Bay Area Headquarters Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2025

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
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For the Year Ended June 30, 2025

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, 2025, 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, 2025, 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 to the financial statements, during the year ended June 30, 2025, BAHA adopted new accounting guidance, GASB Statement No. 101, Compensated Absences, which resulted in a restatement of the July 1, 2024 net position for BAHA in the amount of $28,000. Our opinion is not modified with respect to the above 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, 2024, 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 14, 2025

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, 2025. 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 2025, and BAHA's total operating revenue was $6,342 at the end of the 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.

Management's Discussion and Analysis ($ in thousands, unaudited)

C. Financial Analysis

Statement of Net Position

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

	2025	2024
Cash	$ 33,542	$ 39,119
Receivables	8,742	14,547
Other assets	198	283
Capital assets	190,797	188,204
Total assets	233,279	242,153
Deferred outflows of resources	244	259
Current liabilities	3,138	2,297
Non-current liabilities	297	231
Total liabilities	3,435	2,528
Deferred inflows of resources	7,773	13,289
Net position		
Net investment in capital assets	189,740	187,262
Restricted for capital projects	—	18,448
Unrestricted	32,575	20,885
Total net position	$ 222,315	$ 226,595

Total assets decreased by $8,874 in fiscal year 2025. One tenant's lease term expired in fiscal year 2025, and BAHA collected $3,514 less in rental income than prior year. As a result of the expired lease, lease receivable decreased by $5,805 in fiscal year 2025. With less rental income and more spending on building maintenance and capital projects, BAHA's cash decreased by $5,577 in fiscal year 2025.

Total liabilities increased by $907 in fiscal year 2025. The increase is mainly due to higher payables and accrued liabilities to vendors and contractors for current building maintenance and capital projects.

Management's Discussion and Analysis ($ in thousands, unaudited)

Statement of Revenues, Expenses, and Changes in Net Position

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

	2025	2024
Operating revenue		
Rental income	$ 5,556	$ 9,070
Other operating revenues	786	984
Total operating revenue	6,342	10,054
Operating expenses		
Salaries and benefits	898	583
Professional fees and property management	1,170	1,280
Repairs / maintenance and supplies	1,132	2,200
Security and cleaning service	1,672	1,611
Depreciation and amortization	5,466	5,944
Possessory tax	298	441
Other expenses	2,134	2,007
Total operating expenses	12,770	14,066
Operating loss	(6,428)	(4,012)
Nonoperating revenues / (expenses)		
Interest and miscellaneous income	2,176	2,734
Total nonoperating revenues	2,176	2,734
Changes in net position	(4,252)	(1,278)
Net position - beginning	226,595	227,873
Restatement for GASB 101 adoption	(28)	—
Net position - beginning, as restated	226,567	227,873
Net position - ending	$ 222,315	$ 226,595

BAHA's total operating revenues decreased by $3,712 in fiscal year 2025. Rental income decreased by $3,514 due to a tenant's lease term expiration. Other operating revenues, mainly escalations from tenants and revenues from parking garages, decreased by $198.

Total operating expenses decreased by $1,296 in fiscal year 2025. The decrease in fiscal year 2025 is primarily a result of the decrease of $1,068 in repair and maintenance. In fiscal year 2024, BAHA had several maintenance projects inside and outside of the building, whereas in fiscal year 2025, BAHA focused on capital projects such as facade waterproofing.

BAHA's total nonoperating revenues decreased by $558 in fiscal year 2025. The interest income decreased by $481 which is mainly due to a lower cash balance in fiscal year 2025 compared to prior year.

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 Impacting BAHA

While Gross Domestic Product (GDP) growth and low unemployment paint a strong picture, there are several headwinds that BAHA must consider for FY 2025-26 and beyond.

These headwinds include:

- Inflation, which has remained somewhat higher than the Federal Reserve objectives.
- In an effort to appropriately manage its dual mandate of maximum employment and cost stability, the Federal Reserve has allowed interest rates to remain at levels that are somewhat restrictive of growth.
- New tariff policies (and the significant uncertainties around these) are having effects on supply chains and increasing costs for businesses and consumers alike.

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, 2025
(With comparative information for the prior year)

($ in thousands)	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33,542	$ 39,119
Accounts receivable	228	456
Lease receivable - current	4,036	5,696
Due from other government	119	—
Prepaid expenses	198	283
Total current assets	38,123	45,554
Non-current assets:		
Lease receivable - non-current	4,359	8,395
Capital assets, not being depreciated/amortized	43,846	36,009
Capital assets, net of accumulated depreciation/amortization	146,951	152,195
Total non-current assets	195,156	196,599
TOTAL ASSETS	233,279	242,153
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension	136	141
Deferred outflows from OPEB	108	118
TOTAL DEFERRED OUTFLOWS OF RESOURCES	244	259
LIABILITIES		
Current liabilities:		
Accounts payable	230	548
Retention payable	444	198
Accrued liabilities	1,927	852
Unearned revenue	3	—
Compensated absences liability	43	33
SBITA liability	23	—
Due to 375 Beale Condo	468	666
Total current liabilities	3,138	2,297
Non-current liabilities:		
Net pension liability	162	136
Net OPEB liability	47	52
Compensated absences liability	88	43
Total non-current liabilities	297	231
TOTAL LIABILITIES	3,435	2,528
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from leases	7,747	13,253
Deferred inflows from pension	1	4
Deferred inflows from OPEB	25	32
TOTAL DEFERRED INFLOWS OF RESOURCES	7,773	13,289
NET POSITION		
Net investment in capital assets	189,740	187,262
Unrestricted	32,575	39,333
TOTAL NET POSITION	$ 222,315	$ 226,595

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, 2025
(With comparative information for the prior year)

($ in thousands)	2025	2024
OPERATING REVENUE		
Rental income	$ 5,556	$ 9,070
Other operating revenues	786	984
TOTAL OPERATING REVENUE	6,342	10,054
OPERATING EXPENSES		
Salaries and benefits	898	583
Professional fees	906	965
Repairs and maintenance	1,108	2,101
Property management service	264	315
Insurance	245	240
Security	704	693
Cleaning service	968	919
Utilities	471	495
Computer maintenance and services	646	644
Supplies and equipment rental	24	99
Depreciation and amortization	5,466	5,944
Overhead	350	292
Possessory tax	298	441
Other	422	335
TOTAL OPERATING EXPENSES	12,770	14,066
OPERATING LOSS	(6,428)	(4,012)
NONOPERATING REVENUES (EXPENSES)		
Interest income	1,929	2,410
Loss on disposal of capital assets	(61)	—
Other nonoperating revenues	308	322
Miscellaneous income	—	2
TOTAL NONOPERATING REVENUES (EXPENSES)	2,176	2,734
CHANGE IN NET POSITION	(4,252)	(1,278)
NET POSITION - BEGINNING	226,595	227,873
Restatement for GASB 101 adoption	(28)	—
NET POSITION - BEGINNING, AS RESTATED	226,567	227,873
NET POSITION - ENDING	$ 222,315	$ 226,595

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, 2025
(With comparative information for the prior year)

($ in thousands)	2025	2024
Cash flows from operating activities		
Cash receipts from tenants	$ 6,746	$ 10,034
Cash payments to suppliers for goods and services	(5,633)	(7,450)
Cash payments for employee salaries and benefits	(845)	(539)
Other cash receipts	207	305
Other cash payments	—	(616)
Net cash provided by operating activities	475	1,734
Cash flows from capital and related financing activities		
Acquisition of capital assets	(7,981)	(4,153)
Net cash used in capital and related financing activities	(7,981)	(4,153)
Cash flows from investing activities		
Interest received	1,929	2,556
Net cash provided by investing activities	1,929	2,556
Net increase / (decrease) in cash	(5,577)	137
Cash - Beginning of year	39,119	38,982
Cash - End of year	$ 33,542	$ 39,119

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, 2025
(With comparative information for the prior year)

Reconciliation of operating loss to net cash provided by operating activities

($ in thousands)	**2025**	**2024**
Operating loss	$ (6,428)	$ (4,012)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	5,466	5,944
Other revenues	325	286
Net effect of changes in:		
Accounts receivable	211	(142)
Prepaid expenses	85	(115)
Net pension liability	26	20
Net OPEB liability	(5)	21
Accounts payable	69	(106)
Accrued liabilities	818	112
Unearned revenue	3	—
Lease receivable	190	122
Tenant security deposit	—	(53)
Due from other governments	(119)	(597)
Deferred outflows from pension	5	11
Deferred outflows from OPEB	10	(31)
Compensated absences liability	27	11
Deferred inflows from pension	(3)	(4)
Deferred inflows from OPEB	(7)	15
Due from /(to) 375 Beale Condo	(198)	252
Net cash provided by operating activities	$ 475	$ 1,734

Significant Noncash Investing, Capital, and Financing Activities

	2025	2024
Acquisition of capital assets under accounts payable and accrued liabilities	$ 613	$ 743

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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 prefer reviewing the financial information segregated for the BAHA.

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. BATA contributed a cumulative amount of $284,999 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 $11,673 and $50 to BAHA, respectively. Bay Area Air Quality Management District (BAAQMD) contributed $150 for electric vehicle charging stations in BAMC parking garage and $3,000 for the improvements of the first-floor meeting room construction. BAHA has returned $37,681 of BATA contributions to BATA cumulatively through FY 2025.

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. 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.

B. Basis of 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.

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

BAHA's financial statements are reported using the economic resources, measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

D. New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal year beginning after December 15, 2023, and all reporting periods thereafter. BAHA adopted this standard for fiscal year ended June 30, 2025. See Note 1.M Prior Period Restatement for further information on the impact of the adoption of GASB Statement No. 101.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess and disclose information regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service a government provides. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The adoption of the standard has no impact on BAHA’s financial statements.

For the Year Ended June 30, 2025 ($ in thousands)

E. Cash and Cash Equivalents

BAHA considers all balances in demand deposit accounts and associated sweep money market mutual funds, and the funds in government pools to be cash. The composition of cash at June 30, 2025 is as follows:

Cash and cash equivalents		
Cash at banks	$	9,476
Government Pool:		
California State Local Agency Investment Fund (LAIF)		2,384
California Asset Management Program (CAMP)		21,682
Total cash and cash equivalents	$	33,542

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

The 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. LAIF funds are available for immediate withdrawal. Therefore, the position in LAIF is classified as cash and cash equivalents. LAIF is unrated.

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 and Poor’s.

State law and MTC policy do not limit investments in joint powers authority funds, county or state investment pools as a percentage of the portfolio.

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.

F. 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.

G. 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 ten thousand dollars 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	Life of SBITA Term

H. 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.

I. Compensated Absences

MTC, the primary government, provides regular staff employees with accumulated 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 for compensated absences is recognized when leave time: (1) has been earned for services previously rendered by employees, (2) accumulates and may be carried over into subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during employment or upon separation from employment. The liability for compensated absences includes salary-related benefits, where applicable.

In estimating the portion of the liability that is due within one year, MTC applies a first-in, first-out (FIFO) flows assumption, meaning that payments of leave are considered to reduce the oldest accumulated leave balances first. This approach provides consistency in measurement and reflects the expected pattern of leave usage.

MTC allocated the compensated absences liability related balance to BAHA based on BAHA's proportional share of payroll costs for the relevant year.

Vacation

MTC's policy permits employees to accumulate earned but unused vacation benefits. Accumulated vacation is payable at the employee's current pay rate upon separation from employment, and the balance of accrued vacation leave is recognized as a liability up to maximum of 500 hours.

Sick Leave

MTC's policy permits employees to accumulate sick leave without limit. While no more than 240 hours of unused sick leave may be cashed out upon separation, the liability for compensated absences also includes the estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability, in accordance with the applicable accounting standards.

J. 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.

K. Net Pension and OPEB Liabilities

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

L. 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.

M. Prior Period Restatement

The impact of adoption of GASB Statement 101, *Compensated Absences,* on the net position at July 1, 2024 is summarized as follows:

Net Position - Beginning of Year	$	226,595
Restatement for GASB 101 Adoption		(28)
Net Position - Beginning of Year, as Restated	$	226,567

N. 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.

O. 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.

For the Year Ended June 30, 2025 ($ in thousands)

P. 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.

2. Capital Assets

A summary of capital assets for the period ended June 30, 2025 is as follows:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Capital assets, not being depreciated/amortized:				
Land	$ 33,934	$ —	$ —	$ 33,934
Construction in progress	2,075	7,837	—	9,912
Total capital assets, not being depreciated/ amortized	36,009	7,837	—	43,846
Capital assets, being depreciated/amortized:				
Building and improvements	178,417	—	—	178,417
Furniture and equipment	9,736	240	(1,855)	8,121
Tenant improvements	12,881	—	—	12,881
Intangible assets	1,655	—	(1,655)	—
SBITA assets	91	43	—	134
Total capital assets being depreciated/amortized	202,780	283	(3,510)	199,553
Less accumulated depreciation/amortization for:				
Building and improvements	31,698	3,989	—	35,687
Furniture and equipment	5,180	928	(1,794)	4,314
Tenant improvements	12,046	513	—	12,559
Intangible assets	1,655	—	(1,655)	—
SBITA assets	6	36	—	42
Total accumulated depreciation/amortization	50,585	5,466	(3,449)	52,602
Total capital assets, being depreciated/amortized, net	152,195	(5,183)	(61)	146,951
BAHA capital assets, net	$ 188,204	$ 2,654	$ (61)	$ 190,797

For the Year Ended June 30, 2025 ($ in thousands)

3. 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 2 to 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, 2025, BAHA had net SBITA assets of $92 and SBITA liabilities of $23. SBITA assets were reported in capital assets, net of accumulated amortization on the Statement of Net Position.

The BAHA SBITA future principal and interest payment as of June 30, 2025 was as follows:

Year Ending June 30	Principal	Interest	Total
2026	$ 23	$ 1	$ 24

4. Leases

Lessor

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

In 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.

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, the carrying value is $61,049, and the accumulated depreciation amount is $29,137 as of June 30, 2025 and reported as building and improvements in capital assets.

For the Year Ended June 30, 2025 ($ in thousands)

In fiscal year 2025, BAHA recorded rental principal receipt of $5,697 and interest receipt of $228. Future lease payments under GASB Statement No. 87 are as follows:

Year Ending June 30	Principal		Interest		Total	
2026	$	4,036	$	128	$	4,164
2027		3,710		38		3,748
2028		649		1		650
Total	$	8,395	$	167	$	8,562

5. 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, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

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, 2023. CalPERS then rolled forward the total pension liability to June 30, 2024, and this is the basis for reporting MTC's net pension liability at June 30, 2025.

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 2025 was 0.62%, which was based on the fiscal year 2024 measurement year.

In fiscal year 2025, BAHA had pension expense of $71, net pension liability of $162, deferred outflow of resources from pension of $136, and deferred inflow of resources from pension of $1. Total contribution made for this fiscal year is $42 and it is reported as deferred outflows of resources related to employer contributions subsequent to the measurement date and will be recognized as a decrease to the net pension liability in the year ended June 30, 2026.

For the Year Ended June 30, 2025 ($ in thousands)

For additional information on employees' retirement plan, refer to MTC's Annual Comprehensive Financial Report Note 10. A copy of MTC's Annual Comprehensive Financial Report may be obtained by writing to the Metropolitan Transportation Commission Finance Department, 375 Beale Street, Suite 800, San Francisco, CA 94105.

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 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, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

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, 2025 was determined using the actuarial valuation and measurement date of June 30, 2024.

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 2025 was 0.62%, which was based on the fiscal year 2024 measurement year.

In fiscal year 2025, BAHA had OPEB expense of $43, net OPEB liability of $47, and deferred outflow of resources from OPEB of $108, and deferred inflow of resources from OPEB of $25. Total contribution made for this fiscal year is $45 and it is reported as deferred outflows of resources related to employer contributions subsequent to the measurement date and will be recognized as a decrease to the net OPEB liability in the year ended June 30, 2026.

For additional information on employees' OPEB plan, refer to MTC's Annual Comprehensive Financial Report Note 11. A copy of MTC's Annual Comprehensive Financial Report may be obtained by writing to the Metropolitan Transportation Commission Finance Department, 375 Beale Street, Suite 800, San Francisco, CA 94105.

7. Compensated Absences

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 2025 was 0.62%. BAHA had current compensated absences liability of $43, and non-current liability of $88 as of June 30, 2025.

For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 12. A copy of MTC's Annual Comprehensive Financial Report may be obtained by writing to the Metropolitan Transportation Commission Finance Department, 375 Beale Street, Suite 800, San Francisco, CA 94105.

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, 2025, there are approximately $14,256 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 2025, 375 Beale Condo assessed $4,925 from the three condominium owners for the common area operations. Of this amount, $992 will be refunded to condominium owners. This amount, reduced by related receivables, is reflected in the Due to 375 Beale Condo balance of $468 as of June 30, 2025.

Required Supplementary Information

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

Measurement Period	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	Miscellaneous Plan Tier I & II 2016
Proportion of the collective net pension liability/asset	0.62 %	0.64 %	0.71 %	0.71 %	0.61 %	0.91 %	1.59 %	2.53 %	1.20 %
Proportionate share of the collective net pension liability/ (asset)	$ 162	$ 136	$ 116	$ (67)	$ 177	$ 319	$ 70	$ 381	$ 416
Covered payroll	$ 339	$ 303	$ 295	$ 277	$ 221	$ 317	$ 80	$ 288	$ 285
Proportionate share of the collective net pension liability/ (asset) as a percentage of its covered payroll	47.79 %	44.88 %	39.23 %	(24.16)%	79.84 %	100.48 %	87.18 %	132.15 %	146.20 %
Plan's fiduciary net position as a percentage of the Plan's total pension liability / (asset)	91.97 %	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 or 2024. 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.

* MTC allocated pension liability to BAHA started in FY 2017. 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 Pension Contributions ($ in thousand, unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

Fiscal Year	Miscellaneous Plan Tier I & II 2025	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	$ 52	$ 40	$ 44	$ 45	$ 37	$ 64	$ 14	$ 57	$ 62
Contributions in relation to the actuarially determined contributions	(52)	(40)	(44)	(79)	(64)	(144)	(14)	(57)	(62)
Contribution deficiency (excess)	$ —	$ —	$ —	$ (34) (1)	$ (27) (1)	$ (80) (1)	$ —	$ —	$ —
Covered payroll	$ 470	$ 339	$ 303	$ 295	$ 277	$ 221	$ 317	$ 80	$ 288
Actual contributions as a percentage of covered payroll	11.09%	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.

Notes to Schedule:
The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2024-25 were derived from the June 30, 2022 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method / Period	For details, see June 30, 2022 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2022 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 and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

* MTC allocated pension liability to BAHA started in FY 2017. 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 Proportionate Share of Net OPEB Liability / Asset ($ in thousands, unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	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
Proportion of the collective net OPEB liability/(Asset)	0.62%	0.64 %	0.71 %	0.71 %	0.61 %	0.91 %	1.59 %	2.53 %
Proportionate share of the collective net OPEB liability/(Asset)	$ 47	$ 52	$ 31	$ (20)	$ (40)	$ (26)	$ 119	$ 181
Covered-employee payroll	$ 350	$ 320	$ 310	$ 290	$ 234	$ 336	$ 556	$ 730
Proportionate share of the collective net OPEB liability/(Asset) as a percentage of its covered-employee payroll	12.74%	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	88.04%	86.27 %	91.92 %	105.69 %	114.10 %	106.80 %	80.98 %	80.19 %

Notes to Schedule:

Changes of Assumptions: There were no changes in assumptions since prior measurement date June 30, 2023.The general inflation rate decreased from 2.75 percent in FY 2023 to 2.5 percent in FY 2024-25. The long-term expected rate of return on investments used to measure the total OPEB liability was 3.75 percent in FY 2023, FY 2024, and FY 2025. 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 ($ in thousands, unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

Fiscal Year	Miscellaneous Plan Tier I & II 2025	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
Actuarially determined contribution	$ 39	$ 23	$ 23	$ 23	$ 16	$ 27	$ 52	$ 80
Contributions in relation to the actuarially determined contributions	(56)	(36)	(22)	(25)	(10)	(43)	(180)	(80)
Contribution deficiency (excess)	$ (17)	$ (13)	$ 1	$ (2)	$ 6	$ (16) (1)	$ (128) (1)	$ —
Covered-employee payroll for OPEB	$ 491	$ 350	$ 320	$ 310	$ 290	$ 234	$ 336	$ 556
Actual contributions as a percentage of covered-employee payroll	11.40 %	10.22 %	7.02 %	8.06 %	3.45 %	18.97 %	53.47 %	14.39 %

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

Notes to Schedule:

The following actuarial methods and assumptions from the June 30, 2023 actuarial valuation were used to determine the 2024/25 Actuarially Determined Contribution:

Actuarial cost method	Entry Age Normal. Level percentage of pay
Amortization method	Level percentage of pay
Amortization period	15-year fixed period for 2024/25
Asset valuation method	Market Value of assets
Inflation	2.5% annually
Healthcare cost trend rates	Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.5% for 2025, decreasing to an ultimate rate of 3.4% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Investment rate of return	3.75% annually
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

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