SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT

ANNUAL FINANCIAL REPORT
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the San Francisco Bay Area Rapid Transit District ("the District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District, as of June, 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, the Retiree Survivor Benefit Trust was initially funded during the year ended June 30, 2021, and is presented as an additional employee benefit trust fund in the fiduciary fund financial statements as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statement of fiduciary net position and the combining statement of changes in fiduciary net position are presented for purposes of additional analysis and are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of fiduciary net position and the combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 23, 2021 on our consideration of the District'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 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 District'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 District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

San Francisco, California
November 23, 2021

Introduction

The following discussion and analysis of the financial performance and activity of the San Francisco Bay Area Rapid Transit District (the District or BART) provide an introduction and understanding of the basic financial statements of the District for the years ended June 30, 2021 and 2020. This discussion was prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The District is an independent agency created in 1957 by the legislature of the State of California for the purpose of providing an adequate, modern, interurban mass rapid transit system in the various portions of the metropolitan area surrounding the San Francisco Bay. The District started its revenue operations in September 1972. It presently operates a 131-mile, 50-station system serving the five counties of Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara. On June 13, 2020 the District celebrated the opening of the Berryessa Extension in Santa Clara County, which added two (2) stations and 10 miles of track to the system. The Operating and Maintenance agreement provides guidance on the financial, maintenance and operating responsibilities of each party, where Valley Transportation Authority (VTA) owns the extensions including the transit centers and the District operates the service and maintains the system. The governance of the District is vested in a Board of Directors composed of nine members, each representing an election district within the District.

The Financial Statements

The basic financial statements provide information about the District's Enterprise Fund and Fiduciary Funds. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

Enterprise fund – The enterprise fund summarizes the District's business activities related to operating, capital, and financing transactions. The enterprise fund consolidates the financial information associated with the District's General Fund, Capital Funds and Debt Service Funds.

General Fund: The General Fund accounts for the District's operating activities. Revenues and expense in the General Fund are distinguished between operating and nonoperating. Operating revenues includes receipts from passenger fares, parking revenues, telecommunication revenues, advertising, and other income associated with transit operations. Operating expenses consists of labor and non-labor expenses associated with providing transit services. Sales tax revenues, property tax revenues, and funding from local, state, and federal agencies that are used for paying operating expenses are recognized in the General Fund as nonoperating income.

Capital Funds: These funds account for financial resources to be used for the acquisition or construction of capital assets. Major sources of revenues for these funds comes primarily from grants, proceeds from sale of bonds, or allocations from the General Fund. Upon completion of a capital project, all of the associated cost are capitalized and transferred to the District's General Fund.

Debt Service Funds: These funds account for transactions related to long-term debt obligations associated with the District's Sales Tax Revenue and General Obligation bonding programs. Transactions recorded on these funds includes the recognition of the debt obligations upon issuance of the bonds, recognition of the discount or premiums related to the bond issuance and the subsequent amortization, receipt of funds to cover debt service from sales tax revenues allocated by the General Fund and from property tax assessments, payments of debt obligations, both principal and interest expense, and recognition of investment income earned from funds held prior to making the debt service payments.

Fiduciary Funds: BART's Fiduciary funds shows the financial position and summarizes the activities of the District's Retiree Health Benefit Trust and Survivors' Benefit Trust (the Trust). Balances reflected in the fiduciary fund financial statements are not reflected in the Enterprise Fund since the trust assets are restricted to be used for the benefit of the beneficiaries of those funds.

Overview of the Enterprise Fund Financial Statements

The *Statement of Net Position* reports assets, deferred outflows of resources, liabilities, deferred inflows of resources and the difference as *net position*. The entire equity section is combined to report total *net position* and is displayed in three components - *net investment in capital assets; restricted net position; and unrestricted net position*.

The *Statement of Revenues, Expenses and Change in Net Position* consist of operating and nonoperating revenues and expenses based upon definitions provided by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended by GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. Accordingly, significant recurring sources of the District's revenues, such as capital contributions, are reported separately, after nonoperating revenues and expenses.

The *Statement of Cash Flows* are presented using the direct method and include a reconciliation of operating loss to net cash used in operating activities.

Condensed Statements of Revenues, Expenses and Change in Net Position

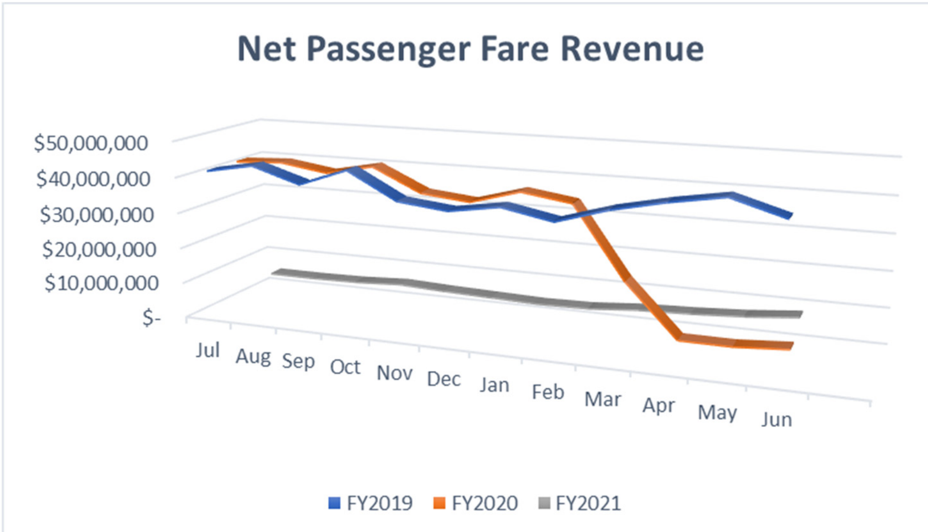
A summary of the District's Statements of Revenues, Expenses and Change in Net Position for the years 2021 and 2020 is as follows (dollar amounts in thousands):

			Change Favorable (Unfavorable)	
	2021	2020	Amount	Percent
Operating revenues	$ 90,509	$ 394,934	$ (304,425)	-77.1%
Operating expenses, net	989,764	1,067,529	(77,765)	-7.3%
Operating loss	(899,255)	(672,595)	(226,660)	33.7%
Nonoperating revenues, net	857,231	675,601	181,630	26.9%
Capital contributions	365,812	256,676	109,136	42.5%
Change in net position	323,788	259,682	64,106	24.7%
Net position, beginning of year	7,029,834	6,770,152	259,682	3.8%
Net position, end of year	$ 7,353,622	$ 7,029,834	$ 323,788	4.6%

Operating Revenues

Operating revenues decreased by $304,425,000 in fiscal year 2021 driven by the full year impact of the COVID 19 pandemic. The significant decline in transit ridership translated to a decrease in passenger fares by 82% or $279,000,000 compared to the previous fiscal year. Average weekday ridership in fiscal year 2021 was 52,922 compared to 288,271 in fiscal year 2020. Parking revenues, advertising, and fines and forfeitures, which are heavily dependent on ridership, also fell by $30,005,000 in fiscal year 2021. After the lockdown in the San Francisco Bay Area was instituted in March 2020, the District's ridership plummeted to as low as 6% of the pre-COVID baseline. Ridership gradually recovered to about 41,000 per day at the end of June 2020. Almost a year later, as more people got vaccinated and as the District's ridership trended positive, the District started to take measures to bring back capacity previously curtailed at the beginning of the pandemic. Between May and June 2021, additional trains were added back in the system and some station entrances previously closed were reopened. Average ridership at June 30, 2021 was 76,000 per day.

The chart below shows the monthly net passenger fare revenue from fiscal year 2019 to 2021.



Operating Expenses, Net

In fiscal year 2021, net operating expenses declined by $77,765,000 compared to the previous year. In October 2020, the Board approved the following seven-point plan to reduce expenses in order to address the short and long term impact of the pandemic on ridership and revenue:

- Pursue efficiencies around contracting and other reductions to the District's non-labor budget
- Continue hiring freeze, eliminate most current vacancies
- Negotiate a retirement incentive package with union leadership
- Re-assign or re-train staff wherever possible to fill critical gaps created by departures
- Fill critical capital budget vacancies with operating staff wherever possible
- Load shed service dependent staff to capital projects to accelerate capital program delivery
- Explore additional cost savings measures with labor partners and non-represented employees

By implementing the seven-point plan, net labor expense declined by $58,181,000 in fiscal year 2021 driven by decrease of $25,883,000 in overtime expense and increase of $22,717,000 in labor reimbursement through redeployment of staff to capital projects which was made possible by shorter train operating schedules. In addition, Other Post-Employment Benefits (OPEB) expense also decreased by $29,780,000, offset by increase of $14,133,000 in incentive payment related to the District Retirement Incentive Program (DRIP) and by increase in labor cost by $6,956,000 for COVID related benefits paid to employees, as mandated by the federal government and by the State of California.

Total non-labor expense fell by $19,584,000 in fiscal year 2021. Interchange fees, Clipper and other bank fees were down by $7,401,000, and purchased transportation related expenses declined by $9,725,000 due to reduce ridership and fewer paratransit trips. Materials cost and maintenance related expenses were down by $7,676,000 due to reduction in train service, offset by increase of $7,265,000 in insurance claims.

Nonoperating Revenues, Net

Net nonoperating revenues increased by $181,630,000 in fiscal year 2021 primarily driven by the utilization of emergency relief grants provided by the federal government. The Federal Transit Administration allocated the District grants that are intended to cover losses in fare revenues, as a consequence of the pandemic, in the amount of $377,053,000 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and $378,138,000 from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). Total federal emergency relief funds recognized in the current fiscal year amounted to $402,396,000 compared to $185,510,000 in the prior fiscal year. The grant from CARES Act provided $191,544,000 and CRRSSA contributed $210,852,000, for a net increase of $216,886,000.

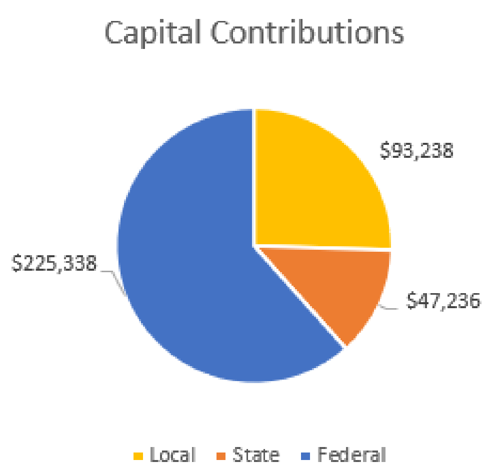
Subsidy from the Santa Clara Valley Transportation Authority (VTA) related to the operations of the 2 new stations associated with the extension to Silicon Valley was significantly higher and increased by $35,957,000, compared to $1,183,000 reported in fiscal year 2020, as the current fiscal year covered operation for a full year compared to two weeks in fiscal year 2020. Property tax revenues collected for general operations increased slightly by $2,492,000 due to continued appreciation in property values despite the pandemic, while property tax generated to cover debt service for the District's General Obligation Bonds increased by $22,877,000.

The increases in non-operating revenues were offset by decrease of $8,373,000 in sales tax revenue due to decrease in taxable activities as a consequence of the pandemic, $12,393,000 decrease in State Transit Assistance due to lower allocations received from the program, $18,131,000 decrease in investment income due to extraordinary low interest environment, $19,879,000 decrease in revenue from sale of Low Carbon Fuel Standard Program credits driven by lower number of credits sold, decrease of $11,561,000 in San Mateo Measure A, as funds were exhausted to cover the shortfall of the San Francisco International Airport Extension (SFO Extension), and from $4,931,000 increase in interest expense, and $28,371,000 in planning related costs recognized in the current fiscal year associated with the Link21 project.

Capital Contributions

The revenues from capital contributions relate to grants and other financial assistance received by the District from federal, state, and local agencies to fund capital projects. The District receives mostly reimbursement-type grants of which the District has to first incur eligible costs under the provider's program before qualifying for the grant resources. Revenues from capital contributions are recognized at the time when the eligible project costs are incurred.

In fiscal year 2021 the District received capital contributions of $365,812,000 from the following sources (amounts in thousands):



Major sources of local revenues came from the Metropolitan Transportation Commission (MTC) Exchange Fund, VTA subsidy for capital projects, Bridge Tolls revenue from MTC, Union City, Contra Costa Transportation Authority (CCTA) Measure J, and Alameda County Transportation Commission (ACTC) Measure B and BB, which were used to fund, among others, the Rail Car Procurement Project, eBART Parking Lot, Station Modernization, the Union City Station Phase II Intermodal Project and the Warm Springs Irvington Station Design. Major sources of revenues from the State includes the State's Proposition 1B funds and SB1 Public Transportation Account, which were used to fund, among others, the Communication-Base Train Control (CBTC), Station Modernization, and Canopy and Escalator Replacement projects. Major funding from the federal government came from Federal Transit Administration Section 5307, 5309 and 5337 grants. A significant portion of these funding were allocated and spent to support the Rail Car Replacement, Hayward Maintenance Complex, Core Capacity, CBTC-CIG, Fare Gate & Station Hardening and the 34.5 KV Transformer Replacement projects.

The major additions in fiscal years 2021 and 2020 to capital projects are detailed on page 10.

Condensed Statements of Net Position

A comparison of the District's *Statements of Net Position* as of June 30, 2021 and 2020 is as follows (dollar amounts in thousands):

			Change Favorable (Unfavorable)	
	2021	2020	Amount	Percent
Current assets	$ 1,014,907	$ 980,852	$ 34,055	3.5%
Capital assets, net	9,867,533	9,186,321	681,212	7.4%
Noncurrent assets - other	835,291	664,965	170,326	25.6%
Total assets	11,717,731	10,832,138	885,593	8.2%
Deferred outflows of resources	215,592	221,708	(6,116)	-2.8%
Current liabilities	420,283	453,660	(33,377)	-7.4%
Noncurrent liabilities	4,011,024	3,467,825	543,199	15.7%
Total liabilities	4,431,307	3,921,485	509,822	13.0%
Deferred inflows of resources	148,394	102,527	45,867	44.7%
Net position				
Net investment in capital assets	7,426,365	7,127,402	298,963	4.2%
Restricted	205,370	177,449	27,921	15.7%
	(278,113)	(275,017)	(3,096)	1.1%
Total net position	$ 7,353,622	$ 7,029,834	$ 323,788	4.6%

Current Assets

In fiscal year 2021, current assets increased by $34,055,000 primarily due to increase of $168,274,000 in cash, cash equivalents and investments, increases of $9,812,000 and $1,588,000, in materials and supplies inventory for spare parts received and in contract warranty receivable, respectively, related to the Rail Car Procurement project, increase of $2,518,000 in property tax receivable due to timing, and offset by decrease of $149,043,000 in government receivables. The decreased in government receivables was due to timing in invoicing, collection and receiving payments from the granting agencies. The balance in government receivables in prior year includes $185,510,000 covering 5 months of revenue from the COVID 19 emergency relief funds compared to $107,135,000 covering 3 months in the current fiscal year.

Noncurrent Assets - Other

Noncurrent assets – other increased in fiscal year 2021 by $170,324,000 principally driven by increase in restricted cash and investments from the proceeds of the 2020C Measure RR General Obligation Bonds issued in August 2020 in the amount of $700,000,000 to be used for funding various Measure RR projects. Funds set aside for debt service of outstanding General Obligation Bonds and Sales Tax Revenue Bonds also increased by $24,588,000 during the year. The increases in restricted cash and investments were offset during the fiscal year by $481,162,000 in project funds used to pay various projects of which $456,755,000 came from proceeds of General Obligation Bonds and Sales Tax Revenue Bonds, and $25,206,000 were from Proposition 1B funds received from the State of California in prior years. Restricted cash and investments also declined by $20,255,000 from the utilization of the San Francisco Extension Reserve Fund which was used to cover the shortfall for operating the extension in fiscal year 2021. In addition, $54,862,000 of noncurrent unrestricted investments at June 30, 2020 have matured in fiscal year 2021 and were invested in new securities with maturity of less than a year.

Current Liabilities

Current liabilities decreased in fiscal year 2021 by $33,377,000 primarily due to decrease of $48,334,000 in payable to vendors and contractors caused by timing in receipt and settlement of invoices. Liabilities related to the Survivors Benefit Trust also declined by $8,673,000 due to contribution made to the Trust at the beginning of the fiscal year. Other changes include net increase in interest payable by $7,324,000 related to debt service for the new 2020C RR General Obligation Bonds issued in August 2020; increase in unearned revenue by $15,099,000 representing advances from VTA for their subsidy contributions to Silicon Valley Extension, offset by a decrease of $4,539,000 in advances received from other local and State agencies; increase of $3,810,000 in current portion of long-term debt based on debt service requirement; increase of $1,034,000 in current portion of self-insurance related liabilities based on actuarial valuations, and increase of $1,411,000 in the current portion of accrued compensated absences

Noncurrent Liabilities

Noncurrent liabilities increased in fiscal year 2021 by $543,199,000 primarily due to increase in net long-term debt by $603,737,000. In August 2020, the District issued the third tranche of Measure RR General Obligation Bonds for $700,000,000 to provide the funds necessary to support the Measure RR projects. This increase was offset by $137,010,000 in principal payments on sales tax revenue bonds and general obligation bonds in fiscal year 2021. Other changes to noncurrent liabilities include an increase of $77,061,000 in premium on bonds payable associated with the latest bond issuance, offset by $32,504,000 for the annual amortization of the premium; decrease of $3,810,000 in long-term debt from increase in amount reclassified to current liability; net increase in noncurrent self-insurance liabilities in the amount of $7,448,000 to increase the self-insurance reserves for additional loses recognized during the year; decrease in other post-employment liability in the amount of $108,171,000, offset by increase of $67,089,000 in the net pension liability per actuarial valuations; and decrease in noncurrent unearned revenues in the amount of $26,075,000 as cash advance received from grants and other form of revenues from other agreements are earned.

Capital Assets

Details of capital assets, net of accumulated depreciation, as of June 30, 2021 and 2020 are as follows (dollar amounts in thousands):

	2021	2020
Land and easements	$ 700,649	$ 672,998
Construction in progress	1,979,177	1,689,288
Stations, track, structures and improvements	4,925,618	4,839,718
Buildings	532,491	409,187
Systemwide operation and control	118,945	136,224
Revenue transit vehicles	639,269	488,736
Service and Miscellaneous equipment	133,600	123,099
Capitalized constructon and start-up costs	282,806	290,200
Repairable property items	526,367	510,064
Information systems	28,611	26,807
Total capital assets, net	$ 9,867,533	$ 9,186,321

During fiscal year 2021, the District's capital assets before depreciation and retirement increased by $911,448,000. Additions during the fiscal year were related to the following assets (dollar amounts in thousands):

	2021
Guideway	$ 387,486
Passenger stations	174,527
Maintenance & administration building	115,205
Revenue transit vehicles	170,360
Communication and information system	43,838
Automatic fare collections and other equipment	20,032
	$ 911,448

Additional information related to the District's capital assets can be found in Note 4 – Capital Assets and Note 6 – Long-Term Debt.

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $2,887,803,000 at June 30, 2021.

Long-Term Debt

The outstanding balance of total long-term debt (including current portion but excluding unamortized balance of bond premium/discounts) as of June 30, 2021 and 2020 are as follows (dollar amounts in thousands):

	2021	2020
Bonds payable from and collateralized by a pledge of sales tax revenues	$ 686,295	$ 712,455
General obligation bonds	1,871,890	1,282,740
	$ 2,558,185	$ 1,995,195

Sales Tax Revenue Bonds are rated "AA+" by Standard and Poor's Global Ratings (S&P) and "AA" by Fitch Ratings. General Obligation Bonds are rated "Aaa" by Moody's and "AA" by S&P.

In August 2020, $700,000,000 were added to total long-term debt due to the issuance of the 2020C Measure RR General Obligation Bonds. Principal payments made on outstanding bonds during the year were $26,160,000 for Sales Tax Revenue Bonds and $110,850,000 for the General Obligation Bonds. Additional information on the District's long-term debt obligations can be found in Note 6 – Long -Term Debt.

Economic Factors and Next Year's Budgets

On June 10, 2021, the District's Board of Directors adopted a balanced operating budget of $1,018,661,000 and a capital budget of $1,419,277,000 for fiscal year 2022 (FY22).

The FY22 operating budget is $103,808,000 higher than the fiscal year 2021 (FY21) budget. The budget increase is primarily driven by two major factors: an increase in service and enhanced system cleaning, as well as capital investments that were suspended in FY21 due to uncertainty related to the COVID-19 pandemic. The adopted FY22 budget assumes that over the course of the year, BART averages 34% of pre-COVID ridership. The costs associated with running rich service despite lower ridership are partially offset by using the operating reserves set aside in FY21 funded by revenue recognized from CRRSAA and remaining CRRSAA grants that will be recognized in FY22 and American Rescue Plan (ARP) funds, budgeted at $327,800,000 and $57,000,000, respectively, in FY22. On the expense side, the FY22 adopted budget includes funding to provide expanded service frequencies and hours starting as of August 30th, 2021, funding for enhanced train and station cleaning, as well as a significant increase in operating and capital allocations, described in detail below.

FY22 operating revenues are severely constrained due to the COVID-related ridership decline, though improved over FY21 levels. Rail passenger revenue is budgeted to be 12% higher ($17,786,000) in FY22 than in the FY21 budget, though it is important to note that FY21 ridership revenue actuals were significantly lower than budgeted. Sales tax revenue is estimated to increase by 9% or $22,674,000 in FY22 compared to the FY21 budget; this increase is in line with FY21 actual sales tax receipts, which outperformed budget. Property tax revenue is budgeted to increase by 8% ($3,882,000) in FY22 as compared to FY21, to reflect strong real estate property appreciation in the Bay Area real estate market.

The FY22 budget funds a rail service plan that supports BART's crucial role supporting the Bay Area's re-opening. This plan includes restoration of 15-minute headways before 8 pm six days a week, and extends system closing time back from 9 pm to midnight. Sundays continue the 9 pm closure and reduced frequencies. This additional service, initially scheduled to begin August 30, 2021, was budgeted at $39,949,000 in FY22. In addition, the FY22 budget includes provision of $9,285,000 for enhanced train and station cleaning to improve rider safety and experience.

BART drastically scaled back allocations from operating reserves and to fund capital projects in FY21 to reflect uncertainty around ongoing funding during the COVID-19 pandemic. Due to the award of federal emergency funding, the District opted to restore and increase allocation funding levels in FY22. A total of $85,334,000 was added to FY22 budget allocations (both operating and capital) to fund BART to Antioch Diesel Multiple Unit (DMU) overhauls as well as to restore the District's priority capital projects, miscellaneous capital allocations, and the pension trust to pre-COVID levels.

Increased costs are partially offset by the elimination of the $43,780,000 COVID expenses set aside in FY21 as well as $16,241,000 in savings realized from the abolition of positions vacated through the District Retirement Incentive Program (DRIP).

A full $684,000,000 (48%) of capital expenses in FY22 are directed to System Reinvestment including a portion of the New Rail Car Program, updates to the Hayward Maintenance Complex (HMC), renewing train control components, traction power, guideway infrastructure and other capital projects. Service and Capacity Enhancement represents 37% ($524,000,000) of the budget and will focus on station access improvements and modernization, upgraded facilities at HMC and Concord Shop, as well as train control modernization and traction power upgrades as part of the Core Capacity program. The Earthquake Safety Program, which represents 6% ($86,000,000) of the FY22 capital budget, will focus on the Transbay Tube Seismic Retrofit project. Other capital work on essential security upgrades, life safety improvements, service and capacity enhancements, and ADA/system accessibility improvements will also continue.

Contacting the District's Financial Management

The District's financial report is designed to provide the District's Board of Directors, management, investors, creditors, legislative and oversight agencies, citizens and customers with an overview of the District's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Christopher Gan, Interim Controller-Treasurer, at 2150 Webster Street., P.O. Box 12688, Oakland, California 94612.

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STATEMENT OF NET POSITION
June 30, 2021
(Dollar amounts in thousands)

ASSETS	
Current assets	
Unrestricted assets	
Cash and cash equivalents	$ 293,362
Investments	370,000
Government receivables	197,206
Receivables and other assets	36,402
Materials and supplies	70,753
Total unrestricted current assets	967,723
Restricted assets	
Cash and cash equivalents	28,809
Investments	11,728
Receivables and other assets	6,647
Total restricted current assets	47,184
Total current assets	1,014,907
Noncurrent assets	
Capital assets	
Nondepreciable	2,679,826
Depreciable, net of accumulated depreciation	7,187,707
Unrestricted assets	
Receivables and other assets	84
Restricted assets	
Cash and cash equivalents	399,207
Investments	422,429
Receivables and other assets	13,571
Total noncurrent assets	10,702,824
Total assets	11,717,731
DEFERRED OUTFLOWS OF RESOURCES	
Losses on refundings of debt	12,217
Pension related	166,370
Other postemployment benefits related	37,005
Total deferred outflows of resources	215,592

(Continued)

(Dollar amounts in thousands)

LIABILITIES	
Current liabilities	
Accounts payable and other liabilities	$ 277,222
Unearned revenue	56,302
Current portion of long-term debt	65,825
Self-insurance liabilities	20,934
Total current liabilities	420,283
Noncurrent liabilities	
Accounts payable and other liabilities	52,979
Unearned revenue	90,821
Long-term debt, net of current portion	2,742,914
Self-insurance liabilities, net of current portion	51,405
Net other postemployment benefits liability	245,151
Net pension liability	827,754
Total noncurrent liabilities	4,011,024
Total liabilities	4,431,307
DEFERRED INFLOWS OF RESOURCES	
Pension related	4,419
Other postemployment benefits related	143,975
Total deferred inflows of resources	148,394
NET POSITION	
Net investment in capital assets	7,426,365
Restricted for debt service and other liabilities	205,370
Unrestricted (deficit)	(278,113)
Total net position	$ 7,353,622

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the year ended June 30, 2021
(Dollar amounts in thousands)

Operating revenues	
Fares	$ 62,528
Other	27,981
Total operating revenues	90,509
Operating expenses	
Transportation	215,274
Maintenance	374,529
Police services	88,054
Construction and engineering	34,769
General and administrative	233,795
Depreciation	228,528
Total operating expenses	1,174,949
Less - capitalized costs	(185,185)
Net operating expenses	989,764
Operating loss	(899,255)
Nonoperating revenues (expenses)	
Transactions and use tax - sales tax	258,522
Property tax	195,951
Operating financial assistance	497,524
Investment income	1,523
Interest expense	(65,837)
Planning and Studies	(28,372)
Other expense	(2,080)
Total nonoperating revenues, net	857,231
Change in net position before capital contributions	(42,024)
Capital contributions	365,812
Change in net position	323,788
Net position, beginning of year	7,029,834
Net position, end of year	$ 7,353,622

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021
(Dollar amounts in thousands)

Cash flows from operating activities	
Receipts from customers	$ 62,182
Payments to suppliers	(203,779)
Payments to employees	(572,935)
Payments related to planning and studies	(28,372)
Other operating cash receipts	25,077
Net cash used in operating activities	(717,827)
Cash flows from noncapital financing activities	
Transactions and use tax (sales tax) received	211,459
Property tax received	52,977
Operating financial assistance received	696,632
Net cash provided by noncapital financing activities	961,068
Cash flows from capital and related financing activities	
Transactions and use tax (sales tax) received	47,063
Property tax received	129,495
Capital grants received	293,543
Expenditures for facilities, property and equipment	(924,931)
Proceeds from disposition of property	108
Principal paid on long-term debt	(137,010)
Payments of long-term debt issuance and service costs	(2,080)
Proceeds from issuance of General Obligation Bonds	777,061
Interest paid on long-term debt	(89,792)
Deposit refunded	(384)
Net cash provided by capital and related financing activities	93,073
Cash flows from investing activities	
Proceeds from sale and maturity of investments	619,241
Purchase of investments	(999,183)
Interest received	3,211
Net cash used in investing activities	(376,731)
Net change in cash and cash equivalents	(40,417)
Cash and cash equivalents, beginning of year	761,795
Cash and cash equivalents, end of year	$ 721,378
Reconciliation of cash and cash equivalents to the Statement of Net Position	
Current unrestricted cash and cash equivalents	$ 293,362
Current restricted cash and cash equivalents	28,809
Noncurrent restricted cash and cash equivalents	399,207
Total cash and cash equivalents	$ 721,378

(Continued)

(Dollar amounts in thousands)

Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$	(899,255)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		228,528
Provision for inventory obsolescence		(227)
Provision for doubtful accounts		(3,085)
Amortization of leasehold improvements		1,465
Amortization of ground lease		(1,235)
Loss on disposal of assets		95
Expenses for planning and studies		(28,372)
Net effect of changes in:		
Receivables and other assets		68
Materials and supplies		(9,583)
Accounts payable and other liabilities		(23,433)
Self-insurance liabilities		8,482
Unearned revenue		(950)
Net pension liability		67,089
Deferred outflows of resources related to pensions		8,923
Deferred inflows of resources related to pensions		(25,183)
Net other postemployment benefits liability		(108,170)
Deferred outflows of resources related to other postemployment benefits		5,560
Deferred inflows of resources related to other postemployment benefits		61,456
Net cash used in operating activities	$	(717,827)

Noncash transactions		
Capital assets acquired with a liability at year-end	$	135,992
Change in fair value of investments		(1,600)
Amortization of long-term debt premium and discount		(32,504)
Amortization of loss on refunding of debt		1,225
Capital grants included in government receivables		187,213

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
FIDUCIARY FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021
(Dollar amounts in thousands)

ASSETS		
Cash and cash equivalents	$	50,395
Receivables and other assets		
Receivable from BART		459
Interest & dividend receivables		364
Prepaid expenses		18
Total receivables and other assets		841
Investments		
Domestic common stocks		64,097
Foreign stocks		4,126
U.S. Treasury obligations		27,425
Mortgage Backed Securities		6,024
Mutual funds - equity		232,625
Mutual funds - fixed income securities		83,445
Corporate obligations		40,077
Foreign obligations		2,925
Total investments		460,744
Total assets		511,980
LIABILITIES		
Accounts payable		208
Total liabilities		208
Net position restricted for other postemployment benefits	$	511,772

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
FIDUCIARY FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2021
(Dollar amounts in thousands)

Additions	
Employer contributions	$ 45,978
Employee contributions	9,456
Net investment income	
Interest income	5,641
Realized and unrealized gains on investments	89,540
Investment expense	(498)
Net investment income	94,683
Total additions	150,117
Deductions	
Benefit payments	27,186
Legal fees	6
Audit fees	36
Insurance expense	28
Administrative fees	217
Total deductions	27,473
Change in net position	122,644
Net position restricted for other postemployment benefits, beginning of year	389,128
Net position restricted for other postemployment benefits, end of year	$ 511,772

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

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity: The San Francisco Bay Area Rapid Transit District (the District or BART) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

Basis of Accounting and Presentation: The basic financial statements provide information about the District's Enterprise Fund and the Retiree Health Benefit Trust and Survivor Benefit Trust (the Trusts). Separate statements for each fund category – proprietary and fiduciary – are presented. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues from property taxes are recognized in the fiscal year for which the taxes are levied; revenue from sales taxes are recognized in the fiscal year when the underlying exchange takes place; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

The Enterprise Fund, a proprietary fund, distinguishes operating revenues and expenses from nonoperating items. The District's operating revenues are generated directly from its transit operations and consist principally of passenger fares. Operating expenses for the transit operations include all costs related to providing transit services. These costs include labor, fringe benefits, materials, supplies, services, utilities, leases and rentals, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Trusts, fiduciary funds, are used to account for assets held by the District as a trustee to pay retiree health care premiums and survivor benefits. The assets of the Trusts cannot be used to support the District's programs. Separate financial statements are maintained for the Retiree Health Benefit Trust and Survivor Benefit Trust, the former receives contributions from the District, whereas the latter is solely funded by employee, retiree and survivor contributions.

Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments: The District records investment transactions on the trade date. Investments in nonparticipating interest-earning investment contracts (e.g. nonnegotiable certificates of deposits and guaranteed investment contracts) are reported at cost and all other investments are 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 transaction between market participants at the measurement date. The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by GAAP. As a matter of policy, the District usually holds investments until their maturity.

Restricted Assets: Certain assets are classified as restricted assets on the statement of net position because their use is subject to externally imposed stipulations, either by certain bond covenants, laws or regulations or provisions of debt agreements. Restricted assets are further categorized as current and non current based on the planned use, i.e., current restricted assets are expected to be consumed or realized within a year. Noncurrent restricted assets on the other hand includes cash and claims to cash that are restricted as to withdrawal or use for other than current operations, that are designated for disbursement in the acquisition or construction of noncurrent assets, or that are segregated for the liquidation of long-term debts. Cash and cash equivalent and investments specifically capital funds and debt service funds are included in the noncurrent restricted assets.

(Continued)

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Grants/Contributions: The District receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation, the State of California, and local transportation funds for the acquisition of transit-related equipment, improvements and preventative maintenance. Capital grants receivables represent amounts expected from governmental agencies to reimburse the District for costs incurred for capital projects (Note 8) and are reported as government receivables on the statement of net position.

Materials and Supplies: Materials and supplies consist primarily of replacement parts for the system and rail vehicles, which are stated at cost using the average-cost method. Materials and supplies are expensed as consumed.

Bond Discounts, Premiums and Losses on Refunding: The bond discounts, premiums and losses on refunding are amortized over the term of the bonds as a component of interest expense. The unamortized portion of these items, except the losses on refunding, which are reported as deferred outflows of resources, are presented as an adjustment of the face amount of bonds payable.

Capital Assets: Capital assets are stated at cost or at acquisition value of donated assets and depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 80 years. The District's policy is to capitalize acquisitions of capital assets with a cost of $5,000 or more and a useful life of more than one year, and all costs related to capital projects, regardless of amounts. Upon disposition, costs and accumulated depreciation/amortization are removed from the accounts and resulting gains or losses are included in operations.

The District capitalizes as intangible capital assets, internally generated intangibles such as computer software. Easements and rights-of-way are capitalized and recorded as part of land and are not amortized as they have indefinite useful lives while computer software is amortized over a period of 20 years.

Major improvements and betterments to existing facilities and equipment are capitalized. Costs for maintenance and repairs that do not extend the useful life or the service utility of the applicable assets are charged to expense as incurred.

Unearned Revenue: Unearned revenue consists of (1) prepayments of revenues related to license fees paid by telecommunication companies for the use of the District's right of way for wireless accessibility to their customers; (2) estimated passenger tickets sold but unused; (3) advances received from grant agreements; (4) prepayments of ground lease revenues (Note 13); and (5) value of property received in exchange for the District's property not yet transferred at the end of the fiscal year. The detailed balances of unearned revenue as of June 30, 2021 is presented below (dollar amounts in thousands):

	Current	Non Current	Total
Telecom license fees	$ 3,336	$ 4,019	$ 7,355
Passenger/Parking tickets	18,084	-	18,084
Grant advances	17,986	10,401	28,387
Ground leases	1,797	46,291	48,088
Property exchange*	-	30,110	30,110
VTA advances	15,099	-	15,099
Total	$56,302	$90,821	$147,123

*Transaction related to the Richmond parking garage and parcel exchange that has not been fully transferred yet. Please refer to Note 13 for further information.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: Compensated absences are reported and accrued as a liability in the period incurred. Compensated absences have a total balance of $76,408,000 as of June 30, 2021, and are shown in the statement of net position under accounts payable and other liabilities (see Note 5) as follows (dollar amounts in thousands):

Current liabilities	$	26,488
Noncurrent liabilities		49,920
	$	76,408

Pollution Remediation: The recognition of pollution remediation obligations (including contamination) address the current or potential detrimental effects of existing pollution by estimating costs associated with participating in pollution remediation activities, such as site assessments and cleanups. There are no known material remediation obligations that the District is currently or potentially involved in.

Net Position: Net investment in capital assets include capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Restricted net position consists of assets where constraints on their use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restricted net position includes amounts restricted for debt service and other liabilities. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets. This net position component includes net position that has been designated by management for specific purposes, which in the case of the District include allocations to fund capital projects, and other liabilities, which indicate that management does not consider them to be available for general operations. Generally, the District's policy is to spend restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Transactions and Use Tax (Sales Tax) Revenues: The State of California legislation authorizes the District to impose a 0.5% transaction and use tax within District boundaries, which is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is paid directly to the District for the purpose of paying operating expenses, except for the portion that is paid directly to trustees to cover principal and interest payments of maturing sales tax revenue bonds. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustees) as nonoperating revenue.

Property Taxes, Collection and Maximum Rates: The State of California Constitution Article XIII.A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII.A and may be adjusted by no more than 2% per year, unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

(Continued)

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District receives an allocation of property tax revenues for transit operations. Additionally, beginning in fiscal year 2006, the District received property tax allocations for the debt service payments on Measure AA General Obligation Bonds. Beginning in fiscal year 2018, the District also received property tax allocation for the debt service of Measure RR General Obligation Bonds. As required by the law of the State of California, the District utilizes the services of each of the three BART Counties of Alameda, Contra Costa and San Francisco for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as county, school district and other special district taxes. Property taxes are recorded as revenue in the fiscal year of levy. Assessed values are determined annually by the Assessor's Offices of City and County of San Francisco, County of Alameda and County of Contra Costa on January l, and become a lien on the real properties at January 1. The levy date for secured and unsecured properties is July 1 of each year. Secured taxes are due November l and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent after August 31.

<u>Operating Financial Assistance</u>: Financial assistance grants for operations from federal, state and local agencies are reported as nonoperating revenue in the period in which all eligibility requirements have been satisfied (Note 8).

<u>Collective Bargaining</u>: Approximately 86% of the District's employees are subject to collective bargaining. The current bargaining units consist of the following:

- American Federation of State, County and Municipal Employees (AFSCME), Local 3993
- Amalgamated Transit Union (ATU), Local 1555
- Service Employees International Union (SEIU), Local 1021
- BART Police Officers Association (BPOA)
- BART Police Managers Association (BPMA)

<u>Capitalized Costs</u>: The District initially charges employee salaries, wages and benefits to operating expenses by functional expense category. Labor costs included in those amounts that are associated with capital projects are subsequently adjusted to be included in the cost of the related capital asset. This adjustment is reflected in the statement of revenues, expenses and change in net position as a reduction of operating expenses.

<u>Pensions</u>: For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's Pension Plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by California Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms.

<u>Other Post-Employment Benefits (OPEB)</u>: The District currently has the following OPEB Plans: Retiree Health Benefit Plan, Survivor Benefit Plan and Life Insurance. For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, information about the fiduciary net position of the District's OPEB Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans Benefit payments and contribution due from employer or retirees and survivors (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms.

(Continued)

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

New Accounting Pronouncements Adopted: GASB Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Adoption of this statement did not have a significant impact to the District’s financial statements.

GASB Statement No. 90, Majority Equity Interests, is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Adoption of this statement did not have a significant impact to the District’s financial statements.

GASB Statement No. 93, Replacement of Interbank Offered Rates (IBOR), is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Management is currently evaluating the effect of paragraphs 11b, 13, and 14 on the District’s financial statements. Adoption of the remaining paragraphs of this statement did not have a significant impact to the District’s financial statements.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents, and Investments of the Enterprise Fund

Cash, cash equivalents and investments are reported in the Enterprise Fund as follows (dollar amounts in thousands):

	Unrestricted	Restricted	Total
Cash and cash equivalents	$ 293,362	$ 428,016	$ 721,378
Investments	370,000	434,157	804,157
Total	$ 663,362	$ 862,173	$ 1,525,535

In March 2019, the Board approved the creation of Pension Funding Policy and an Internal Revenue Service (IRS) Section 115 Irrevocable Supplemental Pension Trust for the purpose of providing additional funds to pay down the District's liability base or be used as stabilization fund if the required CalPERS pension contributions exceed the budgeted projections. In fiscal year 2021, an additional $10,000,000 was deposited to the Section 115 account and investment loss of $37,000 was recognized by the Trust. The balance of Section 115 Irrevocable Supplemental Pension Trust account as of June 30, 2021 was $20,257,000 and is reflected as part of restricted cash and cash equivalents.

Investment Policy: The California Public Utilities Code, Section 29100, and the California Government Code (CGC), Section 53601, provide the basis for the District's investment policy. To meet the objectives of the investment policy – (1) preservation of capital, (2) liquidity, and (3) yield – the investment policy, approved by the Board of Directors, specifically identifies the types of permitted investments, as well as any maturity limits and other restrictions. The following table presents the authorized investment, requirements, and restrictions per the CGC and the District's investment policy:

	Maximum Maturity (1)		Maximum % of Portfolio		% with One Issuer		Minimum Rating (2)	
Investment Type	CGC	District	CGC	District	CGC	District	CGC	District
U.S. Treasury Obligations (bills, bonds, or notes)	5 years	5 years	None	None	None	None	None	None
U.S. Agencies	5 years	5 years	None	None	None	None	None	None
Bankers' Acceptances	180 days	180 days	40%	40%	30%	30%	None	None
Commercial Paper (3)	270 days	270 days	25%	25%	10%	10%	P1	P1
Negotiable Certificates	5 years	5 years	30%	30%	None	None	None	None
Repurchase Agreements	1 year	1 year	None	None	None	None	None	None
Reverse Repurchase Agreements	92 days	90 days	20%	20%	None	None	None	None
Local Agency Investment Fund	N/A	N/A	None	20%	None	None	None	None
Non-Negotiable Time Deposits	5 years	5 years	30%	30%	None	None	None	None
Medium Term Notes/Bonds (3)	5 years	5 years	30%	30%	None	None	A	A
Municipal Securities of California Local Agencies	5 years	5 years	None	None	None	None	None	None
Mutual Funds	N/A	N/A	20%	20%	10%	10%	AAA	AAA
Notes, Bonds, or Other Obligations	5 years	5 years	None	None	None	None	None	None
Mortgage Pass-Through Securities	5 years	5 years	20%	20%	None	None	AAA	AAA
Financial Futures (3)	N/A	N/A	None	None	None	None	None	None

Footnotes
(1) In the absence of a specified maximum, the maximum is 5 years.
(2) Minimum credit rating categories include modifications (+/-).
(3) District will not invest in these investment types unless specifically authorized by the Board.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements: The District must maintain required amounts of cash and investments with fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds and funds set aside for debt service. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Securities of the U.S. Government and its agencies	None	None	None	None
Housing Authority Bonds or project notes issued by public agencies or municipalities fully secured by the U.S.	None	None	None	None
Obligations of any state, territory, or commonwealth of the U.S. or any agency or political subdivisions thereof	None	Aa1/AA+	None	None
Collateralized time deposits	None	A-1	None	None
Commercial paper	None	Aaa/AAA	None	None
Repurchase agreements	None	None	None	None
Money market mutual funds	None	None	None	None
Investment agreements	None	Aa1/AA+	None	None
Other investments approved by the Board that will not adversely affect ratings on bonds	None	None	None	None
Corporate bonds, notes, and debentures	None	Aa1/AA+	None	None
Local Agency Investment Fund	None	None	None	None

Interest Rate Risk: Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. One of the District's primary objectives is to provide sufficient liquidity to meet its cash outflow needs, however, the District does not have any policies specifically addressing interest rate risk, except as outlined in the CGC. A summary of investments by type of investments and by segmented time distribution as of June 30, 2021, is as follows (dollar amounts in thousands):

		Investment Maturities (in Years)	
	Total	Less Than 1	1 - 5
Money market mutual funds*	$ 310,407	$ 310,407	$ -
U.S. Treasuries	647,072	601,194	45,878
U.S. government agencies	113,521	113,521	-
Commercial paper	73,172	73,172	-
Foreign government bonds	63,969	63,969	-
Mutual funds	20,257	20,257	-
Certificates of deposit	889	889	-
Total investments subject to interest rate risk	1,229,287	$ 1,183,409	$ 45,878
Deposits with banks	293,635		
Imprest funds	2,613		
Total cash and investments	$ 1,525,535		

* weighted-average maturity

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk: The District's credit rating risk is governed by Section 53601 of the CGC which, among others, limits investments in money market mutual funds to those funds with the highest evaluations granted by the rating agencies, which is AAAm. There are no investment limits on the securities of U.S. Treasury or certain U.S. government agencies that are backed by the full faith and credit of the United States government. The following is a summary of the credit quality distribution for securities with credit exposure as rated by Standard & Poor's, Fitch Ratings and/or Moody's as of June 30, 2021 (dollar amounts in thousands):

		Credit Ratings			
	Total	AAA	AA	A	Not Rated
Money market mutual funds	$ 310,407	$ 268,692	$ -	$ 41,715	$ -
U.S. Treasuries	647,072	647,072	-	-	-
U.S. government agencies	113,521	113,521	-	-	-
Commercial paper	73,172	-	-	73,172	-
Foreign government bonds	63,969	63,969	-	-	-
Mutual funds	20,257	-	-	-	20,257
Certificates of deposit	889	-	-	-	889
Total investments subject to credit risk	1,229,287	$ 1,093,254	$ -	$ 114,887	$ 21,146
Deposits with banks	293,635				
Imprest funds	2,613				
Total cash and cash equivalents and investments	$ 1,525,535				

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Fair Value Hierarchy: The District 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 District does not value any of its investments using Level 3 inputs).

The following is a summary of the fair value of investments of the District as of June 30, 2021 (dollar amounts in thousands):

Investments by Fair Value Level	Total	Level 1	Level 2
Money market mutual funds	$ 310,407	$ 268,692	$ 41,715
U.S. Treasuries	647,072	647,072	-
U.S. government agencies	113,521		113,521
Commercial paper	73,172	-	73,172
Foreign government bonds	63,969	-	63,969
Mutual funds	20,257	-	20,257
Total investments at fair value	1,228,398	$ 915,764	$ 312,634
Excluded from FMV hierarchy reporting:			
Certificate of deposit	889		
Total investments	$ 1,229,287		
Cash and cash equivalents			
Deposits with banks	293,635		
Imprest funds	2,613		
Total cash and cash equivalents and investments	$ 1,525,535		

Investments valued at $915,764,000 in fiscal year 2021 are classified in Level 1 of the fair value hierarchy. This asset category consists of U.S Treasury securities and money market mutual funds which are valued using Institutional Bond quotes, i.e., quoted market prices in active markets.

Total investments valued at $312,634,000 in fiscal year 2021 are classified in Level 2 of the fair value hierarchy. Fair value was determined using Matrix Pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The District does not have a policy to limit investments in any one issuer to no more than 5% of the total portfolio. However, the District is required to disclose investments that represent a concentration of 5% or more of investments in any one issuer other than U.S. Treasury obligations and pooled investments. The District has investments in International Bank for Reconstruction and Development of $63,900,000 and FHLB of $113,500,000 as of June 30,2021, which exceed 5% of total investments.

Custodial Credit Risk – Deposits: For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The CGC Section 53652 requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District'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 District's total deposits. Such collateral is considered to be held in the District'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 District may not be able to recover the value of its investments. The exposure to the District is limited as the District's investments are held in the District's name by a third-party safe-keeping custodian that is separate from the counterparty or in the custody of a trust department, as required by bond covenants.

Investments of the Retiree Health Benefit Trust and Survivor Benefit Trust

Investment Policy: The investment objective of the Trusts is to achieve consistent long-term growth for the Trusts 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 Trusts. The District's Board of Directors establishes the general investment policy and guidelines for the Trusts. Allowable investments under the Trusts investment guidelines include:

- Cash equivalents such as U.S. Treasury bills, money market mutual funds, short-term interest 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) and 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.

Interest Rate Risk: The Trusts' investment policies mitigate exposure to changes in interest rates by requiring that the assets of the Trust be invested in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum	Preferred
Equity securities	45%	70%	60%
Fixed income securities	25%	45%	35%
Cash equivalents	3%	10%	5%

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

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.

A summary of investments by type of investments and by segmented time distribution as of June 30, 2021, is as follows (dollar amounts in thousands):

		Investment Maturities (in years)				
	Total	Less Than 1	1 - 5	6 - 10	More Than 10	NA
U.S. Treasury obligations	$ 27,425	$ 14,984	$ 7,317	$ 5,124	$ -	$ -
Mortgage backed securities	6,024	-	1,576	3,628	820	-
Corporate obligations	40,077	921	10,948	20,499	7,709	-
Foreign obligations	2,925	-	1,030	1,895	-	-
Mutual funds - fixed income securities	83,445	-	-	-	-	83,445
Total investments subject to interest rate risk	159,896	$ 15,905	$ 20,871	$ 31,146	$ 8,529	$ 83,445
Domestic common stocks	64,097					
Foreign stocks	4,126					
Mutual funds - equity	232,625					
Money market mutual funds & cash in banks	50,395					
Total cash and cash equivalents and investments	$ 511,139					

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk: The Trusts' credit risk policy is defined in its 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 Trusts' objectives and that the Trusts' investment managers are expected to make reasonable efforts to control risk. The investment policy requires that all of the Trusts' assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Trusts, with minimal impact on market prices. The investment policy also demands that no single investment shall exceed five percent of the total Trusts assets, at market value, except obligations of the U.S. government, short-term money market funds, index funds and other diversified commingled accounts; and for actively managed equity accounts, where, for issues that comprise more than 4% of the account's stated benchmark, the limit shall be 125% 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 and/or Moody's as of June 30, 2021 (dollar amounts in thousands):

		Credit Ratings						
	Total	AAA	AA	A	BBB	BB	B	Not Rated
U.S. Treasury obligations	$ 27,425	$ 27,425	$ -	$ -	$ -	$ -	$ -	$ -
Mortgage backed securities	6,024	-	6,024	-	-	-	-	-
Corporate obligations	40,077	8,149	1,286	8,941	21,505	196	-	-
Foreign obligations	2,925	-	272	949	1,704	-	-	-
Mutual funds - fixed income securities	83,445	-	-	-	-	-	-	83,445
Total investments subject to credit risk	159,896	$ 35,574	$ 7,582	$ 9,890	$ 23,209	$ 196	$ -	$ 83,445
Domestic common stocks	64,097							
Foreign stocks	4,126							
Mutual funds - equity	232,625							
Money market mutual funds & cash in banks	50,395							
Total cash and cash equivalents and investments	$ 511,139							

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Fair Value Hierarchy: The Trusts 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 following is a summary of the fair value hierarchy of the fair value of investments of the Trusts as of June 30, 2021 (dollar amounts in thousands):

Investments by Fair Value Level	Total	Level 1	Level 2
Domestic common stocks	$ 64,097	$ 64,097	$ -
Foreign stocks	4,126	4,126	-
U.S. Treasury obligations	27,425	27,425	-
Mortgage backed securities	6,024	-	6,024
Mutual funds - equity	232,625	6,250	226,375
Corporate obligations	40,077	-	40,077
Foreign obligations	2,925	-	2,925
Mutual funds - fixed income securities	3,294	3,294	-
Total investments at fair value	$ 380,593	$ 105,192	$ 275,401
Investment measured at Net Asset Value			
Mutual funds - fixed income securities	80,151		
Total investments	460,744		
Money market mutual funds & cash in banks	50,395		
Total cash and cash equivalents and investments	$ 511,139		

Investments classified in Level 1 of the fair value hierarchy valued at $105,192,000 in fiscal year 2021 are valued using quoted prices in active markets.

Investments amounting to $275,401,000 in fiscal year 2021 are classified under Level 2 of the fair value hierarchy and are valued using matrix pricing, which is used to value securities based on the securities' relationship to benchmark quoted prices.

The fixed income commingled fund totaling $80,151,000 as of June 30, 2021 is valued using the net asset value (NAV) methodology. The NAV is derived from the value of these investments, accrued income, anticipated cash flow (maturities) and other fund expenses. This fixed income strategy investment is similar to the mutual fund, but at a lower cost for institutional investors. The investment has daily liquidity and any interest earned in the fund is redeemable immediately after the acquisition. There is no restriction on the redemption frequency and the notice period is not currently in place although Western Asset does reserve the right to implement a 15-day notice period per the Confidential Offering Memorandum. The Trust do not have an unfunded commitment related to this investment type.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Trusts' investment policies mitigate exposure to concentration of credit risk by diversifying the portfolio and limiting investments in any one issuer to no more than 5% of the total portfolio with the following exceptions: obligations of the U.S. Government, diversified short term money market funds, index funds, other diversified comingled accounts and actively managed equity accounts. As

of June 30, 2021, none of the investments exceed 5% of total investments or 5% of the fiduciary net position except pooled investments.

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

NOTE 3 – RECEIVABLES AND OTHER ASSETS

The District reports the following aggregated accounts as receivables and other assets in the statement of net position as of June 30, 2021 (dollar amounts in thousands):

Prepaid expenses	$ 17,939
Deposit for Power Supply	13,571
Property tax receivables	9,015
Contract Warranty Receivable	3,291
Imprest deposits for self-insurance liabilities	2,334
Interest receivable - other investments	1,287
Capitol Corridor Joint Powers Authority receivable (Note 13)	1,621
Telecommunications	1,614
Other	6,591
Allowance for doubtful accounts	(559)
Total receivables and other assets	$ 56,704
Current, unrestricted portion	$ 36,402
Current, restricted portion	6,647
Noncurrent, unrestricted portion	84
Noncurrent, restricted portion	13,571
Total receivables and other assets	$ 56,704

(Continued)

NOTE 4 – CAPITAL ASSETS

Changes to capital assets during the fiscal year ended June 30, 2021, were as follows (dollar amounts in thousands):

	July 1, 2020	Additions and Transfers	Retirements and Transfers	June 30, 2021
Capital assets, not being depreciated				
Land and easements	$ 672,998	$ 27,651	$ -	$ 700,649
Construction in progress	1,689,288	911,448	(621,559)	1,979,177
Total capital assets, not being depreciated	2,362,286	939,099	(621,559)	2,679,826
Capital assets, being depreciated				
Tangible asset				
Stations, track, structures and improvements	6,279,127	207,893	(8)	6,487,012
Buildings	428,481	130,475		558,956
System-wide operation and control	726,302	2,928	(47)	729,183
Revenue transit vehicles	1,589,834	176,475	(210,556)	1,555,753
Service and miscellaneous equipment	418,356	29,713	(1,457)	446,612
Capitalized construction and start-up costs	592,494	3	-	592,497
Repairable property items	638,380	42,148	(138)	680,390
Intangible asset				
Information systems	60,649	4,273	(23)	64,899
Total capital assets, being depreciated	10,733,623	593,908	(212,229)	11,115,302
Less accumulated depreciation				
Tangible asset				
Stations, track, structures and improvements	(1,439,409)	(120,540)	(1,445)	(1,561,394)
Buildings	(19,293)	(7,172)	-	(26,465)
System-wide operation and control	(590,078)	(20,207)	47	(610,238)
Revenue transit vehicles	(1,101,098)	(25,920)	210,534	(916,484)
Service and miscellaneous equipment	(295,257)	(19,068)	1,313	(313,012)
Capitalized construction and start-up costs	(302,294)	(7,397)	-	(309,691)
Repairable property items	(128,316)	(25,756)	49	(154,023)
Intangible asset	-			-
Information systems	(33,843)	(2,468)	23	(36,288)
Total accumulated depreciation	(3,909,588)	(228,528)	210,521	(3,927,595)
Total capital assets, being depreciated, net	6,824,035	365,380	(1,708)	7,187,707
Total capital assets, net	$ 9,186,321	$ 1,304,479	$ (623,267)	$ 9,867,533

(Continued)

NOTE 4 - CAPITAL ASSETS (Continued)

To replace the District's aging fleet of revenue rail vehicles, on May 10, 2012, the Board of Directors authorized the award of a contract to Bombardier Transit Corporation for the procurement of additional and replacement cars. The base contract provides for the design, engineering, manufacture, testing, supply spare parts, special tools, test equipment, cab simulator, documentation, drawings, program management, in-service support, warranty, training and data submittal, management and support of 260 heavy rail transit vehicles, with several options to procure additional vehicles thereafter, including two options for 150 vehicles, one option for 115 vehicles, and one option for 100 vehicles. The District awarded the base contract for 260 vehicles and exercised options to the additional vehicles for a total purchase of 775 vehicles, comprised of 310 “D” (control cab-equipped) and 465 “E” (non- control) cars. The total project cost for the 775 vehicles is approximately $2,584,000,000 and is being paid from funding sources including funds from FTA, MTC, VTA and from the District. In addition to the 775 new vehicles on order, the District plans to acquire an additional 425 new cars to enable a peak capacity of 30 scheduled ten-car trains per hour via the Transbay Tube, for the network as expanded to Santa Clara by Phase II of the Silicon Valley Extension. These additional cars will be all “E” (non-control cars), which will bring the revenue fleet to 310 “D” and 890 “E” cars, for a total of 1,200 cars. As of June 30, 2021, a total of 286 cars have been delivered and deployed in revenue service.

At an election held on November 8, 2016, the District obtained an authorization to issue General Obligation Bonds (Measure RR) up to $3,500,000,000 to finance its System Renewal Program in order to keep BART safe; prevent accidents/breakdowns/delays; relieve overcrowding; and to address critical infrastructure needs which include replacing and upgrading 90 miles of severely worn tracks, tunnels damaged by water intrusion, 44-year old train control systems, and other deteriorating infrastructure. Please see Note 6 for a summary of major projects and related expenses funded by Measure RR.

A portion of assets capitalized in fiscal year 2021 relates to the cost of the BART Headquarters (BHQ). The purchase price and build out cost for the new building was financed through the issuance of the 2019A Sales tax revenue bonds (see Note 6). Detail of assets capitalized as of June 30,2021 is presented below (dollar amounts in thousands):

Land	$	27,651
Building and improvement		155,585
Technology and fixtures		19,680
	$	202,916

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $2,887,803,000 at June 30, 2021.

(Continued)

NOTE 5 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

The District reports the following aggregated payables as accounts payable and other liabilities in the statement of net position as of June 30, 2021 (dollar amounts in thousands):

	Current	Non-Current	Total
Payable to vendors and contractors	$ 167,360	$ 3,055	$ 170,415
Employee salaries and benefits	39,409	-	39,409
Accrued compensated absences	26,488	49,920	76,408
Accrued interest payable	43,965	4	43,969
Liabilities at the end of year	$ 277,222	$ 52,979	$ 330,201

Accrued compensated absences activity for fiscal year 2021 is presented below (in thousands):

Compensated absences- July 1, 2020	$ 75,824
Leave benefit earned	61,263
Leave benefit used	(60,679)
Compensated absences- June 30, 2021	76,408
Less: Non-current portion	(49,920)
Current portion of compensated absences	$ 26,488

(Continued)

NOTE 6 - LONG-TERM DEBT

Long-term debt activity for the fiscal year ended June 30, 2021 is summarized as follows (dollar amounts in thousands):

	July 1, 2020	Additions	Payments/ Amortization	June 30, 2021
2012A Sales Tax Revenue Refunding Bonds	$ 11,605	$ -	$ (3,565)	$ 8,040
2012B Sales Tax Revenue Bonds	8,335	-	(2,715)	5,620
2015A Sales Tax Revenue Refunding Bonds	132,435	-	(7,785)	124,650
2016A Sales Tax Revenue Refunding Bonds	80,665	-	(3,300)	77,365
2017A Sales Tax Revenue Refunding Bonds	118,260	-	-	118,260
2017B Sales Tax Revenue Refunding Bonds	57,845	-	(8,795)	49,050
2019A Sales Tax Revenue Bonds	223,020	-	-	223,020
2019B Sales Tax Revenue Refunding Bonds	80,290	-	-	80,290
2013C General Obligation Bonds - Measure AA	110,040	-	(18,185)	91,855
2015D General Obligation Refunding Bonds - Measure AA	273,555	-	(1,165)	272,390
2017E General Obligation Refunding Bonds - Measure AA	75,060	-	(6,125)	68,935
2019F General Obligation Bonds - Measure AA	205,100	-	-	205,100
2019G General Obligation Refunding Bonds - Measure AA	43,500	-	-	43,500
2017A General Obligation Bonds - Measure RR	262,280	-	(4,940)	257,340
2019B General Obligation Bonds - Measure RR	313,205	-	(5,440)	307,765
2020C General Obligation Bonds - Measure RR	-	700,000	(74,995)	625,005
	1,995,195	700,000	(137,010)	2,558,185
Add (less):				
Original issue premiums and discounts, net	205,997	77,061	(32,504)	250,554
Total long-term debt	2,201,192	$ 777,061	$ (169,514)	2,808,739
Less current portion of long-term debt	(62,015)			(65,825)
Long-term debt, net of current portion	$ 2,139,177			$ 2,742,914

<u>2012 Series A Sales Tax Revenue Refunding Bonds (the 2012A Refunding Bonds)</u>: On October 4, 2012, the District issued the 2012 Series A Sales Tax Revenue Refunding Bonds, with a principal amount of $130,475,000 and a premium of $23,439,000 to provide sufficient funds, along with $10,690,000 in other District funds, to refund $51,605,000 principal amount of the Association of Bay Area Governments BART SFO Extension Bond (Airport Premium Fare), 2002A Bonds, to refund the remaining balance of the 2001 Bonds with an aggregate principal amount of $41,745,000, to refund $63,615,000 principal amount of the 2006 Bonds, and to fund costs of issuance of the 2012A Refunding Bonds. The 2012A Refunding Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues. In December 2017, a portion of the 2012A Refunding Bonds in the amount of $26,820,000 were refunded from the proceeds of 2017 Series A and 2017 Series B Sales Tax Revenue Refunding Bonds. Additionally, in October 2019, $72,335,000 of the outstanding 2012A Refunding Bonds were refunded from the proceeds of the 2019B Refunding Bonds. On June 30, 2021, the 2012A Refunding Bonds consist of serial bonds amounting to $8,040,000 with interest rates ranging from 4% to 5% with various maturity dates from July 1, 2021 to July 1, 2022.

NOTE 6 - LONG-TERM DEBT (Continued)

2012 Series B Sales Tax Revenue Bonds (the 2012B Bonds): On October 4, 2012, the District issued the 2012 Series B Sales Tax Revenue Bonds, with a principal amount of $111,085,000 to provide financing for the Oakland International Airport Connector Project and to fund the costs of issuance. The 2012B Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues. In December 2017, a portion of the 2012B Bonds in the amount of $86,025,000 were refunded from the proceeds of the 2017 Series A and 2017 Series B Sales Tax Revenue Refunding Bonds. On June 30, 2021, the 2012B Bonds consist of serial bonds amounting to $5,620,000 with interest rates ranging from 2.527% to 2.677% with various maturity dates from July 1, 2021 to July 1, 2022.

2015 Series A Sales Tax Revenue Refunding Bonds (the 2015A Refunding Bonds): In October 2015, the District issued the 2015 Series A Sales Tax Revenue Refunding Bonds, with a principal amount of $186,640,000 and a premium of $31,350,000 to, along with other District funds, provide sufficient funds to (1) refund $231,250,000 principal amount of the District's 2005 Refunding Bonds; (2) refund $720,000 principal amount of the District's 2006 Bonds; and (3) fund costs of issuance associated with the 2015A Refunding Bonds. The 2015A Refunding Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. On June 30, 2021, the 2015A Refunding Bonds consist of serial bonds amounting to $124,650,000 with interest rates of 5%, with various maturity dates from July 1, 2021 to July 1, 2034.

2016 Series A Sales Tax Revenue Refunding Bonds (the 2016A Refunding Bonds): In August 2016, the District issued 2016 Series A Sales Tax Revenue Refunding Bonds, with a principal amount of $83,800,000 and a premium of $11,855,000 to provide sufficient funds, along with other District funds, to (1) refund $94,450,000 principal amount of the District's 2006A Refunding Bonds, and (2) to fund costs of issuance associated with the 2016A Refunding Bonds. The 2016A Refunding Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. On June 30, 2021, the 2016A Refunding Bonds consist of serial bonds amounting to $77,365,000 with interest rates ranging from 2.% to 5%, with various maturity dates from July 1, 2021 to July 1, 2036.

2017 Series A and 2017 Series B Sales Tax Revenue Refunding Bonds (the 2017A Refunding Bonds and 2017B Refunding Bonds): In December 2017, the District issued 2017 Series A Sales Tax Revenue Refunding Bonds with a principal amount of $118,260,000 and 2017 Series B Sales Tax Revenue Refunding Bonds with a principal amount of $67,245,000 to provide sufficient funds, along with other District funds, to (1) refund all of the outstanding principal balance amounting to $115,095,000 of the District's 2010 Sales Tax Refunding Bonds, refund a portion of the outstanding principal balance amounting to $26,820,000 of the District's 2012 Series A Sales Tax Refunding Bonds, and refund a portion of outstanding principal balance amounting to $86,025,000 of the District's 2012 Series B Sales Tax Revenue Bonds and 2) fund costs of issuance associated with the 2017 Series A and 2017 Series B Refunding Bonds. The 2017A Refunding Bonds and 2017B Refunding Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. On June 30, 2021, the 2017A Refunding Bonds consist of serial bonds amounting to $118,260,000 with interest rates ranging from 3% to 5%, with various maturity dates from July 1, 2023 to July 1, 2034; and the 2017B Refunding Bonds consist of serial bonds amounting to $49,050,000 with interest rates ranging from 2.387% to 2.621% with various maturity dates from July 1, 2021 to July 1, 2023.

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

2019 Series A Sales Tax Revenue Bonds (the 2019A Bonds): In October 2019, the District issued 2019 Series A Sales Tax Revenue Bonds with a principal amount of $223,020,000 to provide sufficient funds (1) to fund the acquisition, renovation, improvement and equipping of facilities which will serve as the District's new headquarters; (2) to provide capitalized interest through July 1, 2021; and (3) to fund costs of issuance associated with the 2019A Bonds. The 2019A Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. On June 30, 2021, the 2019A Bonds consist of serial bonds amounting to $113,485,000 with interest rates ranging from 4% to 5%, with various maturity dates from July 1, 2029 to July 1, 2039 and term bonds with interest rate of 3% in the amount of $109,535,000 due on July 1, 2044, with mandatory redemptions at various dates beginning July 1, 2040 through July 1, 2044.

2019 Series B Sales Tax Revenue Refunding Green Bonds (the 2019B Refunding Bonds): In October 2019, the District issued 2019 Series B Sales Tax Revenue Green Bonds with a principal amount of $80,290,000 to provide sufficient funds to (1) refund $72,335,000 of the District's 2012A Bonds; and (2) fund costs of issuance associated with issuance of the 2019B Refunding Bonds. The 2019B Refunding Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco. On June 30, 2021, the 2019B Refunding Bonds consist of serial bonds amounting to $80,290,000 with interest rates ranging from 1.891% to 3.098%, with various maturity dates from July 1, 2023 to July 1, 2036.

2013 Measure AA General Obligation Bonds, Series C (the 2013C Measure AA GO Bonds): On November 21, 2013, the District issued the 2013 Series C Measure AA General Obligation Bonds, with a principal amount of $240,000,000. The 2013C Measure AA GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2013C Measure AA GO Bonds. The 2013C Measure AA GO Bonds constitute the third issue of general obligation bonds issued pursuant to the Measure AA authorization to provide financing for earthquake safety improvements to District facilities in the Three District Counties, including strengthening tunnels, bridges, overhead tracks, the underwater Transbay Tube and the Berkeley Hills Tunnel. In August 2019, a portion of the 2013C Measure AA GO Bonds in the amount of $59,540,000 were refunded using other District funds and proceeds from the 2019 Series G Measure AA Green Bond Refunding GO Bonds. On June 30, 2021, the 2013C Measure AA GO Bonds consist of $91,855,000 in serial bonds due from August 1, 2021 to August 1, 2033 with interest ranging from 3% to 5%.

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

2015 Measure AA General Obligation Bonds Refunding Series D (the 2015D Measure AA Refunding GO Bonds): In October 2015, the District issued the 2015 Series D Measure AA Refunding General Obligation Bonds, with a principal amount of $276,805,000 and a premium of $42,300,000. The 2015D Measure AA Refunding GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2015D Measure AA Refunding GO Bonds. The purpose of the 2015D Measure AA Refunding GO Bonds is to apply the proceeds and refund $34,680,000, principal amount of the District's 2005A Measure AA Refunding GO Bonds and to advance refund $265,735,000 principal amount of the District's 2007B GO Bonds, and to pay costs of issuance of the 2015D Measure AA Refunding GO Bonds. The refunded bonds were issued to finance earthquake safety improvements to the District facilities, including aerial trackway structures, overhead and underground trackway structures, stations and administrative, maintenance, and operations facilities, and to finance additional retrofits to facilitate rapid return to service after an earthquake or other disasters.

On June 30, 2021, the 2015D Measure AA Refunding GO Bonds consist of $272,390,000 in serial bonds due from August 1, 2021 to August 1, 2035 with interest ranging from 2% to 5%. The serial bonds maturing on or after August 1, 2026 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2025, at the principal amount of such 2015D Measure AA Refunding GO Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2015D Measure AA Refunding GO Bonds are called for redemption, the 2015D Measure AA Refunding GO Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the 2015D Measure AA Refunding GO Bonds of any given maturity are called for redemption, the portions of 2015D Measure AA Refunding GO Bonds of a given maturity shall be determined by lot.

2017 Measure AA General Obligation Bonds Refunding Series E (the 2017E Measure AA Refunding GO Bonds): In June 2017, the District issued the 2017 Series E Measure AA Refunding General Obligation Bonds, with a principal amount of $84,735,000 and a premium of $9,341,000. The 2017E Measure AA Refunding GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2017E Measure AA Refunding GO Bonds. The purpose of the 2017E Measure AA Refunding GO Bonds is to apply the proceeds, together with other District funds, to current refund $93,780,000, principal amount of the District's 2007B Measure AA Refunding GO Bonds and to pay costs of issuance of the 2017E Measure AA Refunding GO Bonds. The refunded bonds were issued to finance earthquake safety improvements to the District facilities, including aerial trackway structures, overhead and underground trackway structures, stations and administrative, maintenance, and operations facilities, and to finance additional retrofits to facilitate rapid return to service after an earthquake or other disasters.

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

On June 30, 2021, the 2017E Measure AA Refunding GO Bonds consist of $68,935,000 in serial bonds due from August 1, 2036 to August 1, 2037 with interest ranging from 4% to 5%. The serial bonds maturing on or after August 1, 2036 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2027, at the principal amount of such 2017E Measure AA Refunding GO Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2017E Measure AA Refunding GO Bonds are called for redemption, the 2017E Measure AA Refunding GO Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the 2017E Measure AA Refunding GO Bonds of any given maturity are called for redemption, the portions of 2017E Measure AA Refunding GO Bonds of a given maturity shall be determined by lot.

<u>2019 Measure AA General Obligation Bonds (Green Bonds) Series F-1 and Series F-2 (the 2019F-1 Measure AA GO Bonds and 2019F-2 Measure AA GO Bonds)</u>: In August 2019, the District issued the 2019 Measure AA General Obligation Bonds Series F-1 with a principal amount of $205,100,000 and 2019 Measure AA General Obligation Series F-2 with a principal amount of $34,900,000. The 2019 Measure AA GO Bonds Series F-1 and Series F-2 are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2019 Measure AA GO Bond Series F-1 and Series F-2. On June 30, 2021, the 2019F-1 Measure AA GO Bonds consist of $205,100,000 in serial bonds due from August 1, 2022 to August 1, 2033 with interest ranging from 3% to 5%. The total outstanding balance of $34,900,000 on the 2019F-2 Measure AA Go Bonds were fully paid in September 2019.

The 2019F-1 Measure AA GO Bonds and 2019F-2 Measure AA GO Bonds constitute the last issuance of general obligation bonds issued pursuant to the Measure AA authorization to provide financing for earthquake safety improvements to District facilities in the Three District Counties, including strengthening tunnels, bridges, overhead tracks, the underwater Transbay Tube and the Berkeley Hills Tunnel.

<u>2019 Measure AA General Obligation Bonds Green Bond Refunding Series G (the 2019G Measure AA Refunding GO Bonds)</u>: In August 2019, the District issued the 2019 Measure AA Refunding Green Bond General Obligation Bonds Series G, with a principal amount of $43,500,000. The 2019G Measure AA Refunding GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2019G Measure AA Refunding GO Bonds. The purpose of the 2019G Measure AA Refunding GO Bonds is to apply the proceeds, together with other District funds, to refund $59,540,000, principal amount of the District's 2013C Measure AA GO Bonds and to pay costs of issuance. The refunded bonds were issued to finance earthquake safety improvements authorized under Measure AA and will be redeemed on August 1, 2023. At June 30, 2021, the 2019G Measure AA Refunding GO Bonds consist of $36,745,000 in serial bonds due from August 1, 2029 to August 1, 2034 with interest ranging from 2.622% to 2.922% and term bonds in the amount of $6,755,000, with interest of 3.145% due from August 1, 2035 to August 1, 2037.

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

2017 Measure RR General Obligation Bonds (the 2017A Measure RR GO Bonds): In June 2017, the District issued the 2017 Series A Measure RR General Obligation Bonds with an aggregate principal amount of $300,000,000 and a premium of $35,641,000. The 2017A Measure RR GO Bonds were issued in 2 series, 2017A-1 Measure RR Bonds in the amount of $271,600,000 and 2017A-2 Measure RR Bonds (Federally Taxable) in the amount of $28,400,000. The 2017A Measure RR GO Bonds are part of a $3,500,000,000 authorization approved at an election held on November 8, 2016 (Election of 2016), by over two-thirds of the qualified voters of the District voting on a ballot measure ("Measure RR") titled "BART Safety, Reliability and Traffic Relief" to keep BART safe; prevent accidents/breakdowns/delays; relieve overcrowding; reduce traffic congestion/pollution; and improve earthquake safety and access for seniors/disabled by replacing and upgrading 90 miles of severely worn tracks, tunnels damaged by water intrusion; 44-year old train control systems; and other acquisition or improvement of real property. The 2017A Measure RR GO Bonds constitute the first issue of general obligation bonds being issued pursuant to the Measure RR authorization. Proceeds from the 2017A Measure RR Bonds will be applied to (1) finance the projects described in Measure RR, and (2) pay a portion of the debt service on the 2017A Measure RR Bonds through February 1, 2018, including the debt service in full of the 2017A-2 Bonds.

The 2017A Measure RR GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2017A Measure RR GO Bonds.

At June 30, 2021, the 2017A-1 Measure RR GO Bonds consist of $126,220,000 in serial bonds due from August 1, 2021 to August 1, 2037 with interest ranging from 2% to 5%, a $58,500,000 term bond with interest of 4% maturing on August 1, 2042, and a $72,620,000 term bond with interest of 5% maturing in August 1, 2047. The 2017A-1 serial bonds maturing on or after August 1, 2028 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2027, at the principal amount of such 2017A-1 Measure RR GO Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium. If less than all of the 2017A-1 Measure RR GO Bonds are called for redemption, the 2017A-1 Measure RR GO Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the 2017A-1 Measure RR GO Bonds of any given maturity are called for redemption, the portions of 2017A-1 Measure RR GO Bonds of a given maturity shall be determined by lot. The 2017A-1 Term Bonds maturing on August 1, 2042, and August 1, 2047 are subject to mandatory sinking fund redemption beginning August 1, 2038, at a redemption price equal to the principal amount to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

2019 Measure RR General Obligation Bonds (Green Bonds) Series B-1 and B-2 (the 2019B-1 Measure RR GO Bonds and 2019B-2 Measure RR GO Bonds): In August 2019, the District issued the 2019 Measure RR General Obligation Bonds Series B-1 with an aggregate principal amount of $313,205,000 and 2019 Measure RR General Obligation Bonds Series B-2 with an aggregate principal amount of $46,795,000. The 2019B-1 Measure RR GO Bonds and 2019B-2 Measure RR GO Bonds constitute the second issuance under authorization approved at an election held on November 8, 2016 (Election of 2016), by over two-thirds of the qualified voters of the District voting on a ballot measure ("Measure RR") titled "BART Safety, Reliability and Traffic Relief".

NOTE 6 - LONG-TERM DEBT (Continued)

The 2019 Measure RR GO Bonds Series B-1 and Series B-2 are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged for debt service of these bonds. The full principal balance of $46,795,000 pertaining to the 2019B-2 Measure RR GO Bonds were fully paid in September 2019. On June 30, 2021, the 2019B-1 Measure RR GO Bonds consist of $159,935,000 in serial bonds due from August 1, 2021 to August 1, 2039 with interest ranging from 3% to 5%, a term bond with principal balance of $37,750,000 due on August 1, 2044 with 4% interest, and a term bond with principal balance of $110,080,000 due on August 1, 2049, with 3% interest.

2020 Measure RR General Obligation Bonds (Green Bonds) Series C-1 and C-2 (the 2020C-1 Measure RR GO Bonds and 2020C-2 Measure RR GO Bonds): On August 27, 2020, the District issued the 2020C Measure RR General Obligation Bonds, with an aggregate principal amount of $700,000,000. The 2020C Measure RR GO Bonds were issued in 2 series, 2020 Series C-1 Green Bonds in the amount of $625,005,000 and 2020 Series C-2 Federally Taxable Green Bonds in the amount of $74,995,000. The 2020C-1 and 2020C-2 Measure RR GO Bonds constitute the third issuance under authorization approved at an election held on November 8, 2016 (Election of 2016), by over two-thirds of the qualified voters of the District voting on a ballot measure (“Measure RR”) titled “BART Safety, Reliability and Traffic Relief”. The 2020C-1 and 2020C-2 Measure RR GO Bonds are general obligations of the District, payable from and secured solely by ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) levied in Alameda and Contra Costa Counties and the City and County of San Francisco. No other revenues of the District are pledged to the payment of the 2020C-1 and 2020C-2 Measure RR GO Bonds. Proceeds from the 2020C-1 and 2020C-2 Measure RR Bonds will be used to finance specific acquisition, construction and improvement projects for District facilities approved by the voters and to pay the costs of issuance. The full principal balance of $74,995,000 pertaining to the 2020C-2 Measure RR GO Bonds were fully paid in September 2020. On June 30, 2021, the 2020C-1 Measure RR GO Bonds consist of $336,490,000 in serial bonds due from August 1, 2024 to August 1, 2039 with interest ranging from 2% to 5%, a term bond with principal balance of $86,385,000 due on August 1, 2045 with 4% interest, and a term bond with principal balance of $202,130,000 due on August 1, 2050, with 3% interest.

After the issuance of the 2020 Measure RR GO Bonds, Series C-1 and Series C-2, the remaining Measure RR General Obligation Bonds that can be issued by the District as authorized under Measure RR is $2,140,000,000.

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

Measure RR proceeds, uses and balances are listed below (dollar amounts in thousands):

2017 RR GO Bond Series A-1 and A-2 proceeds		$ 300,000
2019 RR GO Bond Series B-1 and B-2 proceeds		360,000
2020 RR GO Bond Series C-1 and C-2 proceeds		700,000
Total bonds proceeds as of June 30, 2021		1,360,000
Project fund expenditures:		
Fiscal year 2017	$ 17,892	
Fiscal year 2018	87,435	
Fiscal year 2019	229,155	
Fiscal year 2020	309,031	
Fiscal year 2021	407,274	1,050,787 *
Balance of bond proceeds as of June 30, 2021		$ 309,213

* Includes accrual of $36,926,000

The following are the major projects and related expenses funded by proceeds from Measure RR GO Bonds issued through June 30, 2021 (dollar amounts in thousands):

Project	Description	Cumulative Expenses Through June 30, 2020	FY21 Project Expenses	Cumulative Expenses Through June 30, 2021
15CQ002	Rails,ties,fasteners Ph3	$ 106,730	$ 17,981	$ 124,711
15EJ450	M-Line 34.5 KV replace ph.II	46,092	32,672	78,764
15EJRR1	34.5 KV AC cable replacement	49,544	10,277	59,821
15EKRR1	TP-switch stations & gap break	53,331	5,269	58,600
09AU000	TBT retrofit #1 (underwater)	1,655	53,383	55,038
09EK300	Emergency generator for TBT	27,298	13,283	40,581
15CQ018	Rail relay	25,281	9,971	35,252
15EJRRA	A-Line 34.5kV AC cable replace	583	33,461	34,044
15TC002	Renewal of tunnels & structures	22,027	9,964	31,991
09JA000	Link21	8,186	20,627	28,813
15CQ011	A65/A75 interlocking (replacement)	3,721	19,370	23,091
15LK002	San Francisco escalator replacement	13,512	8,024	21,536
49GH000	Train control modernization - CENGR	19,602	(8)	19,594
15CQ005	C35 interlocking	18,031	1,374	19,405

(Continued)

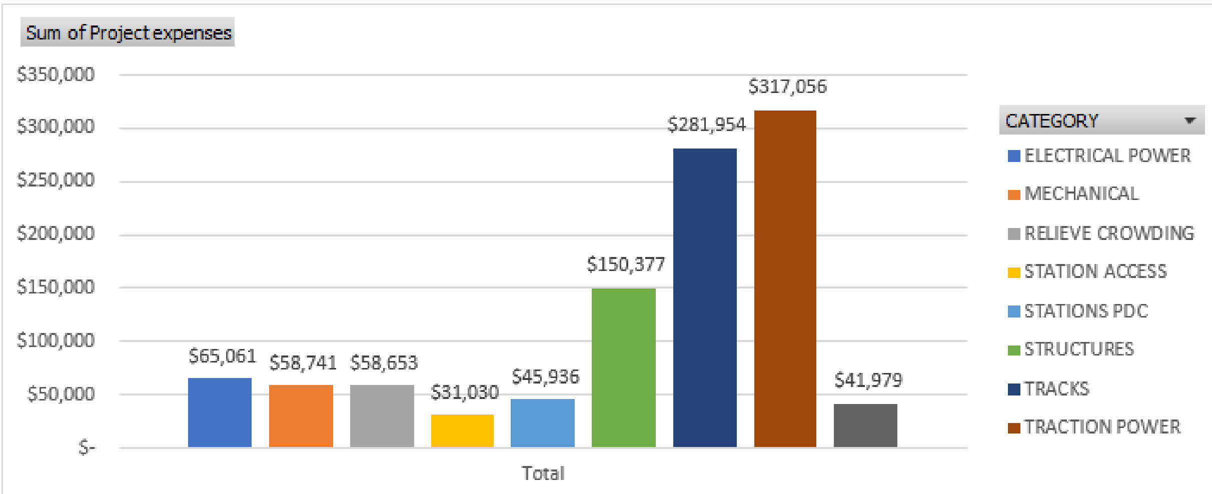
NOTE 6 - LONG-TERM DEBT (Continued)

Project	Description	Cumulative Expenses Through June 30, 2020	FY21 Project Expenses	Cumulative Expenses Through June 30, 2021
15EK350	Substation replace/install group II	$ 9,115	$ 6,242	$ 15,357
15TC007	Aerial fall protection	961	13,071	14,032
54RR004	M&E line rail equipment	8,866	4,992	13,858
15CQ006	C25 interlocking	10,176	3,402	13,578
15ELRR1	MPR install & rectifier rehabilitation	8,516	4,586	13,102
49GH002	TCMP- enabling work	8,774	3,458	12,232
09AF002	Replace cross pass doors TBT control	11,491	513	12,004
15CQ017	Rail re-profiling	4,552	5,934	10,486
05HA002	El Cerrito Del Norte station modernization	5,297	4,284	9,581
15EJRRC	C-Line 34.5kV AC cable replace	3,625	5,863	9,488
15CQ008	KLine interlocks K23,K25,K33C15	5,554	3,837	9,391
15CQ004	Track C55 interlocking	8,843	188	9,031
15CQ016	Direct fixation pads	6,030	2,330	8,360
49GH004	CBTC - CIG	-	8,116	8,116
15CQ014	R65 mainline interlocking	282	7,687	7,969
01RQ100	HMC phase 2 preliminary engineering	8,577	(650)	7,927
15EJRRK	K-Line 34.5kV AC cable replacement	5,315	2,572	7,887
15CQ001	Rails,ties, fasteners 2	7,734	-	7,734
15EJRRR	R-Line 34.kV AC cable replacement	1,533	6,036	7,569
05HA001	El Cerrito Del Norte gateway	991	6,487	7,478
54RR250	Fire services yards ORY	3,893	3,480	7,373
11IA002	Civic Center platform stairs	3,756	3,126	6,882
15IIRR1	Stations, Emergency Lighting	4,043	2,802	6,845
54RR270	Fire services yards ORY	1,776	4,850	6,626
01VM001	UC intermodal station phase 2A	1,340	5,109	6,449
15ELRR3	Third rail replacement phase 3	6,140	277	6,417
15AARR1	Tunnel LED lighting upgrade	3,888	2,295	6,183
15TC023	Fences systemwide	1,895	4,223	6,118
54RR610	Facilities HVAC replacement phase 1 & 2	1,260	4,839	6,099
15EK600	Substation for core capacity	5,644	295	5,939
15EIRR1	CWS bulk supply transformer	2,109	3,647	5,756
96DARR1	FTA core capacity	5,436	(61)	5,375
	Others	90,508	47,796	138,304
	Total Measure RR project expenses	$ 643,513	$ 407,274	$ 1,050,787

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

Cumulative Measure RR Project Expenses per category are presented below (dollar amounts in thousands):



Of the total expended amount of $1,050,787,000, $912,841,000 were reimbursed by the Trustee from the bond proceeds as of June 30, 2021**.**

Defeased Bonds: On various dates, the District issued bonds to refund certain outstanding sales tax revenue bonds previously issued by the District. In fiscal year 2018, the 2017A Sales Tax Revenue Refunding Bonds and 2017B Sales Tax Revenue Refunding Bonds were issued in December 2017 to refund all of the outstanding principal balance amounting to $115,095,000 of the District's 2010 Sales Tax Refunding Bonds, refund a portion of outstanding principal balance amounting to $26,820,000 of the District's 2012 Series A Sales Tax Refunding Bonds, and refund a portion of outstanding principal balance amounting to $86,025,000 of the District's 2012 Series B Sales Tax Revenue Bonds. During fiscal year 2020, the District issued in August 2019, Measure AA Refunding General Obligation Bonds Series G, and together with other District funds, refunded a portion of the outstanding principal balance amounting to $59,540,000 of the District's 2013C Measure AA GO Bonds. In October 2019, the District refunded $72,335,000 of the outstanding principal balance of the District's 2012A Sales Tax Revenue Bonds from the proceeds of the 2019B Refunding Sales Tax Revenue Bonds.

On the above-described defeasances, the District placed in irrevocable trusts, the required amounts to pay the future debt service payments on the defeased bonds. The advance refunding met the requirement of the in-substance debt defeasance, and the defeased bonds were removed from the District's long-term debt. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the District's financial statements.

NOTE 6 - LONG-TERM DEBT (Continued)

The outstanding principal balance of the defeased Sales Tax Revenue Bonds were $185,180,000 as of June 30, 2021. Outstanding defeased bonds associated with Measure AA General Obligation Bonds on June 30, 2021 were $59,540,000.

Arbitrage Bonds: The District is subject to certain bond covenants, including the rules set forth by IRS Code Section 148a, which requires that interest earned on the proceeds of a tax-exempt bond issuance does not exceed the interest expense related to those bonds, which qualifies those bonds as arbitrage bonds. Any excess interest income is subject to a 100% tax and is payable to the Federal Government. The District has recorded an estimated arbitrage liability with a balance amounting to $4,000 in fiscal year 2021, which is included in accounts payable and other liabilities in the statement of net position.

Pledge of Revenue to Repay Sales Tax Revenue Bonds: The District issues sales tax revenue bonds primarily to finance a portion of its capital projects. The sales tax revenue bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues derived from a seventy-five percent (75.0%) portion of a transactions and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco in an amount equal to one-half of one percent (0.5%) of gross retail receipts.

The sales tax revenue bonds outstanding as of June 30, 2021 consist of the 2012A Refunding Bonds, the 2012B Bonds, 2015A Refunding Bonds, the 2016A Refunding Bonds, the 2017A Refunding Bonds, and the 2017B Refunding Bonds, the 2019A Bonds, and the 2019B Refunding Bonds. Interest on the sales tax revenue bonds is payable on January 1 and July 1 of each year, and the principal is payable on July 1 of the scheduled year until July1, 2044. The total principal and interest remaining on these sales tax revenue bonds is $956,803,000 as of June 30, 2021, which is 10.62% of the total projected sales tax revenues of $9,013,397,000 as of June 30, 2021 covering the period from fiscal year 2022 through fiscal year 2044 based on the last scheduled bond principal payment as of June 30, 2021.

The pledged sales tax revenues recognized in fiscal year 2021 was $258,522,000 compared to total debt service payments of $47,063,000 in fiscal year 2021.

Events of Default and Acceleration Clauses: The District is considered to be in default if the District fails to pay the principal or redemption price of or sinking fund installment for, or interest on, any outstanding bond, when and as the same will become due and payable, whether on the interest payment date, at maturity, by call redemption, or otherwise. If the District defaults on its obligations under the bond indenture, the Trust Agreements do not contain provision allowing for the accelerated provision in the event of a default in the payment of principal and interest on the GO Bonds and Sales Tax Revenue Bonds when due. In the event of a default by the District, each holder of the bonds will have the right to exercise the remedies, subject to the limitations thereon, set forth in the respective Trust Agreements.

Debt Service Requirements - Sales Tax Revenue Bonds: The following is a schedule of long-term debt principal and interest payments required for sales tax revenue bonds as of June 30, 2021 (dollar amounts in thousands):

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

	2012A Refunding Bonds		2012B Bonds		2015A Refunding Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 3,865	286	$ 2,775	111	$ 2,675	$ 6,166
2023	4,175	104	2,845	38	2,795	6,029
2024	-	-	-	-	2,935	5,886
2025	-	-	-	-	16,215	5,407
2026	-	-	-	-	17,090	4,574
2027 - 2031	-	-	-	-	64,365	10,572
2032 - 2036	-	-	-	-	18,575	1,913
	$ 8,040	$ 390	$ 5,620	$ 149	$ 124,650	$ 40,547

	2016A Refunding Bonds		2017A Refunding Bonds		2017B Refunding Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 3,465	$ 2,796	$ -	$ 5,652	$ 15,995	$ 1,042
2023	3,640	2,618	-	5,652	17,995	623
2024	3,835	2,431	9,185	5,423	15,060	197
2025	4,030	2,235	12,065	4,892	-	-
2026	4,235	2,028	12,520	4,277	-	-
2027 - 2031	24,050	7,475	55,700	11,971	-	-
2032 - 2036	27,875	3,673	28,790	2,008	-	-
2037	6,235	94	-	-	-	-
	$ 77,365	$ 23,350	$ 118,260	$ 39,875	$ 49,050	$ 1,862

	2019A Refunding Bonds		2019B Refunding Bonds		Total Sales Tax Revenue	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ -	$ 7,999	$ -	$ 2,122	$ 28,775	$ 26,174
2023	-	7,999	-	2,122	31,450	25,185
2024	-	7,999	4,250	2,082	35,265	24,018
2025	-	7,999	4,440	1,998	36,750	22,531
2026	-	7,999	4,640	1,903	38,485	20,781
2027 - 2031	6,520	39,671	28,175	7,633	178,810	77,322
2032 - 2036	32,890	35,813	32,835	3,228	140,965	46,635
2037 - 2041	94,705	22,243	5,950	92	106,890	22,429
2042 - 2045	88,905	5,433	-	-	88,905	5,433
	$ 223,020	$ 143,155	$ 80,290	$ 21,180	$ 686,295	$ 270,508

NOTE 6 - LONG-TERM DEBT (Continued)

Debt Service Requirements – General Obligation Bonds: The following is a schedule of long-term debt principal and interest payments required for general obligation bonds as of June 30, 2021 (dollar amounts in thousands):

	2013C Measure AA General Obligation Bonds		2015D Measure AA Refunding General Obligation Bonds		2017E Measure AA General Obligation Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 18,365	$ 3,965	$ 8,235	$ 12,118	$ -	$ 3,089
2023	10,985	3,292	9,235	11,897	-	3,089
2024	10,825	2,771	10,190	11,504	-	3,089
2025	10,640	2,250	11,405	11,021	-	3,089
2026	10,420	1,755	12,600	10,478	-	3,089
2027 - 2031	29,465	2,410	86,035	40,888	-	15,443
2032 - 2036	1,155	116	134,690	14,826	-	15,443
2037 - 2041	-	-	-	-	68,935	2,977
	$ 91,855	$ 16,559	$ 272,390	$ 112,732	$ 68,935	$ 49,308

	2019F Measure AA General Obligation Bonds		2019G Measure AA Obligation Bonds		Total Measure AA General Obligation Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ -	$ 8,437	$ -	$ 1,228	$ 26,600	$ 28,837
2023	6,095	8,315	-	1,228	26,315	27,821
2024	6,340	8,035	-	1,228	27,355	26,627
2025	6,660	7,743	-	1,228	28,705	25,331
2026	6,925	7,437	-	1,228	29,945	23,987
2027 - 2031	41,765	31,757	15,695	5,718	172,960	96,216
2032 - 2036	56,435	19,461	24,355	2,083	216,635	51,929
2037 - 2041	80,880	4,823	3,450	91	153,265	7,891
	$ 205,100	$ 96,008	$ 43,500	$ 14,032	$ 681,780	$ 288,639

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

	2017A Measure RR General Obligation Bonds		2019B Measure RR General Obligation Bonds		2020C Measure RR General Obligation Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 5,185	$ 11,455	$ 5,265	$ 12,064	$ -	$ 20,398
2023	5,445	11,271	5,525	11,795	-	20,398
2024	5,555	11,161	5,800	11,511	-	20,398
2025	5,665	10,964	6,090	11,214	9,560	20,159
2026	5,950	10,674	6,395	10,902	10,035	19,669
2027 - 2031	34,530	48,476	37,110	49,254	58,200	90,165
2032 - 2036	43,715	39,190	47,365	38,744	72,130	76,196
2037 - 2041	53,890	28,836	59,030	27,190	101,715	62,501
2042 - 2046	66,215	16,116	70,295	15,784	140,110	46,696
2047 - 2051	31,190	1,579	64,890	3,965	233,255	20,244
	$ 257,340	$ 189,722	$ 307,765	$ 192,423	$ 625,005	$ 396,824

	Total Measure RR General Obligation Bonds		Total Measure AA & RR General Obligation Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest
2022	$ 10,450	$ 43,917	37,050	72,754
2023	10,970	43,464	37,285	71,285
2024	11,355	43,070	38,710	69,697
2025	21,315	42,337	50,020	67,668
2026	22,380	41,245	52,325	65,232
2027 - 2031	129,840	187,895	302,800	284,111
2032 - 2036	163,210	154,130	379,845	206,059
2037 - 2041	214,635	118,527	367,900	126,418
2042 - 2046	276,620	78,596	276,620	78,596
2047 - 2051	329,335	25,788	329,335	25,788
	$ 1,190,110	$ 778,969	$ 1,871,890	$ 1,067,608

(Continued)

NOTE 7 - RISK MANAGEMENT

The District faces numerous types of risks: Liabilities to patrons from District related activities, injuries to District's employees from work related hazards, damage to property and operating systems from fire, flood, explosion and earth movement, acts of terrorism which can cause either damage to our property, loss of operations, loss of revenues, or, injuries to our patrons caused by this peril, and errors and omissions made by the Board of Directors and/or executive management. The District manages its risks through a combination of self-insurance and risk transfer (traditional insurance). The District carry a large self -insured retention for workers' compensation, which is $4,000,000 per accident with a $10,000,000 limit of liability, The District's casualty and property programs carry a retention of $5,000,000 for any one occurrence. Claims in excess of the self-insured retentions are covered up to a total of $200,000,000 by insurance policies. There have been no settlement amounts during the past three years that have exceeded the District's insurance coverages.

The self-insurance programs are administered by independent claims adjustment firms. Claim expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities are discounted at a 3% rate, in part, upon the independent adjustment firms' estimate of reserves necessary for the settlement of outstanding claims and related administrative costs and include estimates of claims that have been incurred but not yet reported, including loss adjustment expenses. Such reserves are estimated by professional actuaries through June 30 and are subject to periodic adjustments as conditions warrant.

The estimated liability for insurance claims on June 30, 2021 is believed to be sufficient to cover any costs arising out of claims filed or to be filed for accidents occurring through that date. At June 30, 2021, the estimated amounts of these liabilities were $72,339,000.

Changes in the reported liabilities since the beginning of the respective fiscal years are as follows (dollar amounts in thousands):

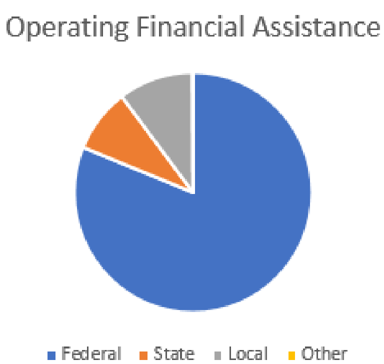
	2021	2020
Liabilities at beginning of year	$ 63,858	$ 61,776
Current year claims and changes in estimates	24,864	19,335
Payments of claims	(16,383)	(17,253)
Liabilities at the end of year	72,339	63,858
Less current portion	(20,934)	(19,900)
Net noncurrent portion	$ 51,405	$ 43,958

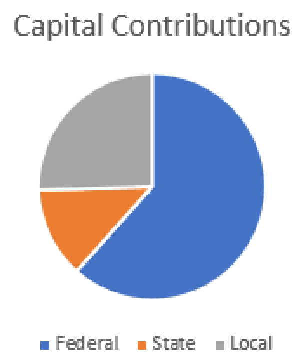
(Continued)

NOTE 8 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS

The District reports the following aggregated operating financial assistance and capital contributions in the statements of revenues, expenses, and changes in net position for the year ended June 30, 2021 (dollar amounts in thousands):

	Operating Financial Assistance	Capital Contributions
Federal	$ 403,664	$ 225,338
State	42,837	47,236
Local	51,023	93,238
	$ 497,524	$ 365,812





Federal Operating Financial Assistance and Capital Contributions

The District is a recipient of grants from the Federal Transit Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Response and Relief Appropriation Act of 2021 (CRRSAA). The grants specifically cover operating shortfall resulting from the effect of the pandemic and to cover additional expenses incurred associated with preventing the spread and dealing with and responding to issues brought by the coronavirus. Eligibility period starts on January 20, 2020, up to December 31, 2023. The District recognized from these relief grants a total of $ 402,395,000 in operating financial assistance in fiscal year 2021 (dollar amounts in thousands).

	Award	Earned in Prior Year	Earned in FY 2021
CARES Act	$ 377,053	$ 185,510	$ 191,543
CRRSAA	378,138	-	210,852
Total	$ 755,191	$ 185,510	$ 402,395

NOTE 8 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

Federal capital contributions are grants received from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation, U.S. Department of Homeland Security and U.S. Department of Justice to support a variety of projects. Among the major projects funded by federal grants in fiscal year 2021 were the Rail Car Replacement Program, Hayward Maintenance Complex, Fare Gate Renovations, Train Control Modernization Program, and FTA Core Capacity Project.

State Operating Financial Assistance and Capital Contributions

Revenues provided by the State of California comes from the following sources (dollar amounts in thousands):

	Operating Financial Assistance	Capital Contributions
State Transit Assistance	$ 30,963	$ 1,013
Proposition 1B - PTMISEA	-	26,380
Low Carbon Transit Operations Program	8,535	-
Low Carbon Fuel Standard Program Revenue	3,003	-
Other State Grants	336	19,843
	$ 42,837	$ 47,236

State Transit Assistance: The District is entitled to receive state operating and capital assistance from State Transit Assistance (STA). In fiscal year 2021, the District received total STA of $21,849,000 for general operations. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies. The District also received $801,000 as part of the settlement agreement with San Mateo County Transit District (SamTrans) to fund

the operating cost of the San Francisco International Airport Extension (SFO Extension). In addition, the District earned in fiscal year 2021 $7,336,000 of STA revenue – State of Good Repair (SGR) grants funded from fiscal year 19-20 allocation in the amount of $1,241,000 and from fiscal year 20-21 allocation in the amount of $6,095,000 for preventive maintenance projects, $944,000 from STA Block Grant to support the elevator attendant program in San Francisco, and $33,000 in STA funds received from Metropolitan Transportation Commission (MTC) for reimbursement of discounts associated with the means-based fare program implemented in fiscal year 2021. Capital projects funded by STA includes the Oakland Airport Connector Signage Refresh project and Link21.

Proposition 1B PTMISEA Grants: The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of $4,000,000,000 to be deposited in the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA). Of this amount, $3,600,000,000 in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects.

The District has cumulatively received a total grant amount of $354,201,000 in PTMISEA grant funds to fund various BART capital projects. The grants received are in the form of cash for $349,010,000 and reimbursement grants for $5,191,000.

NOTE 8 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

The following schedules show the changes in activities related to the PTMISEA grant funds during fiscal year 2021 (dollar amounts in thousands):

	Grant Fund Balance, Beginning of Year	Grants Received	Project Costs Incurred	Grant Fund Balance, End of Year	Interest Balance, Beginning of Year	Interest Earned	Project Costs Incurred	Interest Balance, End of Year	Grant Fund Balance, End of Year
eBART Extension	$ -	$ -	$ -	$ -		$ -	$ -	$ -	$ -
Ashby Elevator	-	-	-	-	-	-	-	-	-
Station Modernization	47,209	(50)	25,261	21,898	4,593	40	387	4,246	26,144
Seismic Retrofit	-	-	-	-	-	-	-	-	-
Oakland Airport Connector	-	-	-	-	-	-	-	-	-
Warm Springs Extension	-	-	-	-	-	-	-	-	-
Walnut Creek Transit Oriented Development	2	300	269	33	3	-	-	3	36
Balboa Park Eastside	459	(250)	46	163	37	-	-	37	200
Berkeley Station Entrance	58	-	(142)	200	85	-	-	85	285
Access Improvements	406	-	162	244	100	1	-	101	345
Station Signage[1]	-	-	-	-	-	-	-	-	-
Train Control	1,588	-	784	804	295	2	-	297	1,101
	$ 49,722	$ -	$ 26,380	$ 23,342	$ 5,113	$ 43	$ 387	$ 4,769	$ 28,111

[1] The project is on a reimbursement basis.

During fiscal year 2021, the PTMISEA funds had earned interest income of $43,000. On June 30, 2021, the unused portion of PTMISEA grant funds received in cash are shown on the statement of net position as a component of unearned revenues as follows (dollar amounts in thousands):

Unearned Revenue, end of year	$ 23,342
Less noncurrent portion	(6,995)
Net current portion	$ 16,347

Low Carbon Transit Operations Program: Beginning in fiscal year 2015, the District has applied and received an allocation from the Low Carbon Transit Operations Program (LCTOP). The LCTOP is one of several programs established by the California Legislature in 2014 through Senate Bills 862 (SB 862) and 852 (SB 852). The source of funds for LCTOP is from the state's Cap-and-Trade Program annual proceeds and was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Eligible projects and programs include new or expanded bus or rail services, expanded intermodal transit facilities, equipment acquisition, fueling, maintenance and other operating costs. In August 2020, the District received in cash the FY20 LCTOP funding from the State of California for $8,535,000. This money was provided by the State to partially offset operating costs associated with the Antioch Extension in fiscal year 2021. The District fully utilized this allocation in fiscal year 2021, including the interest earned, which amounted to $2,000.

NOTE 8 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

Low Carbon Fuel Standard (LCFS) Program Revenue: The California Air Resources Board identified the Low Carbon Fuel Standard (LCFS) as one of the nine discrete early action measures to reduce California's greenhouse gas (GHG) emissions that cause climate change. The California LCFS requires fuel producers to reduce the carbon content of fuels to help the state meet its greenhouse gas (GHG) emission-reduction goals. The LCFS allows low and zero carbon fuel producers and transportation providers to generate credits and requires high carbon-intensity fuel providers to purchase credits while they work to reduce their carbon content. As a rail transportation agency which operates an electrified commuter rail system, BART generates LCFS credits and can translate these credits into revenues by selling it to high intensity fuel providers, such as oil refineries. In fiscal year 2021, the District generated $3,003,000 from the LCFS program.

Other State Grants: The District receives other types of grants from the State of California for transit-related assets and improvements.

Local Operating and Capital Financial Assistance

Revenues from local funding sources were generated from the following sources (dollar amounts in thousands):

	Operating Financial Assistance	Capital Contributions
VTA Financial Assistance	$ 37,140	$ 9,176
ACTC Measure B	2,366	5,667
ACTC Measure BB	3,245	2,249
CCTA Measure J	114	3,854
San Mateo Measure A/Prop 1B	3,803	-
Rail Car Exchange Fund	-	38,113
Regional Measure - Bridge Tolls	1,000	12,887
Other Local Assistance	3,355	21,292
	$ 51,023	$ 93,238

(Continued)

NOTE 8 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

Valley Transportation Authority (VTA) Financial Assistance: On June 13, 2020, the first phase of the Silicon Valley Berryessa Extension Project (SBVX) commenced revenue service. The Phase 1 extension extends the District's Warm Springs Station in Fremont to 2 new stations in the south bay, Milpitas and Berryessa. The Operations and Maintenance agreement requires VTA to be responsible for funding subsidies for the ongoing operating, maintenance and capital costs attributable to the extension including a share on costs associated with the District's core system, both operating and capital costs, and to provide dedicated funding for such cost. Total subsidy received from VTA in fiscal year 2021 are summarized below (dollar amount in thousands):

	Operating	Capital	Total
Unused Subsidy Balance 6/30/20	$ 1,939	$ 1,062	$ 3,001
Cash Received FY21	37,744	20,671	58,415
Recognized as Revenue FY21	(37,140)	(9,177)	(46,317)
Unused Subsidy Balance 6/30/21	$ 2,543	$ 12,556	$ 15,099

On June 30, 2021, the unused subsidy balance of funds received from VTA are shown on the statement of net position as a component of current unearned revenues.

Alameda County Transportation Commission Measure B and BB: The District receives Paratransit funds provided to cities and transit operators from Alameda County Transportation Commission (ACTC) Measure B funds to be used for services aimed at improving mobility for seniors and persons with disabilities. Beginning in April 2015, the ACTC also allocated to the District Measure BB funds to supplement the funding needed for the paratransit program. Additional Measure BB funds were also allocated to the District for transit operations, maintenance, and safety programs. ACTC is the administrator of both Measure B and BB funds. Revenues from Measure B to support paratransit programs in fiscal year 2021 amounted to $2,366,000. Measure BB funds revenues for transit operations were $811,000, and for paratransit operations, were $2,434,000, in fiscal year 2021. The District also recognized grants revenue from Measure B capital fund in the amount of $5,667,000 for the Warm Springs Irvington Station Project and Measure BB capital fund in the amount of $2,249,000 for the 19th Street Station Modernization Project, in fiscal year 2021.

Rail Car Exchange Fund: The District's fleet replacement project consisting of construction for the A, B, C1 and C2 fleet replacement was formally launched in 2013. To set aside funding for this program, the District and MTC entered into the BART Car Replacement Funding Exchange Agreement on May 24, 2006. Under the agreement, MTC agrees to program federal funds to eligible BART projects that are ready to be delivered within the year of MTC's programming action. In exchange for MTC programming funds for ready-to-go BART projects, the District will deposit an equal amount of local unrestricted funds into a restricted account established to fund BART's car replacement program. MTC is the exclusive administrator of the restricted account and any withdrawal of funds from the account requires prior approval from the MTC Commission and the District's Board. In fiscal year 2021, the District utilized $38,113,000 from this restricted account to cover costs incurred for the rail car replacement project. On June 30, 2021, the restricted account for BART's car replacement program held by MTC, which is excluded from the District's financial statements, reported a balance of $367,556,000.

NOTE 8 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

San Mateo Measure A/Prop 1B: This financial assistance relates to the recognition of the 2.0% San Mateo County half cent sales tax (Measure A) received by the District in the current year in the amount of $1,775,000 and balances set aside in previous years in the amount of $2,028,000 from Measure A and Prop 1B received from Sam Mateo County Transit District (Samtrans) to cover the operating shortfall of the BART San Francisco International Airport Extension (SFO Extension) in fiscal year 2021. On February 28, 2007, the District, San Mateo County Transit District (SamTrans), and MTC entered into a Tri-Party Agreement (Agreement) establishing the operational and financial arrangement regarding the BART San Francisco International Airport Extension. To fund the operating costs of the SFO Extension, the Agreement provided that (1) the District would receive up-front funding of $24,000,000 from MTC and $32,000,000 from SamTrans from their shares of Proposition 1B funds; (2) the District would also receive 2.0% of the San Mateo County half cent sales tax, Measure A, which was reauthorized by the voters of San Mateo County in 2004, for 25 years beginning in fiscal year 2009; this amount is currently equal to approximately $1,600,000 per year; and (3) MTC shall allocate to the District additional STA revenue-based funds beginning in fiscal year 2009, which would otherwise be available for allocation to SamTrans as a result of the completion of the Traffic Congestion Relief Program projects, in an amount of $801,000 annually. The above funds will be used first to cover any operating deficit on the SFO Extension and then to complete SamTrans' funding commitment of $145,000,000 to the District's Warm Springs Extension Project. In December 2013, MTC adopted Resolution No. 4123, the Transit Core Capacity Challenge Grant Program, which re-directs the $145,000,000 of SFO Net Operating Revenues to BART's New Railcar Procurement Program.

The up-front funding of $24,000,000 from MTC was allocated to the District in 2008 in the form of Regional Measure 2 (RM2) revenues as a local match to capital projects funded by the Transit Capital Priorities Program. For the purpose of the Tri-Party Agreement, the District made up-front deposits equivalent to the RM2 revenues in the reserve account and MTC reimbursed the District with RM2 revenues, as the funds were earned. The District has received the full amount from MTC in fiscal year 2018. SamTrans' $32,000,000 contribution was funded with approximately $22,500,000 in Proposition 1B funds and $9,500,000 in a direct allocation.

As of June 30, 2021, the balance of the program reserves is as follows (dollar amounts in thousands):

Reserves, beginning of year	$ 78,521
Received/accrued	
Measure A	1,775
STA	801
Interest earnings	96
Total	81,193
Less amount used to cover SFO extension operating shortfall	(52,398)
Reserves, end of year	$ 28,795

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS

Plan Description: All eligible employees participate in the Public Employees' Retirement Fund (the Fund) of CalPERS under the Miscellaneous Plan and the Safety Plan of the San Francisco Bay Area Rapid Transit District. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for 3,093 local public agencies and school districts within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Most employees become eligible for benefits after five years of service and 50 years of age (age 52 for employees hired after January 1, 2013, see paragraph below.) These benefit provisions and all other requirements are established by State statute and District contractual agreements.

Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), new members, defined as active members first hired on or after January 1, 2013, or who were hired after a break in service of more than six months, are required to contribute 50% of the "normal" pension cost. That amount is currently 13% of covered payroll for safety and 6.25% of covered payroll for miscellaneous. Represented employees were exempt from this provision; however, as a result of a court decision, they were determined to be covered effective December 30, 2014. There is currently a pending District Court case related to PEPRA's impact on represented employees which could alter the applicability of PEPRA to represented employees in the future.

Copies of CalPERS' annual financial report may be obtained from their Executive Office by writing or calling the Plan: California PERS, P.O. Box 942709, Sacramento, CA 94229-2709, (916) 326-3420. A separate report for the District's plan is not available.

Benefits Provided: The District provides service retirement and disability retirements, 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 with statutorily reduced benefits. The death benefit is as follows: The Basic Death Benefit for Miscellaneous employees and for Safety employees, it is the 4th level of 1959 Survivor Benefit.

The Plan's provisions and benefits in effect on June 30, 2021, are summarized as follows:

	Miscellaneous Plan		Safety Plan	
	Prior to	On or After	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62	3.0% @ 50	2.70% @ 57
Benefit vesting schedule	5 years	5 years	5 years	5 years
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	62	50	57
Monthly benefits, as a percentage of eligible compensation	2.0%	2.0%	3.0%	2.7%
Required employee contribution rates	7.00%	7.00%	9.78%	14.75%
Required employer contribution rates	9.381%	9.381%	28.301%	28.301%

(Continued)

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

Starting in fiscal year 2019, in addition to the contributions noted above, employer contributions include additional unfunded liability payments, details of which are listed below (dollar amounts in thousands):

Miscellaneous Plan	$ 48,572
Safety Plan	10,609
Total	$ 59,181

On June 30, 2021, the following employees were covered by the benefit terms:

	Miscellaneous Plan	Safety Plan
Inactive employees or beneficiaries currently receiving benefits	2,915	309
Inactive employees entitled to but not yet receiving benefits	21	1
Active employees	3,540	184
Total	6,476	494

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For fiscal year 2021, the average employee contribution rate for the Miscellaneous Plan is 7.00% and for the Safety Plan is 9.78% of their annual covered payroll. For employer's contribution, beginning in fiscal year 2018, CalPERS collects the employer contribution toward the plan's unfunded liability as a dollar amount instead of the prior method, which is based on a contribution rate. The District's actuarially determined employer contribution rate to cover the normal cost in fiscal year 2021 was 9.381% and 28.301% for Miscellaneous and Safety Plans, respectively, of annual covered payroll for the District's employees. Annual covered payroll amounted to $421,782,000 for the fiscal year ended June 30, 2021 for the District's employees. The District's total employer contribution in fiscal year 2021 amounted to $104,518,000, consisting of $45,337,000 for normal cost and $59,181,000 for payment of unfunded liability.

Net Pension Liability: The District's net pension liability for the Plans is measured as the total pension liability, less the pension plan's fiduciary net position. A summary of principle assumptions and methods used to determine the net pension liability is shown below.

(Continued)

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

Actuarial Assumptions: The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Reporting date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2020	June 30, 2020
Valuation date	June 30, 2019	June 30, 2019
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.5%	2.5%
Payroll growth	2.875%	2.875%
Investment rate of return	7.15%	7.15%
Mortality rate table [1]	Derived using CalPERS' Membership	Derived using CalPERS' Membership

[1] The probabilities of mortality are based on 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Discount Rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Long-term Rate of Return: The long-term expected rate of return on pension 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 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 returns of all of 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.

(Continued)

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

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

Asset class[1]	Assumed asset allocation	Real return years 1-10[2]	Real return years 11+[3]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	-0.92

[1] In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in bot Global Equity Securities and Global Debt Securities.
[2] An expected inflation of 2.00% used for this period.
[3] An expected inflation of 2.92% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District as of the June 30, 2020 measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate (dollar amounts in thousands):

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Miscellaneous Plan			
District's Net Pension Liability (Asset)	$ 994,873	$ 675,092	$ 406,251
Safety Plan			
District's Net Pension Liability (Asset)	$ 204,538	$ 152,662	$ 109,968

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

Change in Net Pension Liability: The following table shows the changes in the net pension liability for the Miscellaneous Plan for the fiscal year ended June 30, 2021, based on a measurement date of June 30, 2020 (dollar amounts in thousands):

	Increase (Decrease)		
Miscellaneous Plan	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability (Asset)
Balance June 30, 2020	$ 2,562,612	$ 1,939,776	$ 622,836
Changes during the year			
Service cost	57,054	-	57,054
Interest on the total pension liability	181,474		181,474
Differences between expected and actual experience	12,856		12,856
Net Plan to Plan resource movement		525	(525)
Contributions from the employer		76,895	(76,895)
Contributions from the employees		28,551	(28,551)
Net investment income		95,892	(95,892)
Benefit payments, including refunds of employee contributions	(131,807)	(131,807)	-
Administrative expense		(2,735)	2,735
Other miscellaneous income	-	-	-
Net changes	119,577	67,321	52,256
Balance at June 30, 2021	$ 2,682,189	$ 2,007,097	$ 675,092

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

The following table shows the changes in the net pension liability for Safety Plan for the fiscal year ended June 30, 2021, based on measurement date of June 30, 2020 (dollar amounts in thousands):

	Increase (Decrease)		
Safety Plan	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability (Asset)
Balance June 30, 2020	$ 364,779	$ 226,950	$ 137,829
Changes during the year			
Service cost	8,160	-	8,160
Interest on the total pension liability	26,416		26,416
Differences between expected and actual experience	10,303		10,303
Net Plan to Plan resource movement		(525)	525
Contributions from the employer		16,614	(16,614)
Contributions from the employees		2,938	(2,938)
Net investment income		11,338	(11,338)
Benefit payments, including refunds of employee contributions	(19,418)	(19,418)	-
Administrative expense		(319)	319
Other miscellaneous income	-	-	-
Net changes	25,461	10,628	14,833
Balance at June 30, 2021	$ 390,240	$ 237,578	$ 152,662

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

The following table shows the changes in the net pension liability for the total of Miscellaneous and Safety Plans for the fiscal year ended June 30, 2021, based on measurement date of June 30, 2020 (dollar amounts in thousands):

	Increase (Decrease)		
Total Miscellaneous and Safety Plans	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability (Asset)
Balance June 30, 2020	$ 2,927,391	$ 2,166,726	$ 760,665
Changes during the year			
Service cost	65,214	-	65,214
Interest on the total pension liability	207,890	-	207,890
Differences between expected and actual experience	23,159	-	23,159
Net Plan to Plan resource movement	-	-	-
Contributions from the employer	-	93,509	(93,509)
Contributions from the employees	-	31,489	(31,489)
Net investment income	-	107,230	(107,230)
Benefit payments, including refunds of employee contributions	(151,225)	(151,225)	-
Administrative expense	-	(3,054)	3,054
Other miscellaneous income	-	-	-
Net changes	145,038	77,949	67,089
Balance at June 30, 2021	$ 3,072,429	$ 2,244,675	$ 827,754

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the fiscal year ended June 30, 2021, the District incurred a pension expense of $154,844,000.

(Continued)

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

On June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan		
Pension contributions subsequent to measurement date	$ 85,108	$ -
Changes in assumptions	-	(4,419)
Differences between actual and expected experience	34,575	-
Net differences between projected and actual earnings on plan investments	16,268	-
Total	$ 135,951	$ (4,419)
Safety Plan		
Pension contributions subsequent to measurement date	$ 19,410	$ -
Changes in assumptions	-	-
Differences between actual and expected experience	9,106	-
Net differences between projected and actual earnings on plan investments	1,903	-
Total	$ 30,419	$ -
Total Miscellaneous and Safety Plans		
Pension contributions subsequent to measurement date	$ 104,518	$ -
Changes in assumptions	-	(4,419)
Differences between actual and expected experience	43,681	-
Net differences between projected and actual earnings	-	
on plan investments	18,171	-
Total	$ 166,370	$ (4,419)

The $104,518,000 deferred outflow of resources for pension contributions after the measurement date in fiscal year 2021 will be recognized as a reduction of net pension liability in fiscal year 2022.

(Continued)

NOTE 9 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

Other deferred inflows and deferred outflows of resources as of June 30, 2021 related to pensions will be recognized in future pension expense as follows (dollar amounts in thousands):

	Miscellaneous Plan	Safety Plan
Measurement period ending June 30:	Deferred Outflows / (Inflows) of Resources	Deferred Outflows / (Inflows) of Resources
2021	$ 2,231	$ 4,432
2022	16,744	4,424
2023	17,439	1,188
2024	10,010	965
Total	$ 46,424	$ 11,009

NOTE 10 - MONEY PURCHASE PENSION PLAN

Most District employees participate in the Money Purchase Pension Plan (MPPP), which is a supplemental retirement defined contribution plan. Effective January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of eligible employees' annual compensation (up to $29,700 after deducting the first $133 paid during each month) up to a maximum annual contribution of $1,868 for all employees except part-time SEIU employees pursuant to their labor agreement. An additional contribution to the MPPP equal to 1.627% of eligible compensation is provided to all employees except for part-time SEIU and employees in the CalPERS safety pension plan. Prior to 2013 payment of this additional contribution was suspended for all CalPERS eligible individuals, with various effective dates, pursuant to labor agreements and District policy as a cost saving measure. These payments resumed on July 1, 2013. However, starting in 2014 per the labor agreements with ATU, SEIU, and AFSCME, the District retained 0.0888% of the 1.627% contribution. The District also retained this same amount for non-represented employees. In addition, the District retained $37 per month of the 1.627% for ATU, SEIU, and AFSCME employees who elected medical to pay for medical premiums.

The annual compensation limit subject to the additional contribution is established by the Internal Revenue Code Section 401(a) (17). Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this Plan for the year ended June 30, 2021 was $12,376,000. The MPPP assets at June 30, 2021 (excluded from the accompanying financial statements) per the plan administrator's unaudited reports were $432,831,000. At June 30, 2021, there were approximately 293 participants receiving payments under this plan.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing or calling: BART Investments Plans Committee, 2150 Webster Street 4th Floor, Oakland, California 94612, (510) 464-6238.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the retirement benefits described in Notes 9 and 10, and specified in the District's contractual agreements, the District provides certain other postemployment benefits ("OPEB") to employees, which may include medical benefits to retirees and surviving spouses, retiree life insurance, survivor dental and vision benefits, and medical benefits to survivors of active employees. Most employees who retire directly from the District or their surviving spouses are eligible for medical benefits if the employee retires at or after age 50 with a minimum of 5 years of service with the District, elects to take an annuity from CalPERS and makes a timely election of retiree medical.

Retiree Health Benefit Plan: This is a single employer OPEB plan that covers the medical benefits of retirees. Eligible retirees covered under this plan only pay the designated premium rate and the balance is paid by the Retiree Health Benefit Trust (RHBT).

In compliance with GASB requirements, the District accounts for OPEB on an accrual basis and created the RHBT. The purpose of establishing the RHBT is to facilitate the provision of medical benefits and other health and welfare benefits ("retiree medical benefits") for the qualifying retirees of the District; 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 benefits to participants and beneficiaries; and to defray the reasonable expenses of administering the RHBT and designated plans. The RHBT covers the funding for the "retiree medical benefits", which include retiree medical benefits and medical benefits provided to widows and widowers of retirees. Assets placed into the RHBT 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 RHBT are significant enough to render the RHBT effectively irrevocable.

The RHBT is administered by one or more Trustees appointed by the District's Board of Directors. Currently, the Board has appointed the District's Controller-Treasurer as the Trustee. The RHBT issues a publicly available audited financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Retiree Health Benefit Trust, San Francisco Bay Area Rapid Transit District, 2150 Webster Street, P.O. Box 12688, Oakland, California 94612.

Survivor Benefit Plan: This is a single-employer OPEB plan that enables eligible surviving dependents of participating employees to continue their BART-provided group health, dental or vision insurance on a financially favorable basis following the death of the participating employee. 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 $3,042 for family); or (b) the Bay Area Kaiser basic premium (currently $2,115 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.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

a. 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.
b. 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.
c. 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.
d. 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.

In May 2020, the BART Board of Directors approved the creation of the Survivor Benefit Trust of the San Francisco Bay Area Rapid Transit District (SBT) for the purpose of providing retiree survivor health and welfare benefits to survivors of eligible District retirees. The benefits will be available to survivors of employees and retirees who, at the time of hire, elected to contribute to a survivor health benefit program. Survivors of employees and retirees who elected this program and who continue to contribute are eligible for medical, dental and vision coverage at a cost of $15 per month. The SBT is to be maintained in accordance with Government Code Sections 53206, 53620, 53622 et seq. The objective is to achieve consistent long-term growth for the SBT and maximize income consistent with the preservation of capital for the sole and exclusive purpose of providing benefits to beneficiaries and defraying reasonable expenses of administering the SBT. Assets placed into the SBT 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 SBT are significant enough to render the SBT effectively irrevocable.

The SBT is administered by one or more Trustees appointed by the District's Board of Directors. Currently, the Board has appointed the District's Controller-Treasurer as the Trustee. The SBT issues a publicly available audited financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Survivor Benefit Trust of the San Francisco Bay Area Rapid Transit District San Francisco Bay Area Rapid Transit District, 2150 Webster St., P.O. Box 12688, Oakland, California 94612, (510) 464-6238.

<u>Retiree Life Insurance Plan</u>: This is a single-employer OPEB plan that provides life insurance to employees who retire from the District on either a service or a disability retirement as follows:

1. First year of retirement, fifty percent (50%) of the employee's annual base earnings rounded to the next higher even thousand dollars ($1,000);
2. Second year of retirement, forty percent (40%) of the employee's annual base earnings rounded to the next higher even thousand dollars ($1,000);
3. Third year of retirement, thirty percent (30%) of the employee's annual base earnings rounded to the next higher even thousand dollars ($1,000);
4. Fourth and subsequent years of retirement, twenty percent (20%) of the employee's annual base earnings rounded to the next higher even thousand dollars ($1,000).

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

All represented and non represented employees are coved by the retiree life insurance plan except for BPOA and BPMA members. BPOA and BPMA retirees before January 1, 2019 and July 1, 2019, respectively, have retiree life insurance; and BPOA and BPMA employees who retire after the noted dates are not covered in the retiree life insurance.

There are no assets accumulated in trust for the Retiree Life Insurance Plan.

Basis of Accounting: The financial statements of the Trusts are prepared using the accrual basis of accounting. The RHBT recognizes contributions from the District in accordance with the provisions contained in the District collective bargaining agreements, as described briefly in the following discussion.

Method Used to Value Investments: Investments are reported at fair value as determined by the financial institutions, which have custody of the investments based on fair value measurements under GASB 72.

Funding Policy and Long-Term Contract for Contributions: The District's current collective bargaining agreements with its unions (CBA) describe the District's funding commitments to the RHBT. Beginning in fiscal year 2008, the District funded the Trust with a "ramp up" (increasing) percentage of the "full" actuarial determined required contribution (ADC) in addition to funding the pay-as-you-go amount every year for the following six years. Including fiscal years 2007 and 2008, this "ramp-up" contribution funded an eight-year period covering fiscal years 2006 through 2013. The CBAs include the baseline "ramp-up" percentages, which is the minimum amount that the District is committed to contribute to the Trust during the "ramp-up" period. The District commissions an actuarial study of the retiree medical insurance plan liabilities and funding needs, including the ADC, every year. The revised "ramp-up" percentage became the basis for the District's contribution to the Trust, except when it was less than the baseline "ramp-up" percentage. In addition, in fiscal year 2009 the District contributed into the Trust a lump sum makes up payment reflecting the amounts it would have contributed for fiscal years 2006 and 2007, which was actuarially calculated at $14,629,000.

Beginning in fiscal year 2014, the District contributed to the RHBT each pay period an amount equal to the full GASB compliant ADC. Also, effective on July 1, 2013, retiree medical insurance premiums and related administration fees are paid by the Trust.

Funding Policy: Employer contributions to the retiree health benefits plan are actuarially determined and amounted to $45,978,000 for fiscal year 2021 (including $4,655,000 implied subsidy). The actuarial valuation for fiscal year 2019 was used to determine the actuarially determined contribution for fiscal year 2021. The District also paid in fiscal year 2021 life insurance premiums, on a pay as you go basis, amounting to $1,030,000 (including $892,000 implied subsidy). There were no employer contributions for the survivor benefit plan.

The District does not charge any administration cost to the RHBT. For calendar year 2021, most retirees paid $153.85 per month for their share of the medical premium ($164.93 for police) and for calendar year 2022, medical premium is $157.35 for non-police and $169.87 for police. The balance is paid by the District.

Employer's Net OPEB Liability: The Net OPEB liability is measured as the difference between the District's total OPEB liability and the plan's fiduciary net position (for Retiree Medical Plan and Survivor Benefit), as of the measurement date.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The net OPEB liability as of June 30, 2021 for the Retiree Medical Benefit, Survivor Benefit and Retiree Life Insurance totals $245,151,000, detail of which is presented below (dollar amounts in thousands):

Fiscal Year Ending	June 30, 2021
Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Retiree Medical Benefits	
Total OPEB Liability (TOL)	$ 655,697
Fiduciary Net Position (FNP)	(501,589)
Net OPEB Liability	154,108
Survivor Benefit Plan	
Total OPEB Liability (TOL)	47,064
Fiduciary Net Position (FNP)	(10,451)
Net OPEB Liability	36,613
Retiree Life Insurance	
Total OPEB Liability (TOL)	54,430
Fiduciary Net Position (FNP)	-
Net OPEB Liability	54,430
Total	
Total OPEB Liability (TOL)	757,191
Fiduciary Net Position (FNP)	(512,040)
Net OPEB Liability	$ 245,151

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability:

The total OPEB liability for retiree medical benefits was determined by an actuarial valuation using the following actuarial assumptions:

Retiree Medical Benefits

Measurement date	June 30, 2021
Valuation date	June 30, 2020, update procedures were used to roll forward the total OPEB liability to June 30, 2021
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	6.00% Plan assets projected to be sufficient to pay all benefits from the Trust
Long -term investment rate of return	6.00%
General inflation	2.75% per annum
Contribution Policy	Employer contributes full ADC
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-2020
Medical trend	Non- Medicare-7% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Non-Kaiser) 6.1% for 2022, decreasing to an ultimate rate of 4% for 2076 Medicare (Kaiser) 5% for 2022, decreasing to an ultimate rate of 4% for 2076
Healthcare participation for future retirees	Medical coverage: 98% of safety and 88% of Miscellaneous future retirees elect coverage Retirees not eligible for BART Medical Subsidy: 60% participate Spouse Coverage: varies by bargaining unit, 56% to 90% 10% of waived retirees under age 65 on valuation date assumed to elect coverage at 65 Assumptions based on study of recent retirees
Change of assumptions	Discount rate changed from 6.5% Mortality improvement changed from Scale MP-2019 Claim cost was updated using age-based claims curve Decreased medical trend rate for Kaiser Senior Advantage Plans

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability changed from 6.5% in fiscal year 2020 to 6.0% in fiscal year 2021. The projection of cash flows used to determine the discount rate assumed that the Trust contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is 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 is applied to all periods of projected benefit payments to determine the total OPEB liability.

Long- Term Expected Rate of Return on Investments: The long-term expected rate of return on investments used is 6.0%, net of investment expenses for fiscal year 2021. 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, 2021 measurement date was as follows:

Asset class	Strategic Allocation	10 Year Return
U.S Equity	53.00%	4.82%
International Equity	2.80%	4.82%
Fixed Income	36.70%	1.31%
Non U.S. Fixed Income	0.00%	1.31%
Cash Equivalents	7.50%	0.06%
Total	100.00%	

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The total OPEB liability for survivor medical benefits was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions:

Survivor Benefit Plan

Measurement date	June 30, 2021
Valuation date	June 30, 2020, update procedures were used to roll forward the total OPEB liability to June 30, 2021
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	2.46% based on crossover test
Long-term investment rate of return	6.00%
Municipal bond rate	2.21%; Bond Buyer 20-Bond GO Index
General inflation	2.75% per annum
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Crossover Test	Administrative expenses = .21% of assets Continued future participant contributions No future employer contributions Crossover in 2040
Salary increases	Aggregate - 3%
Medical Trend	Non-Medicare - 7% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076\ Medicare (Kaiser) – 5% for 2022, decreasing to an ultimate rate of 4% in 2076
PEMHCA Minimum Increases	4.25% annually
Participation	Current covered employees and retirees will continue paying premium for coverage. Future retirees will elect to be covered by District retiree healthcare benefits
Change of Assumptions	Plan funding through a trust began in 2021 Discount rate increased from 2.21% Decreased medical trend rate for Kaiser Senior Advantage plans Mortality improvement updated from Scale MP-2019

Discount Rate: The discount rate used to measure the total OPEB liability is 2.46% as of fiscal year 2021 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 2040.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Long-Term Expected Rate of Return on Investments: The long-term expected rate of return on investments used is 6.0%, net of investment expenses for fiscal year 2021. 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, 2021 measurement date was as follows:

Asset class	Strategic Allocation	10 Year Return
U.S Equity	55.00%	6.00%
Fixed Income	38.00%	6.00%
Cash Equivalents	7.00%	6.00%
Total	100.00%	

The total OPEB liability for retiree life insurance was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions:

Retiree Life Insurance

Measurement date	June 30, 2021
Valuation date	June 30, 2020, update procedures were used to roll forward the total OPEB liability to June 30, 2021
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	2.16%
Long -term investment rate of return	N/A
Municipal bond rate	2.16% based on the Bond Buyer 20-year General Obligation Index
General inflation	2.75% per annum
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020
Trend	N/A
Life insurance participation for future retirees	100%, except BPOA and BPMA
Benefit valued	Valuation based on death benefit payable, not premiums No administrative expense included
Changes of benefit terms	None
Changes of assumptions	Discount rate was updated based on municipal bond rate as of the measurement date

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in Assumptions

Retiree Medical Benefits: The following presents the net OPEB liability of the Retiree Medical Benefits Plan as of the June 30, 2021 measurement date, calculated using the discount rate of 6.0%, and healthcare trend rate of 7.00% for non-Medicare and 6.10% for Medicare, decreasing to an ultimate rate of 4.00%, as well as what the net OPEB 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 (dollar amounts in thousands):

Discount rate	1% Decrease (5.0%)	Current Rate (6.0%)	1% Increase (7.0%)
Net OPEB liability	$ 241,892	$ 154,108	$ 81,667

Heath care costs trend rate	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 63,376	$ 154,108	$ 265,848

Survivor Benefit: The following presents the net OPEB liability of the Survivor Benefit Plan as of the June 30, 2021 measurement date, calculated using the discount rate of 2.46%, and healthcare trend rate of 7.00% for non-Medicare and 6.1% for Medicare decreasing to an ultimate rate of 4.00%, as well as what the net OPEB 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 (dollar amounts in thousands):

Discount rate	1% Decrease (1.46%)	Current Rate (2.46%)	1% Increase (3.46%)
Net OPEB liability	$ 47,874	$ 36,613	$ 28,170

Heath care costs trend rate	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 27,110	$ 36,613	$ 49,650

Retiree Life Insurance: The following presents the net OPEB liability of the Retiree Life Insurance Plan as of the June 30, 2021 measurement date, calculated using the discount rate of 2.16%, as well as what the net OPEB 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. Healthcare trend rates are not applicable to the Retiree Life Insurance Plan (dollar amounts in thousands):

Discount rate	1% Decrease (1.16%)	Current Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	$ 66,105	$ 54,430	$ 45,406

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense: For the fiscal year ended June 30, 2021, the District recognized OPEB expense of $5,853,000 The details of the OPEB expense were as follows (dollar amounts in thousands):

	Retiree Medical Benefit	Survivor Benefit	Life Insurance	Total
OPEB expense	$ 8,832	$ (7,571)	$ 4,592	$ 5,853

Employees Covered by Benefit Terms: At June 30, 2021 reporting date, the following numbers of employees were covered by the benefit terms:

	Retiree Medical Benefits	Survivor Benefits	Retiree Life Insurance
Inactives currently receiving benefits	2,772	239	-
Inactives entitled to but not yet receiving benefits	-	1,230	2,758
Active employees	3,557	2,899	3,473
Total	6,329	4,368	6,231

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred Outflows/Inflows of Resources: On June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Retiree Medical Benefits		
Differences between actual and expected experience	$ -	$ 60,453
Changes in assumptions	15,256	3,312
Net difference between projected and actual earnings on plan investments	409	60,679
Total	15,665	124,444
Survivor Benefits		
Differences between actual and expected experience	-	7,130
Changes in assumptions	11,055	10,864
Net difference between projected and actual earnings on plan investments	-	621
	11,055	18,615
Retiree Life Insurance		
Differences between actual and expected experience	1,559	204
Changes in assumptions	8,726	712
Total	10,285	916
Total	$ 37,005	$ 143,975

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2021 will be recognized in future OPEB expense as follows (dollar amounts in thousands):

Year ending June 30	Deferred Outflows (Inflows) of Resources
Retiree Medical Benefits	
2022	$ (27,492)
2023	(26,532)
2024	(26,307)
2025	(20,552)
2026	(5,350)
Thereafter	(2,546)
Total	$ (108,779)
Survivor Benefits	
2022	$ (2,437)
2023	(2,437)
2024	(1,790)
2025	(821)
2026	467
Thereafter	(542)
Total	$ (7,560)
Retiree Life Insurance	
2022	$ 1,807
2023	2,290
2024	2,351
2025	2,137
2026	669
Thereafter	115
Total	$ 9,369

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability/(Asset): The following tables shows the changes in the net OPEB liability on retiree medical benefits for the fiscal year ended June 30, 2021 (dollar amounts in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020*	$ 642,692	$ 389,128	$ 253,564
Service cost	24,764	-	24,764
Interest	42,511	-	42,511
Changes of benefit terms	(2,994)	-	(2,994)
Difference between expected and actual e›	(29,719)	-	(29,719)
Change of assumptions	5,333	-	5,333
Contributions from the employer	-	45,978	(45,978)
Net investment income	-	93,373	(93,373)
Benefit payments, including refunds ***	(26,890)	(26,890)	-
Administrative expense	-	-	-
Net change	13,005	112,461	(99,456)
Balance at June 30, 2021**	$ 655,697	$ 501,589	$ 154,108

* Measurement date June 30, 2020

** Measurement date June 30, 2021

*** Includes $4,655,000 implied subsidy benefit payments for fiscal year 2021

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following tables shows the changes in the net OPEB liability on survivor benefit for the fiscal year ended June 30, 2021 (dollar amounts in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020*	$ 49,452	$ -	$ 49,452
Service cost	3,527	-	3,527
Interest	1,168	-	1,168
Changes of benefit terms	142	-	142
Difference between expected and actual experience	(2,797)	-	(2,797)
Change of assumptions	(4,132)	-	(4,132)
Contributions from the employee	-	9,456	(9,456)
Net investment income	-	1,309	(1,309)
Benefit payments, including refunds	(296)	(296)	-
Administrative expense	-	(18)	18
Net change	(2,388)	10,451	(12,839)
Balance at June 30, 2021**	$ 47,064	$ 10,451	$ 36,613

* Measurement date June 30, 2020
** Measurement date June 30, 2021

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability/(Asset) (Continued): The following tables shows the changes in the total OPEB liability on retiree life insurance for the fiscal year ended June 30, 2021 (dollar amounts in thousands):

	Total OPEB Liability
Balance at June 30, 2020 *	$ 50,305
Changes for the year	
Service cost	2,087
Interest	1,147
Changes of benefit terms	-
Difference between expected and actual experience	1,188
Change of assumptions	733
Contributions from the employer	-
Benefit payments, including refunds***	(1,030)
Administrative expense	-
Net changes	4,125
Balance at June 30, 2021 **	$ 54,430

* Measurement date June 30, 2020
** Measurement date June 30, 2021
*** Includes implied subsidy benefit payments of $892,000 in fiscal year 2021

NOTE 12 - BOARD OF DIRECTORS' EXPENSES

Total Directors' expenses, consisting of travel and other business-related expenses, for the fiscal year ended June 30, 2021 amounted to $287.

NOTE 13 - RELATED ORGANIZATIONS AND JOINT VENTURE PROJECTS

Capitol Corridor Joint Powers Authority: The Joint Exercise of Powers Agreement dated December 31, 1996, between the District and five other transportation authorities in surrounding counties (Agencies) provided for the creation of the Capitol Corridor Joint Powers Authority (CCJPA), a public instrumentality of the State of California. The CCJPA was formed for the purpose of administering and managing the operation of the Capitol Corridor Rail Service as part of the California intercity passenger rail system. The District is the managing agency of CCJPA and in that capacity, it provides all necessary administrative support to CCJPA. CCJPA entered into an Interagency Transfer Agreement with the State of California and assumed administration and operation commencing on July 1, 1998. The initial term of the Interagency Transfer Agreement was for three years beginning July 1, 1998 and was extended for three additional years effective July 1, 2001. In 2004, State legislation was enacted that eliminated the sunset date of the Interagency Transfer Agreement, which now exists indefinitely.

NOTE 13 - RELATED ORGANIZATIONS AND JOINT VENTURE PROJECTS (Continued)

The governing board of CCJPA consists of sixteen members, of which six members are from the District and two members are from each of the five other Agencies. Neither the District nor the other Agencies are responsible for any debt, liabilities and obligations of CCJPA and the District would not be entitled to any of CCJPA's net assets should it terminate.

The District charged the CCJPA a total of $4,670,000 for marketing, administrative services and Link 21 related operating expenses during fiscal year 2021. In addition, CCJPA reimburses the District for its advances for capital project expenses, overhead and other operating expenses. Reimbursements for expenses incurred by the District on behalf of and in providing services to the CCJPA are netted against the corresponding expense in the statement of revenues, expenses and change in net position. Unreimbursed expenses and advances for capital project costs from CCJPA amount to $1,621,000 as of June 30, 2021. All unreimbursed expenses and advances are included as current receivables and other assets in the statement of net position. As the District has no ownership involvement or ongoing financial interest or responsibility in CCJPA, its financial statements include only amounts related to the services and advances it provides to CCJPA.

East Bay Paratransit Consortium: In 1994, the District and the Alameda-Contra Costa Transit District (AC Transit) executed an agreement establishing the East Bay Paratransit Consortium (the Consortium). The purpose of the Consortium is to enable the District and AC Transit to jointly provide paratransit services in the overlapping service area of the District and AC Transit. Revenues and expenses for the Consortium are split 31.0% and 69.0% between the District and AC Transit, respectively, except for program coordinator's expenses, which are split 50/50 starting in 2011. The District's financial statements reflect its portion of revenues and expenses as operating activities. The District supported the project primarily through its own operating funds, with some financial assistance from Alameda County Measure B and BB funds and from the Contra Costa Transportation Authority Measure J funds (Note 8). The District has no equity interest in the Consortium.

Pleasant Hill BART Station Leasing Authority: In July 2004, the District, the County of Contra Costa (County) and the Contra Costa County Redevelopment Agency (Agency) entered into a Joint Exercise of Powers Agreement (JPA Agreement) to create the Pleasant Hill BART Station Leasing Authority (Pleasant Hill Authority). In 2012, the Agency was dissolved by California Assembly Bill ABx1 26, and the Pleasant Hill Authority now consists of the District and the County. The Pleasant Hill Authority was created as a means of accomplishing the cooperation and coordination among the agencies to provide for the development of a mixed-used transit village located at BART's Pleasant Hill/Contra Costa Centre Station, which includes rental residential, retail and a future office development. The original lease to the Pleasant Hill Authority was for a 99-year term expiring on May 14, 2105. All subsequent leases will be conterminous with the May 14, 2105 date.

On June 30, 2009, the District received as ground lease payments for the full term of the lease, a cash base rent of $99 and a noncash base rent in the form of a newly constructed parking structure located at the Pleasant Hill BART station. The District accepted the completion of the new parking structure and became its new owner effective June 30, 2009. The replacement parking garage was recorded as a capital asset at a value of $51,236,000, which is its final construction cost as reported by its developer. As a result of the Agency's funding of the replacement parking garage, future sublease revenue will be split between the County and BART at 75.0% and 25.0%, respectively, after defeasance of the Agency's final incremental contribution to the parking garage project.

NOTE 13 - RELATED ORGANIZATIONS AND JOINT VENTURE PROJECTS (Continued)

The District agreed that the rent on the 2nd Phase (Block C) of the Pleasant Hill/Contra Costa Centre Transit Village will be shared between the two JPA members, the County and BART. The agreement stipulates that the District will receive 100% of the rental proceeds from the project, less the 10% adjustment by the County for their costs to administer and manage all records and accounting associated with the Transit Village up to $4.5M net present value, after which the sharing of revenue will revert to the 75/25 split.

The Pleasant Hill Authority is a public entity separate from any member and as such, its debts, liabilities and obligations shall not be the debts, liabilities and obligation of any of the members. The governing body of the Pleasant Hill Authority is a Board of Directors consisting of four persons – two each from the County and the District.

Richmond Redevelopment Agency or Successor Agency: On April 11, 2002, the District entered into a Disposition and Development Agreement with Richmond Redevelopment Agency and Richmond Transit, LLC for the development of a mixed-use transit village on the property owned by the Redevelopment Agency, the City of Richmond, and BART.

The transit village will be developed in two phases. The first phase has been completed and consists of the development of the townhouses on the western side of the tracks, and a parking structure that includes retail space incorporated within the structure (the “Phase One Improvements”).

The second phase will consist of the development of additional housing and the improvement of Nevin Avenue and the Nevin Avenue walkway on the eastern side of the Tracks (the “Phase Two Improvements”).

Richmond Redevelopment Agency or Successor Agency: The District had agreed to issue grant deeds to the developer pertaining to two parcels with approximate total size of 245,070 square feet in both the West side and the East side for the development projects. The agreement states that in exchange for the parcels, the Richmond Redevelopment Agency, at their expense, will construct a parking structure on the West side of BART’s property, and transfer ownership of the garage to the District upon completion. The transfer of maintenance and responsibility to the District of the parking structure, which consisted of 750 parking spaces and approximately 9000 +/- square feet of commercial space, occurred in September 2014. As of June 30, 2021, only the parcel on the West side of the development project has been transferred by the District to the developer. The transfer of the parcel on the East side will occur upon the request of the City of Richmond and/or their designated developer once all prerequisites are met. Prerequisites include a fully entitled East Side development project. The transfer could occur in fiscal year 2022 or later.

The District allocated the value of the garage, which amounted to $36,260,000, between the two parcels. The total cost of the structure was recorded as part of capital assets. A gain of $6,012,000 was recognized in fiscal year 2015 pertaining to the value allocated to the West side parcel that was transferred to the developer, after deducting the cost. The allocated value pertaining to the East side parcel amounting to $30,110,000 was recognized as unearned revenue, pending the transfer, and is shown as part of noncurrent unearned revenue.

MacArthur Transit Village: On July 29, 2010, the District entered into a Purchase and Lease Option agreement with MacArthur Transit Community Partners LLC (Developer) pertaining to the development of the MacArthur Transit Village, a mixed-use, transit-oriented project, including affordable and market rate housing, retail/commercial and community space and replacement parking adjacent to the MacArthur BART Station.

(Continued)

NOTE 13 - RELATED ORGANIZATIONS AND JOINT VENTURE PROJECTS (Continued)

The District owned a portion of the project's real property totaling approximately 7.76 acres that has been used to develop the project.

As a consideration for the purchase of parcels totaling 198,642 square feet and 99-year ground lease of a 34,404 square foot parcel, the Developer constructed a parking garage structure, funded in part by the Oakland Redevelopment Agency, with 450 BART parking spaces and approximately 5,200 square feet of retail spaces. The parking structure was completed and transferred to the District in September 2014. In addition to the parking structure, the project includes transit improvements to the BART station's plaza and frontage road. These improvements are also the responsibility of the Developer as part of the consideration for the land. The total value of the garage and the improvements amounted to $27,596,000 and were recognized as part of depreciable capital assets. $1,780,000 of the consideration was allocated to the 99-year term ground lease; and was recorded as deferred ground lease prior to 2017. The land transfers to the master developer's designated assignee developers have occurred on December 29, 2016 for Parcels A and C1 and on June 29, 2017 for Parcel B. The District recognized a gain from exchange of property of $24,839,000 resulting from the completion of required land transfers.

Using the City of Oakland Redevelopment Agency funds, the project acquired two parcels under the District's name which were used for the construction of the BART garage structure. The total consideration paid by the City of Oakland for the two parcels was $5,121,000. The costs of these parcels were recorded by the District as non-depreciable capital assets. The District also recognized a revenue (donated income) equivalent to the value of the land received.

<u>South Hayward Transit Oriented Development</u>: On June 18, 2012, the District and JMJ Development LLC (Developer) entered into an Option Agreement for a Transit Oriented Development (TOD). That agreement also includes the right to purchase approximately 1.65 acres of land from the District. The right to purchase was exercised in fiscal year 2014 for a total consideration of $692,000. Grant deed for the transfer was issued on October 8, 2014. The District recognized a gain of $620,000 from this sale. An Option Agreement between the District and the Developer provided further consideration to the District of a transfer benefit fee (TBF) which guarantees the District a perpetual revenue stream. The TBF amounts to a 1% assessment against successive transfers of each of the development units (i.e., unit sales) or a 1% annual assessment against Gross Annual Rental Revenue from rental of the units. A total of 206 market rate rental units were completed in 2017. The TBF commenced accrual in October 2019, the first anniversary of the project stabilization date.

<u>South Hayward BART Station Access Authority</u>: On September 1, 2011, the District entered into a Joint Exercise of Powers Agreement with the City of Hayward which provided for the creation of a public entity known as the South Hayward BART Station Access Authority (South Hayward JPA). The purpose of the South Hayward JPA is to manage and administer parking and access within the boundaries of the South Hayward JPA in an equitable and orderly fashion in order to promote transit-oriented development, support access to the station by District patrons, maximize BART ridership and protect the neighborhoods surrounding the South Hayward Station.

The governing board of the South Hayward JPA consists of four members, two each from the governing Board of the District and from the City of Hayward, appointed by the governing board of the District and the Hayward City Council, respectively. Neither the District nor the City of Hayward is responsible for any debt, liabilities and obligation of the South Hayward JPA.

(Continued)

NOTE 13 - RELATED ORGANIZATIONS AND JOINT VENTURE PROJECTS (Continued)

The parking fees and traffic citation fees collected by the District for the South Hayward Station are transferred to the South Hayward JPA to cover maintenance and other expenses. Parking fees collected in fiscal year 2021 amounts to $70,000 and traffic citation fees collected in fiscal year 2021 amounts to $40,000. The District and the City of Hayward are entitled to reimbursement of operating and/or capital expenses incurred for the benefit of the South Hayward JPA. Net revenues will be used by the South Hayward JPA to implement parking and access projects in line with the objectives set forth in the Joint Exercise of Powers Agreement.

Millbrae Transit Oriented Development: On August 8, 2019, the District entered into a Lease Option Agreement with Republic Millbrae LLC to separately ground lease four parcels for the development of a transit oriented mixed-use project. Subject to modifications, the project is anticipated to consist of (1) approximately 300 market rate apartment units; (2) approximately 100 affordable apartment units (80 veterans preferred and 20 moderate income); (3) approximately 44,000 square feet of retail space; (4) approximately 150,000 square feet of office space; and (5) an approximately 160 room hotel. The ground lease term is for 99 years. The project is currently on the construction phase and is expected to be completed in three years.

Santa Clara Valley Transportation Authority: The BART Silicon Valley Extension (SVX) Program (formerly referred to as the Silicon Valley Rapid Transit, or SVRT Project) is a planned 16-mile extension of the regional BART system from BART's Warm Springs Station in Fremont, which opened in March 2017, to the cities of Milpitas, San Jose and Santa Clara in the County of Santa Clara. The SVX Program is being financed and implemented by Santa Clara Valley Transportation Authority (VTA) in coordination with BART per the VTA – BART Comprehensive Agreement executed on November 19, 2001. The Comprehensive Agreement outlines the roles and responsibilities of the two agencies concerning the design, construction, financing, operation and maintenance of this extension. BART and VTA's Operations and Maintenance Agreement describes their rights and responsibilities related to the operation of SVX.

The 16-mile extension is planned to include: six stations – one in Milpitas, four in San Jose and one in the city of Santa Clara; a five-mile tunnel in downtown San Jose and provision of a yard and shops at the end of the line in Santa Clara. The capital cost for the six-station extension is estimated at $9.27 billion in Year-Of-Expenditure ("YOE") dollars. Construction of SVX is being implemented in phases.

The first phase, The Silicon Valley Berryessa Extension Project ("SVBX"), comprised of a 10-mile extension of BART service with two stations – one in Milpitas and one in San Jose at Berryessa Road. The first phase, with an estimated capital cost of $2,420,000,000 in YOE dollars, was granted an FTA Full Funding Grant Agreement in March of 2012.

The second phase, the Silicon Valley Santa Clara Extension Project ("SVSX") will comprise six miles of the extension with four stations. Planning and environmental studies for the second phase have been completed. In June 2019, the FTA selected VTA as its first Expedited Project Delivery (EPD) pilot program, and in August 2018, the FTA allocated $125 million to the second phase of the Silicon Valley Extension. The VTA received a notice of funding opportunity from FTA on July 28, 2020. VTA received a Letter of Intent (LOI) from the Federal Transit Administration (FTA) announcing the project was formally selected for funding through the EPD Pilot Program. The project funding plan includes 25% of the costs to be funded through the EPD Program and the remaining 75% from state and local sources. SVSX is forecasted to start revenue service by 2030.

NOTE 13 - RELATED ORGANIZATIONS AND JOINT VENTURE PROJECTS (Continued)

In order to accommodate the new extension, among other things, BART is constructing a revenue vehicle primary maintenance facility at BART's Hayward Yard, is adding 60 new cars to the revenue vehicle fleet and is enlarging its Transit Operations Facility. BART expects to procure additional revenue vehicles in connection with SVSX and make other improvements to the core BART system as needed to accommodate the extension. VTA has full financial responsibility for SVX project costs, including BART's costs, and the ongoing operating, maintenance and capital costs caused by operation of SVX, both those that occur within and/or outside Santa Clara County.

On June 13, 2020, the first phase of SVBX Project, specifically, the Milpitas and Berryessa/North San Jose stations officially commenced revenue service. The Operating and Maintenance agreement provides guidance on the financial, maintenance and operating responsibilities of each party, where VTA owns the extensions including the transit centers and the District operates the service and maintains the system. The Operations and Maintenance agreement, dated May 22, 2020, requires VTA to be responsible for funding subsidies for the ongoing operating, maintenance and capital costs attributable to the extension including a share of the District's core system, capital costs, and to provide dedicated funding for such costs.

<u>Northern California Power Agency (NCPA)</u>: The operation of the BART system requires substantial electricity. Historically, the District's annual electric energy requirement is approximately 425,000 megawatt-hours (MWh), with peak electric demand of approximately 85 megawatts (MW); however, the District is currently operating at reduced service levels attributed to the COVID-19 global pandemic. With authorization granted under statute, the District currently procures its electric supply primarily from wholesale resources with support from the Northern California Power Agency (NCPA), a Joint Powers Authority comprised of 16 public entities, including BART. To support the price stability of the District's long-term electric supply planning and budgeting, the Board has also authorized the District's participation in funding the planning and development activities of NCPA's Lodi Energy Center (LEC), a gas-fired generator commissioned in 2012. The District has agreed to unconditionally provide for 6.6% share in operation and maintenance expenses and all capital improvement based on the Generation entitlement share (GES). The Lodi facility is operated according to the needs of the California Independent System Operator (CAISO), the entity responsible for grid operations and facilitation of wholesale electric markets in California.

The District pays operations, maintenance, and fuel costs for its share of the facility, and receives a proportionate share of the revenues from the energy, capacity and ancillary services sold into wholesale electric markets.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

<u>Litigation</u>: The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. It is the opinion of the District's management that the costs that might be incurred in the disposition of these matters, if any, would not materially affect the District's financial position.

<u>Wholesale Electric Procurement</u>: The District purchases electricity and other wholesale products to serve its electrical load requirements and satisfy various compliance obligations as a wholesale market participant. Existing contracts for electricity and other wholesale products currently extend as far as calendar year 2040 with a total remaining contract cost of approximately $230,201,000 as of June 30, 2021. Contract values are subject to change over time as the District proceeds with its ongoing electric procurement activities.

Included in the above cost obligations are the contracts with NCPA, which are in place through calendar year 2036, with a total remaining contract value of $34,408,000 as of June 30, 2021.

(Continued)

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Operations and Maintenance Agreement for the Oakland International Airport Connector: On October 1, 2010, the District entered into an Operations and Maintenance Contract with Doppelmayr Cable Car, Inc., to operate and maintain the Oakland International Airport Connector (OAC) for an amount not to exceed $4,907,000 (base service payment in 2009 dollars) annually for a period of twenty (20) years from revenue service date, subject to annual escalation based on Consumer Price Index. The OAC started revenue operations on November 22, 2014. Total operating expenses incurred under this agreement amounted to $6,518,000 in fiscal year 2021. As part of the contract, the District is also required to deposit to a reserve account, an amount of $768,000 annually, subject to escalation, for Capital Asset Replacement Program (CARP). The District allocated to the CARP reserve account $1,033,000 in fiscal year 2021. The CARP will cover all major maintenance and rehabilitation expenses during the term of the Operations and Maintenance Contract.

Lease Commitments: The District leases certain facilities and equipment under operating leases with original terms ranging from one to fifty years with options to renew. Future minimum rental payments under noncancelable operating leases with initial or remaining lease terms of over one year at June 30, 2021 are as follows (dollar amounts in thousands):

Year ending June 30:	Operating Leases
2022	$ 7,726
2023	6,756
2024	6,197
2025	4,801
2026	3,988
2027 - 2031	16,216
2032 - 2036	12,538
2037 - 2041	12,500
2042 - 2046	12,500
2047 - 2051	12,500
Total minimum rental payments	$ 95,722

Rent expenses under all operating leases were $18,543,000 for the fiscal year ended June 30, 2021.

Fruitvale Development Corp.: On October 1, 2001, the District entered into a ground lease agreement with Fruitvale Development Corporation (FDC) pertaining to 1.8 acres of land for the purpose of constructing thereon portions of a mixed-use development project commonly known as the Fruitvale Transit Village, which consists of approximately 250,000 square feet of commercial, community service and residential improvements. The lease agreement became effective December 9, 2003, and continues through January 31, 2077.

(Continued)

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

The terms of the lease require FDC to pay the District a Base Rent and a Percentage Rent. The Base Rent is a fixed amount determined at the inception of the lease subject to periodic CPI adjustments. Percentage Rent is calculated equal to 15.0% of annual net revenues, as defined in the ground lease agreement.

The District provided FDC a Rent Credit with an initial amount of $7,247,000, to acknowledge its assistance in obtaining grants for the construction of a Replacement BART Commuter Parking Garage near the Fruitvale Transit Village. The initial Rent Credit earned interest on the outstanding balance at simple interest based on the prime rate and can only be applied to satisfy the Base Rent. In October 2010, there was a second amendment to the ground lease agreement, which recalculated the initial Rent Credit available to FDC as it relates to the replacement parking. The amount of the Replacement Parking Rent Credit was revised to $4,642,000, after a payment of $5,500,000 coming from the proceeds of the sale of land at the Fruitvale BART Station to the City of Oakland Redevelopment Agency. The second amendment also stated that no interest shall accrue on the revised Replacement Parking Rent Credit and that beginning on December 1, 2003, and continuing throughout the term of the ground lease, base rent and percentage rent shall be subtracted from the Replacement Parking Rent Credit balance, until there is no longer a positive Replacement Parking Rent Credit. The offset base rent for fiscal year 2021 amounted to $188,000. There was no percentage rent offset for fiscal year 2021. The remaining balance in the Replacement Parking Rent Credit was $2,200,000 as of June 30, 2021.

Based on the agreement, FDC shall not be under any obligation to make any cash payment to the District for base rent and percentage rent at any time that the Replacement Parking Rent Credit still has a positive balance.

NOTE 15 - SUBSEQUENT EVENTS

In August 2021, the District was awarded Transit Operating Assistance in the amount of $330,848,991 under the 5307 Urbanized Area Formula Grants from the American Rescue Plan Act of 2021 (ARPA). Similar to CARES Act and CRRSAA, as a result of the Coronavirus disease 2019 (COVID-19), this grant will provide assistance for costs related to operations, personnel, cleaning and sanitization combating the spread of pathogens on transit systems, and debt service payments incurred to maintain operations and avoid layoffs and furloughs.

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Dollar amounts in thousands)
Last 10 Years*

Miscellaneous Plan	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	$ 57,054	$ 52,659	$ 48,382	$ 45,264	$ 37,959	$ 36,151	$ 36,182
Interest on total pension liability	181,474	173,379	163,858	157,621	152,757	146,226	139,931
Changes of assumptions	-	-	(16,469)	120,524	-	(32,773)	-
Differences between expected and actual experience	12,856	38,558	11,525	(1,484)	1,193	(4,807)	-
Benefit payments, including refunds of of employee contributions	(131,807)	(123,955)	(115,594)	(108,947)	(102,543)	(95,653)	(89,968)
Net change in total pension liability	119,577	140,641	91,702	212,978	89,366	49,144	86,145
Total pension liability - beginning	2,562,612	2,421,971	2,330,269	2,117,291	2,027,925	1,978,781	1,892,636
Total pension liability - ending	$ 2,682,189	$ 2,562,612	$ 2,421,971	$ 2,330,269	$ 2,117,291	$ 2,027,925	$ 1,978,781
Plan fiduciary net position							
Contributions - Employer	$ 76,895	$ 65,138	$ 52,106	$ 47,272	$ 38,283	$ 32,466	$ 28,276
Contributions - Employee	28,551	25,011	22,042	20,144	18,174	17,818	21,375
Plan to Plan resource movement	525	(17)	(7)	12	(1)	(36)	-
Net investment income	95,892	121,050	147,891	181,091	8,747	37,388	251,137
Benefit payments, including refunds of of employee contributions	(131,807)	(123,955)	(115,594)	(108,947)	(102,543)	(95,653)	(89,968)
Administrative expense	(2,735)	(1,323)	(2,735)	(2,389)	(1,009)	(1,865)	-
Other miscellaneous income / (expenses)	-	4	(5,195)	-	-	-	-
Net change in fiduciary net position	67,321	85,908	98,508	137,183	(38,349)	(9,882)	210,820
Plan fiduciary net position - beginning	1,939,776	1,853,868	1,755,360	1,618,177	1,656,526	1,666,408	1,455,588
Plan fiduciary net position - ending	$ 2,007,097	$ 1,939,776	$ 1,853,868	$ 1,755,360	$ 1,618,177	$ 1,656,526	$ 1,666,408
Plan net pension liability - ending	$ 675,092	$ 622,836	$ 568,103	$ 574,909	$ 499,114	$ 371,399	$ 312,373
Plan fiduciary net position as a percentage of the total pension liability	74.83%	75.70%	76.54%	75.33%	76.43%	81.69%	84.21%
Covered payroll**	$ 366,202	$ 331,836	$ 307,661	$ 285,848	$ 264,024	$ 246,901	$ 240,171
Plan net pension liability as a percentage of covered payroll	184.35%	187.69%	184.65%	201.12%	189.04%	150.42%	130.06%

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB 68, therefore only seven years of information is shown.

** Based on actuarial report

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Dollar amounts in thousands)
Last 10 Years*

Safety Plan	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	$ 8,160	$ 7,751	$ 7,563	$ 7,416	$ 6,491	$ 5,935	$ 5,790
Interest on total pension liability	26,416	24,689	23,272	22,274	21,340	20,099	18,885
Changes of assumptions		-	(1,362)	18,632	-	(4,942)	-
Differences betw een expected and actual experience	10,303	5,967	1,241	745	4,387	4,794	-
Benefit payments, including refunds of employee contributions	(19,418)	(18,181)	(15,962)	(15,408)	(14,803)	(14,140)	(13,199)
Net change in total pension liability	25,461	20,226	14,752	33,659	17,415	11,746	11,476
Total pension liability - beginning	364,779	344,553	329,801	296,142	278,727	266,981	255,505
Total pension liability - ending	$ 390,240	$ 364,779	$ 344,553	$ 329,801	$ 296,142	$ 278,727	$ 266,981
Plan fiduciary net position							
Contributions - Employer	$ 16,614	$ 14,706	$ 12,357	$ 11,742	$ 10,038	$ 9,428	$ 7,442
Contributions - Employee	2,938	2,687	2,136	2,165	1,854	1,917	2,817
Plan to Plan resource movement	(525)	17	3	(14)	1	1	-
Net investment income	11,338	14,093	16,940	20,183	924	4,015	27,150
Benefit payments, including refunds of employee contributions	(19,418)	(18,181)	(15,962)	(15,408)	(14,803)	(14,140)	(13,199)
Administrative expense	(319)	(153)	(311)	(267)	(112)	(206)	-
Other miscellaneous income / (expenses)	-	1	(590)	-	-	-	-
Net change in fiduciary net position	10,628	13,170	14,573	18,401	(2,098)	1,015	24,210
Plan fiduciary net position - beginning	226,950	213,780	199,207	180,806	182,904	181,889	157,679
Plan fiduciary net position - ending	$ 237,578	$ 226,950	$ 213,780	$ 199,207	$ 180,806	$ 182,904	$ 181,889
Plan net pension liability - ending	$ 152,662	$ 137,829	$ 130,773	$ 130,594	$ 115,336	$ 95,823	$ 85,092
Plan fiduciary net position as a percentage of the total pension liability	60.88%	62.22%	62.05%	60.40%	61.05%	65.62%	68.13%
Covered payroll**	$ 22,986	$ 20,974	$ 20,809	$ 20,420	$ 19,738	$ 17,941	$ 17,377
Plan net pension liability as a percentage of covered payroll	664.15%	657.14%	628.44%	639.54%	584.33%	534.10%	489.68%

* Fiscal year ended June 30, 2015 w as the first year of implementation of GASB 68, therefore only seven years of information is show n.
** Based on actuarial report
The amounts presented for each fiscal year w ere determined as of the year end that occurred one year prior.

(Continued)

Benefit Changes: The figures above include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 valuation date. However, offers of two years additional service credit (a.k.a. Golden Handshakes) that occurred after the June 30,2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes in Assumptions: None in 2021 or 2020. In 2019, demographic assumptions and inflation rate were changed in accordance with CalPERS Experience Study and Review of Actual Assumptions December 2017. In 2018, the accounting discount rate was reduced from 7.65% to 7.15%. In 2017, there were no changes in assumptions. In 2016, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense).

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
(Dollar amounts in thousands)
Last 10 Years*

	2021	2020	2019	2018	2017	2016	2015
Miscellaneous Plan							
Actuarially determined contribution	$ 85,108	$ 77,622	$ 64,169	$ 56,040	$ 46,709	$ 39,768	$ 32,756
Contributions in relation to the actuarially determined contribution	(85,108)	(77,622)	(64,169)	(56,040)	(46,709)	(39,768)	(32,756)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll **	$ 392,137	$ 403,146	$ 345,828	$ 315,184	$ 288,637	$ 265,778	$ 245,593
Contribution as a percentage of covered payroll	21.70%	19.25%	18.56%	17.78%	16.18%	14.96%	13.34%

	2021	2020	2019	2018	2017	2016	2015
Safety Plan							
Actuarially determined contribution	$ 19,410	$ 16,391	$ 13,046	$ 12,162	$ 11,677	$ 10,658	$ 9,512
Contributions in relation to the actuarially determined contribution	(19,410)	(16,391)	(13,046)	(12,162)	(11,677)	(10,658)	(9,512)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll **	$ 29,645	$ 28,061	$ 22,789	$ 21,946	$ 20,953	$ 20,410	$ 19,741
Contribution as a percentage of covered payroll	65.47%	58.41%	57.25%	55.42%	55.73%	52.22%	48.18%

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB 68; therefore, only seven years of information is shown.
** Based on actual payroll

(Continued)

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The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2021 were derived from the June 30, 2019 funding valuation reports, as presented below:

	Miscellaneous	Safety
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method/period	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market Value of Assets	Market Value of Assets
Inflation	2.625% compounded annually	2.625% compounded annually
Projected salary increase	3.20% to 12.20% depending on Age, Service and Type of Employment	3.70% to 15.00% depending on Age, Service and Type of Employment
Payroll growth	2.875% compounded annually	2.875% compounded annually
Discount Rate	7.25% compounded annually, net of Investment & Administrative Expenses	7.25% compounded annually, net of Investment & Administrative Expenses
	Derived using CalPERS' Membership	Derived using CalPERS' Membership
Retirement age	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality [1]	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011	Based on the 2014 CalPERS Experience Study for the period from 1997 to 2011

[1] Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(Dollar amounts in thousands)
Last 10 Years*

Retiree Medical Benefits	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 24,764	$ 23,497	$ 23,480	$ 21,777	$ 21,143
Interest	42,511	41,348	40,503	39,409	36,977
Changes of benefit terms	(2,994)	-	(1,224)	-	-
Difference between expected and actual experience	(29,719)	(17,434)	(29,522)	(35,022)	-
Change of assumptions	5,333	(4,784)	4,337	35,015	-
Benefit payments, including refunds **	(26,890)	(25,130)	(24,060)	(23,095)	(22,396)
Net changes in total OPEB liability	13,005	17,497	13,514	38,084	35,724
Total OPEB liability- beginning	642,692	625,195	611,681	573,597	537,873
Total OPEB liability- ending	$ 655,697	$ 642,692	$ 625,195	$ 611,681	$ 573,597
Fiduciary net position					
Contributions from the employer	$ 45,978	$ 41,832	$ 39,511	$ 35,569	$ 28,912
Net investment income	93,373	32,235	19,355	23,448	26,497
Benefit payments, including refunds **	(26,890)	(25,130)	(24,060)	(23,095)	(22,396)
Administrative expense	-	(279)	(186)	(223)	(266)
Net changes in total fiduciary net position	112,461	48,658	34,620	35,699	32,747
Total fiduciary net position- beginning	389,128	340,470	305,850	270,151	237,404
Total fiduciary net position- ending	$ 501,589	$ 389,128	$ 340,470	$ 305,850	$ 270,151
Net OPEB liability	$ 154,108	$ 253,564	$ 284,725	$ 305,831	$ 303,446
Plan fiduciary net position as a percentage of the total OPEB liability	76.50%	60.55%	54.46%	50.00%	47.10%
Covered employee payroll	$ 504,541	$ 508,509	$ 463,124	$ 418,573	$ 372,887
Net OPEB liability as a percentage of covered employee payroll	30.54%	49.86%	61.48%	73.07%	81.38%

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

** Includes implied subsidy benefit payments of $4,655,000, $4,413,000, $4,306,000, $4,196,000 and $3,900,000 in fiscal years 2021, 2020, 2019, 2018 and 2017, respectively.

Changes of benefit terms

- *2019-the additional $44 monthly BPO & BPMA retiree contributions cease in 2035 (ceased in 2018 for previous measurement date)*
- *2021-$37/month retiree contributions extended to 2024*

Changes of Assumptions

- *2018-Discount rate changed from 6.75% in 2017 to 6.5% 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-Mortality improvement scale was updated to Scale MP-2019*
  -Medical trend changed from 7.5% in 2019 to 7.25% in 2020 for Non-Medicare and from 6.5% in 2019 to 6.3% in 2020 for Medicare
- *2021-Discount rate changed from 6.5% in 2020 to 6.0% in 2021*

(Continued)

-Mortality improvement scale was updated to Scale MP-2020
-Claim cost was updated using age-based claims curve
-Decreased medical trend rate for Kaiser Senior Advantage Plans

(Continued)

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(Dollar amounts in thousands)
Last 10 Years*

Survivor Benefit Plan	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 3,527	$ 2,011	$ 1,901	$ 2,071	$ 2,559
Interest	1,168	1,260	1,428	1,588	1,396
Changes of benefit terms	142	-	22	-	-
Difference between expected and actual experience	(2,797)	(971)	(5,946)	(1,017)	-
Change of assumptions	(4,132)	13,366	1,935	(9,676)	(7,743)
Benefit payments, including refunds	(296)	(434)	(213)	(329)	(346)
Net changes in total OPEB liability	(2,388)	15,232	(873)	(7,363)	(4,134)
Total OPEB liability- beginning	49,452	34,220	35,093	42,456	46,590
Total OPEB liability- ending	$ 47,064	$ 49,452	$ 34,220	$ 35,093	$ 42,456
Fiduciary net position					
Contributions from the employee	$ 9,456	$ 434	$ 213	$ 329	$ 346
Investment income	1,309				
Administrative expenses	(18)				
Benefit payments, including refunds	(296)	(434)	(213)	(329)	(346)
Net changes in total fiduciary net position	10,451	-	-	-	-
Total fiduciary net position- beginning	-	-	-	-	-
Total fiduciary net position- ending	$ 10,451	$ -	$ -	$ -	$ -
Net OPEB liability	$ 36,613	$ 49,452	$ 34,220	$ 35,093	$ 42,456
Plan fiduciary net position as a percentage of the total OPEB liability	22.21%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 504,541	$ 508,509	$ 463,124	$ 418,573	$ 372,887
Net OPEB liability as a percentage of covered employee payroll	7.26%	9.72%	7.39%	8.38%	11.39%

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

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

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 was updated based on municipal bond rate as of measurement date

-Mortality improvement scale was updated to Scale MP-2019

2021- Plan funding through a trust began

(Continued)

-Discount rate based on crossover test
-Decreased medical trend rate for Kaiser Senior Advantage plans
-Mortality improvement scale was updated to Scale MP-2020

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(Dollar amounts in thousands)
Last 10 Years*

Retiree Life Insurance	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 2,087	$ 1,321	$ 1,146	$ 1,158	$ 1,401
Interest	1,147	1,339	1,402	1,264	1,101
Changes of benefit terms	-	-	(1,032)	-	-
Difference between expected and actual experience	1,188	748	(414)	167	-
Change of assumptions	733	10,636	1,838	(891)	(4,915)
Benefit payments, including refunds **	(1,030)	(1,367)	(821)	(679)	(685)
Net changes in total OPEB liability	4,125	12,677	2,119	1,019	(3,098)
Total OPEB liability- beginning	50,305	37,628	35,509	34,490	37,588
Total OPEB liability- ending	$ 54,430	$ 50,305	$ 37,628	$ 35,509	$ 34,490
Covered employee payroll	$ 456,619	$ 508,509	$ 463,124	$ 418,573	$ 372,887
Total OPEB liability as a percentage of covered employee payroll	11.92%	9.89%	8.12%	8.48%	9.25%

There are no assets accumulated in trust for the Retiree Life Insurance plan

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

** Includes implied subsidy benefit payments of $892,000, $1,210,000, $679,000, $547,000 and $542,000 in fiscal years 2021, 2020, 2019, 2018 and 2017, respectively.

(Continued)

Benefit Changes:

2019- the additional $44 monthly BPOA & BPMA retiree contributions cease in 2035
(ceased in 2018 for previous measurement date)
BPOA and BPMA members retiring on or after 1/1/19 do not have life insurance benefits provided by the District, nor would they be eligible to purchase life insurance through the District plan

Changes in Assumptions:

2017- Discount rate was updated based on municipal bond rate as of measurement date
Mortality improvement scale was updated to Scale MP- 2017
2018- Discount rate was updated based on municipal bond rate as of measurement date, 3.87% for 2018
2019- Discount rate was updated based on municipal bond rate as of measurement date, 3.50% for 2019 CalPERS 1997-2015 Experience study was used
2020- Discount rate was updated based on municipal bond rate as of measurement date, 2.21% for 2020
Mortality improvement scale was updated to Scale MP- 2019
2021-Discount rate was updated based on municipal bond rate as of measurement date, 2.16% for 2021
Mortality improvement scale was updated to Scale MP- 2020

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
(Dollar amounts in thousands)
Last 10 Years*

	2021	2020	2019	2018	2017
Retiree Medical Benefits					
Actuarially determined contribution (ADC)	$ 45,978	$ 41,832	$ 39,511	$ 35,569	$ 28,912
Contributions in relation to the actuarially determined contribution	(45,978)	(41,832)	(39,511)	(35,569)	(28,912)
Contribution deficiency / (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll **	504,541	508,509	463,124	418,573	372,887
Contributions as a percentage of covered employee payroll	9.11%	8.23%	8.53%	8.50%	7.75%

	2021	2020	2019	2018	2017
Survivor Benefit Plan					
Actuarially determined contribution (ADC)	$ 3,268	$ 3,019	$ 2,911	$ 2,672	$ 3,138
Contributions in relation to the actuarially determined contribution	-	-	-	-	-
Contribution deficiency / (excess)	$ 3,268	$ 3,019	$ 2,911	$ 2,672	$ 3,138
Covered employee payroll **	504,541	508,509	463,124	418,573	372,887
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(Continued)

Methods and assumptions for the actuarially determined contribution for fiscal year 2021 are as follows:

Retiree Medical Benefits

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age, level percentage of payroll
Amortization Method	Level percent of payroll
Amortization Period	14- year fixed period for 2020/21 valuation changes
Asset Valuation Method	Market value of asset
Discount Rate and Long Term Expected Rate of Return on Assets	6.50%
General Inflation	2.75%
Medical Trend	Non-Medicare- 7.25% for 2021 decreasing to an ultimate rate of 4.0% in 2076 Medicare- 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational Scale MP-2019

Survivor Benefits

Valuation Date	June 30, 2019
Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	21-year fixed period beginning 2019
Valuation Assets	Market value of assets
Discount Rate	3.50%
General Inflation	2.75%
Medical Trend	Non-Medicare- 7.00% for 2022 decreasing to an ultimate rate of 4.0% in 2076 Medicare- 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational Scale MP-2020

COMBINING STATEMENTS – FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
(Dollar amounts in thousands)
June 30, 2021

	Retiree Health Benefit Trust	Survivor Benefit Trust	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	$ 49,794	$ 601	$ 50,395
Receivables and other assets			
Receivable from BART	-	459	459
Interest & dividend receivables	364	-	364
Prepaid expenses	18	-	18
Total receivables and other assets	382	459	841
Investments			
Domestic common stocks	64,097	-	64,097
Foreign stocks	4,126	-	4,126
U.S. Treasury obligations	27,425	-	27,425
Mortgage backed securities	6,024	-	6,024
Mutual funds - equity	226,510	6,115	232,625
Mutual funds - fixed income securities	80,151	3,294	83,445
Corporate obligations	40,077	-	40,077
Foreign obligations	2,925	-	2,925
Total investments	451,335	9,409	460,744
Total assets	501,511	10,469	511,980
LIABILITIES			
Accounts payable	190	18	208
Total liabilities	190	18	208
Net position restricted for other postemployment benefits	$ 501,321	$ 10,451	$ 511,772

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

(Dollar amounts in thousands)
June 30, 2021

	Retiree Health Benefit Trust	Survivor Benefit Trust	Total Fiduciary Funds
Additions			
Employer contributions	$ 45,978	$ -	$ 45,978
Employee contributions		9,456	9,456
Net investment income			
Interest income	5,489	152	5,641
Realized and unrealized gains on investments	88,383	1,157	89,540
Investment expense	(498)	-	(498)
Net investment income	93,374	1,309	94,683
Total additions	139,352	10,765	150,117
Deductions			
Benefit payments	26,890	296	27,186
Legal fees	6	-	6
Audit fees	18	18	36
Insurance expense	28	-	28
Administrative fees	217	-	217
Total deductions	27,159	314	27,473
Change in net position	112,193	10,451	122,644
Net position restricted for other postemployment benefits, beginning of year	389,128	-	389,128
Net position restricted for other postemployment benefits, end of year	$ 501,321	$ 10,451	$ 511,772

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