terms of 3 years. At the time of contract commencement or conversion, the term of the SBITA will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. There was no commitment under SBITAs before the commencement of the subscription term.

On June 30, 2024, BAHA had net SBITA assets of $85,300 and no SBITA liabilities. SBITA assets were reported in capital assets, net of accumulated depreciation on the Statement of Net Position.

The BAHA SBITA assets amortizations as of June 30, 2024 were as follows:

Year Ending June 30	SBITA Amortization
2025	$ 30,346
2026	30,346
2027	24,608
Total	$ 85,300

5. 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 was 87 months with the commencement date on June 1, 2016. The lease term ended on August 31, 2023.

In October 2015, BAHA signed a lease agreement with BATA. The original lease term was 44 months with the commencement date on May 1, 2016 and the 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 December 2022, BAHA and BATA signed the second amendment 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 and the ending date on January 31, 2027.

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 and the expiration date on October 31, 2024. Twilio will move out of the building in October 2024.

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 $63,990,343, and the accumulated depreciation amount is $26,105,834 as of June 30, 2024 and reported as building and improvements in capital assets.

In fiscal year 2024, BAHA recorded rental principal receipt of $9,143,179 and interest receipt of $492,964. Future lease payments under GASB Statement No. 87 are as follows:

Year Ending June 30	Principal	Interest	Total
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	$ 14,091,559	$ 394,825	$ 14,486,383

6. Employees' Retirement Plan

MTC, the primary government, provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the "Plan"), which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS).

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans*, and amendment to GASB Statement No. 27, requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

GASB Statement No. 68 requires the actuarial valuations to be performed at least every two years. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation performed within 30 months and 1 day prior to the employer's fiscal year end. Accordingly, for financial reporting purposes, MTC's total pension liability was determined by CalPERS using a valuation date of June 30, 2022. CalPERS then rolled forward the total pension liability to June 30, 2023, and this is the basis for reporting MTC's net pension liability at June 30, 2024.

For purposes of measuring the net pension liability/asset, deferred outflows and deferred inflows of resources related to pensions, pension expense, information about MTC's fiduciary net position of the Plan and additions to / deletions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 2024 was 0.64%, which was based on the fiscal year 2023 measurement year.

In fiscal year 2024, BAHA had pension expense of $68,747, net pension liability of $136,118, deferred outflow of resources from pension of $140,939, and deferred inflow of resources from pension of $3,792.

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

7. Other Post Employment Benefits (OPEB)

MTC, the primary government, provides post employment medical coverage to all eligible retired employees and their eligible dependents. MTC post employment medical plan is the same medical plan as for its active employees. MTC established a Section 115 irrevocable benefit trust fund for its post employment benefit plan with Public Agency Retirement Services (PARS). The benefit trust fund is reported as OPEB plan fiduciary net position in the Net OPEB Liability on the Statement of Net Position. The annual determined contribution to the trust fund is recorded in salaries and benefits expense.

For purposes of measuring the net OPEB liability / asset, deferred outflows and deferred inflows of resources related to OPEB, OPEB expense, information about fiduciary net position of MTC's OPEB Plan and additions to / deletions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires that reported results must pertain to liability and assets information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

GASB Statement No. 75 requires the actuarial valuations to be performed at least every two years. If a valuation is not performed as of the measurement date, the total OPEB liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation performed within 30 months and 1 day prior to the employer's fiscal year end. Accordingly, for financial reporting purposes, MTC's net OPEB liability/asset at June 30, 2024 was determined using the actuarial valuation and measurement date of June 30, 2023.

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 2024 was 0.64%, which was based on the fiscal year 2023 measurement year.

In fiscal year 2024, BAHA had OPEB expense of $41,350, net OPEB liability of $51,667, and deferred outflow of resources from OPEB of $117,844, and deferred inflow of resources from OPEB of $32,245.

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

8. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay pursuant to the agreement with the Committee for Staff Representation, Confidential, and Specific Executive Employees 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 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 2024 was 0.64%. BAHA had current compensated absences liability of $32,559, and non-current liability of $42,964 as of June 30, 2024. For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 11.

9. 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, 2024, there are approximately $10,765,000 in future capital expenditure commitments.

10. 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 2024, 375 Beale Condo assessed $4,643,321 from the three condominium owners for the common area operations. Of this amount, $647,301 will be refunded to condominium owners. This amount is reflected in the Due to 375 Beale Condo balance of $665,619 as of June 30, 2024.

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 2023	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	Miscellaneous Plan Tier I & II 2017	Miscellaneous Plan Tier I & II 2016
Proportion of the collective net pension liability/asset	0.64 %	0.71 %	0.71 %	0.61 %	0.91 %	0.24 %	1.04 %	1.20 %
Proportionate share of the collective net pension liability/(asset)	$ 136,118	$ 115,809	$ (66,892)	$ 176,707	$ 318,510	$ 69,659	$ 381,354	$ 415,579
Covered payroll	$ 303,265	$ 295,210	$ 276,887	$ 221,319	$ 317,485	$ 80,292	$ 288,310	$ 284,560
Proportionate share of the collective net pension liability/(asset) as a percentage of its covered payroll	44.88 %	39.23 %	(24.16)%	79.84 %	100.32 %	86.76 %	132.27 %	146.04 %
Plan's fiduciary net position as a percentage of the Plan's total pension liability / (asset)	92.89 %	94.44 %	107.53 %	89.00 %	80.75 %	82.04 %	76.85 %	75.59 %

Notes to Schedule:

Change of Benefit Terms: 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: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 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. In addition, demographic assumptions and the price inflation 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 June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

* Only eight 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 *

Fiscal Year	Miscellaneous Plan Tier I & II 2024	Miscellaneous Plan Tier I & II 2023	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	Miscellaneous Plan Tier I & II 2017
Actuarially determined contribution	$ 39,505	$ 43,727	$ 44,970	$ 36,948	$ 63,607	$ 14,432	$ 56,750	$ 62,266
Contributions in relation to the actuarially determined contributions	(39,505)	(43,727)	(79,181)	(63,598)	(143,453)	(14,432)	(56,750)	(62,266)
Contribution deficiency (excess)	$ —	$ —	$ (34,211) (1)	$ (26,650) (1)	$ (79,846) (1)	$ —	$ —	$ —
Covered payroll (2)	$ 338,576	$ 303,265	$ 295,210	$ 276,887	$ 221,319	$ 317,485	$ 80,292	$ 288,310
Actual contributions as a percentage of covered payroll	11.67 %	14.42 %	26.82 %	22.97 %	64.82 %	4.55 %	70.68 %	21.60 %

(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 years ended in 2022 and 2023; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2015 through 2017.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2023-24 were derived from the June 30, 2021 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method / Period	For details, see June 30, 2021 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.3%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.8%
Investment Rate of Return	6.80% Net of Pension Plan Investment and Administrative expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2021 CalPERS Experience Study or the period from 2000 to 2019.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019. Mortality rates are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.

* Only eight 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 2023	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	Miscellaneous Plan Tier I & II 2017
Proportion of the collective net OPEB liability/(Asset)	0.64 %	0.71 %	0.71 %	0.61 %	0.91 %	1.59 %	2.53 %
Proportionate share of the collective net OPEB liability/(Asset)	$ 51,667	$ 31,016	$ (20,155)	$ (39,758)	$ (26,334)	$ 119,233	$ 181,305
Covered-employee payroll	$ 320,441	$ 310,105	$ 290,458	$ 233,795	$ 336,058	$ 556,298	$ 729,690
Proportionate share of the collective net OPEB liability/(Asset) as a percentage of its covered-employee payroll	16.12 %	10.00 %	(6.94)%	(17.01)%	(7.84)%	21.43 %	24.85 %
Plan's fiduciary net position as a percentage of the Plan's total OPEB liability	86.27 %	91.92 %	105.69 %	114.10 %	106.80 %	80.98 %	80.19 %

Notes to Schedule:

Benefit Changes: None in 2023.

Changes of Assumptions: The general inflation rate decreased from 2.75 percent in FY 2023 to 2.5 percent in FY 2024. The long-term expected rate of return on investments used to measure the total OPEB liability was 3.75 percent in FY 2023 and FY 2024. Medical trend rate for Kaiser Senior Advantage was decreased; mortality improvement scale was updated to Scale MP-2021. The demographic assumptions were updated to the CalPERS 2000-2019 Experience Study. The participation at retirement is 98 percent for people before age 65 and 95 percent on and after age 65.

* 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 *

	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
Fiscal Year	**2024**		**2023**		**2022**		**2021**		**2020**		**2019**		**2018**
Actuarially determined contribution	$ 23,211		$ 23,239		$ 22,715		$ 16,422		$ 27,224		$ 52,449		$ 79,919
Contributions in relation to the actuarially determined contributions	(35,801)		(22,491)		(25,061)		(9,935)		(43,342)		(179,767)		(79,919)
Contribution deficiency (excess)	$ (12,590)	(1)	$ 748		$ (2,346)	(1)	$ 6,487		$ (16,118)	(1)	$ (127,318)	(1)	$ —
Covered-employee payroll for OPEB	$ 350,355		$ 320,441		$ 310,105		$ 290,458		$ 233,795		$ 336,058		$ 556,298
Actual contributions as a percentage of covered-employee payroll	10.22 %		7.02 %		8.08 %		3.42 %		18.54 %		53.49 %		14.37 %

(1) 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, three 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	16-year fixed period for 2023/24
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 2076
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.