

**SAN FRANCISCO BAY AREA  
RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST**  
(A FIDUCIARY COMPONENT UNIT OF THE SAN FRANCISCO  
BAY AREA RAPID TRANSIT DISTRICT)

**FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST

FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
San Francisco Bay Area Rapid Transit District  
Retiree Survivor Benefits Program Trust  
Oakland, California

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of the San Francisco Bay Area Rapid Transit District Retiree Survivor Benefits Program Trust ("Trust"), a component unit of the San Francisco Bay Area Rapid Transit District ("District"), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Trust'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 fiduciary net position of the Trust, as of June 30, 2024, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

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

*Crowe LLP*

Crowe LLP

San Francisco, California  
November 27, 2024

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2024

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The following discussion and analysis of the financial performance of the Retiree Survivor Benefits Program Trust (the "Trust") of the San Francisco Bay Area Rapid Transit District (the "District") provides an overview of its financial activities for the year ended June 30, 2024. Please read it in conjunction with the Trust's financial statements, which begin on page 5. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests solely with management of the Trust. To the best of our knowledge and belief, the financial statements, as presented, are accurate in all material respects.

***Financial Highlights***

Net position held in trust for survivor benefits totaled \$12,978,000 as of June 30, 2024.

***Financial Statements***

The financial report for the Trust includes management's discussion and analysis, statement of fiduciary net position, statement of changes in fiduciary net position, and notes to the financial statements. These financial statements are prepared on the accrual basis of accounting. The Trust is administered by one or more trustees appointed by the District's Board of Directors (the "Board"). Currently, the Board has appointed the District's Controller-Treasurer as the Trustee. The Trust's assets are held in trust by US Bank.

***Condensed Statements of Changes in Fiduciary Net Position***

The following table indicates the changes in fiduciary net position for the years ended June 30, 2024 and 2023 (dollar amounts in thousands):

	<u>2024</u>	<u>2023</u>	Change	
			Increase (Decrease) Amount	Percent
Employee & retiree contributions	\$ 845	\$ 797	\$ 48	6.0%
Net investment income (loss)	<u>1,663</u>	<u>1,003</u>	<u>660</u>	<u>65.8%</u>
Total additions	2,508	1,800	708	39.3%
Benefit payments	395	376	19	5.1%
Other expenses	<u>25</u>	<u>23</u>	<u>2</u>	<u>8.7%</u>
Total deductions	<u>420</u>	<u>399</u>	<u>21</u>	<u>5.3%</u>
Change in fiduciary net position	<u>2,088</u>	<u>1,401</u>	<u>687</u>	<u>49.0%</u>
Net position, beginning of year	<u>10,890</u>	<u>9,489</u>	<u>1,401</u>	<u>14.8%</u>
Net position, end of year	<u>\$ 12,978</u>	<u>\$ 10,890</u>	<u>\$ 2,088</u>	<u>\$ 8,802</u>

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2024

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***Employee Contributions***

Per the Collective Bargaining Agreement (CBA), subject to the restrictions, limitations and eligibility requirements of the applicable health plans, employees may elect a survivor benefit which would pay a portion of premiums or provide reimbursement for the enrollment of their previously eligible covered survivor(s) in the medical, dental, and vision care plans upon the death of the employee. The employee, retiree or survivor contribution for this program is fifteen dollars (\$15) per month. After the employee's death, the survivor must continue to contribute fifteen dollars (\$15) per month to receive the medical, dental, and vision coverage.

Survivor plan contributions increased by \$48,000 in fiscal year 2024 mainly from increase in employee contributions.

***Net Investment Income***

In fiscal year 2024, net investment income amounted to \$1,663,000 or a 15.60% return on total investments as stocks posted gains during the fiscal year resulting from market's gradual recovery post pandemic.

***Benefit Payments***

The CBA established that the Plan will pay for portion of premiums or provide reimbursement for the enrollment of their previously eligible covered survivor(s) in the medical, dental, and vision care plans upon the death of the employee.

***Condensed Statements of Fiduciary Net Position***

A comparison of the Trust's statements of fiduciary net position as of June 30, 2024 and 2023 is as follows (dollar amounts in thousands):

	<u>2024</u>	<u>2023</u>	Change	
			Increase (Decrease)	
			Amount	Percent
Assets	\$ 13,002	\$ 10,908	\$ 2,094	19.2%
Liabilities	<u>24</u>	<u>18</u>	<u>6</u>	(14.3)%
Net Position	<u>\$ 12,978</u>	<u>\$ 10,890</u>	<u>\$ 2,088</u>	<u>19.2%</u>

Fiduciary net position in fiscal year 2024 increased by \$2,088,000 resulting from favorable returns in investments of \$1,663,000 coupled by increase of \$415,000 in net assets from employee and retiree contributions recognized during the fiscal year which exceeded benefit payments and other administrative expenses.

***Request for Information***

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Controller-Treasurer, 2150 Webster Street, 10<sup>th</sup> Floor, P.O. Box 12688, Oakland, California 94612.

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2024  
(dollar amounts in thousands)

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**ASSETS**

Cash and cash equivalents	\$ 645
Receivable from BART	584
Interest receivable	3
Investments:	
Mutual funds - equity	7,688
Mutual funds - fixed income securities	4,082
Total investments	<u>11,770</u>
Total assets	<u>13,002</u>

**LIABILITIES**

Accounts payable	<u>24</u>
Net position restricted for survivor medical benefits	<u><u>\$ 12,978</u></u>

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See accompanying notes to the financial statements.



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the year ended June 30, 2024  
(dollar amounts in thousands)

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**Additions**

Employee contributions	\$ 564
Retiree contributions	281
	<u>845</u>
Investment income	
Interest and dividend income	308
Net realized and unrealized gains on investments	1,365
Investment expense	(10)
Net investment income	<u>1,663</u>
Total additions	<u>2,508</u>

**Deductions**

Benefit payments	395
Audit fees	19
Administrative fees	6
Total deductions	<u>420</u>

Change in fiduciary net position	<u>2,088</u>
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Net position restricted for survivor medical benefits

Beginning of year	<u>10,890</u>
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End of year	<u><u>\$ 12,978</u></u>
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See accompanying notes to the financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 – DESCRIPTION OF THE PLAN**

The following description of the San Francisco Bay Area Rapid Transit District Retiree Survivor Benefits Program Trust (the “Trust”), a fiduciary component unit of the San Francisco Bay Area Rapid Transit District (the “District” or “BART”), provides only general information. Participants should refer to the Agreement and Declaration of Trust of the San Francisco Bay Area Rapid Transit District Retiree Survivor Benefits Program Trust (the “Trust Agreement”), effective May 18, 2020 for a more complete description of the Trust’s provisions.

General: On May 18, 2020, the District created the Trust to account for certain benefits of the District’s single-employer defined benefit other postemployment benefit plan (the “Plan”). The purpose of establishing the Trust is to facilitate the provision of survivor health and welfare benefits to survivors of eligible BART retirees; to provide the means for financing the costs and expenses of operating and administering such benefits; to hold Trust assets for the sole and exclusive purpose of providing such benefits; and to defray the reasonable expenses of administering the Trust and designated plans. Assets placed into the Trust cannot be used for any other purposes and are not available to satisfy general creditors of the District. Under California state law, the restrictions on the use of any proceeds from liquidation of the Trust are significant enough to render the Trust effectively irrevocable. The Trust Agreement states that the Trust shall be administered by one or more Trustees appointed by the District’s Board of Directors (the “Board”). As of June 30, 2024, the Board has appointed the District’s Controller-Treasurer as the Trustee.

The Trust is considered to be a part of the District’s financial reporting entity and is included in the District’s financial statements as a fiduciary fund. The financial statements of the Trust are intended to present only the fiduciary net position and changes in fiduciary net position of the Trust. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2024, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

As of June 30, 2024, the Trust includes the funding of survivors dental and vision benefits, and the difference between the required medical contribution from the beneficiary and required contribution from survivors enrolled in the Plan. The Trust does not include funding for the retiree and survivor health medical benefits. Those are funded through the Retiree Health Benefit Trust.

The Survivor Benefits Plan enables eligible surviving dependents of participating employees and retirees to continue their BART-provided group health, dental or vision insurance on a financially favorable basis following the death of the participating employee or retiree. Subject to the following “benefits cap,” the eligible surviving dependents will have their BART-provided group health insurance provided by BART or paid for by BART. BART’s obligation to pay for or provide such medical insurance benefits is limited to the greater of the premium cost of (a) the greater Bay Area Blue Shield Access + (currently \$2,799.78 for family); or (b) the Bay Area Kaiser basic premium (currently \$2,655.67 for family) (“Premium Cap”), or the actual premium cost if less, less the \$15.00 per month participation fee. Special rules, premiums, and coverages apply to participants who are Medicare eligible.

Survivor Benefits is available to the “eligible dependents” of all full-time employees of BART, provided that certain requirements are met:

- All full-time employees are given a single opportunity to elect participation in the program. The election period lasts ninety (90) days from the date of full-time hire. The election must be in writing on a form provided by BART’s HR department and must be accepted by the HR department within that time period.

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(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 – DESCRIPTION OF THE PLAN** (Continued)

- Because there is only one enrollment opportunity, all full-time employees must elect to participate within this time period even if they do not yet have a spouse or dependents. Failure to enroll and satisfy the other participation requirements will prevent any future dependents from receiving benefits (except as noted below).
- All participating employees and their benefitting survivors must pay a \$15.00 per month participation fee on a continuous basis. The \$15.00 fee applies to each family group regardless of size. Participating employees will have the fee deducted from their second paycheck of each month on a post-tax basis. Failure to pay the required fifteen dollars (\$15) per month assessment by the due date established by the District shall permanently and irrevocably terminate eligibility for the Survivor Benefits Program.

If a participating employee or a benefitting survivor (group) discontinues participation, or stops payment of the monthly fee, they will lose eligibility for Survivor Benefits and will not be able to re-enroll in the program.

Part-time employees (less than 40 hours per week) and employees who are ineligible for District health plan coverage, including, without limitation, limited term intermittent employees, are ineligible for the Survivor Benefits Program. In order for the survivor of an employee or retiree who dies after the effective date of this Survivor Benefits Program to be eligible for survivor benefits, the employee/retiree and survivor must have been covered by District medical benefits and enrolled in the Survivor Benefits Program at the time of death.

The earliest start date of the Plan is November 17, 1988, when the Board of Directors adopted Resolution 4209 that created the program for directors. There were later start dates for various bargaining groups.

Membership in the Plan, as of June 30, 2024, consisted of the following:

	<u>2024</u>
Survivors receiving benefits	260
Retired plan members	1,333
Active plan members	<u>3,257</u>
Total plan participants	<u><u>4,850</u></u>

Employee, Retiree and Survivor Contributions: Active and retired employees and survivors contribute \$15 per month to the Plan. Since inception of the Survivor Benefit Program back in 1988, all plan contributions and payments for benefits were tracked in a dedicated liability account in the District's financials. For fiscal year 2024, the Trust recorded total contributions in the amount of \$845,000 from active employees, retirees, and survivors.

Trust Termination: The Trust Agreement provides that the District's Board of Directors has the right to discontinue or to terminate the Trust in whole or in part, subject to any duty to bargain in good faith with the District's unions over any such termination. The Trust Agreement further provides that, in the event of termination of the Trust, the assets then remaining shall be used for the purpose of providing for the expenses of the Trust and for the payment of benefits under any plan that is a health and welfare benefit program to be funded in whole or in part by the Trust and which comprises health benefits offered to District retirees, as designated at the discretion of the Board of Directors, until exhausted.

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(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting. Contributions are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Plan member contributions refer to the required \$15 monthly contributions from active employees, retirees, and survivors, who participate in the plan.

Cash Equivalents: The Trust considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents.

Investments: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date. The Trust measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Securities and mutual funds traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. Purchases and sales of securities are reflected on the trade date. Investment income is recognized as earned.

Net Appreciation (Decline) in Fair Value of Investments: Net appreciation (decline) in fair value of investments is comprised of unrealized and realized gains and losses. Unrealized gains and/or losses adjust investment carrying amounts to reflect current fair value.

Administrative Costs: The costs of administering the Trust are paid by the District, except costs that are directly related to the Trust's activities, such as investment manager fees, insurance premium, legal fees, and audit costs.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

*Investment Policy* – The investment objective of the Trust is to achieve consistent long-term growth for the Trust and to maximize income consistent with the preservation of capital for the sole and exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Trust. The District's Board establishes the general investment policy and guidelines for the Trust. Prior to adoption of a formal investment policy, the Trust has adopted the investment policy of the District's Retiree Health Benefit Trust, as its interim guidelines. Allowable investments under the Trust's interim guidelines include:

- Cash equivalents such as U.S. Treasury bills, money market mutual funds, short-term investment fund (STIF) trusts, commercial paper rated A1/P1, banker's acceptances, certificates of deposits, and repurchase agreements;
- Fixed income securities, which include U.S. agency and corporation bonds (including Yankees), preferred stock and Rule 144A issues, and mortgage or asset-backed securities; and
- Equity securities, including U.S. traded common, preferred stocks, and convertible stocks and bonds, including American Depository Receipts.

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(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

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

**Interest Rate Risk:** The Trust's interim guidelines mitigates exposure to changes in interest rates by requiring that the assets of the Trust be invested in accordance with the following asset allocation guidelines:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equity securities	35%	55%	45%
Fixed income securities	25%	45%	35%
Real estate securities	10%	20%	15%
Cash equivalents	3%	10%	5%

Fixed income securities have the following maturity restrictions: 1) maximum maturity for any single security is 40 years and 2) the weighted average portfolio maturity may not exceed 25 years.

In fiscal year 2024, cash equivalents represent 5% of total cash and investments balance. This was due to the timing of cash coming in towards quarter end, which was eventually invested in fixed income securities.

For fiscal year 2024 the Trust does not have debt/fixed investments subject to interest rate risk.

**Credit Risk:** The Trust's interim credit risk policy is defined in the Retiree Health Benefit Trust's Statement of Investment Policy approved by the District's Board of Directors. The policy states that the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Trust's objectives and that the Trust's investment managers are expected to make reasonable efforts to control risk. The investment policy requires that all of the Trust's assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Trust, with minimal impact on market prices. The investment policy also requires that no single investment shall exceed five percent of the total Trust assets, at fair value, except obligations of the U.S. Government, short-term money market mutual funds, index funds, and other diversified commingled accounts; and for actively managed equity accounts, where, for issues that comprise more than 4.0% of the account's stated benchmark, the limit shall be 125.0% of the weight of the common stock benchmark.

The following is a summary of the credit quality distribution for securities with credit exposure as rated by Standard & Poor's Financial Services and/or Moody's Investor Services as of June 30, 2024 (dollar amounts in thousands):

	<u>Total</u>	<u>Credit ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not rated</u>
Mututal funds- fixed income securities	\$ 4,082	\$ -	\$ -	\$ -	\$ 4,082
Total Investment subject to credit risk	4,082	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,082</u>
Mutual funds- equity	7,688				
Cash and cash equivalents	<u>645</u>				
Total cash and cash equivalents and investments	<u>\$ 12,415</u>				

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

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

Fair Value Hierarchy: The Trust 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The custodian bank relies on the pricing by nationally known vendors. In the event that a particular category is not priced by the primary pricing vendor, the custodian bank engages a secondary vendor or other sources.

The following is a summary of the fair value hierarchy of the fair value of investments of the Trust as of June 30, 2024 (dollar amounts in thousands):

	Fair Value Hierarchy		
	Total	Level 1	Level 2
Mutual funds - equity	\$ 7,688	\$ 7,688	\$ -
Mutual funds - fixed income securities	4,082	4,082	-
Total investments at fair value	11,770	<u>\$ 11,770</u>	<u>\$ -</u>
Cash and cash equivalents	645		
Total cash and cash equivalents and investments	<u>\$ 12,415</u>		

In fiscal year 2024, investments in equity and fixed income mutual funds amounting to \$11,770,000 are classified under Level 1 of fair value hierarchy and are valued using quoted prices in active markets.

Concentration of Credit Risk: The Trust's interim investment policy mitigates exposure to concentration of credit risk by diversifying the portfolio and limiting investments in any one issuer to no more than 5.0% of the total portfolio. As of June 30, 2024, there were no investments in individual issuers that exceeded 5.0% of the Trust's total investments and 5.0% of the Trust's fiduciary net position.

Custodial Credit Risk - Deposits: For deposits, custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned. California Government Code Section 53652 requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110.0% of the Trust's deposits. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the Trust's total deposits. Such collateral is considered to be held in the Trust's name.

Custodial Credit Risk - Investments: For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the Trust may not be able to recover the value of its investments. The exposure to the Trust is limited as the Trust's investments are in the custody of a third-party custodian that is separate from the counterparty.

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(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

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

Rate of Return: For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, is 15.60%. The money-weighted rate of return expresses investment performance (net of investment expense) adjusted for the changing amounts invested monthly.

**NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS**

The components of the net OPEB liability as of June 30, 2024 are presented below (dollar amounts in thousands):

Total OPEB liability (TOL)	\$ 29,830
Fiduciary net position (FNP)	<u>(12,978)</u>
Net OPEB liability	<u><u>\$ 16,852</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	44%

The total OPEB liability as of June 30, 2024 was determined by actuarial valuations using the following actuarial assumptions:

Valuation Date	June 30, 2023, update procedures were used to roll forward the total OPEB liability to June 30, 2024
Actuarial cost method	Entry are normal cost
Actuarial assumptions:	
Discount rate	4.44% at June 30, 2024 based on crossover test
Long-term investment rate of return	6.00% on June 30, 2024
Municipal bond rate	3.93% as of June 30, 2024; Bond Buyer 20-Bond GO Index
General inflation	2.50% per annum
Mortality, disability, termination, retirement	CalPERS 2000-2019 Experience Study
Mortality improvement	Mortality project fully generational with Scale MP-2021
Salary increases	Aggregate – 2.75% annually
	Merit- CalPERS 2000-2019 Experience Study
Crossover Test	Administrative expenses = 0.32% of assets Continued future participant contributions No future employer contributions Crossover in 2049

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(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Medical Trend	Non-Medicare – 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Non-Kaiser) – 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Kaiser) – 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Participation	Current covered employees and retirees will continue paying premium for coverage. Future Survivors will elect to be covered by District retiree healthcare benefits
Changes of Assumptions	Discount rate was updated from 4.04% to 4.44% based on crossover test
	Economic Assumptions: - Municipal bond rate changed from 3.65% to 3.93%

Discount Rate: The discount rate used to measure the total OPEB liability is 4.44% as of fiscal year 2024 based on the blending of the long-term expected return on assets of the plan and the municipal bond rate. Based on the assumptions listed above, the OPEB plan's fiduciary net position is projected to be available to make all projected OPEB payments for current active and inactive employees through 2044.

Long- Term Expected Rate of Return on Investments: The long-term expected rate of return on investments used is 6%, net of investment expenses for fiscal year 2024. The table below reflects the long-term expected real rate of return by asset class. The geometric return method was used to calculate the rate of return. The target allocation for the June 30, 2024 measurement date was as follows:

<u>Asset class</u>	<u>Strategic Allocation</u>	<u>10 Year Expected Rate of Return</u>
U.S Equity	60.00%	6.00%
Fixed Income	35.00%	6.00%
Cash Equivalents	5.00%	6.00%
Total	100.00%	

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(Continued)



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS** (Continued)

Sensitivity of the Net OPEB Liability to Changes in Assumptions: The following presents the net OPEB liability of the Plan as of the June 30, 2024 measurement date, calculated using the discount rate and healthcare trend rate that are 1% lower or 1% higher than the current rate (dollar amounts in thousands):

	<u>1.0% Decrease</u>	<u>Current Rate</u>	<u>1.0% Increase</u>
	<u>(3.44%)</u>	<u>(4.44%)</u>	<u>(5.44%)</u>
Net OPEB liability	\$ 22,878	\$ 16,852	\$ 12,208
<b>Health care cost trend rate</b>			
	<u>1.0% Decrease</u>	<u>Current Rate</u>	<u>1.0% Increase</u>
Net OPEB liability	\$ 11,737	\$ 16,852	\$ 23,738

The District's Survivor Benefit Plan Expense for Fiscal Year: For the fiscal year ended June 30, 2024, the District recognized net OPEB income of \$3,372,000.

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
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**Schedule of Changes in Net OPEB Liability and Related Ratios (Last 10 years)**

The following tables show the changes in net OPEB liability and related ratios for measurement period ending June 30 (dollar amounts in thousands):

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>								
Service cost	\$ 1,929	\$ 1,987	\$ 3,334	\$ 3,527	\$ 2,011	\$ 1,901	\$ 2,071	\$ 2,559
Interest	1,368	1,358	1,236	1,168	1,260	1,428	1,588	1,396
Changes of benefit terms	-	-	-	142	-	22	-	-
Difference between expected and actual experience	(2,991)	(2,466)	(4,901)	(2,797)	(971)	(5,946)	(1,017)	-
Change of assumptions	(2,220)	(2,389)	(12,368)	(4,132)	13,366	1,935	(9,676)	(7,743)
Benefit payments, including refunds	(395)	(376)	(340)	(296)	(434)	(213)	(329)	(346)
Net change in total OPEB liability	(2,309)	(1,886)	(13,039)	(2,388)	15,232	(873)	(7,363)	(4,134)
Total OPEB liability - beginning	32,139	34,025	47,064	49,452	34,220	35,093	42,456	46,590
<b>Total OPEB liability- ending</b>	<b>\$ 29,830</b>	<b>\$ 32,139</b>	<b>\$ 34,025</b>	<b>\$ 47,064</b>	<b>\$ 49,452</b>	<b>\$ 34,220</b>	<b>\$ 35,093</b>	<b>\$ 42,456</b>
<b>Fiduciary net position</b>								
Contributions from participants	\$ 845	\$ 797	\$ 695	\$ 9,456	\$ 434	\$ 213	\$ 329	\$ 346
Net investment income (loss)	1,663	1,003	(1,279)	1,309	-	-	-	-
Benefit payments, including refunds	(395)	(376)	(340)	(296)	(434)	(213)	(329)	(346)
Administrative expense	(25)	(23)	(38)	(18)	-	-	-	-
<b>Net change in total fiduciary net position</b>	<b>2,088</b>	<b>1,401</b>	<b>(962)</b>	<b>10,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total fiduciary net position - beginning	10,890	9,489	10,451	-	-	-	-	-
<b>Total fiduciary net position - ending</b>	<b>12,978</b>	<b>10,890</b>	<b>9,489</b>	<b>10,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net OPEB liability</b>	<b>\$ 16,852</b>	<b>\$ 21,249</b>	<b>\$ 24,536</b>	<b>\$ 36,613</b>	<b>\$ 49,452</b>	<b>\$ 34,220</b>	<b>\$ 35,093</b>	<b>\$ 42,456</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	43.51%	33.88%	27.89%	22.21%	0.00%	0.00%	0.00%	0.00%
<b>Covered employee payroll</b>	<b>\$ 575,509</b>	<b>\$ 567,230</b>	<b>\$ 505,787</b>	<b>\$ 504,541</b>	<b>\$ 508,509</b>	<b>\$ 463,124</b>	<b>\$ 418,573</b>	<b>\$ 372,887</b>
<b>Net OPEB liability as a percentage of covered employee payroll</b>	2.93%	3.75%	4.85%	7.26%	9.72%	7.39%	8.38%	11.39%

Changes of benefit terms

- 2019 - the additional \$44 monthly BPOA & BPMA retiree contributions cease in 2035 (ceased in 2018 for previous measurement date)
- 2021 - \$37/month retiree contributions reimbursed by Plan to survivors extended to 2024
- 2022 - None
- 2023 - None
- 2024 - None

Changes of assumptions

- 2017 - Discount rate changed from 2.85% in 2016 to 3.58% in 2017
- 2018 - Discount rate changed from 3.58% in 2017 to 3.87% in 2018
  - General Inflation changed from 3.0% in 2017 to 2.75% in 2018
- 2019 - Demographic assumptions were updated to CalPERS 1997-2015 experience Study
- 2020 - Discount rate of 2.21% was updated based on Bond Buyer 20-year Bond Index as of measurement date
  - Mortality improvement scale was updated to Scale MP-2019
- 2021 - Plan funding through a trust began
  - Trust was created on May 18, 2020 and initial funding was made in October 2020.
  - Discount rate of 2.46% based on crossover test
  - Decreased medical trend rate for Kaiser Senior Advantage plans
  - Mortality improvement scale was updated to Scale MP-2020
- 2022 - Discount rate was updated based on crossover test
  - Economic Assumptions
    - General inflation changed from 2.75% to 2.50% per annum
    - Salary increases changed from 3.00% to 2.75% annually
  - Mortality improvement scale was updated to Scale MP-2021
- 2023 - Discount rate was updated based on crossover test from 3.79% to 4.04%
  - Municipal bond rate changed from 3.54% to 3.65%
  - Updated medical trend rate
- 2024 - Discount rate was updated based on crossover test from 4.04% to 4.44%

This schedule is intended to show information for the past ten years. Additional years will be presented as they become available.

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
 RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
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**Schedule of Employer Contributions (Last 10 years)**

The following tables show the employer contributions for the fiscal years ending June 30 (dollar amounts in thousands):

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (ADC)	\$ 1,359	\$ 1,270	\$ 1,169	\$ 1,277	\$ 3,019	\$ 2,911	\$ 2,672	\$ 3,138
Contribution in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-
Contribution deficiency / (excess)	<u>\$ 1,359</u>	<u>\$ 1,270</u>	<u>\$ 1,169</u>	<u>\$ 1,277</u>	<u>\$ 3,019</u>	<u>\$ 2,911</u>	<u>\$ 2,672</u>	<u>\$ 3,138</u>
Covered employee payroll*	\$ 575,509	\$ 567,230	\$ 505,787	\$ 504,541	\$ 508,509	\$ 463,124	\$ 418,573	\$ 372,887
Contribution as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* Based on actual payroll

This schedule is intended to show information for the past ten years. Additional years will be presented as information become available.

**Notes to Schedule of Employer Contributions**

Methods and assumptions for actuarially determined contribution for the 2023/2024 fiscal year follows:

Valuation date	June 30, 2022
Actuary	Foster & Foster, Inc
Actuarial cost method	Entry age, level percentage of payroll
Amortization method	Level percent of payroll
Amortization period	17-year fixed (closed) period for 2023/2024
Asset valuation method	Market value of assets
Discount rate	6.00%
General Inflation	2.50%
Medical Trend	-Non-Medicare – 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 -Medicare (Non-Kaiser) – 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 -Medicare (Kaiser) – 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational Scale MP-2021
Annual Money Weighted Rate of Return	
Net of Investment Expense	15.60%

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
RETIREE SURVIVOR BENEFITS PROGRAM TRUST  
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**Schedule of Investment Returns**

<b>Year *</b>	<b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b>
2024	15.60%
2023	10.80%
2022	-12.60%
2021	18.9%
2020	0.0%

\* The Survivors Benefit Trust was created on May 18, 2020 and was initially funded in October 2020. Historical information is required only for measurement periods for which GASB Statement No. 74 is applicable.

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