

**SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT**
Oakland, California

SINGLE AUDIT REPORT
June 30, 2023

DRAFT

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Oakland, California

June 30, 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	9

INDEPENDENT AUDITOR'S 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

Members of the Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

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, the financial statements of the business-type activities and fiduciary activities of San Francisco Bay Area Rapid Transit District ("the District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **Report Date**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

(Continued)

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.



San Francisco, California

Report Date

DRAFT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Francisco Bay Area Rapid Transit District's ("the District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the fiduciary activities of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated **Report Date**, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

San Francisco, California
Report Date

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023
(Amounts in thousands)

Program/Grant Description	Assistance Listing Number	Federal Awards Expended
U.S. Department of Interior National Park Service		
Direct Program:		
Preservation of Japanese American Confinement Sites	15.933	
P20AP00333 - Tanforan Assemby Center Exhibit		\$ 22
U.S. Department of Transportation:		
Federal Transit Administration (FTA):		
Direct programs:		
Federal Transit Cluster:		
Federal Transit Capital Investment Grants:	20.500	
CA-04-0212-00 - MacArthur Intermodal / Real Time Signage		402
CA-2020-047-03 - Transbay Corridor Core Capacity Project		55,921
COVID-19 - CA-2021-223-00 - ARP Act Transbay Corridor Core Capacity		
Project - Supplemental CIG Funds		55,884
FTA Transbay Corridor TOD Implementation Strategies		
Pilot Program for TOD Planning		
CA-2020-222-00 - Pilot Program for Transit Oriented		
Development Planning		370
CA-2021-065-00 - Transit Oriented Development Planning -		
Jobs Attraction Strategy (2020)		166
Total Federal Transit Capital Investment Grants		112,743
Federal Transit Formula Grants:	20.507	
CA-04-0043-00 - Various Projects in BART Service Area		2
CA-95-X301-00 - Track Extension/PM/Berkeley Improvements		134
CA-2017-029-00 - FY 16 Formula and SOGR Capital Improvements		3,863
CA-2018-036-00 - Rail Cars (New and Modified), Fare Collection		
Modernization and Concord Wheel Truing Facility		2,316
CA-2018-084-00 - FY 17 Formula and SOGR Capital Improvements		1,901
CA-2019-029-00 - Embarcadero Station New Platform Elevator		44
CA-2020-086-00 - FY 19 Formula and SOGR Capital Improvements		782
CA-2020-247-00 - FY 20 Formula and SOGR Capital Improvements		18
COVID-19 - CA-2021-189-01 - ARP Section 5307 BART Transit Operating		306,467
CA-2021-163-00 - FY 21 Formula Funds and SGR Capital Program		9,778
COVID-19 - CA-2022-065-00 - ARP Additional BART Transit Operating Assistance		101,301
CA-2022-103-00 - FY 22 Railcar Replacement Program Formula Grant		69,582
CA-2022-223-00 - FY 22 CMAQ Transfer - MacArthur BART Station		
Mobility Hub Improvements		240
Total Federal Transit Formula Grants		496,428
State of Good Repair Grants Program:	20.525	
CA-2016-077-00 - FY 15 Formula and SOGR Capital Improvements		110
CA-2017-029-00 - FY 16 Formula and SOGR Capital Improvements		11,290
CA-2021-016-00 - FY 2020 Elevator Renovation Program		432
CA-2022-200-00 - FY 22 Sec 5337 Formula Funds and SGR Capital Program		8,119
CA-2018-036-00 - Rail Cars (New and Modified), Fare Collection		
Modernization and Concord Wheel Truing Facility		318
CA-2018-084-00 - FY 17 Formula and SOGR Capital Improvements		2,274
CA-2019-126-00 - FY 18 Formula and SOGR Capital Improvements		3,295
CA-2020-086-00 - FY 19 Formula and SOGR Capital Improvements		7,387
CA-2020-247-00 - FY 20 Formula and SOGR Capital Improvements		6,351
CA-2021-163-00 - FY 21 Formula Funds and SGR Capital Program		34,542
CA-2022-103-00 - FY 22 Railcar Replacement Program Formula Grant		28,705
Total State of Good Repair Grants Program		102,823
Total Federal Transit Cluster		711,994

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023
(Amounts in thousands)

Program/Grant Description	Assistance Listing Number	Federal Awards Expended
National Infrastructure Investments CA-2018-013-00 - FY 2016 TIGER Grant - Gateway to Oakland Uptown	20.933	\$ 869
Federal Highway Administration (FHWA)		
Highway Research and Development Program Passed through Contra Costa Transportation Authority Agreement No. 693JJ31950024 - Bay Area Mobility-On-Demand Project	20.200	216
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Passed through Metropolitan Transportation Commission (MTC) FTA 5304 - Strategic Partnerships Transit	20.505	109
Total U.S. Department of Transportation		713,188
U.S. Department of Homeland Security:		
Federal Emergency Management Agency (FEMA):		
Direct Program:		
Rail and Transit Security Grant Program	97.075	
FEMA - EMW-2016-RA-00009 - Transit Security Grant Program		(1)
FEMA - EMW-2018-RA-00008 - Mobile Radio/Critical Asset Patrol Teams/CCTV/Tunnel Hardening		2,344
FEMA - EMW-2019-RA-00010-S01 - Critical Asset Patrol Teams		111
FEMA - EMW-2020-RA-00026-S01 - Critical Asset Patrol Teams		27
FEMA - EMW-2021-RA-00027-S01 - Critical Asset Patrol Teams Cybersecurity Firewall Project		2,926
70T020T9NNCP405 - TSA National Explosives Detection Canine Team Program		202
Total Rail and Transit Security Grant Program		5,609
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Passed thru California Governor's Office of Emergency Services FEMA-4482-DR-CA, Cal OES ID: 001-91000 PA-09-CA-4482-PW-01483(904)	97.036	610
FEMA-4482-DR-CA, Cal OES Project# 140177 PA-09-CA-4482-PW-00288(965)		2,379
		2,989
Hazard Mitigation Grant Program	97.039	
Passed thru California Governor's Office of Emergency Services FEMA-4308-DR-CA, Project #PJ0307, FIPS #001-91000		760
Total U.S. Department of Homeland Security		9,358
Total Expenditures of Federal Awards		\$ 722,568

See accompanying notes to schedule of expenditures of federal awards.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) presents the activity of all federally funded programs of the San Francisco Bay Area Rapid Transit District (the “District”) for the year ended June 30, 2023. The reporting entity is defined in Note 1 in the District’s basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

The accompanying Schedule is presented using the accrual basis of accounting as described in Note 1 in the District’s basic financial statements. Expenditures of federal awards are reported in the District’s basic financial statements as capital assets for capital expenditures and operating expenses for certain transit expenses. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 – GRANTS FROM GOVERNMENT AGENCIES

The District receives grants from the Federal Transit Administration (“FTA”) and other agencies of the U.S. Department of Transportation, U.S. Department of Homeland Security, U.S. Department of Justice, State of California, and local transportation funds for the acquisition of transit-related assets, equipment, improvements, and reimbursement of certain transit-related expenses.

NOTE 3 – INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for
major federal programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Number(s)

20.500, 20.507, 20.525
97.075

Name of Federal Program or Cluster

Federal Transit Cluster
Rail and Transit Security Grant Program

Dollar threshold used to distinguish type A and B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.
