

STAFF REPORT FOR CALENDAR ITEM NO.: 9
FOR THE MEETING OF: December 11, 2025

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Presentation of the audited Annual Financial Report of the Transbay Joint Powers Authority (TJPA) for the fiscal year ended June 30, 2025.

EXPLANATION:

The TJPA Bylaws require that the Authority provide member agencies with complete audited financial statements no later than January 1 following the close of the fiscal year.

TJPA management is responsible for preparing the financial statements and ensuring the accuracy, completeness, and fairness of the information presented. The FY 2024–25 financial statements reflect the financial position and results of operations of the TJPA for the period July 1, 2024, through June 30, 2025. The purpose of the independent audit is to obtain reasonable assurance that the financial statements are free from material misstatement. Baker Tilly US, LLP conducted the audit of the financial statements for the fiscal year ended June 30, 2025, in accordance with Government Auditing Standards, and issued an unmodified opinion.

The Annual Financial Report includes the following required sections:

- 1. Independent Auditors' Report**—Prepared by the independent auditors, this report provides an unmodified opinion, indicating that the financial statements present fairly in all material respects, TJPA's financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). An unmodified opinion is the highest level of assurance an external auditor can provide.
- 2. Management's Discussion and Analysis (MD&A)**—This section presents management's narrative overview and analysis of TJPA's financial activities for the fiscal year. It includes year-over-year comparisons and highlights significant financial events, trends, and changes affecting the agency's financial position.
- 3. Basic Financial Statements**—These statements include the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and the Notes to the Financial Statements. The notes provide essential detail and context for understanding the data presented in the financial statements.
- 4. Required Supplementary Information (RSI)**—The Governmental Accounting Standards Board (GASB) requires certain information to be presented immediately after the notes because it provides important context for interpreting the financial statements. RSI is subject to limited auditor procedures rather than full audit assurance. For TJPA, RSI includes MD&A, schedules related to pension and other post-employment benefits (OPEB) obligations.
- 5. Supplementary and Other Information**—This includes the independent auditors' reports on internal control over financial reporting and compliance, issued in accordance with Government

Auditing Standards.

A representative of Baker Tilly US, LLP will address the Board at the December 11, 2025 meeting and be available to answer any questions.

RECOMMENDATION:

Information only.

ENCLOSURES:

1. Annual Financial Report, Fiscal Year Ended June 30, 2025
2. Baker Tilly US, LLP Reporting and insights from 2025 audit

Transbay Joint Powers Authority

Annual Financial Report

Fiscal Year Ended June 30, 2025



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**TRANSBAY JOINT POWERS AUTHORITY
SAN FRANCISCO, CALIFORNIA**

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

PREPARED BY THE FINANCE DEPARTMENT



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TRANSBAY JOINT POWERS AUTHORITY

Adam Van de Water • Executive Director

November 25, 2025

Board of Directors

Transbay Joint Powers Authority

San Francisco, California

It is my privilege to present the Transbay Joint Powers Authority's (TJPA) Annual Financial Report for the fiscal year ending June 30, 2025. This year's report highlights the Authority's financial condition and program accomplishments, along with the independent auditors' opinion provided by Baker Tilly US, LLP.

At TJPA, we remain committed to openness and accountability in all aspects of financial reporting. Our internal control systems, while not immune to error, are carefully designed to safeguard accuracy and support public confidence in our stewardship of resources.

The information included in this report represents a fair and reliable picture of the TJPA's fiscal position and operational activities during the year. Further analysis and discussion can be found in the accompanying Management's Discussion and Analysis (MD&A).

Governance

The TJPA has primary jurisdiction with respect to all matters concerning the financing, design, development, construction, and operation of the Transbay Program. The TJPA is a joint exercise of powers authority created by the City and County of San Francisco, the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, the California High Speed Rail Authority, and Caltrans (ex officio). The TJPA is managed by TJPA staff and is overseen by an eight-member Board of Directors.

Overview

The Transbay Program continues to serve as a transformative, region-shaping investment in transportation infrastructure. By linking eight Bay Area counties and the State of California through 11 major bus and rail systems including AC Transit, BART, Caltrain, and the planned high-speed rail, the program seeks to enhance regional mobility and economic vitality. Its core elements are:

- The Salesforce Transit Center, which has replaced the former Transbay Terminal.
- The Downtown Rail Extension (DTX), known as "The Portal," which will connect Caltrain and future high-speed rail directly to the Transit Center.
- A surrounding transit-oriented neighborhood featuring housing (with at least 35% affordable), offices, parks, and retail amenities.

Phase 1 delivered the Salesforce Transit Center and supporting infrastructure, including the below-grade train box shell, a bus ramp connecting the station to the San Francisco-Oakland Bay Bridge, a bus storage facility for off-peak layovers, a temporary terminal, and a utility relocation project to clear the area for excavation. Phase 2, “The Portal,” is focused on extending Caltrain commuter rail service into the heart of downtown San Francisco, positioning the region for the arrival of statewide high-speed rail service.

Highlights of Fiscal Year 2025

The Portal:

During the fiscal year, the TJPA and five (5) agency partners – Caltrain, Metropolitan Transportation Commission, City and County of San Francisco, California High Speed Rail Authority, and San Francisco County Transportation Authority adopted an updated Memorandum of Understanding for the implementation of The Portal.

The TJPA Board of Directors approved the release of a Request for Proposal for Civil and Tunnel construction (40-CT). The Board also approved an updated Master Schedule, cost estimate and adjusted FTA New Starts Capital Invest Grant (CIG) Full Funding Grant Agreement target date. Later in the FY, the Board approved cost containment scope changes, which are intended to reduce The Portal’s construction cost and will formally be incorporated in an updated cost estimate upon completion of an environmental assessment.

The TJPA engaged FTA and its PMOC to begin updates to the required project delivery documentation to request a CIG. Documentation includes the project’s management plans, cost, schedule, critical third-party agreements, and funding plans. Design on certain enabling works scope elements was advanced to develop updated cost estimates. The TJPA also established an Integrated Project Delivery Team with the initial operator, Caltrain, with assigned construction delivery staff from its recently completed corridor electrification program to supplement the TJPA’s project staff and consultant resources for a more effective and coordinated project delivery.

Post-Pandemic Recovery:

The TJPA continued to experience residual effects of the COVID-19 pandemic, including constrained rent growth and reduced commercial activity compared to pre-pandemic levels. Lease terminations by Charley’s Philly Steaks in June 2025 and Dim Boas in March 2025 temporarily reduced occupancy and rental income. However, leasing momentum strengthened notably in FY25, with approximately 20 property tours conducted, up from just five the prior year. New restaurant, Modi, opened in November 2024, and CLEAR began operations under a license agreement in March 2025. In addition, negotiations with Erik’s DeliCafé began in January 2025 and culminated in a signed lease shortly after fiscal year-end, further signaling renewed market confidence in the Salesforce Transit Center’s retail program.

Advertising revenues roughly doubled compared to FY24, reflecting the continued success of the Transit Center’s digital media network and rising commuter volumes as return-to-office mandates expanded across the Bay Area. According to Placer.AI data, visitor counts increased 6.6% year-over-year between January and June 2025, and 21.9% for calendar year 2024 overall. Private event revenues remained below projections but are expected to recover in FY26 as additional event spaces and amenities come online.

Acknowledgements

I would like to recognize the TJPA Finance team for their diligence and dedication throughout the year. Their professionalism and hard work ensure that the Authority's financial reporting reflects both accuracy and integrity, supporting the long-term success of our mission.

Sincerely,

A handwritten signature in black ink that reads "Shima Mirzaei". The script is fluid and cursive, with the first name "Shima" and last name "Mirzaei" clearly distinguishable.

Shima Mirzaei
Chief Financial Officer

TRANSBAY JOINT POWERS AUTHORITY

GOVERNING BOARD

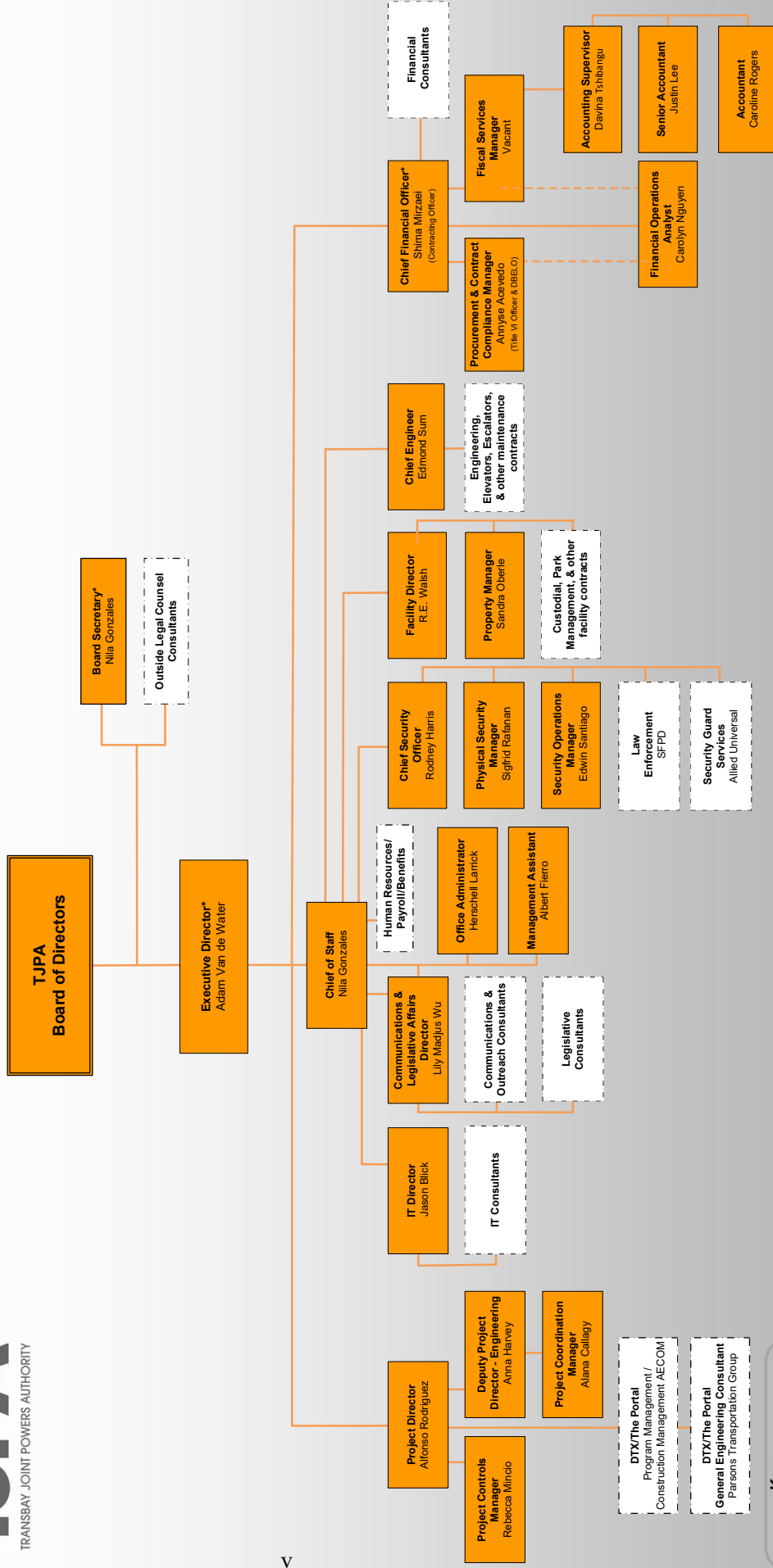
Jeff Gee, *Chair (Peninsula Corridor Joint Powers Board Representative)*
Rafael Mandelman, *Vice Chair (San Francisco Board of Supervisors Representative)*
Chris Andrichak, *Board Member (Alameda-Contra Costa Transit Representative)*
Julie Kirschbaum, *Board Member (San Francisco Municipal Transportation Agency Representative)*
Charley Lavery, *Board Member (San Francisco Board of Supervisors Representative)*
Eileen Mariano, *Board Member (Office of the San Francisco Mayor Representative)*
Mark Tollefson, *Board Member (California High Speed Rail Authority Representative)*
David Ambuehl, *Ex officio Board Member (Caltrans Representative)*

AUTHORITY STAFF

Adam Van de Water, *Executive Director*
Shima Mirzaei, *Chief Financial Officer*
Nila Gonzales, *Secretary*

Deborah Miller (Shute Mihaly & Weinberger LLP), *General Counsel*

TJPA Organization Chart



Key

- TJPA Staff * Board Officer
- Consultant / Contractor Direct Report
- Support

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Directors of
Transbay Joint Powers Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transbay Joint Powers Authority (Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority as of June 30, 2025, and the changes in financial position and, where applicable, 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) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the Authority adopted the provisions of GASB Statement No. 101 *Compensated Absences*, effective July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Auditors' 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 auditors' 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 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 Authority'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 Authority'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 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.

Additional Information

Management is responsible for the accompanying Introductory Section as noted in the table of contents (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our opinion on the basic financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
November 25, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRANSBAY JOINT POWERS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2025

(Unaudited)

The following Management Discussion and Analysis (MD&A) provides a narrative overview of the Transbay Joint Powers Authority's (TJPA) financial activities for the fiscal year ended June 30, 2025, with comparative information for the fiscal year ended June 30, 2024. The MD&A section is required by the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 and should be read in conjunction with the TJPA's basic financial statements, which follow this section.

The TJPA's financial activities are reported based on a twelve-month fiscal year that begins on July 1 of one calendar year and ends on June 30 of the following calendar year. Each fiscal year is identified by the calendar year in which it ends. Accordingly, the basic annual financial statements presented in this report are for Fiscal Year 2024-25 (FY25).

Purpose of the TJPA

The TJPA is a local government agency formed in 2001 in accordance with California Government Code to design, build, develop, operate and maintain a new regional transit terminal (the "Transit Center") and associated facilities in downtown San Francisco (collectively, the "Transbay Program"), replacing the former Transbay Terminal. An extension of rail lines for Caltrain and future California High Speed Rail from the current Caltrain San Francisco terminus at Fourth and King Streets to the transit center, referred to as the Downtown Rail Extension (DTX), currently known as "The Portal", is the second phase ("Phase 2") of the Transbay Program. See Note 1 for additional information.

Financial Highlights

At the close of the fiscal year, assets and deferred outflows of the TJPA exceeded liabilities and deferred inflows, resulting in total net position of \$1,754,512,217, primarily reflecting recognition of the Transbay Transit Center as a capital asset.

The TJPA reported an operating loss of \$102,315,764 for FY25. The operating loss was largely driven by depreciation of the Transit Center asset and a decline in revenue from commercial activities and rents. These pressures were influenced by the slower-than-expected economic recovery following the pandemic.

Overview of the Financial Statements

TJPA's annual financial report includes this MD&A, the basic financial statements, and the accompanying notes. The report also includes other supplementary information in addition to the basic financial statements.

The TJPA is reported as an enterprise fund, a type of proprietary fund used to present financial information in a manner similar to a private-sector business. Enterprise funds are used to account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. Under the Joint Powers Agreement establishing the TJPA, dated April 4, 2001, the Transit Center and related facilities are to be managed and operated as an enterprise operation.

This MD&A provides an overview of the TJPA's basic financial statements. The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

TRANSBAY JOINT POWERS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2025

(Unaudited)

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between these categories is reported as net position. Over time, changes in net position can indicate whether the TJPA's financial position is improving or declining.

The Statement of Revenues, Expenses, and Changes in Net Position shows how the TJPA's net position changed during the fiscal year. This statement uses the accrual basis of accounting, meaning revenues and expenses are recorded when the underlying events occur, regardless of the timing of cash flows.

The Statement of Cash Flows presents the cash inflows and outflows from operating activities, capital and related financing activities, and investing activities, and reconciles those amounts to the cash balances at fiscal year-end.

The Notes to the Basic Financial Statements provide essential additional detail to support the information presented in the statements.

In addition to the basic financial statements and accompanying notes, the report also includes Required Supplementary Information related to the TJPA's pension and Other Post Employee Benefits (OPEB) obligations.

Financial Statement Analysis

In accordance with GASB requirements, a comparative analysis of selected financial data is presented in condensed formats to compare amounts from the current fiscal year (FY25) to amounts from the prior fiscal year (FY24).

TRANSBAY JOINT POWERS AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2025
(Unaudited)

TJPA'S CONDENSED STATEMENT OF NET POSITION

	2025	2024	Dollar Change	Percent Change
Assets:				
Current and other assets	\$ 64,614,677	\$ 69,821,995	\$ (5,207,318)	-7%
Restricted assets	85,655,953	69,052,128	16,603,825	24%
Capital assets	1,898,238,744	1,962,494,213	(64,255,469)	-3%
Total assets	<u>2,048,509,374</u>	<u>2,101,368,335</u>	<u>(52,858,961)</u>	<u>-3%</u>
Deferred outflows of resources:				
OPEB related	158,503	177,094	(18,591)	-10%
Pension related	965,671	1,157,898	(192,227)	-17%
Total deferred outflow of resources	<u>1,124,174</u>	<u>1,334,992</u>	<u>(210,818)</u>	<u>-16%</u>
Liabilities:				
Current and other liabilities	28,130,376	27,406,252	724,124	3%
Tax allocation bonds	248,212,478	256,398,102	(8,185,624)	-3%
Intergovernmental liability to the City for re-conveyance of State transferred land	4,364,206	4,364,206	-	0%
Total Liabilities	<u>280,707,060</u>	<u>288,168,561</u>	<u>(7,461,501)</u>	<u>-3%</u>
Deferred inflows of resources:				
OPEB related	225,682	211,930	13,752	6%
Pension related	14,543	44,159	(29,616)	-67%
Lease related	14,174,046	12,466,639	1,707,407	14%
Total deferred inflows of resources	<u>14,414,271</u>	<u>12,722,728</u>	<u>1,691,543</u>	<u>13%</u>
Net position:				
Net investment in capital assets	1,681,968,944	1,697,251,905	(15,282,961)	-1%
Restricted				
Net OPEB Asset	122,642	-	122,642	100%
Agency Reserve	32,500,845	39,470,051	(6,969,206)	-18%
Debt services	10,763,199	29,035,125	(18,271,926)	-63%
Unrestricted	29,156,587	36,054,958	(6,898,371)	-19%
Total net position	<u>\$ 1,754,512,217</u>	<u>\$ 1,801,812,039</u>	<u>\$ (47,299,823)</u>	<u>-3%</u>

Current assets consisted of cash and equivalents, receivables, and other current assets. Restricted assets consisted of restricted cash, investments, and other restricted assets. The \$16.6 million net increase in restricted assets is due to the reclassification of assets in the State of California Local Agency Investment Fund (LAIF) to secure the required agency reserve and the excess of Net Tax Increment (NTI) pledged revenues after payment of 2020 TABs debt service.

Deferred inflows and outflows consist of pension-related costs, OPEB-related costs, and lease-related costs.

Total net position on June 30, 2025, includes net investment in capital assets, which is comprised of \$1,562,037,146 of depreciable capital assets, construction in progress of \$167,104,377, land scheduled to be permanently retained by the TJPA of \$164,595,641 (see Note 4), and permanent easements of \$137,374, less \$211,905,594 of liability related to the capital portion of the 2020 TABs. The construction in progress includes design, construction, construction management, program management, and administrative costs necessary to support the development of the Transit Center and The Portal.

In addition to the capital asset, \$32,500,845 is restricted to the Agency reserves for the continued construction, capital improvement, and operation and maintenance of the Transit Center and The Portal.

TRANSBAY JOINT POWERS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2025

(Unaudited)

The Capital Improvement Reserve also includes \$24,656,154 of unspent balance of the TABs proceeds distributed to the TJPA in 2020 for Capital Replacement Reserve and is included in the Net Investment in Capital Assets. See Note 2 on page 18 of this report for additional details regarding the Net Investment in Capital Assets component of net position.

TJPA'S CONDENSED STATEMENT OF CHANGES IN NET POSITION

	2025	2024	Dollar Change	Percent Change
Operating income				
Operating revenues	\$ 14,334,664	\$ 15,589,873	\$ (1,255,209)	-8%
Operating expenses	(116,650,428)	(172,782,335)	56,131,907	-32%
Operating income (loss)	(102,315,764)	(157,192,462)	54,876,698	-35%
Nonoperating revenues (expenses)				
Regional Measures grants	12,260,601	11,141,809	1,118,792	10%
Investment Income (loss)	4,107,716	6,054,470	(1,946,754)	-32%
Miscellaneous revenues	872,481	1,056,258	(183,777)	-17%
Tax Increment Revenue	25,000,672	26,906,969	(1,906,297)	-7%
Debt Service	(8,294,144)	-	(8,294,144)	0%
Total nonoperating revenues (expenses)	33,947,326	45,159,507	(11,212,181)	-25%
Income before capital contributions	(68,368,438)	(112,032,955)	43,664,517	-39%
Capital contributions				
Federal government capital grants	109,064	-	109,064	100%
State government capital grants	9,998,054	3,388,720	6,609,334	195%
Local government capital grants	7,856,581	8,330,347	(473,766)	-6%
Community Facilities District	2,854,917	9,579,891	(6,724,974)	-70%
Other Agency Partners	250,000	255,565	(5,565)	-2%
Total capital contributions	21,068,616	21,554,523	(485,907)	-2%
Change in net position	(47,299,822)	(90,478,433)	43,178,611	-48%
Net position - Beginning	1,801,812,039	1,892,290,472	(90,478,433)	-5%
Net position - Ending	\$ 1,754,512,217	\$ 1,801,812,039	\$ (47,299,822)	-3%

FY25 operating revenues of \$14.3 million were generated from Primary Tenants' contributions; naming rights revenue; lease and rental revenues; Community Benefit District (CBD) revenue; advertising revenues; and cellular antenna licensing agreement revenues for the Transit Center.

The \$56.1 million decrease in operating expenses is primarily due to a significant reduction in depreciation expense, resulting from the retirement of several assets during the year and the closeout of Phase 1 in FY24, as well as the reclassification of debt service expense from operating to non-operating. In addition, termination of the asset management contract with LPC, whose services are now performed in-house, contributed to the decline in expenses.

Nonoperating revenues consist of operating grants from MTC Regional Measure 2 (RM-2) and Regional Measure 3 (RM-3), investment income and miscellaneous revenues. NTI revenue continues to be used to pay the TJPA's debt service associated with the 2020 TABs.

The FY25 investment gain of \$4.1 million reflects increased interest earnings from the investment portfolio.

FY25 capital contributions of \$21.1 million were comprised of state and local grants and Community Facilities District (CFD) funds supporting project development and ongoing engineering and design efforts for The Portal.

TRANSBAY JOINT POWERS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2025

(Unaudited)

Budgetary Highlights

Quarterly budget-to-actual reports are presented to the TJPA Board of Directors ("TJPA Board") by the TJPA Chief Financial Officer. During the fiscal year, three amendments to the Capital Maintenance, Repair and Replacement Budget, two amendments to the Capital Budget (The Portal and Tenant Improvement), and two amendments to the Operating Budget were approved. These amendments reallocated amounts among line items without increasing the total appropriations.

Capital Asset and Debt Administration

Capital assets

The TJPA's investment in capital assets as of June 30, 2025, amounts to \$1.89 billion. This investment includes land, easements, the Transit Center, information technology, tenant improvements, equipment, and construction in progress. With five full years of operations, the Transit Center is a depreciable capital asset with useful lives ranging from 5 to 50 years. To date, it has been depreciated by \$692 million.

See Note 4 for additional information on the TJPA's capital assets.

Long-term debt

At the end of the fiscal year, the TJPA had total long-term debt outstanding of \$248 million. All of the debt is due to the 2020 tax allocation bonds that refinanced the \$186 million of TIFIA loan and provided additional funds for construction and capital improvements of the Transit Center. See Note 5 for more detailed information on the TJPA's long-term debt.

Next Year's Budgets

The TJPA Board approved the Fiscal Year 2026 Operating, Capital, and Debt Service Budgets on June 12, 2025.

The Operating Budget totals \$27.8 million in revenues and expenses. Approximately a third of the revenues will be provided by RM-2 and RM-3 operating funds. The remainder will be covered through transit center revenues and contributions from the Primary Tenants of the transit center, AC Transit and SFMTA. Expenses include items directly related to the transit center security, operations, and maintenance totaling \$27.8 million.

The Debt Service Budget totals \$27.6 million for debt payments and reserves due to the Series 2020 TABs.

The TJPA's Fiscal Year 2026 Capital Budget of \$143.4 million anticipates expenses for The Portal design, oversight, and real estate acquisition; Tenant Improvement construction; and the Capital Improvement Plan. Budgeted revenues will be provided primarily by the Transit Center CFD special tax, RM-3 capital funds, State of California Transit and Intercity Rail Capital Program (TIRCP) funds, Capital Improvement Plan Reserve, and the funding identified in the expenditure plan approved by the voters for the half-cent sales tax for transportation in San Francisco ("Prop L").

TRANSBAY JOINT POWERS AUTHORITY

Management's Discussion and Analysis

For the Year Ended June 30, 2025

(Unaudited)

The main components of the Capital Budget are engineering design and real estate acquisition of \$133.9 million for The Portal, tenant improvement construction activities in the Transit Center of \$1.6 million, and critical capital repairs and replacements of \$2.1 million.

The Fiscal Year 2026 budgets are explained in detail in the Staff Reports, which were submitted with the Fiscal Year 2026 budget presentations and can be found on the TJPA website for the June 12, 2025, TJPA Board meeting.

Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Transbay Joint Powers Authority, 425 Mission Street, Suite 250, San Francisco, California 94105.

BASIC FINANCIAL STATEMENTS

Transbay Joint Powers Authority
Statement of Net Position
June 30, 2025

Assets:

Current assets:

Cash and equivalents	
Cash in banks	\$ 17,863,190

Receivables:

Metropolitan Transportation Commission	2,933,467
San Francisco County Transportation Authority	7,297,625
AC Transit	103,991
San Francisco Municipal Transportation Agency	315,325
California Department of Transportation	6,664,803
City and County of San Francisco	1,106,232
Federal Emergency Management Agency	77,519
Lease receivable	514,350
Accounts receivable	11,626,000
Total receivables	<u>30,639,312</u>

Other current assets:

Prepaid items	53,289
Security deposits held by others	1,365

Total other current assets 54,654

Total current assets 48,557,156

Noncurrent assets:

Restricted assets:

Cash	472,383
Cash in State of California pool	57,156,999
Investments	27,903,929
Net OPEB Asset	122,642

Total restricted assets 85,655,953

Other noncurrent assets:

Interest receivable	623,174
Lease receivable	15,434,347

Total other noncurrent assets 16,057,521

Capital assets, nondepreciable:

Land	164,595,641
Permanent easements	137,374
State transferred land to be re-conveyed to the City and County of San Francisco	4,364,206

Construction in progress:

Caltrain Downtown Extension	164,540,435
Parcel F	1,625,614
Transbay Transit Center	938,328

Total nondepreciable capital assets 336,201,598

Capital assets, depreciable:

Information technology	11,716,527
Transbay Transit Center	2,214,228,855
Tenant Improvements	55,705,726
Equipment	714,065
Less: Accumulated depreciation	(720,328,027)

Total depreciable capital assets 1,562,037,146

Total noncurrent assets 1,999,952,218

Total assets **2,048,509,374**

Deferred outflows of resources:

OPEB related	158,503
Pension related	965,671

Total deferred outflows of resources **1,124,174**

See accompanying notes to the financial statements

Transbay Joint Powers Authority
Statement of Net Position
June 30, 2025

Liabilities:

Current liabilities:

Accounts, contracts and intergovernmental payables	17,288,385
Accrued payroll	169,732
Accrued interest payable	2,801,786
Unearned revenue	26,335
Deposits payable	474,745
Tax allocation bonds	5,490,000

Total current liabilities	26,250,983
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Noncurrent liabilities:

State transferred land to be reconveyed	4,364,206
Tax allocation bonds	248,212,478
Compensated absences, accrued vacation	253,347
Net pension liability	1,626,046

Total noncurrent liabilities	254,456,077
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Total liabilities	280,707,060
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Deferred inflows of resources:

OPEB related	225,682
Pension related	14,543
Lease related	14,174,046

Total deferred inflows of resources	14,414,271
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Net position:

Net investment in capital assets	1,681,968,944
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Restricted:

Net OPEB Asset	122,642
Agency Reserve	32,500,845
Debt Service	10,763,199
Unrestricted	29,156,587

Total net position	\$ 1,754,512,217
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Transbay Joint Powers Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

Operating revenues:

Neutral host distributed antennae system revenue	\$ 124,838
Naming rights revenue	3,582,157
Community Benefits District revenue	1,766,333
Reimbursements from others	458,444
Lease revenue	2,909,600
Other rental revenue	289,347
Advertising revenue	277,607
Operator contributions:	
SFMTA	1,261,300
AC Transit	3,589,700
Miscellaneous revenue	75,338
Total operating revenues	14,334,664

Operating expenses:

Personnel services	2,683,156
Materials and supplies	171,501
Utilities	1,486,696
Other expenses	2,831,827
Facility management	630,322
Security	8,640,411
Insurance	2,575,590
Maintenance	5,574,995
Marketing & wayfinding	269,205
Park expenses	2,110,013
Depreciation expense	89,676,712
Total operating expenses	116,650,428
Operating loss	(102,315,764)

Nonoperating revenues and expenses:

Regional measures grants	12,260,601
Investment income	4,107,716
Miscellaneous revenues	872,481
Interest and amortization on debt	(8,294,144)
Net tax increment revenue	25,000,672
Total nonoperating revenues and expenses	33,947,326
Income before capital contributions	(68,368,438)

Capital contributions:

Local government capital grants:	
Regional Measures, bridge tolls	72,583
SFCTA Proposition K, L sales tax	7,783,998
Community Facilities District reimbursements	2,854,917
State government capital grants	9,998,054
Federal government capital grants	109,064
Other agency partners	250,000
Total capital contributions	21,068,616
Change in net position	(47,299,822)
Net position, beginning of year	1,801,812,039
Net position, end of year	\$ 1,754,512,217

See accompanying notes to the financial statements

Transbay Joint Powers Authority

Statement of Cash Flows

For the Year Ended June 30, 2025

Cash flows from operating activities:

Cash receipts from rental revenues	\$ 289,347
Cash receipts from Transit Center neutral host distributed antennae system revenues	124,838
Cash receipts from Transit Center naming rights revenue	3,582,157
Cash receipts from Community Benefits District revenue	1,766,333
Cash receipts from lease revenue	4,223,284
Cash receipts from operator contributions	4,851,000
Cash payments to employees for salaries and benefits	(2,518,185)
Cash payments to suppliers for goods and services	(37,349,779)
Other receipts (payments)	7,957,069

Net cash flows from operating activities	(17,073,936)
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Cash flows from noncapital financing activities:

Net tax increment revenue received	25,000,672
Regional measures grants received	12,260,601
Deposits received (paid)	11,800
Other miscellaneous revenue received	872,481

Net cash flows from noncapital financing activities	38,145,554
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Cash flows from capital and related financing activities:

Local government capital grants received	18,213,699
Community facilities district reimbursements received	2,854,917
Acquisition of capital assets	(11,942,141)
Principal payments on long-term debt	(4,480,000)
Interest payments on long-term debt	(11,022,534)

Net cash flows from capital and related financing activities	(6,376,059)
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Cash flows from investing activities:

Purchases of investment securities	(50,537,033)
Proceeds from maturities of investment securities	51,668,229
Investment income	3,702,433

Net cash flows from investing activities	4,833,629
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Net Change in Cash and Cash Equivalents	19,529,188
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Cash and Cash Equivalents, Beginning of Year	55,963,384
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Cash and cash equivalents, end of year	\$ 75,492,572
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Cash and cash equivalents, end of year:

Cash and cash equivalents, unrestricted	\$ 17,863,190
Cash and cash equivalents, restricted	57,629,382
Investments, restricted	27,903,929

Subtotal	103,396,501
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Less non cash equivalents	(27,903,929)
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Cash and cash equivalents, end of year	\$ 75,492,572
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See accompanying notes to the financial statements

Transbay Joint Powers Authority
Statement of Cash Flows
For the Year Ended June 30, 2025

Reconciliation of operating loss to net cash flows from operating activities:

Operating loss	\$ (102,315,764)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation	89,676,712
Change in assets, deferred outflows, deferred inflows and liabilities:	
Accounts receivables	7,194,893
Prepaid items and deposits	641,325
Lease receivable and related deferrals	1,313,684
Pensions, OPEB and related deferrals	143,882
Accrued payroll	15,118
Unearned revenue	(62,965)
Accounts payable	(13,700,544)
Compensated absences	19,723
Net cash flows from operating activities	\$ (17,073,936)

Supplemental disclosures of cash flow information

Noncash capital financing activities:

Amortization of premium	\$ 2,695,624
Capital related accounts payable	\$ 13,482,266

See accompanying notes to the financial statements

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**TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 1 – ORGANIZATION

In April 2001, the City of San Francisco (“the City”), Alameda - Contra Costa Transit District (“AC Transit”), and the Peninsula Corridor Joint Powers Board (“PCJPB”) entered into an agreement creating the Transbay Joint Powers Authority (“TJPA”) to design, develop, finance, build, operate and maintain the transit center and the Downtown Rail Extension (“DTX”). In November 2017, the California High-Speed Rail Authority was added as a new member agency of the TJPA based on the unanimous concurrence of the original member agencies (the original member agencies and new member agency referred to collectively as “Member Agencies”). The 8-member TJPA Board is composed of a director appointed by each of the following:

Alameda-Contra Costa Transit District
California High-Speed Rail Authority
City and County of San Francisco, Board of Supervisors (2 members)
City and County of San Francisco, Mayor’s Office
San Francisco Municipal Transportation Agency
Peninsula Corridor Joint Powers Board
State of California Department of Transportation (ex-officio)

The Member Agencies of the TJPA have granted to the TJPA most of their jointly held powers, including the authority to buy and sell property, to enter into contracts, and to accept and expend grants of cash and property. The TJPA’s management functions include contract oversight, policy direction, financing, investment supervision, and coordinating and collaborating with, among others, the U.S. Department of Transportation, the State and local entities including but not limited to the Member Agencies.

Based upon the TJPA Board’s adopted implementation plan, the Transbay Program is divided into two phases: the design and construction of the transit center, including the core-and-shell of the rail levels, as Phase 1, and the design and construction of the DTX, currently known as The Portal, as Phase 2. Phase 1 was completed in Fiscal Year 2020. Phase 2 is at approximately a 30 percent design level; final design and construction will commence when the required revenues and financing have been secured.

The TJPA is legally separate and financially independent and is not considered a component unit of the State, California High-Speed Rail Authority, the City, AC Transit, or the PCJPB. Therefore, these financial statements represent solely the activities, transactions and status of the TJPA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

The TJPA is a single enterprise fund. The activities of the TJPA are reported using the economic resources measurement focus and its records are maintained on the accrual basis of accounting. Under this method, revenues are recorded when earned and Program capital outlay and operating expenses are recorded when the related liability is incurred.

The TJPA distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. In fiscal year 2025, the principal operating revenues of the TJPA are comprised of operator contributions, revenues from neutral host distributed antennae system, naming rights, rentals and leases and the Community Benefits District reimbursements (“CBD”). Operating expenses for the TJPA include the cost of operations and administrative expenses.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Any revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As noted above, nonoperating revenues result from impact fees, net tax increment revenue, as well as investment income. Capital grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures are incurred.

Net Position Flow of Assumptions

When Program costs are incurred, if there is both restricted and unrestricted net position available to finance the costs, it is the TJPA's policy to first apply restricted grant and revenue sharing resources to such Program costs.

Unearned Revenue

Resource inflows that do not yet meet the criteria for revenue recognition are recorded as unearned revenue. Capital contribution revenue from the TJPA's expenditure-driven grants and from other contributors such as adjacent property developers or tenants is recognized only when qualifying expenditures are incurred or the rental period begins. At June 30, 2025, the total amount of unearned revenue is \$26,335 which is primarily from prepaid rent from various tenants and is shown as a current liability on the Statement of Net Position.

Receivables

Resource inflows that meet the criteria for revenue recognition but are not yet received are recorded as accounts receivable. Capital contribution revenue from the TJPA's expenditure-driven grants and from other contributors such as adjacent property developers or tenants is recognized only when qualifying expenditures are incurred or the rental period begins. At June 30, 2025, the total amount of general account receivable items is \$11,626,000 which is primarily from net tax increment revenues and operating items such as tenant retail revenue and licenses. The TJPA does not record an allowance for uncollectible accounts as all accounts are current and the TJPA is confident that receivables will be collected.

Prepaid Items

Resource outflows that do not yet meet the criteria for expenditure recognition, in that they benefit a future fiscal period, are recorded as prepaid items. At June 30, 2025, the total amount of prepaid items is \$53,289.

Security Deposits Payable

The TJPA may require deposits from tenants of the TJPA-owned rental property. Deposits may also be required from adjacent property developers for temporary leasing of access easements.

Cash and Equivalents and Investments

The TJPA reports demand deposits, deposits in investment pools, money market funds, and all other highly liquid investments with a maturity of three months or less when purchased as cash equivalents or investments at cost. Investments that are not highly liquid, or had maturities longer than twelve months at purchase, would be reported at fair value derived from the investment account statements.

All deposits are made in the TJPA Board-designated official depositories. Investments are made per the TJPA Investment Policy, also approved by the TJPA Board. For more information on cash and investments, see Note 3.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Restricted assets consist of cash and investments that are held in trust based on the Indenture of Trust created by the bond issuance as well as to be in compliance with the TJPA's reserve policy related to the emergency reserve, fiscal reserve, operating and maintenance reserve and the capital replacement reserve. The TJPA also has a net OPEB asset which is restricted for future retiree benefits.

Capital Assets

The TJPA generally defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land, including land transferred by the State that may be re-conveyed to the City or the Office of Community Investment and Infrastructure ("OCII") for future use or sale, and permanent easements are recorded as non-depreciable capital assets. Information technology, transit center, and DTX capital asset costs are classified as construction in progress until such assets are completed and placed in service, at which time the TJPA will commence recording depreciation expense on depreciable capital assets.

All construction in progress costs associated with the planning and construction of the Program that are not directly associated with either the transit center or the DTX are accumulated as indirect program-wide costs. The annual increase in accumulated indirect program-wide costs is allocated to the transit center and DTX based on the respective percentage increase of annual direct costs of each project and capitalized.

Non-depreciable land capital assets include the cost of the land and associated acquisition costs. Under the TJPA Board-approved Capitalization Policy for Capital Assets, land costs include the following in addition to the actual acquisition costs: title and closing costs; relocation services, consultation and assistance; appraisal services; environmental consulting – soil hazardous materials; land surveys; cost to remove or demolish a building or structure existing at the time of acquisition; and site preparation; and reconstruction of property of others (rails, utilities, parking lots, fencing, and landscaping) including demolition.

Capital Contributions

The TJPA receives expenditure-driven restricted capital grants from the federal, state and local governments. Capital grants and contributions from external sources are recognized as capital contributions earned when the related allowable expenditures are incurred.

Contributions of donated noncash, nonland assets are recorded at estimated acquisition value in the period received as in-kind contributions.

Federal and state grants, State-conveyed land scheduled to be retained by the TJPA, grants from local agency shared revenues, and in-kind contributions for the Transbay Program are reported in the Statement of Revenues, Expenses, and Changes in Net Position as capital contributions.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources in the Statement of Net Position is classified as Net Position and is subdivided into the following three categories:

Net Position-Net investment in capital assets

This component of net position consists of capital assets, net of related debt and of accumulated depreciation (when applicable), reduced by obligations to re-convey State-transferred land.

Net investment in capital assets net position at June 30, 2025 is as follows:

Land	\$ 164,595,641
Permanent easements	137,374
State transferred land to be re-conveyed	4,364,206
Construction in progress	167,104,377
Other capital assets, net of accumulated depreciation	1,562,037,146
Less long-term debt outstanding	(222,965,000)
Plus non capital related debt	17,140,730
Plus unspent debt proceeds	24,656,154
Less premium outstanding	(30,737,478)
Less state transferred land to be re-conveyed obligation	<u>(4,364,206)</u>
Total net investment in capital assets	<u>\$ 1,681,968,944</u>

Net Position-Restricted

Restricted net position has external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net position. Balances shown below include the restricted assets minus any unspent bond proceeds as well as any debt service reserves funded by debt.

Restricted net position at June 30, 2025 is as follows:

Restricted for net OPEB asset	\$ 122,642
Restricted for agency reserve	32,500,845
Restricted for debt service	<u>10,763,199</u>
Total restricted net position	<u>\$ 43,386,686</u>

Net Position-Unrestricted

This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”. At June 30, 2025, unrestricted net position is \$29,156,587.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions and OPEB

For purposes of measuring the net pension liability or net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the California Public Employees Retirement System (“CalPERS”) plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension and OPEB plan investments are reported at fair value.

Deferred inflows and outflows of resources are reported in accordance with generally accepted accounting principles. Deferred outflows of resources represent a consumption of net position that applies to a future period and thus will not be recognized as an expense until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until that time. See Note 6 for detailed information on the TJPA’s pension and OPEB benefits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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.

Leases

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Lessor – The TJPA is a lessor for a noncancellable lease of a building. The TJPA recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

At the commencement of a lease, the TJPA initially measures the lease receivable at the present value of 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 initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments include how the TJPA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The TJPA uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The TJPA 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 such as change in payment terms of lease term.

New Governmental Accounting Board Statements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented July 1, 2024 and the impact of implementation was not material.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The implementation had no effect on the financial statements.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

The TJPA's investment policy allows the TJPA to invest cash balances in insured savings or money market accounts in a qualified public depository as established by California state law, the City Treasurer's investment pool, the State's Local Agency Investment Fund ("LAIF"), or through trust accounts required by debt covenants, agreements, including the 2003 Cooperative Agreement with the State and for the deposit of various types of revenues and debt proceeds.

The TJPA's cash held in the State investment pool is considered to be cash and cash equivalents because it has the same characteristics as a demand deposit. The TJPA's investments in the pool may be deposited or withdrawn without notice or penalty. Because the TJPA's short-term position in the pool is considered to be a demand deposit, the TJPA does not record any allocated share of unrealized gains or losses. Investments held in the State Pool at June 30, 2025, are as follows:

<u>Account Name</u>	<u>State Pool</u>
Equity in pooled cash and investments	\$ 57,156,999

LAIF is not registered with the Securities and Exchange Commission. LAIF is a voluntary program created by statute as an investment alternative for California's local governments and special districts. Oversight for LAIF is provided by the Local Investment Advisory Board ("LIAB"), consisting of five members appointed by the California State Treasurer.

Additional information regarding LAIF is available online at www.treasurer.ca.gov/pmia-laif/laif.asp.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The TJPA's cash and investments consist of the following as of June 30, 2025:

Type	Value	Percent of Total Portfolio
Restricted Cash and Pooled Investments		
Cash in banks	\$ 472,383	0%
Money Market Mutual Funds	12,226,051	12%
Restricted Investments		
U.S. Treasury Obligations	15,677,878	15%
Local Agency Investment Fund	57,156,999	56%
Total restricted cash and investments	85,533,311	83%
Current Assets		
Cash in banks	17,863,190	17%
Total Cash and Investments	\$ 103,396,501	100%

Fair Value Hierarchy

The TJPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets. Level 1 assets may include debt and equity securities that are traded in an active exchange market, are highly liquid, and are actively traded in over-the-counter markets.

Level 2 inputs are significant other observable inputs such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads.

Level 3 inputs are unobservable and should be developed using the best information available under the circumstances; the TJPA does not have any 3 investments at June 30, 2025. The TJPA's fair value measurements would be categorized as follows at June 30, 2025:

- U.S. Treasury Obligations are Level 1, valued using quoted market prices
- Money Market Mutual Funds are Level 2, measured at amortized cost

The TJPA's investments in the State investment pool is uncategorized; they are not measured using the input levels described above because the TJPA's transactions are based on a stable net asset value of \$1 per share.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2025 for each investment type as provided by S&P's investment rating system:

Investment Type	AAAm	Not Rated	Total
Local Agency Investment Fund	\$ -	\$ 57,156,999	\$ 57,156,999
Money Market Funds	12,226,051	-	12,226,051
Total Investments	\$ 12,226,051	\$ 57,156,999	\$ 69,383,050

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. There are no instances of concentration risk as of June 30, 2025.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. California Government Code limits investments in U.S. Treasury Obligations, commercial paper, and negotiable certificates of deposit to a maximum maturity of five years, 270 days, and five years, respectively, which helps to mitigate this risk since the prices of fixed-income securities with a longer time to maturity tend to be more sensitive to changes in interest rates.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the TJPA's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the TJPA's investments by maturity as of June 30, 2025:

Investment Type	Investment Maturities (in years)		Total
	Less than 1 year	1-5 years	
Money Market Mutual Funds	\$ 12,226,051	\$ -	\$ 12,226,051
U.S. Treasury Obligations	13,440,935	2,236,943	15,677,878
Total Investments	<u>\$ 25,666,986</u>	<u>\$ 2,236,943</u>	<u>\$ 27,903,929</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The TJPA investment policy limits deposits to qualified public depositories as established by state law. The amounts placed on deposit with the bank were covered by federal depository insurance and were collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code. Such collateral is held by the pledging financial institutions' trust department or agent but not in the TJPA's name.

Custodial credit risk for investments is the risk that, in the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2025, \$15,677,878 of U.S. Treasury Obligations were held by an affiliated company to the broker-dealer (counterparty) that was used to purchase the securities.

NOTE 4 – CAPITAL ASSETS

The TJPA's capital assets consist of land transferred by the State and land acquired by the TJPA that may be re-conveyed to the City or OCII, permanent easements, information technology, transit center, tenant improvements, equipment, and accumulated construction in progress related to the transit center and DTX. Construction in progress includes intangible assets that are recorded as Information Technology in the statement of net position, which consists of costs to develop the TJPA's website, labor compliance software licensing, Transit Center Data Network, Audio Visual Equipment and Systems. Capital assets purchased or constructed are recorded at historical cost. Capital assets not purchased or constructed are recorded at an estimated fair value at the time of acquisition.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation is provided using the straight-line method for assets other than land and construction in process. Estimated useful lives are as follows:

Information Technology	5 years
Transbay Transit Center	5-50 years
Tenant Improvements	15 years
Equipment	5-10 years

Capital Asset Activity for the fiscal year ended June 30, 2025 is as follows:

	Beginning of Fiscal Year	Current year acquisitions	Current year retirements	End of fiscal year
Capital assets not being depreciated:				
Land	\$ 164,595,641	\$ -	\$ -	\$ 164,595,641
Permanent easements	137,374	-	-	137,374
State transferred land to City	4,364,206	-	-	4,364,206
Construction in progress:				
Caltrain Downtown Extension	140,740,004	23,800,431	-	164,540,435
Parcel F	1,622,948	2,666	-	1,625,614
Tenant Improvements	492,029	-	(492,029)	-
Transbay Transit Center	17,655,102	894,626	(17,611,400)	938,328
Total capital assets not being depreciated:	329,607,304	24,697,723	(18,103,429)	336,201,598
Capital assets being depreciated:				
Information Technology	11,716,527	-	-	11,716,527
Transbay Transit Center	2,196,617,455	17,611,400	-	2,214,228,855
Tenant Improvements	54,490,177	1,215,549	-	55,705,726
Equipment	714,065	-	-	714,065
Total capital assets being depreciated:	2,263,538,224	18,826,949	-	2,282,365,173
Less Accumulated depreciation for:				
Information Technology	(11,716,527)	-	-	(11,716,527)
Transbay Transit Center	(606,416,030)	(86,199,615)	-	(692,615,645)
Tenant Improvements	(11,890,301)	(3,447,437)	-	(15,337,738)
Equipment	(628,457)	(29,660)	-	(658,117)
Total Accumulated Depreciation	(630,651,315)	(89,676,712)	-	(720,328,027)
Net capital assets being depreciation:	1,632,886,909	(70,849,763)	-	1,562,037,146
Total Capital Assets net	\$ 1,962,494,213	\$ (46,152,040)	\$ (18,103,429)	\$ 1,898,238,744

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 4 – CAPITAL ASSETS (Continued)

Land Acquisition

The total land value at June 30, 2025 of \$164,595,641 is made up of 29 parcels of land acquired by purchase, eminent domain, or transfer from the State over the life of the Program. The additional costs included in the land value are primarily for demolition of the old terminal and bus ramps, relocation assistance and loss of goodwill for relocated businesses, appraisals, surveying, environmental remediation and monitoring, garage easement interests, and title and closing costs. No property was acquired during the year ended June 30, 2025.

Land Acquisition Summary

Scheduled disposition:	Parcels	Land Value	Additional Costs	Total Land Value
Retained for:				
Transit Center	18	\$ 125,409,458	\$ 21,607,336	\$ 147,016,794
Downtown Extension	11	15,691,890	1,886,957	17,578,847
Total value to be retained	29	\$ 141,101,348	\$ 23,494,293	\$ 164,595,641

The TJPA is scheduled to permanently retain title to 29 parcels valued at \$164,595,641. The TJPA will hold title to one remaining parcel transferred by the State, with a value of \$4,364,206, for a temporary period; it will then be conveyed to the City or OCII when no longer needed for the Transbay Program. The fiscal year in which the TJPA transfers the parcels to the City or OCII, the TJPA will remove the liability related to the one former State-owned parcel.

Land transferred from the State by fiscal year and Land scheduled to be transferred to the City or OCII:

	Total Transferred From the State		Scheduled To Be Retained		Scheduled to Be Transferred to City/OCII For Sale	
	No.	Value	No.	Value	No.	Value
FY 2009	4	\$ 16,683,315	0	\$ -	4	\$ 16,683,315
FY 2010	14	72,007,574	9	53,186,468	5	18,821,106
FY 2011	0	(6,985,999)	0	(6,985,999)	0	-
FY 2012	1	7,476,962	0	-	1	7,476,962
FY 2013	0	-	0	-	0	-
FY 2014	0	-	0	-	0	-
FY 2015	0	-	0	-	0	-
FY 2016	0	-	0	-	0	-
FY 2017	0	-	0	-	0	-
FY 2018	0	-	0	-	0	-
FY 2019	0	-	0	-	0	-
FY 2020	0	-	0	-	0	-
FY 2021	0	-	0	-	0	-
FY 2022	0	-	0	-	0	-
FY 2023	0	-	0	-	0	-
FY 2024	0	-	0	-	0	-
FY 2025	0	-	0	-	0	-
Total Transferred	19	\$ 89,181,852	9	\$ 46,200,469	10	\$ 42,981,383
Total State Parcels transferred to the City/OCII					(9)	(38,617,177)
Remaining State Parcels to be transferred to the City/OCII					1	4,364,206
Total land scheduled to be transferred to the City/OCII					1	\$ 4,364,206

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 4 – CAPITAL ASSETS (Continued)

The TJPA has applied one of two valuation methods for each land parcel transferred from the State to the TJPA. Parcels that the State was leasing to third parties prior to transfer to the TJPA are valued by the TJPA using the lease rate. For parcels that were not being leased by the State at or near the date of transfer, the TJPA has used the sale price of comparable parcel(s) sold in the vicinity of the transit center. This valuation is for purposes of compliance with GASB Statement No. 34 accounting and reporting requirements only and should not be construed as current market value for the parcels.

Land parcels transferred from the State which are scheduled to be retained by the TJPA are recorded as a capital contribution and included as a component of the land capital asset account. At June 30, 2025, the value of the land transferred from the State which is scheduled to be retained by the TJPA is \$46,200,469 according to the described valuation methodology.

Future Transfers of State Parcels

At June 30, 2025, the TJPA held title to one land parcel valued at \$4,364,206 which is temporarily needed by the TJPA only for the construction of the Transbay Program. Upon completion of the construction period, this parcel is scheduled to be transferred to the City or OCII for future sale. This parcel is currently recorded as an intergovernmental liability to the City and as a State-transferred land to be re-conveyed to City capital asset. In the fiscal year the TJPA transfers the parcels to be re-conveyed to the City or OCII, the TJPA will record the liquidation of the intergovernmental liability to the City and accordingly reduce the State-transferred land capital asset account.

Contract Commitments

At year end, the TJPA had contract commitments of \$207,409,205 for construction, design, engineering, planning and administrative costs.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 5 – LONG TERM OBLIGATIONS

The changes in long-term obligations for the year ended June 30, 2025 are as follows:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Amount Due</u> <u>within one year</u>
Accrued compensated absences	\$ 233,624	\$ 19,723	\$ -	\$ 253,347	\$ -
Senior Tax Allocation Bonds					
Series 2020A	\$ 187,745,000	\$ -	\$ -	\$ 187,745,000	\$ 3,330,000
Premium-Series 2020A	30,889,403	-	(2,319,784)	28,569,619	-
Series 2020A-T	17,980,000	-	(3,545,000)	14,435,000	1,030,000
Subordinate Tax Allocation Bonds					
Series 2020B Bonds	21,720,000	-	(935,000)	20,785,000	1,130,000
Premium-Series 2020B	2,543,699	-	(375,840)	2,167,859	-
Total Bonds	<u>\$ 260,878,102</u>	<u>\$ -</u>	<u>\$ (7,175,624)</u>	<u>\$ 253,702,478</u>	<u>\$ 5,490,000</u>
Less Current Portion	4,480,000			5,490,000	
Long Term Portion	<u>\$ 256,398,102</u>			<u>\$ 248,212,478</u>	

As of June 30, 2025, the TJPA does not have any lines of credit.

2020 Tax Allocation Bonds (Green Bonds)

On June 25, 2020, the TJPA issued tax allocation bonds in the amount of \$271,205,000 comprised of \$189,480,000 Senior Tax Allocation Bonds Series 2020A (Tax-Exempt) (Green Bonds) (the “Senior 2020A Bonds”), \$28,355,000 Senior Tax Allocation Bonds Series 2020A-T (Federally Taxable) (Green Bonds) (the “Senior 2020A-T Bonds”), and \$53,370,000 Subordinate Tax Allocation Bonds Series 2020B (Tax-Exempt) (Green Bonds) (the “Subordinate 2020B Bonds”) (together the “2020 Bonds”). The TJPA designated the 2020 Bonds as “Green Bonds” that finance environmentally beneficial projects. The particular capital improvements that the TJPA has defined as “Green Projects” in connection with the 2020 Bonds are part of the development of Phase 1 and Phase 2 of the Transbay Program. In addition to financing a portion of the costs related to the construction of Phase 1 and Phase 2 of the Transbay Program, the proceeds of the 2020 Bonds were also used to refinance the TIFIA Loan, to fund a debt service reserve for the Senior 2020A and Senior 2020A-T Bonds and a debt service reserve for Subordinate 2020B Bonds, and to pay costs of issuance of the 2020 Bonds. The Senior 2020A Bonds and Subordinate 2020B Bonds, both tax exempt, bear interest at a rate of 5%, except for certain Subordinate 2020B turbo bonds (the “2020B Turbo Bonds”), which bear interest at a rate of 2.4%. The Senior 2020A-T Bonds bear interest at rates ranging from 1.9% - 4.1%. Principal payments are payable annually on October 1, commencing on October 1, 2020. Interest on the 2020 Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2020. Both the Senior Bonds and the Subordinate Bonds have a reserve requirement that requires the TJPA to have an amount set aside equal to the lesser of i) 125% of the average annual debt service of the Senior or Subordinate bonds between the date of such calculation and the final maturity or ii) the maximum annual debt service with respect to the Senior or Subordinate bonds between the date of calculation and final materiality or iii) 10% of the original principal amount of each Senior or Subordinate bond. As of June 30, 2025, the TJPA has met the minimum required reserve amounts for both the Senior and Subordinate bonds.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 5 – LONG TERM OBLIGATIONS (Continued)

The annual debt service requirements are shown below for the above debt issues:

Senior Series 2020A Tax-Exempt Bonds			Senior Series 2020A-T Taxable Bonds		
Year Ending			Year Ending		
June 30	Principal	Interest	June 30	Principal	Interest
2026	\$ 3,330,000	\$ 9,304,000	2026	\$ 1,030,000	\$ 516,994
2027	3,500,000	9,133,250	2027	1,055,000	485,337
2028	3,675,000	8,953,875	2028	1,090,000	446,942
2029	3,855,000	8,765,625	2029	1,135,000	407,114
2030	4,050,000	8,568,000	2030	1,175,000	365,765
2031-2035	23,505,000	39,510,125	2031-2035	6,530,000	1,143,234
2036-2040	35,565,000	32,388,375	2036-2037	2,420,000	87,885
2041-2045	48,440,000	21,747,500	Total	<u>\$14,435,000</u>	<u>\$3,453,271</u>
2046-2050	61,825,000	8,029,125			
	<u>\$ 187,745,000</u>	<u>\$ 146,399,875</u>			
Plus: Unamortized Bond Premium	28,569,619				
Total	<u>\$ 216,314,619</u>				

Subordinate Series 2020B Tax-Exempt Bonds		
Year Ending		
June 30	Principal	Interest
2026	\$ 1,130,000	\$ 1,011,000
2027	1,185,000	953,125
2028	1,245,000	892,375
2029	1,310,000	828,500
2030	1,370,000	761,500
2031-2035	7,960,000	2,679,750
2036-2039	6,585,000	582,125
	<u>\$ 20,785,000</u>	<u>\$ 7,708,375</u>
Plus: Unamortized Bond Premium	2,167,859	
Total	<u>\$ 22,952,859</u>	

**TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 5 – LONG TERM OBLIGATIONS (Continued)

Pledged Revenues

The TJPA receives net tax increment revenues generated by certain former State-owned parcels sold for development and committed to the TJPA, pursuant to a pledge agreement with the City and OCII. The net tax increment revenue that is received by the TJPA and income derived from permitted investments (“Pledged Revenues”) is pledged as security under the 2020 Bonds. Pledged Revenues are only available for debt service of the 2020 Bonds, and certain other specified uses as set forth in the 2020 Bonds indenture of trust between the TJPA and the trustee (e.g., funding of the 2020 Bonds debt service reserve funds if required, payment of administrative expenses up to a cap), until the 2020B Turbo Bonds are repaid in full, which occurred on October 1, 2023. In accordance with the indenture of trust, following repayment in full of the 2020B Turbo Bonds, on each October 2 excess Pledged Revenues remaining after higher priority payments are made, including the payment of 2020 Bonds debt service, is available to the TJPA for design and construction of the Transbay Program and/or any lawful purpose. The 2020 Bonds current final maturity date of the 2020 Bonds is October 1, 2049.

Under the pledge agreement, all net tax increment attributable from the former State-owned parcels, and any interest thereon, is pledged to the TJPA for costs associated with the construction and design of Phase 1 and Phase 2 of the Transbay Program. Net tax increment excludes (a) charges for City administrative charges, fees, or costs, (b) the portion of the tax increment revenues that OCII is required by law to set-aside for affordable housing, and (c) pass-through payments to taxing entities. Under the terms of the pledge agreement, the pledge of net tax increment remains in effect for 45 years after the effective date of the ordinance adopting the Transbay Redevelopment Plan, which termination date would occur no earlier than June 21, 2050.

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS

A. Pension Plan

Plan Description and Benefits Provided

All full-time employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined-Benefit Pension Plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for its participating member employers.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 if classic or PEPRA safety; age 52 if PEPRA misc. with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic death Benefit, the 1957 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.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

The TJPA contracted with CalPERS effective January 1, 2012. Prior to that date, full-time employees participated in the CalPERS pension plan via Local Government Services (“LGS”), previously the TJPA’s employer of record under contract. CalPERS processed a merger, transferring the TJPA employees from LGS’ plan to the TJPA’s plan. Due to its small number of employees, the TJPA participates in the CalPERS risk pool for Miscellaneous Employees. There are two retirement formulas for the TJPA employees, depending upon date of hire: “2% at 55” risk pool for “Classic” CalPERS employees, and “2% at 62” for employees hired after January 1, 2013 who are not already CalPERS members, per the California Public Employees’ Pension Reform Act (“PEPRA”).

Participants in the pension plan include 21 active employees, 24 inactive/separated employees, and 9 retirees.

Detailed information about the pension plan’s fiduciary net position is publicly available in separately issued CalPERS reports. The reports and other details referenced below may be obtained from CalPERS, www.calpers.ca.gov.

Contributions

The contribution requirements of plan members are established by State statute, and the employer contribution rate is actuarially established and may be amended by CalPERS. PEPRA members are required to contribute 7.75% of their annual covered salary, and Classic members are required to contribute 7% of their annual covered salary. The TJPA pays this required contribution on behalf of Classic employees, amounting to \$87,741 for the year ended June 30, 2025. For Fiscal Year 2024-2025, the actuarially determined employer contribution rate was 12.52% of covered payroll costs for Classic employees, amounting to \$156,930, and 7.87% for PEPRA employees, amounting to \$186,256. The employer contribution, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the TJPA employer contributions that are included in the calculation of net pension expense were \$456,528.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Generally accepted accounting principles require employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. Net pension liability is the plan’s total pension liability based on the entry age normal actuarial cost method less the plan’s fiduciary net position.

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense. Each participating cost-sharing employer, such as the TJPA, is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements. The disclosures below are thus based on an actuarial valuation provided by CalPERS.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

At June 30, 2025, the TJPA reported a liability of \$1,626,046 for its proportionate share of the net pension liability. The net pension liability was measured by CalPERS as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The TJPA's proportion of the net pension liability was based on a projection of TJPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. The TJPA's proportionate share of the net pension liability for the plan as of June 30, 2024 and 2025 was as follows:

Proportion - June 30, 2024	0.0328%
Proportion - June 30, 2025	<u>0.0336%</u>
Change - Increase (Decrease)	0.0008%

For the year ended June 30, 2025, the TJPA recognized pension expense of \$147,265. At June 30, 2025, The TJPA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 456,528	\$ -
Differences between actual and expected experience	140,587	(5,486)
Changes in assumptions	41,793	-
Difference in actual contributions and net projected contributions	40,860	(9,057)
Changes in proportion	192,294	-
Net differences between projected and actual earnings on pension plan investments	<u>93,609</u>	<u>-</u>
Total	<u><u>\$ 965,671</u></u>	<u><u>\$ (14,543)</u></u>

Of the \$965,671 total deferred outflows of resources, \$456,528 resulting from the TJPA employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Annual Amortization
2026	\$ 234,759
2027	265,958
2028	25,963
2029	<u>(32,080)</u>
Total	<u><u>\$ 494,600</u></u>

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2024, the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

Actuarial Assumptions

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Investment Rate of Return	6.9% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of each cash flows used to determine the discount rate for the Plan assumed the contributions from all plan members in the Public Employees Retirement Fund (PERF) 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 on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class:

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a) (b)</u>
Global Equity - Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the TJPA’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the TJPA’s proportionate share of the net pension liability for the plan, calculated using the discount rate of 6.90%, as well as what the TJPA’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rate -1 (5.90%)	Discount Rate (6.90%)	Discount Rate +1 (7.90%)
Net Pension Liability	\$ 3,072,536	\$ 1,626,046	\$ 435,372

Payable to the Pension Plan

At June 30, 2025, the TJPA reported a payable of \$29,057 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

A. Defined Contribution Retirement Plan

The TJPA participates in the California Public Agencies Self-Directed Tax-Advantaged Retirement System Plan (the “STARS Plan”), which provides retirement benefits for employees of the member public agencies. The STARS Plan includes a deferred compensation plan in accordance with Internal Revenue Code Section 457(b), whereby employees may elect to defer portions of their compensation in a self-directed investment plan for retirement, and a defined contribution plan in accordance with Internal Revenue Code Section 401(a), whereby the TJPA matches employee contributions up to two percent of the employee’s base annual salary. All employees are eligible for plan participation. Plan assets are invested in each individual’s name with a deferred compensation plan provider. The STARS Plan deferred compensation and defined contribution assets are not reflected in these financial statements. Each of the STARS Plan’s participants directs the investments of their separate accounts. Employer contributions vest immediately. Distributions are made upon the participant’s termination, retirement, death or total disability. During the year ended June 30, 2025, the TJPA and participating employees made contributions to the STARS Plan totaling \$50,261 and \$232,443, respectively. At June 30, 2025, the TJPA had a payable of \$12,522 for the outstanding amount of contributions to the defined contribution plan required for the fiscal year.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Other Post-Employment Benefits

Plan Description and Benefits Provided

The TJPA contracts with CalPERS under the Public Employees' Medical and Hospital Care Act ("PEMHCA"), which provides healthcare insurance programs for both active and retired employees of public employer contracting agencies. The TJPA has a program in place to partially pay CalPERS medical insurance premiums for eligible retiring employees. Retiree benefit provisions are established and amended through agreements between the TJPA and its employees; at a minimum the TJPA will contribute the amount required by PEMHCA, which is \$157 per month per employee in calendar year 2024 and \$158 in 2025. Participating retirees pay the difference between the benefit they receive and the monthly premium. Medical insurance premiums for retiree's spouses or dependents are not covered under these agreements, nor are dental or vision premiums. The plan does not issue a separate financial report. The total OPEB liability was determined based on an actuarial valuation date of June 30, 2023 and measurement date of June 30, 2024.

Contribution

The TJPA joined the California Employers' Retiree Benefit Trust ("CERBT"), an irrevocable trust established under Internal Revenue Code Section 115 to fund other post-employment benefits ("OPEB"), in Fiscal Year 2016. CERBT, an agent multiple-employer plan, is administered and managed by CalPERS and issues a financial report available on the CalPERS website. For Fiscal Year 2025, the TJPA did not accrue a payable to CERBT. The TJPA participates in the CERBT Strategy 3 portfolio, the most conservative of the three available investment strategies, and the ending trust balance at June 30, 2025 was \$560,347.

Employees Covered

At the June 30, 2023 actuarial valuation date, the TJPA had twenty-one active employees and two retirees receiving benefits.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2024 was 5.95%. The projection of cash flows used to determine the discount rate assumed that the TJPA 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 asset. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Global Equity	23%
Fixed Income	51%
Global Real Estate (REITS)	14%
Treasury Inflation Protected Securities	9%
Commodities	3%
	<u>100%</u>

Net OPEB Liability (Asset)

The changes in the TJPA's net OPEB liability (asset) is as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Balance at June 30, 2024	\$ 424,188	\$ 511,103	\$ (86,915)
Changes for the year:			
Service Cost	48,149	-	48,149
Interest	24,138	-	24,138
Plan experience	-	-	-
Contribution - employer	-	33,434	(33,434)
Net investment income	-	27,019	(27,019)
Changes of assumptions	(42,487)	5,237	(47,724)
Benefit payments	(16,283)	(16,283)	-
Administrative expense	-	(163)	163
Net changes	<u>13,517</u>	<u>49,244</u>	<u>(35,727)</u>
Balance at June 30, 2025	<u>\$ 437,705</u>	<u>\$ 560,347</u>	<u>\$ (122,642)</u>

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the TJPA and the plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The 2023 actuarial valuation, rolled forward to a June 30, 2024 measurement date, used the following actuarial methods and assumptions:

Discount rate	5.95%
Inflation	2.50%
Payroll growth	3.00%
Healthcare cost trend rate	6.5% in 2025, trending down to 3.9% in 2075

Sensitivity of the Net OPEB Liability (Asset) to Change in Discount Rate

The following presents the net OPEB liability (asset) of the TJPA, as well as what the TJPA's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher, than the current discount rate (in thousands):

Net OPEB Liability (Asset) at 1% increase	\$	(170,513)
Net OPEB Liability (Asset) at Current Rate		(122,642)
Net OPEB Liability (Asset) at 1% decrease		(64,546)

Sensitivity of the Net OPEB Liability (Asset) to Change in Healthcare Costs

The following presents the net OPEB liability (asset) of the TJPA, as well as what the TJPA's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower, or one percentage point higher, than the current healthcare cost trend rates (in thousands):

Net OPEB Liability (Asset) at 1% increase	\$	(48,258)
Net OPEB Liability (Asset) at Current Rate		(122,642)
Net OPEB Liability (Asset) at 1% decrease		(181,821)

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability (asset) and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is amortized over a five-year period. All other amounts are amortized over the expected average remaining service lifetime (EARS�) of 10.8 years.

OPEB Expense (Income) and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the TJPA recognized OPEB expense of \$44,001. As of the fiscal year ended June 30, 2025, the TJPA reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to measurement date	\$ 47,385	\$ -
Assumption changes	28,924	(56,300)
Differences between expected and actual experience	49,246	(169,382)
Net differences between projected and actual earnings on plan investments	<u>32,948</u>	<u>-</u>
Total	<u>\$ 158,503</u>	<u>\$ (225,682)</u>

Of the \$158,503 total deferred outflows of resources, \$47,385 resulting from the TJPA employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2026. Other deferred outflows (inflows) of resources related to OPEB will be recognized as expense as follows:

For the Fiscal Year Ending June 30	Annual Amortization
2026	\$ (1,117)
2027	5,293
2028	(13,022)
2029	(13,655)
2030	(11,380)
Thereafter	<u>(80,683)</u>
Total	<u>\$ (114,564)</u>

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 7 – LEASES

Leases as Lessor

The transit center is comprised of 95,982 square feet of retail space, currently divided into 39 retail spaces. As of June 30, 2025, 13 leases have been executed, which correlates to leasing rates of 62% of the retail spaces and 67% of the retail square footage.

	Total	Total Executed	% Executed
Square Footage	95,982	64,645	67%
Number of Retail Spaces	39	24	62%
Average Annual Rent	\$ 4,523,582	\$ 3,046,685	67%

As part of the TJPA's implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022, the TJPA determined only one lease met the threshold for capitalizing the lease as discussed below.

On December 27, 2019, the TJPA began leasing building space to a tenant with monthly payments ranging from \$120,778 - \$158,708 through September 1, 2036. Annual amendments for alternative rent are entered into at the request of Tenant because of continuation of unprecedented circumstances surrounding the COVID-19 pandemic. The fiscal impact of accepting the extension of the alternate rent period to the lease in the overall adopted budget is minimized by an amendment to the lease term. The TJPA extends the lease term to offset the financial loss of the adjustments to rent payable and recoup the anticipated revenue over time. During fiscal year 2025, amendment 6 to the lease was signed which authorized alternative rent of \$24,000 per month and extended the lease term to September 2038 with monthly rent payments increasing to \$177,774. As of June 30, 2025, the lease receivable and deferred inflows of resources related to the lease amounted to \$15,948,697 and \$14,174,046, respectively. During fiscal year 2025, the TJPA recognized \$1,030,840 in lease revenue and \$1,031,811 in interest revenue, and \$1,313,684 in lease receivable write-off expenses due to rent relief provided by the TJPA to the tenant. The deferred inflow of resources associated with this lease will be recognized as revenue over the lease term.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 8 – RISK MANAGEMENT

The TJPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The TJPA participates in the Special District Risk Management Authority (“SDRMA”), a joint powers agency established in 1986 to provide pooled joint protection programs among the members of SDRMA. The purpose of SDRMA is to reduce the amount and frequency of losses and to decrease the cost incurred by its members in the handling and litigation of claims and to purchase excess or re-insurance as a group, thereby reducing costs.

The TJPA’s deductibles and maximum coverages under the SDRMA pool are as follows:

<u>Coverage Description</u>	<u>Deductibles</u>	<u>Coverage</u>
General Liability	\$ 25,000	\$ 10,000,000
Auto Liability	25,000	10,000,000
Property Coverage	1,000	1,000,000,000
Boiler and Machinery Coverage	1,000	100,000,000
Uninsured/Underinsured Motorist:		
Bodily Injury	-	1,000,000
Property Damage	25,000	10,000
Employees & Public Officials:		
Errors and Omissions Liability	25,000	10,000,000
Employee Benefits Liability	25,000	10,000,000
Employment Practices Liability	25,000	10,000,000
Employee & Public Official Dishonesty	-	1,000,000
Personal Liability for Board Members	500	500,000
Cyber Liability	50,000	2,000,000
Pollution Liability	250,000	2,000,000

The property insurance noted above covers the Temporary Terminal, leased property, and other miscellaneous the TJPA property. For the above package, the TJPA pays an annual contribution, determined by the Board of Directors of SDRMA, and any additional amounts which the SDRMA Board of Directors deems necessary in accordance with the bylaws of SDRMA. The TJPA’s annual contribution for the fiscal year ended June 30, 2025 was \$960,956.

In addition, the TJPA purchased an excess liability policy to provide additional coverage of \$5,000,000. The premium for the fiscal year ended June 30, 2025 for this policy was \$131,039. There is no deductible under this policy. The TJPA does not maintain earthquake insurance coverage.

The TJPA maintains property insurance for the Transit Center (including a supplemental endorsement for terrorism under the Terrorism Risk Insurance Act) with FM Global with a limit of \$1,000,000,000. The deductible for this policy is \$250,000. The premium for the fiscal year ended June 30, 2025 was \$1,483,596.

The TJPA also maintains workers’ compensation insurance in compliance with statutory limits. The premiums for the fiscal year ended June 30, 2025 for this coverage were \$34,201.

The TJPA also holds a public officials bond (as required under the TJPA Bylaws for the Chief Financial Officer) placed and paid for in fiscal year 2024 for coverage through January 2027.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – RELATED PARTY TRANSACTIONS

This note identifies agencies of State and local government that appoint members to the TJPA Board of Directors. The TJPA also purchases goods and services from some of the TJPA Board Member Agencies and these Agencies are therefore considered to be related parties to the TJPA. Below is a summary of goods and services purchased by the TJPA from these related parties during the fiscal year ended June 30, 2025.

A. City and County of San Francisco

During the year ended June 30, 2025, the City provided services, including management and administration, to the TJPA totaling \$5,494,327.

Services were provided by the following organizations/departments:

Department of Technology	\$ 14,324
Office of Economic and Workforce Development	444,185
Public Utilities Commission	1,884,601
Repro Mail	778
SF Police Department	2,911,100
SF Tax Collector	239,339
Total	<u>\$ 5,494,327</u>

The TJPA has entered into an Interagency Cooperation Agreement (ICA) with 10 city agencies (Port of San Francisco, Department of Building Inspection, Department of Technology, San Francisco Fire Department, San Francisco Municipal Transportation Agency, Office of Economic and Workforce Development [OEWD], San Francisco Planning Department, San Francisco Public Utility Commission, San Francisco Public Works, and the Department of Real Estate) so that those agencies can consult and cooperate with the TJPA to facilitate the planning, design, and construction of the Phase 2 of the Transbay Program, The Portal. Under this ICA OEWD is responsible for submitting one invoice for all work done in support of the ICA. In Fiscal Year 2024-25 this amounted to \$444,185 and represents work such as monthly technical advisory meetings, design review services, coordination meetings related to the utility relocation package, site inspections and investigation work, and permit coordination.

Within payment to Tax Collector, Community Benefit District special assessments of \$237,448 & permit fees of \$1,891 were paid to the San Francisco Tax Collector during the fiscal year. Also, at June 30, 2025, the TJPA held title to land parcels which are temporarily needed by the TJPA only for the construction of the Transbay Program. Upon completion of the construction period, these parcels will be transferred to the City or OCII (see Note 4).

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – RELATED PARTY TRANSACTIONS (Continued)

The City, through the San Francisco Municipal Transportation Agency (SFMTA), oversees transit, streets, and taxis in the City. Under a 2018 Transit Center Lease, SFMTA has made the transit center a point of destination/departure for a portion of SFMTA's public transportation operations. The initial Lease term, including optional extensions, was from July 13, 2019 to July 13, 2025, and was extended under the First Amendment for an additional 25 years, terminating on December 31, 2050. Additionally, the First Amendment allows for the term of the lease to be extended for up to two more ten-year periods, by mutual written agreement of the parties, for up to 45 years total. The lease addresses payments SFMTA will make for its share of operating and maintenance costs at the transit center, should operating expenses exceed revenues. The lease also allows for subtenant agreements, where subtenants can be allocated a share of SFMTA's operating and maintenance costs. This lease was not recorded as a lease receivable as it did not meet the criteria for GASB Statement No. 87.

B. Alameda-Contra Costa Transit District (AC Transit)

AC Transit provides bus services between Alameda and Contra Costa counties and the City and County of San Francisco. Under the Program, the transit center is the point of destination/departure for AC Transit's bus services in San Francisco. On September 29, 2008, the TJPA Board of Directors approved a comprehensive Lease and Use Agreement that controls AC Transit's bus operations at the transit center through at least the year 2050. The Agreement sets forth all the rights and obligations of the parties with respect to the facility. It addresses payments AC Transit will make for its share of operating and maintenance costs at the transit center should operating expenses exceed revenues, as well as its contribution in the sum of \$57,000,000 (discounted to 2011 dollars) to the capital cost of the new transit center. Additionally, the Agreement allows for subtenant agreements, where subtenants can be allocated a share of the primary tenant's operating and maintenance costs. This lease was not recorded as a lease receivable as it did not meet the criteria for GASB Statement No. 87.

C. State of California Department of Transportation ("Caltrans")

See also Note 4, Capital Assets, for information regarding State-conveyed land to be retained by the TJPA and re-conveyed to the City or OCII.

D. Peninsula Corridor Joint Powers Board (Caltrain)

During the year ended June 30, 2025, Caltrain provided services to the TJPA, including participation in the integrated Project Delivery Team (IPDT); procurement document development/contractor engagement; conducted studies to support design, procurement, environmental and grant documents; CIG program/federal funding support; and MCA development/negotiation/completion, as related to the delivery of the Downtown Rail Extension. In Fiscal Year 2024-2025, the TJPA paid \$1,903,006 to Caltrain.

E. California High Speed Rail Authority (CHSRA)

As of June 30, 2025, the California High-Speed Rail Authority (CHSRA) does not provide services to the TJPA and the TJPA has not reported any amounts due to or from CHSRA.

TRANSBAY JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 10 – CONTINGENT LIABILITIES

A. Due from Grantors

Amounts received or receivable from federal, state, and local funders are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by these agencies cannot be determined at this time although the TJPA expects such amounts, if any, to be immaterial.

B. Pollution Remediation

The TJPA has conducted pollution remediation activities as a matter of course in its demolition and construction. The expenditures associated with these activities are capitalized as costs to prepare property for use. As such, the TJPA capitalizes remediation outlays as incurred and does not record a pollution remediation liability. At this time, there are no triggering events which would require the TJPA to record pollution remediation liability. The previous pollution remediation activities were a result of the Phase 1 Transbay Transit Center construction. As The Portal (Phase 2) has not entered construction, it is not possible to estimate the future pollution remediation liability at this time.

Life-to-date remediation expenditures through June 30, 2025 total \$17,545,459 and are associated with the following project components:

Temporary Terminal	\$	948,283
Transit Center		15,071,322
Bus Storage Facility		1,524,846
Caltrain Downtown Extension		1,008
Total	\$	<u>17,545,459</u>

REQUIRED SUPPLEMENTARY INFORMATION

TRANSBAY JOINT POWERS AUTHORITY
Schedule of Proportionate Share of the Net Pension Liability
CalPERS Public Agency Cost-Sharing Multiple-Employer Plan
For Year Ended June 30, 2025

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Date	0.0336%	0.0328%	0.0299%	0.0064%	0.0239%
Proportion of net pension liability					
Proportionate share of net pension liability	\$ 1,626,046	\$ 1,641,391	\$ 1,397,929	\$ 121,267	\$ 1,010,880
Covered payroll	3,531,253	3,493,927	2,977,425	2,230,533	2,205,113
Proportionate share of the net pension liability as a percentage of its covered payroll	46.05%	46.98%	46.95%	5.44%	45.84%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	76.21%	76.68%	88.29%	85.70%
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	0.0213%	0.0188%	0.0186%	0.0164%	0.0144%
Proportion of net pension liability					
Proportionate share of net pension liability	\$ 851,768	\$ 708,735	\$ 732,892	\$ 569,938	\$ 394,754
Covered payroll	2,163,436	1,852,299	1,932,209	2,215,123	2,125,171
Proportionate share of the net pension liability as a percentage of its covered payroll	39.37%	38.26%	37.93%	25.73%	18.58%
Plan fiduciary net position as a percentage of the total pension liability	85.65%	75.26%	73.31%	74.06%	78.40%

Changes in Benefit Terms and Assumptions

Changes of Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

TRANSBAY JOINT POWERS AUTHORITY
Schedule of Pension Contributions
CalPERS Public Agency Cost-Sharing Multiple-Employer Plan
For Year Ended June 30, 2025

Fiscal Year End Date	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Actuarially determined contribution	\$ 456,528	\$ 370,978	\$ 377,670	\$ 335,239	\$ 250,258
Contributions in relation to the actuarially determined contribution	(456,528)	(370,978)	(377,670)	(335,239)	(250,258)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,010,643	\$ 3,531,253	\$ 3,493,927	\$ 2,977,425	\$ 2,230,533
Contributions as a percentage of covered payroll	11.38%	10.51%	10.81%	11.26%	11.22%
Fiscal Year End Date	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Actuarially determined contribution	\$ 236,895	\$ 180,519	\$ 182,740	\$ 174,875	\$ 174,033
Contributions in relation to the actuarially determined contribution	(236,895)	(180,519)	(182,740)	(174,875)	(174,033)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,205,113	\$ 2,163,436	\$ 1,852,299	\$ 1,932,209	\$ 2,215,123
Contributions as a percentage of covered payroll	10.74%	8.34%	9.87%	9.05%	7.86%

TRANSBAY JOINT POWERS AUTHORITY
Schedule of Changes in the Net OPEB Liability and Related Ratios
Agent Multiple Employer Plan
For Year Ended June 30, 2025

	FY 2025 ¹	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total OPEB liability								
Service cost	\$ 48,149	\$ 33,623	\$ 29,994	\$ 39,971	\$ 38,807	\$ 29,063	\$ 26,314	\$ 25,486
Interest	24,138	30,792	28,878	21,972	18,916	18,126	15,841	13,518
Differences between actual and expected experience	-	(186,222)	-	84,422	-	(49,734)	-	-
Changes in assumptions	(42,487)	(18,133)	30,846	(5,096)	-	11,644	16,402	-
Benefit payments	(16,283)	(12,043)	(7,740)	(5,994)	(1,650)	(1,735)	(1,566)	(640)
Net changes	13,517	(151,983)	81,978	135,275	56,073	7,364	56,991	38,364
Total OPEB Liability-beginning	424,188	576,171	494,193	358,918	302,845	295,481	238,490	200,126
Total OPEB Liability-ending	\$ 437,705	\$ 424,188	\$ 576,171	\$ 494,193	\$ 358,918	\$ 302,845	\$ 295,481	\$ 238,490
Fiduciary net position								
Contribution-employer	\$ 33,434	\$ 32,461	\$ 41,106	\$ 39,972	\$ 38,957	\$ 26,987	\$ 26,135	\$ 20,195
Net investment income	32,256	7,654	(53,927)	56,339	22,271	22,097	12,817	10,149
Benefit payments	(16,283)	(12,043)	(7,740)	(5,994)	(1,650)	(1,735)	(1,566)	(640)
Administrative expense	(163)	(137)	(128)	(146)	(174)	(66)	(141)	(127)
Other expense	-	-	-	-	-	-	(358)	-
Net changes	49,244	27,935	(20,689)	90,171	59,404	47,283	36,887	29,577
Plan Fiduciary Net Position-beginning	511,103	483,168	503,857	413,686	354,282	306,999	270,112	240,535
Plan Fiduciary Net Position-ending	\$ 560,347	\$ 511,103	\$ 483,168	\$ 503,857	\$ 413,686	\$ 354,282	\$ 306,999	\$ 270,112
Net OPEB liability (asset)-ending	\$ (122,642)	\$ (86,915)	\$ 93,003	\$ (9,664)	\$ (54,768)	\$ (51,437)	\$ (11,518)	\$ (31,622)
Plan fiduciary net position as a percentage of the total OPEB liability	128%	120%	84%	102%	115%	117%	104%	113%
Covered-employee payroll	\$3,531,253	\$3,493,927	\$2,977,425	\$2,230,534	\$2,228,339	\$2,163,436	\$1,852,299	\$1,932,209
Plan net OPEB liability as a percentage of covered employee payroll	-3.47%	-2.49%	3.12%	-0.43%	-2.46%	-2.38%	-0.62%	-1.64%

¹Historical information is required only for measurement periods for which GASB 75 is applicable. TJPA currently has only eight year of data to present in the schedule. As future year's data is calculated it will be added to the schedule until ten years of data is presented.

Changes in Benefit Terms and Assumptions

Changes of Benefit Terms: There were no changes to benefit terms.

Changes of Assumptions: The changes in assumptions is due to the discount rate increasing to 5.95% in 2025 from 5.20% in 2024.

TRANSBAY JOINT POWERS AUTHORITY

Schedule of OPEB Contributions

Agent Multiple Employer Plan

For Year Ended June 30, 2025

	<u>FY 2025¹</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Actuarially determined contribution	\$ 47,385	\$ 33,434	\$ 32,461	\$ 41,106	\$ 39,972	\$ 38,957	\$ 26,987	\$ 26,135
Contributions in relation to the actuarially determined contribution	<u>(47,385)</u>	<u>(33,434)</u>	<u>(32,461)</u>	<u>(41,106)</u>	<u>(39,972)</u>	<u>(38,957)</u>	<u>(26,987)</u>	<u>(26,135)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,010,643	\$ 3,531,253	\$ 3,493,927	\$ 2,977,425	\$ 2,230,534	\$ 2,228,339	\$ 2,163,436	\$ 1,852,299
Contributions as a percentage of covered payroll	1.18%	0.95%	0.93%	1.38%	1.79%	1.75%	1.25%	1.41%

¹Historical information is required only for measurement periods for which GASB 75 is applicable. TJPA currently has only eight year of data to present in the schedule. As future year's data is calculated it will be added to the schedule until ten years of data is presented.

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OTHER AUDITORS' REPORT

**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***

Independent Auditors' Report

To the Board of Directors of
Transbay Joint Powers Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Transbay Joint Powers Authority (the Authority), which comprise the Authority's statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Milwaukee, Wisconsin
November 25, 2025

Financial Statement Findings Required to Be Reported in Accordance With Government Auditing Standards

Finding No. 2025-001 – Financial Statement Close Process

Criteria: Auditing Standards require the communication to the Board of significant deficiencies and material weaknesses in the year-end financial reporting process.

Condition: Material misstatements were identified as part of the year end audit process by the auditor.

Cause: The TJPA did not record all year end journal entries or reconcile all general ledger accounts prior to audit.

Effect: Material journal entries were identified by the auditors as part of the year end audit process.

Recommendation: Management should review the year end trial balance prior to the audit to make sure accounts are reconciled and properly updated for current year activity.

TJPA's Response and Corrective Action Plan: The TJPA Finance issues an annual memo to all project managers and vendors outlining the year-end invoice submission and procurement cut-off deadlines to ensure the timely entry of year-end journal entries, closing of the books, and preparation of the financial statements. In May 2025, TJPA distributed this memo, which established a July 15 deadline for submitting all final invoices. However, one of TJPA's largest program delivery contractors, the Program Management/Construction Management (PMCM) contractor responsible for major Phase 2 program activities, did not submit its invoices by the required deadline. The delayed submission resulted in significant changes to TJPA's schedule for recording the related journal entries, closing project-related funds, and finalizing the accounts necessary for preparation of the trial balance. Consequently, these delays limited management's ability to complete a full review and reconciliation of all general ledger accounts prior to the start of the audit and to minimize the need for adjusting journal entries during the audit.

Management acknowledges the impact of this delay on the year-end close process and will implement stronger protocols to ensure timely receipt of invoices and timely closing of the books. These measures will include clearer enforcement actions for late submissions, additional internal checkpoints, and earlier escalation procedures. These improvements will support a comprehensive review and reconciliation of the trial balance prior to submission to the auditors and will help prevent a recurrence of this issue in future years.

Reporting and insights from 2025 audit:

Transbay Joint Powers Authority

June 30, 2025

Executive summary

November 25, 2025

To the Board of Directors
Transbay Joint Powers Authority

We have completed our audit of the financial statements of the Transbay Joint Powers Authority (the Authority) for the year ended June 30, 2025, and have issued our report thereon dated November 25, 2025. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Authority's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

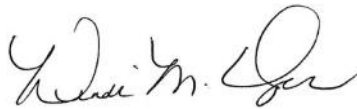
Additionally, we have included information on key risk areas the Transbay Joint Powers Authority should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi M. Unger, Principal: wendi.unger@bakertilly.com or +1 (414) 777 5423
- Michelle Walter, Senior Manager: michelle.walter@bakertilly.com or +1 (414) 777 5576

Sincerely,

Baker Tilly US, LLP



Wendi M. Unger, Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS. NON-ATTEST SERVICES ARE PROVIDED BY BAKER TILLY ADVISORY GROUP, LP.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Authority's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Directors:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*
- Our audit does not relieve management or the Board of Directors of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Directors, including:

- Internal control matters
- Qualitative aspects of Authority's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Authority and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Authority's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities/asset	Long-term debt
Capital assets	Net position	Financial reporting and required disclosures

Internal control matters

We considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiency as a material weakness:

- **Financial statement close process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified a control deficiency that is considered a material weakness surrounding the financial close process due to material misstatements in the general ledger being identified as part of the audit.

Other comments and recommendations

- **Lease and Subscription Policy Documentation**

During our review of leases and subscriptions and the applicability of GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, we were able to obtain the criteria that the TJPA uses to determine if a lease or subscription meets the threshold for capitalizing. However, the TJPA was unable to locate any formal policy documenting this criteria. We recommend that the TJPA consider implementing a policy for the capitalization criteria thresholds for leases and subscriptions so that these procedures can be formally documented.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Authority are described in Note 1 to the financial statements. As described in Note 2, the Authority changed accounting policies related to compensated absences by adopting GASB Statement No. 101, *Compensated Absences* in fiscal year 2025. We noted no transactions entered into by the Authority during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Accrued compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Evaluation of information provided by CalPERS.	Reasonable in relation to the financial statements as a whole
Net OPEB asset and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole
Lease receivable and related deferral	Evaluation of leases by management and incremental borrowing rate used for present value calculation	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Authority or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The schedule below summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses

Description	Amount
To properly record capital assets	\$ 64,255,469
To properly record accounts receivable	9,048,337
To properly record debt premium	2,695,625

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Authority ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Authority that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Authority's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the additional information, which accompanies the financial statements for additional analysis but are not RSI. We did not audit or perform other procedures on this additional information, and we do not express an opinion or provide any assurance on it.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation assistance
- Proposed audit adjustments

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Board of Directors resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.



Funding evaluation and pursuit

Public sector organizations may be eligible for grants, tax credits and other financial incentives through funding opportunities such as the Inflation Reduction Act, the Clean Communities Investment Accelerator, and the Infrastructure Investment and Jobs Act.

Baker Tilly can help you navigate, understand and pursue various federal and state funding sources through grant research and tracking, advising and writing, and management and compliance services.



Digital transformation

Digitizing public services can be a game changer for governments. Streamlining inefficient processes, providing digital access and delivery of services to meet public expectations, implementing technology to protect constituent data, leveraging information to make data-driven decisions and migrating outdated on-premises systems to the cloud are crucial to an entity's success.

Through these types of digital services, Baker Tilly can help you scale with future demand and be better positioned to rapidly respond to changing demands.



Cybersecurity

Public sector organizations face significant challenges from cyber threats and IT regulations. It can feel like you are on the defense keeping up with the latest risks, regulations and emerging trends. To mitigate risk, you must understand your organization's unique vulnerabilities, cybersecurity processes and controls.

Baker Tilly can help enhance your cybersecurity posture and ensure compliance, with solutions in IT compliance and security and cybersecurity and data protection to safeguard your data and navigate complex risk environments.

Management representation letter



TRANSBAY JOINT POWERS AUTHORITY

Adam Van de Water • Executive Director

November 25, 2025

Baker Tilly US, LLP
790 N Water Street, Suite 2000
Milwaukee, WI 53202

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Transbay Joint Powers Authority as of June 30, 2025 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Transbay Joint Powers Authority and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 12, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to assist us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with accounting principles generally accepted in the United States of America.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.
- 7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 9) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 10) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the appropriate accounts.
- 11) We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 12) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 13) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 17) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you the names of our related parties and all the related party relationships and transactions, including side agreements, of which we are aware.

Other

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Transbay Joint Powers Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 22) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

- d) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
- 24) As part of your audit, you assisted with the preparation of the financial statements. We acknowledge our responsibility as it relates to those non audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements.
- 25) We have made all management decisions and performed all management functions in relation to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, as identified in the engagement letter or an addendum to the engagement letter. We have designated the Accounting Supervisor, an employee with suitable skill, knowledge, and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, and we have evaluated and accept responsibility for the adequacy and results of the nonattest services received.

The nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, are listed below.

- a) Financial statement preparation assistance
- b) Proposed audit adjustments

None of these nonattest services constitute an audit under generally accepted auditing standards, including Government Auditing Standards.

- 26) The Transbay Joint Powers Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- 27) The Transbay Joint Powers Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 28) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 29) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 30) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 31) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 32) Tax exempt bonds issued have retained their tax-exempt status.
- 33) We have appropriately disclosed the Transbay Joint Powers Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have

determined that net position was properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

- 34) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 35) We assume responsibility for, and agree with, the information provided by the CalPERS as audited by BDO relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 36) We have implemented GASB Statement No. 101, Compensated Absences, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 37) We have evaluated our ongoing operations and determined there are no concentrations or constraints meeting the requirements for disclosure under GASB Statement No. 102.
- 38) The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors’ report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.
- 39) We assume responsibility for, and agree with, the findings of specialists in evaluating the other postemployment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matter that have had impact on the independence or objectivity of the specialists.

Sincerely,

Transbay Joint Powers Authority

Signed: 
Mr. Adam Van de Water, Executive Director

Signed: 
Ms. Shima Mirzaei, Chief Financial Officer

Client service team



Wendi Unger, CPA
Principal

790 N Water Street, Suite 2000
Milwaukee, WI 53202
United States

T +1 (414) 777 5423
wendi.unger@bakertilly.com



Michelle Walter, CPA
Senior Manager

790 N Water Street, Suite 2000
Milwaukee, Wisconsin 53202
United States

T +1 (414) 777 5576
michelle.walter@bakertilly.com

Accounting changes relevant to Transbay Joint Powers Authority

Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date
103	Financial reporting model improvements	✓	6/30/26
104	Disclosure of certain capital assets	✓	6/30/26

Further information on upcoming [GASB pronouncements](#).

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis - While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions, or conditions expected to have a significant financial effect in the subsequent period.
- Unusual or infrequent items (previously known as extraordinary and special items) - The new statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.
- Presentation of the proprietary fund statement of revenues, expenses and changes in fund net position - The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.
- Major component unit information, and budgetary comparison information - Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Revisions to disclosures for certain capital assets

Governments are required to provide information on capital assets in the footnotes to the financial statements as outlined in GASB Statement No. 34. Recent standards have impacted the accounting and reporting for capital assets and as a result GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to provide enhanced disclosures for certain capital assets, including

- (a) Lease assets reported under Statement No. 87, intangible right-to-use assets reported under Statement No. 94 and subscription assets reported under Statement No. 96 should all be disclosed separately, and by major class of underlying asset. In addition, if there are any other intangible assets reported they should also be disclosed separately.
- (b) Capital assets that are held for sale should have the ending balance with separate disclosure for historical cost and related accumulated depreciation as well as any outstanding debt for which the asset is pledged as collateral disclosed by major class of asset. Assets held for sale are defined as those for which the government has decided to pursue the sale, and it is probable that the sale will be finalized within one year of the financial statement date.

While these changes are focused on footnote disclosures it is important to plan ahead to ensure the required information is available for implementation.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements
 - Consider factors that affect the risks of material misstatement
 - Design tests of controls, when applicable and substantive procedures
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with Government Auditing standards in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Authority will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:


- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of May or June. Our final financial fieldwork is scheduled during the fall to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.



Presentation to the Board of Directors

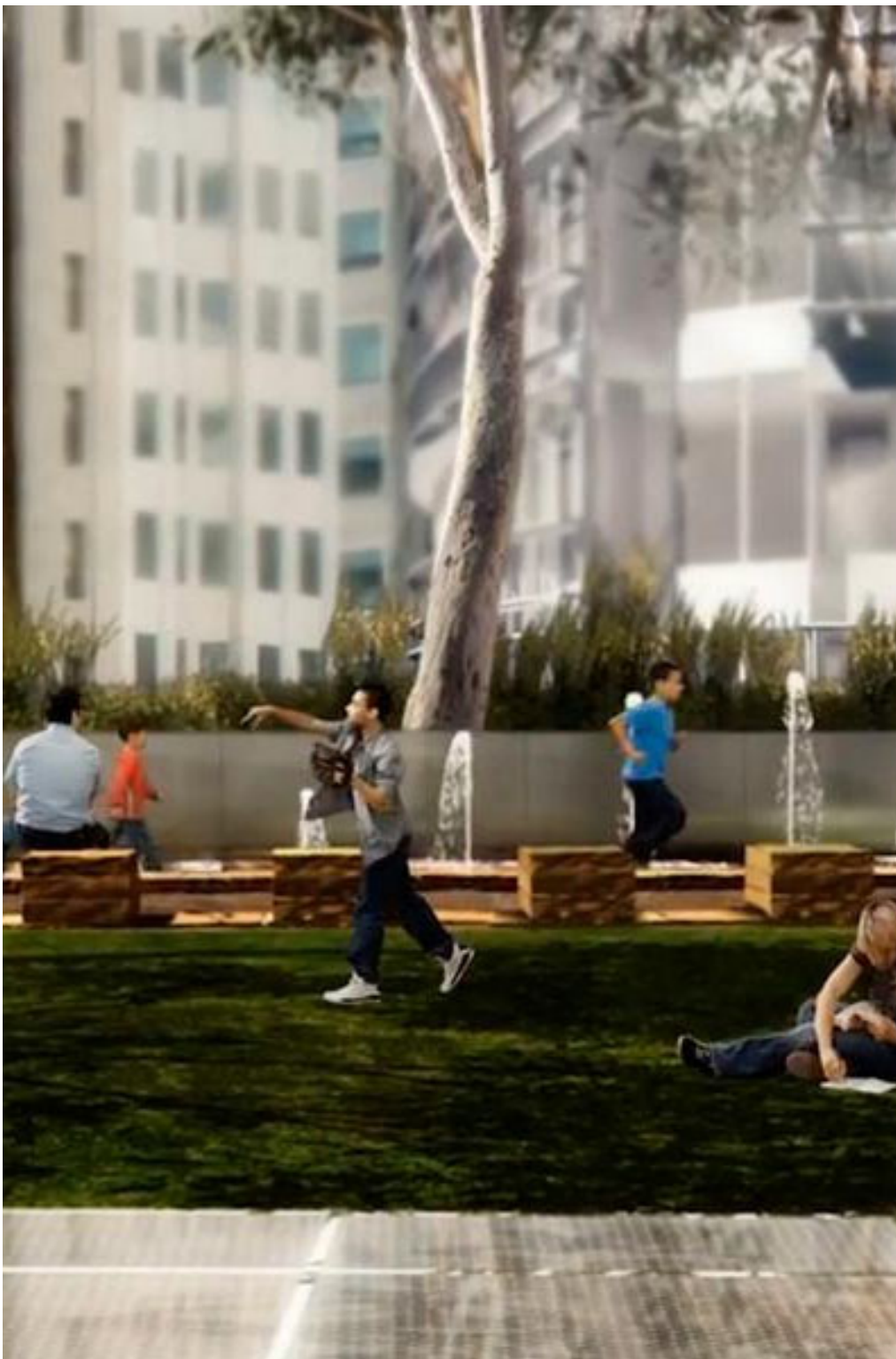
Transbay Joint Powers Authority

December 11, 2025

Michelle Walter, CPA, Senior Manager



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Agenda

- Transbay Joint Powers Authority
 - Auditors' Objective and Opinion
 - Financial Statement Highlights
 - Reporting and Insights from 2025 Audit
- Questions

Auditors' Objective and Opinion

Audit Objective

- To express an opinion on the financial statements of the Transbay Joint Powers Authority as of June 30, 2025.

Our Opinion

- We issued an unmodified audit opinion on the financial statements for the year ending June 30, 2025.
- The financial statements are fairly presented in accordance with generally accepted accounting principles.
- All appropriate disclosures have been properly reflected in the financial statements.
- Change in accounting principles, GASB Statement No. 101



Financial Statement Highlights



Statement of Net Position

Statement of Net Position

	2025	2024
Assets		
Current and other assets	\$ 48,557,156	\$ 54,049,130
Noncurrent assets	1,999,952,218	2,047,319,206
Total Assets	2,048,509,374	2,101,368,336
 Deferred Outflows of Resources	 1,124,174	 1,334,992
 Liabilities		
Current liabilities	26,250,983	25,531,238
Long-term liabilities	254,456,077	262,637,323
Total Liabilities	280,707,060	288,168,561
 Deferred Inflows of Resources	 14,414,271	 12,722,728
 Net Position		
Net investment in capital assets	1,681,968,944	1,697,251,905
Restricted	43,386,686	68,505,176
Unrestricted	29,156,587	36,054,958
Total Net Position	\$ 1,754,512,217	\$ 1,801,812,039

Result of Operations (summarized)

Result of Operations (summarized)

	2025	2024
Operating Revenues		
Operator contributions	\$ 4,851,000	\$ 5,050,698
Other	9,483,664	10,539,175
Total Operating Revenues	<u>14,334,664</u>	<u>15,589,873</u>
Operating Expenses		
Operating expenses	26,973,716	35,962,622
Depreciation and amortization	89,676,712	136,819,713
Total Operating Expenses	<u>116,650,428</u>	<u>172,782,335</u>
Nonoperating Revenue (Expenses)		
Net tax increment revenue	25,000,672	26,906,969
Investment income	4,107,716	6,054,470
Regional measures grants	12,260,601	11,141,809
Other income (expense)	(7,421,663)	1,056,258
Net Nonoperating Income (Expense)	<u>33,947,326</u>	<u>45,159,506</u>
Capital contributions	<u>21,068,616</u>	<u>21,554,523</u>
Decrease in net position	(47,299,822)	(90,478,433)
Net Position - Beginning of Year	<u>1,801,812,039</u>	<u>1,892,290,472</u>
Net Position - End of Year	<u>\$ 1,754,512,217</u>	<u>\$ 1,801,812,039</u>

Statement of Cash Flows

Statement of Cash Flow

	2025	2024
Cash flows from operating activities		
Receipts from customers	\$ 22,794,028	\$ 10,476,354
Payments to suppliers	(37,349,779)	(20,825,332)
Payments to employees	(2,518,185)	(1,967,982)
Net cash flows from operating activities	(17,073,936)	(12,316,960)
Cash flows from noncapital financing activities		
Receipts from net tax increment	25,000,672	26,906,969
Receipts from regional measures grants	12,260,601	11,141,809
Deposits received (paid)	11,800	(6,808)
Other miscellaneous revenue received	872,481	1,056,258
Net cash flows from noncapital financing activities	38,145,554	39,098,228
Cash flows from capital and related financing activities		
Local government capital grants received	18,213,699	11,974,632
Community facilities district reimbursement received	2,854,917	9,579,891
Principal payment on bonds payable	(4,480,000)	(6,590,000)
Interest paid on bonds payable	(11,022,534)	(8,436,409)
Capital assets purchased	(11,942,141)	(87,084,302)
Net cash flows from capital and related financing activities	(6,376,059)	(80,556,188)
Cash flows from investing activities	4,833,629	47,758,022
Net change in cash and cash equivalents	\$ 19,529,188	\$ (6,016,898)



Reporting and Insights from fiscal year 2025 Audit

- Required Communications to Those Charged with Governance
- Management Representation Letter
- Two-Way Communication Regarding your Audit



Questions

Wendi Unger, Principal, CPA

wendi.unger@bakertilly.com

414.777.5423 (work)

414.510.7577 (cell)

Michelle Walter, Senior Manager, CPA

michelle.walter@bakertilly.com

414.777.5576 (work)

262.308.3048 (cell)

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