METROPOLITAN TRANSPORTATION COMMISSION

Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Board Room, 1st Floor

MEETING AGENDA

Date: Wednesday, October 28, 2026 | **Time:** 9 a.m.

MTC Audit Committee

Chair: Sue Noack
Clerk: Kimberly Ward

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, Board Room (1st Floor). In-person attendees must adhere to posted public health protocols while in the building. The meeting webcast will be available at https://mtc.ca.gov-/whats-happening/meetings/live-webcasts. Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6. In order to get the full Zoom experience, please make sure your application is up to date.

Attendee Link: https://bayareametro.zoom.us/j/88104435307

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All standing committee meeting agendas may also be accessed on MTC's website here:
https://mtc.ca.gov-/meetings-events
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https://bayareametro.zoom.us/u/kdR1hznEgA
https://mtc.ca.gov-/how-provide-public-comment-board--meeting-zoom

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. two business days before the scheduled meeting date. Please include the committee or board meeting name and agenda item number in the subject line. All comments received will be submitted into the record.

Roster

Sue Noack
Chair

Margaret Abe-Koga **Alicia John-Baptiste** **Gina Papan**

**Non-Voting Members*

Agenda

1. Call to Order / Roll Call / Confirm Quorum

A quorum of this Committee shall be a majority of its voting members (3).

2. FY 2025-26 Financial Reports and Year End Audit Results

2a. **FY 2025-26 Financial Reports and Year End Audit Results** 26-2114

A request that the Audit Committee accept the audited financial reports for the fiscal year ended June 30, 2026.

Action: Committee Acceptance

Presenter(s): Grace Martinez, MTC and Brad Schelle, Crowe LLP

Attachments:

- 2a_26-2114_1_Summary_Sheet_FY25-26_Financial_Reports_YrEnd_Audit_Results.pdf
- 2a_26-2114_2_MTC_Crowe_2026_Audit_Results.pdf
- 2a_26-2114_3_Presentation_FY25-26_Financial_Reports_YrEnd_Audit_Results.pdf
- 2a_26-2114_4_FY25-26_MTC_Annual_Comprehensive_Financial_Report_.pdf
- 2a_26-2114_5_FY25-26_BATA_Financial_Statements.pdf
- 2a_26-2114_6_FY25-26_BAHA_Financial_Statements.pdf
- 2a_26-2114_7_FY25-26_BAIFA_Financial_Statements.pdf
- 2a_26-2114_8_FY25-26_BAHFA_Financial_Statements_.pdf

3. Public Comment / Other Business

Commissioners and members of the public participating by Zoom wishing to speak should use the “raise hand” feature or dial *9. When called upon, unmute yourself or dial *6.

4. Adjournment / Next Meetings:

The next meeting of the MTC Audit Committee will be held on a date and time to be duly noticed.

Public Comment: The public is encouraged to comment on agenda items at meetings by completing a request-to-speak card (available from the Clerk) and passing it to the Clerk. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the meeting body may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章：MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to meeting body members, key staff and others as appropriate. Copies will be available at the meeting.

Metropolitan Transportation Commission
Audit Committee

October 28, 2026 **Agenda Item 2a - 26-2114**

FY 2025-26 Financial Reports and Year End Audit Results

Staff requests that the Audit Committee accept the audited financial reports for the fiscal year ended June 30, 2026.

Background:

There are several audit reports and financial reports to be presented to the Committee. The reports include the following:

- Audit Results and Required Communications
- Metropolitan Transportation Commission (MTC) Annual Comprehensive Financial Report
- Bay Area Toll Authority (BATA) Financial Statements
- Bay Area Headquarters Authority (BAHA) Financial Statements
- Bay Area Infrastructure Financing Authority (BAIFA) Financial Statements
- Bay Area Housing Finance Authority (BAHFA) Financial Statements

The first report is communication between our audit firm, Crowe LLP and the Audit Committee. Crowe LLP has prepared a separate presentation to cover this report. The last five reports are financial reports covering MTC operations and were prepared by MTC staff.

Overall, the opinion for all five reports is unmodified, meaning the financial statements are fairly presented and prepared in accordance with accounting principles generally accepted in the United States. There are no significant deficiencies or material weakness reported in internal controls over financial reporting.

If you have any questions about this report, please contact Derek Hansel at (415) 778-6730.

Recommendation:

Staff requests that the Audit Committee accept the combined reports including the MTC's Annual Comprehensive Financial Report and associated reports for the fiscal year ended June 30, 2026.

Attachments:

- FY 2025-26 MTC Annual Comprehensive Financial Report
- FY 2025-26 Bay Area Toll Authority (BATA) Financial Statements
- FY 2025-26 Bay Area Headquarters Authority (BAHA) Financial Statements
- FY 2025-26 Bay Area Infrastructure Financing Authority (BAIFA) Financial Statements
- FY 2025-26 Bay Area Housing Finance Authority (BAHFA) Financial Statements

Andrew Fremier



Crowe

Smart decisions. Lasting value.℠

Metropolitan Transportation Commission

Audit Results and Required Communications

October 28, 2026

Dear Members of the Audit Committee of Metropolitan Transportation Commission,

We are pleased to present our report on the audit of Metropolitan Transportation Commission and related entities. Our report includes a summary of the audit results and also required auditor communications under professional standards.

We welcome any questions you or others may have on our audit. Thank you for the opportunity to discuss the audit results.

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Agenda

1. **Audit Objectives**
2. **Audit Results**
3. **Required Communications**
4. **Questions**



Audit Objectives



Audit Objectives



- The objective of an audit of financial statements is to express an opinion on whether the financial statements are in accordance with accounting principles generally accepted in the United States.
- The audit of financial statements was performed in accordance with auditing standards generally accepted in the United States (GAAS). For MTC, we also conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS).
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud.
- Our audit includes consideration of internal controls over financial reporting, but we do not express an opinion on the effectiveness of such internal controls. Management is responsible for the design and the effectiveness of internal controls.

MTC Reports

- Metropolitan Transportation Commission (MTC)
- Bay Area Headquarters Authority (BAHA)
- Bay Area Infrastructure Financing Authority (BAIFA)
- Bay Area Housing Finance Authority (BAHFA)
- Bay Area Toll Authority (BATA)



MTC Opinion Units & Standalone Reporting

Metropolitan Transportation Commission

Government-wide Financial Statements

- Governmental Activities
- Business-Type Activities
- BAHA

Fund Financial Statements

- General
- State Transit Assistance
- BART Car Exchange
- BATA
- BAIFA
- Clipper
- AB 664 Net Toll Revenue
- Rail Reserves
- BAHFA
- Aggregate Remaining Funds
- SB125

Standalone audit reporting

Audit Results



Audit Results

Financial Statement Audit Reports



- Independent Auditor's Report on the financial statements as of and for the year ending June 30, 2026.

Entity	Expected Opinion
MTC	Unmodified
BAHA	Unmodified
BAIFA	Unmodified
BAHFA	Unmodified
BATA	Unmodified

Audit Results

Other Reporting Compliance

Uniform Guidance Report (MTC)*

- Major Programs:
  - Highway Planning and Construction
  - Metropolitan Transportation Planning
- Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance.
  - No instances of material weaknesses or significant deficiencies in internal controls.
  - No federal compliance findings noted.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*
  - No instances of material weaknesses or significant deficiencies in internal controls.
  - No instances of material non-compliance or other matters noted.

**Pending issuance of the 2026 Compliance Supplement*



Transportation Development Act (TDA)

- TDA audit procedures and reporting are incorporated into the GAGAS opinion of the Single Audit report and MTC opinion
  - No instances of non-compliance or other matters noted
  - No material weakness or significant deficiencies in internal controls noted

Required Communications



Crowe

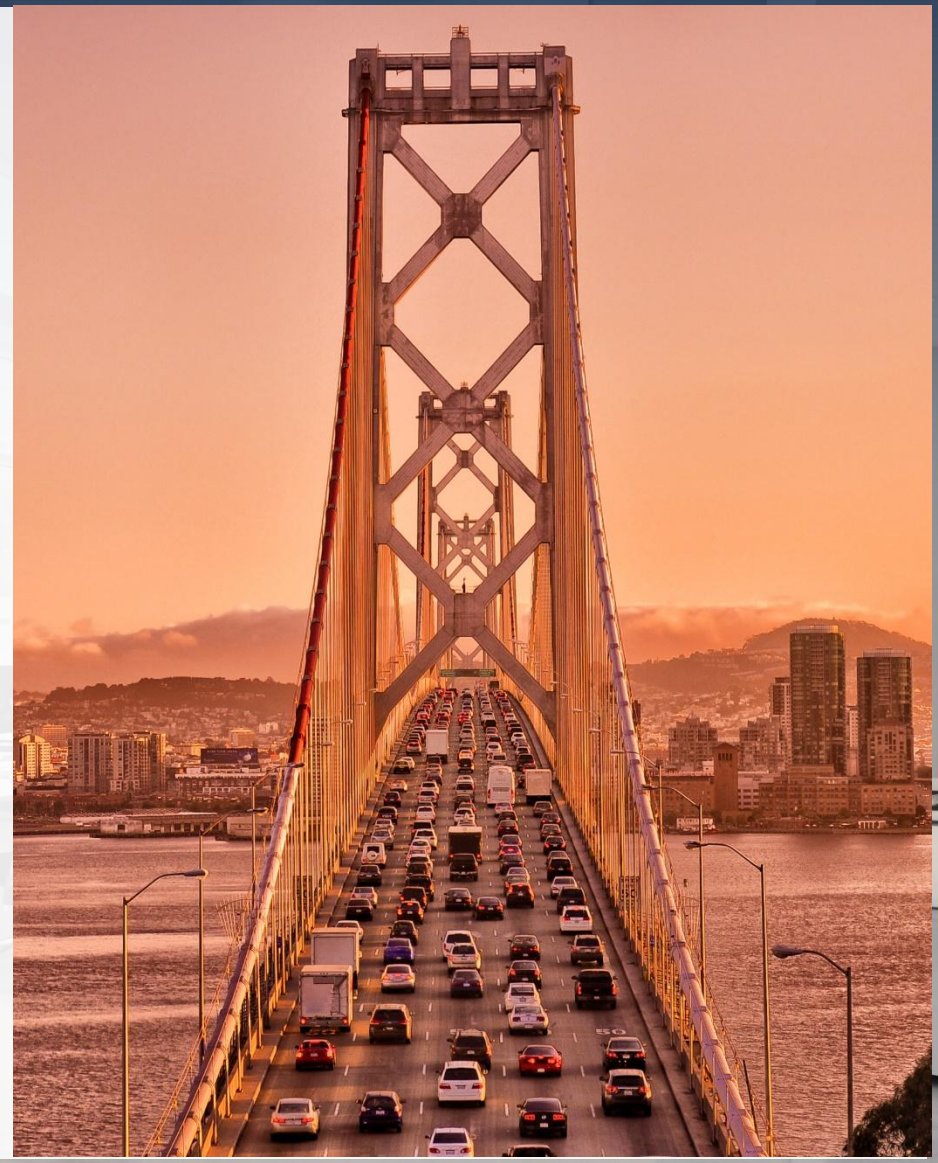
MTC- Audit Exit Meeting FY26

Required Communications

Required Communications - 1

- Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Management has disclosed the summary of significant accounting policies in footnote 1 of each report.

- Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments.

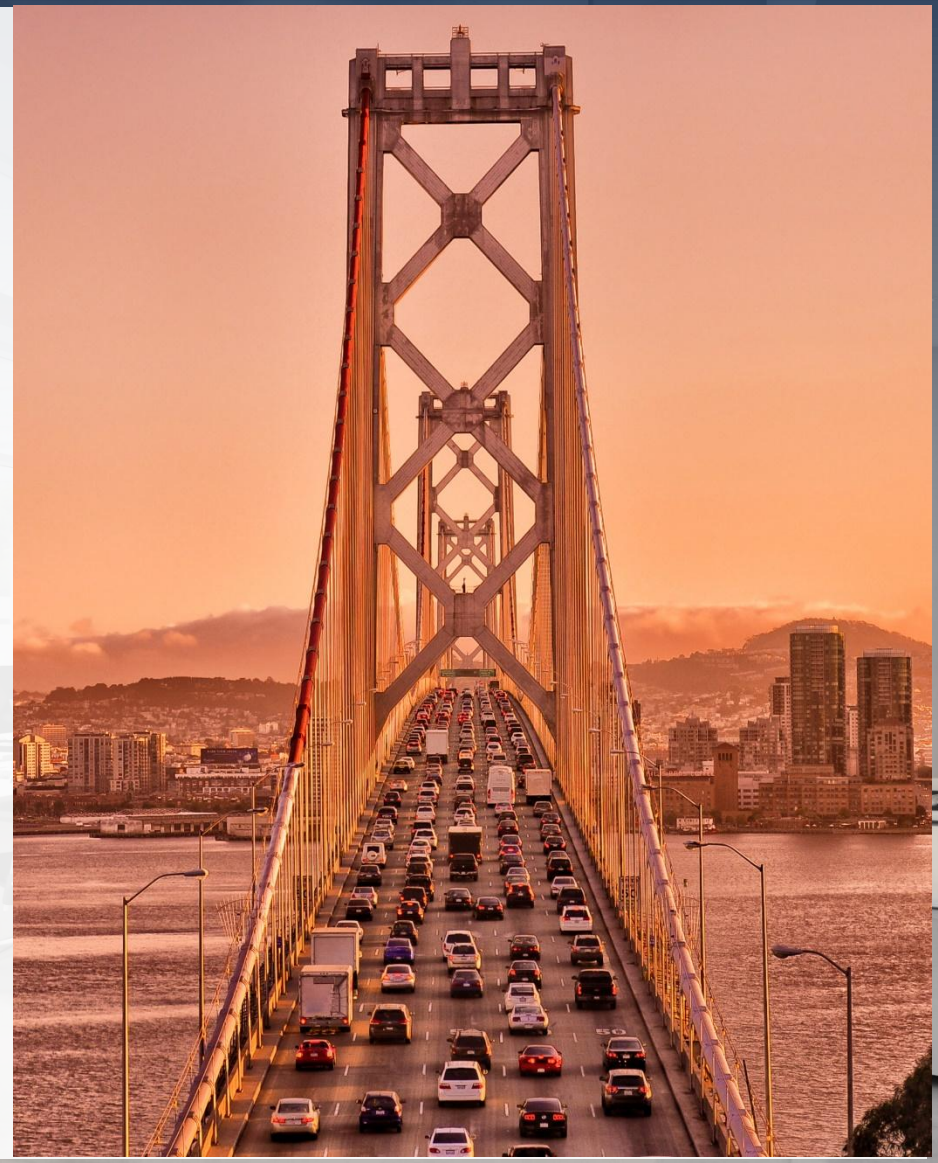


Required Communications

Required Communications - 2

Adoption of New Accounting Standards:

- GASB 103 – Financial Reporting Model Improvements
- GASB 104 – Disclosure of Certain Capital Assets
- Implementation Guide 2025-1



Required Communications

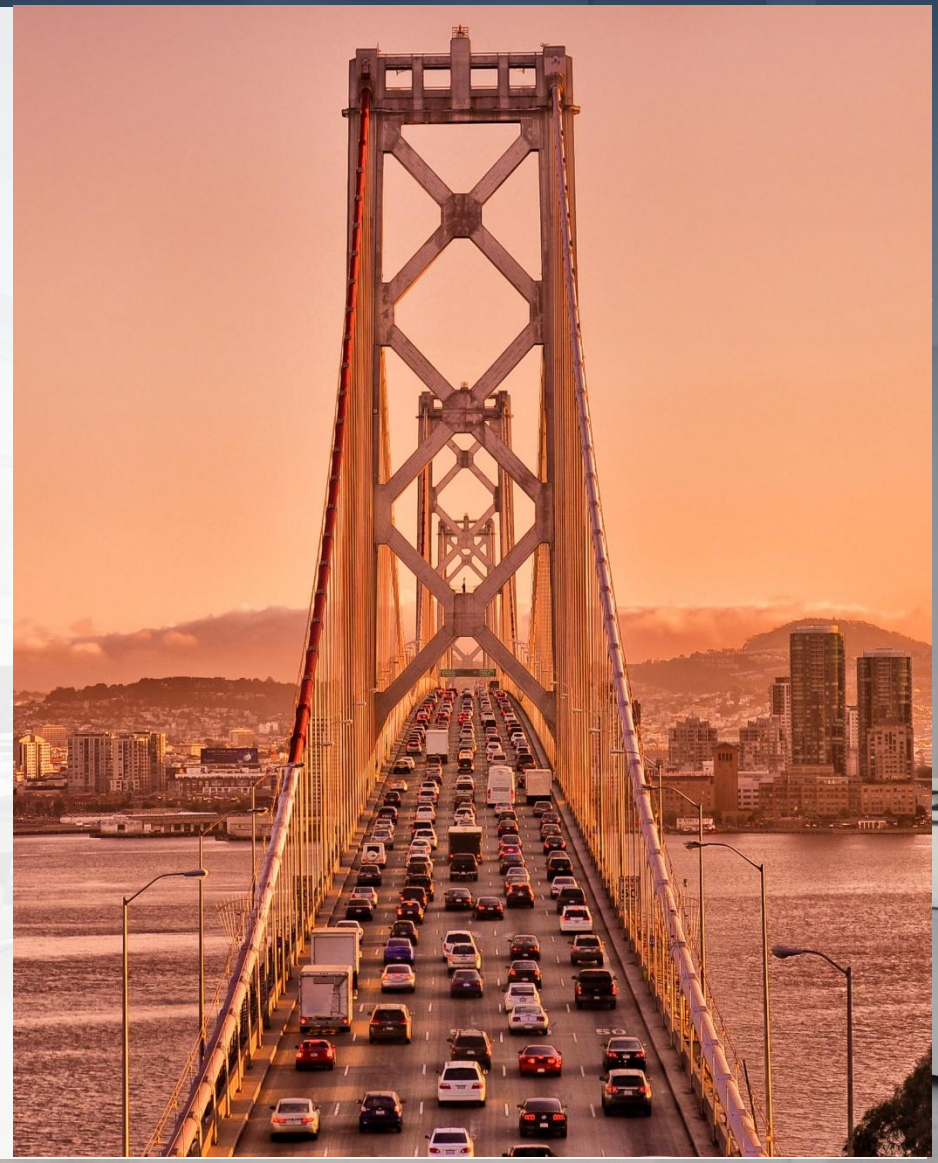
Required Communications - 3

- Corrected Misstatements:

  Any corrected misstatements that were brought to the attention of management were not material.

- Uncorrected Misstatements:

  No uncorrected misstatements.

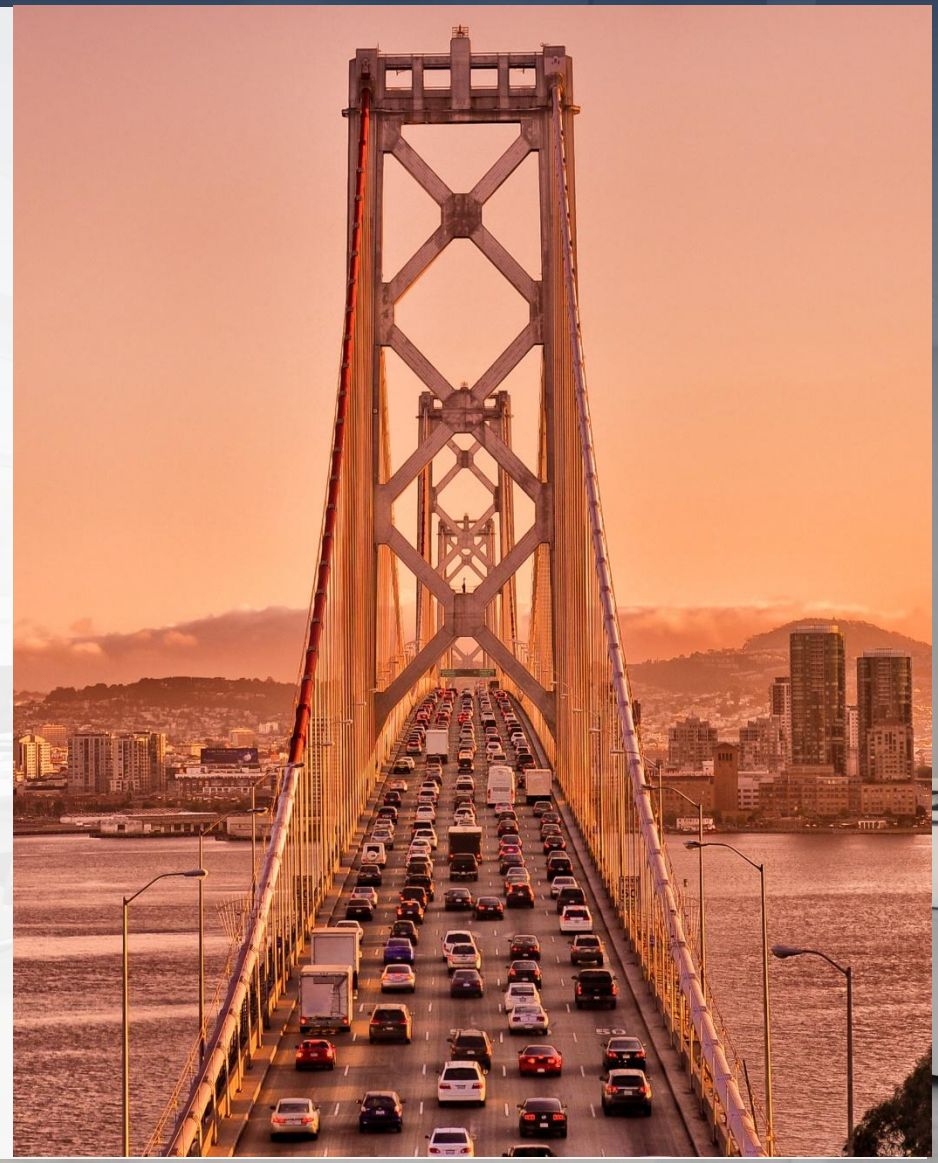


Required Communications

Required Communications - 4

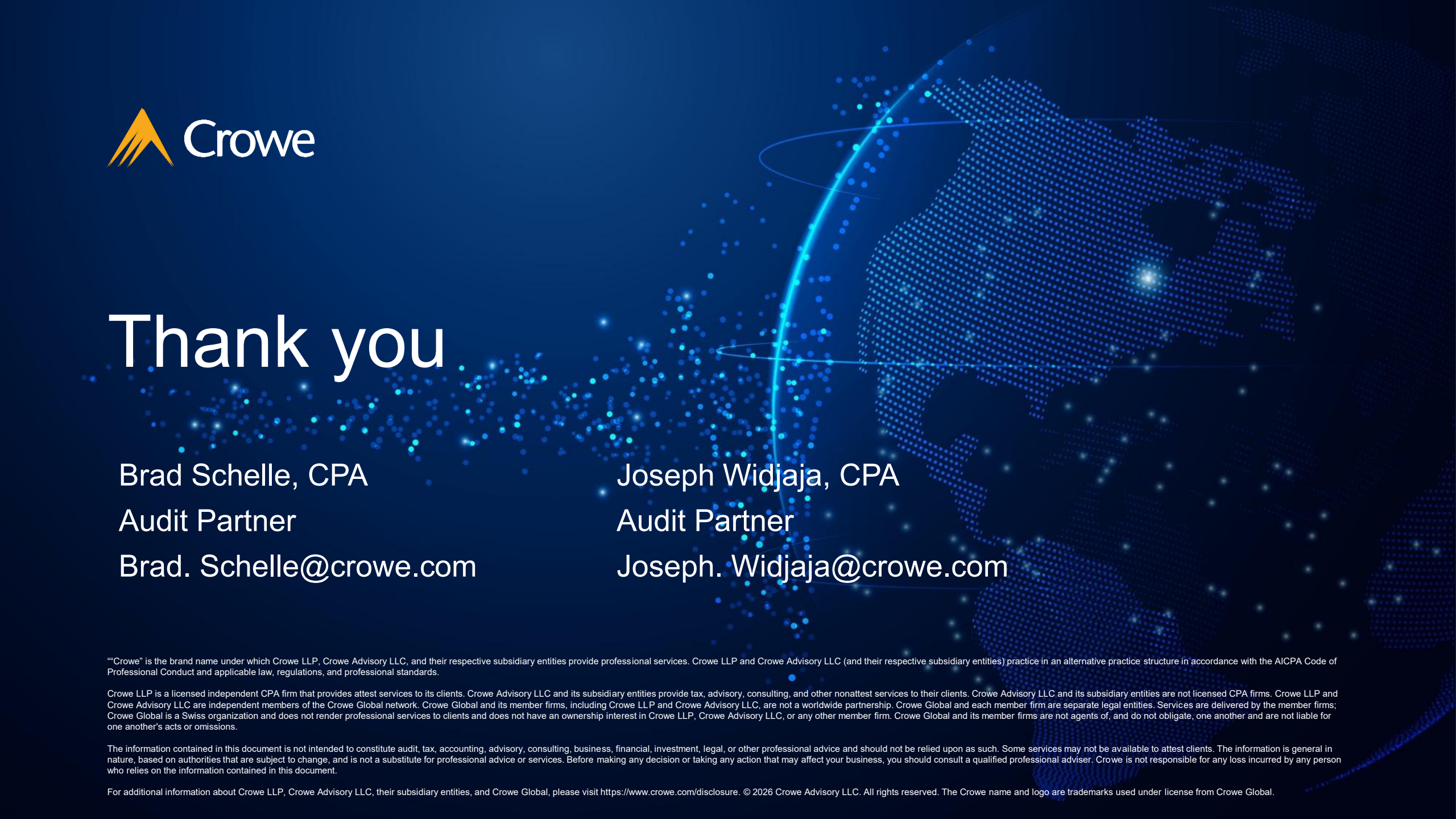
We did not note any:

- Significant Accounting Policies in Controversial or Emerging Areas
- Significant Unusual Transactions
- Significant Difficulties Encountered during the Audit
- Disagreements with Management
- Consultations with Other Accountants
- Significant Related Party Findings and Issues
- Independence matters



Questions





Thank you

Brad Schelle, CPA
Audit Partner
Brad. Schelle@crowe.com

Joseph Widjaja, CPA
Audit Partner
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Fiscal Year 2025-2026
Financial Reports and Year End Audit Results

METROPOLITAN
TRANSPORTATION
COMMISSION

October 28, 2026

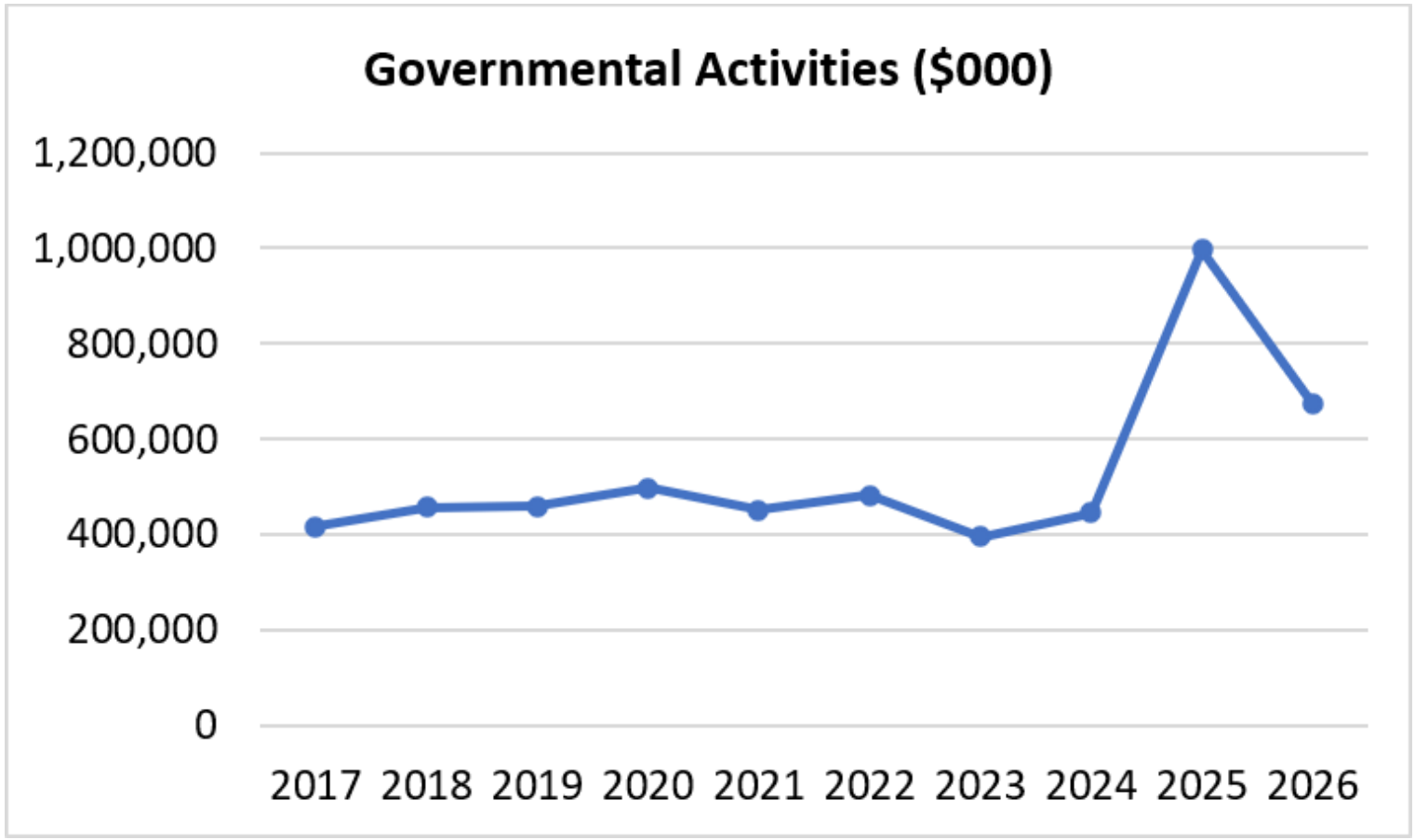
Grace Martinez, CPA
Section Director
Financial Reporting & Operational Accounting

Financial Highlights

- Received Assembly Bill 117 (AB117) loan of $590 million and distributed $295 million to four transit operators
- Bridge toll revenues increased by $90.1 million, 10.1%
- Express lane revenues increased by $5.7 million, 7.7%
- Sales tax revenue increased by $0.8 million, 4.9%
- Investment earnings decreased by $65.7 million, 27%
- BAHFA disbursed $25 million loans

Net Position: Governmental Activities

(Assets + Deferred Outflows) minus (Liabilities + Deferred Inflows)

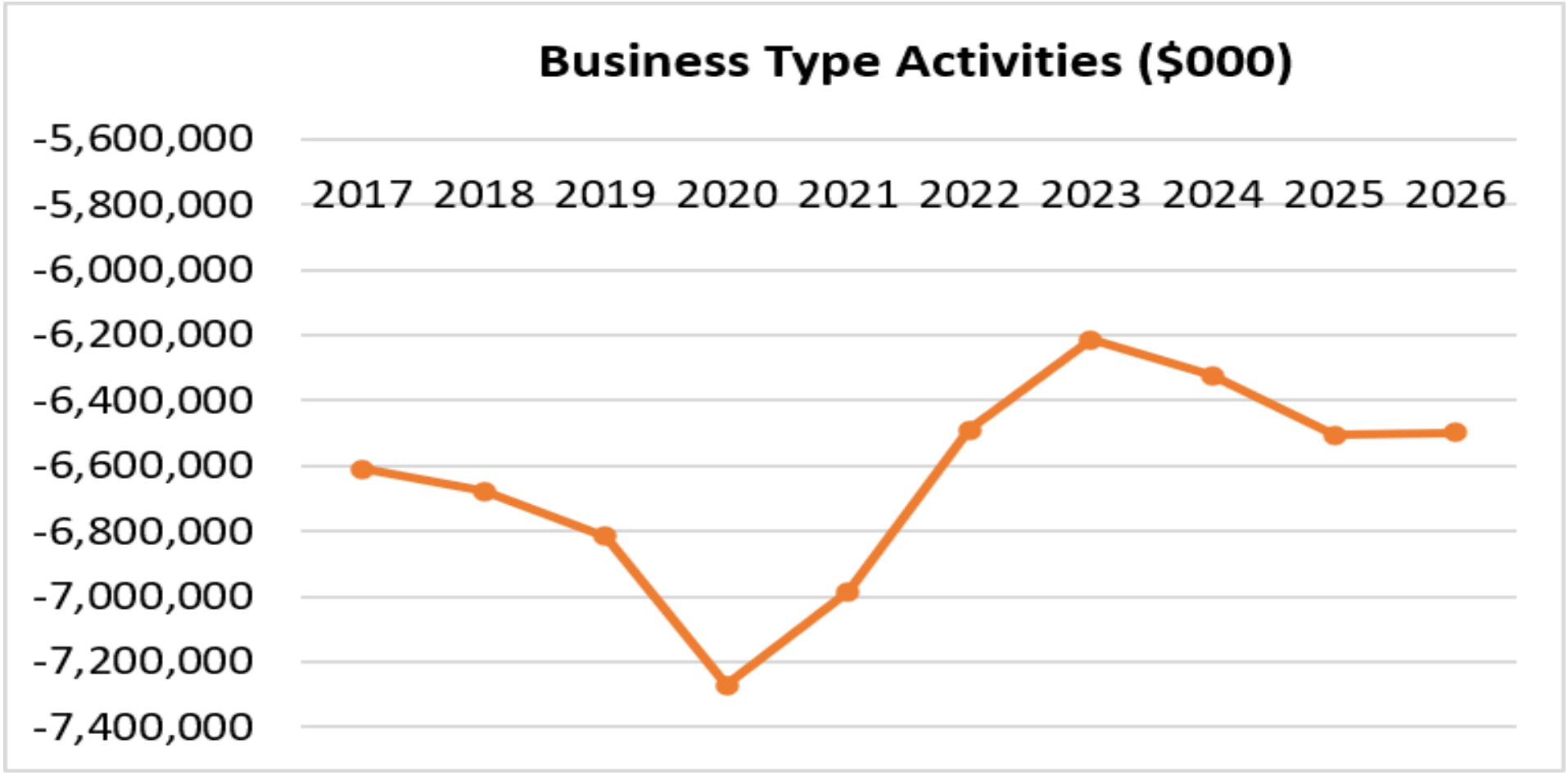


METROPOLITAN TRANSPORTATION COMMISSION

Note: $374.7 million SB 125 funds were distributed to other agencies in FY2026

Net Position: Business-Type Activities

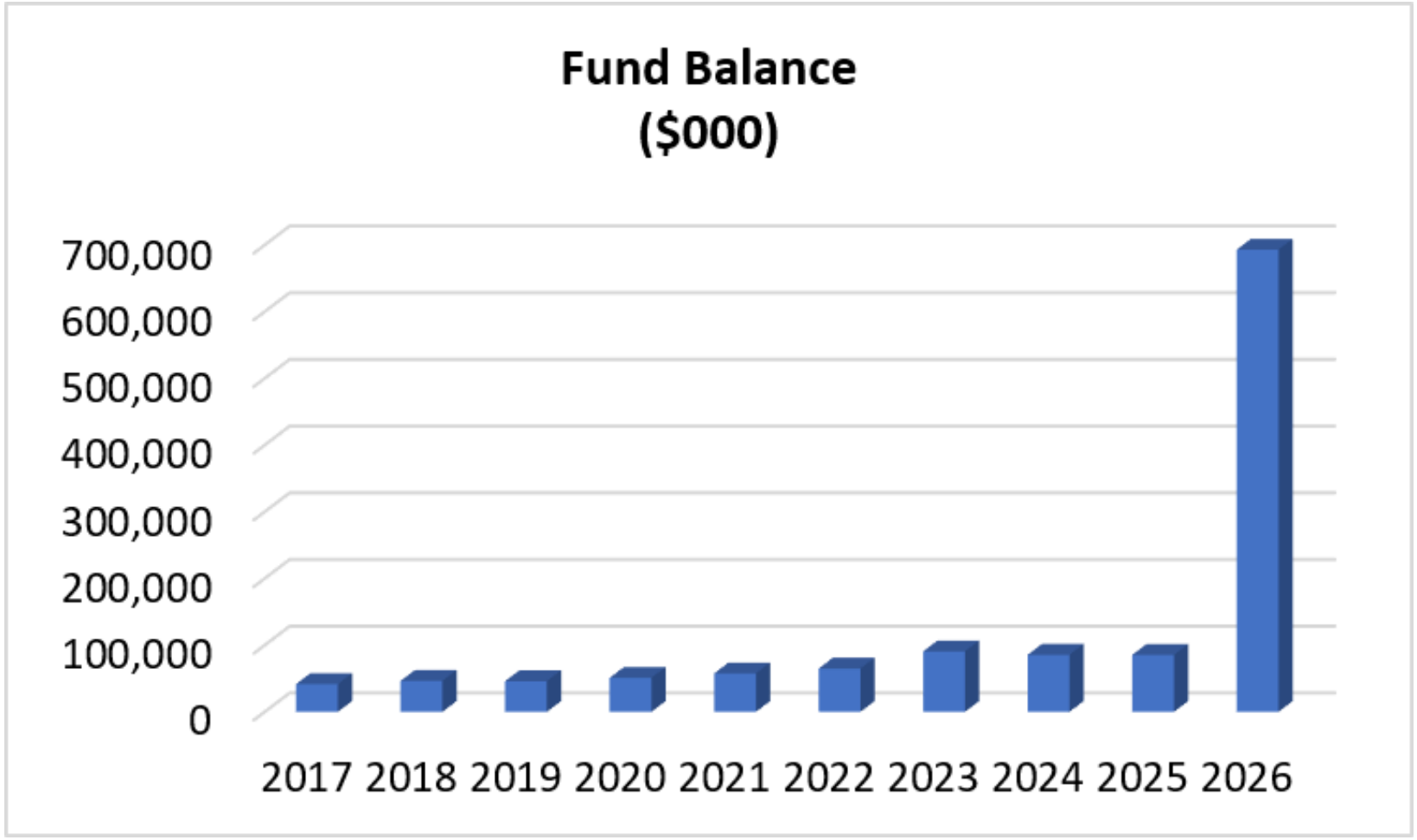
(Assets + Deferred Outflows) minus (Liabilities + Deferred Inflows)



METROPOLITAN TRANSPORTATION COMMISSION

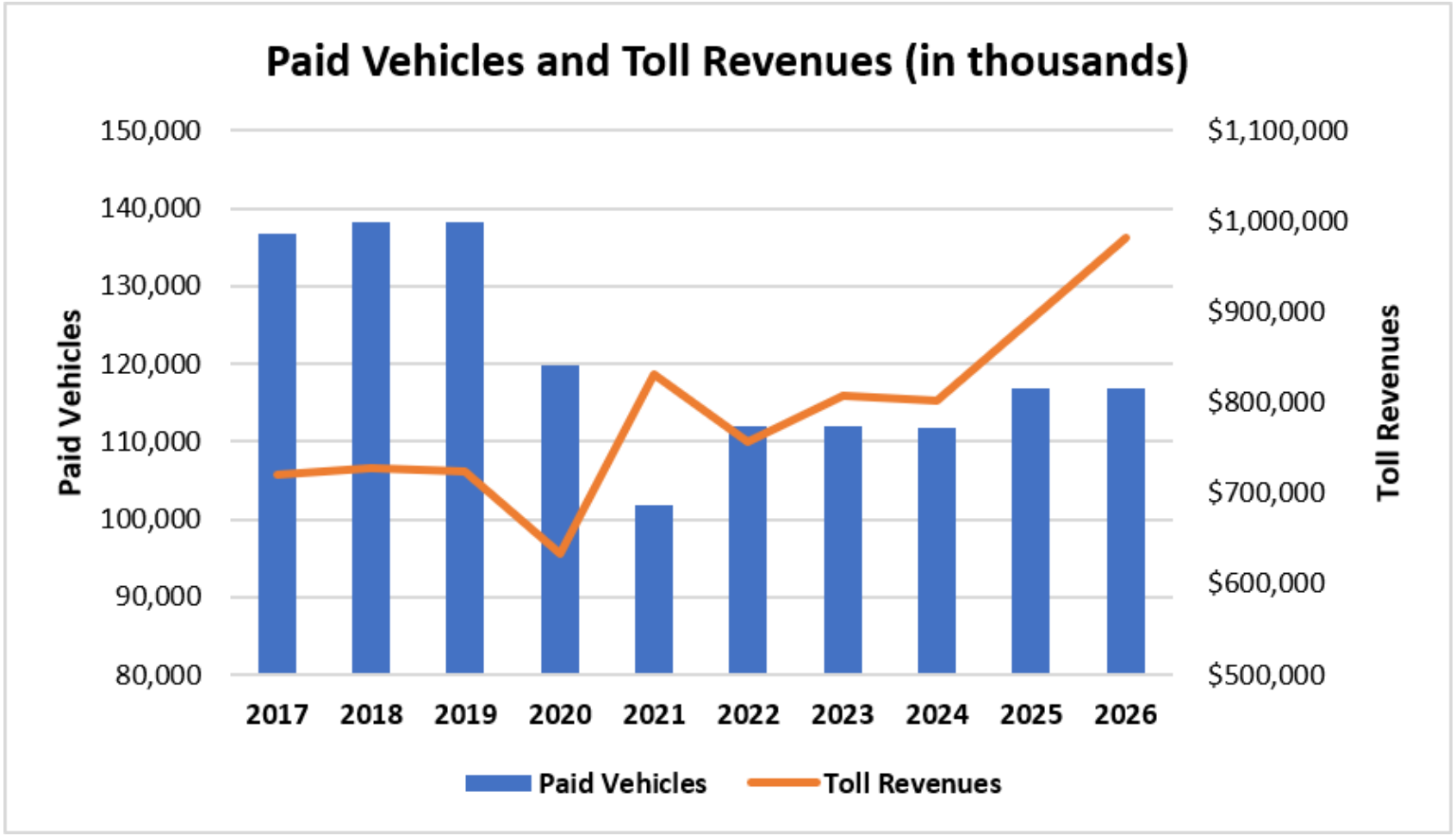
Note: : Express lanes generated $5.7 million more toll revenues in FY2026

MTC General Fund



Note: : Received $590 million AB117 loan proceeds in FY2026

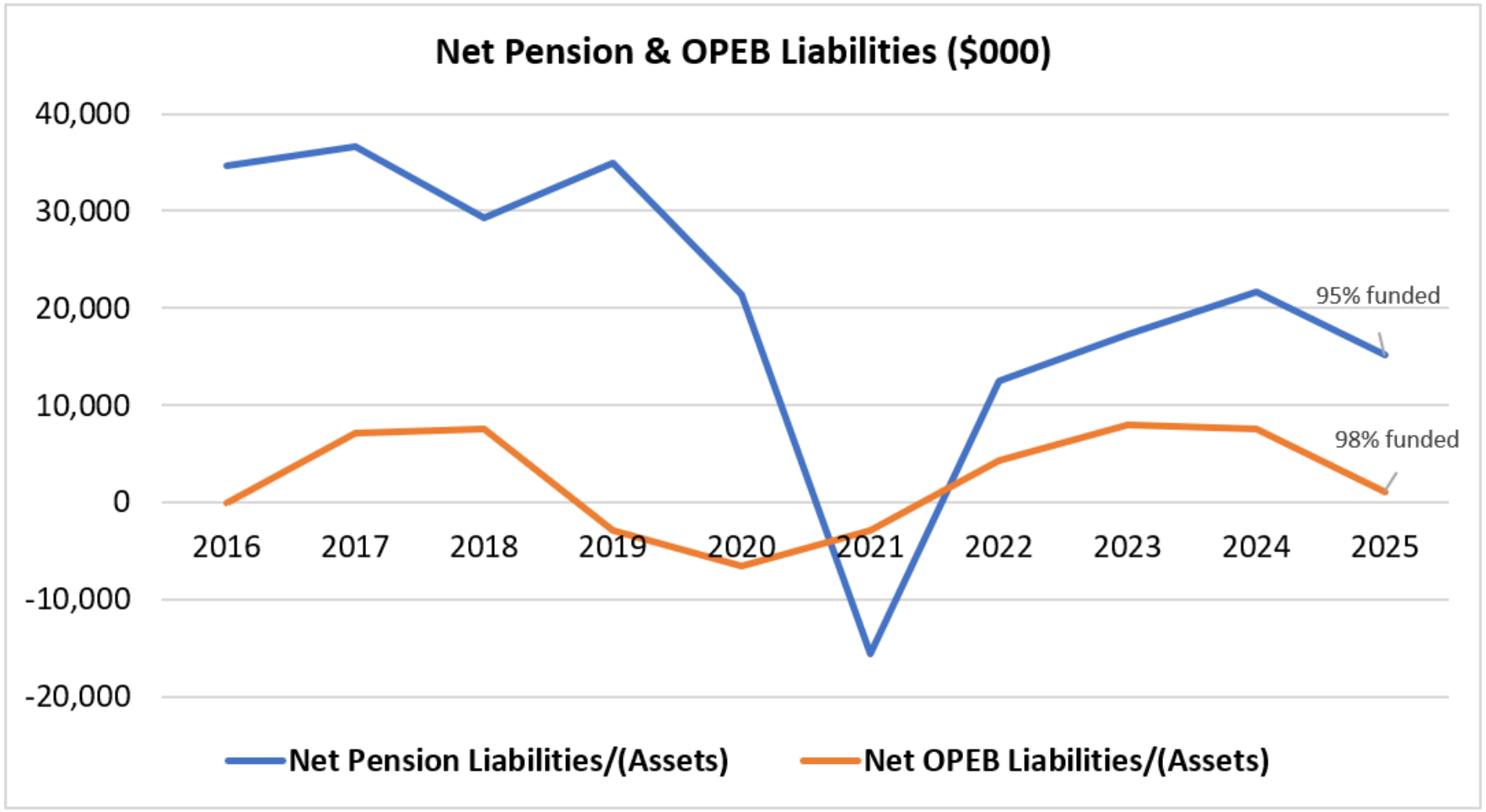
Bridge Toll Revenues



METROPOLITAN TRANSPORTATION COMMISSION

Note: Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021 was included in FY21

Net Pension and OPEB Liabilities



Note: *1. 2025:* Plans earned more net investment incomes to cover service costs and accrued interests
2. Additional $16.2 million contribution to CalPERS in FY2020 and $5 million each in FY21 & FY22
3. Additional $8 million contribution to the OPEB trust in FY2019

METROPOLITAN TRANSPORTATION COMMISSION

METROPOLITAN TRANSPORTATION COMMISSION

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2026

Metropolitan Transportation Commission
San Francisco, California









METROPOLITAN
TRANSPORTATION
COMMISSION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2026

Prepared by
Metropolitan Transportation Commission
Finance Department
San Francisco, California

Metropolitan Transportation Commission

For the Year Ended June 30, 2026

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Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2026

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METROPOLITAN
TRANSPORTATION
COMMISSION

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Cities of Contra Costa County

Stephanie Moulton-Peters, Vice Chair
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Cities of Alameda County

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Gina Papan
Cities of San Mateo County

Belia Ramos
Association of Bay Area Governments

Libby Schaaf
U.S. Department of Housing and Urban Development

Andrew B. Fremier
Executive Director

Alix Bockelman
Chief Deputy Executive Director

October 13, 2026

Honorable Chair
Members of the Metropolitan Transportation Commission

I am pleased to submit the Annual Comprehensive Financial Report for the Metropolitan Transportation Commission (MTC), its blended and discretely presented component units and fiduciary funds for the fiscal year ended June 30, 2026. State law requires that MTC and its component units publish a complete audited financial statement within six months of the close of each fiscal year. Responsibility for both accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with the management and staff of MTC. To the best of our actual knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making these representations, management of MTC has established a comprehensive system of internal controls designed to both protect MTC's assets from loss or misuse and to compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and reported in a manner that presents fairly the financial position and operating results of MTC, its blended and discretely presented component units, and fiduciary funds as of June 30, 2026. The cost of internal controls should not outweigh their benefits; therefore, MTC's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

MTC contracted with Crowe LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The goal of the independent audit is to provide reasonable assurance that the financial statements presented herein for the fiscal year ended June 30, 2026, are free of material misstatement. In addition, MTC is required to undergo a Single Audit of Federal Programs conducted under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The auditor has issued an unmodified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2026. This is the most favorable conclusion afforded to financial statements. The independent auditor's report is located in the front of the financial section of this report.

GAAP also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements. This narrative is presented in the form of Management's Discussion and Analysis (MD&A), which can be found immediately following the independent auditor's report.

The Annual Comprehensive Financial Report for the fiscal year ended June 30, 2026 includes financial information for all funds, accounts, and fiduciary activities for which MTC has financial accountability. MTC also participates in numerous boards, groups, and associations. While MTC participates in such activities, MTC does not have an ongoing financial interest or administrative control over such entities; as such, information related to these outside groups and associations are excluded from this report.

Profile of the Government

MTC was established under the laws of the State of California in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area: Alameda, Contra Costa, Marin, Napa, the City and County of San Francisco, San Mateo, Santa Clara, Solano and Sonoma. MTC is governed by a body of eighteen voting and three non-voting members (Commission) representing the following:

Agency	Voting Members	Non-Voting Members
Alameda County	3	
Contra Costa County	2	
Marin County	1	
Napa County	1	
City & County of San Francisco	2	
San Mateo County	2	
Santa Clara County	3	
Solano County	1	
Sonoma County	1	
Association of Bay Area Governments (ABAG)	1	
San Francisco Bay Conservation & Development Commission	1	
U.S. Department of Transportation		1
U.S. Department of Housing & Urban Development		1
California State Transportation Agency		1
Total:	18	3

Each commissioner's term of office is four years or until a successor is appointed.

MTC commissioners also serve as the governing authority for MTC Service Authority for Freeways & Expressways (MTC SAFE), the Bay Area Toll Authority (BATA), the Bay Area Infrastructure Financing Authority (BAIFA), and the Bay Area Housing Finance Authority (BAHFA). The Commission is responsible for adopting budgets for operating and project costs, as well as setting general policy direction. An Executive Director appointed by the Commission is responsible for carrying out Commission direction and day-to-day administration of MTC and its employees. Some of the commissioners are also members of the Bay Area Headquarters Authority (BAHA). BAHA was created by a Joint Exercise of Powers Agreement between MTC and BATA.

Local Economy

The Bay Area is one of the strongest and most diversified economies in the nation including several Fortune 500 companies and major research universities.

The current economic backdrop and uncertainty related to key macroeconomic factors remain as general concerns in FY 2027. While Gross Domestic Product (GDP) growth and low unemployment provide some positive indicators, and transit ridership trends reflected a continued recovery from post-pandemic lows, there are other factors that may complicate the Agency's financial picture during the coming fiscal year. These include inflation that remains persistently higher than the Federal Reserve's 2% objective, uncertainty surrounding the trajectory of further interest rate adjustments, and the combination of sustained geopolitical tensions and energy-price volatility. Additionally, the federal funding environment remains in flux. All of these factors contribute to broader uncertainty in the regional economic outlook.

While challenges are anticipated, MTC is fortunate to have significant diversity in our overall revenue stream. A large proportion of the governmental fund revenue is derived from various state and federal grant resources that are less directly dependent on current economic conditions for allocation. In addition, local funding sources are expected to increase as part of the FY 2027 budget. The nature of MTC's grant responsibilities and strong liquidity across all funds and entities provide assurance that MTC can continue to administer regional transportation planning and funding with little interruption in service through a variety of economic conditions.

Financial Policies and Long-Term Financial Planning

MTC continues to maintain strong financial policies for budget and reserve structures that help protect against economic swings and maintain operating liquidity. MTC policies require submission of balanced budgets with reasonable estimates for future revenue and expense projections. Further, MTC has established a series of reserve funds equal to at least 50% of the respective operating budgets. All operating reserves remained intact through the FY 2026 operating year and are available for unforeseen events in future fiscal years. These reserves provide the valuable operating liquidity necessary to run MTC's significant grant funded projects, allowing contracts and projects to proceed on a readiness basis rather than forcing delays for cash-flow management.

BATA has also been appropriately conservative in reserving funds for liquidity purposes – liquidity which has been important in navigating through pandemic related declines in bridge traffic.

We are in the process of developing a multi-year financial plan for MTC that will allow the agency to ensure its ability to address all of its mandates in a financially responsible way over the long term.

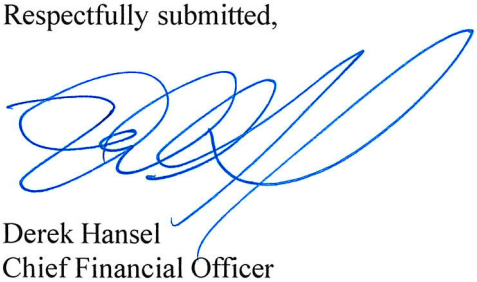
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Transportation Commission for its annual comprehensive financial report for the fiscal year ended June 30, 2025. This was the twenty-third consecutive year that MTC has received this prestigious award. In order to be awarded a Certificate of Achievement, MTC had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation and delivery of this report would not have been possible without the help of the dedicated staff at MTC. I thank everyone who contributed, especially the MTC finance staff, for their hard work and dedication in producing this report in an accurate and timely manner.

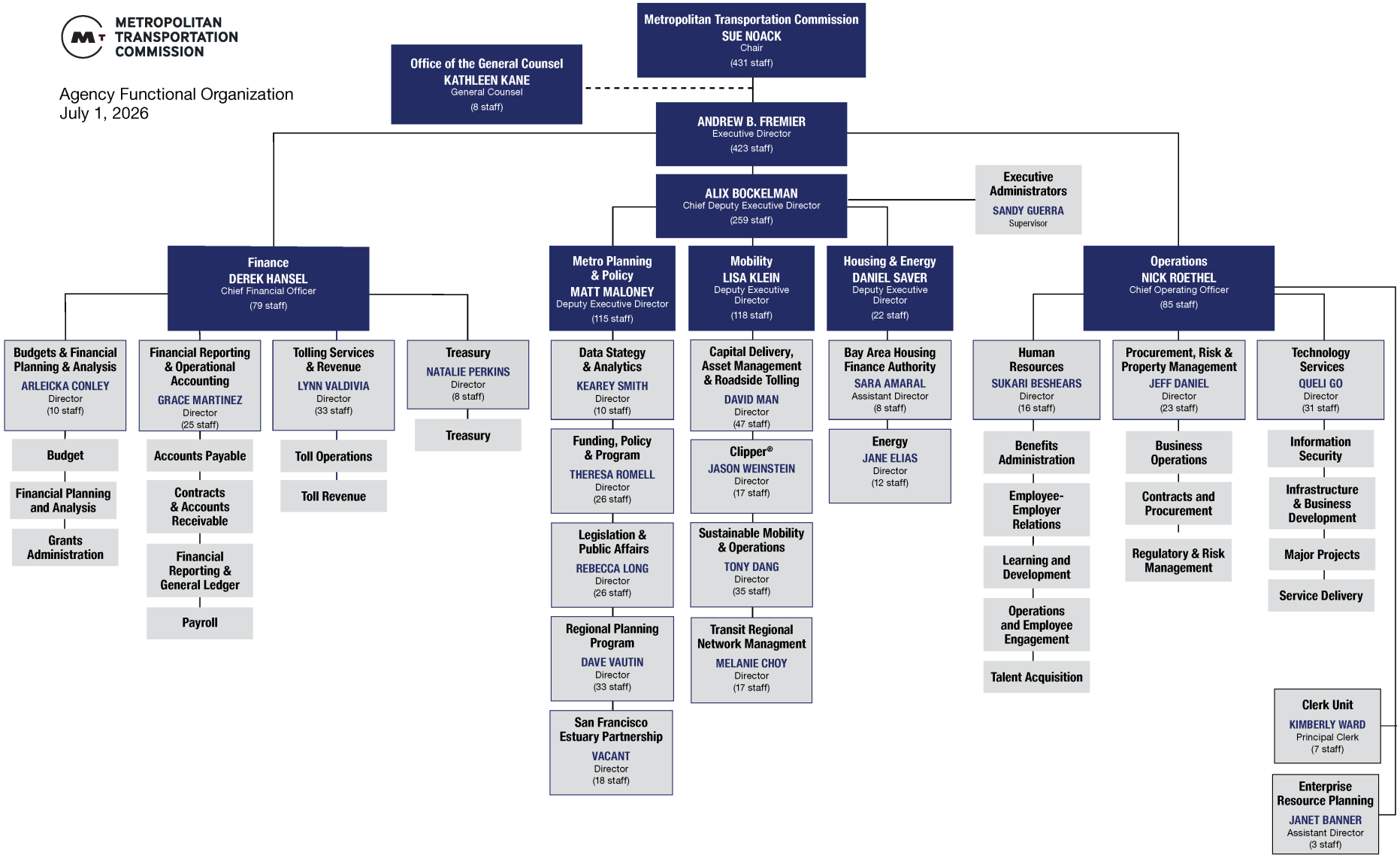
Respectfully submitted,



Derek Hansel
Chief Financial Officer

METROPOLITAN TRANSPORTATION COMMISSION

Agency Functional Organization
July 1, 2026



METROPOLITAN TRANSPORTATION COMMISSION

COMMISSIONERS

Sue Noack, Chair	Cities of Contra Costa County
Stephanie Moulton-Peters, Vice Chair	Marin County and Cities
Margaret Abe-Koga	Santa Clara County
Eddie H. Ahn	SF Bay Conservation and Development Commission
Candace Andersen	Contra Costa County
Marilyn Ezzy Ashcraft	Cities of Alameda County
Pat Burt	Cities of Santa Clara County
Noelia Corzo	San Mateo County
Victoria Fleming	Sonoma County and Cities
Dorene M. Giacopini	U.S. Department of Transportation
Alicia John-Baptiste	San Francisco Mayor's Appointee
Barbara Lee	Oakland Mayor's Appointee
Matt Mahan	San Jose Mayor's Appointee
Amber Manfree	Napa County and Cities
Mitch Mashburn	Solano County and Cities
Myrna Melgar	City and County of San Francisco
Nate Miley	Alameda County
Doanh Nguyen	California State Transportation Agency (CalSTA)
Gina Papan	Cities of San Mateo County
Belia Ramos	Association of Bay Area Governments
Libby Schaaf	U.S. Department of Housing and Urban Development

APPOINTED OFFICIALS

Andrew Fremier	Executive Director
Kathleen Kane	General Counsel

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Transportation Commission
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025



and issued to the public 114 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Commissioners
Metropolitan Transportation Commission
San Francisco, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (the "Commission"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 AG to the financial statements, during the year ended June 30, 2026, the Commission adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements,* which resulted in a restatement of the July 1, 2025 net position for the following opinion units and related amounts: governmental activities $19,816,000, business-type activities ($19,816,000), non-major governmental funds $19,696,000, and Service Authority for Freeways and Expressways (SAFE) ($19,816,000). The Statement further establishes revised financial reporting requirements, including requirements related to management's discussion and analysis, the presentation of unusual or infrequent items, and the classification of operating and nonoperating revenues and expenses in proprietary fund financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission'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 the Commission's financial statements for the year ended June 30, 2025, 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 on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and schedule of changes in assets and liabilities for Transportation Development Act (TDA) and AB1107 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2026 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

San Francisco, California
October 13, 2026

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2026

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

	PAGE
Management's Discussion and Analysis (unaudited)	14 - 25

Management's Discussion and Analysis

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as its blended and discretely presented component unit as discussed separately below for the year ended June 30, 2026. Except as otherwise stated, all amounts described below are expressed in thousands of dollars.

A. Financial Highlights

The following are highlights from fiscal year 2026:

- MTC received $590,000 in loan proceeds from the California State Transportation Agency under Assembly Bill 117 and distributed 50% of the loan proceeds ($295,000 in total) to Alameda Contra Costa Transit District (AC Transit), San Francisco Bay Area Rapid Transit District (BART), Peninsula Corridor Joint Powers Board (Caltrain), and San Francisco Municipal Transportation Agency (SFMTA).
- Sales tax revenues increased by 4.9% compared to FY 2025.
- Traffic on the seven BATA-operated-bridges increased 0.5% compared to FY 2025, total toll revenues increased by 10.1% compared to FY 2025, largely reflecting the one-dollar Regional Measure 3 toll increase in January 2025 and the 50-cent increase effective on January 1, 2026.
- Express-lane revenue increased by 7.7% compared to FY 2025. The I-80 express lane started toll collection in December 2025.
- BAHFA disbursed $25,025 in new loans in fiscal year 2026 and recorded a related allowance of $11,106.
- Investment earnings decreased by 27% compared to FY 2025.

B. Overview of the Financial Statements

i.) Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of MTC's finances. The government-wide financial statements comprise of a Statement of Net Position, a Statement of Activities, and accompanying notes.

- The Statement of Net Position presents financial information on all of MTC's assets, liabilities, deferred outflows and inflows of resources. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as "Net Position."
- The Statement of Activities presents government-wide information showing the change in net position resulting from revenues earned and expenses incurred during the fiscal year. All changes in net position are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC's government-wide financial statements are composed of governmental activities and business-type activities as well as one discretely presented component unit.

- Governmental activities comprise of MTC’s transportation planning, financing, and coordinating functions which are primarily funded by sales taxes and grant revenues. It includes two separate blended component units: Bay Area Housing and Finance Authority (BAHFA) and MTC Service Authority for Freeways and Expressways (MTC SAFE).

- Business-type activities account for the services primarily funded with charges to customers/other agencies. Business-type activities include MTC Clipper®, Bay Area Toll Authority (BATA), and the Bay Area Infrastructure Financing Authority (BAIFA).
- Discretely presented component unit, Bay Area Headquarters Authority (BAHA), is a legally separate entity for which the MTC is financially accountable. BAHA was established in September 2011 pursuant to the California Joint Exercise of Powers Act, to plan, acquire, and develop the new MTC/BATA office space and facilities and undertake related activities on behalf of MTC and BATA.

Request for separately issued financial statements for BAHA should be addressed to the Metropolitan Transportation Commission, Finance Department, 375 Beale Street, Suite 800, San Francisco, CA 94105.

The government-wide Statement of Net Position and Statement of Activities are presented on pages 27-32 of this report with the accompanying notes being presented on pages 57-113.

ii.) Fund Financial Statements

Fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. MTC reports the following three groups of funds:

Governmental Funds

Governmental funds are used to account for MTC activities and are supported primarily by grants, sales taxes, and intergovernmental revenue sources. Governmental funds financial statements provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as the balance of resources available to be spent at fiscal year-end rather than the longer-term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities.

MTC's governmental funds include a general fund, six major special revenue funds, and other non-major funds. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting, are on pages 33-41 of this report. A schedule detailing the non-major special revenue funds is included on pages 129-130 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (general fund and major special revenue funds) and these are presented on pages 116-122 of this report. A comparison of budget to actual is also presented for non-major funds on pages 131-134.

Proprietary Funds

Proprietary funds are used to report business-type activities. MTC has three proprietary funds: BATA, BAIFA and MTC Clipper®. BATA and BAIFA are presented as blended component units of MTC as proprietary funds on the government-wide and fund financial statements.

BATA is responsible for collection and administration of all toll funds and has funding oversight responsibility for California Department of Transportation (Caltrans) maintenance activities for the seven state-owned toll bridges in the San Francisco Bay Area. BATA also has funding and administrative oversight responsibilities for the Regional Measure 1 (RM 1), Regional Measure 2 (RM 2), and Regional Measure 3

(RM 3) programs approved by the voters in 1988, 2004, and 2018, respectively, as well as the seismic retrofit program.

BAIFA was established to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans, and other assistance. BAIFA is also authorized to undertake certain programs and projects, including the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction. In April 2013, BAIFA was delegated the authority to operate the express lanes by MTC through a cooperative agreement.

MTC administers the Clipper® program which handles the implementation and ongoing operations of the Bay Area's transit fare payment program. This system allows transit riders to pay fares throughout the Bay Area utilizing a single "smart" fare card when boarding bus, light rail, train or ferry transportation.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 42-53.

Fiduciary Fund

Fiduciary funds are used to account for resources held in a trust capacity for the benefit of parties outside MTC. These funds are not reflected in the government-wide financial statements, as the resources cannot be used to support the programs of MTC or those of its component units. The fiduciary fund of MTC uses the economic resources measurement focus and the accrual basis of accounting.

MTC recognizes the Clipper® card program as a fiduciary fund. The Clipper® card program is a transit fare payment program that tracks the cash balances and receivables held on behalf of the Clipper® card program.

The fiduciary fund financial statements are presented on pages 54-55 of this report.

iii.) Notes to the Financial Statements

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

C. Financial Summary

The following tables detail the Statement of Net Position, detailing the change in assets, liabilities and change in net position as well as the Statement of Activities for MTC.

i.) Statement of Net Position

The following table shows a summary of MTC's government-wide statements of net position for the last two years:

	Metropolitan Transportation Commission's Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2026	2025	2026	2025	2026	2025
Cash and investments	$ 1,175,699	$ 1,252,012	$ 3,613,457	$ 3,809,766	$ 4,789,156	$ 5,061,778
Receivables	386,813	79,689	167,819	123,688	554,632	203,377
Other assets	5,175	4,989	1,034	1,095	6,209	6,084
Capital assets	29,682	14,384	262,877	284,181	292,559	298,565
Total assets	1,597,369	1,351,074	4,045,187	4,218,730	5,642,556	5,569,804
Deferred outflows of resources	32,271	27,156	374,151	331,669	406,422	358,825
Other liabilities	97,418	107,584	1,061,721	735,831	1,159,139	843,415
Long term liabilities	614,437	31,197	10,075,918	10,557,634	10,690,355	10,588,831
Total liabilities	711,855	138,781	11,137,639	11,293,465	11,849,494	11,432,246
Deferred inflows of resources	242,752	242,289	(219,339)	(238,017)	23,413	4,272
Net position:						
Net investment in capital assets	28,865	13,106	251,958	271,528	280,823	284,634
Restricted	503,401	880,843	925,796	1,441,356	1,429,197	2,322,199
Unrestricted (deficit)	142,767	103,211	(7,676,716)	(8,217,933)	(7,533,949)	(8,114,722)
Total net position	$ 675,033	$ 997,160	$ (6,498,962)	$ (6,505,049)	$ (5,823,929)	$ (5,507,889)

Total cash and investments decreased by $272,622 in FY 2026. This is primarily driven by a combination of higher allocations to other agencies from prior-year funding such as the SB 125 grant, payment obligations to long-term debt, and a decrease in investment income.

Total receivables increased by $351,255 in FY 2026. The increase is primarily due to $295,000 receivable from operators related to the AB 117 loan.

The decrease in capital assets of $6,006 is due to current year depreciation and the placement of Clipper 2 public transit fare payment system into service during the current period, thereby initiating depreciation. This decrease is offset by the capitalization of MTC's Oracle Enterprise Resource Planning System.

Deferred outflows of resources increased by $47,597 in FY 2026, mainly due to the increase in the deferred outflows of debt refunding.

Total liabilities increased by $417,248 in FY 2026 which is primarily due to the $590,000 AB 117 borrowing from the California State Transportation Agency.

The net position decreased by $316,040 in FY 2026. This is mainly driven by the excess of expenses over revenues in the current year's operation.

ii.) Statement of Activities

The Statement of Activities details the revenues/expenses and change in Net Position for MTC. A breakdown of this MTC activity is detailed in the table below.

	Metropolitan Transportation Commission's Statement of Activities					
	Governmental Activities		Business-Type Activities		Total	
	2026	2025	2026	2025	2026	2025
Revenues:						
Program Revenues:						
Charges for service	$ 6,814	$ —	$ 1,164,989	$ 1,053,640	$ 1,171,803	$ 1,053,641
Operating grants and contributions	283,897	986,972	93,822	107,296	377,719	1,094,268
Capital grants and contributions	—	—	862	5,787	862	5,787
General revenues:						
Sales tax	17,479	16,662	—	—	17,479	16,662
Unrestricted investment earnings (charges)	36,747	53,802	136,755	185,442	173,502	239,244
Changes in fair value of other derivative instruments	—	—	30,440	(1,984)	30,440	(1,984)
Total revenues	344,937	1,057,437	1,426,868	1,350,181	1,771,805	2,407,618
Expenses:						
General government	172,463	151,934	—	—	172,463	151,934
Allocation to other agencies	502,169	390,075	—	—	502,169	390,075
Housing	14,647	17,500	—	—	14,647	17,500
Toll bridge activities	—	—	1,220,391	1,330,754	1,220,391	1,330,754
Express lane activities	—	—	74,732	62,292	74,732	62,292
Clipper® smart card	—	—	84,608	64,965	84,608	64,965
Congestion relief	18,835	—	—	19,562	18,835	19,562
Total expenses	708,114	559,509	1,379,731	1,477,573	2,087,845	2,037,082
Change in net position before special item and transfers	(363,177)	497,928	47,137	(127,392)	(316,040)	370,536
Transfers in/(out)	21,234	53,143	(21,234)	(53,143)	—	—
Changes in net position	(341,943)	551,071	25,903	(180,535)	(316,040)	370,536
Net position - beginning	997,160	446,089	(6,505,049)	(6,324,514)	(5,507,889)	(5,878,425)
Change to or within financial reporting entity	19,816	—	(19,816)	—	—	—
Net position - beginning	1,016,976	446,089	(6,524,865)	(6,324,514)	(5,507,889)	(5,878,425)
Net position - ending	$ 675,033	$ 997,160	$ (6,498,962)	$ (6,505,049)	$ (5,823,929)	$ (5,507,889)

Total revenues decreased by $635,813 in FY 2026. The decrease was driven by $727,767 SB125 grants received in FY 2025, which was partially offset by an increase in toll revenues.

Total expenses increased by $50,763 in FY 2026. The increase is primarily related to increased allocation to other agencies.

The net position decreased by $316,040 from $(5,507,889) in FY 2025 to $(5,823,929) in FY 2026. The decrease is mainly due to higher allocations to other agencies from prior-year funding such as the SB 125 grant. BATA's financial results drive the business-type activities deficit due to BATA's issuance of around ten billion dollars in toll revenue bonds to fund bridge projects including the Seismic Retrofit Program, Regional Measure 2 and Regional Measure 3 voter approved projects while the assets remain with the State of California and other transit operators.

Management does not believe that Governmental Activities and Business-Type Activities are comparable for analytical purposes. While the combined schedules show a total picture of MTC responsibilities, the two activities must be viewed in their respective parts to evaluate MTC's financial results. State and federal laws restrict MTC's various funding sources to specific responsibilities that cannot be combined or commingled. Additional explanations are included in the discussion of Business-Type Activities as well as the schedule of governmental funds that follows.

D. Detailed Analysis

i.) Financial Analysis of Business-Type Activities and Enterprise Funds

The following table shows the results of operations for the last two years:

	Business-Type Activities							
	BATA		BAIFA		MTC SAFE		MTC Clipper®	
	2026	2025*	2026	2025*	2026	2025*	2026	2025*
Revenues:								
Toll revenues	$ 981,495	$ 891,421	$ 80,094	$ 74,370	$ —	$ —	$ —	$ —
Other operating revenues	89,461	74,695	17,821	20,206	—	6,444	18,477	16,812
Total revenues	1,070,956	966,116	97,915	94,576	—	6,444	18,477	16,812
Operating expenses:								
Allocation to Transbay JPA	3,659	3,110	—	—	—	—	—	—
Other operating expenses	197,457	198,470	61,530	50,172	—	19,470	81,282	56,497
Total operating expenses	201,116	201,580	61,530	50,172	—	19,470	81,282	56,497
Operating income/(loss)	869,840	764,536	36,385	44,404	—	(13,026)	(62,805)	(39,685)
Noncapital Subsidies:								
Allocation to Transbay JPA	(6,395)	(6,178)	—	—	—	—	—	—
Allocation to other agencies	(102,323)	(83,889)	—	—	—	—	—	—
State grants	—	—	—	—	—	12,353	11,751	2,624
BABs interest subsidy	59,713	62,011	—	—	—	—	—	—
Expenses paid for other agencies	—	—	—	—	—	—	(1,455)	(4,200)
Transfer in for non-capital purposes	—	—	—	—	—	—	25,581	25,139
Transfer out for non-capital purposes	(2,697)	(3,217)	—	—	—	—	—	—
Total noncapital subsidies	(51,702)	(31,273)	—	—	—	12,353	35,877	23,563
Operating income/(loss) and noncapital subsidies	818,138	733,263	36,385	44,404	—	(673)	(26,928)	(16,122)
Other nonoperating revenues/ (expenses)								
Investment income/(loss)	118,103	161,439	10,508	13,708	—	752	8,144	9,543
Changes in fair value of other derivative instruments	30,440	(1,984)	—	—	—	—	—	—
Interest expense	(422,962)	(402,464)	(12,893)	(12,888)	—	(14)	—	—
Financing fees and bond issuance costs	(10,905)	(12,775)	(381)	(507)	—	—	—	—
Gain (loss) from the sale of capital assets	—	—	—	—	—	(2)	—	—
Distributions to Caltrans/other agencies	(506,211)	(658,241)	—	—	—	—	(58)	(571)
Capital expenses paid for other agencies	—	—	—	—	—	(76)	(1,815)	(3,697)
Capital grants	—	—	—	—	—	—	862	5,787
Transfer out for capital purposes	(14,747)	(14,498)	—	(28,484)	—	—	—	—
Transfer in for capital purposes	—	3,549	—	—	—	—	263	77
Other nonoperating expense	(40)	(61)	—	—	—	—	—	—
Total other nonoperating revenues/ (expenses)	(806,322)	(925,035)	(2,766)	(28,171)	—	660	7,396	11,139
Increase (decrease) in fund net position	11,816	(191,772)	33,619	16,233	—	(13)	(19,532)	(4,983)
Net position - beginning	(6,802,791)	(6,611,019)	84,802	68,569	19,816	19,829	193,124	198,107
Change to or within financial reporting entity	—	—	—	—	(19,816)	—	—	—
Net position - beginning	(6,802,791)	(6,611,019)	84,802	68,569	—	19,829	193,124	198,107
Net position - ending	$ (6,790,975)	$ (6,802,791)	$ 118,421	$ 84,802	$ —	$ 19,816	$ 173,592	$ 193,124

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

BATA is the largest of MTC's Business-Type Activities and one of the highest-rated transportation enterprises in the country. The negative net position is the result of BATA financing the seismic retrofit and other regional transportation projects under Regional Measures 1, 2, and 3. However, BATA does not own the assets that are constructed.

Net operating income for BATA was $869,840 for FY 2026, an increase of $105,304 or 14% from FY 2025. Major changes include:

- Total revenues increased by $104,840 in FY 2026. The increase in revenues was driven by a combination of an increase in paid traffic across the Bay Area bridges, the one-dollar RM3 toll increase that went into effect on January 1, 2025, and the 50-cent increase effective on January 1, 2026. Detailed traffic and revenue information is available in the Statistical Section, Tables 7 and 8.
- Total operating expenses slightly decreased by $464 in FY 2026.

BATA's noncapital subsidies increased by $20,429, which is mainly driven by an increase in allocation to other agencies for non-capital purposes.

Other nonoperating revenues/(expenses) increased by $118,713 or about 13% from FY 2025. Major changes included:

- BATA had an investment gain of $118,103. This was a $43,336 decrease in investment income compared to FY 2025, which resulted from lower short-term interest rates and steepening treasury yield curve affecting the valuation of the long-term investment pool.
- Unrealized gain from the increase in fair market value of other derivative investments was $30,440 in FY 2026, which is a $32,424 increase compared to the change in fair value reported in FY 2025.
- Distributions to other agencies for capital purposes decreased by $152,030 in FY 2026. The decrease was primarily due to timing in distribution of RM3 capital funds to other agencies.

BAIFA ended FY 2026 with operating income of $36,385, which was $8,019 lower than the operating income reported in FY 2025. BAIFA's operating revenues are generated from the express lane operations and used to cover the operating expenses on BAIFA's express lanes. In FY 2026 major changes include:

- Operating revenues increased by $3,339 in FY 2026, mainly the results of $5,724 increase in toll revenues collected offset by a decrease of $2,385 in other operating revenues. BAIFA's I-80 express lanes started toll collections in mid-December 2025 and generated $7,306 toll and violation revenues in FY 2026.
- Operating expenses increased by $11,358 in FY 2026, driven primarily by the I-80 express lanes, which incurred $6,854 in operating expenses. Additionally, depreciation expense rose by $2,351 due to new toll collection equipment placed in service on the opening day of I-80 express lanes.

BAIFA total nonoperating revenues/(expenses) increased by $25,405 in FY2026. The increase was primarily due to no disbursement made for the BART car credit agreement in FY 2026 whereas $28,484 was paid in FY 2025.

MTC SAFE was reported as an enterprise blended component unit prior to implementing GASB Statement No. 103. Under the new guidance of GASB 103, it is now presented as a non-major special revenue fund. See Note 1. AG for the impact on the financial statements.

MTC Clipper® ended FY 2026 with an operating loss of $62,805, which represents an increased loss of $23,120 compared to FY 2025. While Clipper® project costs are generally covered by grant (nonoperating)

revenues, ongoing operating costs are covered by a combination of operating grants and operator payments. Operating losses are made up through transfers from other funds. Other major changes include:

- Operating revenues increased by $1,665 in FY 2026, driven by higher revenues from operators related to growing transit ridership.
- Operating expenses for MTC Clipper® increased by $24,785 in FY 2026. This was driven primarily by higher professional fees and increased depreciation from capital assets placed into service during the year.
- Capital grant for MTC Clipper® decreased by $4,925 in FY 2026, driven by the completion and deployment of the Clipper 2 transit fare payment system in FY 2026.

ii.) Financial Analysis of Governmental Funds

The following table details the revenues and expenditures in the governmental funds for the past two fiscal years. Refer to page 41 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds	
	2026	2025*
Revenues:		
Sales taxes	$ 17,479	$ 16,662
Grants - Federal	78,136	67,900
Grants - State	150,915	872,079
Local agencies revenues and refunds	42,173	57,682
Department of Motor Vehicles registration fees	6,588	6,444
Investment income	36,747	54,554
Total revenues	332,038	1,075,321
Expenditures:		
Current:		
General government	160,411	155,033
Allocations to other agencies	545,664	419,784
Capital outlay	16,757	11,193
Debt Service		
Principal	389	87
Interest	29	8
Total expenditures	723,250	586,105
Other financing sources	613,719	53,347
Net change in fund balance	222,507	542,563
Fund balance - beginning	1,020,897	478,335
Fund balance - ending	$ 1,243,404	$ 1,020,897

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

A large component of all Governmental Fund revenue at MTC is derived from grants. While grant revenue helps insulate MTC from economic swings, the timing of project expenditures, which often cross fiscal years, can have a significant impact on year end balances. The MTC Governmental Funds ended FY 2026 with a net change in fund balance of $222,507 compared to $542,563 for FY 2025.

The MTC General Funds ended FY 2026 with a net change in fund balance of $607,627 which increased the fund balance to $692,996. The increase is primarily due to the $590,000 loan proceeds from CalSTA. Additional information on this loan can be found in Note 7 to the financial statements.

Within the governmental funds there are several Special Revenue funds with revenue restricted by statute or adopted policy to certain programs. Highlights of the Special Revenue Funds include:

- AB 664 Toll Revenue Reserve fund ended FY 2026 with a negative fund balance of $29,790 compared with a negative balance of $35,754 for FY 2025. The AB 664 Reserve is a toll funded rail support program where 50 years of toll revenue was advanced in FY 2010. The increase in fund balance reflects utilization of advanced revenue to pay for appropriate rail projects.
- STA fund ended FY 2026 with a fund balance of $155,947 compared to $178,554 for FY 2025. The decrease in excess of revenues over expenditures is due to an increase in allocations to transit operators for the operating needs and a decline in diesel fuel sales which in turn decreases sales tax on diesel fuel.
- Rail Reserves fund ended FY 2026 with a negative fund balance of $52,566, a reduction from the negative $58,848 ending FY 2025. The Rail Reserve is another toll funded transit program where a 50-year toll revenue stream was advanced in FY 2010. The negative fund balance will be worked off with the amortization of the toll revenue.
- The Bart Car Exchange fund ended FY 2026 with a fund balance of $18,616, a decrease of $4,142 from FY 2025. The decrease is primarily due to an allocation to BART for the BART railcar replacement and the fleet expansion in FY 2026. The program is funded with payments exchanged between MTC and BART which are reserved for the purchase of future BART rail cars. The fund balance will continue to draw down with the delivery of additional new rail cars and the completion of invoices received.
- The SB125 Transit fund ended FY 2026 with a fund balance of $218,899, a decrease of $364,310 from FY 2025. The decrease is due to the allocation SB 125 operating funds to other agencies.
- Bay Area Housing Finance Authority ended FY 2026 with a fund balance of $43,265, a decrease of $6,203 from FY 2025. The decrease in fund balance is mainly due to the excess of expenditures related to supporting BAHFA's housing and rental programs over the amount of grants received in FY 2026 from MTC to fund these programs.

E. Significant Capital Asset and Long-Term Financing Activity

i.) Capital Asset Administration

MTC's total investment in capital assets for all funds, governmental and proprietary is $292,559 as reported under the accrual basis of accounting. In FY 2026 capital assets decreased by $6,006, which is primarily due to current year depreciation, offset by the implementation of Oracle Enterprise Planning system. Assets relating to the seven state-owned toll bridges administered by BATA are owned by Caltrans. MTC's capital assets are disclosed in Note 5 to the financial statements.

ii.) Long-Term Financing

During FY 2026, BATA issued $1,013,000 of Toll Bridge Revenue Bonds. All bonds issued during the year were refunding bonds and were used to refund previously outstanding Toll Bridge Revenue Bonds and Subordinate Toll Bridge Revenue Bonds. BATA administers a debt portfolio of $9,817,095 and derivative instruments of $1,440,000. All of BATA's interest rate swaps were ineffective for accounting purposes. Therefore, the changes in fair values of other derivative instruments are reported in the Statements of Revenue, Expenses and Changes in Net Position. The fair value of the swap portfolio increased by $30,440. BATA's interest expense on the $2,411,150 of federally taxable Build America Bonds (BABs) was $179,947. The BABs subsidy for FY 2026 was $59,713 and net interest expense was $120,233.

On November 8, 2023, BAIFA entered into a credit agreement with Bank of America, N.A. for a maximum principal amount of $450,000 with an expiration date of November 8, 2026. As of June 30, 2026, the outstanding draw amount is $333,015.

In FY 2026, MTC entered into a $590,000 loan agreement with CalSTA (AB 117 loan) and then made sub-loans, from the proceeds of AB 117 loan, to each of AC Transit, BART, Caltrain, and SFMTA.

MTC and BATA entered into several lease agreements. The lease liability balance as of June 30, 2026 was $2,288. Additional information on MTC's leases can be found in Note 9 to the financial statements.

F. Currently Known Facts, Decisions, or Conditions

While Gross Domestic Product (GDP) growth and low unemployment paint a strong picture, there are other factors that may complicate the MTC financial picture during the coming fiscal year. The significant financial headwinds include:

- Inflation, which has remained somewhat higher than the Federal Reserve objectives.
- The Federal Reserve has kept its benchmark rate at 3.5% to 3.75% since late 2025 to balance sticky inflation against a softening labor market. Financial markets remain volatile due to uncertain future rate cuts and an impending change in Fed leadership.
- The ongoing transition in U.S. tariff and trade policy.

While conditions in some sectors remain favorable, the macroeconomic factors discussed above and other key issues could present challenges for MTC in FY 2026-27 and beyond.

MTC fiscal year 2026-27 budget incorporates the following key assumptions:

- 3.6% earnings on investments.
- 3.5% increase in Sales Tax revenue from TDA compared to FY 2025-26 projections.
- 0.5% traffic growth from current fiscal year budget levels.
- On January 1, 2027, BATA will implement a toll differential for customers using license plate accounts or paying by invoice.
- 8% Staffing vacancy rate.
- 3.8% cost-of-living adjustment (COLA) based on current consumer price index (CPI) projections, which is pursuant to the Metropolitan Transportation Commission Memorandums of Understanding (MOU).

Requests for information

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

Metropolitan Transportation Commission
Basic Financial Statements
June 30, 2026

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Metropolitan Transportation Commission
Statement of Net Position
June 30, 2026

($ in thousands)	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
ASSETS				
Cash-unrestricted	$ 66,027	$ 340,486	$ 406,513	$ 26,813
Cash-restricted	541,521	199,079	740,600	—
Investments-unrestricted	28,286	2,164,918	2,193,204	—
Investments-restricted	539,865	908,974	1,448,839	—
Receivables:				
Accounts receivable	2,628	129,675	132,303	386
Interest receivable	1,859	14,273	16,132	—
Loans and related interest receivable, net	310,482	—	310,482	—
Lease receivable from external parties	—	—	—	6,370
Lease receivable from primary government	—	—	—	2,024
Funding due from State/Caltrans	38,974	20,083	59,057	—
Funding due from Federal	31,322	3,740	35,062	—
Due from other governments	1,548	48	1,596	—
Pension 115 trust account	3,071	—	3,071	—
Prepaid items and other assets	2,104	1,034	3,138	341
Capital assets not being depreciated/amortized	3,457	2,491	5,948	42,974
Capital assets net of accumulated depreciation/amortization	26,225	260,386	286,611	147,380
TOTAL ASSETS	1,597,369	4,045,187	5,642,556	226,288
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	—	359,762	359,762	—
Deferred outflows from pension	15,719	7,009	22,728	176
Deferred outflows from OPEB	16,552	7,380	23,932	185
TOTAL DEFERRED OUTFLOWS OF RESOURCES	32,271	374,151	406,422	361

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

Metropolitan Transportation Commission
Statement of Net Position - *Continued*
June 30, 2026

($ in thousands)	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
LIABILITIES				
Accounts payable and accrued liabilities	$ 82,197	$ 296,354	$ 378,551	$ 1,874
Accrued interest payable	33	98,493	98,526	—
Unearned revenue	11,617	168,058	179,675	7
Internal balances	(1,497)	1,497	—	—
Non-current liabilities				
Due within one year				
Long term debt - current	—	494,435	494,435	—
Other liabilities	5,068	2,884	7,952	—
Due in more than one year				
Long term debt, net of unamortized premium/discount	—	9,973,246	9,973,246	—
Derivative instrument liabilities	—	91,930	91,930	—
Loan payable	590,000	—	590,000	—
Net pension liability	13,222	1,750	14,972	148
Net OPEB liability	772	344	1,116	9
Other liabilities	10,443	8,648	19,091	12
TOTAL LIABILITIES	711,855	11,137,639	11,849,494	2,050
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from lease	—	—	—	7,885
Deferred inflows from pension	5,038	2,245	7,283	56
Deferred inflows from OPEB	11,156	4,974	16,130	125
Deferred revenue/Deferred charge	226,558	(226,558)	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	242,752	(219,339)	23,413	8,066
NET POSITION				
Net investment in capital assets	28,865	251,958	280,823	190,202
Restricted for:				
Capital projects	237,888	—	237,888	—
Pension	3,071	—	3,071	—
Operations & Maintenance, under debt covenant	—	36,884	36,884	—
Emergency reserve, under Caltrans Coop	—	50,000	50,000	—
Debt service & trustee funds	—	740,979	740,979	—
Housing	43,545	—	43,545	—
SB 125 Transit	218,897	—	218,897	—
Regional Measure 3 - WETA	—	97,933	97,933	—
Unrestricted	142,767	(7,676,716)	(7,533,949)	26,331
TOTAL NET POSITION	$ 675,033	$ (6,498,962)	$ (5,823,929)	$ 216,533

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2025
(For comparative information purposes)

($ in thousands)	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
ASSETS				
Cash-unrestricted	$ 26,878	$ 257,441	$ 284,319	$ 33,542
Cash-restricted	295,876	156,280	452,156	—
Investments-unrestricted	24,354	1,960,009	1,984,363	—
Investments-restricted	904,904	1,436,036	2,340,940	—
Receivables:				
Accounts receivable	18,947	87,917	106,864	228
Interest receivable	2,148	16,786	18,934	—
Loans and related interest receivable, net	1,337	—	1,337	—
Lease receivable from external parties	—	—	—	4,832
Lease receivable from primary government	—	—	—	3,563
Funding due from State/Caltrans	30,910	14,595	45,505	—
Funding due from Federal	23,326	3,848	27,174	—
Due from other governments	3,021	542	3,563	119
Pension 115 trust account	2,854	—	2,854	—
Prepaid items and other assets	2,135	1,095	3,230	198
Capital assets not being depreciated/amortized	10,224	150,246	160,470	43,846
Capital assets net of accumulated depreciation/amortization	4,160	133,935	138,095	146,951
TOTAL ASSETS	1,351,074	4,218,730	5,569,804	233,279
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	—	319,741	319,741	—
Deferred outflows from pension	15,096	6,631	21,727	136
Deferred outflows from OPEB	12,060	5,297	17,357	108
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,156	331,669	358,825	244

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

Metropolitan Transportation Commission

Statement of Net Position - *Continued*

June 30, 2025

(For comparative information purposes)

($ in thousands)	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
LIABILITIES				
Accounts payable and accrued liabilities	$ 54,706	$ 353,122	$ 407,828	$ 2,601
Accrued interest payable	21	95,237	95,258	—
Unearned revenue	53,996	161,044	215,040	3
Internal balances	(5,034)	5,034	—	—
Due to other governments	—	—	—	468
Non-current liabilities				
Due within one year				
Long term debt - current	—	117,815	117,815	—
Other liabilities	3,895	3,579	7,474	66
Due in more than one year				
Long term debt, net of unamortized premium/discount	—	10,418,786	10,418,786	—
Derivative instrument liabilities	—	122,369	122,369	—
Net pension liability	17,984	3,469	21,453	162
Net OPEB liability	5,184	2,278	7,462	47
Other liabilities	8,029	10,732	18,761	88
TOTAL LIABILITIES	138,781	11,293,465	11,432,246	3,435
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from lease	—	—	—	7,747
Deferred inflows from pension	154	68	222	1
Deferred inflows from OPEB	2,814	1,236	4,050	25
Deferred revenue/Deferred charge	239,321	(239,321)	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	242,289	(238,017)	4,272	7,773
NET POSITION				
Net investment in capital assets	13,106	271,528	284,634	189,740
Restricted for:				
Capital projects	245,579	—	245,579	—
Pension	2,854	—	2,854	—
Operations & Maintenance, under debt covenant	—	27,980	27,980	—
Emergency reserve, under Caltrans Coop	—	50,000	50,000	—
Debt service & trustee funds	—	1,276,381	1,276,381	—
Housing	49,201	—	49,201	—
SB 125 Transit	583,209	—	583,209	—
Regional Measure 3 - WETA	—	86,995	86,995	—
Unrestricted	103,211	(8,217,933)	(8,114,722)	32,575
TOTAL NET POSITION	$ 997,160	$ (6,505,049)	$ (5,507,889)	$ 222,315

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

Metropolitan Transportation Commission

Statement of Activities

For the Year Ended June 30, 2026

($ in thousands)		Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
						Primary Government			Component Unit
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-Type Activities	Total	BAHA
Primary government:									
Governmental Activities:									
General Government	$ 172,463	$ —	$ 111,392	$ —	$ 111,392	$ (61,071)	$ —	$ (61,071)	$ —
Transportation	502,169	—	160,726	—	160,726	(341,443)	—	(341,443)	—
Congestion Relief	18,835	6,588	11,681	—	18,269	(566)	—	(566)	—
Housing	14,647	226	98	—	324	(14,323)	—	(14,323)	—
Total Governmental Activities	708,114	6,814	283,897	—	290,711	(417,403)	—	(417,403)	—
Business-type activities:									
MTC Clipper smart card	84,608	16,187	14,041	862	31,090	—	(53,518)	(53,518)	—
Toll Bridge Activities	1,220,391	1,050,891	79,778	—	1,130,669	—	(89,722)	(89,722)	—
Express Lane Activities	74,732	97,911	3	—	97,914	—	23,182	23,182	—
Total Business-Type Activities	1,379,731	1,164,989	93,822	862	1,259,673	—	(120,058)	(120,058)	—
Total Primary Government	$ 2,087,845	$ 1,171,803	$ 377,719	$ 862	$ 1,550,384	(417,403)	(120,058)	(537,461)	—
Component Unit:									
BAHA	$ 12,591	$ 4,917	$ 479	$ —	$ 5,396				(7,195)
Total Component Unit	$ 12,591	$ 4,917	$ 479	$ —	$ 5,396				(7,195)
General Revenues:									
Sales tax						17,479	—	17,479	—
Unrestricted investment earnings						36,747	136,755	173,502	1,413
Changes in fair value of other derivative instruments						—	30,440	30,440	—
Transfers						21,234	(21,234)	—	—
Total General Revenues and Transfers						75,460	145,961	221,421	1,413
Change in Net Position						(341,943)	25,903	(316,040)	(5,782)
Net Position - Beginning						997,160	(6,505,049)	(5,507,889)	222,315
Change to or within financial reporting entity						19,816	(19,816)	—	—
Net Position - Beginning, as Adjusted						1,016,976	(6,524,865)	(5,507,889)	222,315
Net Position - Ending						$ 675,033	$ (6,498,962)	$ (5,823,929)	$ 216,533

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2025
(For comparative information purposes)

($ in thousands)		Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
						Primary Government			Component Unit
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-Type Activities	Total	BAHA
Primary government:									
Governmental Activities:									
General Government	$ 151,934	$ —	$ 118,752	$ —	$ 118,752	$ (33,182)	$ —	$ (33,182)	$ —
Transportation	390,075	—	867,674	—	867,674	477,599	—	477,599	—
Housing	17,500	1	546	—	547	(16,953)	—	(16,953)	—
Total Governmental Activities	559,509	1	986,972	—	986,973	427,464	—	427,464	—
Business-type activities:									
MTC Clipper smart card	64,965	12,112	7,324	5,787	25,223	—	(39,742)	(39,742)	—
Toll Bridge Activities	1,330,754	945,775	82,352	—	1,028,127	—	(302,627)	(302,627)	—
Express Lane Activities	62,292	89,309	5,267	—	94,576	—	32,284	32,284	—
Congestion Relief	19,562	6,444	12,353	—	18,797	—	(765)	(765)	—
Total Business-Type Activities	1,477,573	1,053,640	107,296	5,787	1,166,723	—	(310,850)	(310,850)	—
Total Primary Government	$ 2,037,082	$ 1,053,641	$ 1,094,268	$ 5,787	$ 2,153,696	427,464	(310,850)	116,614	—
Component Unit:									
BAHA	$ 12,831	$ 6,342	$ 308	$ —	$ 6,650				(6,181)
Total Component Unit	$ 12,831	$ 6,342	$ 308	$ —	$ 6,650				(6,181)
General Revenues:									
Sales tax						16,662	—	16,662	—
Unrestricted investment earnings						53,802	185,442	239,244	1,929
Changes in fair value of other derivative instruments						—	(1,984)	(1,984)	—
Transfers						53,143	(53,143)	—	—
Total General Revenues and Transfers						123,607	130,315	253,922	1,929
Change in Net Position						551,071	(180,535)	370,536	(4,252)
Net Position - Beginning						448,911	(6,323,149)	(5,874,238)	226,595
Restatement for GASB 101 adoption						(2,822)	(1,365)	(4,187)	(28)
Net Position - Beginning, as Restated						446,089	(6,324,514)	(5,878,425)	226,567
Net Position - Ending						$ 997,160	$ (6,505,049)	$ (5,507,889)	$ 222,315

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2026

($ in thousands)	General Fund	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange	SB 125 Transit	Bay Area Housing Finance Authority	MTC SAFE & Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS									
Cash - unrestricted	$ 50,348	$ —	$ —	$ —	$ —	$ —	$ —	$ 15,679	$ 66,027
Cash - restricted	311,262	1,405	150,793	5,091	—	4	27,942	45,024	541,521
Investment - unrestricted	28,286	—	—	—	—	—	—	—	28,286
Investment - restricted	—	81,484	—	31,347	19,484	218,988	—	188,562	539,865
Accounts receivables	1,262	—	—	—	—	—	—	1,366	2,628
Loans and related interest receivable, net	295,000	—	—	—	—	—	15,482	—	310,482
Interest receivable	—	—	1,859	—	—	—	—	—	1,859
State/ Caltrans funding receivable	12,229	—	21,861	—	—	—	—	4,884	38,974
Federal funding receivable	31,322	—	—	—	—	—	—	—	31,322
Due from other funds	2,353	—	—	—	—	—	674	605	3,632
Due from other governments	1,548	—	—	—	—	—	—	—	1,548
Pension 115 Trust	3,071	—	—	—	—	—	—	—	3,071
Prepaid items and other assets	1,578	—	—	—	—	—	500	26	2,104
TOTAL ASSETS	$ 738,259	$ 82,889	$ 174,513	$ 36,438	$ 19,484	$ 218,992	$ 44,598	$ 256,146	$ 1,571,319
LIABILITIES									
Accounts payable and accrued expenditures	$ 26,663	$ 1,580	$ 18,430	$ —	$ 868	$ 93	$ 596	$ 33,625	$ 81,855
Accrued interest payable	33	—	—	—	—	—	—	—	33
Deposit payable	250	—	—	—	—	—	—	—	250
Unearned revenue	16,232	—	—	—	—	—	510	30	16,772
Retention payable	86	—	—	—	—	—	—	—	86
Due to other funds	1,999	—	136	—	—	—	—	—	2,135
TOTAL LIABILITIES	45,263	1,580	18,566	—	868	93	1,106	33,655	101,131

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds - *Continued*
June 30, 2026

($ in thousands)	General Fund	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	Special Revenue Funds: State Transit Assistance	Special Revenue Funds: Rail Reserves	Special Revenue Funds: BART Car Exchange	Special Revenue Funds: SB 125 Transit	Special Revenue Funds: Bay Area Housing Finance Authority	Special Revenue Funds: MTC SAFE & Other Non-Major Governmental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	$ —	$ 111,099	$ —	$ 89,004	$ —	$ —	$ 227	$ 26,454	$ 226,784
TOTAL DEFERRED INFLOWS OF RESOURCES	—	111,099	—	89,004	—	—	227	26,454	226,784
FUND BALANCES									
Nonspendable									
Prepaid items	1,577	—	—	—	—	—	500	26	2,103
Restricted for:									
Transportation projects	—	—	155,947	—	—	218,899	—	63,326	438,172
AB 117 loan	590,031	—	—	—	—	—	—	—	590,031
Rail projects	—	—	—	—	18,616	—	—	—	18,616
Housing projects	—	—	—	—	—	—	42,765	—	42,765
Pension	3,071	—	—	—	—	—	—	—	3,071
Committed to:									
Operating reserve	38,058	—	—	—	—	—	—	—	38,058
Transportation projects	10,311	—	—	—	—	—	—	132,685	142,996
Unassigned	49,948	(29,790)	—	(52,566)	—	—	—	—	(32,408)
TOTAL FUND BALANCES	692,996	(29,790)	155,947	(52,566)	18,616	218,899	43,265	196,037	1,243,404
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 738,259	$ 82,889	$ 174,513	$ 36,438	$ 19,484	$ 218,992	$ 44,598	$ 256,146	$ 1,571,319

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

Metropolitan Transportation Commission

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2026

		($ in thousands)
Governmental funds balance	$	1,243,404
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Loans payable are not due and payable in the current period and, therefore, are not reported as liabilities in the fund statement.		(590,000)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statement.		29,682
Underabsorption of applied overhead is recorded as unearned revenue as it is not available in the current period and, therefore, not reported in the fund statement.		5,148
Capital leases are not due and payable in the current period and, therefore, are not reported in the fund statement.		(263)
SBITA payables are not due and payable in the current period and, therefore, are not reported in the fund statement		(438)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund statement.		(14,809)
Deferred inflow - interest on loans receivable is not available to pay for current period expenditures and, therefore, is reported as deferred inflows of resources in governmental funds.		226
Net pension liability/asset and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.		(2,541)
Net OPEB liability/asset and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.		4,624
Net position of governmental activities	$	675,033

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2025
(For comparative information purposes)

($ in thousands)	General Fund	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	Special Revenue Funds: State Transit Assistance	Special Revenue Funds: Rail Reserves	Special Revenue Funds: BART Car Exchange	Special Revenue Funds: SB 125 Transit	Special Revenue Funds: Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
ASSETS									
Cash - unrestricted	$ 26,878	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 26,878
Cash - restricted	46,054	3,137	172,227	4,889	—	38	47,828	21,703	295,876
Investment - unrestricted	24,354	—	—	—	—	—	—	—	24,354
Investment - restricted	—	84,815	—	30,330	24,065	583,254	—	182,440	904,904
Accounts receivables	5,778	—	—	—	—	—	1	13,168	18,947
Loans and related interest receivable, net	—	—	—	—	—	—	1,337	—	1,337
Interest receivable	—	—	2,148	—	—	—	—	—	2,148
State/ Caltrans funding receivable	9,193	—	21,717	—	—	—	—	—	30,910
Federal funding receivable	23,326	—	—	—	—	—	—	—	23,326
Due from other funds	17,115	—	—	—	—	—	841	—	17,956
Due from other governments	3,021	—	—	—	—	—	—	—	3,021
Pension 115 Trust	2,854	—	—	—	—	—	—	—	2,854
Prepaid items and other assets	1,629	—	—	—	—	—	506	—	2,135
TOTAL ASSETS	$ 160,202	$ 87,952	$ 196,092	$ 35,219	$ 24,065	$ 583,292	$ 50,513	$ 217,311	$ 1,354,646
LIABILITIES									
Accounts payable and accrued expenditures	$ 26,918	$ 6,374	$ 11,950	$ —	$ 1,307	$ —	$ 651	$ 7,234	$ 54,434
Accrued interest payable	21	—	—	—	—	—	—	—	21
Deposit payable	250	—	—	—	—	—	—	—	250
Unearned revenue	46,054	—	—	—	—	—	393	30	46,477
Retention payable	17	—	—	—	—	—	—	—	17
Due to other funds	1,573	—	5,588	—	—	83	—	5,678	12,922
TOTAL LIABILITIES	74,833	6,374	17,538	—	1,307	83	1,044	12,942	114,121

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

Metropolitan Transportation Commission

Balance Sheet - Governmental Funds - *Continued*

June 30, 2025

(For comparative information purposes)

($ in thousands)	General Fund	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	Special Revenue Funds: State Transit Assistance	Special Revenue Funds: Rail Reserves	Special Revenue Funds: BART Car Exchange	Special Revenue Funds: SB 125 Transit	Special Revenue Funds: Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	$ —	$ 117,332	$ —	$ 94,067	$ —	$ —	$ 1	$ 27,924	$ 239,324
TOTAL DEFERRED INFLOWS OF RESOURCES	—	117,332	—	94,067	—	—	1	27,924	239,324
FUND BALANCES									
Nonspendable									
Prepaid items	1,629	—	—	—	—	—	506	—	2,135
Restricted for:									
Transportation projects	—	—	178,554	—	—	583,209	—	44,267	806,030
Rail projects	—	—	—	—	22,758	—	—	—	22,758
Housing projects	—	—	—	—	—	—	48,962	—	48,962
Pension	2,854	—	—	—	—	—	—	—	2,854
Committed to:									
Benefits reserve	6,005	—	—	—	—	—	—	—	6,005
Transportation projects	8,810	—	—	—	—	—	—	132,178	140,988
Unassigned	66,071	(35,754)	—	(58,848)	—	—	—	—	(28,531)
TOTAL FUND BALANCES	85,369	(35,754)	178,554	(58,848)	22,758	583,209	49,468	176,445	1,001,201
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 160,202	$ 87,952	$ 196,092	$ 35,219	$ 24,065	$ 583,292	$ 50,513	$ 217,311	$ 1,354,646

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

Metropolitan Transportation Commission

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2025

(For comparative information purposes)

		($ in thousands)
Governmental funds balance	$	1,001,201
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statement.		14,384
Underabsorption of applied overhead is recorded as unearned revenue as it is not available in the current period and, therefore, not reported in the fund statement.		(7,520)
Capital leases are not due and payable in the current period and, therefore, are not reported in the fund statement.		(237)
SBITA payable are not due and payable in the current period and, therefore, are not reported in the fund statement		(176)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund statement.		(11,513)
Deferred inflow - interest on loans receivable is not available to pay for current period expenditures and, therefore, is reported as deferred inflows of resources in governmental funds.		1
Net pension liability/asset and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.		(3,042)
Net OPEB liability/asset and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.		4,062
Net position of governmental activities	$	997,160

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

Metropolitan Transportation Commission

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2026

($ in thousands)	General Fund	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	Special Revenue Funds: State Transit Assistance	Special Revenue Funds: Rail Reserves	Special Revenue Funds: BART Car Exchange	Special Revenue Funds: SB 125 Transit	Special Revenue Funds: Bay Area Housing Finance Authority	Special Revenue Funds: MTC SAFE & Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES									
Sales Taxes	$ 17,479	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 17,479
Federal Grants	78,136	—	—	—	—	—	—	—	78,136
State Grants	49,194	—	86,344	—	—	149	—	15,228	150,915
Local agencies revenues and refunds	14,806	—	—	—	—	—	98	27,269	42,173
Department of Motor Vehicles registration fees	—	—	—	—	—	—	—	6,588	6,588
Investment income	5,349	2,786	5,836	1,221	860	10,929	1,545	8,221	36,747
TOTAL REVENUES	164,964	2,786	92,180	1,221	860	11,078	1,643	57,306	332,038
EXPENDITURES									
Current:									
General Government	125,852	—	—	—	—	—	14,562	19,997	160,411
Allocations to other agencies	43,493	3,055	90,050	—	5,002	374,742	—	29,322	545,664
Capital outlay	15,867	—	—	—	—	—	243	647	16,757
Debt Service									
Principal	389	—	—	—	—	—	—	—	389
Interest	29	—	—	—	—	—	—	—	29
TOTAL EXPENDITURES	185,630	3,055	90,050	—	5,002	374,742	14,805	49,966	723,250
EXCESS/(DEFICIENCY) OF REVENUES OVER/ (UNDER) EXPENDITURES	(20,666)	(269)	2,130	1,221	(4,142)	(363,664)	(13,162)	7,340	(391,212)
OTHER FINANCING SOURCES (USES)									
Transfers In	42,767	6,233	—	5,061	—	—	6,959	1,469	62,489
Transfers Out	(6,959)	—	(24,737)	—	—	(646)	—	(8,913)	(41,255)
Loan Proceeds	590,000	—	—	—	—	—	—	—	590,000
Leases	151	—	—	—	—	—	—	—	151
SBITA	382	—	—	—	—	—	—	—	382
Long-term liability payment from other funds	1,952	—	—	—	—	—	—	—	1,952
TOTAL OTHER FINANCING SOURCES (USES)	628,293	6,233	(24,737)	5,061	—	(646)	6,959	(7,444)	613,719
NET CHANGE IN FUND BALANCES	607,627	5,964	(22,607)	6,282	(4,142)	(364,310)	(6,203)	(104)	222,507
Fund Balances - Beginning	85,369	(35,754)	178,554	(58,848)	22,758	583,209	49,468	176,445	1,001,201
Change to or within financial reporting entity	—	—	—	—	—	—	—	19,696	19,696
Fund Balance - Beginning, as adjusted	85,369	(35,754)	178,554	(58,848)	22,758	583,209	49,468	196,141	1,020,897
Fund Balances - Ending	$ 692,996	$ (29,790)	$ 155,947	$ (52,566)	$ 18,616	$ 218,899	$ 43,265	$ 196,037	$ 1,243,404

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

Metropolitan Transportation Commission

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025
(For comparative information purposes)

($ in thousands)	General Fund	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	Special Revenue Funds: State Transit Assistance	Special Revenue Funds: Rail Reserves	Special Revenue Funds: BART Car Exchange	Special Revenue Funds: SB 125 Transit	Special Revenue Funds: Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
REVENUES									
Sales Taxes	$ 16,662	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 16,662
Federal Grants	67,900	—	—	—	—	—	—	—	67,900
State Grants	37,835	—	90,612	—	—	727,767	—	3,512	859,726
Local agencies revenues and refunds	14,575	—	27	—	—	—	546	42,534	57,682
Investment income	4,313	4,620	11,196	1,762	4,208	15,205	1,964	10,534	53,802
TOTAL REVENUES	141,285	4,620	101,835	1,762	4,208	742,972	2,510	56,580	1,055,772
EXPENDITURES									
Current:									
General Government	117,678	—	—	—	—	—	17,167	626	135,471
Allocations to other agencies	58,190	7,557	63,971	—	115,870	159,464	—	14,731	419,783
Capital outlay	10,063	—	—	—	—	—	1,130	—	11,193
Debt Service									
Principal	87	—	—	—	—	—	—	—	87
Interest	8	—	—	—	—	—	—	—	8
TOTAL EXPENDITURES	186,026	7,557	63,971	—	115,870	159,464	18,297	15,357	566,542
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(44,741)	(2,937)	37,864	1,762	(111,662)	583,508	(15,787)	41,223	489,230
OTHER FINANCING SOURCES (USES)									
Transfers In	74,302	6,488	—	5,268	—	—	26,641	1,529	114,228
Transfers Out	(30,190)	—	(22,334)	—	—	(299)	—	(8,262)	(61,085)
Leases	217	—	—	—	—	—	—	—	217
SBITA	193	—	—	—	—	—	—	—	193
TOTAL OTHER FINANCING SOURCES (USES)	44,522	6,488	(22,334)	5,268	—	(299)	26,641	(6,733)	53,553
NET CHANGE IN FUND BALANCES	(219)	3,551	15,530	7,030	(111,662)	583,209	10,854	34,490	542,783
Fund Balances - Beginning	85,588	(39,305)	163,024	(65,878)	134,420	—	38,614	141,955	458,418
Fund Balances - Ending	$ 85,369	$ (35,754)	$ 178,554	$ (58,848)	$ 22,758	$ 583,209	$ 49,468	$ 176,445	$ 1,001,201

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

Metropolitan Transportation Commission

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Years Ended June 30, 2026 & 2025
(With comparative information for the prior year)

	2026	2025
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ 222,507	$ 542,783
Loan proceeds are reported as other financing sources on the fund financial statements; however it is reported as loan payable in the Governmental-wide financials.	(590,000)	—
Capital asset purchases are reported as capital outlays / expenditures on the fund financial statements but increase assets on the government wide statements. See Note 1.N.	16,169	10,784
Current year depreciation expense is reported in the statement of activities but is not reported on the fund financial statements because it does not require the use of current financial resources. See Note 1.N.	(1,650)	(588)
Principal repayment on capital leases and SBITA are expenditures in the governmental funds; however, the principal element of the repayment reduces long-term liabilities in the Statement of Net Position. The amount is the effect of the differing treatment of capital lease principal repayment.	389	87
Governmental funds report under absorption of applied overhead as unearned revenue; however, in the Statement of Activities, the underabsorption is reported as revenue.	12,671	1,663
Housing loan interest revenues will not be collected for several years after the fiscal year end, they are not considered "available revenues" and are reported as deferred inflows of resources in the governmental funds.	226	1
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Change in compensated absences	(3,296)	(1,076)
Change in net pension liability/asset and related accounts	556	(3,148)
Change in net OPEB liability/asset and related accounts	485	565
Change in net position of governmental activities (per Statement of Activities)	$ (341,943)	$ 551,071

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2026

($ in thousands)	Bay Area Toll Authority	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
ASSETS				
Current assets:				
Cash - unrestricted	$ 270,927	$ 52,204	$ 17,355	$ 340,486
Cash - restricted	165,700	—	11,395	177,095
Investments - unrestricted	729,464	104,115	—	833,579
Due from other funds	—	4,629	2,337	6,966
Due from other governments	48	—	—	48
Accounts receivables	101,169	11,216	17,290	129,675
Interest receivable	13,699	—	574	14,273
Prepaid expenses and other assets	411	623	—	1,034
Funding due from State/ Caltrans	20,083	—	—	20,083
Funding due from Federal	—	—	3,740	3,740
Total current assets	1,301,501	172,787	52,691	1,526,979
Non-current assets:				
Cash - restricted	21,984	—	—	21,984
Investments - unrestricted	1,150,443	180,896	—	1,331,339
Investments - restricted	908,974	—	—	908,974
Capital assets not being depreciated/amortized	2,321	170	—	2,491
Capital assets, net of accumulated depreciation/amortization	2,094	109,989	148,303	260,386
Total non-current assets	2,085,816	291,055	148,303	2,525,174
TOTAL ASSETS	3,387,317	463,842	200,994	4,052,153
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	359,762	—	—	359,762
Deferred charges	226,558	—	—	226,558
Deferred outflows from pension	5,275	841	893	7,009
Deferred outflows from OPEB	5,555	885	940	7,380
TOTAL DEFERRED OUTFLOWS OF RESOURCES	597,150	1,726	1,833	600,709

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

Metropolitan Transportation Commission

Statement of Net Position - Proprietary Funds - *Continued*

June 30, 2026

($ in thousands)	Bay Area Toll Authority	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 267,270	$ 10,185	$ 10,131	$ 287,586
Accrued interest payable	98,493	—	—	98,493
Due to other funds	8,434	29	—	8,463
Unearned revenue	156,663	—	11,395	168,058
Retention payable	469	2,304	5,995	8,768
Long term debt - current	161,420	333,015	—	494,435
Compensated absences - current	1,275	—	—	1,275
Lease liability - current	1,609	—	—	1,609
Total current liabilities	695,633	345,533	27,521	1,068,687
Non-current liabilities:				
Unearned revenue/ Patron deposits	5,524	—	—	5,524
Long term debt, net of unamortized premium/discount	9,973,246	—	—	9,973,246
Derivative instruments	91,930	—	—	91,930
Compensated absences	2,709	—	—	2,709
Lease liability	415	—	—	415
Net pension liability	292	707	751	1,750
Net OPEB liability	259	41	44	344
Total non-current liabilities	10,074,375	748	795	10,075,918
TOTAL LIABILITIES	10,770,008	346,281	28,316	11,144,605
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	1,690	269	286	2,245
Deferred inflows from OPEB	3,744	597	633	4,974
TOTAL DEFERRED INFLOWS OF RESOURCES	5,434	866	919	7,219
NET POSITION				
Net investment in capital assets	1,399	108,251	142,308	251,958
Restricted for:				
Operations & Maintenance, under debt covenant	36,884	—	—	36,884
Emergency reserve, under Caltrans Coop	50,000	—	—	50,000
Debt service & trustee funds	740,979	—	—	740,979
Regional Measure 3 - WETA	97,933	—	—	97,933
Unrestricted	(7,718,170)	10,170	31,284	(7,676,716)
TOTAL NET POSITION	$ (6,790,975)	$ 118,421	$ 173,592	$ (6,498,962)

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2025
(For comparative information purposes)

($ in thousands)	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
ASSETS					
Current assets:					
Cash - unrestricted	$ 189,209	$ 17,668	$ 18,963	$ 31,601	$ 257,441
Cash - restricted	135,524	—	—	10,730	146,254
Investment - unrestricted	592,154	—	87,854	—	680,008
Due from other funds	433	732	3,978	6,748	11,891
Due from other governments	542	—	—	—	542
Accounts receivables	77,181	—	9,297	1,439	87,917
Accrued interest	16,170	—	—	616	16,786
Prepaid expenses and other assets	480	10	605	—	1,095
Funding due from State/ Caltrans	11,304	3,291	—	—	14,595
Funding due from Federal	—	—	—	3,848	3,848
Total current assets	1,022,997	21,701	120,697	54,982	1,220,377
Non-current assets:					
Cash - restricted	10,026	—	—	—	10,026
Investments - unrestricted	1,099,812	—	180,189	—	1,280,001
Investments - restricted	1,436,036	—	—	—	1,436,036
Capital assets not being depreciated/amortized	214	—	23,096	126,936	150,246
Capital assets, net of accumulated depreciation/amortization	3,805	262	91,650	38,218	133,935
Total non-current assets	2,549,893	262	294,935	165,154	3,010,244
TOTAL ASSETS	3,572,890	21,963	415,632	220,136	4,230,621
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	319,741	—	—	—	319,741
Deferred charges	239,321	—	—	—	239,321
Deferred outflows from pension	4,815	278	744	794	6,631
Deferred outflows from OPEB	3,847	222	594	634	5,297
TOTAL DEFERRED OUTFLOWS OF RESOURCES	567,724	500	1,338	1,428	570,990

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds - *Continued*
June 30, 2025
(For comparative information purposes)

($ in thousands)	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ 324,363	$ 1,702	$ 7,662	$ 10,577	$ 344,304
Accrued interest payable	95,237	—	—	—	95,237
Due to other funds	16,468	—	457	—	16,925
Unearned revenue	151,208	—	—	9,836	161,044
Retention payable	443	—	2,390	5,985	8,818
Long term debt - current	117,815	—	—	—	117,815
Compensated absences - current	1,300	74	207	220	1,801
SBITA liability - current	—	77	—	—	77
Lease liability - current	1,539	—	—	—	1,539
Total current liabilities	708,373	1,853	10,716	26,618	747,560
Non-current liabilities:					
Unearned revenue/ Patron deposits	5,049	—	—	—	5,049
Long term debt, net of unamortized premium/discount	10,099,044	—	319,742	—	10,418,786
Derivative instruments	122,369	—	—	—	122,369
Compensated absences	2,640	151	421	447	3,659
SBITA liability	—	162	—	—	162
Lease liability	2,024	—	—	—	2,024
Net pension Liability	1,306	331	886	946	3,469
Net OPEB Liability	1,654	95	256	273	2,278
Total non-current liabilities	10,234,086	739	321,305	1,666	10,557,796
TOTAL LIABILITIES	10,942,459	2,592	332,021	28,284	11,305,356
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	49	3	8	8	68
Deferred inflows from OPEB	897	52	139	148	1,236
TOTAL DEFERRED INFLOWS OF RESOURCES	946	55	147	156	1,304
NET POSITION					
Net investment in capital assets	31	25	112,558	158,914	271,528
Restricted for:					
Operations & Maintenance, under debt covenant	27,980	—	—	—	27,980
Emergency reserve, under Caltrans Coop	50,000	—	—	—	50,000
Debt service & trustee funds	1,276,381	—	—	—	1,276,381
Regional Measure 3 - WETA	86,995	—	—	—	86,995
Unrestricted	(8,244,178)	19,791	(27,756)	34,210	(8,217,933)
TOTAL NET POSITION	$ (6,802,791)	$ 19,816	$ 84,802	$ 193,124	$ (6,505,049)

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

Metropolitan Transportation Commission

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the Year Ended June 30, 2026

($ in thousands)	Bay Area Toll Authority	Moved to Special Revenue Fund: Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
OPERATING REVENUES					
Toll revenues collected	$ 981,495	$ —	$ 80,094	$ —	$ 1,061,589
Revenues from operators/other agencies	18,236	—	—	16,187	34,423
Other operating revenues	71,225	—	17,821	2,290	91,336
TOTAL OPERATING REVENUES	1,070,956	—	97,915	18,477	1,187,348
OPERATING EXPENSES					
Operating expense incurred by Caltrans	3,659	—	—	—	3,659
Professional fees	94,740	—	37,972	55,902	188,614
Salaries and benefits	19,888	—	4,054	3,928	27,870
Communication charges	318	—	—	—	318
Transfer to MTC for operating purposes	29,562	—	72	—	29,634
Depreciation and amortization	1,711	—	13,392	18,832	33,935
Other operating expenses	51,238	—	6,040	2,620	59,898
TOTAL OPERATING EXPENSES	201,116	—	61,530	81,282	343,928
OPERATING INCOME (LOSS)	869,840	—	36,385	(62,805)	843,420

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

Metropolitan Transportation Commission

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds - *Continued*

For the Year Ended June 30, 2026

($ in thousands)	Bay Area Toll Authority	Moved to Special Revenue Fund: Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
NONCAPITAL SUBSIDIES					
Allocation to Transbay JPA	$ (6,395)	$ —	$ —	$ —	$ (6,395)
Allocations to other agencies	(102,323)	—	—	—	(102,323)
State grants	—	—	—	11,751	11,751
Build America Bonds (BABs) interest subsidy	59,713	—	—	—	59,713
Expenses paid for other agencies	—	—	—	(1,455)	(1,455)
Transfer in for non-capital purposes	—	—	—	25,581	25,581
Transfer out for non-capital purposes	(2,697)	—	—	—	(2,697)
TOTAL NONCAPITAL SUBSIDIES	(51,702)	—	—	35,877	(15,825)
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	818,138	—	36,385	(26,928)	827,595
OTHER NONOPERATING REVENUES (EXPENSES)					
Investment income	118,103	—	10,508	8,144	136,755
Changes in fair value of other derivative instruments	30,440	—	—	—	30,440
Interest expense	(422,962)	—	(12,893)	—	(435,855)
Financing fees and bond issuance costs	(10,905)	—	(381)	—	(11,286)
Distribution to other agencies	(373,757)	—	—	(58)	(373,815)
Capital expenses paid for other agencies	—	—	—	(1,815)	(1,815)
Distribution to Caltrans for their capital purposes	(132,454)	—	—	—	(132,454)
Capital grants	—	—	—	862	862
Transfer out for capital purposes	(14,747)	—	—	—	(14,747)
Transfer in for capital purposes	—	—	—	263	263
Other non-operating expense	(40)	—	—	—	(40)
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	(806,322)	—	(2,766)	7,396	(801,692)
INCREASE (DECREASE) IN FUND NET POSITION	11,816	—	33,619	(19,532)	25,903
TOTAL NET POSITION - BEGINNING	(6,802,791)	19,816	84,802	193,124	(6,505,049)
Change to or within financial reporting entity	—	(19,816)	—	—	(19,816)
TOTAL NET POSITION - BEGINNING, AS ADJUSTED	(6,802,791)	—	84,802	193,124	(6,524,865)
TOTAL NET POSITION - ENDING	$ (6,790,975)	$ —	$ 118,421	$ 173,592	$ (6,498,962)

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

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2025*
(For comparative information purposes)

($ in thousands)	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
OPERATING REVENUES					
Toll revenues collected	$ 891,421	$ —	$ 74,370	$ —	$ 965,791
Department of Motor Vehicles registration fees	—	6,444	—	—	6,444
Revenues from operators/other agencies	18,443	—	—	12,112	30,555
Other operating revenues	56,252	—	20,206	4,700	81,158
TOTAL OPERATING REVENUES	966,116	6,444	94,576	16,812	1,083,948
OPERATING EXPENSES					
Operating expense incurred by Caltrans	3,110	—	—	—	3,110
Towing contracts	—	15,517	—	—	15,517
Professional fees	93,345	1,069	30,908	41,221	166,543
Salaries and benefits	20,385	1,191	3,239	3,530	28,345
Repairs and maintenance	—	241	—	—	241
Communication charges	353	228	—	—	581
Transfer to MTC for operating purposes	34,434	—	1,272	—	35,706
Depreciation and amortization	1,744	193	11,041	9,770	22,748
Other operating expenses	48,209	1,031	3,712	1,976	54,928
TOTAL OPERATING EXPENSES	201,580	19,470	50,172	56,497	327,719
OPERATING INCOME (LOSS)	764,536	(13,026)	44,404	(39,685)	756,229

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

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds - *Continued*
For the Year Ended June 30, 2025*
(For comparative information purposes)

($ in thousands)	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
NONCAPITAL SUBSIDIES					
Allocation to Transbay JPA	$ (6,178)	$ —	$ —	$ —	$ (6,178)
Allocations to other agencies	(83,889)	—	—	—	(83,889)
State grants	—	12,353	—	2,624	14,977
Build America Bonds (BABs) interest subsidy	62,011	—	—	—	62,011
Expenses reimbursement for other agencies	—	—	—	(4,200)	(4,200)
Transfer in for non-capital purposes	—	—	—	25,139	25,139
Transfer out for non-capital purposes	(3,217)	—	—	—	(3,217)
TOTAL NONCAPITAL SUBSIDIES	(31,273)	12,353	—	23,563	4,643
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	733,263	(673)	44,404	(16,122)	760,862
OTHER NONOPERATING REVENUES (EXPENSES)					
Investment income	161,439	752	13,708	9,543	185,442
Changes in fair value of other derivative instruments	(1,984)	—	—		(1,984)
Interest expense	(402,464)	(14)	(12,888)	—	(415,366)
Financing fees and bond issuance costs	(12,775)	—	(507)	—	(13,282)
Gain (loss) from the sale of capital assets	—	(2)	—	—	(2)
Distribution to other agencies	(552,570)	—	—	(571)	(553,141)
Capital expenses paid for other agencies	—	(76)	—	(3,697)	(3,773)
Distribution to Caltrans for their capital purposes	(105,671)	—	—	—	(105,671)
Capital grants	—	—	—	5,787	5,787
Transfer out for capital purposes	(14,498)	—	(28,484)	—	(42,982)
Transfer in for capital purposes	3,549	—	—	77	3,626
Other non-operating expense	(61)	—	—	—	(61)
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	(925,035)	660	(28,171)	11,139	(941,407)
INCREASE (DECREASE) IN FUND NET POSITION	(191,772)	(13)	16,233	(4,983)	(180,535)
TOTAL NET POSITION - BEGINNING	(6,610,027)	19,886	68,721	198,271	(6,323,149)
Restatement for GASB 101 adoption	(992)	(57)	(152)	(164)	(1,365)
TOTAL NET POSITION - BEGINNING, AS RESTATED	(6,611,019)	19,829	68,569	198,107	(6,324,514)
TOTAL NET POSITION - ENDING	$ (6,802,791)	$ 19,816	$ 84,802	$ 193,124	$ (6,505,049)

*Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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

Metropolitan Transportation Commission
Statements of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2026

($ in thousands)	Bay Area Toll Authority	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
Cash flows from operating activities				
Cash receipts from users / operations	$ 1,051,640	$ 94,912	$ 3,794	$ 1,150,346
Cash payments to suppliers for goods and services	(129,270)	(41,387)	(58,713)	(229,370)
Cash payments for employee salaries and benefits	(19,933)	(4,740)	(4,661)	(29,334)
Cash receipts from interfund services	—	—	1,831	1,831
Cash payments for interfund services	(37,700)	—	—	(37,700)
Other cash receipts	132	—	2,290	2,422
Other cash payments	(40)	—	—	(40)
Net cash provided by/(used in) operating activities	864,829	48,785	(55,459)	858,155
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	—	—	11,751	11,751
Build America Bonds interest subsidy	62,076	—	—	62,076
Interest paid on bonds	(430,878)	—	—	(430,878)
Financing fees	(12,129)	—	—	(12,129)
Transfers (to)/from other Funds	11,202	—	25,576	36,778
Bond principal payments	(117,815)	—	—	(117,815)
Proceeds from refunding bonds	6,773	—	—	6,773
Distributions to other agencies	(109,055)	—	(1,455)	(110,510)
Net cash provided by/(used in) non-capital financing activities	(589,826)	—	35,872	(553,954)
Cash flows from capital and related financing activities				
Capital grant	—	—	(929)	(929)
Transfers (to)/from other Funds for their capital purpose	(14,747)	—	2,848	(11,899)
Distributions to Caltrans	(132,521)	—	—	(132,521)
Distributions to other agencies	(459,890)	—	(1,873)	(461,763)
Acquisition of capital assets	(1,326)	(9,084)	(2,226)	(12,636)
Net cash used in capital and related financing activities	(608,484)	(9,084)	(2,180)	(619,748)
Cash flows from investing activities				
Proceeds from maturities of investments	1,134,544	2,000	—	1,136,544
Purchase of investments	(693,781)	(10,000)	—	(703,781)
Interest and dividends received	16,570	1,540	8,186	26,296
Net cash provided by/(used in) investing activities	457,333	(6,460)	8,186	459,059
Net increase/(decrease) in cash	123,852	33,241	(13,581)	143,512
Balances - beginning of year	334,759	18,963	42,331	396,053
Balances - end of year	$ 458,611	$ 52,204	$ 28,750	$ 539,565

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

Metropolitan Transportation Commission
Statements of Cash Flows - Proprietary Funds - *Continued*
For the Year Ended June 30, 2026

($ in thousands)	Bay Area Toll Authority	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
Reconciliation of operating income to net cash provided by/(used in) operating activities				
Operating income (loss)	$ 869,840	$ 36,385	$ (62,805)	$ 843,420
Adjustments to reconcile operating net cash provided by/(used in) operating activities:				
Depreciation and amortization	1,711	13,392	18,832	33,935
Other expenses	(40)	—	—	(40)
Net effect of changes in:				
Due (to)/from other Funds	(8,138)	(1,079)	1,831	(7,386)
Due (to)/from other governments	927	—	—	927
Accounts receivable	(23,651)	(1,919)	(13,952)	(39,522)
Prepaid expenses and other assets	69	(18)	—	51
Due from Caltrans	(398)	—	—	(398)
Accounts payable and accrued expenses	21,014	2,715	(191)	23,538
Unearned revenue	5,455	—	1,559	7,014
Patron deposits	568	—	—	568
State funding due	(944)	—	—	(944)
Deferred outflows from pension	(460)	(97)	(99)	(656)
Deferred outflows from OPEB	(1,708)	(291)	(306)	(2,305)
Net pension asset / liability	(1,014)	(179)	(195)	(1,388)
Net OPEB asset / liability	(1,395)	(215)	(229)	(1,839)
Compensated absences liability	44	(628)	(667)	(1,251)
Lease liability	(1,539)	—	—	(1,539)
Deferred inflows from pension	1,641	261	278	2,180
Deferred inflows from OPEB	2,847	458	485	3,790
Net cash provided by/(used in) operating activities	$ 864,829	$ 48,785	$ (55,459)	$ 858,155
Significant Noncash Investing, Capital, and Financing Activities				
Refunding bond proceeds received in escrow/redemption fund	$ 1,013,000	$ —	$ —	$ 1,013,000
Debt refunded through escrow/redemption fund	(656,560)	—	—	(656,560)
Acquisition of capital assets under accounts payable/accrued liabilities	992	1,908	5,995	8,895
Deferred amount on refunding	40,021	—	—	40,021
Amortization of bond premium/discount	(89,157)	—	—	(89,157)
Amortization of deferred charge	(12,763)	—	—	(12,763)
Net increase/(decrease) in fair value of derivative instruments	30,440	—	—	30,440

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

Metropolitan Transportation Commission
Statements of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2025*

($ in thousands)	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
Cash flows from operating activities					
Cash receipts from users / operations	$ 953,156	$ 6,490	$ 88,427	$ 22,718	$ 1,070,791
Cash payments to suppliers for goods and services	(169,365)	(18,006)	(37,343)	(47,567)	(272,281)
Cash payments for employee salaries and benefits	(19,693)	(1,120)	(3,040)	(3,290)	(27,143)
Cash receipts for interfund services	19,373	—	—	—	19,373
Cash payments for interfund services	—	—	—	(15,394)	(15,394)
Other cash receipts	(278)	—	—	4,700	4,422
Other cash payments	(1,692)	—	—	—	(1,692)
Net cash provided by/(used in) operating activities	781,501	(12,636)	48,044	(38,833)	778,076
Cash flows from non-capital financing activities					
Caltrans and other state and local agency grants	(91,032)	13,480	—	2,624	(74,928)
Proceeds from issuance of bonds	441,660	—	—	—	441,660
Build America Bonds interest subsidy	63,750	—	—	—	63,750
Interest paid on bonds	(414,618)	—	—	—	(414,618)
Financing fees	(12,293)	—	—	—	(12,293)
Federal grants	—	—	—	7	7
Transfers (to)/from other Funds	10,243	—	(95,660)	28,642	(56,775)
Bond principal payments	(124,273)	—	—	—	(124,273)
Payment for refunding bonds	(14,693)	—	—	—	(14,693)
Credit agreement with Bank of America, N.A.	—	—	95,660	—	95,660
Distributions to Caltrans	(104,005)	—	—	—	(104,005)
Distributions to other agencies	(433,006)	(76)	—	(571)	(433,653)
Net cash provided by/(used in) non-capital financing activities	(678,267)	13,404	—	30,702	(634,161)
Cash flows from capital and related financing activities					
Capital grant	—	—	—	10,573	10,573
Acquisition of capital assets	(393)	(311)	(6,228)	(16,792)	(23,724)
Disposal of capital assets	—	(1)	—	—	(1)
Transfer in for capital purposes	3,549	—	—	—	3,549
Transfer out for capital purposes	(14,498)	—	—	—	(14,498)
Net cash used in capital and related financing activities	(11,342)	(312)	(6,228)	(6,219)	(24,101)
Cash flows from investing activities					
Proceeds from maturities of investments	714,701	—	4,000	—	718,701
Purchase of investments	(1,843,071)	—	(220,148)	—	(2,063,219)
Interest and dividends received	22,138	790	4,255	9,605	36,788
Net cash provided by/(used in) investing activities	(1,106,232)	790	(211,893)	9,605	(1,307,730)
Net increase/(decrease) in cash	(1,014,340)	1,246	(170,077)	(4,745)	(1,187,916)
Balances - beginning of year	1,349,099	16,422	189,040	47,076	1,601,637
Balances - end of year	$ 334,759	$ 17,668	$ 18,963	$ 42,331	$ 413,721

*Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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

Metropolitan Transportation Commission
Statements of Cash Flows - Proprietary Funds - *Continued*
For the Year Ended June 30, 2025*

($ in thousands)	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund Clipper®	Total Enterprise Funds
Reconciliation of operating income to net cash provided by/(used in) operating activities					
Operating income (loss)	$ 764,536	$ (13,026)	$ 44,404	$ (39,685)	$ 756,229
Adjustments to reconcile operating net cash provided by/(used in) operating activities:					
Depreciation and amortization	1,744	193	11,041	9,770	22,748
Other revenues	(1,534)	—	—		(1,534)
Capital, operating and maintenance expenses for other agencies	—	—	—	(7,897)	(7,897)
Net effect of changes in:					
Due (to)/from other Funds	19,373	—	—	(15,394)	3,979
Due (to)/from other governments	(158)	—	(1,005)	—	(1,163)
Accounts receivable	(23,195)	—	(5,152)	4,612	(23,735)
Prepaid expenses and other assets	140	18	(82)	—	76
Due from Caltrans	235	—	—	—	235
Accounts payable and accrued expenses	9,711	(66)	(1,369)	3,527	11,803
Unearned revenue	11,798	—	—	4,637	16,435
Patron deposits	309	—	—	—	309
State funding due	(2,150)	46	—	1,357	(747)
Deferred outflows from pension	440	33	25	138	636
Deferred outflows from OPEB	547	37	49	145	778
Net pension asset / liability	105	31	143	46	325
Net OPEB asset / liability	(273)	(19)	(26)	(68)	(386)
Compensated absences liability	270	13	66	61	410
SBITA liability	—	128	—	—	128
Deferred inflows from pension	(92)	(5)	(13)	(17)	(127)
Deferred inflows from OPEB	(305)	(19)	(37)	(65)	(426)
Net cash provided by/(used in) operating activities	$ 781,501	$ (12,636)	$ 48,044	$ (38,833)	$ 778,076
Significant Noncash Investing, Capital, and Financing Activities					
Refunding bond proceeds received in escrow/redemption fund	$ 854,190	$ —	$ —	$ —	$ 854,190
Debt refunded through escrow/redemption fund	(822,491)	—	—	—	(822,491)
liabilities	211	—	2,188	6,240	8,639
SBITA liability	—	239	—	—	239
Deferred amount on refunding	(10,500)	—	—	—	(10,500)
Amortization of Bond premium/discount	(87,645)	—	—	—	(87,645)
Amortization of deferred charge	(13,285)	—	—	—	(13,285)
instruments	(1,984)	—	—	—	(1,984)

*Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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

Metropolitan Transportation Commission
Statement of Fiduciary Net Position
June 30, 2026

($ in thousands)	Clipper® Custodial Fund
ASSETS	
Cash	$ 242,480
Accounts receivable	7,718
Due from operators	2,285
TOTAL ASSETS	252,483
LIABILITIES	
Accounts payable	28,321
Due to operators	7,906
TOTAL LIABILITIES	36,227
NET POSITION	$ 216,256

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

Metropolitan Transportation Commission
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2026

($ in thousands)	Clipper® Custodial Fund
ADDITIONS	
Clipper card deposits	$ 286,761
Third party deposits	53,963
PAYGO trips	57,671
Others	12,169
TOTAL ADDITIONS	410,564
DEDUCTIONS	
Distribution to operators	372,777
Distribution to third party	9,582
Others	7,320
TOTAL DEDUCTIONS	389,679
Change in Net Position	20,885
Net position - beginning	195,371
Net position - ending	$ 216,256

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

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1. Summary of Significant Accounting Policies

A. Reporting Entity

The Metropolitan Transportation Commission (MTC) was established under the laws of the State of California, Government Code Section 66500 et seq., 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.

MTC's principal sources of revenue to fund its governmental operations include state grants, a percentage of the sales tax revenues collected in the nine Bay Area counties under the State Transportation Development Act of 1971 (TDA) and grants from the U.S. Department of Transportation, Office of the Secretary of Transportation (U.S. DOT), including the Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and other federal, state and local agencies. These are the principal sources of revenues susceptible to accrual under the modified accrual method described later within this note. Fees and charges are the primary source of revenue for the proprietary funds described in this note.

The accompanying financial statements present MTC, its blended component units, and its discretely presented component unit. MTC is the primary government as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61. Its governing board is separately appointed and is fiscally independent of other governments. The blended component units discussed below are included as part of the reporting entity because their boards are substantially the same as the primary government's board, and the management of the primary government has the operational responsibility for the component units. The blended component units, although legally separate entities are, in substance, part of MTC's operations and financial data from these units are combined with financial data of MTC in preparing the government-wide financial statements. The MTC board also serves as the governing body for all its blended component units.

MTC has a discretely presented component unit – Bay Area Headquarters Authority (BAHA). BAHA financial statements are presented in a separate column on the face of the government-wide financial statements in the far-right column.

Blended component units

i.) Bay Area Toll Authority (BATA)

The Bay Area Toll Authority (BATA) is a public agency created on January 1, 1998 pursuant to Streets and Highways Code Section 30950, with responsibilities for the disposition of toll revenues collected from the seven State owned toll bridges in the San Francisco Bay Area. The bridges are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge, and San Mateo-Hayward Bridge. BATA is a proprietary fund as it generates revenue from toll bridge receipts and its debt is secured by its pledged revenues as more fully described in Note 6, Long-Term Debt.

Pursuant to Streets and Highways Code Section 30950, a five-year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans with respect to the collection and disposition of toll bridge revenues. The agreement has been extended through several amendments, and BATA's statutory responsibilities were increased pursuant to AB144, adopted in 2005. The most current amendment extended the agreement through June 30, 2027.

Under the terms of the Cooperative Agreement, BATA has responsibility for the electronic toll collection while Caltrans' responsibilities include ownership, operations and maintenance of the bridges. See Note 1.Y for information on Caltrans' operating expenses. BATA is presented as a major enterprise fund.

Requests for separately issued financial statements for BATA should be addressed to the Finance Department, Bay Area Toll Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

ii.) MTC Service Authority for Freeways and Expressways (MTC SAFE)

In June 1988, MTC Service Authority for Freeways and Expressways (MTC SAFE) was created to receive fees collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2555 et seq., which permits the collection of up to one dollar per registered vehicle in participating counties. These fees represent charges for services rendered to external users. MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. All nine Bay Area counties are participants in the MTC SAFE: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.

In 1993, MTC SAFE's responsibilities were expanded, pursuant to a jointly adopted Memorandum of Understanding between MTC SAFE, Caltrans, and the California Highway Patrol (CHP), to participate in the development and implementation of a Freeway Service Patrol (FSP) program in the San Francisco Bay Area. The three principal sources of funding for the FSP program are state grants, federal grants, and funding from federal traffic mitigation programs. MTC SAFE was presented as a non-major governmental fund.

iii.) Bay Area Infrastructure Financing Authority (BAIFA)

Bay Area Infrastructure Financing Authority (BAIFA) was established in August 2006 by an agreement of MTC and BATA, pursuant to the California Joint Exercise of Powers Act (Act) consisting of Sections 6500 through 6599.2 of the California Government Code. The Act provides for the joint exercise of powers common to MTC and BATA. BAIFA is authorized to undertake programs and projects, including the development, financing, and operation of high-occupancy toll lanes (express lanes) in MTC's jurisdiction. In April 2013, MTC delegated its express lanes authority to BAIFA through a cooperative agreement. In April 2022, the Joint Powers Agreement that established BAIFA was amended. Formerly BAIFA's board consisted of MTC and BATA Oversight Committee chairs and four Commissioners. The amendment modified the composition of BAIFA's board to match the composition of MTC's board. As a result of the new board composition, BAIFA meets the blending criteria under paragraph 53 of GASB 14, *The Financial Reporting Entity*, as amended by GASB No. 61. Starting from fiscal year 2022, BAIFA is presented as a major enterprise fund.

Requests for separately issued financial statements for BAIFA should be addressed to the Finance Department, Bay Area Infrastructure Financing Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

iv.) Bay Area Housing Finance Authority (BAHFA)

On October 8, 2019, the Bay Area Housing Finance Authority (BAHFA) was established pursuant to California Government Code Section 64510 (a)(1) to provide a regional financing mechanism for affordable housing production, preservation, and tenant protection in the San Francisco Bay area, including charter cities. California Government Code Section 64510 (a)(2) states that BAHFA is a separate legal entity and is governed by the same board that governs the MTC; as such BAHFA meets the blending criteria under

paragraph 53 of GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 61. BAHFA is presented as a special revenue major governmental fund.

Requests for separately issued financial statements for BAHFA should be addressed to the Finance Department, Bay Area Housing Finance Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

v.) Public Transit Revenue Measure District (PTRMD)

In January 2026, the newly chaptered Title 7.85 of the California Government Code, commencing with Government Code Section 67700 (Senate Bill 63, Wiener/Arreguín, 2025), otherwise known as the Connect Bay Area Act, creates the Public Transit Revenue Measure District (PTRMD) with jurisdiction extending the territorial boundaries of the counties of Alameda, Contra Costa, San Mateo, and Santa Clara, and the City and County of San Francisco.

PTRMD may impose a retail transactions and use tax ordinance applicable to the entire district for a duration of 14 years, in an amount of 0.5% in each of the counties located within the district and 1% in the City and County of San Francisco, subject to voter approval at the November 3, 2026, statewide general election.

Government Code Section 67710 provides that the PTRMD shall be governed by the same board that governs the Metropolitan Transportation Commission (MTC), the PTRMD shall be a separate legal entity from MTC, and the PTRMD shall be staffed by the existing staff of MTC or any successor agency. Therefore, PTRMD meets the blending criteria under paragraph 53 of GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 61.

Discretely presented component unit

A component unit is a legally separate organization for which the primary government is financially accountable. It can also be an organization whose relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. MTC has one discretely presented component unit, the Bay Area Headquarters Authority (BAHA).

Bay Area Headquarters Authority (BAHA)

Bay Area Headquarters Authority (BAHA) was established in September 2011 by an agreement of MTC and BATA pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code, which authorizes BAHA to exercise powers common to MTC and BATA. There are six Commissioners on the governing board for BAHA. BAHA's board consists of four MTC Commissioners and two BATA Commissioners. BAHA is authorized to plan, acquire, and develop its office space and facilities directly or through contract. On October 14, 2011, BAHA acquired property located at 375 Beale Street, in San Francisco, California for the purpose of establishing a Bay Area Regional Headquarters for MTC, the Bay Area Air District (the Air District), and the Association of Bay Area Governments (ABAG). The three agencies moved to the new building, Bay Area Metro Center (BAMC), in fiscal year 2016.

BAHA is legally separate from MTC or BATA. MTC appoints a voting majority of BAHA’s governing board, and there is a financial benefit/burden relationship between BAHA and BATA. Therefore, BAHA meets the component unit criteria under paragraph 15 to 33 of the GASB Statement No. 14, *the Financial Reporting Entity* as amended by GASB No. 61. However, because BAHA does not provide services entirely to MTC or BATA and BAHA is not permitted to issue debt, BAHA doesn't meet the blending criteria under paragraph 53. Therefore, it is reported as a discretely presented component unit in the government-wide financial statements of MTC.

Requests for separately issued financial statements for BAHA should be addressed to the Finance Department, Bay Area Headquarters Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

B. Government-Wide and Fund Financial Statements

Basis of presentation - government-wide statements

The government-wide financial statements (i.e. Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of MTC and its component units. The effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

Basis of presentation - fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following funds:

i.) MTC General Fund

MTC General Fund is used to account for financial resources not accounted for or reported in another fund.

ii.) MTC Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. MTC maintains various special revenue funds as follows:

Major Funds

AB 664 Net Toll Revenue Reserve Fund – Under Section 30884 (a) of the Streets and Highways Code, the AB 664 Net Toll Revenue Fund receives 16 percent of the revenue generated each year from the collection of the base toll at its level in existence for the 2001-02 fiscal year on San Francisco-Oakland Bay Bridge, Dumbarton Bridge and San Mateo-Hayward Bridge. These funds are allocated by policy, 70 percent to East Bay and 30 percent to West Bay, to agency capital projects that further the development of public transit in the vicinity of the three southern bridges.

State Transit Assistance (STA) Fund – State Transit Assistance Funds are used for transit and paratransit operating assistance, transit capital projects, and regional transit coordination. The revenues are derived from the state sales tax on diesel fuel and apportioned by state statute between population-based and revenue-based accounts. PUC Section 99313 defines the population-based and PUC Section 99314 defines the revenue-based accounts. The STA revenue received by MTC is based on the population of the nine counties. On April 28, 2017, Senate Bill (SB) 1 was signed by the Governor to provide additional revenues to the STA Fund for transit infrastructure repair and service improvements. This investment in public transit is referred to as the State of Good Repair (SGR) program. The SGR program follows the same state-wide distribution policies as the regular STA fund, with revenue and population based accounts. However, unlike the regular STA program, recipients of the SGR program must have their projects pre-approved by Caltrans. MTC receives SGR revenue based on the population of the nine counties.

Rail Reserves Fund – Under Section 30914 (a.4) of the Streets and Highways Code, the Rail Reserves Fund receives 21 percent of base toll revenues collected at the level established by the 1988 toll increase on the San Francisco-Oakland Bay Bridge. These funds are allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge. 70 percent of the Rail Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements.

BART Car Exchange Fund – Funds deposited are restricted to the purpose of BART railcar procurement projects, including replacement railcars and railcars associated with BART's Transbay Corridor Core Capacity Project. MTC and BART established the funding exchange program whereby MTC programmed Federal Funds for current BART projects with BART depositing an equal amount of local funds into an account set aside for BART railcars. The project began in fiscal year 2013.

SB 125 Transit Fund – Funds are restricted for the Transit and Intercity Rail Capital Program (TIRCP) and the Zero-Emission Transit Capital Program (ZETCP). Senate Bill (SB) 125 is a transformative state legislation designed to enhance transit operations and address financial shortfalls. SB 125 allocates funds through the TIRCP on a population-based formula to regional transportation planning agencies, which will have the flexibility to use the money to fund transit operations or capital improvements. SB 125 also allocates funds to ZETCP, supporting eco-friendly transit equipment and operations through population-based and revenue-focused formula.

Bay Area Housing Finance Authority Fund – BAHFA is authorized to raise revenue by imposing various special taxes, including a parcel tax, and certain business taxes, within its jurisdiction and to issue general obligation bonds secured by the levy of ad valorem property taxes, in accordance with applicable constitutional requirements, and revenue bonds payable from the revenues of the authority, other than revenues generated from ad valorem property taxes. In addition, BAHFA also received state and local grants to fund its projects.

Non-Major Funds

Transit Reserve Fund – MTC maintains a Transit Reserve Fund pursuant to Regional Measure 1. The calculation of the transit reserves is set forth in Section 30913 (b) of the Streets and Highways Code as one-third of two percent of base toll revenues collected at the level established by the 1988 toll increase on all seven Bay Area state-owned toll bridges.

Caltrans also has a Cooperative Agreement with BATA and MTC whereby Caltrans transfers state funding to MTC for ferry operations and other transit/bicycle projects.

Exchange Fund – Exchange Funds are used for MTC projects adopted as part of its Surface Transportation Program (STP), Congestion Mitigation and Air Quality Improvement (CMAQ), and STA Exchange program. The restriction is established by Commission resolution.

Clipper BayPass Fund – MTC and transit operators participate in the Clipper BayPass Program. The revenue in this fund is generated from selling the Clipper BayPass product to institutions around the Bay Area. The revenue generated is used to reimburse transit operators for all trips taken using Clipper BayPass.

MTC Service Authority for Freeways and Expressways (MTC SAFE) - SAFE receives fees collected by the Department of Motor Vehicles (DMV) in participating counties. The fees represent charges for services rendered to external users. SAFE has two separate activities: the Freeway Assist Program (FAP), which provides motorist aid services on the Bay Area freeways, and the Freeway Service Patrol (FSP), pursuant to a jointly adopted Memorandum of Understanding between MTC SAFE, Caltrans, and the California Highway Patrol (CHP), which provides vehicle towing services.

Prior to implementing GASB Statement No. 103, MTC SAFE was reported as an enterprise blended component unit. Under the new guidance of GASB 103, it is now presented as a non-major special revenue fund.

iii.) MTC Non-major Enterprise Fund - Clipper®

In July 2010, MTC assumed responsibility for operating Clipper®, the region's transit fare payment program, under a Memorandum of Understanding with seven Bay Area transit organizations. Clipper® transit fare payment program operating and capital costs are incurred by MTC's Clipper® fund. MTC Clipper® receives payment from participating transit operators for service provided related to the operations of this program. MTC Clipper® Fund is presented as a non-major fund in the business type activities. The Clipper® card patron deposits are held as a custodial fund. See Note 1.B (iv) for information on the Clipper® program custodial fund.

iv.) MTC Fiduciary Fund

The MTC Fiduciary Fund is a Custodial Fund which is used to account for assets held by MTC in a trustee capacity for the restricted benefit of the transit agencies that participate in the Clipper® Card Program.

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

The government-wide, proprietary, and fiduciary fund 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough afterwards to pay liabilities of the current period. MTC considers revenue to be available if they are collected within 270 days after year end. All revenue sources included in the governmental funds, namely federal, state, and local grants as well as sales tax revenue, utilize this revenue recognition methodology. Expenditures generally are recorded when liabilities are incurred, under the modified accrual basis of accounting.

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The financial statement improvements include: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; budgetary comparison information; and financial trends information in the statistical section. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The adoption of the standard has resulted in reclassifications of certain items on the

proprietary fund statements. In addition, MTC SAFE, a blended component unit formerly reported as a major enterprise fund, is now presented as a non-major special revenue fund. See Note 1.AG for further information on the changes. All other disclosure updates required by this new standard are incorporated throughout the relevant sections of this report.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of governmental financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures by major class including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets. This statement also requires additional disclosures for capital assets held for sale. The adoption of this standard has resulted in updates to the disclosures in Note 5 of this report.

D. Budgetary Accounting

Enabling legislation and adopted policies and procedures provide that MTC and its operating entities approve an annual budget by June 30 of each year. Annual budgets are adopted on a basis that differs from accounting principles generally accepted in the United States of America for all governmental and proprietary funds. MTC also approves a life-to-date project budget whenever new projects are approved. MTC staff presents a preliminary budget in May and a final proposed budget in June. MTC conducts public meetings for discussion of the proposed annual budget and at the conclusion of the public meetings, but not later than June 30, adopts the final budget for the following fiscal year. The appropriated budget is prepared by fund, project, and expense type. The legal level of control is at the fund level and the governing body must approve additional appropriations. Budget amendments are recommended when needed. Operating appropriations lapse at fiscal year-end.

The primary difference between the budgetary basis of accounting and GAAP concerns capital assets. Depreciation and amortization expenses per GAAP are not budgeted for all fund types and budgeted capital expenditures are not recorded as expenses for the proprietary fund types per GAAP. In addition, unrealized gains and losses under GASB Statement No. 31 are not budgeted as revenues and expenses as well as some long-term expenses such as Pension, OPEB, and certain bond related payments.

E. Encumbrances

Encumbrance accounting is employed in the general and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding, and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the general fund are classified as committed and are included in the "transportation projects" category.

For the fiscal year 2026, these encumbrances, along with encumbrances of balances in funds that are restricted, committed or assigned, are not separately classified in the financial statements, and are summarized as follows:

General Fund	$	10,311
AB 664 Net Toll Revenue		25,955
State Transit Assistance Funds		28,569
Rail Reserves		1,176
SB125 Transit		9
Bay Area Housing Finance Authority		9,765
Non-major Governmental Funds		88,852

F. Net Position

Net position, presented in the government-wide financial statements, represents the residual interest in assets plus deferred outflows of resources after liabilities and deferred inflows of resources are deducted. MTC's Net Position consists of three sections: net investment in capital assets, as well as restricted and unrestricted. Net position is reported as restricted when constraints are imposed by creditors, grantors, contributors, laws, regulations, 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 MTC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets, liabilities and deferred inflows and outflows of resources reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds.

MTC evaluated each of its funds at June 30, 2026 and classified fund balances into the following five categories:

- Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items, are reported in the general fund and BAHFA.
- Restricted – Items that are restricted by external parties such as creditors or imposed by grants, law or legislation.
- Committed – Items that have been committed by formal action by the entity's highest level of decision-making authority, which MTC considers to be Commission resolutions. This level of approval has been reported in the General fund and the Exchange fund.
- Assigned – Items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration Committee. This restriction is currently not used on MTC's fund balances.
- Unassigned – This category is the residual classification for the general fund. This category represents fund balance that has not been assigned to other funds and that has not been restricted, committed or

assigned to specific purposes within the general fund. The General fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures exceed amounts restricted or committed, it may be necessary to report a negative unassigned fund balance.

MTC reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. MTC reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

H. Cash and Investments

MTC invests its available funds under the prudent investor rule. The prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords MTC a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Investments of funds held by the bond trustees are governed by the indentures, which may be more restrictive than the general provisions of California Government Code or MTC Investment policy. Investments allowed under MTC's investment policy include the following:

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

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, as amended (including by GASB Statement No. 72, *Fair Value Measurement and Application*), which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. MTC reports its money market securities at cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenditures and Changes in Fund Balance for all governmental fund types and in the Statements of Revenues, Expenses and Changes in Net Position for the proprietary funds. Accounting for derivative investments is described in Note 1Z Investments purchased, but not yet settled in cash, are included in security trade payables in the statement of net position.

Cash

MTC considers all balances in demand deposit accounts and associated sweep money market mutual funds to be cash. Deposits in the investment pool of the County of Alameda, Local Agency Investment Fund (LAIF), and California Asset Management Program (CAMP) are presented as cash as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of loss of principal.

Restricted Cash

Certain cash is restricted as these assets are either for a specific purpose, grant funded proceeds, escrow accounts with the balance being refunded upon project completion, prepaid customer deposits for the FasTrak® and Clipper programs or funds restricted for debt service, or other legal restrictions.

Restricted Investments

Certain investments are classified as restricted on the Statement of Net Position because they are either for a specific purpose, or their use is limited externally by applicable bond covenants, grant agreements, laws or regulations or there exists an imposed restriction through enabling legislation.

Non-Current Cash and Investments

Certain cash and investments are reported as non-current as these funds are (a) restricted as to withdrawal or use for other than current operations, or (b) that are segregated for the liquidation of long-term debts.

I. Loans and Related Interest Receivable

MTC maintains a valuation allowance against loans receivable comprised of an allowance for risk. The allowance for risk is maintained to provide for losses that can be reasonably anticipated. The allowance is based upon continuing consideration of changes in the character of the portfolio, evaluation of current economic conditions, and such other factors that, in MTC's judgment, deserve recognition in estimating potential loan losses. The allowance for risk takes into consideration maturity dates, interest rates, and other relevant factors.

J. Prepaid Items

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

K. Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, right-to-use lease assets, automobiles and call boxes and software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital asset acquisitions are recorded at historical cost (except for intangible right-to-use lease building, the measurement of which is discussed in Note 1.U and Note 1.T for SBITAs). Donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement are reported at acquisition value. MTC's intangible assets consist of purchased and licensed commercially available computer software and internally developed software. Depreciation and amortization expenses for the governmental activities are charged against general government function.

Capital assets are defined by MTC as assets with an initial, individual or aggregate cost of more than ten thousand dollars and an estimated useful life of more than three years. However, capital assets that do not meet the threshold on an individual basis but are material collectively are capitalized. MTC follows the guidance in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion & Analysis - for State and Local Governments* and GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets for recording capital assets*.

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

Depreciation and amortization are computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

	Years
Buildings and improvements	7-45
Furniture and equipment	3-25
Intangible assets	5-10
Lease equipment	5
Automobiles	5
Call boxes	10
Right-to-use building	Lease term
SBITAs	SBITA terms

When assets have been evaluated for impairment, in which the use of capital assets is discontinued or a decision has been made to sell assets and the assets are not continuing to be used, the depreciation and amortization ceases.

L. Retirement Plans

MTC 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, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2024. CalPERS then rolled forward the total pension liability to June 30, 2025, and this is the basis for reporting MTC's net pension liability at June 30, 2026.

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.

MTC allocates the net pension liability/asset, deferred outflows and deferred inflows from pension, and pension expenses to its blended and discretely presented component units and funds based on their share of MTC's payroll cost of the measurement year.

For additional information on the Plan, refer to Note 11.

M. Other Post Employment Benefits (OPEB)

MTC 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, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2026 was determined using the actuarial valuation and measurement date of June 30, 2025.

MTC allocates OPEB liability / asset, deferred outflows and deferred inflows from OPEB, and OPEB expenses to its blended and discretely presented component units and funds based on their share of MTC's payroll cost of the measurement year.

For additional information on the Plan, refer to Note 12.

N. 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 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.

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 a 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. See Note 13 for additional information.

O. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balance – total governmental funds and changes in net position of governmental activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures." However, in the Statement of Activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense.

P. Unearned Revenue

The unearned revenue in MTC consists of State and local grants received prior to meeting the revenue recognition criteria. When revenue recognition criteria are met, unearned revenue will be reclassified to revenue earned. The unearned revenue in BATA consists of certain funds collected by the Regional Customer Service Center (RCSC). These funds collected by the RCSC are prepayments for tolls or represent a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on participating bridges and Express Lanes.

Q. Deferred Inflows/Outflows of Resources - Revenue and Charges

Deferred revenue includes the unamortized portion of a lump sum payment from BATA to MTC. Details of the transaction are described below.

Streets and Highways codes sections 30890, 30911, and 30914 require BATA to transfer a specific percentage of the net base toll collection to MTC annually. The transfers are called AB 664 Net Toll Revenue Reserve, Transit Reserve, and Rail Reserves transfers. In April 2010, MTC entered into a funding agreement with BATA, whereby BATA made a lump sum payment of $506,987 (equal to the net present value from the funds' transfer through fiscal year 2060). The funds were transferred on September 30, 2010. MTC and BATA agreed that the payment would fulfill BATA's entire responsibility to make AB 664 Net Toll Reserve, Transit Reserve, and Rail Reserves fund transfers through the fiscal year ended June 30, 2060. MTC is using the payment to fund planned essential regional transportation projects.

GASB Statement No. 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues*, as amended by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes the criteria to account for the above transactions. The lump sum payment from BATA to MTC met the criteria of the intra-entity sale of future revenues for the fiscal year ended June 30, 2011. GASB Statement No. 48 requires the intra-entity sale of future revenue to be accounted for as a deferred charge and deferred revenue and amortized over the life of the agreement. The balances in the deferred revenue and deferred charge are reported under Deferred Inflows and Outflows of Resources in accordance with GASB Statement No. 65. The amortization charge for the current fiscal year was $12,763.

R. Deferred Amount on Refunding

Deferred amount on refunding represents the unamortized amount of the difference between the reacquisition price and the net carrying value of the old debt from the defeasance of the current and advance bond refundings.

S. Deferred Outflows/Inflows of Resources on Pensions and OPEB

Deferred outflows and deferred inflows of resources are recognized for:

- Changes in the total pension and OPEB liability 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.

**The difference between projected and actual earnings amount is recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period.

Deferred outflows of resources are also used to report MTC's contribution to CalPERS and PARS subsequent to the measurement date of the net pension and OPEB liability and before the end of the reporting period. See Notes 10 and 11 for additional information.

T. Subscription-Based Information Technology Arrangements (SBITAs)

MTC has entered into several subscription-based contracts to use vendor-provided information technology. MTC measured the SBITA liability at the present value of payments expected to be made during the SBITA agreement term. Subsequently, the SBITA liability is reduced by the principal portion of the payments made. 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.

The key estimates and judgments used to determine the discount rate, SBITA agreement term and SBITA payments are as follows:

- MTC uses the estimated incremental borrowing rate as the discount rate.
- The SBITA agreement term includes the noncancelable period of the agreement.
- The SBITA payments included in the measurement of the SBITA liability are composed of fixed or variable payments specified on the SBITA agreements.

U. Leases

Lessor

BAHA, the discretely presented component unit of MTC, 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 recognizes a lease receivable and a deferred inflow of resources in the government-wide and its financial statements.

As of June 30, 2026, BAHA reported $8,394 lease receivable and $7,885 deferred inflow of resources respectively. BAHA measured the lease receivable at the present value of payments expected to be received during the lease terms. 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 revenue 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 for 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.

Lessee

BATA is a lessee that leases office space in BAMC from BAHA. BATA recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements.

MTC has leased ten color copiers for 36 months and another three color printers for 43 months from Canon Financial Services in fiscal year 2023 and 2025, respectively. MTC recognizes a lease liability and a right-to-use lease asset (lease asset) in the governmental financial statements.

MTC and BATA measured the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the amount of the initial measurement of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the lease asset.

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

- MTC uses the estimated incremental borrowing rate as the discount rate for leases. For BATA's office lease from BAHA, the rate is the tax-exempt MMD rate plus the relevant spread because BATA is a governmental lessee of BAHA. MTC uses the weighted average discount rate which BAHA has for its private sector tenants for the Canon printer lease.
- The lease term includes the noncancelable period of the lease.
- The lease payments included in the measurement of the lease liability are composed of fixed payments to BAHA and Canon Financial Services.

BATA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

V. Toll Revenues Collected

BATA accounts for the electronic tolls collected from the operation of the bridges as revenue. BAIFA accounts for the electronic tolls collected from the operation of the express lanes as revenue. BATA and BAIFA recognize electronic toll revenue as amounts are earned, net of estimated uncollectible amount.

W. Revenue from Operators

MTC Non-major Proprietary Fund Clipper® accounts for fees collected from the Bay Area transit operators participating in the Clipper® program as revenue to cover the costs of operating the Clipper system.

X. Other Operating Revenues

Violation fees and penalties collected and escheatment revenue are recognized as other operating revenues in the Statement of Revenues, Expenses and Changes in Net Position for BATA and BAIFA.

Y. Operating Expenses Incurred by Caltrans

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenses. These expenses include maintenance, administration, operations, and overhead costs.

Z. Investment Income and Other Derivative Instruments

Investment income (loss) is comprised of interest income and unrealized gain (loss) from investments. The investment derivative instruments that are within the scope GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instrument,* but do not meet the definition of an investment are considered other derivative instruments. In accordance to GASB Statement No. 99, Omnibus 2022, paragraph 8, the changes in fair value of other derivative instruments should be reported on the resource flows statement separately from the investment revenue classification. Investment income and changes in fair value of derivative instruments for fiscal year 2026 is as follows:

	Governmental Activities	Business-Type Activities	Total FY2026
Investment income (loss)	$ 36,747	$ 136,755	$ 173,502
Changes in fair value of other derivative instruments	$ —	$ 30,440	$ 30,440

AA. Distributions to Caltrans for their Capital Purposes

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for bridge capital expenses. Expenses are recorded or accrued related to the period to the extent the invoices are received by MTC through 60 days after the end of the fiscal year. See Note 2 for further details.

AB. Distributions to Others for their Capital Purposes / Allocation to Other Agencies

Expenses are recorded or accrued related to the period to the extent the invoices are received by MTC through 60 days after the end of the fiscal year.

AC. Capital, Operating, and Maintenance expenses for other agencies

Expenses incurred for other agencies' capital projects, operating, and maintenance costs.

AD. 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.

AE. Build America Bonds (BABs) Interest Subsidy

The interest subsidy on BABs issued by BATA was $59,713 for fiscal year 2026. Of this amount, $13,122 was not received as of June 30, 2026, and therefore was included as a year-end accrual. The BABs interest subsidy is scheduled to be received from the Federal government on April 1 and October 1 of each year. Ongoing Federal and sequestration constraints have led to reductions in the interest subsidy payments. In fiscal year 2026, the payments were impacted by a reduction of 5.7% of the subsidy amount.

AF. Operating and Nonoperating Revenues and Expenses

A proprietary fund distinguishes operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. Subsidies are defined as (i) resources received from another party or fund for which a proprietary fund does not provide goods and services to the other party or fund and that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, and (ii) resources provided to another party or fund for which the other party or fund does not provide goods and services to the proprietary fund and that are recoverable through the proprietary fund's current or future pricing policies. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

AG. Change to or within Financial Reporting Entity

During the current year, MTC implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. The adoption of the standard has resulted in reclassifications of certain items on the proprietary fund statements. In addition, MTC SAFE, a blended component unit formerly reported as a major enterprise fund, is now presented as a non-major special revenue fund. The impact of adoption of GASB Statement 103 on the net position at July 1, 2025 is summarized as follows:

	Net Position Beginning of Year	Changes within Financial Reporting Entity	Net position Beginning of Year, as Adjusted
Government-wide			
Governmental activities	$ 997,160	$ 19,816	$ 1,016,976
Business-type activities	(6,505,049)	(19,816)	(6,524,865)
Total government-wide	(5,507,889)	—	(5,507,889)
Governmental funds			
General fund	85,369	—	85,369
Special revenue funds	739,387	—	739,387
Non-major governmental funds	176,445	19,696	196,141
Total governmental funds	1,001,201	19,696	1,020,897
Proprietary funds			
Major funds:			
BATA	(6,802,791)	—	(6,802,791)
MTC SAFE	19,816	(19,816)	—
BAIFA	84,802	—	84,802
Nonmajor funds	193,124	—	193,124
Total proprietary funds	$ (6,505,049)	$ (19,816)	$ (6,524,865)

AH. 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 MTC's prior year financial statements, from which this selected financial data was derived.

AI. Presentational Reclassifications of Prior Year Amounts

Certain prior year amounts have been reclassified to conform to the current year presentation. There is no effect on changes in fund balance or net position as a result of these reclassifications.

2. Net Position / Fund Balance Deficit

MTC's negative net position/fund balance arises from BATA enterprise fund and AB 664 and Rail Reserves governmental funds. BATA is responsible for providing Caltrans funding for bridge construction and repairs related to the seven state-owned toll bridges in the San Francisco Bay Area. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges. In FY 2011, AB 664 and Rail Reserves received lump sum payments of $248,049 and $200,201 respectively (equal to the net present value from the funds' transfer through fiscal year 2060) from BATA through an agreement signed in 2010. The advance payments were recorded as a deferred revenue and amortized yearly. The cash advance is to be used to fund AB 664 and Rail Reserves projects at any time. Over the years AB 664 and Rail Reserves allocated funds for transportation projects exceeding the revenue amortization creating a deficit in the funds. The AB 664 and Rail Reserves' deficit will be reduced through yearly amortization of the advance payments.

3. Cash and Investments

A. A summary of Cash and Investments as shown on the Statement of Net Position for all funds at June 30, 2026 is as follows:

Unrestricted cash	$	406,513
Unrestricted investments		2,193,204
Total unrestricted cash and investments		2,599,717
Restricted cash		740,600
Restricted investments		1,448,839
Total restricted cash and investments		2,189,439
Total cash and investments	$	4,789,156

The details of restricted cash and investments are as follows:

FasTrak® program	$	170,862
BATA debt service reserve funds*		591,935
BATA construction funds*		99,130
BATA bond funds*		49,914
Operations & maintenance reserve		36,884
Emergency reserve		50,000
RM3 - WETA		97,933
Clipper - LCTOP		11,395
AB 117 loan proceeds		295,031
MTC grant advance		16,231
AB 664 Net Toll Revenue Reserve		82,889
BART car exchange project		19,484
State Transit Assistance		150,793
Rail Reserves		36,438
SB125 Transit		218,992
Bay Area Housing Finance Authority		27,942
Specific programs		233,586
Total restricted cash and investments	$	2,189,439

* BATA debt service & trustee funds consists of the debt service reserve funds, construction funds, and bond funds.

Restricted cash on the FasTrak® program consists of customer prepaid tolls and deposits from patrons. The patrons are issued transponders with prepaid amounts for usage against tolls on the San Francisco Bay Area bridges and Bay Area Express Lanes network. Tolls are deducted from customers' prepaid toll accounts as customers cross a bridge or use the express lanes. The BATA debt service & trustee funds are described in Note 6. The Operations & Maintenance reserve, and Emergency reserve are described in Note 14. MTC special revenue projects are described in Note 1.B.ii.

B. The composition of cash and investments at June 30, 2026 is as follows:

Cash

Cash at banks	$	72,201
Government Pool Investments		924,119
County of Alameda		150,793
Total Cash	$	1,147,113

MTC holds a position in the investment pool of the County of Alameda for STA funds. Deposits with the County of Alameda are available for immediate withdrawal.

Fiduciary fund

Cash at bank - Clipper®	$	242,480
Total cash - fiduciary fund	$	242,480

Money Market Mutual Funds

The BlackRock T-Fund Institutional Fund is part of the overnight sweep fund utilized by U.S. Bank trustee accounts. The fund invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury, and repurchase agreements fully collateralized by such obligations. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

The BlackRock Treasury Trust Fund is part of the overnight sweep fund utilized by Bank of New York trustee accounts, and by Bank of America demand deposit accounts. The fund invests 100% of its total assets in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury. The fund is rated “AAA/Aaa” by Standard and Poor's and Moody's, respectively.

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

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

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

Money Market Mutual Funds	
BlackRock T-Fund Institutional Fund	1%
BlackRock Treasury Trust Fund	1%
Morgan Stanley Government Portfolio	1%
First American Government Obligations Fund	Less than 1%

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

Government Pools

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.

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. LAIF is unrated.

The government pool investments in MTC's portfolio are expressed as a percentage of MTC's total cash and investments as follows:

Government Pool Investments	
California Asset Management Program	18%
Local Agency Investment Fund	1%

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

Investments

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

Investments in the following table are valued on the basis of price data provided by the custodian and trustee banks. The fair value hierarchy as of June 30, 2026 is as follows:

	Level 1	Level 2	Level 3	Total
U.S. Treasury	$ 1,309,086	$ —	$ —	$ 1,309,086
Money Market Mutual Funds[1]	48,452	—	—	48,452
Government-Sponsored Enterprises	—	1,125,280	—	1,125,280
Corporate Bonds	—	611,613	—	611,613
Asset-Backed Securities	—	262,423	—	262,423
Commercial Paper	—	178,606	—	178,606
Municipal Bonds[2]	—	53,163	—	53,163
Others[3]	—	53,420	—	53,420
Total Investments Measured at Fair Value	$ 1,357,538	$ 2,284,505	$ —	$ 3,642,043

1. Money Market Mutual Funds are strategically utilized for investment purposes.
2. Municipal Bonds include holdings in Bay Area Air District (the Air District) Certificates of Participation (COP). The Air District COP is a private placement security and is not rated.
3. Others includes Yankee and supranational bonds and certificates of deposits.

Refer to Note 6 for the investment derivative instruments valuations.

C. Deposit and Investment Risk Factors

There are many factors that can affect the value of investments. MTC invests substantially in fixed-income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. The credit ratings of MTC's investment securities holdings are discussed in Note 1.H.

i.) Credit Risk

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will fail to meet its obligations or potentially default.

ii.) Custodial Credit Risk

Custodial credit risk is the risk that securities held by the custodian and in the custodian's name may be lost and not be recovered. All MTC securities are held in independent safekeeping accounts maintained with U.S. Bank or Bank of New York Mellon and are held under MTC's name. As a result, custodial credit risk is remote.

iii.) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments.

Neither state law nor MTC policy imposes a limit to the amount of U.S. Treasury and Government-sponsored Enterprise debt securities that can be held in the portfolio.

iv.) Interest Rate Risk

Interest rate risk is the risk that the market value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration in years, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations.

MTC's investment portfolio includes an investment in the Bay Area Air District (the Air District) Certificates of Participation (COP). The COP has a tender provision that allows the security to be tendered with seven days' notice and there is no significant risk of market value loss. The interest rate on the COP is reset weekly based on the SIFMA Municipal Swap Index plus a spread.

Investments in issuers that represent 5 percent or more of total investments, their respective credit ratings, and their weighted average duration at June 30, 2026 are as follows:

		Issuer Rating	
	Weight	S&P / Moody's / Fitch	Duration
U.S. Treasury	36%	AA+/Aa1/AA+	2.00
Government-sponsored enterprises			
Federal Home Loan Bank	21%	AA+/Aa1/AA+	0.37
Federal Home Loan Mortgage Corporation	5%	AA+/Aa1/AA+	2.90

4. Loans and Related Interest Receivable

The composition of the loans receivable balance, net of the allowance for uncollectible accounts, as of June 30, 2026 is as follows:

Loan Type	Interest Rates	Maturity	Balance	Allowance	Net Receivable
General Fund					
AB 117 Loans*	3.786%	6/3/2038	$ 295,000	$ —	$ 295,000
BAHFA					
Preservation Loans	3%	55 years or more	17,442	17,442	—
Priority Sites Loans - Permanent	3%	55 years or more	8,212	8,212	—
Priority Sites Loans - Predevelopment	3%	3-5 years	15,255	—	15,255
Interest Receivable			1,075	848	227
Loans and related interest receivables, net			$ 336,984	$ 26,502	$ 310,482

*The AB 117 loan bears interest at a variable rate based on the quarterly SMIF rate. As of June 30, 2026, the applicable rate was 3.786%.

5. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2026 is as follows:

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Construction-in-progress	$ 10,224	$ 16,169	$ (22,936)	$ 3,457
Total capital assets, not being depreciated/amortized	10,224	16,169	(22,936)	3,457
Capital assets, being depreciated/amortized:				
Furniture and equipment*	1,758	—	(356)	1,402
Intangible assets - software*	4,628	22,936	(462)	27,102
Lease assets - equipment	363	151	(146)	368
SBITA assets*	793	382	(197)	978
Automobiles*	112	—	—	112
Total capital assets, being depreciated/amortized	7,654	23,469	(1,161)	29,962
Less accumulated depreciation/amortization for:				
Furniture and equipment*	1,501	71	(356)	1,216
Intangible assets - software*	1,211	1,032	(460)	1,783
Lease Assets - equipment	130	124	(130)	124
SBITA assets*	337	404	(197)	544
Automobiles*	51	19	—	70
Total accumulated depreciation/amortization	3,230	1,650	(1,143)	3,737
Total capital assets, being depreciated/amortized, net	4,424	21,819	(18)	26,225
Governmental activities capital assets, net	$ 14,648	$ 37,988	$ (22,954)	$ 29,682

Business-type activities:	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026
Capital assets, not being depreciated/amortized:				
Construction in progress	$ 150,246	$ 8,167	$ (155,922)	$ 2,491
Total capital assets, not being depreciated/amortized	150,246	8,167	(155,922)	2,491
Capital assets, being depreciated/amortized:				
Furniture and equipment*	194,691	48,493	—	243,184
Building/Tenant improvements	5,163	—	—	5,163
Automobiles*	28	—	—	28
Intangible assets - software*	72,368	112,154	—	184,522
Lease assets - office space	9,222	—	—	9,222
Total capital assets, being depreciated/amortized	281,472	160,647	—	442,119
Less accumulated depreciation/amortization for:				
Furniture and equipment*	81,320	21,397	—	102,717
Building/Tenant improvements	5,027	61	—	5,088
Automobiles*	26	2	—	28
Intangible assets - software*	55,570	10,978	—	66,548
Lease assets - office space	5,855	1,497	—	7,352
Total accumulated depreciation/amortization	147,798	33,935	—	181,733
Total capital assets, being depreciated/amortized, net	133,674	126,712	—	260,386
Total business-type activities capital assets	$ 283,920	$ 134,879	$ (155,922)	$ 262,877

* Beginning balance restated for the change within the reporting entity resulting from the implementation of GASB Statement No.103.

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	1,126
Housing		406
Congestion relief		118
Total depreciation/amortization expense - governmental activities	$	1,650
Business-type activities:		
Toll bridge activities	$	1,711
Express lane activities		13,392
MTC Clipper smart card®		18,832
Total depreciation/amortization expense - business-type activities	$	33,935

6. Long-Term Debt

As of June 30, 2026, MTC's outstanding long-term debt is held by BATA and BAIFA.

In March 2026, BATA issued its Senior Toll Bridge Revenue Bonds, 2026 Series A (Term Rate), of $166,665 with an original issue premium of $29,021 to refund all of the Authority's outstanding Toll Bridge Revenue Bonds, 2018 Series A (Term Rate). The 2026 Series A bonds have a final maturity of April 2061 and bear interest at a fixed 5.000 percent Term Rate through October 1, 2033.

The 2026 Series A Bonds were issued to refund the outstanding 2018 Series A Bonds in advance of the expiration of their term rate period and establish a new seven-year term rate period. Because the refunding was undertaken to establish a new term rate period rather than to achieve debt service savings, an economic gain or loss analysis was not applicable.

The majority of the proceeds of the 2026 Series A bonds, along with a cash contribution from BATA of $2,286 were deposited into an escrow fund held by the Senior Indenture Trustee. Proceeds of the issuance were also used to pay costs of issuance.

The 2026 Series A refunding transaction was recorded as a current refunding in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, and GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

In March 2026, BATA issued its Senior Fixed Rate Toll Bridge Revenue Bonds, 2026 Series F-1, of $384,510 with an original issue premium of $88,792 to refund a portion of the Authority's outstanding Subordinate Toll Bridge Revenue Bonds, 2010 Series S-1 (BABs). The 2026 Series F-1 bonds mature serially from April 2037 through April 2044 and bear interest at a stated fixed rate of 5.000 percent.

The 2026 Series B and Series C Bonds were issued to refund existing term rate bonds and floating rate notes in advance of the expiration of their respective term rate and index rate periods, replacing those obligations with variable rate demand bonds and extending principal repayment. The 2026 Series D Bonds were issued to refund existing variable rate demand bonds, renew credit support, and extend principal repayment. Because the refundings were undertaken to change modes and future variable-rate debt service is not determinable, a conventional economic gain or loss analysis is not applicable to these refunding transactions.

The majority of the proceeds of the 2026 Series F-1 bonds, together with other available funds of BATA, were deposited into a redemption fund held by the Subordinate Trustee. BATA also transferred $19,180 from the 2010 Series S-1 Reserve Fund to the Senior Reserve Fund. Proceeds of the issuance were also used to pay costs of issuance. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt is $29,351. The transaction provided a present value economic gain of $20,431.

The 2026 Series F-1 refunding transaction was recorded as a current refunding in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, and GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

Also in March 2026, BATA issued its Senior Toll Bridge Revenue Bonds, 2026 Series B, Series C, and Series D Variable Rate Bonds, of $461,825 to refund all of the Authority's outstanding Toll Bridge Revenue Bonds, 2007 Series B-2, 2007 Series D-2, 2007 Series G-1, 2008 Series C-1, 2017 Series A, and 2021 Series C. The 2026 Series B, C, and D bonds have a final maturity of April 2059 and were issued as variable rate demand bonds in weekly rate mode.

The majority of the proceeds of the 2026 Series B, C, and D bonds, along with a cash contribution from BATA of $11,864, were deposited into escrow and redemption accounts.

The 2026 Series B, C, and D refunding transaction was recorded as a current refunding in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, and GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

Term / Index Rate Bonds:

BATA has a principal balance of $798,215 in term and index rate bonds. The term and index rate bond series are detailed as follows:

Series	Par Amount	Term/ Index Rate	Effective Date	End of Term/Index Rate Period
2001 Series A	$150,000	SIFMA Swap Index plus 1.25%	1/10/2013	4/1/2027
2021 Series A	$204,835	2.000%	3/17/2021	4/1/2028
2021 Series D	$150,000	SIFMA Swap Index plus 0.30%	12/21/2021	4/1/2027
2021 Series E	$126,715	SIFMA Swap Index plus 0.41%	12/21/2021	4/1/2028
2026 Series A	$166,665	5.000%	3/12/2026	10/1/2033

Variable Rate Demand Bonds:

BATA has a principal balance of $1,759,380 in Variable Rate Demand Bonds. The Variable Rate Demand Bonds are backed by various Letter of Credit providers and are reset at a weekly or daily rate by various remarketing agents. The Variable Rate Demand Bonds series are detailed as follows:

Series	Par Amount	Interest Rate Mode	Letter of Credit Providers	Short Term Rating (S&P/Fitch)	Letter of Credit Expiration Date	Remarketing Agents
2007 Series A2	$75,000	Weekly	PNC Bank, N.A.	A1/F1	4/23/2027	PNC Capital Markets, LLC
2007 Series C2	$25,000	Weekly	PNC Bank, N.A.	A1/F1	4/23/2027	PNC Capital Markets, LLC
2008 Series E1	$50,000	Weekly	PNC Bank, N.A.	A1/F1	4/23/2027	PNC Capital Markets, LLC
2023 Series A	$175,000	Daily	Barclays Bank PLC	A1/F1+	4/1/2027	JP Morgan Securities, LLC
2023 Series B	$110,000	Daily	Barclays Bank PLC	A1/F1+	4/1/2028	Barclays Capital Inc.
2024 Series A	$85,000	Weekly	Sumitomo Mitsui Banking Corporation	A1/F1	4/2/2029	JP Morgan Securities, LLC
2024 Series B	$110,000	Weekly	Sumitomo Mitsui Banking Corporation	A1/F1	4/2/2029	Wells Fargo Bank, N.A.
2024 Series C	$102,555	Weekly	Sumitomo Mitsui Banking Corporation	A1/F1	4/2/2029	BofA Securities, Inc.
2024 Series D	$152,840	Daily	TD Bank, N.A.	A1/F1+	4/2/2029	TD Securities (USA) LLC
2024 Series E	$97,160	Daily	Bank of America, N.A.	A1/F1+	4/3/2028	JP Morgan Securities, LLC
2024 Series G	$115,000	Weekly	Bank of America, N.A.	A1/F1+	4/3/2028	BofA Securities, Inc.
2024 Series H	$150,000	Daily	Bank of America, N.A.	A1/F1+	4/2/2029	JP Morgan Securities, LLC
2024 Series I	$50,000	Daily	TD Bank, N.A.	A1/F1+	6/26/2029	Wells Fargo Bank, N.A.
2026 Series B	$136,825	Weekly	Wells Fargo Bank, N.A.	A1/F1+	4/1/2030	JP Morgan Securities, LLC
2026 Series C	$175,000	Weekly	Wells Fargo Bank, N.A.	A1/F1+	4/1/2030	Wells Fargo Bank, N.A.
2026 Series D	$150,000	Weekly	Bank of America. N.A	A1/F1+	4/1/2031	Barclays Capital Inc.

As of June 30, 2026, there were no outstanding draws. Commitment fees are paid quarterly to the Letter of Credit Providers. In the event the bonds covered under the reimbursement agreements become bank bonds, the maximum interest rate on the bonds would be 15%.

A summary of changes in long-term debt for the year ended June 30, 2026 is as follows:

Business-type activities	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2025	Additions	Reductions		Ending Balance June 30, 2026	Due Within One Year[9]
BATA											
Series 2001A Toll Bridge Revenue Bonds (Index Rate Bonds)	5/24/2001	VAR	(1)	2036	$ 150,000	$ 150,000	$ —	$ —		$ 150,000	$ —
Series 2007A-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	4/24/2025	VAR	(2)	2047	75,000	75,000	—	—		75,000	—
Series 2007B-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	10/25/2007	VAR	(2)	2047	75,000	75,000	—	(75,000)	(7)	—	—
Series 2007C-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	4/24/2025	VAR	(2)	2047	25,000	25,000	—	—		25,000	—
Series 2007D-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	10/25/2007	VAR	(2)	2047	100,000	100,000	—	(100,000)	(8)	—	—
Series 2007G-1 Toll Bridge Revenue Bonds (Variable Rate Bonds)	5/15/2007	VAR	(2)	2047	50,000	50,000	—	(50,000)	(8)	—	—
Series 2008C-1 Toll Bridge Revenue Bonds (Variable Rate Bonds)	6/5/2008	VAR	(2)	2045	25,000	25,000	—	(25,000)	(6)	—	—
Series 2008E-1 Toll Bridge Revenue Bonds (Variable Rate Bonds)	4/24/2025	VAR	(2)	2045	50,000	50,000	—	—		50,000	—
Series 2009F-2 Toll Bridge Revenue Bonds (BABS)	11/5/2009	6.263%	(3)	2049	1,300,000	1,300,000	—	—		1,300,000	—
Series 2010S-1 Subordinate Toll Bridge Revenue Bonds (BABS)	7/1/2010	6.793% - 7.043%	(3)	2050	1,500,000	1,046,125	—	(409,975)	(4)	636,150	—
Series 2010S-3 Subordinate Toll Bridge Revenue Bonds (BABS)	11/4/2010	6.907%	(3)	2050	475,000	475,000	—	—		475,000	—
Series 2017A Toll Bridge Revenue Bonds (Term Rate Bonds)	2/23/2017	2.950%		2047	125,225	114,905	—	(114,905)	(6)	—	—
Series 2017F-1 Toll Bridge Revenue Bonds	2/23/2017	4.000% - 5.000%		2056	300,000	75,000	—	—		75,000	—
Series 2017S-7 Subordinate Toll Bridge Revenue Bonds	8/23/2017	3.000% - 5.000%		2049	1,402,175	1,243,465	—	(16,230)	(9)	1,227,235	42,630
Series 2018A Senior Toll Bridge Revenue Bonds (Term Rate Bonds)	12/20/2018	2.625%		2045	194,735	194,735	—	(194,735)	(5)	—	—
Series 2019F-1 Toll Bridge Revenue Bonds	9/26/2019	2.425% - 3.552%		2054	869,195	67,400	—			67,400	—
Series 2019S-8 Subordinate Toll Bridge Revenue Bonds	8/1/2019	3.000% - 5.000%		2054	203,270	121,620	—	—		121,620	—
Series 2021A Toll Bridge Revenue Bonds (Term Rate Bonds)	3/17/2021	2.000%		2056	204,835	204,835	—	—		204,835	—
Series 2021C Toll Bridge Revenue Bonds (Index Rate Bonds)	3/17/2021	VAR	(1)	2056	100,000	100,000	—	(100,000)	(7)	—	—

Business-type activities (*Continued*)	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2025	Additions	Reductions	Ending Balance June 30, 2026	Due Within One Year[9]
BATA									
Series 2021D Toll Bridge Revenue Bonds (Index Rate Bonds)	12/21/2021	VAR [1]	2056	150,000	150,000	—	—	150,000	—
Series 2021E Toll Bridge Revenue Bonds (Index Rate Bonds)	12/21/2021	VAR [1]	2056	126,715	126,715	—	—	126,715	—
Series 2021F-1 Toll Bridge Revenue Bonds	3/17/2021	1.079% - 2.982%	2040	349,205	285,970	—	(12,095) [9]	273,875	27,225
Series 2021F-2 Toll Bridge Revenue Bonds	12/21/2021	2.600%	2056	338,500	338,500	—	—	338,500	—
Series 2021F-3 Toll Bridge Revenue Bonds	12/21/2021	3.126%	2055	361,500	361,500	—	—	361,500	—
Series 2021S-10 Subordinate Toll Bridge Revenue Bonds	12/21/2021	2.513% - 3.276%	2050	274,240	274,240	—	—	274,240	—
Series 2023A Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/21/2023	VAR [2]	2055	175,000	175,000	—	—	175,000	—
Series 2023B Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/21/2023	VAR [2]	2055	110,000	110,000	—	—	110,000	—
Series 2023F-1 Toll Bridge Revenue Bonds	5/2/2023	5.000% - 5.250%	2054	391,055	351,025	—	(32,135) [9]	318,890	1,970
Series 2023F-2 Toll Bridge Revenue Bonds	6/22/2023	4.125%	2054	40,810	40,810	—	—	40,810	—
Series 2024A Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR [2]	2059	85,000	85,000	—	—	85,000	—
Series 2024B Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR [2]	2059	110,000	110,000	—	—	110,000	—
Series 2024C Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR [2]	2059	102,555	102,555	—	—	102,555	—
Series 2024D Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR [2]	2059	152,840	152,840	—	—	152,840	—
Series 2024E Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR [2]	2059	97,160	97,160	—	—	97,160	—
Series 2024F-1 Toll Bridge Revenue Bonds	6/26/2024	5.000%	2052	63,780	54,805	—	(4,025) [9]	50,780	42,070
Series 2024F-2 Toll Bridge Revenue Bonds	6/26/2024	5.000%	2045	250,000	250,000	—	—	250,000	—
Series 2024G Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR [2]	2059	115,000	115,000	—	—	115,000	—
Series 2024H Toll Bridge Revenue Bonds (Variable Rate Bonds)	6/26/2024	VAR [2]	2059	150,000	150,000	—	—	150,000	—
Series 2024I Toll Bridge Revenue Bonds (Variable Rate Bonds)	6/26/2024	VAR [2]	2059	50,000	50,000	—	—	50,000	—
Series 2024S-11 Subordinate Toll Bridge Revenue Bonds	7/5/2024	5.000%	2036	282,285	260,050	—	(23,225) [9]	236,825	24,360

Business-type activities (*Continued*)	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2025	Additions	Reductions	Ending Balance June 30, 2026	Due Within One Year[9]
BATA									
Series 2025F-1 Toll Bridge Revenue Bonds	3/13/2025	5.000%	2053	296,035	296,035	—	(4,310) [9]	291,725	625
Series 2025F-2 Toll Bridge Revenue Bonds	6/18/2025	5.000%	2047	400,000	400,000	—	—	400,000	—
Series 2025SSL-1 Second Subordinate Toll Bridge Revenue Bonds	3/13/2025	5.000%	2034	45,070	45,070	—	—	45,070	—
Series 2025SSL-2 Second Subordinate Toll Bridge Revenue Bonds	6/18/2025	5.000%	2031	113,085	113,085	—	(22,715) [9]	90,370	22,540
Series 2026 F-1 Toll Bridge Revenue Bonds	3/24/2026	5.000%	2044	384,510	—	384,510 [4]	—	384,510	—
Series 2026A Toll Bridge Revenue Bonds (Term Rate Bonds)	3/12/2026	5.000%	2061	166,665	—	166,665 [5]	—	166,665	—
Series 2026B Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/12/2026	VAR [2]	2059	136,825	—	136,825 [6]	—	136,825	—
Series 2026C Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/12/2026	VAR [2]	2059	175,000	—	175,000 [7]	—	175,000	—
Series 2026D Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/12/2026	VAR [2]	2059	150,000	—	150,000 [8]	—	150,000	—
				$ 12,867,270	9,988,445	1,013,000	(1,184,350)	9,817,095	$ 161,420
Net unamortized bond premium/(discount)					228,414	117,932	(28,775)	317,571	
Net of BATA bonds issued as of June 30, 2026					$ 10,216,859	$ 1,130,932	$ (1,213,125)	$ 10,134,666	
BAIFA									
BAIFA Credit Agreement with Bank of America, N.A. [10]					319,742	13,273	—	333,015	
Total long-term debt as of June 30, 2026					$ 10,536,601	$ 1,144,205	$ (1,213,125)	$ 10,467,681	

[1] Interest rates on index rate bonds are based on the SIFMA Swap Index Rate plus a spread.
[2] Interest rates for variable rate bonds are based on daily or weekly variable rates. Variable rate bonds are presented as long term debt in accordance with GASB Interpretation No. 1 because BATA has liquidity commitments.
[3] Federal Taxable Build America Bonds.
[4] The 2026 Series F1 bonds were issued as senior fixed rate bonds on 3/24/26 to refund $409,975 of the 2010 Series S1 bonds.
[5] The 2026 Series A bonds were issued as senior term rate bonds on 3/12/2026 to fully refund the 2018 Series A bonds.
[6] The 2026 Series B bonds were issued as senior VRDB bonds on 3/12/2026 to fully refund the 2017 Series A and 2008 Series C-1 bonds.
[7] The 2026 Series C bonds were issued as senior VRDB bonds on 3/12/2026 to fully refund the 2007 Series B-2 and 2021 Series C bonds.
[8] The 2026 Series D bonds were issued as senior VRDB bonds on 3/12/2026 to fully refund the 2007 Series D-2 and 2007 Series G-1 bonds.
[9] Scheduled payments.
[10] Obligations under the BAIFA Credit Agreement are payable from FTA formula fund apportionments.

Annual Funding Requirements

The annual funding requirements for BATA's debt and swap outstanding at June 30, 2026 are as follows:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2027	$ 161,420	$ 435,370	$ 596,790
2028	169,450	426,708	596,158
2029	176,430	418,725	595,155
2030	190,230	412,847	603,077
2031	198,695	404,861	603,556
2032-2036	1,030,960	1,910,951	2,941,911
2037-2041	1,141,165	1,703,049	2,844,214
2042-2046	1,524,915	1,400,056	2,924,971
2047-2051	2,140,175	889,058	3,029,233
2052-2056	1,773,760	381,477	2,155,237
2057-2061	1,309,895	104,492	1,414,387
	$ 9,817,095	$ 8,487,594	$ 18,304,689

Bond Covenants – BATA

Senior Indenture

The Bay Area Toll Authority Senior Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Master Indenture dated as of May 1, 2001 (the 2001 "Master Indenture"). Pledged "Revenue" and exclusions to the trustee funds and accounts are defined within the Master Indenture. BATA has established a Reserve Fund under the 2001 Master Indenture. The senior lien Reserve Fund solely secures the senior lien bonds and the balance is required to be no less than the lesser of Maximum Annual Debt Service on all Senior Bonds and 125% of average Annual Debt Service on all Senior Bonds.

BATA covenanted in the Master Indenture that no Additional Bonds (as defined in the Master Indenture) shall be issued, unless Net Revenue is no less than 1.5 times of the combined Maximum Annual Debt Service costs of all outstanding parity bonds and the additional bonds to be issued. Parity bonds have the same priority of claim or lien against pledged "Revenue".

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in Net Revenue no less than 1.2 times Annual Debt Service costs as defined in the Master Indenture. In addition, BATA agreed to maintain tolls at a level where Net Revenue plus the balance in the Operations and Maintenance Fund is at least 1.25 times total "Fixed Costs". BATA also has the legal requirement of maintaining tolls at a level exceeding 1.0 times all fixed costs. See Schedule 11.

The senior lien bonds issued by BATA are secured by a first lien on all toll revenue.

Subordinate Indenture

The Bay Area Toll Authority's Subordinate Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Subordinate Indenture dated June 1, 2010 (the "2010 Subordinate Indenture"). Pledged "Revenue" and

exclusions to the trustee funds and accounts are defined within the 2010 Subordinate Indenture. BATA has established Reserve Accounts under the 2010 Subordinate Indenture. Each outstanding series of subordinate bonds has a Reserve Account funded at the maximum annual amount of interest payable for and securing that series of bonds.

BATA covenanted in the 2010 Subordinate Indenture that no Additional Bonds (as defined in the 2010 Subordinate Indenture) shall be issued unless the Available Revenue equates to no less than 1.2 times of the combined Maximum Annual Debt Service costs of all outstanding senior and subordinate bonds and the additional bonds to be issued.

In the first supplemental indenture dated June 2010, BATA covenanted to maintain toll revenue at levels that result in Available Revenue no less than 1.2 times Annual Debt Service costs.

Second Subordinate Indenture

The Bay Area Toll Authority's Second Subordinate Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Second Subordinate Indenture dated March 1, 2025 (the "2025 Second Subordinate Indenture"). Pledged "Revenue" and exclusions to the trustee funds and accounts are defined within the 2025 Second Subordinate Indenture. The 2025 Series SSL-1 has a Reserve Account funded at the maximum annual amount of interest payable for and securing that series of bonds.

BATA covenanted in the 2025 Second Subordinate Indenture that no Additional Bonds (as defined in the 2025 Second Subordinate Indenture) shall be issued unless the Available Revenue equates to no less than 1.2 times of the combined Maximum Annual Debt Service costs of all outstanding senior, subordinate, and second subordinate lien bonds and the additional bonds to be issued.

In the first supplemental indenture dated March 2025, BATA covenanted to maintain toll revenue at levels that result in Available Revenue no less than 1.1 times Annual Debt Service costs.

BATA is required to compute Coverage Ratios described in the Indentures based on the BATA adopted budget within ten business days after the start of the fiscal year and to file a Certificate of the Authority including the Coverage Ratios with the Senior, Subordinate, and Second Subordinate Trustees.

As of June 30, 2026, the reserve requirement and the fair value of the cash and investment securities in the debt service reserves are as follows:

	Reserve Requirement [1]	Fair Value of Cash & Securities
Senior Debt	$ 443,000	$ 453,251
Subordinate Debt	125,304	136,200
Second Subordinate Debt	2,254	2,484

[1]The debt service reserve requirements were recalculated on April 1, 2026. The senior lien has an aggregate reserve requirement and reserve fund that secures all senior lien bonds. The subordinate and second subordinate liens have reserve requirements as defined in each supplemental indenture.

Derivative Instruments

Investment derivatives instruments fair value in a payable to the counterparty position was $91,930 at June 30, 2026, and recorded in the Statement of Net Position as a liability. The changes in the fair value of investment derivatives instruments were recorded in the Statement of Revenues, Expenses and Changes in Net Position as changes in fair value of other derivative instruments. See Note 1.Z for further details.

Voluntary cancellation of any or all of the swap transactions is subject to a valuation calculation at the time of termination. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2026 classified by type, and the changes in fair value of such derivative instruments during FY 2026 as reported in the financial statements are as follows:

	Change in Fair Value during FY 2026		Fair Value At June 30, 2026		
Business-type Activities	Classification	Amount	Classification	Amount	Notional
Pay-fixed interest rate swap	Changes in fair value of other derivative instruments	$30,440	Noncurrent Liabilities	$(91,930)	$1,440,000

Objective and Terms of Hedging Derivative Instruments

BATA entered into interest rate swaps to manage exposure to fluctuations in interest rates and interest expenses. Management is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty default. However, management has structured the transactions with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, as well as management's unilateral ability to cancel any transaction with 15 days' notice.

The following table displays the credit ratings of the counterparties associated with the derivative instruments as of June 30, 2026.

	Standard & Poor's	Moody's
Bank of America, N.A.	A+	Aa2
The Bank of New York Mellon	AA-	Aa2
Citibank, N.A.	A+	Aa3
Wells Fargo Bank, N.A.	A+	Aa2
Goldman Sachs Mitsui Marine Derivative Products LP	AA-	Aa2
JP Morgan Chase Bank, N.A.	AA-	Aa2
Morgan Stanley Bank, N.A.	A+	Aa3

The following table displays the notional and fair values of the derivative instruments as of June 30, 2026.

Amortized Notional Value	Counterparty	Fixed Payer Rate[(A)]	Fair Value due from / (to) Counterparty			
			Level 1	Level 2	Level 3	Total
$75,000	Wells Fargo Bank, N.A.	3.29%	$ —	$ (3,015)	$ —	$ (3,015)
$75,000	Morgan Stanley Bank, N.A.	4.09%	—	(6,674)	—	(6,674)
$110,000	Wells Fargo Bank, N.A.	3.64%	—	(6,883)	—	(6,883)
$30,000	Bank of America, N.A.	3.63%	—	(2,326)	—	(2,326)
$115,000	Citibank Bank, N.A., New York	3.64%	—	(7,196)	—	(7,196)
$245,000	JP Morgan Chase Bank, N.A.	4.00%	—	(20,677)	—	(20,677)
$50,000	Bank of America, N.A.	3.63%	—	(4,030)	—	(4,030)
$260,000	Citibank Bank, N.A. New York	3.64%	—	(17,044)	—	(17,044)
$125,000	Bank of America, N.A.	2.96%	—	(1,306)	—	(1,306)
$60,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	—	(4,705)	—	(4,705)
$85,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	—	(6,944)	—	(6,944)
$170,000	The Bank of New York Mellon	3.64%	—	(13,889)	—	(13,889)
$40,000	The Bank of New York Mellon	2.22%	—	2,759	—	2,759
	Total Derivative Instruments - Fair Value		$ —	$ (91,930)	$ —	$ (91,930)

The fair value was determined by an independent outside pricing service. The inputs to the valuation methodology are observable pursuant to the fair value hierarchy and are derived principally from or corroborated by observable market data by correlation or other means in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Refer to Note 3B for the description of hierarchy levels (Level 1, Level 2, and Level 3).

Effective and maturity dates are presented in the Supplementary Information, Schedules 12-15.

[(A)] BATA pays fixed rate, receives variable rate based on the 1M Fallback SOFR + 0.11448% effective 7/1/2023, per the Fallback Protocol.

The termination value or fair market value which BATA would pay to terminate all swaps on a voluntary basis is $91,930 on June 30, 2026. However, BATA's intent is to maintain the swap transactions for the life of the related financings, notwithstanding market opportunities to restructure.

Swaps are subject to credit risk, which is the possibility that the counterparty will fail to make interest payments in a timely manner or that there are negative perceptions of the issuer's ability to make these interest payments.

A swap's credit quality is an assessment of the counterparty's ability to pay the interest on the swap. Credit quality may be evaluated by a nationally recognized independent credit-rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the counterparty will fail to meet its obligations or potentially default.

The swap contracts address credit risk by requiring the counterparties to post collateral if: 1) a counterparty's credit rating is equal to "A-", "A", or "A+" as determined by S&P or is equal to "A3", "A2", or "A1" by Moody's and the termination value of its swaps exceeds $10 million, payable to BATA; or 2) a counterparty's credit rating is below "A-" as determined by S&P or "A3" as determined by Moody's and the termination value of its swaps is greater than $0, payable to BATA.

As of June 30, 2026, none of the counterparties were required to post collateral with a third-party safekeeping agent.

BAIFA BART Car Credit Agreement

On November 8, 2023, BAIFA entered into a Credit Agreement (Agreement) with Bank of America, N.A. for a maximum principal amount of $450,000 with an expiration date of November 8, 2026. Interest on the unpaid principal amount is calculated based on 80% of the daily SOFR Rate plus 0.11448% plus a credit spread of 0.70%. Undrawn amounts are charged a commitment fee of 0.30%. The Credit Agreement is to assist San Francisco Bay Area Rapid Transit District (BART) to finance the rail car replacement program. The Agreement is indirectly secured by FTA Transit Formula Funds. BAIFA's obligations under this Agreement are limited to continued Authorization, appropriation by the United States Congress of funds for programs authorized under 49 U.S.C. §5307 or 49 U.S.C. §5337 in each Federal Fiscal Year and apportionment by the FTA of such funds so appropriated by the United States Congress in each Federal Fiscal Year. In the event of default, Bank of America, N.A. will have no further obligation to make additional loans and may declare all unpaid balances to be immediately due and payable.

As of June 30, 2026, the outstanding draw amount is $333,015. The unused line of credit amount is $116,985.

	Balance Jul 1, 2025	Increases	Decreases	Balance Jun 30, 2026
Credit agreement with Bank of America N.A.	$ 319,742	$ 13,273	$ —	$ 333,015

7. California Assembly Bill 117 (AB 117) Loans

AB 117, codified at Section 75227 of the Public Resources Code of the State of California (Statute) provides a mechanism for a loan from the California State Transportation Agency (CalSTA) to the Bay Area's major transit operators to address the immediate financial shortfalls. Under the Statute, MTC is charged with receiving the funds from CalSTA and loaning them in turn to the designated operators.

In FY2026, MTC entered into a $590,000 loan agreement with CalSTA (AB 117 loan) and then made sub-loans, from the proceeds of AB 117 loan, to each of Alameda-Contra Costa Transit District (AC Transit), San Francisco Bay Area Rapid Transit District (BART), Peninsula Corridors Joint Powers Board (Caltrain), and San Francisco Municipal Transportation Agency (SFMTA). The AB 117 loan is interest-only through June 30, 2028, followed by quarterly principal and interest payments through June 3, 2038. MTC's repayment obligation is limited to operator sub-loan payments and the related State Transit Assistance revenues, with no recourse to other MTC resources. As of June 30, 2026, MTC has received $590,000 loan proceeds from CalSTA and distributed $295,000 in total to AC Transit, BART, Caltrain and SFMTA. The remaining loan proceeds are restricted for future draws from the four transit operators.

8. Subscription-Based Information Technology Arrangements (SBITAs)

MTC and BAHA have entered into several subscription-based contracts to use vendor-provided information technology. Most SBITAs have initial terms of up 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 financial commitment under SBITAs before the commencement of the subscription term.

On June 30, 2026, MTC had net SBITA assets of $434 and SBITA liabilities of $438. BAHA had net SBITA assets of $40 and no SBITA liabilities. SBITA assets were reported in capital assets and SBITA liabilities were reported in both current and non-current other liabilities on the Statement of Net Position.

The future principal and interest payments as of June 30, 2026, were as follows:

	Primary Government		
	Governmental Activities		
Year Ending	Principal	Interest	Total
2027	$ 347	$ 14	$ 361
2028	91	2	93
Total	$ 438	$ 16	$ 454

9. Leases

A. Lease receivable

BAHA is a lessor that leases office spaces of Bay Area Metro Center (BAMC) to both governmental and private sector tenants. The leases are noncancelable leases with the remaining lease terms ranging from 1 year to 5 years. Some of the leases include options to extend for up to 10 years. BAHA recognized $4,310 in lease principal and $206 in interest revenue from leasing during fiscal year 2026. BAHA also recognized a deferred inflow of resource associated with the leases that will be recognized as revenue over the lease term. The balance of the deferred inflow of resources as of June 30, 2026 was $7,885.

The future principal and interest payments of lease receivable as of June 30, 2026, were as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 4,168	$ 136	$ 4,304
2028	1,061	88	1,149
2029	360	79	439
2030	382	70	452
2031	406	61	467
2032 - 2036	2,017	124	2,141
Total	$ 8,394	$ 558	$ 8,952

B. Lease payable

BATA leases office space in BAMC from BAHA. In May 2023 BAHA and BATA signed an agreement with a rent payment schedule effective on December 1, 2022, and a lease expiration date of September 2027. The balance of lease liability as of June 30, 2026 was $2,024.

In December 2024, MTC leased three printers from Canon Financial Services for forty-three months, and monthly payment of $5 including tax. In November 2025, MTC returned the ten color printers which were installed in early 2023 and leased ten new color printers from Canon. The lease term of new printers is thirty-two months, and the monthly payment is $5 including tax. The lease liability balance for the total thirteen leased printers as of June 30, 2026 was $264.

	Beginning Balance July 1, 2025	Additions	Reductions	Ending Balance June 30, 2026
BATA	$ 3,563	$ —	$ (1,539)	$ 2,024
MTC	237	149	(124)	263
Total	$ 3,800	$ 149	$ (1,663)	$ 2,287

The total future principal and interest payments as of June 30, 2026, were as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 1,723	$ 25	$ 1,748
2028	534	4	538
2029	30	—	30
Total	$ 2,287	$ 29	$ 2,316

10. Interfund Receivables, Payables and Transfers

The composition of interfund transfers as of June 30, 2026, is as follows:

	Transfers in						
Transfers Out	General	AB 664 Net Toll Revenue Reserve	Rail Reserves	Non-Major Governmental Funds	Non-Major Enterprise Fund MTC Clipper	Bay Area Housing Finance Authority	Total
Non-Major Governmental Funds	$ 8,913	$ —	$ —	$ —	$ —	$ —	$ 8,913
STA	3,556	—	—	—	21,181	—	24,737
BAIFA	72	—	—	—	—	—	72
BATA	29,580	6,233	5,061	1,469	4,663	—	47,006
General	—	—	—	—	—	6,959	6,959
SB125	646	—	—	—	—	—	646
Total	$ 42,767	$ 6,233	$ 5,061	$ 1,469	$ 25,844	$ 6,959	$ 88,333

Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various projects. These interfund transfers have been eliminated in the government-wide financial statements. The significant transfers are described below:

- An amount of $29,580 was transferred from BATA to the General fund for the MTC administration cost and the support for the Bay Area Forward projects.
- The transfer amount from BATA to AB 664 Toll Reserves, Rail Reserves and Non-Major Governmental funds totaling $12,763 is the amortization of the deferred revenue for these funds. See Note 1.Q for further details.
- An amount of $4,663 was transferred from BATA to Non-major Proprietary Fund MTC Clipper® to support their operations.
- An amount of $21,181 was transferred from STA to Non-major Proprietary Fund MTC Clipper® to support their capital and operation projects.
- An amount of $6,959 was transferred from General fund to BAHFA to support housing and rental programs.
- An amount of $8,913 was transferred from Non-major Governmental funds to General fund mainly for the projects funded by the exchange fund.

	Due to				
	State Transit Assistance	Bay Area Toll Authority	Bay Area Infrastructure Finance Authority	General	Total
Due from					
General	$ 69	$ 2,255	$ 29	$ —	$ 2,353
BAHFA	—	—	—	674	674
BAIFA	—	4,629	—	—	4,629
Non-Major Enterprise Fund MTC Clipper®	67	1,550	—	720	2,337
Non-Major Governmental Funds	—	—	—	605	605
Total	$ 136	$ 8,434	$ 29	$ 1,999	$ 10,598

Interfund receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and payments are made. These interfund balances have been eliminated in the government-wide financial statements.

The significant interfund balances at June 30, 2026 are as follows:

- An amount of $720 represents expenses incurred for the MTC-Clipper 2 projects, but not yet reimbursed from the General fund.
- An amount of $605 represents an advance the General fund received from SAFE to support the Regional Travel Information Systems and I-880 Corridor Operations projects.
- An amount of $2,255 represents the expenses incurred in MTC projects, but not yet reimbursed from BATA.
- An amount of $1,550 represents expenses incurred for the MTC-Clipper 2 projects, but not yet reimbursed from BATA.
- An amount of $4,629 represents express lane revenue incurred for BAIFA, but not yet collected from BATA.

11. Employees' Retirement Plan

A. General Information about the Pension Plan

Plan Description

The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of multiple employers are pooled for investment purposes, but separate accounts are maintained for each individual employer. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate annual comprehensive financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS Fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Benefits Provided

MTC's Miscellaneous Employee Pension Plan ("the Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to ten months of full-time employment for one year's credit. Classic members (hired before January 1, 2013) with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Public Employees' Pension Reform Act 2013 (PEPRA) Miscellaneous members (hired after January 1, 2013) with at least five years of service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the third Level, 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2025, the measurement date, are summarized as follows:

	PERS Classic Miscellaneous	PEPRA Miscellaneous
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefit as a % of eligible compensation	2% - 2.5%	1% - 2%

At June 30, 2024, the valuation date, the following numbers of participants were covered by the benefit terms:

Active employees	363
Inactive employees or beneficiaries currently receiving benefits	220
Inactive employees entitled to but not yet receiving benefits	200

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The employer (MTC) is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer (MTC) to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For current reporting period ended June 30, 2026, MTC's retirement contributions are allocated as follows:

- Tier 1 (PERS Classic) - The total Public Employees' Retirement System (PERS) contribution rate is 22.92 percent (consisting of 14.92 percent employer rate and 8.00 percent member rate). Per MTC and employee agreement, the shared contribution for the current reporting period ended June 30, 2026 is 15.92 percent by MTC and 7.00 percent by members.
- Tier 2 (PEPRA) - The total PERS contribution rate is 22.17 percent (consisting of 14.92 percent employer rate and 7.25 percent member rate). Per MTC and employee agreement, the shared contribution for the current reporting period ended June 30, 2026 is 14.92 percent by MTC and 7.25 percent by members.

Total actual contribution made for fiscal year 2026 is $9,234. No additional contribution was made in fiscal year 2026. The contribution is charged to its blended and discretely presented component units and funds on their share of MTC's payroll cost for the relevant year.

B. Net Pension Liability/(Asset)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

MTC's net pension liability/(asset) is measured as the total pension liability, less the Plan's fiduciary net position. For the measurement period ended June 30, 2025, the total pension liability was determined using the annual actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using standard update procedures.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Mortality Rate Table[(1)]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

[(1)]The mortality table used was developed based on CalPERS-specific data. 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. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability is 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return of plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation*	Real Rate of Return *, **
Public Equity	37.00%	4.56%
Private Equity	17.00	5.56
Fixed Income	28.00	2.53
Real Assets	15.00	3.03
Private Debt	8.00	4.93
Strategic Leverage	(5.00)	1.40

* Figures are based on the 2024 Asset Liability Management Mid-Cycle review.

** An expected annual rate of price inflation of 2.3% was used for this period.

C. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Changes in the Net Pension Liability/(Asset)

The following table shows the changes in net pension liability/(asset) recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at June 30, 2024	$ 269,270	$ 247,655	$ 21,615
Changes Recognized for the Measurement Period:			
Service Cost	10,179	—	10,179
Interest on Total Pension Liability	19,013	—	19,013
Changes of Benefit Terms	—	—	—
Difference between Expected and Actual Experience	6,883	—	6,883
Contributions from Employers	—	7,563	(7,563)
Contributions from Employees	—	4,629	(4,629)
Net Investment Income	—	30,557	(30,557)
Benefit Payments, including Refunds of Employee Contributions	(11,380)	(11,380)	—
Administrative Expense		(179)	179
Net Changes during 2024-25	24,695	31,190	(6,495)
Balance at June 30, 2025	$ 293,965	$ 278,845	$ 15,120

	Primary Government				
		Business-Type Activities			
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary Government Total
Net pension liability for fiscal year 2026	$ 13,222	$ 292	$ 751	$ 707	$ 14,972

	Component Unit	
	BAHA	Grand Total
Net pension liability for fiscal year 2026	$ 148	$ 15,120

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate.

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Primary Government			
Governmental Activities	$ 49,344	$ 13,222	$ (16,481)
Business-Type Activities			
Bay Area Toll Authority	1,090	292	(364)
MTC Clipper	2,802	751	(936)
BAIFA	2,639	707	(882)
Component Unit			
BAHA	552	148	(184)
Plan's Net Pension Liability / (Asset)	$ 56,427	$ 15,120	$ (18,847)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	Five year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for the Plan for the measurement period ended June 30, 2025 is 5.1 years which was obtained by dividing the total service years of 3,964 (the sum of remaining service lifetimes of the active employees) by 783 (the total number participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to zero years. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

E. Pension Expenses and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

MTC recognized pension expense of $9,593 for fiscal year 2026 based on the measurement period ended June 30, 2025. The pension expense is allocated to its blended and discretely presented component units and funds as follows:

	Primary Government				
		Business-Type Activities			
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary government Total
Pension expense for fiscal year 2026	$ 6,314	$ 2,474	$ 373	$ 354	$ 9,515

	Component Unit	
	BAHA	Grand Total
Pension expense for fiscal year 2026	$ 78	$ 9,593

For the fiscal year of 2026, MTC has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources						
	Primary Government					Component Unit	
		Business-Type Activities					
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary Government Total	BAHA	Grand Total
Changes in assumptions	$ 356	$ 120	$ 20	$ 19	$ 515	$ 4	$ 519
Difference between expected and actual experience	9,024	3,028	513	483	13,048	101	13,149
Net difference between projected and actual earnings on plan investments	—	—	—	—	—	—	—
Employer contributions for fiscal year 2026	6,339	2,127	360	339	9,165	71	9,236
Total	$ 15,719	$ 5,275	$ 893	$ 841	$ 22,728	$ 176	$ 22,904

	Deferred Inflows of Resources						
	Primary Government					Component Unit	
		Business-Type Activities					
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary Government Total	BAHA	Grand Total
Difference between expected and actual experience	$ (1)	$ —	$ —	$ —	$ (1)	$ —	$ (1)
Net difference between projected and actual earnings on plan investments	(5,037)	(1,690)	(286)	(269)	(7,282)	(56)	(7,338)
Total	$ (5,038)	$ (1,690)	$ (286)	$ (269)	$ (7,283)	$ (56)	$ (7,339)

Total employer contribution made for this fiscal year is $9,236. In the preceding table, deferred outflows of resources related to employer contributions subsequent to the measurement date and will be recognized as a decrease in the net pension liability in the year ended June 30, 2027.

The amount reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

	Deferred Outflows/(Inflows) of Resources					
		Business-Type Activities			Component Unit	
Year Ended	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	BAHA	Total
2027	$ 5,319	$ 1,787	$ 302	$ 285	$ 59	$ 7,752
2028	250	84	14	13	3	364
2029	(402)	(134)	(23)	(21)	(4)	(584)
2030	(920)	(309)	(52)	(49)	(10)	(1,340)
2031	93	31	5	5	1	135

12. Other Post Employment Benefits (OPEB)

A. General Information about the Other Post-Employment Benefit (OPEB)

Plan Description

MTC established a Section 115 irrevocable benefit trust fund for its other post-employment benefit (OPEB) plan with the Public Agency Retirement Services (PARS), a public agency agent multiple-employer. The trust assets are dedicated to providing OPEB benefits to employees in accordance with the benefit terms described below.

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

Benefit Provided

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

Eligibility

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

The number of participants eligible to receive benefits at June 30, 2025, the measurement date:

Active employees	395
Inactive employees or beneficiaries currently receiving benefit payments	155
Inactive employees entitled to but not yet receiving benefit payments	12
	562

Contribution

The obligation of MTC to contribute to the OPEB plan is established and may be amended by the MTC's Commission. MTC contributes annually to the Trust fund based on the recommended actuarial determined contribution (ADC) amount which is determined by the funding policy and the most recent measurement available when the contribution for the reporting period was adopted. For the fiscal year ended June 30, 2026, MTC paid the retiree benefit expense on a pay-as-you-go basis of $2,197 and made a contribution of $4,847 to the Trust fund at PARS. MTC's implied subsidy amount for fiscal year 2026 is $414.

B. Net OPEB Liability / (Asset)

MTC's net OPEB liability / (asset) was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by the roll-forward actuarial valuation.

Actuarial Assumptions

The total OPEB liability in the roll-forward actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date June 30, 2025	Actuarial Assumptions
Discount rate	5.00% at June 30, 2025 3.75% at June 30, 2024
Inflation	2.50%
Investment rate of return	5.00%
Healthcare cost trend rates	Non-Medicare: 7.50% for 2027, decreasing to an ultimate rate of 3.53% in 2075 Medicare: 5.80% for 2027, decreasing to an ultimate rate of 3.53% in 2075
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Society of Actuaries Scale MP-2021

The long-term expected rate of return on OPEB plan investments was based on the investment policy of the PARS Trust where MTC invests its assets to fund its OPEB liabilities. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Expected Real Rate of Return
Equity		
Domestic Equity	18.0%	3.7%
International Equity	9.0%	4.2%
Real Assets		
REITs	1.5%	3.1%
Infrastructure	1.5%	4.3%
Fixed Income	68.0%	1.4%
Cash	2.0%	1.0%

Change in assumptions

Changes in assumptions since prior measurement date June 30, 2024.

	June 30, 2025 Measurement
Changes of assumptions:	Discount rate was updated based on the new investment policy and 2025 Horizon Study
	Updated medical trend rates
	Updated participation at retirement

Discount Rate

The discount rate used to measure the total OPEB liability was 5 percent which reflects the MTC's current policy of funding its OPEB liabilities. The projection of cash flows used to determine the discount rate assumed that MTC's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. OPEB Plan Fiduciary Net Position

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

D. Changes in the Net OPEB Liability / (Asset)

The following tables show the changes in net OPEB liability / (asset) recognized over the measurement period.

	Increase / (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a) - (b)
Balance as of June 30, 2024	$ 62,798	$ 55,289	$ 7,509
Service cost	4,050	—	4,050
Interest on the total OPEB liability	2,464	—	2,464
Actual vs. expected experience	12,628	—	12,628
Assumption changes	(14,828)	—	(14,828)
Contributions - employer	—	7,297	(7,297)
Net investment income	—	3,499	(3,499)
Benefit payments	(2,277)	(2,277)	—
Administrative expense	—	(98)	98
Net changes	2,037	8,421	(6,384)
Balance as of June 30, 2025	$ 64,835	$ 63,710	$ 1,125

	Primary Government				
		Business-Type Activities			
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary Government Total
Net OPEB Liability for fiscal year 2026	$ 772	$ 259	$ 44	$ 41	$ 1,116

	Component Unit	
	BAHA	Grand Total
Net OPEB Liability for fiscal year 2026	$ 9	$ 1,125

Sensitivity of the net OPEB liability / (asset) to changes in the discount rate

The following presents what the MTC's net OPEB liability / (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (4.00%)	Current Discount Rate (5.00%)	1% Increase in Discount Rate (6.00%)
Primary Government			
Governmental Activities	$ 6,799	$ 772	$ (4,191)
Business-Type Activities			
Bay Area Toll Authority	2,282	259	(1,406)
MTC Clipper	386	44	(238)
BAIFA	364	41	(224)
Component Unit			
BAHA	76	9	(47)
Net OPEB Liability / (Asset)	$ 9,907	$ 1,125	$ (6,106)

The following presents what the MTC's net OPEB liability / (asset) would be if it were calculated using healthcare cost trend that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Sensitivity of the net OPEB liability / (asset) to changes in the healthcare cost trend rates

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
Primary Government			
Governmental Activities	$ (5,042)	$ 772	$ 8,013
Business-Type Activities			
Bay Area Toll Authority	(1,692)	259	2,689
MTC Clipper	(286)	44	455
BAIFA	(270)	41	429
Component Unit			
BAHA	(56)	9	90
Net OPEB Liability / (Asset)	$ (7,346)	$ 1,125	$ 11,676

E. OPEB Expenses and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the MTC recognized OPEB expenses of $6,523. The OPEB expenses are allocated to its blended and discretely presented component units and funds as follows:

	Primary Government				
		Business-Type Activities			
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary Government Total
OPEB expense for fiscal year 2026	$ 4,550	$ 1,462	$ 242	$ 227	$ 6,481

	Component Unit	
	BAHA	Grand Total
OPEB expense for fiscal year 2026	$ 42	$ 6,523

At June 30, 2026, MTC reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources				
	Primary Government				
		Business-Type Activities			
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary Government Total
Changes in assumptions	$ 2,280	$ 765	$ 129	$ 121	$ 3,295
Difference between expected and actual experience	7,961	2,672	452	426	11,511
Difference between projected and actual earnings on OPEB plan investments	1,192	400	68	64	1,724
Employer contributions for fiscal year 2026	5,119	1,718	291	274	7,402
Total	$ 16,552	$ 5,555	$ 940	$ 885	$ 23,932

	Component Unit	
	BAHA	Grand Total
Changes in assumptions	$ 26	$ 3,321
Difference between expected and actual experience	89	11,600
Difference between projected and actual earnings on OPEB plan investments	13	1,737
Employer contributions for fiscal year 2026	57	7,459
Total	$ 185	$ 24,117

	Deferred Inflows of Resources				
	Primary Government				
		Business-Type Activities			
	Governmental Activities	Bay Area Toll Authority	MTC Clipper	BAIFA	Primary Government Total
Changes in assumptions	$ (9,311)	$ (3,125)	$ (529)	$ (498)	$ (13,463)
Difference between expected and actual experience	(1,845)	(619)	(104)	(99)	(2,667)
Total	$ (11,156)	$ (3,744)	$ (633)	$ (597)	$ (16,130)

	Component Unit	
	BAHA	Grand Total
Changes in assumptions	$ (104)	$ (13,567)
Difference between expected and actual experience	(21)	(2,688)
Total	$ (125)	$ (16,255)

The $7,459 contribution made in the preceding table 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, 2027.

Amounts currently reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

	Deferred Outflows/(Inflows) of Resources					
		Business-Type Activities				
Year ended:	Governmental Activities	Bay Area Toll Authority	MTC Clipper®	BAIFA	BAHA	Total
2027	$ 1,118	$ 375	$ 63	$ 60	$ 13	$ 1,629
2028	147	49	8	8	2	214
2029	(166)	(56)	(9)	(9)	(2)	(242)
2030	(279)	(94)	(16)	(15)	(3)	(407)
2031	(91)	(31)	(5)	(5)	(1)	(133)
Thereafter	(452)	(152)	(26)	(24)	(5)	(659)

13. Compensated Absences

The compensated absences liability which is included in the other current and noncurrent liabilities of the government-wide Statement of Net Position with total of $18,793. The general fund is typically used to liquidate this liability when it becomes due and payable. A summary of changes in compensated absences for the year June 30, 2026 is as follows:

Primary Government	Beginning Balance July 1, 2025	Change in proportion	Beginning Balance & Change in proportion	Additions (Reductions) Net*	Ending Balance June 30, 2026	Due Within One Year
Governmental Activities	$ 11,513	$ 314	$ 11,827	$ 2,982	$ 14,809	$ 4,739
Business-Type Activities	5,459	(314)	5,145	(1,162)	3,984	1,275
Total	$ 16,972	$ —	$ 16,972	$ 1,820	$ 18,793	$ 6,014

Component Unit	Beginning Balance July 1, 2025	Change in proportion	Beginning Balance & Change in proportion	Additions (Reductions) Net*	Ending Balance June 30, 2026	Due Within One Year
BAHA	$ 131	$ —	$ 131	$ (131)	$ —	$ —
Total	$ 131	$ —	$ 131	$ (131)	$ —	$ —

* Change in the compensated absences liability is presented as a net change.

14. Designated Reserves

BATA maintains certain designated reserves:

Designation	Requirement	June 30, 2026
External Designation:		
O & M	2x Caltrans budgeted O&M costs	$ 36,884
Emergency reserve	BATA/Caltrans Coop Agreement	$ 50,000
BATA Designation:		
O & M	BATA designation	$ 268,116
Risk reserve	BATA designation	$ 750,000

15. Commitments and Contingencies

MTC's grant funded projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantors' audits are completed and final rulings by the grantors' administrative departments are obtained. Disallowed expenditures, if any, must be borne by nonfederal funds. In the opinion of MTC's management, such disallowances, if any, would not have a material adverse effect on the accompanying government-wide financial statements.

MTC is involved in various claims and litigation that are considered normal to MTC's activities. In the opinion of MTC's management, the ultimate resolution of these matters will not have a material adverse effect on MTC's government-wide financial position.

BATA

BATA entered into contracts with external parties for the Open Road Tolling conversion. As of June 30, 2026, there are approximately $22,067 in future capital expenditure commitments.

BAIFA

BAIFA entered into contracts with external parties to construct express lanes, provide traffic control in the construction area, and develop the toll collection system. As of June 30, 2026, there are approximately $16,550 in future capital expenditure commitments.

MTC Clipper®

MTC Clipper® has entered into contracts with external parties to develop and provide the fare payment system software and equipment. As of June 30, 2026, there are approximately $178,223 in future capital expenditure commitments.

BAHA - Discretely Presented Component Unit

BAHA has entered into contracts with multiple external parties to perform the building and tenant improvements construction and working space furnishing in the Bay Area Metro Center (BAMC). As of June 30, 2026, there are approximately $10,091 in future capital expenditure commitments.

16. Risk Management

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

17. Related Party Transactions

MTC - Primary Government

On May 30, 2017 MTC and ABAG signed a Contract for Services agreement which states that the MTC Executive Director and the consolidated staff will perform all of the duties and programmatic work for ABAG and its Local Collaboration Programs, which are ABAG Finance Authority for Non-Profit Corporations now operating as Advancing California Finance Authority and ABAG Publicly Owned Energy Resources, that were previously performed by ABAG staff. The consolidation of ABAG's staff and functions into MTC was effective on July 1, 2017.

On December 20, 2023, the MTC Commission approved an operational advance to ABAG in the amount not to exceed ten million dollars to assist ABAG with its cash flow needs. The advance will be drawn by ABAG as needed. ABAG will not be charged interest through December 31, 2024, for operational advance, however, beginning January 1, 2025, ABAG will be charged interest equivalent to the California Pooled Money Investment Account average monthly effective yield on any drawn amounts. This operational advance is available until December 31, 2025. MTC authorized up to $2,000 of the operational advance for a longer term project loan which included $1,000 for the ABAG Bay Area Regional Energy Network (BayREN) Water Bill Savings Program. ABAG has paid off the remaining balance of $66 as of June 30, 2026.

BAHA - Discretely Presented Component Unit

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, Bay Area Air District (the Air District), and ABAG on July 1, 2017. The 375 Beale Condo assessed both facility common and agency common assessment fees to meet all required expenditures of the common area and jointly used space. The Bay Area Metro Center (BAMC) building has been subdivided into four condominium units. BAHA owns two units, and Bay Area Air District (the Air District) and ABAG each own one unit. 375 Beale Condo's governing board consists of four directors appointed by the owners of each unit.

BAHA contracted Cushman and Wakefield of California, Inc. (C&W) to provide day-to-day property management services on behalf of the three condominium unit owners. For the fiscal year 2026, 375 Beale Condo assessed $4,304 from the three condominium owners for the common area operations. Of this amount, $61 will be refunded to condominium owners. This amount, reduced by related receivables, is reflected in the Due to 375 Beale Condo balance of $88 as of June 30, 2026.

18. Subsequent Events

BATA

On July 9, 2026, BATA issued $265,690 in fixed rate Second Subordinate Toll Bridge Revenue Bonds 2026 Series SSL-1 (Green Bonds - Climate Bond Certified) to finance projects consistent with the Regional Measure 3 expenditure plan. On July 9, 2026, the Authority also issued $131,140 in fixed rate Second Subordinate Toll Bridge Revenue Bonds 2026 Series SSL-2 bonds to fully refund $150,000 of its outstanding San Francisco Bay Area toll bridge revenue bonds, 2001 Series A (Francis F. Chin Issue).

BAIFA

On September 22, 2026, the Bay Area Infrastructure Financing Authority (BAIFA) amended its existing Credit Agreement with Bank of America, N.A. for a maximum principal amount of $450,000, by extending the expiration date to May 27, 2027 and reducing the maximum principal amount to $375,000.

Metropolitan Transportation Commission
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REQUIRED SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund ($ in thousands, unaudited)
For the Year Ended June 30, 2026 — Schedule I

	Original Budget	Final Budget	Variance with Original Budget — over (under) Final Budget		Actual	Variance with Final Budget— over (under) Actual Amount	
REVENUES							
Sales Taxes	$ 16,783	$ 16,783	$ —		$ 17,479	$ 696	
Federal Grants	182,347	182,076	(271)		78,136	(103,940)	(5)
State Grants	70,119	66,584	(3,535)		49,194	(17,390)	
Local agencies revenues and refunds	35,731	44,975	9,244	(1)	14,806	(30,169)	
Investment income	2,686	2,686	—		5,132	2,446	
TOTAL REVENUES	307,666	313,104	5,438		164,747	(148,357)	
EXPENDITURES							
General Government	273,750	265,368	(8,382)	(2)	125,852	(139,516)	(5)
Allocations to other agencies	76,459	84,594	8,135	(2)	43,493	(41,101)	
Capital outlay	306	2,643	2,337	(3)	15,867	13,224	
Debt Service							
Principal	—	—	—		389	389	
Interest	—	—	—		29	29	
TOTAL EXPENDITURES	350,515	352,605	2,090		185,630	(166,975)	
REVENUES OVER (UNDER) EXPENDITURES	(42,849)	(39,501)	3,348		(20,883)	18,618	
OTHER FINANCING SOURCES (USES)							
Transfers In	43,379	43,369	(10)		42,767	(602)	
Transfers Out	—	(6,000)	(6,000)	(1)	(6,959)	(959)	
Loan Proceeds	—	—	—		590,000	590,000	(4)
Leases	—	—	—		151	151	
SBITA	—	—	—		382	382	
Long-term liability payment from other funds	—	—	—		1,952	1,952	
TOTAL OTHER FINANCING SOURCES (USES)	43,379	37,369	(6,010)		628,293	590,924	
NET CHANGE IN FUND BALANCES	530	(2,132)	(2,662)		607,410	609,542	
Fund balances - beginning	85,369	85,369	—		85,369	—	
Fund balances - ending	$ 85,899	$ 83,237	$ (2,662)		$ 692,779	$ 609,542	
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES							
Unrealized gain under GASB 31					217		
Fund Balance - GAAP Basis					$ 692,996		

(1) The increase in the final budget for "Local agencies revenues and refunds" is primarily attributable to budget amendments recognizing Exchange Fund programming activity.

(2) The increase in Allocations to other agencies is due to administrative true up of year-end activities not accounted for in Original Budget.

(3) The increase in the final budget for Capital Outlay is primarily attributable to budget amendments recognizing additional costs associated with the implementation of the Enterprise Resource Planning (ERP) project.

(4) The variance in other financing sources between final budget and actual is primarily attributable to unbudgeted loan proceeds received under the AB 117 program. These proceeds were not included in the adopted budget because MTC acts as a pass-through entity, facilitating the distribution of funding to eligible transit agencies.

(5) Federal grant revenues were lower than the final budget due to the timing and pace of project delivery. The budget represents a financial plan based on anticipated project activities, expenditures, and federal obligations and may include funding not yet reflected in executed grant awards. Actual revenues are recognized as eligible project costs are incurred and reimbursed.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AB 664 Net Toll Revenue Reserves Fund ($ in thousands, unaudited)
For the Year Ended June 30, 2026 Schedule II

	Original and Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES			
Investment income	$ 2,779	$ 2,831	$ 52
TOTAL REVENUES	2,779	2,831	52
EXPENDITURES			
Allocations to other agencies	27,383	3,055	(24,328) (1)
TOTAL EXPENDITURES	27,383	3,055	(24,328)
REVENUES OVER (UNDER) EXPENDITURES	(24,604)	(224)	24,380
OTHER FINANCING SOURCES (USES)			
Transfers In	33,015	6,233	(26,782) (1)
TOTAL OTHER FINANCING SOURCES (USES)	33,015	6,233	(26,782)
NET CHANGE IN FUND BALANCES	8,411	6,009	(2,402)
Fund balances - beginning	(35,754)	(35,754)	—
Fund balances - ending	$ (27,343)	$ (29,745)	$ (2,402)

RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES	
Unrealized gain under GASB 31	(45)
Fund Balance - GAAP Basis	$ (29,790)

(1) The final budget includes the total authorized funding for projects and programs, whereas actual expenditures and transfers in reflect only current-year activity. Accordingly, actual expenditures may be significantly lower than budgeted amounts when projects span multiple fiscal years and expenditures are incurred over time as project activities progress.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Transit Assistance Fund ($ in thousands, unaudited)
For the Year Ended June 30, 2026 — Schedule III

	Original Budget	Final Budget	Variance with Original Budget — over (under) Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES					
State Grants	$ 90,515	$ 90,490	(25)	$ 86,344	$ (4,146)
Local agencies revenues and refunds	—	—	—	—	—
Investment income	—	—	—	6,488	6,488
TOTAL REVENUES	90,515	90,490	(25)	92,832	2,342
EXPENDITURES					
Allocations to other agencies	267,896	267,871	(25)	90,050	(177,821) [1]
TOTAL EXPENDITURES	267,896	267,871	(25)	90,050	(177,821)
REVENUES OVER (UNDER) EXPENDITURES	(177,381)	(177,381)	—	2,782	180,163
OTHER FINANCING SOURCES (USES)					
Transfers In	177,381	177,381	—	—	(177,381) [1]
Transfers Out	—	—	—	(24,737)	(24,737)
TOTAL OTHER FINANCING SOURCES (USES)	177,381	177,381	—	(24,737)	(202,118)
NET CHANGE IN FUND BALANCES	—	—	—	(21,955)	(21,955)
Fund balances - beginning	178,554	178,554	—	178,554	—
Fund balances - ending	$ 178,554	$ 178,554	$ —	$ 156,599	$ (21,955)
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES					
Unrealized gain under GASB 31				(652)	
Fund Balance - GAAP Basis				$ 155,947	

(1) The final budget includes the total authorized funding for projects and programs, whereas actual expenditures and transfers in reflect only current-year activity. Accordingly, actual expenditures may be significantly lower than budgeted amounts when projects span multiple fiscal years and expenditures are incurred over time as project activities progress.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Rail Reserves Fund ($ in thousands, unaudited)
For the Year Ended June 30, 2026 — Schedule IV

	Original and Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES			
Investment income	$ 1,062	$ 1,238	$ 176
TOTAL REVENUES	1,062	1,238	176
EXPENDITURES			
Allocations to other agencies	6,237	—	(6,237) [1]
TOTAL EXPENDITURES	6,237	—	(6,237)
REVENUES OVER (UNDER) EXPENDITURES	(5,175)	1,238	6,413
OTHER FINANCING SOURCES (USES)			
Transfers In	5,061	5,061	—
TOTAL OTHER FINANCING SOURCES (USES)	5,061	5,061	—
NET CHANGE IN FUND BALANCES	(114)	6,299	6,413
Fund balances - beginning	(58,848)	(58,848)	—
Fund balances - ending	$ (58,962)	$ (52,549)	$ 6,413
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES			
Unrealized gain under GASB 31		(17)	
Fund Balance - GAAP Basis		$ (52,566)	

(1) The final budget includes the total authorized funding for projects and programs, whereas actual Allocations to other agencies reflect only current-year activity. Accordingly, actual expenditures may be significantly lower than budgeted amounts when projects span multiple fiscal years and expenditures are incurred over time as project activities progress.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - BART Car Exchange Fund ($ in thousands, unaudited)
For the Year Ended June 30, 2026 Schedule V

	Original and Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES			
Investment income	$ 3,713	$ 857	$ (2,856) (1)
TOTAL REVENUES	3,713	857	(2,856)
EXPENDITURES			
Allocations to other agencies	22,435	5,002	(17,433) (2)
TOTAL EXPENDITURES	22,435	5,002	(17,433)
REVENUES OVER (UNDER) EXPENDITURES	(18,722)	(4,145)	14,577
NET CHANGE IN FUND BALANCES	(18,722)	(4,145)	14,577
Fund balances - beginning	22,758	22,758	—
Fund balances - ending	$ 4,036	$ 18,613	$ 14,577
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES			
Unrealized loss under GASB 31		3	
Fund Balance - GAAP Basis		$ 18,616	

(1) Interest Income was lower than the final budget primarily due to the winding down of the BART Car Exchange Program. As railcar deliveries were completed, cash and investment balances associated with the program declined, resulting in lower interest earnings than originally projected.

(2) The final budget includes the total authorized funding for projects and programs, whereas Allocations to other agencies in actuals reflect only current-year activity.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - SB 125 Transit Fund ($ in thousands, unaudited)
For the Year Ended June 30, 2026 — Schedule VI

	Original and Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES			
State Grants	$ 397,675	$ 149	$ (397,526) [1]
Investment income	—	6,717	6,717
TOTAL REVENUES	397,675	6,866	(390,809)
EXPENDITURES			
Allocations to other agencies	375,842	374,742	(1,100)
TOTAL EXPENDITURES	375,842	374,742	(1,100)
REVENUES OVER (UNDER) EXPENDITURES	21,833	(367,876)	(389,709)
OTHER FINANCING SOURCES (USES)			
Transfers Out	—	(646)	(646)
TOTAL OTHER FINANCING SOURCES (USES)	—	(646)	(646)
NET CHANGE IN FUND BALANCES	21,833	(368,522)	(390,355)
Fund balances - beginning	583,209	583,209	—
Fund balances - ending	$ 605,042	$ 214,687	$ (390,355)
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES			
Unrealized gain under GASB 31		4,212	
Fund Balance - GAAP Basis		$ 218,899	

(1) The final budget includes the total authorized funding for the program, whereas actual revenues reflect only current-year activity.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Bay Area Housing Finance Authority ($ in thousands, unaudited)
For the Year Ended June 30, 2026 Schedule VII

	Original Budget	Final Budget	Variance with Original Budget — over (under) Final Budget		Actual	Variance with Final Budget— over (under) Actual Amount	
REVENUES							
Local agencies revenues and refunds	$ 529	$ 729	200		$ 98	$ (631)	
Investment income	1,000	1,000	—		1,545	545	
TOTAL REVENUES	1,529	1,729	200		1,643	(86)	
EXPENDITURES							
General Government	45,919	58,045	12,126	(1)	14,562	(43,483)	(3)
Capital outlay	—	—	—		243	243	
TOTAL EXPENDITURES	45,919	58,045	12,126		14,805	(43,240)	
REVENUES OVER (UNDER) EXPENDITURES	(44,390)	(56,316)	(11,926)		(13,162)	43,154	
OTHER FINANCING SOURCES (USES)							
Transfers In	38,471	49,471	11,000	(2)	6,959	(42,512)	(4)
TOTAL OTHER FINANCING SOURCES (USES)	38,471	49,471	11,000		6,959	(42,512)	
NET CHANGE IN FUND BALANCES	(5,919)	(6,845)	(926)		(6,203)	642	
Fund balances - beginning	49,467	49,467	—		49,468	1	
Fund balances - ending	$ 43,548	$ 42,622	$ (926)		$ 43,265	$ 643	

(1) The increase in the final budget primarily reflects the implementation of the Mixed-Income Financing Program and increased philanthropic and local contributions, which support expanded BAHFA operating and program activities.

(2) The increase in transfers including a $6.0 million donation from the Chan Zuckerberg Initiative and $5.0 million in Exchange Funds reprogrammed to support the Mixed-Income Financing Program, resulting in expanded programmatic activities.

(3) The variance in Allocations to Other Agencies is primarily due to the timing of expenditures for the REAP 2.0 Priority Sites Predevelopment Loans and REAP 2.0 Preservation Loans programs. The full project funding was appropriated in the budget, while actual costs are incurred and disbursed over multiple periods as projects advance.

(4) The variance in Transfers is primarily due to the timing of revenues for REAP 2.0 Priority Sites Predevelopment Loans and REAP 2.0 Preservation Loans programs where the full project funding was appropriated in the budget, while actual revenues are recognized and disbursed over multiple periods as projects advance.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Changes in the Net Pension Liability ($ in thousands, unaudited)

For the Measurement Periods Ended June 30

Last Ten Years

Schedule VIII

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 10,179	$ 8,996	$ 7,977	$ 7,693	$ 6,781	$ 6,539	$ 6,333	$ 6,157	$ 4,924	$ 3,970
Interest	19,013	17,428	15,741	14,473	13,811	13,030	12,111	10,871	10,572	10,131
Changes of Benefit Terms	—	—	134	—	—	—	—	—	—	—
Changes of assumptions	—	—	—	3,115	—	—	—	(5,335)	9,137	—
Difference between expected and actual experience	6,883	9,989	4,485	(13)	(1,675)	908	6,335	(1,054)	(3,383)	(353)
Benefit payments and refunds of contribution	(11,380)	(10,482)	(9,065)	(8,002)	(7,137)	(7,028)	(6,188)	(6,036)	(5,034)	(4,779)
Net change in total pension liability	24,695	25,931	19,272	17,266	11,780	13,449	18,591	4,603	16,216	8,969
Total pension liability - beginning	269,270	243,339	224,067	206,801	195,021	181,572	162,981	158,377	142,162	133,193
Total pension liability - ending	$ 293,965	$ 269,270	$ 243,339	$ 224,067	$ 206,801	$ 195,021	$ 181,572	$ 162,980	$ 158,378	$ 142,162
Plan Fiduciary Net Position										
Contributions - employer	$ 7,563	$ 6,360	$ 6,807	$ 11,569	$ 11,935	$ 23,204	$ 6,066	$ 5,457	$ 5,197	$ 4,129
Contributions - member	4,629	4,128	3,592	3,162	3,006	2,818	2,620	2,538	2,125	1,848
Net plan to plan resource movement	—	—	—	—	—	—	1,377	—	—	—
Net investment income	30,557	21,799	13,241	(17,352)	41,182	8,164	9,132	10,587	12,110	535
Benefit payments and refunds of contributions	(11,380)	(10,482)	(9,065)	(8,002)	(7,137)	(7,028)	(6,188)	(6,036)	(5,034)	(4,779)
Administrative expenses	(179)	(183)	(156)	(138)	(173)	(207)	(95)	(190)	(159)	(64)
Other miscellaneous income/(expense)[2]	—	—	—	—	—	—	—	(360)	—	—
Net change in plan fiduciary net position	31,190	21,622	14,419	(10,761)	48,813	26,951	12,912	11,996	14,239	1,669
Plan Fiduciary Net Position - beginning	247,655	226,033	211,614	222,375	173,564	146,613	133,701	121,706	107,467	105,798
Plan Fiduciary Net Position - ending	$ 278,845	$ 247,655	$ 226,033	$ 211,614	$ 222,377	$ 173,564	$ 146,613	$ 133,702	$ 121,706	$ 107,467
Net Pension Liability/Asset - ending	$ 15,120	$ 21,615	$ 17,306	$ 12,453	$ (15,576)	$ 21,457	$ 34,959	$ 29,278	$ 36,672	$ 34,695
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset	94.86 %	91.97 %	92.89 %	94.44 %	107.53 %	89.00 %	80.75 %	82.04 %	76.85 %	75.59 %
Covered Payroll[1]	$ 61,193	$ 54,511	$ 47,189	$ 41,290	$ 39,015	$ 36,306	$ 34,846	$ 33,455	$ 27,722	$ 23,713
Plan Net Pension Liability/Asset as a Percentage of Covered Payroll	24.71%	39.65%	36.67%	30.16 %	(39.92)%	59.10%	100.32%	87.51%	132.28%	146.31%

[1] The covered payroll includes one year's payroll growth using 2.80 percent payroll growth assumption for fiscal years ended June 30, 2022 - 25; 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2016-17.

[2] During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Changes 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: 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 was 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, 2016.

Metropolitan Transportation Commission

Schedule of Employer Contributions - Pension ($ in thousands, unaudited)

For the Fiscal Years Ended June 30

Last Ten Years

Schedule IX

Fiscal Year	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 9,236	$ 7,563	$ 6,360	$ 6,804	$ 6,572	$ 6,932	$ 6,981	$ 6,066	$ 5,457	$ 5,198
Contributions in relation to the actuarially determined contribution	(9,236)	(7,563)	(6,360)	(6,804)	(11,572)	(11,932)	(23,203)	(6,066)	(5,457)	(5,198)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ (5,000) [1]	$ (5,000) [1]	$ (16,221) [1]	$ —	$ —	$ —
Covered payroll	$ 65,934	$ 61,193	$ 54,511	$ 47,189	$ 41,290	$ 39,015	$ 36,306	$ 34,846	$ 33,455	$ 27,722
Actual contributions as a percentage of covered payroll	14.01%	12.36%	11.67%	14.42%	28.03%	30.58%	63.91%	17.41%	16.31%	18.75%

[1] Additional payment above the Actuarially Determined Contribution to paydown the Unfunded Pension Liability

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2025-26 were derived from the June 30, 2023 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method / Period	For details, see June 30, 2023 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2023 Funding Valuation Report.
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.80%
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.

Metropolitan Transportation Commission

Schedule of Changes in Net OPEB Liability / (Asset) and Related Ratios ($ in thousands, unaudited)

For the Measurement Periods Ended June 30

Last Ten Years* Schedule X

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service Cost	$ 4,050	$ 3,942	$ 3,598	$ 3,501	$ 3,065	$ 2,975	$ 2,725	$ 2,608	$ 2,496
Interest on the total OPEB liability	2,464	2,304	2,115	1,971	2,182	2,019	1,868	1,719	1,575
Difference between actual and expected experience	12,628	—	(3,553)	—	(1,135)	—	2,894	—	—
Changes of assumptions	(14,828)	—	4,536	—	1,160	—	(3,033)	—	—
Benefit payments	(2,277)	(2,019)	(1,796)	(1,735)	(1,515)	(1,425)	(1,242)	(1,027)	(938)
Net change in total OPEB liability	2,037	4,227	4,900	3,737	3,757	3,569	3,212	3,300	3,133
Total OPEB liability - beginning	62,798	58,571	53,671	49,934	46,177	42,608	39,396	36,096	32,964
Total OPEB liability - ending (a)	$ 64,835	$ 62,798	$ 58,571	$ 53,671	$ 49,934	$ 46,177	$ 42,608	$ 39,396	36,096
OPEB Fiduciary Net Position									
Benefit payments	$ (2,277)	$ (2,019)	$ (1,796)	$ (1,735)	$ (1,515)	$ (1,426)	$ (1,242)	$ (1,027)	(938)
Contribution from employer	7,297	5,764	3,500	3,505	1,864	4,757	12,231	4,196	3,961
Net investment income	3,499	1,107	(418)	(5,119)	(87)	3,956	2,668	(152)	(71)
Administrative expense	(98)	(92)	(90)	(92)	(187)	(86)	(63)	(57)	(52)
Net change in plan fiduciary net position	8,421	4,760	1,196	(3,441)	75	7,201	13,594	2,960	2,900
Plan fiduciary net position - beginning	55,289	50,529	49,333	52,774	52,699	45,498	31,904	28,944	26,043
Plan fiduciary net position - ending (b)	$ 63,710	$ 55,289	$ 50,529	$ 49,333	$ 52,774	$ 52,699	$ 45,498	$ 31,904	28,944
Plan net OPEB liability / (asset) - ending (a) - (b)	1,125	7,509	8,042	4,338	(2,840)	(6,522)	(2,890)	7,492	7,152
Plan fiduciary net position as a percentage of the total OPEB liability / (asset)	98.26 %	88.04 %	86.27 %	91.92 %	105.69 %	114.10 %	106.80 %	80.98 %	80.19 %
Covered-employee payroll	$ 63,990	$ 56,407	$ 49,861	$ 43,373	$ 40,928	$ 38,353	$ 36,885	$ 34,955	$ 28,785
Plan net OPEB liability / (asset) as a percentage of covered-employee payroll	1.76 %	13.31 %	16.13 %	10.00 %	(6.94)%	(17.00)%	(7.84)%	21.43 %	24.85 %

* 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.

Notes to Schedule of Changes in Net OPEB Liability / (Asset) and Related Ratios:

Changes of Assumptions: The general inflation rate decreased from 2.75 percent in FY 2023 to 2.5 percent in FY 2024-FY2026. The long-term expected rate of return on investments used to measure the total OPEB liability was 5 percent in FY2026 and 3.75 percent in FY2023-FY2025. 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 decreased from 98 percent in FY2025 to 95% in FY 2026 for people before age 65, and from 95 percent in FY2025 to 90 percent in FY2026 for people on and after age 65.

Metropolitan Transportation Commission

Schedule of Employer Contributions - OPEB ($ in thousands, unaudited)

For the Fiscal Years Ended June 30

Last Ten Fiscal Years*

Schedule XI

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 5,089	$ 5,015	$ 3,737	$ 3,616	$ 3,177	$ 3,081	$ 2,988	$ 3,296	3,153
Contributions in relation to the actuarially determined contribution	(7,459)	(7,297)	(5,764)	(3,500)	(3,505)	(1,864) [2]	(4,757)	(11,296)	(3,153)
Contribution deficiency (excess)	$ (2,370)	$ (2,282)	$ (2,027)	$ 116	$ (328)	$ 1,217	$ (1,769) [1]	$ (8,000) [1]	$ —
Covered-employee payroll	$ 69,222	$ 63,990	$ 56,407	$ 49,861	$ 43,373	$ 40,928	$ 38,353	$ 36,885	$ 34,955
Actual contributions as a percentage of covered employee payroll	10.78 %	11.40 %	10.22 %	7.02 %	8.08 %	4.55 %	12.40 %	30.62 %	9.02 %

[1] Additional payment above the Actuarially Determined Contribution to pay down the Unfunded OPEB Liability.

[2] Net of $2.9 million reimbursement from the trust account.

Notes to Schedule:

The following actuarial methods and assumptions from the June 30, 2023 actuarial valuation were used to determine the 2025/26 Actuarially Determined Contribution:

Actuarial cost method	Entry Age Normal, Level percentage of pay
Amortization method	Level percentage of payroll
Amortization period	14-year fixed period for 2025/2026
Asset valuation method	Market Value of assets
Inflation	2.50% annually
Healthcare cost trend rates	Non-Medicare: 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser): 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser): 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Discount rate	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.

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission

Combining Balance Sheet - Non-Major Governmental Funds ($ in thousands)

June 30, 2026

Schedule 1

	Transit Reserves	Exchange	Clipper BayPass	Formerly Enterprise Fund MTC SAFE	Total Non-Major Governmental Funds
ASSETS					
Cash - unrestricted	$ —	$ —	$ —	$ 15,679	$ 15,679
Cash - restricted	5,476	14,754	24,794	—	45,024
Investment - restricted	65,493	123,069	—	—	188,562
Accounts receivables	—	—	1,366	—	1,366
State/ Caltrans funding receivable	—	—	—	4,884	4,884
Due from Other Funds	—	—	—	605	605
Prepaid items and other assets	—	—	—	26	26
TOTAL ASSETS	$ 70,969	$ 137,823	$ 26,160	$ 21,194	$ 256,146
LIABILITIES					
Accounts payable and accrued expenditures	$ 3,192	$ 5,138	$ 23,371	$ 1,924	$ 33,625
Unearned revenue	—	—	30	—	30
TOTAL LIABILITIES	3,192	5,138	23,401	1,924	33,655
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	26,454	—	—	—	26,454
TOTAL DEFERRED INFLOWS OF RESOURCES	26,454	—	—	—	26,454
FUND BALANCES					
Nonspendable:					
Prepaid items	—	—	—	26	26
Restricted for:					
Transportation projects	41,323	—	2,759	19,244	63,326
Committed to:					
Transportation projects	—	132,685	—	—	132,685
TOTAL FUND BALANCES	41,323	132,685	2,759	19,270	196,037
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 70,969	$ 137,823	$ 26,160	$ 21,194	$ 256,146

Metropolitan Transportation Commission

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds ($ in thousands)

For the Year Ended June 30, 2026

Schedule 2

	Transit Reserves	Exchange	Clipper BayPass	Formerly Enterprise Fund MTC SAFE	Total Non-Major Governmental Funds
REVENUES					
State Grants	$ 3,547	$ —	$ —	$ 11,681	$ 15,228
Local agencies revenues and refunds	—	5,777	21,492	—	27,269
Department of Motor Vehicles registration fees	—	—	—	6,588	6,588
Investment income	2,420	4,524	587	690	8,221
TOTAL REVENUES	5,967	10,301	22,079	18,959	57,306
EXPENDITURES					
Current:					
General Government	—	1,259	—	18,738	19,997
Allocations to other agencies	5,613	—	23,709	—	29,322
Capital outlay	—	—	—	647	647
TOTAL EXPENDITURES	5,613	1,259	23,709	19,385	49,966
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	354	9,042	(1,630)	(426)	7,340
OTHER FINANCING SOURCES (USES)					
Transfers In	1,469	—	—	—	1,469
Transfers Out	(378)	(8,535)	—	—	(8,913)
TOTAL OTHER FINANCING SOURCES (USES)	1,091	(8,535)	—	—	(7,444)
NET CHANGE IN FUND BALANCES	1,445	507	(1,630)	(426)	(104)
Fund balances - beginning	39,878	132,178	4,389	—	176,445
Change to or within financial reporting entity	—	—	—	19,696	19,696
Fund balance - beginning, as adjusted and restated	39,878	132,178	4,389	19,696	196,141
Fund balances - ending	$ 41,323	$ 132,685	$ 2,759	$ 19,270	$ 196,037

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Transit Reserves Fund ($ in thousands)
For the Year Ended June 30, 2026 — Schedule 3

	Original and Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES			
State Grants	$ 3,547	$ 3,547	$ —
Investment income	—	2,457	2,457
TOTAL REVENUES	3,547	6,004	2,457
EXPENDITURES			
Allocations to other agencies	33,868	5,613	(28,255)
TOTAL EXPENDITURES	33,868	5,613	(28,255)
REVENUES OVER (UNDER) EXPENDITURES	(30,321)	391	30,712
OTHER FINANCING SOURCES (USES)			
Transfers In	30,321	1,469	(28,852)
Transfers Out	—	(378)	(378)
TOTAL OTHER FINANCING SOURCES (USES)	30,321	1,091	(29,230)
NET CHANGE IN FUND BALANCES	—	1,482	1,482
Fund balances - beginning	39,878	39,878	—
Fund balances - ending	$ 39,878	$ 41,360	$ 1,482

RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES	
Unrealized gain under GASB 31	(37)
Fund Balance - GAAP Basis	$ 41,323

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Exchange Fund ($ in thousands)
For the Year Ended June 30, 2026 — Schedule 4

	Original Budget	Final Budget	Variance with Original Budget — over (under) Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES					
Local agencies revenues and refunds	$ 284,092	$ 289,774	$ 5,682	$ 5,777	$ (283,997)
Investment income	4,233	4,233	—	4,593	360
TOTAL REVENUES	288,325	294,007	5,682	10,370	(283,637)
EXPENDITURES					
General Government	31,065	33,309	2,244	1,259	(32,050)
Allocations to other agencies	—	5,000	5,000	—	(5,000)
TOTAL EXPENDITURES	31,065	38,309	7,244	1,259	(37,050)
REVENUES OVER (UNDER) EXPENDITURES	257,260	255,698	(1,562)	9,111	(246,587)
OTHER FINANCING SOURCES (USES)					
Transfers Out	—	—	—	(8,535)	(8,535)
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—	(8,535)	(8,535)
NET CHANGE IN FUND BALANCES	257,260	255,698	(1,562)	576	(255,122)
Fund balances - beginning	132,178	132,178	—	132,178	—
Fund balances - ending	$ 389,438	$ 387,876	$ (1,562)	$ 132,754	$ (255,122)
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES					
Unrealized gain under GASB 31				(69)	
Fund Balance - GAAP Basis				$ 132,685	

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Clipper BayPass ($ in thousands)
For the Year Ended June 30, 2026 Schedule 5

	Original Budget	Final Budget	Variance with Original Budget — over (under) Final Budget		Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES						
Local agencies revenues and refunds	$ 10,627	$ 21,181	10,554	(1)	$ 21,492	$ 311
Investment income	—	—	—		587	587
TOTAL REVENUES	10,627	21,181	10,554		22,079	898
EXPENDITURES						
Allocations to other agencies	10,032	23,372	13,340	(1)	23,709	337
TOTAL EXPENDITURES	10,032	23,372	13,340		23,709	337
REVENUES OVER (UNDER) EXPENDITURES	595	(2,191)	(2,786)		(1,630)	561
NET CHANGE IN FUND BALANCES	595	(2,191)	(2,786)		(1,630)	561
Fund balances - beginning	4,389	4,389	—		4,389	—
Fund balances - ending	$ 4,984	$ 2,198	$ (2,786)		$ 2,759	$ 561

(1) - The increase in the final budget is primarily due to the biannual update of Resolution No. 4662, which is structured to report budget activities in six-month increments. Accordingly, the budget is amended during the fiscal year to align with the updated six-month reporting period.

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - MTC SAFE ($ in thousands)
For the Year Ended June 30, 2026 Schedule 6

	Original and Final Budget	Actual	Variance with Final Budget— over (under) Actual Amount
REVENUES			
State Grants	13,100	11,681	(1,419)
Department of Motor Vehicles registration fees	6,730	6,588	(142)
Investment income - unrestricted	590	690	100
TOTAL REVENUES	20,420	18,959	(1,461)
General Government	21,816	18,738	(3,078)
Capital outlay	—	647	647
TOTAL EXPENDITURES	21,816	19,385	(2,431)
REVENUES OVER (UNDER) EXPENDITURES	(1,396)	(426)	970
NET CHANGE IN FUND BALANCES	(1,396)	(426)	970
Fund balances - beginning	—	—	—
Change to or within financial reporting entity	19,696	19,696	—
Fund balances - beginning, as adjusted	$ 19,696	$ 19,696	—
Fund balances - ending	$ 18,300	$ 19,270	970

Metropolitan Transportation Commission
Schedule of Expenditures by Natural Classification ($ in thousands)
For the Year Ended June 30, 2026 Schedule 7

Expenditures by natural classification		
Salaries & benefits [2]	$	70,390
Travel		126
Professional fees		52,122
Overhead		7,673
Other		659
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund[1]	$	130,970
Salaries & benefits - MTC General Fund	$	70,390
Salaries & benefits - MTC Clipper®		3,931
Salaries & benefits - BATA		19,891
Salaries & benefits - SAFE		1,030
Salaries & benefits - BAHA		706
Salaries & benefits - BAIFA		4,055
Salaries & benefits - BAHFA		707
Total salaries & benefits	$	100,710
Indirect Cost - MTC General Fund	$	7,673
Indirect Cost - MTC Clipper®		2,321
Indirect Cost - SAFE		949
Indirect Cost - BAHA		284
Indirect Cost - BAIFA		2,934
Indirect Cost - BARC		84
Indirect Cost - BAHFA		183
Total Indirect Cost	$	14,428

[1]General government expenditures - by Fund

[2]There was $5,118 in the salaries & benefits that was reported as capital assets for the new Enterprise Resource Planning (ERP) implementation.

Metropolitan Transportation Commission
Schedule of Salaries, Benefits, and Overhead -
Under the Indirect Cost Allocation Plan ($ in thousands)
For the Year Ended June 30, 2026 Schedule 8

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 43,880	$ 14,012	$ —	$ 57,892
Benefits	35,503	7,315	—	42,818
Total salaries and benefits	$ 79,383	$ 21,327	$ —	$ 100,710
Reimbursable overhead:**				
Agency temps		$ 75	$ —	$ 75
Training		405	188	593
Personnel recruitment		14	—	14
Public hearing		5	—	5
Communications		85	—	85
Meeting room/Equipment rental		2	—	2
Storage rental		44	1	45
Auto expense		16	—	16
Office supplies		45	5	50
Printing & graphics supplies		5	1	6
Computer supplies		3	—	3
Computer software		1,313	—	1,313
Computer hardware		436	—	436
Postage & mailing		19	—	19
Memberships		194	—	194
Library acquisitions & subscriptions		109	—	109
Law library		31	15	46
Hosted services		4,115	—	4,115
Advisory member stipend		162	—	162
Audit fees		366	—	366
Newswire service		8	—	8
Insurance		319	—	319
Other		255	—	255
Miscellaneous		10	142	152
Travel		275	117	392
Professional fees		3,837	288	4,125
Building maintenance		1,523	—	1,523
Subtotal indirect costs		13,671	757	14,428
Depreciation expense		704	—	704
Total indirect costs including depreciation expense		$ 14,375	$ 757	$ 15,132
Indirect costs recovered***		$ 40,417		
Indirect (over)/under absorbed		$ (4,715)		

*Salaries and benefits include amounts attributable to MTC's General Fund, MTC SAFE, BAHFA, BATA, BAIFA, MTC Clipper®, and BAHA under the FY2026 indirect cost allocation plan. Accordingly, this schedule includes governmental funds, proprietary funds, and the discretely presented component unit.

** Overhead distributed to MTC, BATA, SAFE, BAHA, BAIFA, and BAHFA per Indirect Cost Plan for fiscal year 2026.

*** Indirect costs recovered at multiple rates per Indirect Cost Plan for fiscal year 2026.

Metropolitan Transportation Commission
Schedule of Expenditures - Federal Highway Administration Grant
FY2026 OWPMTC ($ in thousands)
For the Year Ended June 30, 2026 Schedule 9

			Total
Total Authorized Expenditures			
Federal		$	13,279
Total authorized expenditures			13,279
Actual Expenditures *			
Program No.	Program Name		
MTC			
1112	Implement Public Information Program and Tribal Government Coordination		617
1113	Support Partnership Board		213
1121	Regional Transportation Plan		1,933
1122	Analyze Regional Data using GIS and Planning Models		3,459
1124	Regional Goods Movement		31
1125	Active Transportation Planning		132
1127	Regional Trails		250
1212	Performance Measurement and Monitoring		460
1412	Transportation Conformity and Air Quality Planning		157
1413	Climate Initiatives		247
1511	Conduct Financial Analysis and Planning		341
1512	Federal Programming, Monitoring and TIP Management		1,589
1611	Regional Growth Framework Planning and Implementation		500
1621	Transit Regional Network Management		255
1623	SF Freeway Network Management Study		397
1628	Mobility and Pricing Studies		127
Total Expenditures			10,708
Balance of Federal Highway Administration Grant		$	2,571

*Toll credit match rate (11.47%)

Metropolitan Transportation Commission
Toll Bridge Rate Schedule
For the Year Ended June 30, 2026 — Schedule 10

Toll Rate as of June 30, 2026:

Number of Axles Per Vehicle	2026
2 axles	$ 8.50 *
3 axles	19.50
4 axles	25.00
5 axles	30.50
6 axles	36.00
7 axles or more	41.50

* On state-owned toll bridges, qualified carpools with a FasTrak account in good standing will pay a reduced toll of $4.25 when using a carpool lane from 5:00 am to 10:00 am and 3:00 pm to 7:00 pm, Monday through Friday.

Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios ($ in thousands)
For the Year Ended June 30, 2026 — Schedule 11

	2026
Statement of Net Position*	
Revenues	
Toll revenues collected	$ 981,495
Investment income	118,103
Revenues from operators/other agencies**	18,236
Other operating revenues	71,225
Revenues subtotal	1,189,059
Build America Bonds (BABs) interest subsidy - Senior Lien Bonds	26,872
Build America Bonds (BABs) interest subsidy - Subordinate Lien Bonds	32,841
Derivative investment income (charge)	30,440
Total revenues	1,279,212
MTC/CLIPPER Administrative Expenses	
Transfer to MTC operating expenses (RM2/RM3 allocation)	1,227
Transfer to MTC for administrative & operating expenses	28,283
Transfer to MTC for ERP Implementation costs	1,280
Total MTC/CLIPPER admin & operating expense	30,790
Other Operating expenses	
Operating expenses incurred by Caltrans***	3,659
Services and Maintenance - BATA	146,921
Transbay Terminal JPA operations	6,395
Allocations to other agencies (RM2 and RM3)	102,323
Total operating expenses before depreciation and amortization	290,088
Depreciation and amortization	1,711
Total operating expenses	291,799
Net operating income	987,413
Nonoperating expenses (revenues)	
Senior Lien Interest expense	253,179
Subordinate Interest expense	173,315
Second Subordinate Lien Interest expense	7,640
Amortization of gain/loss from bond refunding	17,485
Amortization of bond premium & discount	(28,657)
Financing fees	7,419
Bond issuance costs	3,486
Other nonoperating expenses	40
Total nonoperating expenses	433,907
Net income before capital project expenses	553,506
Capital project expenses	
Capital project expenses****	541,690
Change in net position	11,816
Total net position - beginning, as restated	(6,802,791)
Total net position - ending	$ (6,790,975)
Senior lien principal payment	$ 55,645
Subordinate lien principal payment	$ 39,455
Second Subordinate lien principal payment	$ 22,715

*This schedule is presented in accordance with debt covenant requirements rather than GASB Statement No. 103.
**Reimbursements from other operators and agencies for CSC operations, banking and credit card fees.
*** Maintenance B Expenses incurred totaled $3,659 for FY 2026.
****Within the $541,690 capital project expenses, $11,039 is classified as Maintenance A Expenses.

Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios* ($ in thousands) *continued*
For the Year Ended June 30, 2026 — Schedule 11

		2026
Fixed Charge		
Net revenue[1]	$	1,168,917
Debt service[2], plus MTC operating transfer[3] and costs[4]	$	650,201
Sum sufficient ratio		1.80
Minimum threshold		1.00
Fixed Charge, plus Operations & Maintenance		
Net revenue[1], plus operations & maintenance reserve	$	1,473,917
Senior Debt service[5], plus MTC operating transfer[3]	$	421,459
Sum sufficient, plus operations & maintenance reserve ratio		3.50
Minimum threshold		1.25
Net Revenue / Senior Debt Service		
Net revenue[1]	$	1,168,917
Senior Debt service[5]	$	281,951
Debt service ratio		4.15
Minimum threshold		1.20
Available Revenue / Senior and Subordinate Debt Service		
Available revenue[6]	$	1,040,230
Debt service[7]	$	461,880
Debt service ratio		2.25
Minimum threshold		1.20
Available Revenue / Senior, Subordinate, and Second Subordinate Debt Service[8]		
Available revenue[6]	$	1,040,230
Debt service[2]	$	492,235
Debt service ratio		2.11
Minimum threshold		1.10
Reserve Designations[9]		
Operations & Maintenance Reserve	$	305,000
Risk Reserve	$	750,000
Emergency reserve - Caltrans Cooperative Agreement	$	50,000

* This schedule provides actual operating results for informational purposes only and is not provided to satisfy any covenants requirements. The Toll Covenant calculation required under the Senior, Subordinate, and Second Subordinate Indentures has been filed with the Senior, Subordinate, and Second Subordinate trustees.

[1] Revenues less Caltrans Maintenance B expenses and excludes unrealized investment loss of $1,753.
[2] Total Senior, Subordinate, and Second Subordinate Liens debt service less BABs interest subsidies on Senior and Subordinate bonds.
[3] MTC Operating transfers include MTC/Clipper administrative & operating expenses, allocations to other agencies related to Regional Measure 2 and Regional Measure 3, and Transbay Terminal operating expenses, and does not include transit transfer to MTC as it was fulfilled in September 2010 for the next 34 years.
[4] Financing fees and Caltrans Maintenance A Expenses.
[5] Senior Lien debt service less BABs interest subsidy on senior bonds.
[6] Net revenue less BATA services and maintenance and Caltrans/other agency operating grants, and excludes unrealized investment loss of $1,753.
[7] Total Senior and Subordinate Liens debt service less BABs interest subsidies on Senior and Subordinate bonds.
[8] Second Subordinate Lien established March 1, 2025.
[9] Designated reserves through BATA resolution.

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps Summary-BATA Proprietary Fund ($ in thousands)
For the Year Ended June 30, 2026

Schedule 12

Counterparty	Series 2001	Series 2006	Series 2007	Total	Percentage by counterparty	Ratings (S&P/Moody's)	Outlook (S&P/Moody's)
Citibank, N.A.	$ —	$ 115,000	$ 260,000	$ 375,000	26%	A+/Aa3	STABLE/STABLE
Wells Fargo Bank, N.A.	75,000	110,000	—	185,000	13%	A+/Aa2	STABLE/STABLE
JP Morgan Chase Bank, N.A.	—	245,000	—	245,000	17%	AA-/Aa2	STABLE/STABLE
Bank of America, N.A.	—	155,000	50,000	205,000	14%	A+/Aa2	STABLE/STABLE
Goldman Sachs Mitsui Marine Derivative Products LP	—	60,000	85,000	145,000	10%	AA-/Aa2	NO OUTLOOK PROVIDED/STABLE
The Bank of New York Mellon	—	—	210,000	210,000	15%	AA-/Aa2	STABLE/STABLE
Morgan Stanley Bank, N.A.	75,000	—	—	75,000	5%	A+/Aa3	STABLE/STABLE
Total swap notional	150,000	685,000	605,000	1,440,000			
Fair value	$ (9,689)	$ (43,093)	$ (39,148)	$ (91,930)			

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2001 - BATA Proprietary Fund ($ in thousands)

For the Year Ended June 30, 2026

Schedule 13

	Series 2001 A	Series 2001 A	Total
Notional amount	$75,000	$75,000	$150,000
Trade date	1/22/2014	6/26/2015	
Effective date	1/1/2014	7/1/2015	
Swap mode	65% One Mth SOFR Fallback	65% One Mth SOFR Fallback	
Maturity	4/1/2036	4/1/2036	
Swap rate	4.09%	3.29%	
Counterparty (CP)	Morgan Stanley Bank, N.A.	Wells Fargo Bank, N.A.	
S&P/Moody's ratings	A+/Aa3	A+/Aa2	
Ratings outlook	STABLE/STABLE	STABLE/STABLE	
Fair value due from/ (to) CP(1)	$(6,674)	$(3,015)	$(9,689)
Credit risk			
CP Collateral Posting(2)			
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	
or			
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	
and			
2) Termination value >$10 million	No	No	
or			
CP Collateral Posting(2)			
1c) CP < A- (S&P)	No	No	
or			
1d) CP < A3 (Moody's)	No	No	
and			
2) Termination value > $0	No	No	
Ratings termination risk(3)			
CP can terminate if BATA's Sr bond ratings			
(S&P or Moody's) is below	BBB-	BBB+	

(1) Fair value is presented in accordance with GASB Statement No. 72.
(2) Unilateral collateral posting by counterparty.
(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2006 - BATA Proprietary Fund ($ in thousands)

For the Year Ended June 30, 2026

Schedule 14

	Series 2006	Series 2006	Series 2006	Series 2006	Series 2006	Series2006	Total
Notional amount	$245,000	$115,000	$30,000	$110,000	$60,000	$125,000	$685,000
Trade date	4/1/2011	3/20/2012	5/25/2006	3/20/2012	8/28/2008	6/26/2015	
Effective date	4/1/2011	2/8/2006	2/8/2006	3/1/2012	8/1/2008	7/1/2015	
Swap mode	75.105% One Mth SOFR Fallback	53.8% One Mth SOFR Fallback+0.74%	68% One Mth SOFR Fallback	53.8% One Mth SOFR Fallback+0.74%	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Swap rate	4.00%	3.64%	3.63%	3.64%	3.64%	2.96%	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Citibank, N.A.	Bank of America, N.A.	Wells Fargo Bank, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	Bank of America, N.A.	
S&P/Moody's ratings	AA-/Aa2	A+/Aa3	A+/Aa2	A+/Aa2	AA-/Aa2	A+/Aa2	
Ratings outlook	STABLE/STABLE	STABLE/STABLE	STABLE/STABLE	STABLE/STABLE	NO OUTLOOK PROVIDED/ STABLE	STABLE/STABLE	
Fair value due from/ (to) CP(1)	$(20,677)	$(7,196)	$(2,326)	$(6,883)	$(4,705)	$(1,306)	$(43,093)
Credit risk							
CP Collateral Posting(2)							
1a) CP = "A-", "A", or "A+" (S&P)	No	Yes	Yes	Yes	No	Yes	
or							
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	No	No	No	No	
and							
2) Termination value>$10 million	No	No	No	No	No	No	
or							
CP Collateral Posting(2)							
1c) CP < A- (S&P)	No	No	No	No	No	No	
or							
1d) CP < A3 (Moody's)	No	No	No	No	No	No	
and							
2) Termination value >$0	No	No	No	No	No	No	
Ratings termination risk (3)							
CP can terminate if BATA's							
Sr bond ratings (S&P or Moody's) is below	BBB-	BBB-	BBB	BBB+	BBB+	BBB+	

(1) Fair value is presented in accordance with GASB Statement No. 72.

(2) Unilateral collateral posting by counterparty.

(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2007 - BATA Proprietary Fund ($ in thousands)

For the Year Ended June 30, 2026

Schedule 15

	Series 2007	Series 2007	Series 2007	Series 2007	Series 2007	Total
Notional amount	$260,000	$50,000	$85,000	$170,000	$40,000	$605,000
Trade date	1/2/2009	5/25/2006	8/28/2008	9/2/2008	6/26/2015	
Effective date	11/1/2007	11/1/2007	8/1/2008	9/2/2008	7/1/2015	
Swap mode	53.8% One Mth SOFR Fallback + 0.74%	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Swap rate	3.64%	3.63%	3.64%	3.64%	2.22%	
Counterparty (CP)	Citibank, N.A.	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	The Bank of New York Mellon	The Bank of New York Mellon	
S&P/Moody's ratings	A+/Aa3	A+/Aa2	AA-/Aa2	AA-/Aa2	AA-/Aa2	
Ratings outlook	STABLE/STABLE	STABLE/STABLE	NO OUTLOOK PROVIDED/STABLE	STABLE/STABLE	STABLE/STABLE	
Fair value due from/(to) CP(1)	$(17,044)	$(4,030)	$(6,944)	$(13,889)	$2,759	$ (39,148)
Credit risk						
CP Collateral Posting(2)						
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	No	No	No	
or						
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	No	No	No	
and						
2) Termination value > $10 million	No	No	No	No	No	
or						
CP Collateral Posting (2)						
1c) CP <A- (S&P)	No	No	No	No	No	
or						
1d) CP <A3 (Moody's)	No	No	No	No	No	
and						
2) Termination value >$0	No	No	No	No	Yes	
Ratings termination risk(3)						
CP can terminate if BATA's Sr bond ratings						
(S&P or Moody's) is below	BBB-	BBB	BBB+	BBB+	BBB+	

(1) Fair value is presented in accordance with GASB Statement No. 72.
(2) Unilateral collateral posting by counterparty.
(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

STATISTICAL SECTION

This part of MTC's annual comprehensive financial report presents detailed information to aid in understanding information contained in the financial statements, note disclosures, and required supplementary information. Some tables are not presented with ten years of data as the information was not available for these periods.

Contents	Page
Financial Trends	**146**
These schedules provide trend information to assist the reader in understanding the change in MTC's financial performance over time.	
Revenue Capacity	**151**
These schedules include information to help the reader assess MTC's most significant local revenue source, toll bridge revenues.	
Debt Capacity	**156**
These schedules provide information to help the reader assess the affordability of MTC's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	**159**
These schedules offer demographic and economic indicators to help the reader understand the environment in which MTC's financial activities take place.	
Operating Information	**162**
These schedules contain service and infrastructure data to help the reader understand how the information in MTC's financial report relates to the services provided and the activities performed.	

Metropolitan Transportation Commission

Net Position by Component ($ in thousands, unaudited)

By Fiscal Year

Table 1

	FISCAL YEAR									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Governmental activities										
Net investment in capital assets	$ 364	$ 358	$ 279	$ 194	$ 270	$ 302	$ 1,484	$ 3,595	$ 13,106	$ 28,865
Restricted	489,425	528,724	495,071	524,026	487,347	513,053	371,258	376,996	880,843	503,401
Unrestricted	(72,160)	(70,871)	(36,410)	(26,213)	(36,728)	(30,752)	22,511	68,320	103,211	142,767
Total governmental activities net position	$ 417,629	$ 458,211	$ 458,940	$ 498,007	$ 450,889	$ 482,603	$ 395,253	$ 448,911	$ 997,160	$ 675,033
Business-type activities										
Net investment in capital assets	$ 78,054	$ 89,436	$ 114,328	$ 3,138	$ 1,771	$ 200,563	$ 225,743	$ 271,851	$ 271,528	$ 251,958
Restricted	726,490	721,309	757,043	768,075	772,413	1,637,095	1,260,319	1,328,694	1,441,356	925,796
Unrestricted	(7,414,645)	(7,489,582)	(7,687,201)	(8,042,026)	(7,757,978)	(8,328,450)	(7,700,942)	(7,923,694)	(8,217,933)	(7,676,716)
Total business-type activities net position	$ (6,610,101)	$ (6,678,837)	$ (6,815,830)	$ (7,270,813)	$ (6,983,794)	$ (6,490,792)	$ (6,214,880)	$ (6,323,149)	$ (6,505,049)	$ (6,498,962)
Total primary government										
Net investment in capital assets	$ 78,418	$ 89,794	$ 114,607	$ 3,332	$ 2,041	$ 200,865	$ 227,227	$ 275,446	$ 284,634	$ 280,823
Restricted	1,215,915	1,250,033	1,252,114	1,292,101	1,259,760	2,150,148	1,631,577	1,705,690	2,322,199	1,429,197
Unrestricted	(7,486,805)	(7,560,453)	(7,723,611)	(8,068,239)	(7,794,706)	(8,359,202)	(7,678,431)	(7,855,374)	(8,114,722)	(7,533,949)
Total primary government net position	$ (6,192,472)	$ (6,220,626)	$ (6,356,890)	$ (6,772,806)	$ (6,532,905)	$ (6,008,189)	$ (5,819,627)	$ (5,874,238)	$ (5,507,889)	$ (5,823,929)

A change to or within the financial reporting entity is treated prospectively. Prior periods are not restated.

Metropolitan Transportation Commission

Changes in Net Position ($ in thousands, unaudited)

By Fiscal Year

Table 2

	FISCAL YEAR									
	2017	2018	2019*	2020	2021	2022	2023	2024	2025	2026
Expenses										
Governmental activities:										
General government	$ 103,883	$ 87,487	$ 104,246	$ 105,558	$ 100,422	$ 89,826	$ 106,291	$ 142,367	$ 151,934	$ 172,463
Transportation	204,294	192,139	307,829	267,272	110,298	88,119	264,350	397,948	390,075	502,169
Congestion relief**	—	—	—	—	—	—	—	—	—	18,835
Housing	—	—	—	—	—	231	2,384	4,604	17,500	14,647
Total governmental activities expenses	308,177	279,626	412,075	372,830	210,720	178,176	373,025	544,919	559,509	708,114
Business-type activities:										
Clipper smart card	45,094	44,885	48,754	57,879	52,385	39,539	52,858	64,573	64,965	84,608
Toll bridge activities	980,645	988,187	886,760	769,091	747,116	786,132	809,326	999,402	1,330,754	1,220,391
Express lane activities	—	—	—	—	—	65,538	42,798	49,224	62,292	74,732
Congestion relief	11,463	10,696	13,100	17,616	16,989	20,076	21,349	19,845	19,562	—
Total business-type activities expenses	1,037,202	1,043,768	948,614	844,586	816,490	911,285	926,331	1,133,044	1,477,573	1,379,731
Total primary government expenses	$ 1,345,379	$ 1,323,394	$ 1,360,689	$ 1,217,416	$ 1,027,210	$ 1,089,461	$ 1,299,356	$ 1,677,963	$ 2,037,082	$ 2,087,845
Program Revenues										
Governmental activities:										
Operating grants and contributions	$ 247,211	$ 303,748	$ 357,187	$ 360,604	$ 143,181	$ 176,445	$ 225,096	$ 264,844	$ 986,972	$ 283,897
Charges for services	—	—	—	—	—	—	—	—	1	6,814
Total governmental activities program revenues	247,211	303,748	357,187	360,604	143,181	176,445	225,096	264,844	986,973	290,711
Business-type activities:										
Charges for services	772,292	785,383	779,402	688,688	877,183	854,456	925,470	936,731	1,053,640	1,164,989
Operating grants and contributions	88,931	90,664	107,751	107,653	115,784	113,516	113,712	111,595	107,296	93,822
Capital grants and contributions	9,220	11,294	3,658	7,328	11,122	23,443	36,729	48,447	5,787	862
Total business-type activities program revenues	870,443	887,341	890,811	803,669	1,004,089	991,415	1,075,911	1,096,773	1,166,723	1,259,673
Total primary government program revenues	$ 1,117,654	$ 1,191,089	$ 1,247,998	$ 1,164,273	$ 1,147,270	$ 1,167,860	$ 1,301,007	$ 1,361,617	$ 2,153,696	$ 1,550,384
Net (expense)/revenue										
Governmental activities	$ (60,966)	$ 24,122	$ (54,888)	$ (12,226)	$ (67,539)	$ (1,731)	$ (147,929)	$ (280,075)	$ 427,464	$ (417,403)
Business-type activities	(166,759)	(156,427)	(57,803)	(40,917)	187,599	80,130	149,580	(36,271)	(310,850)	(120,058)
Total primary government net expense	$ (227,725)	$ (132,305)	$ (112,691)	$ (53,143)	$ 120,060	$ 78,399	$ 1,651	$ (316,346)	$ 116,614	$ (537,461)

* Starting fiscal year 2019 sales tax is presented in the General Revenues in accordance with GASB Statements No. 34 and No. 52.

** Starting fiscal year 2026 congestion relief is presented in the governmental activities in accordance to GASB Statement No. 103. A change to or within the financial reporting entity is treated prospectively. Prior periods are not restated.

Metropolitan Transportation Commission

Changes in Net Position ($ in thousands, unaudited)

By Fiscal Year

Table 2

	FISCAL YEAR									
	2017	2018	2019*	2020	2021	2022	2023	2024	2025	2026
General Revenues and Other Changes in Net Position										
Governmental activities:										
Sales tax	$ —	$ —	$ 14,781	$ 14,076	$ 14,118	$ 16,821	$ 17,610	$ 16,995	$ 16,662	$ 17,479
Unrestricted investment earnings	4,257	9,427	18,908	13,298	2,679	(1,316)	21,484	33,815	53,802	36,747
Gain on sale of capital assets	6,628	—	—	—	—	—	—	—	—	—
Transfers	15,231	17,142	21,928	23,918	25,076	17,940	21,486	282,923	53,143	21,234
Total governmental activities	26,116	26,569	55,617	51,292	41,873	33,445	60,580	333,733	123,607	75,460
Business-type activities:										
Unrestricted investment earnings	16,269	26,834	67,293	39,780	3,496	(39,677)	60,312	157,227	185,442	136,755
Changes in fair value of other derivative instruments	155,539	79,044	(131,370)	(201,597)	119,999	263,117	87,506	53,698	(1,984)	30,440
Contributed capital	29,700	—	6,815	2,000	1,000	1,081	—	—	—	—
Unusual or infrequent items	1,378	—	—	(230,329)	—	(26,741)	—	—	—	—
Transfers	(15,231)	(17,142)	(21,928)	(23,918)	(25,076)	(17,940)	(21,486)	(282,923)	(53,142)	(21,234)
Total business-type activities	187,655	88,736	(79,190)	(414,064)	99,419	179,840	126,332	(71,998)	130,315	145,961
Total primary government	$ 213,771	$ 115,305	$ (23,573)	$ (362,772)	$ 141,292	$ 213,285	$ 186,912	$ 261,735	$ 253,922	$ 221,421
Change in Net Position										
Governmental activities	$ (34,850)	$ 50,691	$ 729	$ 39,066	$ (25,666)	$ 31,714	$ (87,349)	$ 53,658	$ 551,071	$ (341,943)
Business-type activities	20,896	(67,691)	(136,993)	(454,981)	287,018	259,970	275,912	(108,269)	(180,535)	25,903
Total primary government	$ (13,954)	$ (17,000)	$ (136,264)	$ (415,915)	$ 261,352	$ 291,684	$ 188,563	$ (54,611)	$ 370,536	$ (316,040)

* Starting fiscal year 2019 sales tax is presented in the General Revenues in accordance with GASB Statements No. 34 and No. 52.

** Starting fiscal year 2026 congestion relief is presented in the governmental activities in accordance to GASB Statement No. 103. A change to or within the financial reporting entity is treated prospectively. Prior periods are not restated.

Metropolitan Transportation Commission

Fund Balances of Governmental Funds ($ in thousands, unaudited)

By Fiscal Year

Table 3

	FISCAL YEAR									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General fund										
Nonspendable	$ 823	$ 822	$ 1,426	$ 673	$ 980	$ 1,027	$ 1,146	$ 1,161	$ 1,629	$ 1,577
Restricted for	49	27	—	3,497	2,900	2,900	2,900	2,691	2,854	593,102
Committed to	4,002	3,956	5,677	14,569	9,435	8,217	11,867	15,827	14,815	48,369
Unassigned	36,791	41,608	38,926	32,192	44,274	52,744	74,739	65,909	66,071	49,948
Total general fund	$ 41,665	$ 46,413	$ 46,029	$ 50,931	$ 57,589	$ 64,888	$ 90,652	$ 85,588	$ 85,369	$ 692,996
All other governmental funds										
Nonspendable	$ —	$ 2	$ —	$ —	$ —	$ —	$ —	$ 1	$ 506	$ 526
Restricted for	449,183	492,175	495,071	520,529	484,446	510,171	367,600	374,472	877,750	499,553
Committed to	30,216	34,051	31,788	25,744	23,003	22,444	55,543	103,540	132,178	132,685
Unassigned	(92,221)	(94,371)	(99,797)	(88,760)	(103,199)	(112,754)	(114,404)	(105,183)	(94,602)	(82,356)
Total all other governmental funds	$ 387,178	$ 431,857	$ 427,062	$ 457,513	$ 404,250	$ 419,861	$ 308,739	$ 372,830	$ 915,832	$ 550,408

A change to or within the financial reporting entity is treated prospectively. Prior periods are not restated.

Metropolitan Transportation Commission

Changes in Fund Balances of Governmental Funds ($ in thousands, unaudited)

By Fiscal Year

Table 4

	FISCAL YEAR									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues										
Sales taxes	$ 13,089	$ 13,650	$ 14,781	$ 14,076	$ 14,118	$ 16,821	$ 17,610	$ 16,995	$ 16,662	$ 17,479
Grants - Federal	65,220	54,365	49,227	53,899	56,689	53,470	56,519	65,580	67,900	78,136
Grants - State	105,027	222,417	290,237	294,383	75,384	110,814	125,567	115,930	859,726	150,915
Local agencies revenues and refunds	63,532	13,247	18,015	13,415	13,062	13,351	45,464	87,571	57,682	42,173
Department of Motor Vehicles registration fees	—	—	—	—	—	—	—	—	—	6,588
Investment income	4,257	9,427	18,908	13,298	2,679	(1,316)	21,484	33,815	53,802	36,747
Total revenues	251,125	313,106	391,168	389,071	161,932	193,140	266,644	319,891	1,055,772	332,038
Expenditures										
General government	68,456	64,713	94,692	85,566	82,914	80,389	87,997	122,833	135,471	160,411
Allocation to other agencies	228,987	215,949	323,535	292,058	128,931	107,769	284,343	418,357	419,783	545,664
Capital outlay	165	159	48	12	317	11	1,280	2,546	11,193	16,757
Debt service										
Principal	—	—	—	—	—	—	11	47	87	389
Interest	—	—	—	—	—	—	2	5	8	29
Contribution to Bay Area Headquarters Authority	11,423	—	—	—	—	—	—	—	—	—
Total expenditures	309,031	280,821	418,275	377,636	212,162	188,169	373,633	543,788	566,542	723,250
Excess of revenues over (under) expenditures	(57,906)	32,285	(27,107)	11,435	(50,230)	4,971	(106,989)	(223,897)	489,230	(391,212)
Other financing sources (uses)										
Transfer in	29,597	31,737	39,207	46,413	34,889	53,844	49,922	354,535	114,228	62,489
Transfer out	(14,366)	(14,595)	(17,279)	(22,494)	(9,813)	(35,904)	(28,436)	(71,612)	(61,085)	(41,255)
Loan proceeds	—	—	—	—	—	—	—	—	—	590,000
Lease	—	—	—	—	—	—	146	—	217	151
SBITA	—	—	—	—	—	—	—	—	193	382
Long-term liability payment from other funds	—	—	—	—	—	—	—	—	—	1,952
Sale of capital assets	11,147	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	26,378	17,142	21,928	23,919	25,076	17,940	21,632	282,923	53,552	613,719
Net change in fund balances	$ (31,528)	$ 49,427	$ (5,179)	$ 35,354	$ (25,154)	$ 22,911	$ (85,357)	$ 59,026	$ 542,783	$ 222,507
Debt service as a percentage of noncapital expenditures	— %	— %	— %	— %	— %	— %	— %	0.01 %	0.02 %	0.06 %

A change to or within the financial reporting entity is treated prospectively. Prior periods are not restated.

Metropolitan Transportation Commission

Primary Government Revenues ($ in thousands, unaudited)

By Fiscal Year

Table 5

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Sales Tax	Unrestricted Investment Earnings/ Charges	Return of Contribution from BAHA & BAIFA	Special Item	Total
2017	$ 772,292	$ 336,142	$ 9,220	$ —	$ 176,065	$ 29,700	$ —	1,323,419
2018	785,383	394,412	11,294	—	115,304	—	—	1,306,393
2019 *	779,402	464,938	3,658	14,781	(45,169)	6,815	—	1,224,425
2020	688,688	468,257	7,328	14,076	(148,520)	2,000	(230,329)	801,500
2021	877,183	258,965	11,122	14,118	126,174	1,000	—	1,288,562
2022	854,456	289,961	23,443	16,821	222,124	1,081	(26,741)	1,381,145
2023	925,470	338,809	36,729	17,610	169,302	—	—	1,487,920
2024	936,731	376,439	48,447	16,995	244,740	—	—	1,623,352
2025	1,053,641	1,094,268	5,787	16,662	237,260	—	—	2,407,618
2026	1,171,803	377,719	862	17,479	203,942	—	—	1,771,805

* Starting fiscal year 2019 sales tax is presented in General Revenues in accordance with GASB Statements No. 34 and No. 52.
A change to or within the financial reporting entity is treated prospectively. Prior periods are not restated.

Metropolitan Transportation Commission

Primary Government Expenses by Function ($ in thousands, unaudited)

By Fiscal Year **Table 6**

Fiscal Year	General Government	Transportation	Congestion Relief	Housing	Toll Bridge Activities	Express Lanes	Clipper®	Total
2017	$ 103,883	$ 204,295	$ 11,463	$ —	$ 980,645	$ —	$ 45,094	$ 1,345,380
2018	87,487	192,139	10,696	—	988,187	4,104	44,885	1,327,498
2019	104,246	307,828	13,100	—	886,760	7,342	48,754	1,368,030
2020	105,558	267,272	17,616	—	769,091	28,177	57,879	1,245,593
2021	100,422	110,298	16,989	—	747,116	76,906	52,385	1,104,116
2022	89,826	88,119	20,076	231	786,132	65,538	39,539	1,089,461
2023	106,291	264,350	21,349	2,384	809,326	42,798	52,858	1,299,356
2024	142,367	397,948	19,845	4,604	999,402	49,224	64,573	1,677,963
2025	151,934	390,075	19,562	17,500	1,330,754	62,292	64,965	2,037,082
2026	172,463	502,169	18,835	14,647	1,220,391	74,732	84,608	2,087,845

Metropolitan Transportation Commission

Toll Revenues - By Bridge ($ in thousands, unaudited)

By Fiscal Year

Table 7

Fiscal Year	San Francisco-Oakland Bay	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Revenue
2017	$ 227,404	$ 100,495	$ 59,317	$ 123,023	$ 116,978	$ 15,425	$ 78,143	$ 720,785
2018	225,682	102,083	60,097	125,657	117,766	16,927	79,139	727,351
2019	223,036	101,868	60,575	125,717	117,815	17,880	78,024	724,915
2020	197,549	85,976	49,979	112,430	102,676	16,158	69,163	633,931
2021 *	274,515	102,872	56,397	146,766	135,701	22,284	91,869	830,404
2022	249,940	95,400	53,051	130,358	122,077	20,893	84,478	756,197
2023	263,667	104,560	61,087	135,134	132,647	22,069	88,255	807,419
2024	258,847	105,798	62,646	132,505	130,745	22,185	88,844	801,570
2025	285,931	119,101	70,648	148,099	144,369	24,872	98,401	891,421
2026	310,727	135,287	79,947	160,917	158,789	27,801	108,027	981,495

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Metropolitan Transportation Commission

Paid and Free Vehicles* - By Bridge (in Number of Vehicles) (unaudited)

By Fiscal Year

Table 8

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Traffic
2017	48,037,959	19,915,613	12,045,109	22,454,372	21,782,523	2,734,833	14,846,796	141,817,205
2018	48,243,054	20,268,094	12,192,223	23,052,695	22,062,570	3,030,838	15,017,590	143,867,064
2019	47,813,529	20,249,521	12,318,950	22,995,579	21,933,222	3,214,945	14,837,455	143,363,201
2020	42,101,537	16,967,688	10,155,947	20,670,791	19,102,322	3,016,925	13,031,690	125,046,900
2021	40,199,550	13,721,018	7,617,904	20,320,422	18,172,503	3,083,665	12,278,691	115,393,753
2022	43,253,894	15,739,607	9,012,881	21,034,480	19,807,969	3,229,762	13,257,459	125,336,052
2023	43,433,843	16,088,565	9,724,140	20,920,185	19,504,702	3,296,030	13,100,021	126,067,486
2024	43,111,945	16,452,566	10,108,308	20,569,196	19,766,305	3,351,749	13,364,482	126,724,551
2025	43,076,380	16,803,563	10,307,520	20,673,155	19,742,784	3,302,488	13,359,785	127,265,675
2026	42,864,389	17,234,549	10,456,226	20,567,500	19,937,248	3,400,933	13,476,883	127,937,728

* Paid and free vehicle numbers are derived from the gross traffic reports of bridges.

Metropolitan Transportation Commission

Average Toll Rate Revenues - By Bridge ($ in thousands, unaudited)

By Fiscal Year

Table 9

Fiscal Year	Antioch Bridge	Benicia-Martinez Bridge	Carquinez Bridge	Richmond Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	San Francisco - Oakland Bay Bridge	Total
2017								
No. of paid vehicles ('000s)	2,655	21,043	21,516	14,450	19,404	11,767	45,979	136,814
Average toll rate	$ 5.81	$ 5.56	$ 5.72	$ 5.41	$ 5.18	$ 5.04	$ 4.95	$ 5.27
Total revenues	$ 15,425	$ 116,978	$ 123,023	$ 78,143	$ 100,495	$ 59,317	$ 227,404	$ 720,785
2018								
No. of paid vehicles ('000s)	2,938	21,156	21,997	14,600	19,701	11,868	46,042	138,302
Average toll rate	$ 5.76	$ 5.57	$ 5.71	$ 5.42	$ 5.18	$ 5.06	$ 4.90	$ 5.26
Total revenues	$ 16,927	$ 117,766	$ 125,657	$ 79,139	$ 102,083	$ 60,097	$ 225,682	$ 727,351
2019								
No. of paid vehicles ('000s)	3,118	21,192	22,023	14,454	19,732	12,004	45,761	138,284
Average toll rate	$ 5.73	$ 5.56	$ 5.71	$ 5.40	$ 5.16	$ 5.05	$ 4.87	$ 5.24
Total revenues	$ 17,880	$ 117,815	$ 125,717	$ 78,024	$ 101,868	$ 60,575	$ 223,036	$ 724,915
2020								
No. of paid vehicles ('000s)	2,841	18,336	19,429	12,657	16,531	9,874	40,114	119,782
Average toll rate	$ 5.69	$ 5.60	$ 5.79	$ 5.46	$ 5.20	$ 5.06	$ 4.92	$ 5.29
Total revenues	$ 16,158	$ 102,676	$ 112,430	$ 69,163	$ 85,976	$ 49,979	$ 197,549	$ 633,931
2021								
No. of paid vehicles ('000s)	2,639	16,049	17,104	11,130	12,462	6,857	35,476	101,717
Average toll rate*	$ 8.44	$ 8.46	$ 8.58	$ 8.25	$ 8.25	$ 8.22	$ 7.74	$ 8.16
Total revenues*	$ 22,284	$ 135,701	$ 146,766	$ 91,869	$ 102,872	$ 56,397	$ 274,515	$ 830,404
2022								
No. of paid vehicles ('000s)	2,833	17,285	18,068	12,217	14,497	8,213	38,801	111,914
Average toll rate	$ 7.37	$ 7.06	$ 7.21	$ 6.91	$ 6.58	$ 6.46	$ 6.44	$ 6.76
Total revenues	$ 20,893	$ 122,077	$ 130,358	$ 84,478	$ 95,400	$ 53,051	$ 249,940	$ 756,197
2023								
No. of paid vehicles ('000s)	2,816	17,573	17,654	11,962	14,774	8,828	38,359	111,966
Average toll rate	$ 7.84	$ 7.55	$ 7.65	$ 7.38	$ 7.08	$ 6.92	$ 6.87	$ 7.21
Total revenues	$ 22,069	$ 132,647	$ 135,134	$ 88,255	$ 104,560	$ 61,087	$ 263,667	$ 807,419
2024								
No. of paid vehicles ('000s)	2,822	17,389	17,318	12,071	15,048	9,156	37,928	111,732
Average toll rate	$ 7.86	$ 7.52	$ 7.65	$ 7.36	$ 7.03	$ 6.84	$ 6.82	$ 7.17
Total revenues	$ 22,185	$ 130,745	$ 132,505	$ 88,844	$ 105,798	$ 62,646	$ 258,847	$ 801,570
2025								
No. of paid vehicles ('000s)	2,950	18,099	18,268	12,571	15,878	9,696	39,358	116,820
Average toll rate	$ 8.43	$ 7.98	$ 8.11	$ 7.83	$ 7.50	$ 7.29	$ 7.26	$ 7.63
Total revenues	$ 24,872	$ 144,369	$ 148,099	$ 98,401	$ 119,101	$ 70,648	$ 285,931	$ 891,421
2026								
No. of paid vehicles ('000s)	2,996	18,181	18,101	12,563	16,241	9,857	38,899	116,838
Average toll rate	$ 9.28	$ 8.73	$ 8.89	$ 8.60	$ 8.33	$ 8.11	$ 7.99	$ 8.40
Total revenues	$ 27,801	$ 158,789	$ 160,917	$ 108,027	$ 135,287	$ 79,947	$ 310,727	$ 981,495

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Metropolitan Transportation Commission

Ratios of Outstanding Debt by Type ($ in thousands, unaudited)

By Fiscal Year

Table 10

Fiscal Year	Governmental Activities		Business - Type Activities				Total Primary Government	Toll and Express Lane Revenues	Per Toll and Express Lane Revenues
	Leases	SBITAs	Toll Revenue Bonds	Line of Credit	Leases	SBITAs			
2017	$ —	$ —	$ 9,617,638	$ —	$ —	$ —	$ 9,617,638	$ 720,784	13
2018 **	—	—	9,732,050	—	—	—	9,732,050	735,200	13
2019	—	—	9,643,426	—	—	—	9,643,426	736,644	13
2020	—	—	9,140,324	—	—	—	9,140,324	643,634	14
2021	—	—	9,079,375	—	—	—	9,079,375	851,584 *	11
2022	—	—	9,726,797	—	2,026	—	9,728,823	808,596	12
2023	135	—	9,586,593	—	6,443	217	9,593,388	867,093	11
2024	88	—	9,939,503	210,687	5,036	68	10,155,382	868,875	12
2025	237	174	10,216,859	319,742	3,563	239	10,540,814	965,791	11
2026	263	438	10,134,666	333,015	2,024	—	10,470,405	1,061,589	10

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.
** Included BAIFA Express lane revenues and expenses starting from FY 2018.

Metropolitan Transportation Commission

Ratios of General Bonded Debt Outstanding ($ in thousands, unaudited)

By Fiscal Year

Table 11

Fiscal Year	Toll Revenue Bonds	Less: Amounts Available in BATA Debt Service & Trustee Funds	Total	Toll Revenues	Per Toll Revenues
2017	$ 9,617,638	$ 526,224	$ 9,091,414	$ 720,784	13
2018	9,732,050	519,966	9,212,084	727,350	13
2019	9,643,426	527,589	9,115,837	724,914	13
2020	9,140,324	534,211	8,606,113	633,932	14
2021	9,079,375	539,711	8,539,664	830,405 *	10
2022	9,726,797	904,720	8,822,077	756,197	12
2023	9,586,593	863,469	8,723,124	807,419	11
2024	9,939,503	1,176,293	8,763,210	801,570	11
2025	10,216,859	1,276,381	8,940,478	891,421	10
2026	10,134,666	740,979	9,393,687	981,495	10

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Metropolitan Transportation Commission

Pledged-Revenue Coverage ($ in thousands, unaudited)

By Fiscal Year

Table 12

Toll Revenue Bonds						
			Debt Service			
Fiscal Year	Toll Revenues	Less: Operating	Net Available Revenue	Principal	Interest[1]	Coverage
2017	$ 720,784	$ 165,217	$ 555,567	$ 54,835	$ 381,074	1.27
2018	727,350	168,220	559,131	55,760	383,817	1.27
2019	724,914	174,407	550,507	63,885	380,074	1.24
2020	633,932	162,952	470,981	118,235	383,303	0.94 [2]
2021	830,405 *	149,267	681,138	—	365,009	1.87
2022	756,197	190,347	565,850	39,905	362,787	1.41
2023	807,419	196,015	611,404	86,155	363,099	1.36
2024	801,570	213,271	588,299	109,730	342,453	1.30
2025	891,421	257,213	634,208	124,273	355,290	1.32
2026	981,495	201,116	780,379	95,100	374,421	1.66

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

(1) Net of Build America Bonds (BABs) interest subsidy.

(2) BATA has designated reserves to cover any operating shortfalls. Refer to Schedule 11 for debt service coverage ratios.

Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2026

Table 13

Date of Incorporation	1970
Form of Government	Commissioners with Appointed Executive Director
Number of Commissioners	18 Voting and 3 Non-Voting Members
Number of Employees (Approved Positions)	430
Type of Tax Support	3.5% of TDA Sales Tax
Region in Which Commission Operates	9-County San Francisco Bay Area San Jose, San Francisco & Oakland Combined Statistical Area including San Benito & Santa Cruz
Number of Counties in the Region	9
Area of Authority in Square Miles	6,980
Population of Region in Which Commission Operates	7,679,604
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge, Highway and Transportation District)	127,937,728
Toll Revenues ($ in thousands, excluding Golden Gate Bridge, Highway and Transportation District)	$981,495
Number of Call Boxes in the Region	185

Metropolitan Transportation Commission

Demographic Statistics for Nine San Francisco Bay Area Counties (unaudited)

Last Ten Calendar Years

Table 14

Year	Population [1]	Per Capita Income[2, 5]	Median Age[2, 5]	School Enrollment[3]	Unemployment Rate[4]
2017	7,714,638	N/A	N/A	1,022,684	3.65 %
2018	7,772,586	N/A	N/A	1,022,674	3.07 %
2019	7,783,460	N/A	N/A	1,015,200	2.76 %
2020	7,790,537	N/A	N/A	1,009,363	12.07 %
2021	7,823,826	N/A	N/A	977,976	5.67 %
2022	7,696,482	N/A	N/A	943,427	2.50 %
2023	7,548,792	N/A	N/A	932,599	3.78 %
2024	7,588,780	N/A	N/A	928,631	4.20 %
2025	7,656,691	N/A	N/A	925,204	4.93 %
2026	7,679,604	N/A	N/A	915,911	4.34 %

Data Sources:

[1] State of California, Dept. of Finance, Demographic Research Unit

[2] Bureau of Census

[3] California Department of Education

[4] State of California, Employment Development Department - every ten years

[5] Bureau of Census conducts survey every ten years for the Median Age and Per Capita Income of the nine-county region as a whole.

N/A - Not Available

Metropolitan Transportation Commission

Ten Largest Employers (unaudited)

Fiscal Years 2026 and 2017

Table 15

2026[1][3]			2017[2][3]		
Employer	Employees	Rank	Employer	Employees	Rank
Kaiser Permanente	62,840	1	Kaiser Permanente	40,132	1
City and County of San Francisco	43,239	2	City and County of San Francisco	28,846	2
University of California, San Francisco[4]	38,376	3	University of California, San Francisco	24,304	3
County of Santa Clara	23,252	4	University of California, Berkeley	23,000	4
Tesla Inc.	23,000	5	Safeway Inc.	16,778	5
Meta Platforms Inc.	15,249	6	State of California	15,512	6
Pacific, Gas and Electric	14,631	7	Wells Fargo Bank	14,986	7
Alphabet Inc.	14,426	8	Stanford University	13,634	8
Apple Inc.	12,000	9	United Airlines, Inc.	10,500	9
UCSF Health[4]	12,000	10	Pacific, Gas and Electric	10,411	10

Data Sources

[1] San Francisco Business Times and Silicon Valley Business Journal, Greater Bay Area's Largest Employers by Local Workers, 2026. The source defines the Greater Bay Area as the counties of Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma. Employee counts were obtained through Business Journal research or supplied by the employers and were not independently verified.

[2] San Francisco Business Times, 2017 Book of Lists. The 2017 figures represent the traditional nine-county San Francisco Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.

[3] The 2026 and 2017 employee counts are not directly comparable because the 2026 source covers a broader 12-county Greater Bay Area, while the 2017 source covers the traditional nine-county Bay Area. Differences may also reflect changes in employer reporting and the Business Journal's research methodology.

[4] Employer names and employee counts are presented as reported by the source; related organizations may be reported separately.

Metropolitan Transportation Commission

Full-Time Equivalent Employees by Function (unaudited)

Last Ten Fiscal Years

Table 16

Functions	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Governmental Activities										
General government	74	86	94	74	70	70	66	83	112	113
Transportation	79	122	119	150	142	164	176	182	173	177
Congestion relief*	5	4	5	5	5	6	5	5	5	5
Housing	—	—	—	—	6	6	6	8	8	6
Business-type Activities										
Toll bridge activities	64	65	63	67	70	74	83	88	82	82
Express lane activities	—	—	—	—	—	—	12	15	18	18
MTC Clipper	—	—	—	—	—	—	14	14	19	19
BAHA	10	9	8	8	7	7	8	9	9	10
	232	286	289	304	300	327	370	404	426	430

*Congestion relief was presented in business-type activities prior to FY 2026 and changed to governmental activities due to the adoption of GASB Statement 103.

Metropolitan Transportation Commission

Ratio of Retiree Medical Premium to Covered Payroll (unaudited)
By Fiscal Year **Table 17**

Fiscal Year	Retiree Premiums	Covered Payroll*	% of Covered Payroll
2017	776,100	27,722,133	2.80%
2018	835,827	33,455,049	2.50%
2019	1,010,937	34,846,017	2.90%
2020	1,171,894	36,306,211	3.23%
2021	1,254,523	39,015,440	3.22%
2022	1,416,805	41,289,893	3.43%
2023	1,450,423	47,188,698	3.07%
2024	1,660,824	54,510,786	3.05%
2025	1,887,839	61,193,225	3.09%
2026	2,197,758	65,954,574	3.33%

* Per CalPERS Payment Summary FY 25-26 Covered Payroll

OTHER INFORMATION

Metropolitan Transportation Commission

Schedule of Changes in Assets and Liabilities for Transportation Development Act (TDA) and AB 1107 ($ in thousands, unaudited)

For the Year Ended June 30, 2026

	Balance July 1, 2025	Additions	Deductions	Balance June 30, 2026
County of Alameda				
Assets				
Cash	$ 57,328	$ 103,492	$ 103,669	$ 57,151
Interest receivables	570	510	570	510
Total Assets	$ 57,898	$ 104,002	$ 104,239	$ 57,661
Liabilities				
Accounts payable and accrued liabilities	$ 7,409	$ 25,062	$ 31,591	$ 880
Due to other governments	50,489	78,940	72,648	56,781
Total Liabilities	$ 57,898	$ 104,002	$ 104,239	$ 57,661
County of Contra Costa				
Assets				
Cash	$ 70,471	$ 59,926	$ 64,921	$ 65,476
Accounts receivable	—	35	—	35
Total Assets	$ 70,471	$ 59,961	$ 64,921	$ 65,511
Liabilities				
Accounts payable and accrued liabilities	$ 4,318	$ 36,671	$ 37,757	$ 3,232
Due to other governments	66,153	23,290	27,164	62,279
Total Liabilities	$ 70,471	$ 59,961	$ 64,921	$ 65,511
County of Marin				
Assets				
Cash	$ 2,202	$ 17,293	$ 16,883	$ 2,612
Total Assets	$ 2,202	$ 17,293	$ 16,883	$ 2,612
Liabilities				
Accounts payable and accrued liabilities	$ 890	$ 4,006	$ 3,606	$ 1,290
Due to other governments	1,312	13,287	13,277	1,322
Total Liabilities	$ 2,202	$ 17,293	$ 16,883	$ 2,612
County of Napa				
Assets				
Cash	$ 6,775	$ 11,780	$ 13,645	$ 4,910
Total Assets	$ 6,775	$ 11,780	$ 13,645	$ 4,910
Liabilities				
Accounts payable and accrued liabilities	$ 43	$ 6,379	$ 5,984	$ 438
Due to other governments	6,732	5,401	7,661	4,472
Total Liabilities	$ 6,775	$ 11,780	$ 13,645	$ 4,910

Metropolitan Transportation Commission

Schedule of Changes in Assets and Liabilities for Transportation Development Act (TDA) and AB 1107 ($ in thousands, unaudited) - *Continued*

For the Year Ended June 30, 2026

	Balance July 1, 2025	Additions	Deductions	Balance June 30, 2026
County of San Francisco				
Assets				
Cash	$ 7,573	$ 52,130	$ 51,469	$ 8,234
Interest receivables	172	86	172	86
Total Assets	$ 7,745	$ 52,216	$ 51,641	$ 8,320
Liabilities				
Accounts payable and accrued liabilities	$ 3,399	$ 9,197	$ 11,851	$ 745
Due to other governments	4,346	43,019	39,790	7,575
Total Liabilities	$ 7,745	$ 52,216	$ 51,641	$ 8,320
County of San Mateo				
Assets				
Cash	$ 9,865	$ 62,736	$ 62,603	$ 9,998
Interest receivables	297	169	297	169
Total Assets	$ 10,162	$ 62,905	$ 62,900	$ 10,167
Liabilities				
Accounts payable and accrued liabilities	$ 4,129	$ 12,959	$ 14,950	$ 2,138
Due to other governments	6,033	49,946	47,950	8,029
Total Liabilities	$ 10,162	$ 62,905	$ 62,900	$ 10,167
County of Santa Clara				
Assets				
Cash	$ 22,238	$ 123,856	$ 122,113	$ 23,981
Interest receivables	346	185	345	186
Total Assets	$ 22,584	$ 124,041	$ 122,458	$ 24,167
Liabilities				
Accounts payable and accrued liabilities	$ 10,521	$ 43,123	$ 44,474	$ 9,170
Due to other governments	12,063	80,918	77,984	14,997
Total Liabilities	$ 22,584	$ 124,041	$ 122,458	$ 24,167
County of Solano				
Assets				
Cash	$ 37,220	$ 27,245	$ 34,705	$ 29,760
Total Assets	$ 37,220	$ 27,245	$ 34,705	$ 29,760
Liabilities				
Accounts payable and accrued liabilities	$ 3,521	$ 12,968	$ 11,672	$ 4,817
Due to other governments	33,699	14,277	23,033	24,943
Total Liabilities	$ 37,220	$ 27,245	$ 34,705	$ 29,760

Metropolitan Transportation Commission

Schedule of Changes in Assets and Liabilities for Transportation Development Act (TDA) and AB 1107 ($ in thousands, unaudited) - *Continued*

For the Year Ended June 30, 2026

	Balance July 1, 2025	Additions	Deductions	Balance June 30, 2026
County of Sonoma				
Assets				
Cash	$ 44,345	$ 33,325	$ 44,749	$ 32,921
Total Assets	$ 44,345	$ 33,325	$ 44,749	$ 32,921
Liabilities				
Accounts payable and accrued liabilities	$ 6,676	$ 22,827	$ 28,035	$ 1,468
Due to other governments	37,669	10,498	16,714	31,453
Total Liabilities	$ 44,345	$ 33,325	$ 44,749	$ 32,921
Total TDA fund				
Assets				
Cash	$ 258,017	$ 491,783	$ 514,757	$ 235,043
Accounts receivable	—	35	—	35
Interest receivables	1,384	950	1,384	950
Total Assets	$ 259,401	$ 492,768	$ 516,141	$ 236,028
Liabilities				
Accounts payable and accrued liabilities	$ 40,904	$ 173,192	$ 189,921	$ 24,175
Due to other governments	218,497	319,576	326,220	211,853
Total Liabilities	$ 259,401	$ 492,768	$ 516,141	$ 236,028
AB 1107				
Assets				
Cash	$ 8,182	$ 145,266	$ 145,027	$ 8,421
Total Assets	$ 8,182	$ 145,266	$ 145,027	$ 8,421
Liabilities				
Accounts payable and accrued liabilities	$ 8,182	$ 109,386	$ 109,147	$ 8,421
Total Liabilities	$ 8,182	$ 109,386	$ 109,147	$ 8,421

Metropolitan Transportation Commission

Schedule of Changes in Assets and Liabilities for Revenue-Based State Transit Assistance (STA)

($ in thousands, unaudited)

For the Year Ended June 30, 2026

	Balance July 1, 2025	Additions	Deductions	Balance June 30, 2026
State Transit Assistance [Revenue-Based]				
Assets				
Cash	$ 14,841	$ 222,462	$ 227,146	$ 10,157
Refund receivables	46	—	46	—
Interest receivables	185	125	185	125
State funding receivables	60,035	60,452	60,035	60,452
Total Assets	$ 75,107	$ 283,039	$ 287,412	$ 70,734
Liabilities				
Accounts payable and accrued liabilities	$ 57,979	$ 121,206	$ 121,246	$ 57,939
Due to other governments	17,128	161,833	166,166	12,795
Total Liabilities	$ 75,107	$ 283,039	$ 287,412	$ 70,734

Bay Area Toll Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements

As of and for the Year Ended June 30, 2026

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
June 30, 2026
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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Bay Area Toll Authority (BATA), a component unit of the Metropolitan Transportation Commission, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the BATA'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 the BATA, as of June 30, 2026, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BATA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the BATA'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 the BATA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BATA'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 the BATA's financial statements for the year ended June 30, 2025, from which such partial information was derived.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP

Crowe LLP

San Francisco, California
October 13, 2026

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Toll Authority (BATA), a blended presented component unit of Metropolitan Transportation Commission (MTC). This Management's Discussion and Analysis (MD&A) presents an overview of the financial activities of BATA for the year ended June 30, 2026. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

BATA is responsible for collection and administration of all toll funds and has funding oversight responsibility for California Department of Transportation (Caltrans) maintenance activities for the seven state-owned bridges in the San Francisco Bay Area. BATA also has funding and administrative oversight responsibilities for the Regional Measure 1 (RM 1), Regional Measure 2 (RM 2), and Regional Measure 3 (RM 3) programs approved by the voters in 1988, 2004, and 2018, respectively, as well as the seismic retrofit program.

A. Financial Highlights

Total traffic on the seven BATA bridges increased by 0.5% compared to FY 2025. Total toll revenues increased by 10.1% compared to FY 2025. The increase in revenues was driven by a combination of an increase in paid traffic across the Bay Area bridges, the one dollar RM3 toll increase that went into effect on January 1, 2025, and the 50 cents increase effective on January 1, 2026.

B. Overview of the Financial Statements

BATA'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 are 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 9-13 of this report.

The notes to the financial statements, beginning on page 14, provide additional information that is essential to a full understanding of the data provided in this management discussion and analysis as well as the financial statements.

C. Detailed Analyses

Statement of Net Position

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

	2026	2025
Assets:		
Cash and investments	$ 3,247,492	$ 3,462,761
Receivables	134,999	105,630
Other assets	411	480
Capital assets	4,415	4,019
Total assets	3,387,317	3,572,890
Deferred outflows of resources	597,150	567,724
Liabilities:		
Current liabilities	695,633	708,373
Long term liabilities	10,074,375	10,234,086
Total liabilities	10,770,008	10,942,459
Deferred inflows of resources	5,434	946
Net Position:		
Net investment in capital assets	1,399	31
Restricted for:		
Operations & Maintenance, under debt covenant	36,884	27,980
Emergency reserve, under Caltrans Coop	50,000	50,000
Debt service & debt service reserve	740,979	1,276,381
Regional Measure 3 - WETA	97,933	86,995
Unrestricted	(7,718,170)	(8,244,178)
Total net position	$ (6,790,975)	$ (6,802,791)

Total cash and investments decreased by $215,269 in FY 2026. This change was driven by payment obligations to long-term debt and a decrease in investment income.

Total liabilities decreased by $172,451 in FY 2026, primarily due to the reduction of long-term debt.

The net position increased by $11,816 in FY 2026. The increase was primarily attributable to higher toll revenues, a favorable change in the fair value of derivative instruments, and lower distribution to other agencies for their capital purposes. The negative net position is the result of BATA having issued around ten billion dollars in toll revenue bonds while the assets themselves remain with the State of California and other transit agencies.

Statement of Revenues, Expenses, and Changes in Net Position

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

	2026	2025*
Revenues:		
Toll revenues	$ 981,495	$ 891,421
Revenues from operators/other agencies	18,236	18,443
Other operating revenues	71,225	56,252
Total revenues	1,070,956	966,116
Operating expenses:		
Operating expenses incurred by Caltrans/Transbay JPA	3,659	3,110
Administrative expenses - MTC	23,268	29,741
Other operating expenses	174,189	168,729
Total operating expenses	201,116	201,580
Operating income/(loss)	869,840	764,536
Noncapital subsidies		
Allocation to other agencies	(111,415)	(93,284)
BABs interest subsidy	59,713	62,011
Total noncapital subsidies	(51,702)	(31,273)
Other Nonoperating revenues/(expenses):		
Investment income/(charges)	118,103	161,439
Changes in fair value of other derivative instruments	30,440	(1,984)
Interest expense	(422,962)	(402,464)
Financing fees and bond issuance costs	(10,905)	(12,775)
Distributions to Caltrans/other agencies	(520,958)	(672,739)
ATP grant	—	3,549
Other nonoperating revenues/(expenses)	(40)	(61)
Total other nonoperating revenues/(expenses)	(806,322)	(925,035)
Change in net position	11,816	(191,772)
Net position - Beginning	(6,802,791)	(6,611,019)
Net position - Ending	$ (6,790,975)	$ (6,802,791)

*Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

Net operating income for BATA was $869,840 for FY 2026, an increase of $105,304 or 14% from FY 2025. Major changes included:

- Total revenues increased by $104,840 in FY 2026. The increase in revenues was driven by a combination of an increase in paid traffic across the Bay Area bridges, the one dollar RM3 toll increase that went into effect on January 1, 2025, and the 50 cents increase that went info effect on January 1, 2026. Detailed traffic and revenue information is available in the Other Information, Schedules 7 and 8.
- Total operating expenses slightly decrease by $464 in FY 2026.
- Total noncapital subsidies decreased by $20,429 which resulted from an increase in allocation to other agencies for non-capital subsidies and a decrease in Build America Bonds (BABs subsidy). The Build America Bonds interest subsidy is the federal subsidy from the U.S. Government. The interest subsidy offsets the interest cost on related bonds issued by BATA in FY 2010 and FY 2011. The federal subsidy payment is expected to last for the life of the related bonds, with final maturity on October 1, 2051.
- Other nonoperating revenues/(expenses) increased by $118,713, or about 13% from FY 2025. Major changes included:
  - BATA had an investment gain of $118,103. This was a $43,336 decrease in investment income compared to FY 2025, which was resulted from a lower federal funds rate and steepening treasury yield curve affecting the valuation of the long-term investment pool.
  - Unrealized gain from the increase in fair market value of other derivative investments was $30,440 in FY 2026, which was a $32,424 increase compared to the change in fair value reported in FY 2025.
  - Distributions to other agencies for capital purposes decreased by $151,781 in FY 2026. The decrease was primarily due to decreased distributions of RM3 capital funds to other agencies.

D. Significant Capital Asset and Long-Term Financing Activity

BATA's total investment in capital assets is $4,415 as reported under the accrual basis of accounting. In FY 2026 capital assets increased by $396, which is primarily due to capitalization of Open Road Tolling projects, offset by current year depreciation. Assets relating to the seven state-owned bridges administered by BATA are owned by Caltrans.

During FY 2026, BATA issued $1,013,000 of Toll Bridge Revenue Bonds. All bonds issued during the year were used to refund previously outstanding Toll Bridge Revenue Bonds and Subordinate Toll Bridge Revenue Bonds. BATA administers a debt portfolio of $9,817,095 and derivative instruments of $1,440,000. All of BATA's interest rate swaps were ineffective for accounting purposes. Therefore, the changes in fair values of other derivative instruments are reported in the Statements of Revenue, Expenses and Changes in Net Position. The fair value of the swap portfolio increased by $30,440. BATA's interest expense on the $2,411,150 of federally taxable Build America Bonds (BABs) was $179,947. The BABs subsidy for FY 2026 was $59,713 and net interest expense was $120,234.

E. Currently Known Facts, Decisions, or Conditions

While Gross Domestic Product (GDP) growth and low unemployment paint a strong picture, there are other factors that may complicate the BATA financial picture during the coming fiscal year. The significant financial headwinds include:

- Inflation, which has remained somewhat higher than the Federal Reserve objectives.
- The Federal Reserve has kept its benchmark rate at 3.5% - 3.75% since late 2025 to balance sticky inflation against a softening labor market. Financial markets remain volatile due to uncertain future rate cuts and an impending change in Fed leadership.
- The ongoing transition in U.S. tariff and trade policy.

While conditions in some sectors remain favorable, the macroeconomic factors discussed above and other key issues could present challenges for BAT in FY 2026-27 and beyond.

BATA fiscal year 2026-27 budget incorporates the following key assumptions:

- 3.6% earnings on investments.
- 0.5% traffic growth from current fiscal year budget levels.
- On January 1, 2027, BATA will implement a toll differential for customers using license plate accounts or paying by invoice.
- 8% Staffing vacancy rate.
- 3.8% cost-of-living adjustment (COLA) based on current consumer price index (CPI) projections, which is pursuant to the Metropolitan Transportation Commission Memorandums of Understanding (MOU).

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 Toll Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025
ASSETS		
Current assets:		
Cash — unrestricted	$ 270,927	$ 189,209
Cash — restricted	165,700	135,524
Investments — unrestricted	729,464	592,154
Due from other governments	48	975
Accounts receivables	101,169	77,181
Accrued interest	13,699	16,170
Prepaid expenses and other assets	411	480
Funding due from State/ Caltrans	20,083	11,304
Total current assets	1,301,501	1,022,997
Non-current assets:		
Cash — restricted	21,984	10,026
Investments — unrestricted	1,150,443	1,099,812
Investments — restricted	908,974	1,436,036
Capital assets not being depreciated	2,321	214
Capital assets, net of accumulated depreciation/amortization	2,094	3,805
Total non-current assets	2,085,816	2,549,893
TOTAL ASSETS	3,387,317	3,572,890
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount of refunding	359,762	319,741
Deferred charges	226,558	239,321
Deferred outflows from pension	5,275	4,815
Deferred outflows from OPEB	5,555	3,847
TOTAL DEFERRED OUTFLOWS OF RESOURCES	597,150	567,724

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	267,270	324,363
Accrued interest payable	98,493	95,237
Due to other governments	8,434	16,468
Unearned revenue	156,663	151,208
Retention payable	469	443
Long term debt - current	161,420	117,815
Compensated absences - current	1,275	1,300
Lease liability - current	1,609	1,539
Total current liabilities	695,633	708,373
Non-current liabilities:		
Unearned revenue/ Patron deposits	5,524	5,049
Long term debt, net of unamortized premium/discount	9,973,246	10,099,044
Derivative instruments	91,930	122,369
Compensated absences	2,709	2,640
Lease liability	415	2,024
Net Pension Liability	292	1,306
Net OPEB Liability	259	1,654
Total non-current liabilities	10,074,375	10,234,086
TOTAL LIABILITIES	10,770,008	10,942,459
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	1,690	49
Deferred inflows from OPEB	3,744	897
TOTAL DEFERRED INFLOWS OF RESOURCES	5,434	946
NET POSITION		
Net investment in capital assets	1,399	31
Restricted for:		
Operations & Maintenance, under debt covenant	36,884	27,980
Emergency reserve, under Caltrans Coop	50,000	50,000
Debt service & trustee funds	740,979	1,276,381
Regional Measure 3 - WETA	97,933	86,995
Unrestricted	(7,718,170)	(8,244,178)
TOTAL NET POSITION	$ (6,790,975)	$ (6,802,791)

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025*
OPERATING REVENUES		
Toll revenues collected	$ 981,495	$ 891,421
Revenues from operators/other agencies	18,236	18,443
Other operating revenues	71,225	56,252
TOTAL OPERATING REVENUES	1,070,956	966,116
OPERATING EXPENSES		
Operating expense incurred by Caltrans	3,659	3,110
Professional fees	94,830	93,441
Administrative expenses - MTC	23,268	29,741
Salaries and benefits	19,888	20,385
Communication charges	318	353
Depreciation and amortization	1,711	1,744
Other operating expenses	57,442	52,806
TOTAL OPERATING EXPENSES	201,116	201,580
OPERATING INCOME (LOSS)	869,840	764,536
NONCAPITAL SUBSIDIES		
Allocation to Transbay JPA	(6,395)	(6,178)
Allocations to other agencies	(105,020)	(87,106)
Build America Bonds (BABs) interest subsidy	59,713	62,011
TOTAL NONCAPITAL SUBSIDIES	(51,702)	(31,273)
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	818,138	733,263
OTHER NONOPERATING REVENUES (EXPENSES)		
Investment income	118,103	161,439
Changes in fair value of other derivative instruments	30,440	(1,984)
Interest expense	(422,962)	(402,464)
Financing fees and bond issuance costs	(10,905)	(12,775)
Distribution to other agencies	(388,504)	(567,068)
Distribution to Caltrans for their capital purposes	(132,454)	(105,671)
ATP Grant	—	3,549
Other non-operating expense	(40)	(61)
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	(806,322)	(925,035)
INCREASE (DECREASE) IN NET POSITION	11,816	(191,772)
TOTAL NET POSITION - BEGINNING	(6,802,791)	(6,611,019)
TOTAL NET POSITION - ENDING	$ (6,790,975)	$ (6,802,791)

*Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025*
Cash flows from operating activities		
Cash receipts from users / operations	$ 1,051,640	$ 953,156
Cash payments to suppliers for goods and services	(135,564)	(139,624)
Cash payments for employee salaries and benefits	(19,933)	(19,693)
Cash payments to MTC for administrative services	(23,268)	(29,741)
Other cash receipts	132	19,095
Other cash payments	(7,146)	(1,692)
Net cash provided by operating activities	865,861	781,501
Cash flows from non-capital financing activities		
Distributions to other agencies	(111,752)	(94,249)
Proceeds from issuance of bonds	—	441,660
Build America Bonds interest subsidy	62,076	63,750
Interest paid on bonds	(430,878)	(414,618)
Financing fees	(12,129)	(12,293)
Bond principal payments	(117,815)	(124,273)
Proceeds from refunding bonds	6,773	—
Payment for refunding bonds	—	(14,693)
Net cash used in non-capital financing activities	(603,725)	(154,716)
Cash flows from capital and related financing activities		
Capital grant	—	3,549
Distribution to other agencies	(461,770)	(434,044)
Distribution to Caltrans for their capital purposes	(132,521)	(104,005)
Acquisition of capital assets	(1,326)	(393)
Net cash used in capital and related financing activities	(595,617)	(534,893)
Cash flows from investing activities		
Proceeds from maturities of investments	1,134,544	714,701
Purchase of investments	(693,781)	(1,843,071)
Interest and dividends received	16,570	22,138
Net cash provided by/(used in) investing activities	457,333	(1,106,232)
Net increase/(decrease) in cash	123,852	(1,014,340)
Balances - beginning of year	334,759	1,349,099
Balances - end of year	$ 458,611	$ 334,759

*Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025*
Reconciliation of operating income to net cash provided by/(used in) operating activities		
Operating income (loss)	$ 869,840	$ 764,536
Adjustments to reconcile operating net cash provided by/(used in) operating activities:		
Depreciation and amortization	1,711	1,744
Other expenses	(40)	—
Net effect of changes in:		
Due (to)/from other Funds		
Due (to)/from other governments	(6,179)	19,215
Accounts receivable	(23,651)	(23,195)
Prepaid expenses and other assets	69	140
Due from Caltrans	(398)	235
Accounts payable and accrued expenses	21,014	9,711
Unearned revenue	5,455	11,798
Patron deposits	568	309
State funding due	(944)	(2,150)
Deferred outflows from pension	(460)	440
Deferred outflows from OPEB	(1,708)	547
Net pension asset / liability	(1,014)	105
Net OPEB asset / liability	(1,395)	(273)
Compensated absences liability	44	270
Lease liability	(1,539)	(1,534)
Deferred inflows from pension	1,641	(92)
Deferred inflows from OPEB	2,847	(305)
Net cash provided by/(used in) operating activities	$ 865,861	$ 781,501
Significant Noncash Investing, Capital, and Financing Activities		
Refunding bond proceeds received in escrow/redemption fund	$ 1,013,000	$ 854,190
Debt refunded through escrow/redemption fund	(656,560)	(822,491)
Acquisition of capital assets under accounts payable/accrued liabilities	992	211
Deferred amount on refunding	40,021	(10,500)
Amortization of bond premium/discount	(89,157)	(87,645)
Amortization of deferred charge	(12,763)	(13,285)
Net increase/(decrease) in fair value of derivative instruments	30,440	(1,984)

*Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Bay Area Toll Authority (BATA) is a public agency created on January 1, 1998 pursuant to Streets and Highways Code Section 30950, with responsibilities for the collection and disposition of toll revenues collected from the seven State owned toll bridges in the San Francisco Bay Area. The bridges are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge. BATA generates revenue from toll bridge receipts and its debt is secured by its pledged revenues as more fully described in Note 5, Long Term Debt.

Pursuant to Streets and Highways Code Section 30950, a five-year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans with respect to the collection and disposition of toll bridge revenues. The agreement has been extended through several amendments, and BATA's statutory responsibilities were increased pursuant to AB144, adopted in 2005. The most current amendment extended the agreement through June 30, 2027.

Under the terms of the Cooperative Agreement, BATA has responsibility for the electronic toll collection while Caltrans' responsibilities include the ownership, operation and maintenance of the bridges. See Note 1.T for information on Caltrans' operating expenses.

These standalone financial statements are for the benefit of the users of BATA's financial statements who need more disclosure of information and prefer reviewing the financial information segregated for the BATA as a blended component unit in MTC Annual Comprehensive Financial Report.

B. Basis of Presentation

The financial statements for BATA 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

BATA'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. 103, Financial Reporting Model Improvements, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The financial statement improvements include: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; budgetary comparison information; and financial trends information in the statistical section. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The adoption of the standard has resulted in reclassifications of certain items on BATA's statements. All other disclosure updates required by this new standard are incorporated throughout the relevant sections of this report.

GASB Statement No. 104, Disclosure of Certain Capital Assets, provides users of governmental financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures by major class including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets. This statement also requires additional disclosures for capital assets held for sale. The adoption of this standard has resulted in updates to the disclosures in Note 4 of this report.

E. Cash and Investments

BATA delegates MTC to invest its available funds under the prudent investor rule. The prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords BATA a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Allowable investments include the following:

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

BATA applies the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, as amended (including by GASB Statement No. 72, Fair Value Measurement and Application), which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. BATA reports its money market securities at cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statement of Revenues, Expenses and Changes in Net Position as interest income. Accounting for derivative investments is described in Note 1.V.

BATA considers all balances in demand deposit accounts to be cash. Deposits in the Local Agency Investment Fund (LAIF), money market funds, and the California Asset Management Program (CAMP) are presented as cash as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of loss of principal.

Restricted Cash

Certain cash is restricted as these assets are for specific purposes.

Restricted Investments

Certain investments are classified as restricted on the Statement of Net Position because they are either for a specific purpose, or their use is limited externally by applicable bond covenants, laws or regulations or there exists an imposed restriction through enabling legislation.

Non-Current Cash and Investments

Certain cash and investments are reported as non-current as these funds are (a) restricted as to withdrawal or use for other than current operations, or (b) that are segregated for the liquidation of long-term debts.

F. Prepaid Expenses

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

G. Capital Assets

Capital assets include buildings and improvements, furniture and equipment, right-to-use lease assets, automobiles, and software. Capital asset acquisitions are recorded at historical cost (except for intangible right-to-use lease building, the measurement of which is discussed in Note 1.H). BATA's intangible assets consist of purchased and licensed commercially available computer software and internally developed software.

Capital assets are defined by BATA as assets with an initial, individual or aggregate cost of more than ten thousand dollars and an estimated useful life more than three years. However, capital assets that do not meet the threshold on an individual basis but are material collectively are capitalized. BATA follows the guidance in GASB Statement No. 34, Basic Financial Statements - and Management's Discussion & Analysis - for State and Local Governments and GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets for recording capital assets.

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

Depreciation and amortization are computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

	Years
Buildings and improvements	7-45
Furniture and equipment	3-25
Intangible assets	5-10
Lease equipment	5
Automobiles	5
Right-to-use building	Lease term

When assets have been evaluated for impairment, in which the use of capital assets is discontinued or a decision has been made to sell assets and the assets are not continuing to be used, the depreciation and amortization ceases.

H. Leased Assets

BATA leases office space in Bay Area Metro Center (BAMC) from Bay Area Headquarters Authority (BAHA) and licenses the office space to Conduent. BATA recognizes a lease liability and a right-to-use lease asset (lease asset) in the financial statements.

BATA measured the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the amount of the initial measurement of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the lease asset.

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

- For BATA's office lease from BAHA, the borrowing rate is the tax-exempt Municipal Market Data (MMD) rate plus the relevant spread because BATA is a governmental lessee of BAHA.
- The lease term includes the noncancelable period of the lease.

BATA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

I. Compensated Absences

MTC 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 BATA based on BATA'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. See Note 8 for additional information.

J. Unearned Revenue

When revenue recognition criteria are met, unearned revenue will be reclassified to revenue earned. The unearned revenue in BATA consists of certain funds collected by the Regional Customer Service Center (RCSC). These funds collected by the RCSC are prepayments for tolls or represent a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on participating bridges and Express Lanes.

K. Deferred Inflows/Outflows of Resources - Revenue and Charges

Deferred revenue includes the unamortized portion of a lump sum payment from BATA to MTC. Details of the transaction are described below.

Streets and Highways codes sections 30890, 30911, and 30914 require BATA to transfer a specific percentage of the net base toll collection to MTC annually. The transfers are called AB 664 Net Toll Revenue Reserve, Transit Reserve, and Rail Reserves transfers. In April 2010, MTC entered into a funding agreement with BATA, whereby BATA made a lump sum payment of $506,987 (equal to the net present value from the funds' transfer through fiscal year 2060). The funds were transferred on September 30, 2010. MTC and BATA agreed that the payment would fulfill BATA's entire responsibility to make AB 664 Net Toll Reserve, Transit Reserve, and Rail Reserves fund transfers through the fiscal year ended June 30, 2060. MTC is using the payment to fund planned essential regional transportation projects.

GASB Statement No. 48, Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues, as amended by GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, establishes the criteria to account for the above transactions. The lump sum payment from BATA to MTC met the criteria of the intra-entity sale of future revenues for the fiscal year ended June 30, 2011. GASB Statement No. 48 requires the intra-entity sale of future revenue to be accounted for as a deferred charge and deferred revenue and amortized over the life of the agreement. The balances in the deferred revenue and deferred charge are reported under Deferred Inflows and Outflows of Resources in accordance with GASB Statement No. 65. The amortization charge for the current fiscal year was $12,763.

L. Deferred Amount on Refunding

Deferred amount on refunding represents the unamortized amount of the difference between the reacquisition price and the net carrying value of the old debt from the defeasance of the current and advance bond refundings.

M. Net Pension Liabilities /Assets

The net pension liabilities/assets are the liability/assets employers have for the employee benefits provided through the defined benefit pension plan.

BATA's staff are employees of MTC. MTC 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).

BATA net pension liabilities/assets are derived from BATA's proportional share of MTC's payroll costs for the relevant measurement year.

For additional information on the Plan, refer to Note 6.

N. Net Other Post-Employment Benefits (OPEB) Liabilities/Assets

Net OPEB liabilities/assets are the liabilities/assets employers have for the other post-employment benefits provided through the defined benefit plan.

BATA's staff are employees of MTC. MTC 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).

BATA net OPEB liabilities/assets are derived from BATA's proportional share of MTC's payroll cost for the relevant measurement year.

For additional information on the Plan, refer to Note 7.

O. Deferred Outflows / Inflows of Resources from Pensions and Other Post-Employment Benefits

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.

P. 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 BATA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Q. Toll Revenues

BATA recognizes electronic tolls collected from the operation of the bridges as revenue. Toll revenues are BATA's principal operating revenues.

R. Other Operating Revenues

Violation fees and penalties collected are recognized as other operating revenues in the Statement of Revenues, Expenses and Changes in Net Position.

S. Operating Expenses

Operating expenses are expenses related to BATA's bridge toll service activities.

T. Operating Expenses Incurred by Caltrans

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenses. These expenses include maintenance, administration, operations, and overhead costs.

U. Nonoperating Revenues and Expenses

BATA distinguishes operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. Subsidies are defined as (i) resources received from another party or fund for which BATA does not provide goods and services to the other party or fund and that directly or indirectly keep BATA's current or future fees and charges lower than they would be otherwise, and (ii) resources provided to another party or fund for which the other party or fund does not provide goods and services to BATA and that are recoverable through BATA's current or future pricing policies. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

V. Investment Income and Other Derivative Instruments

Investment income (loss) is comprised of interest income and unrealized gain (loss) from investments. The investment derivative instruments that are within the scope GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instrument, but do not meet the definition of an investment are considered other derivative instruments. In accordance to GASB Statement No. 99, Omnibus 2022, paragraph 8, the changes in fair value of other derivative instruments should be reported on the resource flows statement separately from the investment revenue classification. Investment income and changes in fair value of derivative instruments for fiscal year 2026 is as follows:

	BATA
Investment income (loss)	$ 118,103
Changes in fair value of other derivative instruments	30,440

W. Distributions to Caltrans for their Capital Purposes

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for bridge capital expenses. Expenses are recorded or accrued related to the period to the extent the invoices are received by MTC through 60 days after the end of the fiscal year.

X. 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.

Y. Build America Bonds (BABs) Interest Subsidy

The interest subsidy on BABs issued by BATA was $59,713 for fiscal year 2026. Of this amount, $13,122 was not received as of June 30, 2026, and therefore was included as a year-end accrual. The BABs interest subsidy is scheduled to be received from the Federal government on April 1 and October 1 of each year. Ongoing Federal and sequestration constraints have led to reductions in the interest subsidy payments. In fiscal year 2026, the payments were impacted by a reduction of 5.7% of the subsidy amount.

Z. 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 BATA's prior year financial statements found in MTC's fiscal year 2024-2025 Annual Comprehensive Financial Report (ACFR), from which this selected financial data was derived.

AA. Presentational Reclassifications of Prior Year Amounts

Certain prior year amounts have been reclassified to conform to the current year presentation. There is no effect on changes in fund balance or net position as a result of these reclassifications.

2. Net Position / Fund Balance Deficit

BATA's negative net position/fund balance arises from BATA having issued around ten billion dollars in toll revenue bonds while the assets themselves are generally owned by the State of California and other transportation agencies. BATA is responsible for providing Caltrans funding for bridge construction and repairs related to the seven state-owned bridges in the San Francisco Bay Area. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges.

3. Cash and Investments

A. A summary of Cash and Investments as shown on the Statement of Net Position at June 30, 2026 is as follows:

Cash — unrestricted	$	270,927
Investments — unrestricted		1,879,907
Total Unrestricted Cash and Investments		2,150,834
Cash — restricted		187,684
Investments — restricted		908,974
Total Restricted Cash and Investments		1,096,658
Total Cash and Investments	$	3,247,492

The details of restricted cash and investments are as follows:

FasTrak® program	$	170,862
BATA debt service reserve funds*		591,935
BATA construction funds*		99,130
BATA bond funds*		49,914
Operations & maintenance reserve		36,884
Emergency reserve		50,000
RM3 - WETA		97,933
Total restricted cash and investments	$	1,096,658

* BATA debt service & trustee funds consists of the debt service reserve funds, construction funds, and bond funds.

Restricted cash on the FasTrak® program consists of customer prepaid tolls and deposits from patrons. The patrons are issued transponders with prepaid amounts for usage against tolls on the San Francisco Bay Area bridges and Bay Area Express Lanes network. Tolls are deducted from customers' prepaid toll accounts as customers cross a bridge or use the express lanes. The BATA debt service & trustee funds are described in Note 5. The Operations & Maintenance reserve and the Emergency reserve are described in Note 10.

B. The composition of cash at June 30, 2026 is as follows:

Cash

Cash at banks	$	62,015
Government Pools		396,596
Total Cash	$	458,611

Money Market Mutual Funds

The BlackRock Treasury Trust Fund is part of the overnight sweep fund utilized by Bank of New York trustee accounts and Bank of America demand deposit accounts. The fund invests 100% of its total assets in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

The BlackRock T-Fund Institutional Fund is part of the overnight sweep fund utilized by US Bank trustee accounts. The fund invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury, and repurchase agreements fully collateralized by such obligations. The fund is rated "AAA/Aaa" by Standard & Poor's and Moody's, respectively.

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

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

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

Money Market Mutual Funds	
BlackRock T-Fund Institutional Fund	1%
BlackRock Treasury Trust Fund	2%
First American Government Obligations Fund	Less than 1%
Morgan Stanley Government Portfolio	Less than 1%

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

Government Pools

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.

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. LAIF is unrated.

The government pool investments are expressed as a percentage of total cash and investments as follows:

Government Pool Investments	
California Asset Management Program	11%
Local Agency Investment Fund	1%

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

Investments

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

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

Investments in the following table are valued on the basis of price data provided by the custodian and trustee banks. The fair value hierarchy as of June 30, 2026 is as follows:

	Level 1	Level 2	Level 3	Total
U.S. Treasury	$ 1,008,535			$ 1,008,535
Money Market Mutual Funds[1]	32,523			32,523
Government-Sponsored Enterprises		833,127		833,127
Corporate Bond		490,657		490,657
Asset Back Security		201,449		201,449
Commercial Paper		137,107		137,107
Municipal Bonds[2]		44,472		44,472
Others[3]		41,011		41,011
Total Investments Measured at Fair Value	$ 1,041,058	$ 1,747,823	$ —	$ 2,788,881

1. Money Market Mutual Funds are strategically utilized for investment purposes.
2. Municipal Bonds include holdings in Bay Area Air District (the Air District) Certificates of Participation (COP). The Air District COP is a private placement security and is not rated.
3. Others include Yankees, Supranationals and Certificates of Deposits.

Refer to Note 5 for the investment derivative instruments valuations.

C. Deposit and Investment Risk Factors

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

i.) Credit Risk

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will fail to meet its obligations or potentially default.

ii.) Custodial Credit Risk

Custodial credit risk is the risk that securities held by the custodian and in the custodian's name may be lost and not be recovered. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BATA may not be able to recover its deposits that are in the possession of an outside party. Under California Government Code Sections 53651 and 5365, 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 BATA's cash on deposit.

iii.) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments.

Neither state law nor MTC policy imposes a limit to the amount of U.S. Treasury and Government-sponsored Enterprise debt securities that can be held in the portfolio.

iv.) Interest Rate Risk

Interest rate risk is the risk that the market value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration in years, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations.

Investments in issuers that represent 5 percent or more of total investments, their respective credit ratings, and their weighted average duration at June 30, 2026 are as follows:

		Issuer Rating	
	Weight	S&P / Moody's / Fitch	Duration
U.S. Treasury	36%	AA+/Aa1/AA+	2.11
Government-sponsored enterprises			
Federal Home Loan Bank	19%	AA+/Aa1/AA+	0.42
Federal Home Loan Mortgage Corporation	6%	AA+/Aa1/AA+	2.87

4. Capital Assets

A summary of capital assets for the period ended June 30, 2026 is as follows:

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026
Capital assets, not being depreciated:				
Construction in progress	$ 214	$ 2,107	—	$ 2,321
Total capital assets, not being depreciated/ amortized	214	2,107	—	2,321
Capital assets, being depreciated/amortized:				
Furniture and equipment	10,077	—	—	10,077
Building/Tenant improvements	5,163	—	—	5,163
Automobiles	28	—	—	28
Intangible assets - software	23,492	—	—	23,492
Lease assets - office space	9,222	—	—	9,222
Total capital assets, being depreciated/ amortized	47,982	—	—	47,982
Less accumulated depreciation/amortization for:				
Furniture and equipment	9,825	117	—	9,942
Building/Tenant improvements	5,027	60	—	5,087
Automobiles	24	4	—	28
Intangible assets - software	23,447	33	—	23,480
Lease assets - office space	5,854	1,497	—	7,351
Total accumulated depreciation/amortization	44,177	1,711	—	45,888
Total capital assets, being depreciated/ amortized, net	3,805	(1,711)	—	2,094
Total capital assets, net	$ 4,019	$ 396	$ —	$ 4,415

5. Long Term Debt

In March 2026, BATA issued its Senior Toll Bridge Revenue Bonds, 2026 Series A (Term Rate), of $166,665 with an original issue premium of $29,021 to refund all of the Authority's outstanding Toll Bridge Revenue Bonds, 2018 Series A (Term Rate). The 2026 Series A bonds have a final maturity of April 2061 and bear interest at a fixed 5.000 percent Term Rate through October 1, 2033.

The 2026 Series A Bonds were issued to refund the outstanding 2018 Series A Bonds in advance of the expiration of their term rate period and establish a new seven-year term rate period. Because the refunding was undertaken to establish a new term rate period rather than to achieve debt service savings, an economic gain or loss analysis was not applicable.

The majority of the proceeds of the 2026 Series A bonds, along with a cash contribution from BATA of $2,286 were deposited into an escrow fund held by the Senior Indenture Trustee. Proceeds of the issuance were also used to pay costs of issuance.

The 2026 Series A refunding transaction was recorded as a current refunding in accordance with GASB Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, and GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.

In March 2026, BATA issued its Senior Fixed Rate Toll Bridge Revenue Bonds, 2026 Series F-1, of $384,510 with an original issue premium of $88,792 to refund a portion of the Authority's outstanding Subordinate Toll Bridge Revenue Bonds, 2010 Series S-1 (BABs). The 2026 Series F-1 bonds mature serially from April 2037 through April 2044 and bear interest at a stated fixed rate of 5.000 percent.

The majority of the proceeds of the 2026 Series F-1 bonds, together with other available funds of BATA, were deposited into a redemption fund held by the Subordinate Trustee. BATA also transferred $19,180 from the 2010 Series S-1 Reserve Fund to the Senior Reserve Fund. Proceeds of the issuance were also used to pay costs of issuance. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt is $29,351. The transaction provided a present value economic gain of $20,431.

The 2026 Series F-1 refunding transaction was recorded as a current refunding in accordance with GASB Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, and GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.

Also in March 2026, BATA issued its Senior Toll Bridge Revenue Bonds, 2026 Series B, Series C and Series D Variable Rate Bonds, of $461,825 to refund all of the Authority's outstanding Toll Bridge Revenue Bonds, 2007 Series B-2, 2007 Series D-2, 2007 Series G-1, 2008 Series C-1, 2017 Series A and 2021 Series C. The 2026 Series B, C, and D bonds have a final maturity of April 2059 and were issued as variable rate demand bonds in Weekly Rate mode.

The 2026 Series B and Series C Bonds were issued to refund existing term rate bonds and floating rate notes in advance of the expiration of their respective term rate and index rate periods, replacing those obligations with variable rate demand bonds and extending principal repayment. The 2026 Series D Bonds were issued to refund existing variable rate demand bonds, renew credit support, and extend principal repayment. Because the refundings were undertaken to change modes and future variable-rate debt service is not determinable, a conventional economic gain or loss analysis is not applicable to these refunding transactions.

The majority of the proceeds of the 2026 Series B, C and D bonds, along with a cash contribution from BATA of $11,864, were deposited into escrow and redemption accounts.

The 2026 Series B, C, and D refunding transaction was recorded as a current refunding in accordance with GASB Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, and GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.

Term / Index Rate Bonds:

BATA has a principal balance of $798,215 in term/index rate bonds. The term and index rate bond series are detailed as follows:

Series	Par Amount	Term/ Index Rate	Effective Date	End of Term/Index Rate Period
2001 Series A	$150,000	SIFMA Swap Index plus 1.25%	1/10/2013	4/1/2027
2021 Series A	$204,835	2.000%	3/17/2021	4/1/2028
2021 Series D	$150,000	SIFMA Swap Index plus 0.30%	12/21/2021	4/1/2027
2021 Series E	$126,715	SIFMA Swap Index plus 0.41%	12/21/2021	4/1/2028
2026 Series A	$166,665	5.000%	3/12/2026	10/1/2033

Variable Rate Demand Bonds:

BATA has a principal balance of $1,759,380 in Variable Rate Demand Bonds. The Variable Rate Demand Bonds are backed by various Letter of Credit providers and are reset at a weekly or daily rate by various remarketing agents. The Variable Rate Demand Bonds series are detailed as follows:

Series	Par Amount	Interest Rate Mode	Letter of Credit Providers	Short Term Rating (S&P/Fitch)	Letter of Credit Expiration Date	Remarketing Agents
2007 Series A2	$75,000	Weekly	PNC Bank, N.A.	A1/F1	4/23/2027	PNC Capital Markets, LLC
2007 Series C2	$25,000	Weekly	PNC Bank, N.A.	A1/F1	4/23/2027	PNC Capital Markets, LLC
2008 Series E1	$50,000	Weekly	PNC Bank, N.A.	A1/F1	4/23/2027	PNC Capital Markets, LLC
2023 Series A	$175,000	Daily	Barclays Bank PLC	A1/F1+	4/1/2027	JP Morgan Securities, LLC
2023 Series B	$110,000	Daily	Barclays Bank PLC	A1/F1+	4/1/2028	Barclays Capital Inc.
2024 Series A	$85,000	Weekly	Sumitomo Mitsui Banking Corporation	A1/F1	4/2/2029	JP Morgan Securities, LLC
2024 Series B	$110,000	Weekly	Sumitomo Mitsui Banking Corporation	A1/F1	4/2/2029	Wells Fargo Bank, N.A.
2024 Series C	$102,555	Weekly	Sumitomo Mitsui Banking Corporation	A1/F1	4/2/2029	BofA Securities, Inc.
2024 Series D	$152,840	Daily	TD Bank, N.A.	A1/F1+	4/2/2029	TD Securities (USA) LLC
2024 Series E	$97,160	Daily	Bank of America, N.A.	A1/F1+	4/3/2028	JP Morgan Securities, LLC
2024 Series G	$115,000	Weekly	Bank of America, N.A.	A1/F1+	4/3/2028	BofA Securities, Inc.
2024 Series H	$150,000	Daily	Bank of America, N.A.	A1/F1+	4/2/2029	JP Morgan Securities, LLC
2024 Series I	$50,000	Daily	TD Bank, N.A.	A1/F1+	6/26/2029	Wells Fargo Bank, N.A.
2026 Series B	$136,825	Weekly	Wells Fargo Bank, N.A.	A1/F1+	4/1/2030	JP Morgan Securities, LLC
2026 Series C	$175,000	Weekly	Wells Fargo Bank, N.A.	A1/F1+	4/1/2030	Wells Fargo Bank, N.A.
2026 Series D	$150,000	Weekly	Bank of America. N.A	A1/F1+	4/1/2031	Barclays Capital Inc.

As of June 30, 2026, there were no outstanding draws. Commitment fees are paid quarterly to the Letter of Credit Providers. In the event the bonds covered under the reimbursement agreements become bank bonds, the maximum interest rate on the bonds would be 15%.

A summary of changes in long-term debt for the year ended June 30, 2026 is as follows:

Business-type activities	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2025	Additions	Reductions	Ending Balance June 30, 2026	Due Within One Year[9]
Series 2001A Toll Bridge Revenue Bonds (Index Rate Bonds)	5/24/2001	VAR	-1	2036	$ 150,000	$ 150,000	$ —	$ —	$ 150,000	$ —
Series 2007A-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	4/24/2025	VAR	-2	2047	75,000	75,000	—	—	75,000	—
Series 2007B-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	10/25/2007	VAR	-2	2047	75,000	75,000	—	(75,000) -7	—	—
Series 2007C-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	4/24/2025	VAR	-2	2047	25,000	25,000	—	—	25,000	—
Series 2007D-2 Toll Bridge Revenue Bonds (Variable Rate Bonds)	10/25/2007	VAR	-2	2047	100,000	100,000	—	(100,000)	—	—
Series 2007G-1 Toll Bridge Revenue Bonds (Variable Rate Bonds)	5/15/2007	VAR	-2	2047	50,000	50,000	—	(50,000) -8	—	—
Series 2008C-1 Toll Bridge Revenue Bonds (Variable Rate Bonds)	6/5/2008	VAR	-2	2045	25,000	25,000	—	(25,000)	—	—
Series 2008E-1 Toll Bridge Revenue Bonds (Variable Rate Bonds)	4/24/2025	VAR	-2	2045	50,000	50,000	—	—	50,000	—
Series 2009F-2 Toll Bridge Revenue Bonds (BABS)	11/5/2009	6.26%	-3	2049	1,300,000	1,300,000	—	—	1,300,000	—
Series 2010S-1 Subordinate Toll Bridge Revenue Bonds (BABS)	7/1/2010	6.793% - 7.043%	-3	2050	1,500,000	1,046,125	—	(409,975)	636,150	—
Series 2010S-3 Subordinate Toll Bridge Revenue Bonds (BABS)	11/4/2010	6.91%	-3	2050	475,000	475,000	—	—	475,000	—
Series 2017A Toll Bridge Revenue Bonds (Term Rate Bonds)	2/23/2017	2.95%		2047	125,225	114,905	—	(114,905)	—	—
Series 2017F-1 Toll Bridge Revenue Bonds	2/23/2017	4.000% - 5.000%		2056	300,000	75,000	—	—	75,000	—
Series 2017S-7 Subordinate Toll Bridge Revenue Bonds	8/23/2017	3.000% - 5.000%		2049	1,402,175	1,243,465	—	(16,230)	1,227,235	42,630
Series 2018A Senior Toll Bridge Revenue Bonds (Term Rate Bonds)	12/20/2018	2.63%		2045	194,735	194,735	—	(194,735) -5	—	—
Series 2019F-1 Toll Bridge Revenue Bonds	9/26/2019	2.425% - 3.552%		2054	869,195	67,400	—		67,400	—
Series 2019S-8 Subordinate Toll Bridge Revenue Bonds	8/1/2019	3.000% - 5.000%		2054	203,270	121,620	—	—	121,620	—
Series 2021A Toll Bridge Revenue Bonds (Term Rate Bonds)	3/17/2021	2.00%		2056	204,835	204,835	—	—	204,835	—
Series 2021C Toll Bridge Revenue Bonds (Index Rate Bonds)	3/17/2021	VAR		2056	100,000	100,000	—	(100,000) -7	—	—

Business-type activities	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2025	Additions	Reductions	Ending Balance June 30, 2026	Due Within One Year[9]
Series 2021D Toll Bridge Revenue Bonds (Index Rate Bonds)	12/21/2021	VAR		2056	150,000	150,000	—	—	150,000	—
Series 2021E Toll Bridge Revenue Bonds (Index Rate Bonds)	12/21/2021	VAR		2056	126,715	126,715	—	—	126,715	—
Series 2021F-1 Toll Bridge Revenue Bonds	3/17/2021	1.079% - 2.982%		2040	349,205	285,970	—	(12,095)	273,875	27,225
Series 2021F-2 Toll Bridge Revenue Bonds	12/21/2021	2.60%		2056	338,500	338,500	—	—	338,500	—
Series 2021F-3 Toll Bridge Revenue Bonds	12/21/2021	3.13%		2055	361,500	361,500	—	—	361,500	—
Series 2021S-10 Subordinate Toll Bridge Revenue Bonds	12/21/2021	2.513% - 3.276%		2050	274,240	274,240	—	—	274,240	—
Series 2023A Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/21/2023	VAR	-2	2055	175,000	175,000	—	—	175,000	—
Series 2023B Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/21/2023	VAR		2055	110,000	110,000	—	—	110,000	—
Series 2023F-1 Toll Bridge Revenue Bonds	5/2/2023	5.000% - 5.250%		2054	391,055	351,025	—	(32,135)	318,890	1,970
Series 2023F-2 Toll Bridge Revenue Bonds	6/22/2023	4.13%		2054	40,810	40,810	—	—	40,810	—
Series 2024A Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR		2059	85,000	85,000	—	—	85,000	—
Series 2024B Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR	-2	2059	110,000	110,000	—	—	110,000	—
Series 2024C Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR	-2	2059	102,555	102,555	—	—	102,555	—
Series 2024D Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR		2059	152,840	152,840	—	—	152,840	—
Series 2024E Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR		2059	97,160	97,160	—	—	97,160	—
Series 2024F-1 Toll Bridge Revenue Bonds	6/26/2024	5.00%		2052	63,780	54,805	—	(4,025)	50,780	42,070
Series 2024F-2 Toll Bridge Revenue Bonds	6/26/2024	5.00%		2045	250,000	250,000	—	—	250,000	—
Series 2024G Toll Bridge Revenue Bonds (Variable Rate Bonds)	2/29/2024	VAR	-2	2059	115,000	115,000	—	—	115,000	—
Series 2024H Toll Bridge Revenue Bonds (Variable Rate Bonds)	6/26/2024	VAR	-2	2059	150,000	150,000	—	—	150,000	—
Series 2024I Toll Bridge Revenue Bonds (Variable Rate Bonds)	6/26/2024	VAR	-2	2059	50,000	50,000	—	—	50,000	—
Series 2024S-11 Subordinate Toll Bridge Revenue Bonds	7/5/2024	5.00%		2036	282,285	260,050	—	(23,225) -9	236,825	24,360
Series 2025F-1 Toll Bridge Revenue Bonds	3/13/2025	5.00%		2053	296,035	296,035	—	(4,310)	291,725	625
Series 2025F-2 Toll Bridge Revenue Bonds	6/18/2025	5.00%		2047	400,000	400,000	—	—	400,000	—

Business-type activities	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2025	Additions	Reductions	Ending Balance June 30, 2026	Due Within One Year[9]
Series 2025SSL-1 Second Subordinate Toll Bridge Revenue Bonds	3/13/2025	5.00%	2034	45,070	45,070	—	—	45,070	—
Series 2025SSL-2 Second Subordinate Toll Bridge Revenue Bonds	6/18/2025	5.00%	2031	113,085	113,085	—	(22,715)	90,370	22,540
Series 2026 F-1 Toll Bridge Revenue Bonds	3/24/2026	5.00%	2044	384,510	—	384,510 [4]	—	384,510	—
Series 2026A Toll Bridge Revenue Bonds (Term Rate Bonds)	3/12/2026	5.00%	2061	166,665	—	166,665 [5]	—	166,665	—
Series 2026B Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/12/2026	VAR	2059	136,825	—	136,825 [6]	—	136,825	—
Series 2026C Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/12/2026	VAR	2059	175,000	—	175,000 [7]	—	175,000	—
Series 2026D Toll Bridge Revenue Bonds (Variable Rate Bonds)	3/12/2026	VAR	2059	150,000	—	150,000 [8]	—	150,000	—
				$ 12,867,270	9,988,445	1,013,000	(1,184,350)	9,817,095	$ 161,420
Net unamortized bond premium/(discount)					228,414	117,932	(28,775)	317,571	
Net of BATA bonds issued as of June 30, 2026					$ 10,216,859	$ 1,130,932	$ (1,213,125)	$ 10,134,666	

[1] Interest rates on index rate bonds are based on the SIFMA Swap Index Rate plus a spread.
[2] Interest rates for variable rate bonds are based on daily or weekly variable rates. Variable rate bonds are presented as long term debt in accordance with GASB Interpretation No. 1 because BATA has liquidity commitments.
[3] Federal Taxable Build America Bonds.
[4] The 2026 Series F1 bonds were issued as senior fixed rate bonds on 3/24/26 to refund $409,975 of the 2010 Series S1 bonds.
[5] The 2026 Series A bonds were issued as senior term rate bonds on 3/12/2026 to fully refund the 2018 Series A bonds.
[6] The 2026 Series B bonds were issued as senior VRDB bonds on 3/12/2026 to fully refund the 2017 Series A and 2008 Series C-1 bonds.
[7] The 2026 Series C bonds were issued as senior VRDB bonds on 3/12/2026 to fully refund the 2007 Series B-2 and 2021 Series C bonds.
[8] The 2026 Series D bonds were issued as senior VRDB bonds on 3/12/2026 to fully refund the 2007 Series D-2 and 2007 Series G-1 bonds.
[9] Scheduled payments.

Annual Funding Requirements

The annual funding requirements for the debt and swap outstanding at June 30, 2026 are as follows:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2027	$ 161,420	$ 435,370	$ 596,790
2028	169,450	426,708	596,158
2029	176,430	418,725	595,155
2030	190,230	412,847	603,077
2031	198,695	404,861	603,556
2032-2036	1,030,960	1,910,951	2,941,911
2037-2041	1,141,165	1,703,049	2,844,214
2042-2046	1,524,915	1,400,056	2,924,971
2047-2051	2,140,175	889,058	3,029,233
2052-2056	1,773,760	381,477	2,155,237
2057-2061	1,309,895	104,492	1,414,387
	$ 9,817,095	$ 8,487,594	$ 18,304,689

Bond Covenants

Senior Indenture

The Bay Area Toll Authority Senior Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Master Indenture dated as of May 1, 2001 (the 2001 "Master Indenture"). Pledged "Revenue" and exclusions to the trustee funds and accounts are defined within the Master Indenture. BATA has established a Reserve Fund under the 2001 Master Indenture. The senior lien Reserve Fund solely secures the senior lien bonds and the balance is required to be no less than the lesser of Maximum Annual Debt Service on all Senior Bonds and 125% of average Annual Debt Service on all Senior Bonds.

BATA covenanted in the Master Indenture that no Additional Bonds (as defined in the Master Indenture) shall be issued, unless Net Revenue is no less than 1.5 times of the combined Maximum Annual Debt Service costs of all outstanding parity bonds and the additional bonds to be issued. Parity bonds have the same priority of claim or lien against pledged "Revenue".

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in Net Revenue no less than 1.2 times Annual Debt Service costs as defined in the Master Indenture. In addition, BATA agreed to maintain tolls at a level where Net Revenue plus the balance in the Operations and Maintenance Fund is at least 1.25 times total "Fixed Costs". BATA also has the legal requirement of maintaining tolls at a level exceeding 1.0 times all fixed costs. See Schedule 10.

The senior lien bonds issued by BATA are secured by a first lien on all toll revenue.

Subordinate Indenture

The Bay Area Toll Authority's Subordinate Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Subordinate Indenture dated June 1, 2010 (the "2010 Subordinate Indenture"). Pledged "Revenue" and exclusions to the trustee funds and accounts are defined within the 2010 Subordinate

Indenture. BATA has established Reserve Accounts under the 2010 Subordinate Indenture. Each outstanding series of subordinate bonds has a Reserve Account funded at the maximum annual amount of interest payable for and securing that series of bonds.

BATA covenanted in the 2010 Subordinate Indenture that no Additional Bonds (as defined in the 2010 Subordinate Indenture) shall be issued unless the Available Revenue equates to no less than 1.2 times of the combined Maximum Annual Debt Service costs of all outstanding senior and subordinate bonds and the additional bonds to be issued.

In the first supplemental indenture dated June 2010, BATA covenanted to maintain toll revenue at levels that result in Available Revenue no less than 1.2 times Annual Debt Service costs.

Second Subordinate Indenture

The Bay Area Toll Authority's Second Subordinate Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Second Subordinate Indenture dated March 1, 2025 (the "2025 Second Subordinate Indenture"). Pledged "Revenue" and exclusions to the trustee funds and accounts are defined within the 2025 Second Subordinate Indenture. The 2025 Series SSL-1 has a Reserve Account funded at the maximum annual amount of interest payable for and securing that series of bonds.

BATA covenanted in the 2025 Second Subordinate Indenture that no Additional Bonds (as defined in the 2025 Second Subordinate Indenture) shall be issued unless the Available Revenue equates to no less than 1.2 times of the combined Maximum Annual Debt Service costs of all outstanding senior, subordinate, and second subordinate lien bonds and the additional bonds to be issued.

In the first supplemental indenture dated March 2025, BATA covenanted to maintain toll revenue at levels that result in Available Revenue no less than 1.1 times Annual Debt Service costs.

BATA is required to compute Coverage Ratios described in the Indentures based on the BATA adopted budget within ten business days after the start of the fiscal year and to file a Certificate of the Authority including the Coverage Ratios with the Senior, Subordinate, and Second Subordinate Trustees.

As of June 30, 2026, the reserve requirement and the fair value of the cash and investment securities in the debt service reserves are as follows:

	Reserve Requirement [1]	Fair Value of Cash & Securities
Senior Debt	$ 443,000	$ 453,251
Subordinate Debt	125,304	136,200
Second Subordinate Debt	2,254	2,484

[1]The debt service reserve requirements were recalculated on April 1, 2026. The senior lien has an aggregate reserve requirement and reserve fund that secures all senior lien bonds. The subordinate and second subordinate liens have reserve requirements as defined in each supplemental indenture.

Derivative Instruments

Investment derivatives instruments fair value in a payable to the counterparty position was $91,930 at June 30, 2026, and recorded in the Statement of Net Position as a liability. The changes in the fair value of investment derivatives instruments were recorded in the Statement of Revenues, Expenses and Changes in Net Position as changes in fair value of other derivative instruments. See Note 1.V for further details.

Voluntary cancellation of any or all of the swap transactions is subject to a valuation calculation at the time of termination. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2026 classified by type, and the changes in fair value of such derivative instruments during FY 2026 as reported in the financial statements are as follows:

	Change in Fair Value during FY 2026		Fair Value At June 30, 2026		
Business-type Activities	Classification	Amount	Classification	Amount	Notional
Pay-fixed interest rate swap	Changes in fair value of other derivative instruments	$ 30,440	Noncurrent Liabilities	$ (91,930)	$ 1,440,000

Objective and Terms of Hedging Derivative Instruments

BATA entered into interest rate swaps to manage exposure to fluctuations in interest rates and interest expenses. Management is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty default. However, management has structured the transactions with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, as well as management's unilateral ability to cancel any transaction with 15 days' notice.

The following table displays the credit ratings of the counterparties associated with the derivative instruments as of June 30, 2026.

	Standard & Poor's	Moody's
Bank of America, N.A.	A+	Aa2
The Bank of New York Mellon	AA-	Aa2
Citibank, N.A.	A+	Aa3
Wells Fargo Bank, N.A.	A+	Aa2
Goldman Sachs Mitsui Marine Derivative Products LP	AA-	Aa2
JP Morgan Chase Bank, N.A.	AA-	Aa2
Morgan Stanley Bank, N.A.	A+	Aa3

The following table displays the notional and fair values of the derivative instruments as of June 30, 2026.

Amortized Notional Value	Counterparty	Fixed Payer Rate[A]	Fair Value due from / (to) Counterparty			
			Level 1	Level 2	Level 3	Total
$75,000	Wells Fargo Bank, N.A.	3.29%	$ —	$ (3,015)	$ —	$ (3,015)
$75,000	Morgan Stanley Bank, N.A.	4.09%	—	(6,674)	—	(6,674)
$110,000	Wells Fargo Bank, N.A.	3.64%	—	(6,883)	—	(6,883)
$30,000	Bank of America, N.A.	3.63%	—	(2,326)	—	(2,326)
$115,000	Citibank Bank, N.A., New York	3.64%	—	(7,196)	—	(7,196)
$245,000	JP Morgan Chase Bank, N.A.	4.00%	—	(20,677)	—	(20,677)
$50,000	Bank of America, N.A.	3.63%	—	(4,030)	—	(4,030)
$260,000	Citibank Bank, N.A. New York	3.64%	—	(17,044)	—	(17,044)
$125,000	Bank of America, N.A.	2.96%	—	(1,306)	—	(1,306)
$60,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	—	(4,705)	—	(4,705)
$85,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	—	(6,944)	—	(6,944)
$170,000	The Bank of New York Mellon	3.64%	—	(13,889)	—	(13,889)
$40,000	The Bank of New York Mellon	2.22%	—	2,759	—	2,759
	Total Derivative Instruments - Fair Value		$ —	$ (91,930)	$ —	$ (91,930)

The fair value was determined by an independent outside pricing service. The inputs to the valuation methodology are observable pursuant to the fair value hierarchy and are derived principally from or corroborated by observable market data by correlation or other means in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Refer to Note 3B for the description of hierarchy levels (Level 1, Level 2, and Level 3).

Effective and maturity dates are presented in the Supplementary Information, Schedules 12-15.

[A] BATA pays fixed rate, receives variable rate based on the 1M Fallback SOFR + 0.11448% effective 7/1/2023, per the Fallback Protocol.

The termination value or fair market value which BATA would pay to terminate all swaps on a voluntary basis is $91,930 on June 30, 2026. However, BATA's current intent is to maintain the swap transactions for the life of the related financings, notwithstanding market opportunities to restructure.

Swaps are subject to credit risk, which is the possibility that the counterparty will fail to make interest payments in a timely manner or that there are negative perceptions of the issuer's ability to make these interest payments.

A swap's credit quality is an assessment of the counterparty's ability to pay the interest on the swap. Credit quality may be evaluated by a nationally recognized independent credit-rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the counterparty will fail to meet its obligations or potentially default.

The swap contracts address credit risk by requiring the counterparties to post collateral if: 1) a counterparty's credit rating is equal to "A-", "A", or "A+" as determined by S&P or is equal to "A3", "A2", or "A1" by Moody's and the termination value of its swaps exceeds $10 million, payable to BATA; or 2) a counterparty's credit rating is below "A-" as determined by S&P or "A3" as determined by Moody's and the termination value of its swaps is greater than $0, payable to BATA.

As of June 30, 2026, none of the counterparties were required to post collateral with a third-party safekeeping agent.

6. Employees' Retirement Plan

MTC 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, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2024. CalPERS then rolled forward the total pension liability to June 30, 2025, and this is the basis for reporting MTC's net pension liability at June 30, 2026.

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.

BATA reports its participation in the Plan under the cost-sharing plan requirements of GASB Statement No. 68. MTC allocated BATA's pension related balances based on BATA's proportional share of payroll costs. The percentage of the allocation for the fiscal year 2026 was 23.03%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BATA had a pension expense of $2,474, net pension liability of $292, deferred outflows of resources from pension of $5,275, and deferred inflows of resources from pension of $1,690. Total contribution made for this fiscal year is $2,127 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, 2027.

For additional information on employees' retirement 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. Other Post Employment Benefits (OPEB)

MTC 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, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2026 was determined using the actuarial valuation and the measurement date of June 30, 2025.

BATA 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 BATA based on BATA's proportional share of payroll costs. The percentage of the allocation for fiscal year 2026 was 23.03%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BATA had $1,462 in OPEB expenses, net OPEB liability of $259, deferred outflows of resources from OPEB of $5,555, and deferred inflows of resources from OPEB of $3,744. Total contribution made for this fiscal year is $1,718 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, 2027.

For additional information on employees' OPEB plan, 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. Compensated Absences

MTC allocated the compensated absences liability related balance to BATA based on BATA's proportional share of payroll costs for the relevant year. In fiscal year 2026, BATA's percentage was 21.20% and BATA had a compensated absences liability of $1,275 for short term and $2,709 for long term.

For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 13. 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.

9. Lease Payable

BATA leases office space in BAMC from BAHA. In May 2023 BAHA and BATA entered into an agreement with a rent payment schedule effective on December 1, 2022, and a lease expiration date of September 2027. The balance of lease liability as of June 30, 2026 was $2,024.

Beginning Balance July 1, 2025	Additions	Reductions	Ending Balance June 30, 2026
$ 3,563	$ —	$ (1,539)	$ 2,024

The total future principal and interest payments as of June 30, 2026, were as follows:

Year Ending June 30	Principal	Interest	Total
2027	1,609	17	1,626
2028	415	1	416
Total	$ 2,024	$ 18	$ 2,042

10. Designated Reserves

BATA maintains certain designated reserves:

Designation	Requirement	June 30, 2026
External Designation:		
O & M	2x Caltrans budgeted O&M costs	$ 36,884
Emergency reserve	BATA/Caltrans Coop Agreement	$ 50,000
BATA Designation:		
O & M	BATA designation	$ 268,116
Risk reserve	BATA designation	$ 750,000

11. Commitments and Contingencies

BATA entered into contracts with external parties for the Open Road Tolling conversion. As of June 30, 2026, there are approximately $22,067 in future capital expenditure commitments.

12. Related Party Transactions

BATA administers the FasTrak® system in the San Francisco Bay Area, and all FasTrak® accounts are processed by BATA's Regional Customer Service Center ("BATA's RCSC").

In January 2017, BATA signed a cooperative agreement with the Bay Area Infrastructure Financing Authority (BAIFA) for the use of FasTrak® system for the express lanes toll facilities and FasTrak® accounts as the payment device for users of the express lanes.

BATA's RCSC processes all trip records received by BAIFA and forwards the revenue settlement to BAIFA. All services provided to BAIFA are charged directly to BAIFA.

13. Subsequent Event

On July 9, 2026, BATA issued $265,690 in fixed rate Second Subordinate Toll Bridge Revenue Bonds 2026 Series SSL-1 (Green Bonds - Climate Bond Certified) to finance projects consistent with the Regional Measure 3 expenditure plan. On July 9, 2026, the Authority also issued $131,140 in fixed rate Second Subordinate Toll Bridge Revenue Bonds 2026 Series SSL-2 bonds to fully refund $150,000 of its outstanding San Francisco Bay Area toll bridge revenue bonds, 2001 Series A (Francis F. Chin Issue).

Required Supplementary Information

Bay Area Toll 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

	Miscellaneous Plan									
Measurement Period	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Proportion of the collective net pension liability/ (asset)	23.03 %	22.02%	23.96%	24.40%	20.44%	19.55%	20.22%	22.93%	23.59%	26.34%
Proportionate share of the collective net pension liability/(asset)	$ 292	$ 1,306	$ 1,201	$ 208	$ (8,076)	$ (1,864)	$ 7,069	$ 7,327	$ 9,230	$ 9,138
Covered payroll	$ 14,095	$ 12,006	$ 11,309	$ 10,076	$ 7,975	$ 7,097	$ 7,046	$ 7,670	$ 6,539	$ 6,246
Proportionate share of the collective net pension liability/(asset) as a percentage of its covered payroll	2.07 %	10.88%	10.62%	2.06%	-101.27%	-26.26%	100.32%	95.53%	141.16%	146.30%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	94.86 %	91.97%	92.89%	94.44%	107.53%	89.00%	80.75%	82.04%	76.85%	75.59%

Notes to Schedule:

Changes 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: 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 was 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, 2016.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Pension Contributions ($ in thousands, unaudited)
For the Fiscal Years Ended June 30
Last Ten Years

	Miscellaneous Plan									
Fiscal Year	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Actuarially determined contribution	$ 2,127	$ 1,563	$ 1,401	$ 1,631	$ 1,604	$ 1,417	$ 1,365	$ 1,227	$ 1,251	$ 1,226
Contributions in relation to the actuarially determined contributions	(2,127)	(1,563)	(1,401)	(1,631)	(1,604)	(1,417)	(10,595)	(1,227)	(1,251)	(1,226)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ (9,230)	$ —	$ —	$ —
Covered payroll	$ 13,976	14,095	12,006	11,309	10,076	7,975	7,097	7,046	7,670	6,539
Actual contributions as a percentage of covered payroll	15.22%	11.09%	11.67%	14.42%	15.92%	17.77%	149.28%	17.41%	16.31%	18.75%

Notes to Schedule of Plan Contribution:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2025-26 were derived from the June 30, 2023 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method / Period	For details, see June 30, 2023 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2023 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.

Bay Area Toll 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 *

	Miscellaneous Plan								
Measurement Period	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Proportion of the collective net OPEB liability/(asset)	23.03 %	22.02 %	23.96%	24.40%	20.44%	19.55%	20.22%	22.93%	23.59%
Proportionate share of the collective net OPEB liability/(asset)	$ 259	$ 1,654	$ 1,927	$ 1,059	$ (581)	$ (1,275)	$ (584)	$ 1,718	$ 1,687
Covered-employee payroll	$ 14,739	$ 12,423	$ 11,949	$ 10,584	$ 8,366	$ 7,497	$ 7,458	$ 8,014	$ 6,789
Proportionate share of the collective net OPEB liability/(asset) as a percentage of its covered payroll	1.76 %	13.31 %	16.13%	10.01%	-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	98.26 %	88.04 %	86.27%	91.92%	105.69%	114.10%	106.80%	80.98%	80.19%

Notes to Schedule:

Benefit Change: None in 2025.

Changes of Assumptions: The general inflation rate decreased from 2.75 percent in FY 2023 to 2.5 percent in FY 2024-FY2026. The long-term expected rate of return on investments used to measure the total OPEB liability was 5 percent in FY2026 and 3.75 percent in FY2023-FY2025. 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 decreased from 98 percent in FY2025 to 95% in FY 2026 for people before age 65, and from 95 percent in FY2025 to 90 percent in FY2026 for people 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 Toll 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 *

	Miscellaneous Plan								
Fiscal Year	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 1,172	$ 1,155	$ 823	$ 867	$ 775	$ 630	$ 584	$ 666	$ 723
Contributions in relation to the actuarially determined contributions	(1,718)	(1,681)	(1,269)	(839)	(855)	(381)	(930)	(2,284)	(723)
Contribution deficiency (excess)	$ (546)	$ (526)	$ (446)	$ 28	$ (80)	$ 249	$ (346)	$ (1,618)	$ —
Covered-employee payroll for OPEB	$ 14,673	$ 14,739	12,423	11,949	10,584	8,366	7,497	7,459	8,014
Actual contributions as a percentage of covered-employee payroll	11.71%	11.40%	10.22%	7.02%	8.08%	4.55%	12.40%	30.62%	9.02%

Notes to Schedule:
The following actuarial methods and assumptions from the June 30, 2023 actuarial valuation were used to determine the 2025/26 Actuarially Determined Contribution:

Actuarial cost method	Entry Age Normal, Level percentage of pay
Amortization method	Level percentage of payroll
Amortization period	14-year fixed period for 2025/2026
Asset valuation method	Market Value of assets
Inflation	2.50% annually
Healthcare cost trend rates	Non-Medicare: 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser): 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser): 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Discount rate	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.

Other Information

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Toll Bridge Rate Schedule
For the Year Ended June 30, 2026

Schedule 1

Toll Rate as of June 30, 2026:

Number of Axles Per Vehicle	2026
2 axles	$ 8.50 *
3 axles	19.50
4 axles	25.00
5 axles	30.50
6 axles	36.00
7 axles or more	41.50

* On state-owned toll bridges, qualified carpools with a FasTrak account in good standing will pay a reduced toll of $4.25 when using a carpool lane from 5:00 am to 10:00 am and 3:00 pm to 7:00 pm, Monday through Friday.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios ($ in thousands)
For the Year Ended June 30, 2026

Schedule 2

Statement of Net Position*	2026
Revenues	
Toll revenues collected	$ 981,495
Investment income	118,103
Revenues from operators/other agencies**	18,236
Other operating revenues	71,225
Revenues subtotal	1,189,059
Build America Bonds (BABs) interest subsidy - Senior Lien Bonds	26,872
Build America Bonds (BABs) interest subsidy - Subordinate Lien Bonds	32,841
Derivative investment income (charge)	30,440
Total revenues	1,279,212
MTC/CLIPPER Administrative Expenses	
Transfer to MTC operating expenses (RM2/RM3 allocation)	1,227
Transfer to MTC for administrative & operating expenses	28,283
Transfer to MTC for ERP Implementation costs	1,280
Total MTC/CLIPPER admin & operating expense	30,790
Other Operating expenses	
Operating expenses incurred by Caltrans***	3,659
Services and Maintenance - BATA	146,921
Transbay Terminal JPA operations	6,395
Allocations to other agencies (RM2 and RM3)	102,323
Total operating expenses before depreciation and amortization	290,088
Depreciation and amortization	1,711
Total operating expenses	291,799
Net operating income	987,413
Nonoperating expenses (revenues)	
Senior Lien Interest expense	253,179
Subordinate Interest expense	173,315
Second Subordinate Lien Interest expense	7,640
Amortization of gain/loss from bond refunding	17,485
Amortization of bond premium & discount	(28,657)
Financing fees	7,419
Bond issuance costs	3,486
Other nonoperating expenses	40
Total nonoperating expenses	433,907
Net income before capital project expenses	553,506
Capital project expenses	
Capital project expenses****	541,690
Change in net position	11,816
Total net position - beginning, as restated	(6,802,791)
Total net position - ending	$ (6,790,975)
Senior lien principal payment	$ 55,645
Subordinate lien principal payment	$ 39,455
Second Subordinate lien principal payment	$ 22,715

*This schedule is presented in accordance with debt covenant requirements rather than GASB Statement No. 103.
**Reimbursements from other operators and agencies for CSC operations, banking and credit card fees.
***Maintenance B Expenses incurred totaled $3,659 for FY 2026.
****Within the $541,690 capital project expenses, $11,039 is classified as Maintenance A Expenses.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios* ($ in thousands) *continued*
For the Year Ended June 30, 2026 — Schedule 2

		2026
Fixed Charge		
Net revenue[1]	$	1,168,917
Debt service[2], plus MTC operating transfer[3] and costs[4]	$	650,201
Sum sufficient ratio		1.80
Minimum threshold		1.00
Fixed Charge, plus Operations & Maintenance		
Net revenue[1], plus operations & maintenance reserve	$	1,473,917
Senior Debt service[5], plus MTC operating transfer[3]	$	421,459
Sum sufficient, plus operations & maintenance reserve ratio		3.50
Minimum threshold		1.25
Net Revenue / Senior Debt Service		
Net revenue[1]	$	1,168,917
Senior Debt service[5]	$	281,951
Debt service ratio		4.15
Minimum threshold		1.20
Available Revenue / Senior and Subordinate Debt Service		
Available revenue[6]	$	1,040,230
Debt service[7]	$	461,880
Debt service ratio		2.25
Minimum threshold		1.20
Available Revenue / Senior, Subordinate, and Second Subordinate Debt Service[8]		
Available revenue[6]	$	1,040,230
Debt service[2]	$	492,235
Debt service ratio		2.11
Minimum threshold		1.10
Reserve Designations[9]		
Operations & Maintenance Reserve	$	305,000
Risk Reserve	$	750,000
Emergency reserve - Caltrans Cooperative Agreement	$	50,000

* This schedule provides actual operating results for informational purposes only and is not provided to satisfy any covenants requirements. The Toll Covenant calculation required under the Senior, Subordinate, and Second Subordinate Indentures has been filed with the Senior, Subordinate, and Second Subordinate trustees.

[1] Revenues less Caltrans Maintenance B expenses and excludes unrealized investment loss of $1,753.
[2] Total Senior, Subordinate, and Second Subordinate Liens debt service less BABs interest subsidies on Senior and Subordinate bonds.
[3] MTC Operating transfers include MTC/Clipper administrative & operating expenses, allocations to other agencies related to Regional Measure 2 and Regional Measure 3, and Transbay Terminal operating expenses, and does not include transit transfer to MTC as it was fulfilled in September 2010 for the next 34 years.
[4] Financing fees and Caltrans Maintenance A Expenses.
[5] Senior Lien debt service less BABs interest subsidy on senior bonds.
[6] Net revenue less BATA services and maintenance and Caltrans/other agency operating grants, and excludes unrealized investment loss of $1,753.
[7] Total Senior and Subordinate Liens debt service less BABs interest subsidies on Senior and Subordinate bonds.
[8] Second Subordinate Lien established March 1, 2025.
[9] Designated reserves through BATA resolution.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Interest Rate Swaps Summary ($ in thousands)
For the Year Ended June 30, 2026

Schedule 3

Counterparty	Series 2001	Series 2006	Series 2007	Total	Percentage by counterparty	Ratings (S&P/Moody's)
Citibank, N.A.	$ —	$ 115,000	$ 260,000	$ 375,000	26%	A+/Aa3
Wells Fargo Bank, N.A.	75,000	110,000	—	185,000	13%	A+/Aa2
JP Morgan Chase Bank, N.A.	—	245,000	—	245,000	17%	AA-/Aa2
Bank of America, N.A.	—	155,000	50,000	205,000	14%	A+/Aa2
Goldman Sachs Mitsui Marine Derivative Products LP	—	60,000	85,000	145,000	10%	AA-/Aa2
The Bank of New York Mellon	—	—	210,000	210,000	15%	AA-/Aa2
Morgan Stanley Bank, N.A.	75,000	—	—	75,000	5%	A+/Aa3
Total swap notional	$ 150,000	$ 685,000	$ 605,000	$ 1,440,000		
Fair value	$ (9,689)	$ (43,093)	$ (39,148)	$ (91,930)		

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2001 ($ in thousands)
For the Year Ended June 30, 2026

Schedule 4

	Series 2001 A	Series 2001 A	Total
Notional amount	$75,000	$75,000	$150,000
Trade date	1/22/2014	6/26/2015	
Effective date	1/1/2014	7/1/2015	
Swap mode	65% One Mth SOFR Fallback	65% One Mth SOFR Fallback	
Maturity	4/1/2036	4/1/2036	
Swap rate	4.09%	3.29%	
Counterparty (CP)	Morgan Stanley Bank, N.A.	Wells Fargo Bank, N.A.	
S&P/Moody's ratings	A+/Aa3	A+/Aa2	
Ratings outlook	STABLE/STABLE	STABLE/STABLE	
Fair value due from/ (to) CP(1)	$(6,674)	$(3,015)	$(9,689)
Credit risk			
CP Collateral Posting(2)			
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	
or			
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	
and			
2) Termination value >$10 million	No	No	
or			
CP Collateral Posting(2)			
1c) CP < A- (S&P)	No	No	
or			
1d) CP < A3 (Moody's)	No	No	
and			
2) Termination value > $0	No	No	
Ratings termination risk(3)			
CP can terminate if BATA's Sr bond ratings			
(S&P or Moody's) is below	BBB-	BBB+	

(1) Fair value is presented in accordance with GASB Statement No. 72.
(2) Unilateral collateral posting by counterparty.
(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

Bay Area Toll Authority

A Component Unit of Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2006 ($ in thousands)

For the Year Ended June 30, 2026 **Schedule 5**

	Series 2006	Series 2006	Series 2006	Series 2006	Series 2006	Series2006	Total
Notional amount	$245,000	$115,000	$30,000	$110,000	$60,000	$125,000	$685,000
Trade date	4/1/2011	3/20/2012	5/25/2006	3/20/2012	8/28/2008	6/26/2015	
Effective date	4/1/2011	2/8/2006	2/8/2006	3/1/2012	8/1/2008	7/1/2015	
Swap mode	75.105% One Mth SOFR Fallback	53.8% One Mth SOFR Fallback+0.74%	68% One Mth SOFR Fallback	53.8% One Mth SOFR Fallback+0.74%	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Swap rate	4.00%	3.64%	3.63%	3.64%	3.64%	2.96%	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Citibank, N.A.	Bank of America, N.A.	Wells Fargo Bank, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	Bank of America, N.A.	
S&P/Moody's ratings	AA-/Aa2	A+/Aa3	A+/Aa2	A+/Aa2	AA-/Aa2	A+/Aa2	
Ratings outlook	STABLE/STABLE	STABLE/STABLE	STABLE/STABLE	STABLE/STABLE	NO OUTLOOK PROVIDED/ STABLE	STABLE/STABLE	
Fair value due from/ (to) CP(1)	$(20,677)	$(7,196)	$(2,326)	$(6,883)	$(4,705)	$(1,306)	$(43,093)
Credit risk							
CP Collateral Posting(2)							
1a) CP = "A-", "A", or "A+" (S&P)	No	Yes	Yes	Yes	No	Yes	
or							
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	No	No	No	No	
and							
2) Termination value>$10 million	No	No	No	No	No	No	
or							
CP Collateral Posting(2)							
1c) CP < A- (S&P)	No	No	No	No	No	No	
or							
1d) CP < A3 (Moody's)	No	No	No	No	No	No	
and							
2) Termination value >$0	No	No	No	No	No	No	
Ratings termination risk (3)							
CP can terminate if BATA's							
Sr bond ratings (S&P or Moody's) is below	BBB-	BBB-	BBB	BBB+	BBB+	BBB+	

(1) Fair value is presented in accordance with GASB Statement No. 72.
(2) Unilateral collateral posting by counterparty.
(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2007 ($ in thousands)

For the Year Ended June 30, 2026 **Schedule 6**

	Series 2007	Series 2007	Series 2007	Series 2007	Series 2007	Total
Notional amount	$260,000	$50,000	$85,000	$170,000	$40,000	$605,000
Trade date	1/2/2009	5/25/2006	8/28/2008	9/2/2008	6/26/2015	
Effective date	11/1/2007	11/1/2007	8/1/2008	9/2/2008	7/1/2015	
Swap mode	53.8% One Mth SOFR Fallback + 0.74%	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	68% One Mth SOFR Fallback	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Swap rate	3.64%	3.63%	3.64%	3.64%	2.22%	
Counterparty (CP)	Citibank, N.A.	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	The Bank of New York Mellon	The Bank of New York Mellon	
S&P/Moody's ratings	A+/Aa3	A+/Aa2	AA-/Aa2	AA-/Aa2	AA-/Aa2	
Ratings outlook	STABLE/STABLE	STABLE/STABLE	NO OUTLOOK PROVIDED/STABLE	STABLE/STABLE	STABLE/STABLE	
Fair value due from/(to) CP(1)	$(17,044)	$(4,030)	$(6,944)	$(13,889)	$2,759	$ (39,148)
Credit risk						
CP Collateral Posting(2)						
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	No	No	No	
or						
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	No	No	No	
and						
2) Termination value > $10 million	No	No	No	No	No	
or						
CP Collateral Posting (2)						
1c) CP <A- (S&P)	No	No	No	No	No	
or						
1d) CP <A3 (Moody's)	No	No	No	No	No	
and						
2) Termination value >$0	No	No	No	No	Yes	
Ratings termination risk(3)						
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-	BBB	BBB+	BBB+	BBB+	

(1) Fair value is presented in accordance with GASB Statement No. 72.
(2) Unilateral collateral posting by counterparty.
(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Toll Revenues - By Bridge ($ in thousands, unaudited)
For the Year Ended June 30, 2026 **Schedule 7**

Fiscal Year	San Francisco-Oakland Bay	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Revenue
2017	$ 227,404	$ 100,495	$ 59,317	$ 123,023	$ 116,978	$ 15,425	$ 78,143	$ 720,785
2018	225,682	102,083	60,097	125,657	117,766	16,927	79,139	727,351
2019	223,036	101,868	60,575	125,717	117,815	17,880	78,024	724,915
2020	197,549	85,976	49,979	112,430	102,676	16,158	69,163	633,931
2021 *	274,515	102,872	56,397	146,766	135,701	22,284	91,869	830,404
2022	249,940	95,400	53,051	130,358	122,077	20,893	84,478	756,197
2023	263,667	104,560	61,087	135,134	132,647	22,069	88,255	807,419
2024	258,847	105,798	62,646	132,505	130,745	22,185	88,844	801,570
2025	285,931	119,101	70,648	148,099	144,369	24,872	98,401	891,421
2026	310,727	135,287	79,947	160,917	158,789	27,801	108,027	981,495

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Bay Area Toll Authority

A Component Unit of Metropolitan Transportation Commission

Paid and Free Vehicles* - By Bridge (in Number of Vehicles) (unaudited)

For the Year Ended June 30, 2026 **Schedule 8**

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Traffic
2017	48,037,959	19,915,613	12,045,109	22,454,372	21,782,523	2,734,833	14,846,796	141,817,205
2018	48,243,054	20,268,094	12,192,223	23,052,695	22,062,570	3,030,838	15,017,590	143,867,064
2019	47,813,529	20,249,521	12,318,950	22,995,579	21,933,222	3,214,945	14,837,455	143,363,201
2020	42,101,537	16,967,688	10,155,947	20,670,791	19,102,322	3,016,925	13,031,690	125,046,900
2021	40,199,550	13,721,018	7,617,904	20,320,422	18,172,503	3,083,665	12,278,691	115,393,753
2022	43,253,894	15,739,607	9,012,881	21,034,480	19,807,969	3,229,762	13,257,459	125,336,052
2023	43,433,843	16,088,565	9,724,140	20,920,185	19,504,702	3,296,030	13,100,021	126,067,486
2024	43,111,945	16,452,566	10,108,308	20,569,196	19,766,305	3,351,749	13,364,482	126,724,551
2025	43,076,380	16,803,563	10,307,520	20,673,155	19,742,784	3,302,488	13,359,785	127,265,675
2026	42,864,389	17,234,549	10,456,226	20,567,500	19,937,248	3,400,933	13,476,883	127,937,728

* Paid and free vehicle numbers are derived from the gross traffic reports of bridges.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Average Toll Rate Revenues - By Bridge ($ in thousands, unaudited)
For the Year Ended June 30, 2026

Schedule 9

Fiscal Year	Antioch Bridge	Benicia-Martinez Bridge	Carquinez Bridge	Richmond Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	San Francisco - Oakland Bay Bridge	Total
2017								
No. of paid vehicles ('000s)	2,655	21,043	21,516	14,450	19,404	11,767	45,979	136,814
Average toll rate	$ 5.81	$ 5.56	$ 5.72	$ 5.41	$ 5.18	$ 5.04	$ 4.95	$ 5.27
Total revenues	$ 15,425	$ 116,978	$ 123,023	$ 78,143	$ 100,495	$ 59,317	$ 227,404	$ 720,785
2018								
No. of paid vehicles ('000s)	2,938	21,156	21,997	14,600	19,701	11,868	46,042	138,302
Average toll rate	$ 5.76	$ 5.57	$ 5.71	$ 5.42	$ 5.18	$ 5.06	$ 4.90	$ 5.26
Total revenues	$ 16,927	$ 117,766	$ 125,657	$ 79,139	$ 102,083	$ 60,097	$ 225,682	$ 727,351
2019								
No. of paid vehicles ('000s)	3,118	21,192	22,023	14,454	19,732	12,004	45,761	138,284
Average toll rate	$ 5.73	$ 5.56	$ 5.71	$ 5.40	$ 5.16	$ 5.05	$ 4.87	$ 5.24
Total revenues	$ 17,880	$ 117,815	$ 125,717	$ 78,024	$ 101,868	$ 60,575	$ 223,036	$ 724,915
2020								
No. of paid vehicles ('000s)	2,841	18,336	19,429	12,657	16,531	9,874	40,114	119,782
Average toll rate	$ 5.69	$ 5.60	$ 5.79	$ 5.46	$ 5.20	$ 5.06	$ 4.92	$ 5.29
Total revenues	$ 16,158	$ 102,676	$ 112,430	$ 69,163	$ 85,976	$ 49,979	$ 197,549	$ 633,931
2021								
No. of paid vehicles ('000s)	2,639	16,049	17,104	11,130	12,462	6,857	35,476	101,717
Average toll rate*	$ 8.44	$ 8.46	$ 8.58	$ 8.25	$ 8.25	$ 8.22	$ 7.74	$ 8.16
Total revenues*	$ 22,284	$ 135,701	$ 146,766	$ 91,869	$ 102,872	$ 56,397	$ 274,515	$ 830,404
2022								
No. of paid vehicles ('000s)	2,833	17,285	18,068	12,217	14,497	8,213	38,801	111,914
Average toll rate	$ 7.37	$ 7.06	$ 7.21	$ 6.91	$ 6.58	$ 6.46	$ 6.44	$ 6.76
Total revenues	$ 20,893	$ 122,077	$ 130,358	$ 84,478	$ 95,400	$ 53,051	$ 249,940	$ 756,197
2023								
No. of paid vehicles ('000s)	2,816	17,573	17,654	11,962	14,774	8,828	38,359	111,966
Average toll rate	$ 7.84	$ 7.55	$ 7.65	$ 7.38	$ 7.08	$ 6.92	$ 6.87	$ 7.21
Total revenues	$ 22,069	$ 132,647	$ 135,134	$ 88,255	$ 104,560	$ 61,087	$ 263,667	$ 807,419
2024								
No. of paid vehicles ('000s)	2,822	17,389	17,318	12,071	15,048	9,156	37,928	111,732
Average toll rate	$ 7.86	$ 7.52	$ 7.65	$ 7.36	$ 7.03	$ 6.84	$ 6.82	$ 7.17
Total revenues	$ 22,185	$ 130,745	$ 132,505	$ 88,844	$ 105,798	$ 62,646	$ 258,847	$ 801,570
2025								
No. of paid vehicles ('000s)	2,950	18,099	18,268	12,571	15,878	9,696	39,358	116,820
Average toll rate	$ 8.43	$ 7.98	$ 8.11	$ 7.83	$ 7.50	$ 7.29	$ 7.26	$ 7.63
Total revenues	$ 24,872	$ 144,369	$ 148,099	$ 98,401	$ 119,101	$ 70,648	$ 285,931	$ 891,421
2026								
No. of paid vehicles ('000s)	2,996	18,181	18,101	12,563	16,241	9,857	38,899	116,838
Average toll rate	$ 9.28	$ 8.73	$ 8.89	$ 8.60	$ 8.33	$ 8.11	$ 7.99	$ 8.40
Total revenues	$ 27,801	$ 158,789	$ 160,917	$ 108,027	$ 135,287	$ 79,947	$ 310,727	$ 981,495

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Ratios of Outstanding Debt by Type ($ in thousands, unaudited)
For the Year Ended June 30, 2026 **Schedule 10**

Fiscal Year	Toll Revenue Bonds	Leases[1]	Total Debt	Toll Revenues	Per Toll Revenues
2017	$ 9,617,638	$ —	$ 9,617,638	$ 720,785	13
2018	9,732,050	—	9,732,050	727,351	13
2019	9,643,426	—	9,643,426	724,915	13
2020	9,140,324	—	9,140,324	633,931	14
2021	9,079,375	—	9,079,375	830,404 *	11
2022	9,726,797	2,026	9,728,823	756,197	13
2023	9,586,593	6,443	9,593,036	807,419	12
2024	9,939,503	5,036	9,944,539	801,570	12
2025	10,216,859	3,563	10,220,422	891,421	11
2026	10,134,666	2,024	10,136,690	981,495	10

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.
[1] BATA adopted GASB Statement No. 87, Leases, effective July 1, 2022. The adoption of GASB 87 resulted in the recognition of right-to-use lease assets and corresponding lease liabilities.

Bay Area Toll Authority

A Component Unit of Metropolitan Transportation Commission

Ratios of General Bonded Debt Outstanding ($ in thousands, unaudited)

For the Year Ended June 30, 2026 **Schedule 11**

Fiscal Year	Toll Revenue Bonds	Less: Amounts Available in BATA Debt Service & Trustee Funds	Total	Toll Revenues	Per Toll Revenues
2017	$ 9,617,638	$ 526,224	$ 9,091,414	$ 720,784	13
2018	9,732,050	519,966	9,212,084	727,350	13
2019	9,643,426	527,589	9,115,837	724,914	13
2020	9,140,324	534,211	8,606,113	633,932	14
2021	9,079,375	539,711	8,539,664	830,405 *	10
2022	9,726,797	904,720	8,822,077	756,197	12
2023	9,586,593	863,469	8,723,124	807,419	11
2024	9,939,503	1,176,293	8,763,210	801,570	11
2025	10,216,859	1,276,381	8,940,478	891,421	10
2026	10,134,666	740,979	9,393,687	981,495	10

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Bay Area Toll Authority
A Component Unit of Metropolitan Transportation Commission
Pledged-Revenue Coverage ($ in thousands, unaudited)
For the Year Ended June 30, 2026

Schedule 12

	Toll Revenue Bonds					
				Debt Service		
Fiscal Year	Toll Revenues	Less: Operating	Net Available Revenue	Principal	Interest[1]	Coverage
2017	$ 720,784	$ 165,217	$ 555,567	$ 54,835	$ 381,074	1.27
2018	727,350	168,220	559,131	55,760	383,817	1.27
2019	724,914	174,407	550,507	63,885	380,074	1.24
2020	633,932	162,952	470,981	118,235	383,303	0.94 [2]
2021	830,405 *	149,267	681,138	—	365,009	1.87
2022	756,197	190,347	565,850	39,905	362,787	1.41
2023	807,419	196,015	611,404	86,155	363,099	1.36
2024	801,570	213,271	588,299	109,730	342,453	1.30
2025	891,421	257,213	634,208	124,273	355,290	1.32
2026	981,495	201,116	780,379	95,100	374,421	1.66

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.
[1] Net of Build America Bonds (BABs) interest subsidy.
[2] BATA has designated reserves to cover any operating shortfalls. Refer to Schedule 2 for debt service coverage ratios.

Bay Area Headquarters Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2026

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
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For the Year Ended June 30, 2026

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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, 2026, 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, 2026, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Partial Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAHA's financial statements for the year ended June 30, 2025, 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 13, 2026

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Financial Statements for the Year Ended June 30, 2026
Management's Discussion and Analysis ($ in thousands, unaudited)

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, 2026. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

Overview of the Financial Statements

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. BAHA may not issue bonds or incur 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 District (the Air District), and the Association of Bay Area Governments (ABAG). The Building was named the Bay Area Metro Center (BAMC).

In May 2016, MTC, the Air District, and ABAG moved into the Building. In June 2017, BAHA, the Air District, 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.

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.

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.

Financial Highlights

No tenants missed any monthly payment during fiscal year 2026, and BAHA's total operating revenue was $5,396 at the end of the year.

Financial Summary and Detailed 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:

	2026	2025
Cash	$ 26,813	$ 33,542
Receivables	8,780	8,742
Other assets	341	198
Capital assets	190,354	190,797
Total assets	226,288	233,279
Deferred outflows of resources	361	244
Current liabilities	1,893	3,138
Non-current liabilities	157	297
Total liabilities	2,050	3,435
Deferred inflows of resources	8,066	7,773
Net position		
Net investment in capital assets	190,202	189,740
Unrestricted	26,331	32,575
Total net position	$ 216,533	$ 222,315

Total assets decreased by $6,991 in fiscal year 2026. This decrease is mostly due to a decrease in cash which has been the result of less rental income following the expiration of one tenant's lease term in fiscal year 2025.

Total liabilities decreased by $1,385 in fiscal year 2026. The decrease is mainly due to lower payables and accrued liabilities to vendors and contractors for current building maintenance and capital projects as well as a decrease in the amount due to 375 Beale Condo for the refunding of assessment fees.

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:

	2026	2025*
Operating revenue		
Rental income	$ 4,221	$ 5,556
Other operating revenues	1,175	1,094
Total operating revenue	5,396	6,650
Operating expenses		
Salaries and benefits	704	898
Professional fees and property management	1,006	1,170
Repairs / maintenance and supplies	1,400	1,132
Security and cleaning service	1,687	1,672
Depreciation and amortization	5,370	5,466
Possessory tax	78	298
Other expenses	2,346	2,134
Total operating expenses	12,591	12,770
Operating loss	(7,195)	(6,120)
Nonoperating revenues		
Interest and miscellaneous income	1,413	1,868
Total nonoperating revenues	1,413	1,868
Changes in net position	(5,782)	(4,252)
Net position - beginning	222,315	226,567
Net position - ending	$ 216,533	$ 222,315

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

BAHA's total operating revenues decreased by $1,254 in fiscal year 2026. The decrease in fiscal year 2026 is due to a decrease in rental income following the expiration of one tenant's lease term in fiscal year 2025.

Total operating expenses decreased by $179 in fiscal year 2026. The decrease in fiscal year 2026 is mainly due to decreases in possessory tax of $220, salaries and benefits of $194, and professional fees of $164, offset by increases of $268 in repair and maintenances and $212 in other expenses.

BAHA's total nonoperating revenues decreased by $455 in fiscal year 2026. The interest income decreased by $516 which is mainly due to a lower cash balance in fiscal year 2026 compared to prior year.

Significant Capital Asset

BAHA's main capital assets are the Bay Area Metro Center's land, building, and building improvements. BAHA reports its capital assets on an accrual basis. BAHA's investment in capital assets totaled $190,354 at June 30, 2026, compared with $190,797 at June 30, 2025. This decrease is due to depreciation, offset by current year additions. Construction in progress amounted to $9.0 million at year-end and primarily relates to building improvement projects that will be placed into service in future years. Capital asset additions are discussed further in Note 3 to the financial statements.

Currently Known Facts, Decisions, or Conditions

Next Year's Budget

Operating Budget

The FY 2026-27 budget reflects an operating deficit of $2.9 million, which will be funded through a draw on operating reserves. Total operating revenue is projected at $13.6 million, a decrease of 8.9% from FY 2025-26 approved budget of $14.9 million, primarily due to reduced lease income, partially offset by new leases and anticipated new tenant activity, lower investment income, and reduced assessments. Total operating expenses are projected at $16.5 million, a 5.0% decrease from the FY 2025-26 approved budget of $17.3 million, reflecting reductions in overhead, consultant costs, and general operating expenses. Despite cost containment efforts, operating revenues remain insufficient to fully cover ongoing costs, requiring continued reliance on reserves.

Capital Budget

BAHA approved a total of $2.3 million in building improvement projects for FY 2026-27, focused on critical building improvements, including façade repairs and air handling unit (AHU) upgrades.

The projects include (in thousands):

- AHUs 1-4 Eyebrow Install $591
- Façade Repair & Window Replacement $1,750

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, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,813	$ 33,542
Accounts receivable	386	228
Lease receivable - current	4,168	4,036
Due from other government	—	119
Prepaid expenses	341	198
Total current assets	31,708	38,123
Non-current assets:		
Lease receivable - non-current	4,226	4,359
Capital assets, not being depreciated/amortized	42,974	43,846
Capital assets, net of accumulated depreciation/amortization	147,380	146,951
Total non-current assets	194,580	195,156
TOTAL ASSETS	226,288	233,279
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension	176	136
Deferred outflows from OPEB	185	108
TOTAL DEFERRED OUTFLOWS OF RESOURCES	361	244
LIABILITIES		
Current liabilities:		
Accounts payable	120	230
Retention payable	53	444
Accrued liabilities	1,613	1,927
Security deposit	12	—
Unearned revenue	7	3
Compensated absences liability	—	43
SBITA liability	—	23
Due to 375 Beale Condo	88	468
Total current liabilities	1,893	3,138
Non-current liabilities:		
Net pension liability	148	162
Net OPEB liability	9	47
Compensated absences liability	—	88
Total non-current liabilities	157	297
TOTAL LIABILITIES	2,050	3,435
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from leases	7,885	7,747
Deferred inflows from pension	56	1
Deferred inflows from OPEB	125	25
TOTAL DEFERRED INFLOWS OF RESOURCES	8,066	7,773
NET POSITION		
Net investment in capital assets	190,202	189,740
Unrestricted	26,331	32,575
TOTAL NET POSITION	$ 216,533	$ 222,315

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, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025*
OPERATING REVENUES		
Rental income	$ 4,221	$ 5,556
Other operating revenues	1,175	1,094
TOTAL OPERATING REVENUES	5,396	6,650
OPERATING EXPENSES		
Salaries and benefits	704	898
Professional fees	714	906
Repairs and maintenance	1,353	1,108
Property management service	292	264
Insurance	261	245
Security	841	704
Cleaning service	846	968
Utilities	471	471
Computer maintenance and services	910	646
Supplies and equipment rental	47	24
Depreciation and amortization	5,370	5,466
Overhead	289	350
Possessory tax	78	298
Other	415	422
TOTAL OPERATING EXPENSES	12,591	12,770
OPERATING LOSS	(7,195)	(6,120)
OTHER NONOPERATING REVENUES (EXPENSES)		
Interest income	1,413	1,929
Loss on disposal of capital assets	—	(61)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,413	1,868
CHANGE IN NET POSITION	(5,782)	(4,252)
NET POSITION - BEGINNING	222,315	226,567
NET POSITION - ENDING	$ 216,533	$ 222,315

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025*
Cash flows from operating activities		
Cash receipts from tenants	$ 5,381	$ 7,071
Cash payments to suppliers for goods and services	(6,819)	(5,751)
Cash payments for employee salaries and benefits	(849)	(845)
Net cash provided by / (used in) operating activities	(2,287)	475
Cash flows from capital and related financing activities		
Acquisition of capital assets	(5,855)	(7,981)
Net cash used in capital and related financing activities	(5,855)	(7,981)
Cash flows from investing activities		
Interest received	1,413	1,929
Net cash provided by investing activities	1,413	1,929
Net decrease in cash	(6,729)	(5,577)
Cash - Beginning of year	33,542	39,119
Cash - End of year	$ 26,813	$ 33,542

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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, 2026
(With comparative information for the prior year)

Reconciliation of operating loss to net cash provided by / (used in) operating activities

($ in thousands)	2026	2025*
Operating loss	$ (7,195)	$ (6,120)
Adjustments to reconcile operating loss to net cash provided by / (used in) operating activities:		
Depreciation and amortization	5,370	5,466
Net effect of changes in:		
Accounts receivable	(158)	228
Prepaid expenses	(143)	85
Net pension liability	(14)	26
Net OPEB liability	(38)	(5)
Accounts payable	(88)	69
Accrued liabilities	177	818
Unearned revenue	4	3
Lease receivable	139	190
Tenant security deposit	12	—
Due from other governments	119	(119)
Deferred outflows from pension	(40)	5
Deferred outflows from OPEB	(77)	10
Compensated absences liability	(131)	27
Deferred inflows from pension	55	(3)
Deferred inflows from OPEB	100	(7)
Due to 375 Beale Condo	(379)	(198)
Net cash provided by / (used in) operating activities	$ (2,287)	$ 475

Significant Noncash Investing, Capital, and Financing Activities

Acquisition of capital assets under accounts payable and accrued liabilities	$ 152	$ 1,057

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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 incur 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 District (the Air District). MTC contributed $11,723 to BAHA. The Air District 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 2026.

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.

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. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The financial statement improvements include: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; budgetary comparison information; and financial trends information in the statistical section. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The adoption of the standard has resulted in reclassifications of certain items on the BAHA's statements. All other disclosure updates required by the new standard are incorporated throughout the relevant sections of this report.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures by major class including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets. This statement also requires additional disclosures for capital assets held for sale. The adoption of the standard has resulted in updates to the disclosures in Note 3 of this report.

E. Cash and Investments

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

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

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

BAHA considers all balances in demand deposit accounts and associated sweep money market mutual funds to be cash. Deposits in Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of loss of principal.

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
IT software	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.

Starting in fiscal year 2026, MTC allocated current year's compensated absences expenses related to vacation and sick leave to BAHA based on BAHA's proportional share of payroll costs for the current year. In fiscal year 2026, BAHA paid off the beginning balance of compensated absences liabilities of $131.

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 Liabilities

The net pension liabilities are the liability employers have for the employee benefits provided through the defined benefit pension plan.

BAHA's staff are employees of MTC. MTC 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).

BAHA net pension liabilities are derived from BAHA's proportional share of MTC's payroll costs for the relevant measurement year.

For additional information on the Plan, refer to Note 6.

L. Net Other Post-Employment Benefits (OPEB) Liabilities

Net OPEB liabilities are the liability employers have for the other post-employment benefits provided through the defined benefit plan.

BAHA's staff are employees of MTC. MTC 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).

BAHA net OPEB liabilities are derived from BAHA's proportional share of MTC's payroll cost for the relevant measurement year.

For additional information on the Plan, refer to Note 7.

M. Operating and Nonoperating Revenues and Expenses

BAHA distinguishes operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. Subsidies are defined as (i) resources received from another party or fund for which BAHA does not provide goods and services to the other party or fund and that directly or indirectly keep BAHA’s current or future fees and charges lower than they would be otherwise, and (ii) resources provided to another party or fund for which the other party or fund does not provide goods and services to BAHA and that are recoverable through BAHA’s current or future pricing policies. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

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.

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. 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 and cash equivalents. The composition of cash and cash equivalents at June 30, 2026 is as follows:

Cash and cash equivalents		
Cash at banks	$	4,653
Government Pool:		
California State Local Agency Investment Fund (LAIF)		2,743
California Asset Management Program (CAMP)		19,417
Total cash and cash equivalents	$	26,813

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 Deposit 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.

3. Capital Assets

A summary of capital assets for the period ended June 30, 2026 is as follows:

	Balance 7/1/2025	Increases	Decreases	Balance 6/30/2026
Capital assets, not being depreciated/amortized:				
Land	$ 33,934	$ —	$ —	$ 33,934
Construction in progress	9,912	4,384	(5,256)	9,040
Total capital assets, not being depreciated/ amortized	43,846	4,384	(5,256)	42,974
Capital assets, being depreciated/amortized:				
Building and improvements	178,417	5,514	—	183,931
Furniture and equipment	8,121	242	—	8,363
Tenant improvements	12,881	—	—	12,881
IT Software	—	43	—	43
SBITA assets	134	—	—	134
Total capital assets being depreciated/amortized	199,553	5,799	—	205,352
Less accumulated depreciation/amortization for:				
Building and improvements	35,687	4,174	—	39,861
Furniture and equipment	4,314	933	—	5,247
Tenant improvements	12,559	204	—	12,763
IT Software	—	7	—	7
SBITA assets	42	52	—	94
Total accumulated depreciation/amortization	52,602	5,370	—	57,972
Total capital assets, being depreciated/amortized, net	146,951	429	—	147,380
BAHA capital assets, net	$ 190,797	$ 4,813	$ (5,256)	$ 190,354

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 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, 2026, BAHA had net SBITA assets of $40 and no SBITA liabilities. SBITA assets were reported in capital assets, net of accumulated amortization on the Statement of Net Position.

BAHA SBITA had no future principal and interest payment as of June 30, 2026.

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 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 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.

In August 2025, BAHA signed a lease agreement with San Francisco Bay Area Water Emergency Transportation Authority (WETA). The lease term is 120 months with the commencement date on October 1, 2025 and the ending date on September 30, 2035.

In January 2026, BAHA signed a lease agreement with Verne Labs, Inc. The lease term is 24 months with the commencement date on January 1, 2026 and ending date on December 31, 2027.

The cost of the property on lease and held for leasing is $90,096, the carrying value is $58,018, and the accumulated depreciation amount is $32,168 as of June 30, 2026 and reported as building and improvements in capital assets.

In fiscal year 2026, BAHA collected rent of $4,566, and after GASB 87 adjustments of $345, reported rental income of $4,221.

Future lease payments under GASB Statement No. 87 are as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 4,168	$ 136	$ 4,304
2028	1,061	88	1,149
2029	360	79	439
2030	382	70	452
2031	406	61	467
2032-2036	2,017	124	2,141
Total	$ 8,394	$ 558	$ 8,952

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, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2024. CalPERS then rolled forward the total pension liability to June 30, 2025, and this is the basis for reporting MTC's net pension liability at June 30, 2026.

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 2026 was 0.77%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BAHA had pension expense of $78, net pension liability of $148, deferred outflow of resources from pension of $176, and deferred inflow of resources from pension of $56. Total contribution made for this fiscal year is $71 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, 2027.

For additional information on employees' retirement 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. 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, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2026 was determined using the actuarial valuation and measurement date of June 30, 2025.

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 2026 was 0.77%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BAHA had OPEB expense of $42, net OPEB liability of $9, and deferred outflow of resources from OPEB of $185, and deferred inflow of resources from OPEB of $125. Total contribution made for this fiscal year is $57 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, 2027.

For additional information on employees' OPEB plan, 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, 2026, there are approximately $10,091 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, the Air District, 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 2026, 375 Beale Condo assessed $4,304 from the three condominium owners for the common area operations. Of this amount, $61 will be refunded to condominium owners. This amount, reduced by related receivables, is reflected in the Due to 375 Beale Condo balance of $88 as of June 30, 2026.

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 2025	Miscellaneous Plan 2024	Miscellaneous Plan 2023	Miscellaneous Plan 2022	Miscellaneous Plan 2021	Miscellaneous Plan 2020	Miscellaneous Plan 2019	Miscellaneous Plan 2018	Miscellaneous Plan 2017	Miscellaneous Plan 2016
Proportion of the collective net pension liability/asset	0.77%	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)	$ 148	$ 162	$ 136	$ 116	$ (67)	$ 177	$ 319	$ 70	$ 381	$ 416
Covered payroll	$ 470	$ 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	31.49%	47.79 %	44.88 %	39.32 %	(24.19)%	80.09 %	100.63 %	87.50 %	132.29 %	145.96 %
Plan's fiduciary net position as a percentage of the Plan's total pension liability / (asset)	94.86%	91.97 %	92.89 %	94.44 %	107.53 %	89.00 %	80.75 %	82.04 %	76.85 %	75.59 %

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

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: 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.

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

	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan	Miscellaneous Plan
Fiscal Year	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Actuarially determined contribution	$ 71	$ 52	$ 40	$ 44	$ 45	$ 37	$ 64	$ 14	$ 57	$ 62
Contributions in relation to the actuarially determined contributions	(71)	(52)	(40)	(44)	(79)	(64)	(144)	(14)	(57)	(62)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ (34) (1)	$ (27) (1)	$ (80) (1)	$ —	$ —	$ —
Covered payroll	$ 426	$ 470	$ 339	$ 303	$ 295	$ 277	$ 221	$ 317	$ 80	$ 288
Actual contributions as a percentage of covered payroll	16.67%	11.06%	11.80 %	14.52 %	26.78 %	23.10 %	65.16 %	4.42 %	71.25 %	21.53 %

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

Notes to Schedule of Plan Contributions:
The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2025-26 were derived from the June 30, 2023 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method / Period	For details, see June 30, 2023 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2023 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.

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 2025	Miscellaneous Plan 2024	Miscellaneous Plan 2023	Miscellaneous Plan 2022	Miscellaneous Plan 2021	Miscellaneous Plan 2020	Miscellaneous Plan 2019	Miscellaneous Plan 2018	Miscellaneous Plan 2017
Proportion of the collective net OPEB liability/(Asset)	0.77%	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)	$ 9	$ 47	$ 52	$ 31	$ (20)	$ (40)	$ (26)	$ 119	$ 181
Covered-employee payroll	$ 491	$ 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	1.83%	13.43%	16.25 %	10.00 %	(6.90)%	(17.09)%	(7.74)%	21.40 %	24.79 %
Plan's fiduciary net position as a percentage of the Plan's total OPEB liability	98.26%	88.04%	86.27 %	91.92 %	105.69 %	114.10 %	106.80 %	80.98 %	80.19 %

Notes to Schedule:

Changes of Assumptions: The general inflation rate decreased from 2.75 percent in FY 2023 to 2.5 percent in FY 2024-FY2026. The long-term expected rate of return on investments used to measure the total OPEB liability was 5 percent in FY2026 and 3.75 percent in FY2023-FY2025. 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 decreased from 98 percent in FY2025 to 95% in FY 2026 for people before age 65, and from 95 percent in FY2025 to 90 percent in FY2026 for people 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 2026	Miscellaneous Plan 2025	Miscellaneous Plan 2024	Miscellaneous Plan 2023	Miscellaneous Plan 2022	Miscellaneous Plan 2021	Miscellaneous Plan 2020	Miscellaneous Plan 2019	Miscellaneous Plan 2018
Actuarially determined contribution	$ 39	$ 39	$ 23	$ 23	$ 23	$ 16	$ 27	$ 52	$ 80
Contributions in relation to the actuarially determined contributions	(57)	(56)	(36)	(22)	(25)	(10)	(43)	(180)	(80)
Contribution deficiency (excess)	$ (18) (1)	$ (17) (1)	$ (13) (1)	$ 1	$ (2) (1)	$ 6	$ (16) (1)	$ (128) (1)	$ —
Covered-employee payroll for OPEB	$ 447	$ 491	$ 350	$ 320	$ 310	$ 290	$ 234	$ 336	$ 556
Actual contributions as a percentage of covered-employee payroll	12.75%	11.41 %	10.29 %	6.88 %	8.06 %	3.45 %	18.38 %	53.57 %	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 fiscal year 2025-26 actuarially determined contribution:

Actuarial cost method	Entry Age Normal. Level percentage of pay
Amortization method	Level percentage of payroll
Amortization period	14-year fixed period for 2025/26
Asset valuation method	Market value of assets
Inflation	2.50% annually
Healthcare cost trend rates	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Discount rate	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.

Bay Area Infrastructure Financing Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2026

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
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For the Year Ended June 30, 2026

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bay Area Infrastructure Financing Authority
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Bay Area Infrastructure Financing Authority (BAIFA), a component unit of the Metropolitan Transportation Commission, as of and for the year ended June, 30, 2026, and the related notes to the financial statements, which collectively comprise the BAIFA'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 the BAIFA, as of June 30, 2026, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BAIFA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the BAIFA'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 the BAIFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BAIFA'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 the BAIFA's financial statements for the year ended June 30, 2025, from which such partial information was derived.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of Toll Revenues and Traffic Count (in Number of Trip Transactions) but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP

Crowe LLP

San Francisco, California
October 13, 2026

This financial report is designed to provide a general overview of the Bay Area Infrastructure Financing Authority (BAIFA), a blended presented component unit of Metropolitan Transportation Commission (MTC). This Management's Discussion and Analysis (MD&A) presents an overview of the financial activities of BAIFA for the year ended June 30, 2026. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

A. Overview of the Financial Statements

BAIFA was created on August 1, 2006 by a Joint Exercise of Powers Agreement between MTC and the Bay Area Toll Authority (BATA). In October of 2011, pursuant to California Streets and Highways Code Section 149.7, the California Transportation Commission (CTC) approved MTC's application to develop and operate a 270-mile network of express lanes. Express lanes function as high-occupancy vehicle (HOV) lanes that allow vehicles not meeting HOV eligibility requirements to pay a toll to travel in the lane.

In April of 2013, MTC entered into a cooperative agreement with BAIFA through which MTC delegated the authority to develop and operate the Bay Area Express Lanes network to BAIFA. The planned Bay Area Express Lanes include portions of Interstates 80, 880 and 680. On October 9, 2017, the first MTC express lanes on Interstate 680 between Walnut Creek and San Ramon, both north and south directions, commenced revenue operations. The construction of express lanes on Interstate 880 between Fremont and Oakland was completed and began operations on October 2, 2020. The southbound express lane segment on Interstate 680 between Martinez and Walnut Creek opened to traffic in August 2021. The express lanes on Interstate 80 in Solano County began toll collections on December 16, 2025.

BAIFA'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* are 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.

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 as well as the financial statements.

B. Financial Highlights

During fiscal year 2026, BAIFA generated $97,915 in total operating revenues. Toll revenues from the three-corridor express lanes reached $80,094, while the newly opened express lanes on Interstate 80 generated $7,306 in toll and violation revenues during their first six months of operation.

C. Financial Summary and Detailed Analysis

Statement of Net Position

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

	2026	2025
Cash and investments	$ 337,215	$ 287,006
Accounts receivable	15,845	13,275
Other assets	623	605
Capital assets	110,159	114,746
Total assets	463,842	415,632
Deferred outflows of resources	1,726	1,338
Current liabilities	345,533	10,716
Non-current liabilities	748	321,305
Total liabilities	346,281	332,021
Deferred inflows of resources	866	147
Net investment in capital assets	108,251	112,558
Unrestricted	10,170	(27,756)
Total net position	$ 118,421	$ 84,802

Cash and investments increased by $50,209 or 17.5% in fiscal year 2026. The increase is mainly a result of net operating revenues of $36,385 from current year operations and interest income of $10,508. Total accounts receivable increased by $2,570 or 19.4% in fiscal year 2026. The increase is due to a $1,570 increase of operating revenues receivable and a $1,000 increase of violation fee receivable. Capital assets decreased by $4,586 or 4.0% primarily is a result of current year depreciation, offset by current year acquisition of capital assets. About $32,000 I-80 express lanes new toll equipment started its service life in mid-December 2025.

Total liabilities increased by $14,260 or 4.3% in fiscal year 2026. The increase is primarily due to the accrued interest liability for the Credit Agreement - BART cars.

Statement of Revenues, Expenses, and Changes in Net Position

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

	2026	2025*
Operating revenues		
Total operating revenues	$ 97,915	$ 94,576
Operating expenses		
Express lane operating expenses	37,972	30,908
Other operating expenses	23,558	19,263
Total operating expenses	61,530	50,171
Net operating income	36,385	44,405
Other non-operating revenues / (expenses)		
Interest income	10,508	13,708
Credit agreement - BART cars	(13,274)	(41,880)
Total other non-operating revenues (expenses)	(2,766)	(28,171)
Change in net position	33,619	16,234
Net position - beginning	84,802	68,569
Net position - ending	$ 118,421	$ 84,802

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

BAIFA's operating revenues increased by $3,339 or 3.5% in fiscal year 2026. The increase was resulted from BAIFA's I-80 express lanes started toll collections in mid-December 2025 and generated $7,306 toll and violation revenues in FY 2026.

Total operating expenses increased by $11,359 or 22.6% in fiscal year 2026 mainly driven by I-80 express lanes which incurred $6,854 operating expenses. Additionally, depreciation expense rose by $2,351 or 21.3% due to new toll collection equipment placed in service on the opening day of I-80 express lanes.

Interest income decreased by $3,200 or 23.3% which was resulted from a lower federal funds rate and steepening treasury yield curve affecting the valuation of the long-term investment pool. The $13,274 credit agreement BART cars expenses, which represent the interest expense and financing fees related to the credit agreement, compared to FY 2026 $41,880, decrease by $28,606 or 68.3%.

D. Significant Capital Asset and Long-Term Financing Activity

BAIFA's capital assets are toll collection equipment and software. BAIFA reports its capital assets on an accrual basis. BAIFA's investment in capital assets decreased from $114,746 in FY 2025 to $110,159 in FY 2026, primarily due to current year depreciation expense offset by newly added I-80 express lanes toll equipment assets. For additional information on BAIFA's capital assets, refer to Note 3.

On November 8, 2023, BAIFA entered into a Credit Agreement with Bank of America, N.A. for a maximum principal amount of $450,000 with an original expiration date of November 8, 2026. The Credit Agreement is to assist San Francisco Bay Area Rapid Transit District (BART) to finance the rail car replacement program. As of June 30, 2026, the outstanding draw amount is $333,015. On September 22, 2026, BAIFA amended the agreement by extending the expiration date to May 27, 2027 and reducing the maximum principal amount to $375,000.

E. Currently Known Facts, Decisions, or Conditions

Next Year's Budget

Fiscal year 2026-27 operating revenue is projected to increase modestly to approximately $118,706. Higher violation revenues, reimbursement revenues, and investment earnings are expected to partially offset lower projected toll revenues resulting from more conservative forecasts for the I-80 Express Lane corridor. Revenue will continue to be supported primarily through express lane toll collections, reimbursement revenue from the San Mateo 101 Express Lanes, and investment earnings.

Fiscal year 2026-27 operating expenses are projected to increase to $52,930 primarily due to the first full year of I-80 Express Lane operations. Growth in roadway and toll system maintenance, California Highway Patrol enforcement activities, Regional Operations Center transition costs, and other operating requirements is expected to increase overall expenditures. Despite these increases, operating revenues are expected to generate a strong operating surplus that will support capital improvements, rehabilitation projects, reserve contributions, and the continued operation and long-term reliability of the regional express lane network.

Request 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 Infrastructure Financing Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025
Assets		
Current assets		
Cash	$ 52,204	$ 18,963
Investments	104,115	87,854
Accounts receivable	11,216	9,297
Due from BATA	4,629	3,978
Prepaid expenses	623	605
Total current assets	172,787	120,697
Non-current assets		
Investments	180,896	180,189
Capital assets, not being depreciated/amortized	170	23,096
Capital assets, net of accumulated depreciation/amortization	109,989	91,650
Total non-current assets	291,055	294,935
Total Assets	463,842	415,632
Deferred outflows of resources		
Deferred outflows from pension	841	744
Deferred outflows from OPEB	885	594
Total deferred outflows of resources	1,726	1,338
Liabilities		
Current liabilities		
Accounts payable	7,394	6,257
Retention payable	2,304	2,390
Accrued liabilities	2,791	1,405
Due to MTC	29	24
Due to BATA	—	433
Compensated absences liability - current	—	207
Credit agreement liability - BART cars	333,015	—
Total current liabilities	345,533	10,716
Non-current liabilities		
Credit agreement liability - BART cars noncurrent	—	319,742
Net pension liability	707	886
Net OPEB liability	41	256
Compensated absences liability	—	421
Total non-current liabilities	748	321,305
Total Liabilities	346,281	332,021
Deferred inflows of resources		
Deferred inflows from pension	269	8
Deferred inflows from OPEB	597	139
Total deferred inflows of resources	866	147
Net Position		
Net investment in capital assets	108,251	112,558
Unrestricted	10,170	(27,756)
Total net position	$ 118,421	$ 84,802

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

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2026
(With comparative information for the prior year)

($ in thousands)	2026	2025*
Operating Revenues		
Toll revenues	$ 80,094	$ 74,370
Other operating revenues	17,821	20,206
Total operating revenues	97,915	94,576
Operating Expenses		
Salaries and benefits	4,054	3,239
Professional fees	37,972	30,908
Bank charges	2,043	1,580
Overhead	3,389	1,942
Transfer to MTC for operating purposes	72	1,272
Depreciation and amortization	13,392	11,041
Other operating expenses	608	190
Total operating expenses	61,530	50,172
Operating Income	36,385	44,404
Other non-operating revenues / (expenses)		
Interest income	10,508	13,708
Financing fees - BART cars	(381)	(507)
Credit agreement - BART cars interest expense	(12,893)	(12,888)
Payments to MTC - BART cars	—	(28,484)
Total other non-operating revenues (expenses)	(2,766)	(28,171)
Change in Net Position	33,619	16,233
Net Position - Beginning	84,802	68,569
Net Position - Ending	$ 118,421	$ 84,802

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2026
(With Comparative information for the prior year)

($ in thousands)	2026	2025*
Cash flows from operating activities		
Cash receipts from users / operations	$ 94,912	$ 88,427
Cash payments to suppliers for goods and services	(41,387)	(37,343)
Cash payments for employee salaries and benefits	(4,740)	(3,040)
Net cash provided by operating activities	48,785	48,044
Cash flows from non-capital financing activities		
Proceeds from credit agreement	—	95,660
Payment to MTC for BART cars	—	(95,660)
Net cash used in non-capital financing activities	—	—
Cash flows from capital and related financing activities		
Acquisition of capital assets	(9,084)	(6,228)
Net cash used in capital and related financing activities	(9,084)	(6,228)
Cash flows from investing activities		
Proceeds from maturities of investments	2,000	4,000
Purchase of investments	(10,000)	(220,148)
Interest and dividends on investments	1,540	4,255
Net cash used in investing activities	(6,460)	(211,893)
Net increase / (decrease) in cash	33,241	(170,077)
Cash - Beginning of year	18,963	189,040
Cash - End of year	$ 52,204	$ 18,963

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2026
(With Comparative information for the prior year)

($ in thousands)	2026	2025*
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 36,385	$ 44,404
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation / amortization	13,392	11,041
Net effect of changes in:		
Accounts receivable	(1,919)	(5,152)
Prepaid expenses	(18)	(82)
Deferred outflows from pension	(97)	25
Deferred outflows from OPEB	(291)	49
Accounts payable and accrued expenses	2,715	(1,369)
Due from/(to) MTC & BATA RCSC	(1,079)	(1,005)
Net pension liability	(179)	143
Net OPEB liability	(215)	(26)
Compensated absences liability	(628)	66
Deferred inflows from pension	261	(13)
Deferred inflows from OPEB	458	(37)
Net cash provided by operating activities	$ 48,785	$ 48,044
Significant Noncash Investing, Capital, and Financing Activities		
Acquisition of capital assets under accounts payable and accrued liabilities	$ 1,908	$ 2,188

* Prior-year amounts were restated to align with GASB 103, allowing for direct year-over-year comparison.

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Bay Area Infrastructure Financing Authority (BAIFA) was established on August 1, 2006 by an agreement of the Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA) pursuant to the California Joint Exercise of Powers Act (Act) consisting of Sections 6500 through 6599.2 of the California Government Code. The Act provides for the joint exercise of powers common to MTC and BATA. BAIFA was authorized to obtain funding in the form of grants, contributions, appropriations, loans and other assistance from the United States government and from the State of California (the State) and apply funds received to pay debt service on notes issued by BAIFA to finance or refinance public transportation and related capital improvements projects.

In October 2011, MTC obtained the approval from the California Transportation Commission (CTC) to develop and operate a 270-mile network of express lanes in the Bay Area. On March 27, 2013, the Joint Exercise of Powers Agreement between MTC and BATA dated August 1, 2006 was amended to authorize BAIFA to undertake programs and projects, including the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction. In April 2013, MTC delegated its express lane authority to BAIFA through a cooperative agreement.

The first BAIFA express lanes on Interstate 680 between Walnut Creek and San Ramon, both north and south directions, opened to traffic and started its revenue operations on October 9, 2017. Forty-seven miles of express lanes on Interstate 880 began revenue collection in October 2020, and a new 11 mile segment of Interstate 680 south bound express lane opened to traffic in August 2021. Interstate 80 Solano County express lanes began toll collections on December 16, 2025.

In April 2022, the Joint Powers Agreement between MTC and BATA was amended. The amendment modified the composition of BAIFA's board to match the composition of MTC's board. As a result of the new board composition, BAIFA meets the blending criteria under paragraph 53 of GASB 14, *The Financial Reporting Entity*, as amended by GASB No. 61. In fiscal year 2022 and thereafter, BAIFA is presented as a blended component unit of MTC as a major enterprise fund.

These standalone financial statements are for the benefit of the users of BAIFA's financial statements who need more disclosure of information and prefer reviewing the financial information segregated for BAIFA.

B. Basis of Presentation

The financial statements for BAIFA 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

BAIFA'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. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The financial statement improvements include: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; budgetary comparison information; and financial trends information in the statistical section. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The adoption of the standard has resulted in reclassifications of certain items on BAIFA's statements. All other disclosure updates required by this new standard are incorporated throughout the relevant sections of this report.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of governmental financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures by major class including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets. This statement also requires additional disclosures for capital assets held for sale. The adoption of this standard has no impact to the BAIFA's financial statements.

E. Cash and Investments

BAIFA delegates MTC to invest its available funds under the prudent investor rule. The prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords BAIFA a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Allowable investments include the following:

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

BAIFA applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, as amended (including by GASB Statement No. 72, *Fair Value Measurement and Application*), which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. BAIFA reports its money market securities at cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the

fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statement of Revenues, Expenses and Changes in Net Position as interest income.

BAIFA considers all balances in demand deposit accounts and associated sweep money market mutual funds to be cash. Deposits in Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of loss of principal.

F. Prepaid Expenses

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

G. Capital Assets

Capital assets, consisting of construction in progress, furniture and equipment, as well as intangible assets, are reported at historical cost. Capital assets are defined by BAIFA 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. BAIFA's intangible assets consist of purchased or licensed commercially available computer software and internally developed 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.

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

	Years
Toll collection equipment	3-25
Toll collection software	5-10

H. Net Pension Liabilities

The net pension liabilities are the liability employers have for the employee benefits provided through the defined benefit pension plan.

BAIFA's staff are employees of MTC. MTC 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).

BAIFA net pension liabilities are derived from BAIFA's proportional share of MTC's payroll costs for the relevant measurement year.

For additional information on the Plan, refer to Note 4.

I. Net Other Post-Employment Benefits (OPEB) Liabilities

Net OPEB liabilities are the liabilities employers have for the other post-employment benefits provided through the defined benefit plan.

BAIFA's staff are employees of MTC. MTC 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).

BAIFA net OPEB liabilities are derived from BAIFA's proportional share of MTC's payroll cost for the relevant measurement year.

For additional information on the Plan, refer to Note 5.

J. Compensated Absences

MTC 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.

Starting in fiscal year 2026, MTC allocated current year's compensated absences expenses related to vacation and sick leave to BAIFA based on BAIFA's proportional share of payroll costs for the current year. In fiscal year 2026, BAIFA paid off the beginning balance of compensated absences liabilities of $628.

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.

K. Deferred Outflows / Inflows of Resources from Pensions and Other Post-Employment Benefits

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.

L. 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 BAIFA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

M. Toll Revenues

BAIFA recognizes toll revenues as amounts are earned from the utilization of the express lanes. Toll revenues are BAIFA’s principal operating revenues.

N. Operating and Nonoperating Revenues and Expenses

BAIFA distinguishes operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. Subsidies are defined as (i) resources received from another party or fund for which BAIFA does not provide goods and services to the other party or fund and that directly or indirectly keep BAIFA’s current or future fees and charges lower than they would be otherwise, and (ii) resources provided to another party or fund for which the other party or fund does not provide goods and services to BAIFA and that are recoverable through BAIFA’s current or future

pricing policies. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

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.

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 BAIFA's prior year financial statements, from which this selected financial data was derived.

2. Cash and Investments

A. A summary of cash and Investments as shown on the Statement of Net Position at June 30, 2026 is as follows:

Cash	$	52,204
Investments		285,011
Total Cash and Investments	$	337,215

B. The composition of cash at June 30, 2026 is as follows:

Cash at banks	$	290
Government Pools		51,914
Total Cash	$	52,204

Money Market Mutual Funds

The BlackRock Treasury Trust Fund is part of the overnight sweep fund utilized by Bank of America demand deposit accounts. The fund invests 100% of its total assets in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

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

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

Money Market Mutual Funds	
First American Government Obligations Fund	Less than 1%
Morgan Stanley Government Portfolio	Less than 1%
BlackRock Treasury Trust Fund	Less than 1%

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

Government Pools

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. 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.

The government pool investments are expressed as a percentage of total cash and investments as follows:

Government Pool Investments	
California Asset Management Program	14%
Local Agency Investment Fund	2%

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

Investments

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

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

Investments in the following table are valued on the basis of price data provided by the custodian banks. The fair value hierarchy as of June 30, 2026 is as follows:

	Level 1	Level 2	Level 3	Total
U.S. Treasury	$ 103,324	$ —	$ —	$ 103,324
Money Market Mutual Funds[1]	1,148	—	—	1,148
Government-Sponsored Enterprises	—	67,158	—	67,158
Corporate Bonds	—	56,083	—	56,083
Asset-Backed Securities	—	28,272	—	28,272
Commercial Paper	—	19,242	—	19,242
Municipal Bonds	—	4,029	—	4,029
Others[2]	—	5,755	—	5,755
Total Investments Measured at Fair Value	$ 104,472	$ 180,539	$ —	$ 285,011

1. Money Market Mutual Funds are strategically utilized for investment purposes.
2. Others include Yankees, Supranationals and Certificates of Deposits.

C. Deposit and Investment Risk Factors

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

i.) Credit Risk

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will fail to meet its obligations or potentially default.

ii.) Custodial Credit Risk

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

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BAIFA may not be able to recover its deposits that are in the possession of an outside party. Under California Government Code Sections 53651 and 5365, 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 BAIFA's cash on deposit.

iii.) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments.

Neither state law nor MTC policy imposes a limit to the amount of U.S. Treasury and Government-sponsored Enterprise debt securities that can be held in the portfolio.

iv.) Interest Rate Risk

Interest rate risk is the risk that the market value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration in years, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations.

Investments in issuers that represent 5% or more of total investments, their respective credit ratings, and their weighted average duration at June 30, 2026 are as follows:

		Issuer Rating	
	Weight	S&P / Moody's / Fitch	Duration
U.S. Treasury	36%	AA+/Aa1/AA+	2.17
Government-sponsored enterprises			
Federal Home Loan Bank	13%	AA+/Aa1/AA+	0.43
Federal Home Loan Mortgage Corporation	7%	AA+/Aa1/AA+	3.01

3. Capital Assets

A summary of capital assets for the period ended June 30, 2026 is as follows:

	Balance 7/1/2025	Increases	Decreases	Balance 6/30/2026
Capital assets, not being depreciated/amortized:				
Construction in progress	$ 23,096	$ 4,911	$ (27,837)	$ 170
Total capital assets, not being depreciated/ amortized	23,096	4,911	(27,837)	170
Capital assets, being depreciated/amortized:				
Toll collection equipment	129,433	31,731	—	161,164
Toll collection software	25,274	—	—	25,274
Total capital assets, being depreciated/ amortized	154,707	31,731	—	186,438
Less accumulated depreciation/amortization for:				
Toll collection equipment	43,458	10,902	—	54,360
Toll collection software	19,599	2,490	—	22,089
Total accumulated depreciation/amortization	63,057	13,392	—	76,449
Total capital assets, being depreciated/ amortized, net	91,650	18,339	—	109,989
Total capital assets, net	$ 114,746	$ 23,250	$ (27,837)	$ 110,159

4. Employees' Retirement Plan

MTC 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, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2024. CalPERS then rolled forward the total pension liability to June 30, 2025, and this is the basis for reporting MTC's net pension liability at June 30, 2026.

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.

BAIFA reports its participation in the Plan under the cost-sharing plan requirements of GASB Statement No. 68. MTC allocated BAIFA's pension related balances based on BAIFA's proportional share of payroll costs. The percentage of the allocation for the fiscal year 2026 was 3.67%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BAIFA had a pension expense of $354, net pension liability of $707, deferred outflows of resources from pension $841, and deferred inflows of resources from pension of $269. Total contribution made for this fiscal year is $339 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, 2027.

For additional information on employees' retirement 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.

5. Other Post Employment Benefits (OPEB)

MTC 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, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2026 was determined using the actuarial valuation and the measurement date of June 30, 2025.

BAIFA 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 BAIFA based on BAIFA's proportional share of payroll costs. The percentage of the allocation for fiscal year 2026 was 3.67%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BAIFA had $227 in OPEB expenses, net OPEB liability of $41, deferred outflows of resources from OPEB of $885, and deferred inflows of resources from OPEB of $597. Total contribution made for this fiscal year is $274 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, 2027.

For additional information on employees' OPEB plan, 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.

6. Credit agreement - BART cars

On November 8, 2023, the Bay Area Infrastructure Financing Authority (BAIFA) entered into a Credit Agreement (Agreement) with Bank of America, N.A. for a maximum principal amount of $450,000 with an expiration date of November 8, 2026. Interest on the unpaid principal amount is calculated based on 80% of the daily SOFR Rate plus 0.11448% plus a credit spread of 0.70%. Undrawn amounts are charged a commitment fee of 0.30%. The Credit Agreement is to assist San Francisco Bay Area Rapid Transit District (BART) to finance the rail car replacement program. The Agreement is indirectly secured by FTA Transit Formula Funds. BAIFA's obligations under this Agreement are limited to continued Authorization, appropriation by the United States Congress of funds for programs authorized under 49 U.S.C. §5307 or 49 U.S.C. §5337 in each Federal Fiscal Year and apportionment by the FTA of such funds so appropriated by the United States Congress in each Federal Fiscal Year. In the event of default, Bank of America, N.A. will have no further obligation to make additional loans and may declare all unpaid balances to be immediately due and payable.

As of June 30, 2026, the outstanding draw amount is $333,015. The unused line of credit amount is $116,985.

	Balance Jul 1, 2025	Increases	Decreases	Balance Jun 30, 2026
Credit agreement with Bank of America, N.A.	$ 319,742	$ 13,273	$ —	$ 333,015

7. Commitment and Contingencies

BAIFA entered into contracts with external parties to construct express lanes, provide traffic control in the construction area, and develop the toll collection system. As of June 30, 2026, there are approximately $16,550 in future capital expenditure commitments.

8. Related Party Transactions

BATA

BATA administers the FasTrak® system in the San Francisco Bay Area, and all FasTrak® accounts are processed by BATA's Regional Customer Service Center ("BATA's RCSC"). In January 2017, BAIFA signed a cooperative agreement with BATA for the use of FasTrak® system for the express lanes toll facilities and FasTrak® accounts as the payment device for users of the express lanes.

BATA's RCSC processes all trip records received by BAIFA and forwards the revenue settlement to BAIFA. All services provided to BAIFA are charged directly to BAIFA.

MTC

MTC does not have its own financing authority. BAIFA, a joint powers agency (JPA) established by MTC and BATA under a joint powers agreement, as permitted by state law, can issue special obligation debt (as it has done in the past). In October 2023, BAIFA Resolution No. 50 authorized BAIFA to enter into a transit funding agreement with MTC under which BAIFA would issue debt and advance funds to MTC for payments to BART to reimburse eligible rail car replacement expenditures. See Note 6 for details on outstanding draw balances.

9. Subsequent Event

On September 22, 2026, BAIFA amended its existing Credit Agreement with Bank of America, N.A. for a maximum principal amount of $450,000, by extending the expiration date to May 27, 2027 and reducing the maximum principal amount to $375,000.

Required Supplementary Information

Bay Area Infrastructure Financing 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 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
Proportion of the collective net pension liability/asset	3.67 %	3.40 %	3.51 %	3.81 %	3.51 %	3.78 %	1.29 %	0.79 %	0.71 %
Proportionate share of the collective net pension liability/(asset)	$ 707	$ 886	$ 743	$ 617	$ (331)	$ 1,096	$ 452	$ (3)	$ 87
Covered payroll	$ 2,246	$ 1,855	$ 1,655	$ 1,574	$ 1,370	$ 1,373	$ 451	$ 407	$ —
Proportionate share of the collective net pension liability/(asset) as a percentage of its covered payroll	31.48 %	47.76 %	44.89 %	39.20 %	(24.16)%	79.83 %	100.22 %	(0.74)%	NA
Plan's fiduciary net position as a percentage of the Plan's total pension liability	94.86 %	91.97 %	92.89 %	94.44 %	107.53 %	89.00 %	80.75 %	82.04 %	76.85 %

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: 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.

* There were no employees prior to FY 2018. Future years' information will be displayed up to 10 years as information becomes available.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Pension Contributions ($ in thousands, 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	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II
Fiscal Year	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 339	$ 249	$ 216	$ 239	$ 222	$ 187	$ 90	$ 1	$ 13
Contributions in relation to the actuarially determined contributions	(339)	(249)	(216)	(239)	(391)	(479)	(204)	(1)	(13)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ (169) (1)	$ (292) (1)	$ (114) (1)	$ —	$ —
Covered payroll	$ 3,333	$ 2,246	$ 1,855	1,655	1,574	1,370	1,373	451	407
Actual contributions as a percentage of covered payroll	10.17 %	11.09 %	11.67 %	14.42 %	24.89 %	30.58 %	(14.86)%	0.22 %	4.90 %

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

Notes to Schedule of Plan Contribution:
The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2025-26 were derived from the June 30, 2023 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method / Period	For details, see June 30, 2023 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2023 Funding Valuation Report.
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.80%
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.

* There were no employees prior to FY 2018. Future years' information will be displayed up to 10 years as information becomes available.

Bay Area Infrastructure Financing 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 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
Proportion of the collective net OPEB liability/(Asset)	3.67%	3.40 %	3.51 %	3.81 %	3.51 %	3.78 %	1.29 %	0.79 %	0.71 %
Proportionate share of the collective net OPEB liability/(Asset)	$ 41	$ 256	$ 282	$ 165	$ (100)	$ (247)	$ (37)	$ 59	$ 51
Covered-employee payroll	$ 2,349	$ 1,919	$ 1,748	$ 1,653	$ 1,437	$ 1,450	$ 477	$ 277	$ 205
Proportionate share of the collective net OPEB liability/(Asset) as a percentage of its covered-employee payroll	1.75%	13.34 %	16.13 %	9.98 %	(6.96)%	(17.03)%	(7.76)%	21.30 %	24.88 %
Plan's fiduciary net position as a percentage of the Plan's total OPEB liability	98.26%	88.04 %	86.27 %	91.92 %	105.69 %	114.10 %	106.80 %	80.98 %	80.19 %

Notes to Schedule:

Benefit Changes: None in 2025.

Changes of Assumptions: The general inflation rate decreased from 2.75 percent in FY 2023 to 2.5 percent in FY 2024-FY2026. The long-term expected rate of return on investments used to measure the total OPEB liability was 5 percent in FY2026 and 3.75 percent in FY2023-FY2025. 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 decreased from 98 percent in FY2025 to 95% in FY 2026 for people before age 65, and from 95 percent in FY2025 to 90 percent in FY2026 for people 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 Infrastructure Financing 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 **

	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	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II
Fiscal Year	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 187	$ 184	$ 127	$ 127	$ 121	$ 83	$ 39	$ 26	$ 23
Contributions in relation to the actuarially determined contributions	(274)	(268)	(196)	(123)	(134)	(50)	(62)	(90)	(22)
Contribution deficiency (excess)	$ (87) (1)	$ (84) (1)	$ (69) (1)	$ 4 (1)	$ (13)	$ 33 (1)	$ (23)	$ (64) (1)	$ 1 (1)
Covered-employee payroll for OPEB	$ 3,499	$ 2,349	$ 1,919	$ 1,748	$ 1,653	$ 1,437	$ 1,450	$ 477	$ 277
Actual contributions as a percentage of covered-employee payroll	7.82%	11.40 %	10.22 %	7.02 %	8.08 %	3.48 %	4.25 %	18.78 %	8.11 %

(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 2025/26 Actuarially Determined Contribution:

Actuarial cost method	Entry Age Normal. Level percentage of pay
Amortization method	Level percentage of pay
Amortization period	14-year fixed period for 2025/26
Asset valuation method	Market Value of assets
Inflation	2.50% annually
Healthcare cost trend rates	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Discount rate	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.

Other Information

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Toll Revenues and Traffic Count (in Number of Trip Transactions) (unaudited)
By Fiscal Year

Fiscal Year	Toll Revenues ($ in thousands)	Trip Count (count in thousands)
2018*	$7,850	3,851
2019	$11,730	4,491
2020	$9,702	3,289
2021	$21,179	8,450
2022	$52,399	13,196
2023	$59,674	12,716
2024	$67,305	13,066
2025	$74,370	13,015
2026	$80,094	15,123

* Nine months ended as of June 30, 2018.

Bay Area Housing Finance Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2026

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
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For the Year Ended June 30, 2026

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bay Area Housing Finance Authority
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and major fund of the Bay Area Housing Finance Authority (BAHFA), a component unit of the Metropolitan Transportation Commission, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the BAHFA'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 the governmental activities and major fund of the BAHFA, as of June 30, 2026, and the changes in financial position 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 BAHFA's, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 BAHFA'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 BAHFA'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 BAHFA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Crowe LLP

Crowe LLP

San Francisco, California
October 13, 2026

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Housing Finance Authority (BAHFA). The Management's Discussion and Analysis (MD&A) provides an overview of BAHFA and its blended component unit BAHFA Leadership Fund's financial activities in the fiscal year, and it should be read in conjunction with the financial statements and the notes which follow.

Overview of the Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide an overview of BAHFA in a manner similar to a private sector business. The government-wide financial statements comprise a Statement of Net Position, a Statement of Activities and accompanying notes. The Statement of Net Position presents financial information on the government-wide net position of BAHFA at the end of the 2026 fiscal year. The difference between the assets plus deferred outflows and liabilities plus deferred inflows is reported as "Net Position."

The Statement of Activities presents government-wide information showing the change in net position resulting from revenues earned and expenses incurred during the 2026 fiscal year. All changes in net position are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

Governmental Funds

BAHFA is composed of one governmental fund which is presented as a general fund that is used to account for BAHFA general activities.

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

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

Financial Highlights

- BAHFA received $6,959 thousand in contributions from MTC in fiscal year 2026 for supporting BAHFA's housing programs.
- BAHFA disbursed $25,025 thousand in new loans in fiscal year 2026 and recorded a related allowance of $11,106 thousand.
- BAHFA ended fiscal year 2026 with a net position of $46,966 thousand.

Financial Summary and Detailed Analysis

Statement of Net Position

The following table shows a summary of BAHFA's government-wide Statement of Net position as of June 30, 2026:

($ in thousands)	2026	2025
ASSETS		
Cash and cash equivalents	$ 27,942	$ 47,828
Loans and related interest receivable, net	15,482	1,337
Intergovernmental and other receivables	674	842
Prepaid items & other assets	500	506
Capital assets, not being amortized	42	360
Capital assets net of accumulated amortization	3,379	3,224
TOTAL ASSETS	48,019	54,097
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension	403	492
Deferred outflows from OPEB	424	393
TOTAL DEFERRED OUTFLOWS OF RESOURCES	827	885
LIABILITIES		
Current liabilities	1,106	1,143
Non-current liabilities	359	957
TOTAL LIABILITIES	1,465	2,100
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pension	129	5
Deferred inflows from OPEB	286	92
TOTAL DEFERRED INFLOWS OF RESOURCES	415	97
NET POSITION		
Net investment in capital assets	3,421	3,584
Restricted	43,545	49,201
TOTAL NET POSITION	$ 46,966	$ 52,785

Total assets decreased by $6,078 thousand in fiscal year 2026. This decrease is mostly due to loan related expenses of $11,106 thousand, offset by $6,959 thousand in contributions from MTC for supporting BAHFA's housing programs.

The current liability decreased by $37 thousand mainly due to the timing of vendor invoice payments.

The non-current liability consists of net pension and net OPEB liability for the year. Non-current liabilities decreased by $598 thousand, primarily due to a decrease in the net pension liability, which was affected by reduced BAHFA staffing levels, and payments of outstanding compensated absences during the current year.

Statement of Activities

The following table shows a summary of BAHFA's government-wide Statement of Activities for the fiscal year ended June 30, 2026:

($ in thousands)	2026	2025
REVENUES		
Program revenues		
Operating grants and contributions	$ 7,057	$ 27,187
Charges for Services	226	1
General revenue		
Investment earnings	1,545	1,964
TOTAL REVENUES	8,828	29,152
EXPENSES		
General government	14,647	17,500
TOTAL EXPENSES	14,647	17,500
CHANGE IN NET POSITION	(5,819)	11,652
NET POSITION - BEGINNING	52,785	41,133
NET POSITION - ENDING	$ 46,966	$ 52,785

The decrease in revenues is mainly due to a decrease of $19,682 thousand in contributions from MTC received in the fiscal year 2026 for supporting BAHFA's housing programs, as well as a decrease of $419 in investment earnings, offset by an increase in charges for services related to the Priority Sites Predevelopment Loans Program.

The decrease in expenses is primarily attributed to a decrease in loan allowances recognized for the Housing Preservation and Priority Sites affordable housing programs in FY 2026. There was also a decrease in capital outlay due to the winding down of the Doorway Housing Portal project, and a decrease in salaries and benefits due to a reduction in staff time allocated to BAHFA programs.

BAHFA ended FY 2026 with a decrease in net position of $5,819 thousand.

Significant Capital Asset

BAHFA's capital asset is the Doorway Housing Portal. BAHFA reports its capital assets on an accrual basis. BAHFA's investment in capital assets decreased from $3,584 thousand in FY 2025 to $3,421 thousand in FY 2026, primarily due to asset amortization expense of $406 thousand, partially offset by $243 thousand of additions. For additional information on BAHFA's capital assets, refer to Note 5.

Currently Known Facts, Decisions, or Conditions

Next Year's Budget

BAHFA fiscal year 2026-27 budget incorporates the following key assumptions:

- Interest Earnings: A net interest yield of 3.6% is assumed, reflecting expectations for higher interest rates based on recent economic trends.
- Grant Funding: A decrease in state Regional Early Action Planning 2.0 (REAP 2.0) grant funding is anticipated. Carryover projects remain on schedule to meet the December 30, 2026 expenditure deadline, which will substantially draw down BAHFA's existing programmatic funding.
- Regional Measure Costs: No costs are assumed for a regional ballot measure in FY 2026-27. However, limited funding is included for stakeholder engagement activities to evaluate potential amendments to BAHFA's enabling statute in advance of a possible 2028 affordable housing measure.
- Staffing: The budget assumes an 8% vacancy rate across authorized positions.
- Compensation Adjustments: A 3.8% cost-of-living adjustment (COLA) is included, consistent with MTC labor agreements and recent Consumer Price Index (CPI) projections.
- Indirect Costs: The FY 2026-27 Indirect Cost Allocation Plan (ICAP) reflects an increased indirect cost rate compared to FY 2025-26, resulting in a projected rise in overhead costs.

The fiscal year 2026-27 revenue is projected to decline primarily due to the planned expenditure of one-time state grant funding, particularly REAP 2.0. Remaining operations will be supported by existing carryover balances, local funding, General Fund resources, and $1.0 million in philanthropic support from foundations. This funding will advance key priorities, including the development of the Mixed-Income Financing Program, the Doorway Housing Portal, and continued regional coordination, technical assistance, and strategic initiatives.

The fiscal year 2026-27 expenses are projected to decrease primarily due to the wind-down of one-time grant-funded pilot activities as existing resources are expended.

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 Housing Finance Authority, at 375 Beale Street, Suite 800, San Francisco, CA 94105.

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2026

	($ in thousands)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 27,942
Loans and related interest receivable, net	15,482
Intergovernmental and other receivables	674
Prepaid items and other assets	500
Non-current assets:	
Capital assets, not being amortized	42
Capital assets net of accumulated amortization	3,379
TOTAL ASSETS	48,019
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	403
Deferred outflows from OPEB	424
TOTAL DEFERRED OUTFLOWS OF RESOURCES	827
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	596
Unearned revenue	510
Non-current liabilities:	
Due in more than one year	
Net pension liability	339
Net OPEB liability	20
TOTAL LIABILITIES	1,465
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension	129
Deferred inflows from OPEB	286
TOTAL DEFERRED INFLOWS OF RESOURCES	415
NET POSITION	
Net Investment in Capital Assets	3,421
Restricted for:	
Housing Projects	43,545
TOTAL NET POSITION	$ 46,966

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2026

($ in thousands)	Program Revenues					Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenue	Governmental Activities Total
Functions:						
Government Activities:						
General Government	$ 14,647	$ 226	$ 7,057	$ —	$ 7,283	$ (7,364)
Total Governmental Activities	$ 14,647	$ 226	$ 7,057	$ —	$ 7,283	(7,364)
General Revenue:						
Investment earnings						1,545
Total General Revenue						1,545
Change in Net Position						(5,819)
Net Position - Beginning						52,785
Net Position - Ending						$ 46,966

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Balance Sheet
Governmental Fund - General Fund
June 30, 2026

		($ in thousands)
ASSETS		
Cash and cash equivalents	$	27,942
Intergovernmental and other receivables		674
Loans and related interest receivable, net		15,482
Prepaid items and other assets		500
TOTAL ASSETS	$	44,598
LIABILITIES		
Accounts payable and accrued liabilities	$	596
Unearned revenue		510
TOTAL LIABILITIES		1,106
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - interest on loans receivable		227
TOTAL DEFERRED INFLOWS OF RESOURCES		227
FUND BALANCES		
Nonspendable:		
Prepaid items		500
Restricted for:		
Housing Projects		42,765
TOTAL FUND BALANCES		43,265
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	$	44,598

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Reconciliation of the Balance Sheet
Governmental Fund to the Statement of Net Position
June 30, 2026

		($ in thousands)
Total Fund Balance - Governmental Fund		$ 43,265
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statement. These assets consist of:		
Intangible assets not being amortized	$ 42	
Intangible assets	4,227	
Accumulated amortization	(848)	
Total capital assets		3,421
Deferred inflow - interest on loans receivable is not available to pay for current period expenditures and, therefore, is reported as deferred inflows of resources in governmental fund.		227
Net pension liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.		(65)
Net OPEB liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.		118
Net position of Governmental Activities		$ 46,966

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended June 30, 2026

	($ in thousands)
REVENUES	
Contributions from MTC	$ 6,959
Local grants	98
Investment earnings	1,545
TOTAL REVENUES	8,602
EXPENDITURES	
Salaries and benefits	407
Payment of compensated absences	301
Allocations to other agencies	992
Professional fees	1,481
Overhead	183
Loan allowance	11,106
Capital outlay	243
Other	92
TOTAL EXPENDITURES	14,805
NET CHANGE IN FUND BALANCES	(6,203)
FUND BALANCE - BEGINNING	49,468
FUND BALANCES - ENDING	$ 43,265

See accompanying notes to financial statements

Bay Area Housing Finance Authority

A Component Unit of Metropolitan Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2026

		($ in thousands)
Net Change in Fund balance - Total Governmental Fund (per Statement of Revenues, Expenditures and Changes in Fund Balance)	$	(6,203)
Governmental fund report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense.		243
Current year amortization expense reported in the Statement of Activities		(406)
Governmental fund report payments on compensated absences as expenditures. These payments reduce long term liabilities in the Statement of Net Position and have no effect on the Statement of Activities.		301
Housing loan interest revenues will not be collected for several years after the fiscal year end, they are not considered "available revenues" and are reported as deferred inflows of resources in the governmental fund.		226
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental fund:		
Change in net pension liability and related accounts		34
Change in net OPEB liability and related accounts		(14)
Change in Net Position of Governmental Activities (per Statement of Activities)	$	(5,819)

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Operations

The Bay Area Housing Finance Authority (BAHFA) was established in October 2019 pursuant to the California Government Code Section 64510 (a)(1) to provide a regional financing mechanism for affordable housing production, preservation, and tenant protections in the San Francisco Bay Area, including charter cities. BAHFA is authorized to raise, administer, and allocate new revenue, incur, and issue bonds and other indebtedness, and allocate funds to the various cities, counties, and other public agencies and affordable housing projects within its jurisdiction. BAHFA is authorized to raise revenue by imposing various special taxes, including a parcel tax, and certain business taxes, within its jurisdiction and to issue general obligation bonds secured by the levy of ad valorem property taxes, in accordance with applicable constitutional requirements, and revenue bonds payable from the revenues of the authority, other than revenues generated from ad valorem property taxes. Section 64510 (a)(2) of the code states that BAHFA is governed by the same board that governs the Metropolitan Transportation Commission (MTC). Section 64511 (a)(1) states that the Association of Bay Area Governments Executive Board is to review and approve the BAHFA regional expenditures plan.

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

The Association of Bay Area Governments (ABAG) was created in 1961 and serves as the Council of Government for the 101 member cities/towns and nine counties that make up the region with powers and responsibilities granted to it under the laws of the State of California.

BAHFA is a legal entity separate of MTC, but it is governed by the same board that governs MTC. Furthermore, Section 64510 (a)(d) states that BAHFA's staff are the existing staff of MTC with the understanding that additional staff with expertise in affordable housing finance will be needed to administer the funding authorized in this chapter. As such, BAHFA meets the blending criteria under paragraph 53 of GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 61, and therefore, BAHFA is presented as a blended component unit of MTC.

These standalone financial statements are for the benefit of the users of BAHFA's financial statements who need more disclosure of information and prefer reviewing the financial information segregated for the BAHFA.

BAHFA Leadership Fund (Fund) was created in October 2022 as a nonprofit public benefit corporation to (1) support the mission of BAHFA to address the San Francisco Bay Area's housing crisis by providing financial support to BAHFA or BAHFA's programs or projects gained through fund raising activities as well as contributions by individuals and businesses; (2) engage in any other activities in furtherance of the purposes for which the Fund is formed; and (3) receive, invest, and utilize funds, property and in-kind materials or service acquired through the solicitation of contributions, donations, grants, gifts, and bequests and the like for the purposes for which the Fund is formed.

The Fund is organized and operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code"). The Fund shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Code, or (b) by a corporation contribution to which are deductible under section 170(c)(2) of the Code.

The Fund is a legal entity separate of BAHFA but was created to provide service entirely for BAHFA by providing financial support to BAHFA or BAHFA's programs or projects gained through fund raising activities as well as contributions by individuals and businesses. As such, the Fund meets the blending criteria under paragraph 53 of GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 61, and therefore, the Fund is presented as a blended component of BAHFA.

The Fund has no financial transactions as of or for the year ended June 30, 2026.

B. Basis of Presentation

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

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

Government-wide Financial Statements

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

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

General Fund Financial Statements

BAHFA presents its financial statements as a governmental fund. A fund is a separate set of self-balancing accounts that comprise assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. The Fund Financial Statements report increases and decreases in BAHFA's fund balance.

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

Government-wide Financial Statements

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

Fund Financial Statements

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay for liabilities of the current period. BAHFA considers revenues to be available if they are collected within 270 days after the year end. Expenditures generally are recorded when liabilities are incurred, as under the accrual basis of accounting.

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The financial statement improvements include: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; budgetary comparison information; and financial trends information in the statistical section. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The adoption of the standard has resulted in updates to the disclosures required under the new standard, which have been incorporated throughout the relevant sections of this report.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of governmental financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures by major class including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets. This statement also

requires additional disclosures for capital assets held for sale. The adoption of this standard has no impact on BAHFA's financial statements.

D. Net Position

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

- Net Investment in Capital Assets groups all capital assets into one component of net position. Accumulated depreciation and any outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position represents net position of BAHFA that is not included in the determination of net investment in capital assets or the restricted component of net position.

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

E. Fund Balance

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

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

Sometimes BAHFA will fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned fund balances). To determine the amounts to report as restricted, committed, assigned, and unassigned fund balances in the fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. BAHFA fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

F. Cash and Cash Equivalents

BAHFA has assigned its management of cash and investments to MTC and adopted MTC's investment policy. Accordingly MTC, on behalf of BAHFA invests BAHFA's available funds under the prudent investor rule. The

prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords BAHFA a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Allowable investments include the following:

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

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

BAHFA considers all balances in demand deposit accounts and associated sweep money market mutual funds to be cash. Deposits in Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of loss of principal.

G. Loans and Related Interest Receivable

BAHFA receives resources from the California Department of Housing and Community Development through MTC. BAHFA uses these resources to give loans to developers for various affordable housing projects.

BAHFA maintains a valuation allowance against loans receivable comprised of an allowance for risk. The allowance for risk is maintained to provide for losses that can be reasonably anticipated. The allowance is based upon continuing consideration of changes in the character of the portfolio, evaluation of current economic conditions, and such other factors that, in BAHFA's judgment, deserve recognition in estimating potential loan losses. The allowance for risk also takes into consideration maturity dates, interest rates, and other relevant factors.

H. Capital Assets

Capital assets are reported in the Statement of Net Position. Capital asset acquisitions are recorded at historical cost. BAHFA's intangible assets consist of purchased and licensed commercially available computer software and internally developed software. Amortization expenses for the governmental activities are charged against general government function.

Capital assets are defined by BAHFA as assets with an initial, individual or aggregate cost of more than $10,000 and an estimated useful life in excess of three years. However, capital assets that do not meet the threshold on an individual basis but are material collectively are capitalized. BAHFA follows the guidance in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion & Analysis - for State and Local*

Governments and GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets for recording capital assets*.

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

Amortization is computed using the straight-line method that is based upon the estimated useful lives of individual capital assets.

The estimated useful lives of capital assets are as follows:

	Years
Intangible assets	5-10

I. Net Pension Liabilities

The net pension liabilities are the liability employers have for the employee benefits provided through the defined benefit pension plan.

BAHFA's staff are employees of MTC. MTC 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).

BAHFA net pension liabilities are derived from BAHFA's proportional share of MTC's payroll costs for the relevant measurement year.

For additional information on the Plan, refer to Note 6.

J. Net OPEB Liabilities

MTC allocates the net OPEB liability, deferred outflows and deferred inflows from OPEB, and OPEB expenses to its blended and discretely presented component units and funds based on their share of MTC's payroll cost of the measurement year.

Net OPEB liabilities are the liabilities employers have for the other post-employment benefits provided through the defined benefit plan.

BAHFA's staff are employees of MTC. MTC 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).

BAHFA net OPEB liabilities are derived from BAHFA's proportional share of MTC's payroll cost for the relevant measurement year.

For additional information on the Plan, refer to Note 7.

K. Deferred Outflows / Inflows of Resources from Pensions and Other Post-Employment Benefits

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.

L. Operating and Nonoperating Revenues and Expenses

BAHFA distinguishes operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. Subsidies are defined as (i) resources received from another party or fund for which a BAHFA does not provide goods and services to the other party or fund and that directly or indirectly keep the BAHFA's current or future fees and charges lower than they would be otherwise, and (ii) resources provided to another party or fund for which the other party or fund does not provide goods and services to the BAHFA and that are recoverable through the BAHFA's current or future pricing policies. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

2. Net Position

BAHFA has a positive net position of $46,966 thousand. The positive 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 BAHFA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

3. Cash and Cash Equivalents

A. The composition of cash and cash equivalents at June 30, 2026 is as follows ($ in thousands):

Cash at bank [(1)]	$	(26)
Government Pools		
Local Agency Investment Fund		3,462
California Asset Management Program		24,506
Total cash and cash equivalents	$	27,942

[(1)] Negative balance reflects timing difference between payments and receipts.

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. Deposits in LAIF are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of principal. LAIF is unrated.

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.

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 Securities of the U.S. Government or its agencies.

B. Deposit Risk Factors

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BAHFA 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 BAHFA's cash on deposit.

4. Loans and Related Interest Receivable

The composition of BAHFA's loans receivable balance, net of the allowance for uncollectible accounts, as of June 30, 2026 is as follows ($ in thousands):

Loan Type	Interest Rates	Maturity	Balance	Allowance	Net Receivable
Preservation Loans	3%	55 years or more	$ 17,442	$ 17,442	$ —
Priority Sites Loans - Permanent	3%	55 years or more	8,212	8,212	—
Priority Sites Loans - Predevelopment	3%	3-5 years	15,255	—	15,255
Interest Receivable			1,075	848	227
Loans and related interest receivables, net			$ 41,984	$ 26,502	$ 15,482

5. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2026 is as follows ($ in thousands):

Governmental activities	**Beginning Balance 7/1/2025**	**Increases**	**Decreases**	**Transfers**	**Ending balances 6/30/2026**
Capital assets, not being amortized:					
Work In Progress	$ 360	$ 243	$ —	$ (561)	$ 42
Total capital assets, not being amortized	360	243	—	(561)	42
Capital assets, being amortized:					
Doorway Housing Portal	3,666	—	—	561	4,227
Total capital assets being amortized	3,666	—	—	561	4,227
Less accumulated amortization for:					
Doorway Housing Portal	442	406	—	—	848
Total accumulated amortization	442	406	—	—	848
Total capital assets, being amortized, net	3,224	(406)	—	561	3,379
Governmental activities capital asset, net	$ 3,584	$ (163)	$ —	$ —	$ 3,421

Amortization expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	$406
Total amortization expense - governmental activities	$406

6. Employee's Retirement Plan

MTC 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), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of multiple employers are pooled for investment purposes, but separate accounts are maintained for each individual employer. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

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, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2024. CalPERS then rolled forward the total pension liability to June 30, 2025, and this is the basis for reporting MTC's net pension liability at June 30, 2026.

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.

BAHFA reports its participation in the Plan under the cost-sharing plan requirements of GASB Statement No. 68. MTC allocated BAHFA's pension related balances based on BAHFA's proportional share of payroll costs. The percentage of the allocation for the fiscal year 2026 is 1.76%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BAHFA has a debit balance in pension expense of $142 thousand, net pension liability of $339 thousand, deferred outflows of resources from pension of $403 thousand and deferred inflows of resources of $129 thousand. Total contribution made for this fiscal year is $162 thousand 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, 2027.

For additional information on employees' retirement 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 (MTC) Finance Department, Bay Area Housing Finance Authority 375 Beale Street, Suite 800, San Francisco, CA 94105.

7. Other Post Employment Benefits (OPEB)

MTC 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 trust is a public agency agent multiple-employer post-retirement health benefit trust which provides public agencies of administration in the funding of each agency's respective other post-employment benefit obligation. 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.

Valuation Date (VD)	June 30, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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, 2026 was determined using the actuarial valuation of June 30, 2025 and measurement date of June 30, 2025.

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

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

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

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

BAHFA 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 BAHFA based on BAHFA's proportional share of payroll costs. The percentage of the allocation for fiscal year 2026 is 1.76%, which was based on the fiscal year 2025 measurement year.

In fiscal year 2026, BAHFA has a debit in OPEB expense of $145 thousand, net OPEB liability of $20 thousand, deferred outflows of resources from OPEB of $424 thousand, and deferred inflows of resources of $286 thousand. Total contribution made for this fiscal year is $131 thousand 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, 2027.

For additional information on employees' OPEB plan, 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 (MTC) Finance Department, Bay Area Housing Finance Authority 375 Beale Street, Suite 800, San Francisco, CA 94105.

8. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay according 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.

Starting in fiscal year 2026, MTC allocated current year's compensated absences expenses related to vacation and sick leave to BAHFA based on BAHFA's proportional share of payroll costs for the current year. In fiscal year 2026, BAHFA paid off the beginning balance of compensated absence liabilities of $301.

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 a 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.

For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 13. A copy of MTC's Annual Comprehensive Financial Report may be obtained by writing to the Metropolitan Transportation Commission (MTC) Finance Department, Bay Area Housing Finance Authority 375 Beale Street, Suite 800, San Francisco, CA 94105.

9. Risk Management

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

10. Commitments and Contingencies

BAHFA's grant funded projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantors' audits are completed and final rulings by the grantors' administrative departments are obtained. Disallowed expenditures, if any, must be absorbed by BAHFA.

As of June 30, 2026, there are approximately $9,798 thousand in future loan/expenditure commitments.

REQUIRED SUPPLEMENTARY INFORMATION

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (unaudited)
For the Year Ended June 30, 2026

	Budgeted Amounts		General Fund		
	Original Budget	Final Budget	Variance with Original Budget - over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
REVENUES					
Contributions from MTC	$ 44,390	$ 56,315	$ 11,925	$ 6,959	$ (49,356)
Local grants	529	729	200	98	(631)
Investment earnings	1,000	1,000	—	1,545	545
TOTAL REVENUES	45,919	58,044	12,125	8,602	(49,442)
EXPENDITURES					
Salaries and benefits	1,657	1,622	(35)	407	(1,215)
Payment of compensated absences	—	—	—	301	301
Allocation to other agencies	—	—	—	992	992
Professional fees	9,998	12,172	2,174	1,481	(10,691)
Loan allowance	33,471	43,471	10,000	11,106	(32,365)
Overhead	643	629	(14)	183	(446)
Capital outlay	—	—	—	243	243
Other	150	150	—	92	(58)
TOTAL EXPENDITURES	45,919	58,044	12,125	14,805	(43,239)
NET CHANGE IN FUND BALANCES	—	—	—	(6,203)	(6,203)
FUND BALANCE - BEGINNING	49,468	49,468	—	49,468	—
FUND BALANCE - ENDING	$ 49,468	$ 49,468	$ —	$ 43,265	$ (6,203)

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

($ in thousands)	**General Fund**
BUDGETARY REVENUES	
Differences - original budget to final budget:	
The increase in Contributions from MTC includes a $6.0 million donation from the Chan Zuckerberg Initiative and $5.0 million in Exchange Funds reprogrammed to support the Mixed-Income Financing Program, resulting in expanded programmatic activities. In addition, the changes reflect projected updates to State grant allocations.	$ 11,925
Differences - final budget to actual:	
The variance in contributions from MTC is primarily due to the timing of revenues for REAP 2.0 Priority Sites Predevelopment Loans and REAP 2.0 Preservation Loans programs where the full project funding was appropriated in the budget, while actual revenues are recognized and disbursed over multiple periods as projects advance.	$ (49,356)
BUDGETARY EXPENDITURES	
Differences - original budget to final budget:	
The increase in consultant and professional fees in the final budget primarily reflects the implementation of the Mixed-Income Financing Program startup costs, which support expanded BAHFA operating and program activities.	$ 2,174
The increase in loan allowance in the final budget primarily reflects the implementation of the Mixed-Income Financing Program which support expanded BAHFA operating and program activities.	$ 10,000
Differences - final budget to actual:	
The variance in consultant and professional fees is primarily due to the timing of expenditures for programs. The full project funding was appropriated in the budget, while actual costs are incurred and disbursed over multiple periods as projects advance.	$ (10,691)
The variance in loan allowance is primarily due to the timing of expenditures for the REAP 2.0 Priority Sites Predevelopment Loans and REAP 2.0 Preservation Loans programs. The full project funding was appropriated in the budget, while actual costs are incurred and disbursed over multiple periods as projects advance.	$ (32,365)

Bay Area Housing Finance 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 *

($ in thousands)	Miscellaneous Plan			
Measurement Date	2025	2024	2023	2022
Plan's Proportion of the Net Pension Liability/(Asset)	1.76%	2.25%	1.95%	0.25%
Plan's Proportionate Share of the Net Pension Liability/ (Asset)	$ 339	$ 586	$ 412	$ 40
Plan's Covered Payroll (1)	$ 1,075	$ 1,226	$ 918	$ 101
Plan's Proportionate Share of the Net Pension Liability/ (Asset) as of Percentage of its Covered Payroll	31.53%	47.80%	44.88%	39.60%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Proportionate Share of the Total Pension Liability	94.86%	91.97%	92.89%	94.44%

Notes to Schedule:

(1) Fiscal year 2023 (measurement period ended June 30, 2022) was BAHFA's first year in making payroll contributions.

Changes 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: 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 was 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, 2016.

* Only four years' data is available.

Bay Area Housing Finance Authority

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

($ in thousands)	Miscellaneous Plan			
Fiscal Year	2026	2025	2024	2023
Actuarially determined contributions	$ 162	$ 119	$ 143	$ 132
Contributions in relation to the actuarially determined contributions	$ (162)	$ (119)	$ (143)	$ (132)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered Payroll [1]	$ 325	$ 1,075	$ 1,226	$ 918
Actual contributions as a percentage of covered payroll	49.85%	11.07%	11.66%	14.38%

[1] Fiscal year 2023 (measurement period ended June 30, 2022) was BAHFA's first year in making payroll contributions.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2025-26 were derived from the June 30, 2023 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/ Period	For details, see June 30, 2023 Funding Valuation Report
Asset Valuation Method	Fair Value of Assets. For details see June 30, 2023 Funding Valuation Report
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.80%
Investment Rate or 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.

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

Bay Area Housing Finance 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 *

($ in thousands)	Miscellaneous Plan			
Measurement Date	2025	2024	2023	2022
Plan's Proportion of the Net OPEB Liability/(Asset)	1.76 %	2.25 %	1.95 %	0.25 %
Plan's Proportionate Share of the Net OPEB Liability/ (Asset)	$ 20	$ 169	$ 157	$ 11
Plan's Covered Employee Payroll (1)	$ 1,125	$ 1,269	$ 970	$ 107
Plan's Proportionate Share of the Net OPEB Liability/ (Asset) as of Percentage of its Covered Payroll	1.78 %	13.32 %	16.19 %	10.28 %
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Proportionate Share of the Total OPEB Liability	98.26 %	88.04 %	86.27 %	91.92 %

Notes to Schedule:

(1) Fiscal year 2023 (measurement period ended June 30, 2022) was BAHFA's first year in making payroll contributions.

Changes of Assumptions: The general inflation rate decreased from 2.75% in FY 2023 to 2.5% in FY 2024-26. The long-term expected rate of return on investments used to measure the total OPEB liability was 5% in FY2026 and 3.75% in FY 2023-2025. 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 decreased from 98% in FY2025 to 95% in FY2026 for people before age 65, and from 95% in FY2025 to 90% in FY2026 for people 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 Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of OPEB Contributions (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

($ in thousands)	Miscellaneous Plan			
Fiscal Year	2026	2025	2024	2023
Actuarially determined contributions	$ 89	$ 88	$ 84	$ 70
Contributions in relation to the actuarially determined contributions	$ (131)	$ (128)	$ (130)	$ (68)
Contribution deficiency (excess)	$ (42)	$ (40)	$ (46)	$ 2
Covered Employee Payroll (1)	$ 341	$ 1,125	$ 1,269	$ 970
Actual contributions as a percentage of covered payroll	38.42%	11.38%	10.24%	7.01%

Notes to Schedule:

(1) Fiscal year 2023 (measurement period ended June 30, 2022) was BAHFA's first year in making payroll contributions.

The following actuarial methods and assumptions from the June 30, 2023 actuarial valuation were used to determine the 2025/26 Actuarially Determined Contribution:

Actuarial cost method	Entry Age Normal, Level percentage of pay
Amortization method	Level percentage of pay
Amortization period	14-year fixed period for 2025/26
Asset valuation method	Market value of assets
Inflation	2.50% annually
Healthcare cost trend rates	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% 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.