SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT

ANNUAL FINANCIAL REPORT
June 30, 2022

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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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 6 to the financial statements, during the year ended June 30, 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. The adoption resulted in recording lease liabilities and corresponding right-of-use lease assets and lease receivables and corresponding deferred inflows of resources relating to leases. The net position of business-type activities as of July 1, 2021 was restated by $2,346,000 as a result of adoption. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

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States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated <>, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

[redacted]

San Francisco, California
<>, 2022

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, 2022 and 2021. 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.

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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 2022 and 2021 is as follows (dollar amounts in thousands):

			Change Favorable (Unfavorable)	
	2022	2021	Amount	Percent
Operating revenues	$ 166,112	$ 90,509	$ 75,603	83.53%
Operating expenses, net	1,047,794	989,764	58,030	5.86%
Operating loss	(881,682)	(899,255)	17,573	-1.95%
Nonoperating revenues, net	872,639	857,231	15,408	1.80%
Capital contributions	332,321	365,812	(33,491)	-9.16%
Change in net position	323,278	323,788	(510)	-0.16%
Net position, beginning of year, as restated *	7,355,968	7,029,834	326,134	4.64%
Net position, end of year	$ 7,679,246	$ 7,353,622	$ 325,624	4.43%

* Beginning net position from 2022 was restated due to implementation of GASB Statement No. 87 (see Note 6).

Operating Revenues

Operating revenues increased by $75,603,000 in fiscal year 2022 driven primarily by partial recovery in transit ridership. Fare revenues increased by $73,290,000. Average weekday ridership in fiscal year 2022 was 111,000 exits compared to 52,922 exits in fiscal year 2021. Although transit ridership in fiscal year 2022 more than doubled compared to the previous fiscal year, the District's ridership and fare revenues remained well below pre-pandemic levels (28% of 2019's level) as employers in the San Francisco Bay Area continue to allow their employees to work remotely. Parking revenues in the current fiscal year increased by $4,409,000 due also to growth in ridership, offset by decrease of $1,279,000 in telecom revenues.

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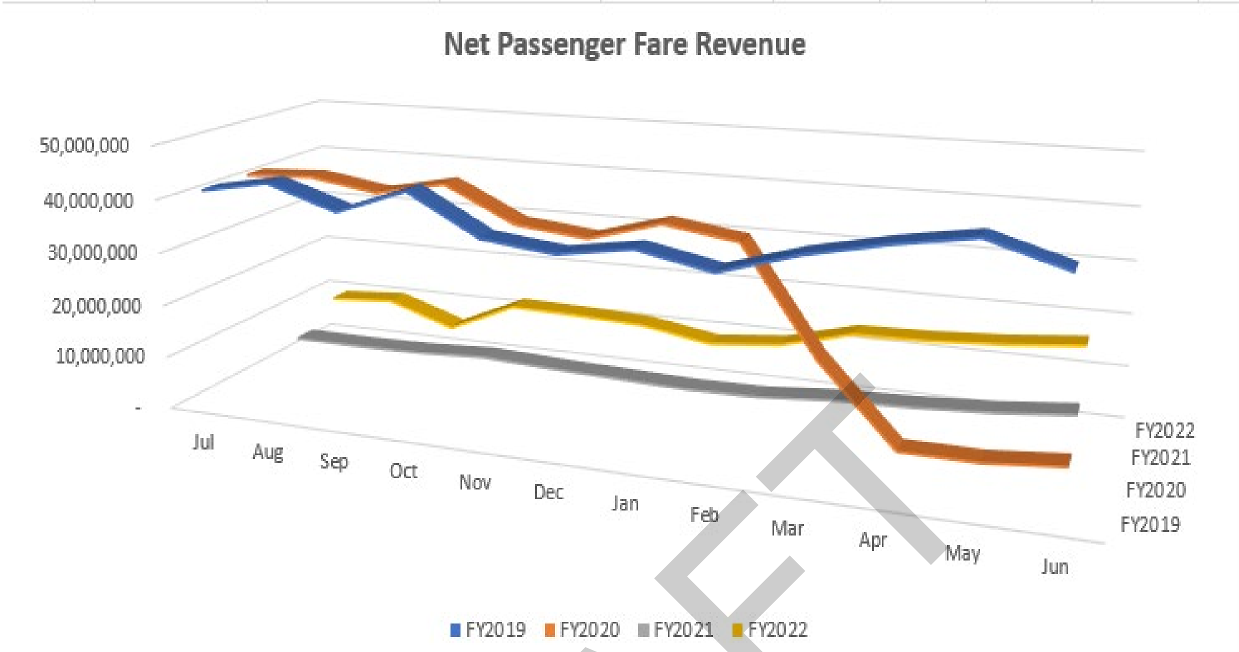
The chart below shows the monthly net passenger fare revenue from fiscal year 2019 to 2022.



Operating Expenses, Net

In fiscal year 2022, net operating expenses increased by $58,030,000 compared to the previous year.

Net labor expense decreased by $49,330,000 in fiscal year 2022. Salaries and wages declined by $17,170,000 driven by vacancies, with 636 operating and capital positions vacant at the end of the fiscal year. Other post-employment benefit adjustments related to the implementation of GASB 68 and 74-75 decreased by $82,551,000 particularly for pension related expense which were lower by $105,885,000, offset by increase of $16,165,000 in retiree health expense and increase of $6,588,000 in survivor benefits expense. Other labor related changes during the fiscal year were from: a) $14,133,000 decrease in payroll expense in fiscal year 2022 due to non-payment of non-recurring retirement incentive made in fiscal year 2021; b) $2,495,000 decrease in mandated COVID related benefits paid to employees; offset by c) $30,131,000 increase in overtime expense, of which $25,513,000 were related to capital projects; d) $32,406,000 decrease in labor reimbursement from capital projects as District staff temporarily deployed to capital projects due to shorter train schedules in fiscal year 2021 were pulled back to their normal duties as the District restore service previously curtailed at the beginning of the pandemic; and e) $3,860,000 increase in workers compensation claims.

Total non-labor expense increased by $107,360,000 in fiscal year 2022 primarily from depreciation expense, which increased by $101,981,000. Other factors that contributed to the increase in non-labor expenses were from: a) $7,238,000 increase in traction power due to increase in transit service implemented in August 2021 following a prolonged period of reduced service during the COVID shelter in place; b) $3,498,000 increase in Interchange fees, Clipper and other bank fees, and $5,826,000 increase in purchased transportation, due to resumption of payment for feeder services and increase activities related to paratransit services; c). $4,609,000 increase in materials cost and maintenance related expenses due to increase in train service; d) $10,972,000 increase in professional and technical services, and offset by e) $8,638,000 decrease in uninsured public liability insurance claims; f) $16,204,000 decrease in rental expense from reduction in rental facilities occupied by the District attributable to the relocation of

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administrative staff to the newly acquired BART headquarter in July 2021; and g) $1,976,000 decrease in miscellaneous expenses primarily from election cost incurred in fiscal year 2021.

Nonoperating Revenues, Net

Net nonoperating revenues increased by $15,408,000 in fiscal year 2022. Total net non operating revenues increased by $35,547,000 driven by $52,184,000 increase in sales tax revenue as brisk demand for consumer items continue despite the pandemic, and partly due to higher gas prices and inflation. Financial assistance was higher due to increase of $6,666,000 in State Transit Assistance (STA) and increase of $40,747,000 in emergency relief grants received from the Federal Transit Administration. Revenue from sale of Low Carbon Fuel Standard credits was also higher by $9,704,000. Property tax revenue decreased by $71,924,000 in the current fiscal year. Property tax collections used for general operations increased by $2,304,000 due to continued rise in property values, offset by $73,598,000 decrease in property tax collections earmarked for debt service based on payment schedules for General Obligation Bonds. Total non operating expenses increased by $20,139,000. Interest expense increased by $9,425,000 primarily due to higher outstanding Measure RR General Obligation bonds and interest expense recognized related to lease obligations due to adoption of GASB 87. Planning related expenses associated with the Link21 project also increase by $10,667,000 compared to fiscal year 2021.

Capital Contributions

Revenues from capital contributions are related 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 2022 the District received capital contributions of $332,321,000 from the following sources (dollar amounts in thousands):

	Capital Contributions
Federal	$ 226,878
State	40,169
Local	65,274
	$ 332,321

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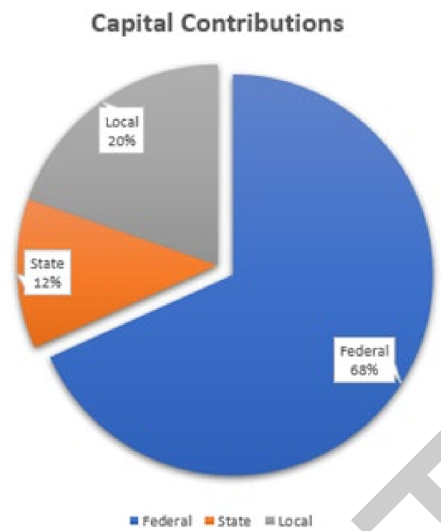

Major sources of local revenues came from the Metropolitan Transportation Commission (MTC) Exchange Fund, VTA subsidy for capital projects, Regional Measure 2 from MTC, Alameda County Transportation Commission (ACTC) Measure B and BB, City and County of San Francisco Proposition A GO Bonds, and San Francisco Municipal Transportation Agency (SFMTA), which were used to fund, among others, the Rail Car Procurement Project, eBART Parking Lot, BART 19th Street Station Modernization, San Francisco Canopy and Escalator Replacement, Powell Street Gateway Station Improvement 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, BART 19th Street 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 Phase 2, CBTC, Fare Gate & Station Hardening and Substation related to Core Capacity projects.

The major additions in fiscal years 2022 and 2021 to capital projects are detailed on page 11.

Condensed Statements of Net Position

A comparison of the District's *Statements of Net Position* as of June 30, 2022 and 2021 is as follows (dollar amounts in thousands):

			Change Favorable (Unfavorable)	
	2022	2021	Amount	Percent
Current assets	$ 1,363,628	$ 1,014,907	$ 348,721	34.4%
Capital assets, net	10,342,816	9,867,533	475,283	4.8%
Noncurrent assets - other	1,069,877	835,291	234,586	28.1%
Total assets	12,776,321	11,717,731	1,058,590	9.0%
Deferred outflows of resources	239,737	215,592	24,145	11.2%
Current liabilities	485,130	420,283	64,847	15.4%
Noncurrent liabilities	4,348,125	4,011,024	337,101	8.4%
Total liabilities	4,833,255	4,431,307	401,948	9.1%
Deferred inflows of resources	503,557	148,394	355,163	239.3%
Net position				
Net investment in capital assets	7,475,744	7,426,365	49,379	0.7%
Restricted	156,553	205,370	(48,817)	-23.8%
Unrestricted (deficit)	46,949	(278,113)	325,062	-116.9%
Total net position	$ 7,679,246	$ 7,353,622	$ 325,624	4.4%

Current Assets

In fiscal year 2022, current assets increased by $348,721,000 primarily due to increase of $317,143,000 in cash, cash equivalents and investments. About 64% or $204,060,000 of the increase in cash, cash equivalents and investment were attributable to the increase in cash received from the federal emergency relief grants that have not yet been used to cover operating budget shortfall through the end of fiscal year 2022; these funds are temporarily set aside in a reserve account and will be utilized to balance operating budget shortfalls in future years. The remaining increase in cash and cash equivalents and investments is due to timing, including reimbursement received in the amount of $74,619,000 in fiscal year 2022 from the Trustee for Measure RR project expenses for the months of May and June 2021 compared with a month worth of unreplenished expenses at the end of fiscal year 2022. Government receivables and other receivables increased by $28,940,000 due to timing in invoicing driven by project schedules and receipt of payments for outstanding invoices. Materials and supplies inventory also increased by $2,638,000 for additional spare parts received related to the Rail Car Procurement project.

Noncurrent Assets - Other

Noncurrent assets – other increased in fiscal year 2022 by $234,586,000 primarily driven by increase of $136,568,000 in restricted cash and investments and increase of $97,904,000 in lease receivable. The increase in non-current restricted cash and investments was attributable to increase in funds available to support capital projects principally from the $700,000,000 proceeds received from the issuance in May 2022 of the 2022D Measure RR General Obligation Bonds, offset by decrease of $505,278,000 in restricted cash and investments from utilization of project fund balances funded by 2019 Measure AA GOB, 2020

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Measure RR GOB, 2019 Sales Tax Revenue Bonds and various cash advances received from the State, decrease of $33,536,000 in funds earmarked for debt service for the District's Sales Tax Revenue Bonds and Measure AA and RR General Obligation Bonds, and decrease of $24,608,000 from full utilization of the remaining funds in the San Francisco (SFO) Extension Reserve Fund to cover the shortfall in the SFO Extension. The increase in lease receivable is associated with the implementation of GASB 87 in the current fiscal year.

Current Liabilities

Current liabilities increased in fiscal year 2022 by $64,847,000 primarily from increase in payable to vendors and contractors by $31,465,000 due to timing in receipt and settlement of invoices and increase in unearned revenue in the amount of $30,110,000 for amount reclassified in the current fiscal year to current liabilities (Note 14). Other changes include net increase in interest payable by $2,528,000 associated with the debt service for the new 2022D RR General Obligation Bonds issued in May 2022; $2,189,000 increase in dental reserves, $7,448,000 increase in short term lease liability associated with implementing GASB 87, $2,910,000 increase in current portion of long-term debt based on debt service requirement, offset by $12,765,000 decrease in other unearned revenue for portions earned on grant funds received in advance from local and State agencies.

Noncurrent Liabilities

Noncurrent liabilities increased in fiscal year 2022 by $337,101,000. Net Long-term debt increased by $608,281,000 primarily due to the $700,000,000 2022D Measure RR GO Bonds issued in May 2022. This increase was offset by $79,095,000 decrease in outstanding sales tax revenue bonds and general obligation bonds for principal payments made in fiscal year 2022. Other changes to long-term debt include an increase of $19,062,000 in premium on bonds payable associated with the latest bond issuance, offset by $28,776,000 for the annual amortization of premiums on all outstanding bonds, and $2,910,000 decrease in long-term debt from higher amount reclassified to current liability in fiscal year 2022 compared to balance reclassified in fiscal year 2021. Other changes in non-current liabilities were from: a) $62,253,000 increase in lease liability due to adoption of GASB 87 in fiscal year 2022; b) net increase of $13,591,000 in unearned fiber optics revenue due to advance payment received related to long-term license fee agreement executed in the current fiscal year; c) $59,741,000 increase in the balance of Retiree Health Benefit obligation per GASB 68 actuarial valuation report; d) $2,025,000 increase in long-term portion of accrued compensated absences, and offset by d) $301,538,000 decrease in the balance of pension liability per GASB 68 actuarial valuation report e) $12,077,000 and $11,097,000 decrease in the balance of obligations for Survivors Benefits and Retiree Life Insurance, respectively, per GASB 74-75 actuarial valuation reports; f) decrease in non-current unearned revenue by $30,110,000 for portion reclassified to current liability (see Note 14); g) $46,291,000 decrease in deferred revenue for unearned ground leases reclassified in the current fiscal year to Deferred Inflow of Resources– Leases Related, due to adoption of GASB 87; h) $6,097,000 decrease in balance of advances received from grants and other agreements; and i) $1,581,000 decrease in non-current portion of self-insurance reserves.

Capital Assets

Details of capital assets, net of accumulated depreciation, as of June 30, 2022 and 2021 are as follows (dollar amounts in thousands):

	2022	2021
Land and easements	$ 719,633	$ 700,649
Construction in progress	1,878,621	1,979,176
Stations, track, structures and improvements	5,172,808	4,925,618
Buildings	559,674	532,491
Systemwide operation and control	133,938	118,945
Revenue transit vehicles	739,136	639,268
Service and Miscellaneous equipment	127,500	133,600
Capitalized construction and start-up costs	325,356	282,806
Repairable property items	585,337	526,367
Right of Use- leased assets	67,870	-
Information systems	32,943	28,613
Total capital assets, net	$ 10,342,816	$ 9,867,533

During fiscal year 2022, capital additions to construction in progress amounted to $738,175,000 related to acquisitions and/or major improvements for the following assets (dollar amounts in thousands):

	2022
Guideway	$ 367,290
Passenger stations	137,882
Maintenance and administration building	56,617
Revenue transit vehicles	101,637
Communication and information system	51,396
Automatic fare collections and other equipment	23,353
	$ 738,175

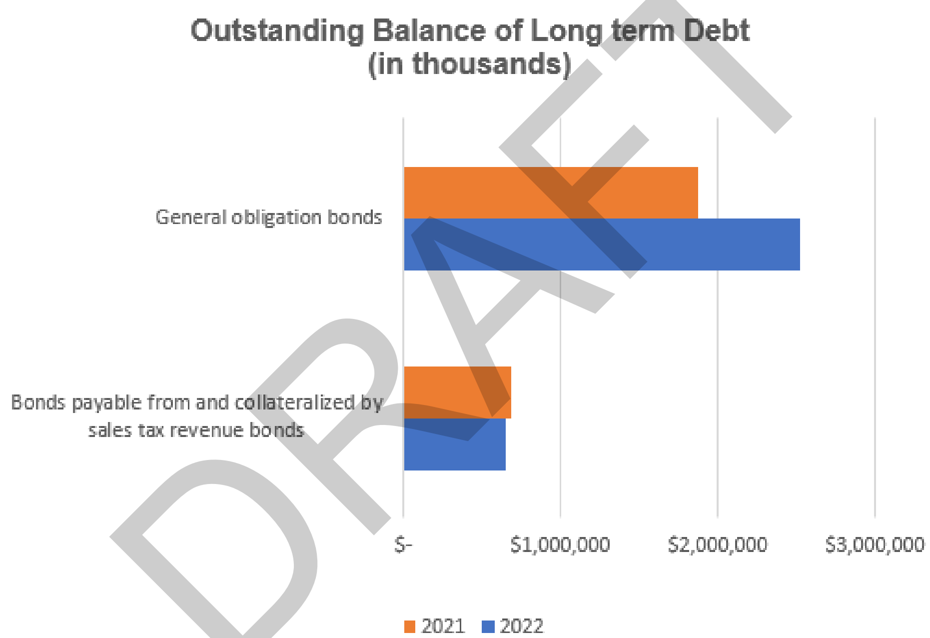
Additional information related to the District's capital assets can be found in Note 4 – Capital Assets and Note 7– Long-Term Debt.

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $1,845,910,000 at June 30, 2022.

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, 2022 and 2021 are as follows (dollar amounts in thousands):

	2022	2021
Bonds payable from and collateralized by a pledge of sales tax revenues	$ 657,520	$ 686,295
General obligation bonds	2,521,570	1,871,890
	$ 3,179,090	$ 2,558,185



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 "AAA" by Fitch Ratings.

In 2022, $700,000,000 were added to total long-term debt due to the issuance of the 2022D Measure RR General Obligation Bonds. Principal payments made on outstanding bonds during the year were $28,775,000 for Sales Tax Revenue Bonds and $50,320,000 for the General Obligation Bonds. Additional information on the District's long-term debt obligations can be found in Note 7 – Long -Term Debt.

Economic Factors and Next Year's Budgets

On June 9, 2022, the District's Board of Directors adopted BART's first two-year budget. The budget in both years is balanced; in fiscal year 2023, the operating budget is $1,017,406,000 and the capital budget is funded at a level of $1,494,207,000.

The fiscal year 2023 operating budget is $1,255,000 lower than the budget in fiscal year 2022. Though the operating budget total is very close to the fiscal year 2022 budget, two major changes were made. An adjustment to the District's assumed vacancy rate (from 3.14% in fiscal year 2022 to 10.00% in fiscal year 2023) reflects actual hiring challenges in the sector and significantly reduces budgeted labor costs. The savings generated by this adjustment were mostly offset by increases in pension costs and assumed cost increases in non-labor areas such as professional & technical fees. On the revenue side, the adopted fiscal year 2023 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 offset by federal emergency funding. In fiscal year 2023, a total of $313,595,000 in federal assistance is budgeted. $50,515,000 will be funded from operating reserves set aside in fiscal year 2022 funded by CRRSAA revenue. An additional $263,080,000 in American Rescue Plan (ARP) funds are budgeted, some of which will come from operating reserves set aside in fiscal year 2022 funded by revenue recognized from that source, with the remainder to be recognized in fiscal year 2023.

Fiscal year 2023 operating revenues continue to be constrained due to the COVID-related ridership decline, though improved over fiscal year 2022 levels. Rail passenger revenue is budgeted to be 34% higher ($56,233,000) in fiscal year 2023 than in the fiscal year 2022 budget, though it is important to note that fiscal year 2022 ridership revenue actuals were significantly lower than budgeted. Sales tax revenue is estimated to increase by 14% ($37,529,000) in fiscal year 2023 compared to the budget in fiscal year 2022; this increase is in line with fiscal year 2022 actual sales tax receipts, which outperformed budget. Property tax revenue is budgeted to increase by 6% ($3,483,000) in fiscal year 2023 as compared to the budget in fiscal year 2022, to reflect robust short-term real estate property appreciation in the Bay Area real estate market.

The fiscal year 2023 budget funds a rail service plan that supports BART's crucial role supporting the Bay Area's re-opening. This plan continues the service increase initiated in August 2021, which included restoration of 15-minute headways before 8 pm six days a week, and extended system closing time back from 9 pm to midnight. The 9 pm closure and reduced frequencies remain on Sundays.

BART drastically scaled back allocations from operating reserves and to fund capital projects in fiscal year 2021 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 fiscal year 2022. An additional capital funding allocation is included in the budget for fiscal year 2023, to restore funding to the District's Sustainability allocation, which is set by Board Policy. A total of $97,498,000 is included in budget allocations in fiscal year 2023.

A full $738,000,000 (49%) of capital expenses in fiscal year 2023 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 40% ($591,000,000) 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 5% ($69,000,000) of the fiscal year 2023 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.

(Continued)

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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(Dollar amounts in thousands)

ASSETS	
Current assets	
Unrestricted assets	
Cash and cash equivalents	$ 463,992
Investments	478,029
Government receivables	221,658
Lease receivable	265
Receivables and other assets	44,050
Materials and supplies	73,391
Total unrestricted current assets	1,281,385
Restricted assets	
Cash and cash equivalents	21,332
Investments	57,689
Receivables and other assets	3,222
Total restricted current assets	82,243
Total current assets	1,363,628
Noncurrent assets	
Capital assets	
Nondepreciable	2,598,254
Depreciable, net of accumulated depreciation	7,744,562
Unrestricted assets	
Lease receivables	97,903
Receivables and other assets	67
Restricted assets	
Cash and cash equivalents	244,165
Investments	714,039
Receivables and other assets	13,703
Total noncurrent assets	11,412,693
Total assets	12,776,321
DEFERRED OUTFLOWS OF RESOURCES	
Losses on refundings of debt	10,992
Pension related	170,936
Other postemployment benefits related	57,809
Total deferred outflows of resources	239,737

(Continued)

(Dollar amounts in thousands)

LIABILITIES	
Current liabilities	
Accounts payable and other liabilities	$ 313,403
Unearned revenue	73,647
Lease liability	7,448
Current portion of long-term debt	68,735
Self-insurance liabilities	21,897
Total current liabilities	485,130
Noncurrent liabilities	
Accounts payable and other liabilities	55,005
Unearned revenue	21,915
Lease liability	62,253
Long-term debt, net of current portion	3,351,195
Self-insurance liabilities, net of current portion	49,823
Net other postemployment benefits liability	281,718
Net pension liability	526,216
Total noncurrent liabilities	4,348,125
Total liabilities	4,833,255
DEFERRED INFLOWS OF RESOURCES	
Pension related	250,216
Other postemployment benefits related	110,288
Lease related	143,053
Total deferred inflows of resources	503,557
NET POSITION	
Net investment in capital assets	7,475,744
Restricted for debt service and other liabilities	156,553
Unrestricted	46,949
Total net position	$ 7,679,246

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year ended June 30, 2022
(Dollar amounts in thousands)

Operating revenues	
Fares	$ 135,818
Other	30,294
Total operating revenues	166,112
Operating expenses	
Transportation	240,353
Maintenance	411,890
Police services	93,835
Construction and engineering	28,065
General and administrative	116,278
Depreciation	330,437
Total operating expenses	1,220,858
Less - capitalized costs	(173,064)
Net operating expenses	1,047,794
Operating loss	(881,682)
Nonoperating revenues (expenses)	
Transactions and use tax - sales tax	310,706
Property tax	124,658
Operating financial assistance	552,639
Investment income	1,064
Interest expense	(75,263)
Planning and Studies	(39,038)
Other expense	(2,127)
Total nonoperating revenues, net	872,639
Change in net position before capital contributions	(9,043)
Capital contributions	332,321
Change in net position	323,278
Net position, beginning of year	7,353,622
Prior period adjustment - leases GASB 87 implementation	2,346
Net position, beginning of the year, as restated	7,355,968
Net position, end of year	$ 7,679,246

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
Year ended June 30, 2022
(Dollar amounts in thousands)

Cash flows from operating activities	
Receipts from customers	$ 134,674
Payments to suppliers	(191,768)
Payments to employees	(598,092)
Payments related to planning and studies	(39,038)
Other operating cash receipts	44,290
Net cash used in operating activities	(649,934)
Cash flows from noncapital financing activities	
Transactions and use tax (sales tax) received	253,744
Property tax received	57,261
Operating financial assistance received	549,444
Net cash provided by noncapital financing activities	860,449
Cash flows from capital and related financing activities	
Transactions and use tax (sales tax) received	56,962
Property tax received	70,578
Capital grants received	288,584
Expenditures for facilities, property and equipment	(717,034)
Proceeds from disposition of property	86
Principal paid on long-term debt	(79,095)
Payments of long-term debt issuance and service costs	(2,127)
Proceeds from issuance of General Obligation Bonds	719,062
Interest paid on long-term debt	(98,936)
Deposit refunded	(131)
Net cash provided by capital and related financing activities	237,949
Cash flows from investing activities	
Proceeds from sale and maturity of investments	724,785
Purchase of investments	(1,166,786)
Interest received	1,648
Net cash used in investing activities	(440,353)
Net change in cash and cash equivalents	8,111
Cash and cash equivalents, beginning of year	721,378
Cash and cash equivalents, end of year	$ 729,489
Reconciliation of cash and cash equivalents to the Statement of Net Position	
Current unrestricted cash and cash equivalents	$ 463,992
Current restricted cash and cash equivalents	21,332
Noncurrent restricted cash and cash equivalents	244,165
Total cash and cash equivalents	$ 729,489

(Continued)

(Dollar amounts in thousands)

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (881,682)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	330,437
Provision for inventory obsolescence	1,609
Provision for doubtful accounts	1,536
Amortization of leasehold improvements	(1,087)
Amortization of ground lease	(932)
Loss on disposal of assets	100
Expenses for planning and studies	(39,038)
Net effect of changes in:	
Receivables and other assets	(3,308)
Materials and supplies	(4,251)
Accounts payable and other liabilities	9,279
Self-insurance liabilities	(618)
Unearned revenue	16,251
Net pension liability	(301,538)
Deferred outflows of resources related to pensions	(11,190)
Deferred inflows of resources related to pensions	252,422
Net other postemployment benefits liability	36,567
Deferred outflows of resources related to other postemployment benefits	(65,581)
Deferred inflows of resources related to other postemployment benefits	11,090
Net cash used in operating activities	$ (649,934)
Noncash transactions	
Capital assets acquired with a liability at year-end	$ 163,459
Change in fair value of investments	(2,477)
Amortization of long-term debt premium and discount	(27,551)
Amortization of loss on refunding of debt	1,225
Capital grants included in government receivables	209,992

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, 2022
(Dollar amounts in thousands)

ASSETS	
Cash and cash equivalents	$ 37,892
Receivables and other assets	
Receivable from BART	147
Interest & dividend receivables	512
Pending trades receivables	11,592
Prepaid expenses	19
Total receivables and other assets	12,270
Investments	
Domestic common stocks	45,666
Foreign stocks	3,107
U.S. Treasury obligations	27,776
Mortgage Backed Securities	12,623
Mutual funds - equity	218,514
Mutual funds - fixed income securities	79,966
Corporate obligations	42,263
Foreign obligations	2,600
Total investments	432,515
Total assets	482,677
LIABILITIES	
Accounts payable	193
Pending trades payable	22,967
Total liabilities	23,160
Net position restricted for other postemployment benefits	$ 459,517

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2022
(Dollar amounts in thousands)

Additions	
Employer contributions	$ 44,021
Employee and retiree contributions	695
Net investment income (expense)	
Interest income	5,914
Net realized and unrealized gains (losses) on investments	(72,267)
Investment expense	(506)
Net investment income (expense)	(66,859)
Total additions	(22,143)
Deductions	
Benefit payments	29,820
Legal fees	24
Audit fees	37
Insurance expense	24
Administrative fees	207
Total deductions	30,112
Change in net position	(52,255)
Net position restricted for other postemployment benefits, beginning of year	511,772
Net position restricted for other postemployment benefits, end of year	$ 459,517

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 9) 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 (except for intangible right-to-use lease assets, the measurement of which is discussed in “Leases” below and in Note 6) 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.

Leases: In June 2017, GASB issued Statement No. 87, *Leases*, and the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Lessee Leases

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

Key estimates and assumptions related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District’s incremental borrowing rate of 3% was used as the discount rate for lessee leases
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

(Continued)

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

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

Lease assets are reported with capital assets and lease liabilities are reported with current liabilities and long term debt on the statement of net position. Please refer to Note 6 for further information.

Lessor Leases

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District's incremental borrowing rate of 3% was used as the discount rate for lessor leases
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. Please refer to Note 6 for further information.

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 14); 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, 2022 is presented below (dollar amounts in thousands):

	Current	Non Current	Total
Telecom & Cell Site license fees	$ 4,396	$ 17,611	$ 22,007
Passenger/Parking tickets	18,987	-	18,987
Grant advances	4,904	4,304	9,208
Property exchange*	30,110	-	30,110
VTA advances	13,568	-	13,568
Other Advances	1,682	-	1,682
Total	$ 73,647	$ 21,915	$ 95,562

*Transaction related to the Richmond parking garage and parcel exchange that has not been fully transferred yet. Please refer to Note 14 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 $78,355,000 as of June 30, 2022, and are shown in the statement of net position under accounts payable and other liabilities (see Note 5) as follows (dollar amounts in thousands):

Compensated Absences June 30, 2021	$ 76,408
Leave benefits earned	80,556
Leave benefits used	(78,609)
Compensated Absences June 30, 2022	78,355
Less: Noncurrent portion	51,945
Current portion of Compensated Absences	$ 26,410

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.

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 I 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.

Operating Financial Assistance: 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 9).

Collective Bargaining: 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)

Capitalized Costs: 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.

Pensions: 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.

Other Post-Employment Benefits (OPEB): 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.

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.

(Continued)

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

New Accounting Pronouncements Adopted: GASB Statement No. 87, *Leases*, has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The District adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard changed the accounting and reporting of the District's leases both as a lessee and lessor. See Note 6 to the financial statements for more details on the impact of implementation as of July 1, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The District adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the effect of this statement on the District's financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this Statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 were effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. The adoption of the standard has no impact on the District's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for paragraphs 11b, 13, and 14 were 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. The adoption of the remaining paragraphs 11b, 13, and 14 has no impact on the District's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on the District's financial statements.

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on the District's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. (b) The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District adopted paragraphs 4 and 5 of this statement in fiscal year 2020 and the remaining paragraphs of this statement in fiscal year 2022. The adoption of the standard has no impact on the District's financial statements.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (b) The requirements in paragraphs 11-25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District adopted paragraphs 26-32 in fiscal year 2022. The adoption of the above requirements has no impact on the District's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement on the District's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on the District's financial statements.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statements are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on 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	$ 463,992	$ 265,497	$ 729,489
Investments	478,029	771,728	1,249,757
Total	$ 942,021	$ 1,037,225	$ 1,979,246

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 2022, an additional $16,667,000 was deposited to the Section 115 account and investment loss of $2,389,000 was recognized by the Trust. The balance of Section 115 Irrevocable Supplemental Pension Trust account as of June 30, 2022 was $34,535,000 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.

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, 2022, is as follows (dollar amounts in thousands):

		Investment Maturities (in Years)	
	Total	Less Than 1	1 - 5
Money market mutual funds*	$ 140,523	$ 140,523	$ -
U.S. Treasuries	439,440	439,440	-
U.S. government agencies	928,007	928,007	-
Commercial paper	240,680	240,680	-
Certificates of deposit	891	891	-
Total investments subject to interest rate risk	1,749,541	$ 1,749,541	$ -
Deposits with banks	199,232		
Mutual funds	27,868		
Imprest funds	2,605		
Total cash and investments	$ 1,979,246		

* Weighted-average maturity

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, 2022 (dollar amounts in thousands):

		Credit Ratings			
	Total	AAA	AA	A	Not Rated
Money market mutual funds	$ 140,523	$ 140,523	$ -	$ -	$ -
U.S. Treasuries	439,440	439,440	-	-	-
U.S. government agencies	928,007	928,007	-	-	-
Commercial paper	240,680	240,680	-	-	-
Mutual funds	27,868	-	-	-	27,868
Certificates of deposit	891	-	-	-	891
Total investments subject to credit risk	1,777,409	$ 1,748,650	$ -	$ -	$ 28,759
Deposits with banks	199,232				
Imprest funds	2,605				
Total cash and cash equivalents and investments	$ 1,979,246				

(Continued)

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, 2022 (dollar amounts in thousands):

Investments by Fair Value Level	Total	Level 1	Level 2
Money market mutual funds	$ 140,523	$ 98,606	$ 41,917
U.S. Treasuries	439,440	439,440	-
U.S. government agencies	928,007		928,007
Commercial paper	240,680	-	240,680
Mutual funds	27,868	27,868	-
Total investments at fair value	1,776,518	$ 565,914	$ 1,210,604
Excluded from fair value hierarchy reporting:			
Certificate of deposit	891		
Total investments	$ 1,777,409		
Cash and cash equivalents			
Deposits with banks	199,232		
Imprest funds	2,605		
Total cash and cash equivalents and investments	$ 1,979,246		

Investments valued at $565,914,000 in fiscal year 2022 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 $1,210,604,000 in fiscal year 2022 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.

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 MUFG Bank Limited New York of $149,719,000 and FHLB of $928,007,000 as of June 30,2022, which exceed 5% of total investments.

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

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.

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

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%

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, 2022, is as follows (dollar amounts in thousands):

		Investment Maturities (in Years)			
	Total	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury obligations	$ 27,776	$ 8,072	$ 9,847	$ 3,369	$ 6,488
Mortgage backed securities	12,623	9	35	1,165	11,414
Corporate obligations	42,263	95	9,287	21,339	11,542
Foreign obligations	2,600	-	353	1,500	747
Total investments subject to interest rate risk	85,262	$ 8,176	$ 19,522	$ 27,373	$ 30,191
Domestic common stocks	45,666				
Foreign stocks	3,107				
Mutual funds - equity	218,514				
Mutual funds - fixed income securities	79,966				
Money market mutual funds & cash in banks	37,892				
Total cash and cash equivalents and investments	$ 470,407				

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, 2022 (dollar amounts in thousands):

		Credit Ratings				
	Total	AAA	AA	A	BBB	Not Rated
U.S. Treasury obligations	$ 27,776	$ 27,776	$ -	$ -	$ -	$ -
Mortgage backed securities	12,623	12,623	-	-	-	-
Corporate obligations	42,263	7,890	771	12,242	21,360	-
Foreign obligations	2,600	-	236	901	1,463	-
Mutual funds - fixed income securities	79,966	-	-	-	-	79,966
Total investments subject to credit risk	165,228	$ 48,289	$ 1,007	$ 13,143	$ 22,823	$ 79,966
Domestic common stocks	45,666					
Foreign stocks	3,107					
Mutual funds - equity	218,514					
Money market mutual funds & cash in banks	37,892					
Total cash and cash equivalents and investments	$ 470,407					

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, 2022 (dollar amounts in thousands):

Investments by Fair Value Level	Total	Level 1	Level 2
Domestic common stocks	$ 45,666	$ 45,666	$ -
Foreign stocks	3,107	3,107	-
U.S. Treasury obligations	27,776	26,079	1,697
Mortgage backed securities	12,623	-	12,623
Mutual funds - equity	218,514	218,514	-
Corporate obligations	42,263	-	42,263
Foreign obligations	2,600	-	2,600
Mutual funds - fixed income securities	2,896	2,896	-
Total investments at fair value	$ 355,445	$ 296,262	$ 59,183
Investment measured at Net Asset Value			
Mutual funds - fixed income securities	77,070		
Total investments	432,515		
Money market mutual funds & cash in banks	37,892		
Total cash and cash equivalents and investments	$ 470,407		

Investments classified in Level 1 of the fair value hierarchy valued at $296,262,000 in fiscal year 2022 are valued using quoted prices in active markets.

Investments amounting to $59,183,000 in fiscal year 2022 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 $77,070,000 as of June 30, 2022 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.

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, 2022, 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

Amounts other than leases receivable are aggregated into a single accounts receivables and other assets account (net of allowance for doubtful accounts) in the statement of net position as of June 30, 2022 (dollar amounts in thousands):

Prepaid expenses	$ 15,381
Deposit for Power Supply	13,703
Property tax receivables	5,833
Contract Warranty Receivable	4,759
Imprest deposits for self-insurance liabilities	2,760
Interest receivable	4,865
Capitol Corridor Joint Powers Authority receivable (Note 14)	1,941
Telecommunications	4,266
Other	9,834
Allowance for doubtful accounts	(2,300)
Total receivables and other assets	$ 61,042
Current, unrestricted portion	$ 44,050
Current, restricted portion	3,222
Noncurrent, unrestricted portion	67
Noncurrent, restricted portion	13,703
Total receivables and other assets	$ 61,042

NOTE 4 – CAPITAL ASSETS

Changes to capital assets during the fiscal year ended June 30, 2022, were as follows (dollar amounts in thousands):

	July 1, 2021	Additions and Transfers	Retirements and Transfers	June 30, 2022
Capital assets, not being depreciated				
Land and easements	$ 700,649	$ 18,984	$ -	$ 719,633
Construction in progress	1,979,177	738,175	(838,731)	1,878,621
Total capital assets, not being depreciated	2,679,826	757,159	(838,731)	2,598,254
Capital assets, being depreciated				
Tangible asset				
Stations, track, structures and improvements	6,487,012	413,290	(1,245)	6,899,057
Buildings	558,956	36,197	-	595,153
System-wide operation and control	729,183	32,848	(27)	762,004
Revenue transit vehicles	1,555,753	122,284	(97,175)	1,580,862
Service and miscellaneous equipment	446,612	19,698	(1,207)	465,103
Capitalized construction and start-up costs	592,497	90,095	(2,223)	680,369
Repairable property items	680,390	96,809	(79)	777,120
Intangible asset				
Right to use - leased assets	73,842	6,106	-	79,948
Information systems	64,899	8,526	(72)	73,353
Total capital assets, being depreciated	11,189,144	825,853	(102,028)	11,912,969
Less accumulated depreciation				
Tangible asset				
Stations, track, structures and improvements	(1,561,394)	(166,099)	1,244	(1,726,249)
Buildings	(26,465)	(9,014)	-	(35,479)
System-wide operation and control	(610,238)	(17,852)	24	(628,066)
Revenue transit vehicles	(916,484)	(24,641)	99,399	(841,726)
Service and miscellaneous equipment	(313,012)	(25,616)	1,025	(337,603)
Capitalized construction and start-up costs	(309,691)	(45,322)	-	(355,013)
Repairable property items	(154,023)	(37,838)	78	(191,783)
Intangible asset				-
Right to use - leased assets	(4,975)	(7,103)	-	(12,078)
Information systems	(36,288)	(4,194)	72	(40,410)
Total accumulated depreciation	(3,932,570)	(337,679)	101,842	(4,168,407)
Total capital assets, being depreciated, net	7,256,574	488,174	(186)	7,744,562
Total capital assets, net	$ 9,936,400	$ 1,245,333	$ (838,917)	$ 10,342,816

(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, 2022, a total of 345 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 7 for a summary of major projects and related expenses funded by Measure RR.

A portion of assets capitalized in fiscal years 2021 and 2022 relate 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 7). Detail of assets capitalized as of June 30, 2022 is presented below (dollar amounts in thousands):

Land	$ 27,651
Building	173,469
Technology and fixtures	19,928
Total	$ 221,048

NOTE 4 - CAPITAL ASSETS (Continued)

Construction in progress with a balance of $1,878,621,000 as of June 30, 2022 is composed of the following projects (dollar amounts in thousands):

Project ID	Project name	Project balance
09AU000	Transbay tube retrofit #1 (Underwater)	$ 305,885
40FA000/001	775 Car acquisition planning & procurement	239,647
15EJ450	M-Line 34.5 KV replacement phase II	112,574
49GH004	CBTC - CIG	108,583
15EJRRA	A-Line 34.5kV AC cable replacement	69,496
15EKRR1	TP-switch stations & gap break	61,573
49GH000	Train control modernization - construction engineering	52,810
09EK300	Emergency generator for transbay tube	51,918
07EA011	19th St.station modernization construction	42,918
15EK600	Substation for core capacity	41,061
15TC002	Renewal of tunnels and structures	40,129
15LK001	Canopy/escalators replacement	36,962
15EK350	Substation replacement and installation group II	36,233
15LK002	San Francisco escalator replacement	34,499
15TD000	Wayside equipment	30,919
15EJRRR	R-Line 34.kV AC cable replacement	28,380
15TC007	Aerial fall protection	25,316
40FD001	New car phase II procurement	22,600
01RQ103	HMC East storage yard	21,538
01RQ100	HMC Phase 2 preliminary engineering	20,598
15EJRRC	C-Line 34.5kV AC cable replacement	19,153
15IF003	Powell Street - gateway station	18,539
15CQ012	A77 Interlocking replacement	18,371
15ELRR1	MPR install & rectifier rehabilitation	18,070
15IIRR1	Stations emergency lighting	15,512
02DD000	WSX Irvington station design	14,331
47CJ014	Fare gate renovation & rehabilitation	13,700
15CQ008	KLine Interlocks K23,K25,K33C15	11,616
15EIRR1	CWS bulk supply transformer	10,163
15CQ007	Oakland yard tracks project	9,975
15EJRRK	K-Line 34.5kV AC cable replacement	9,707

(Continued)

NOTE 4 - CAPITAL ASSETS (Continued)

Project ID	Project name	Project balance
15RY001	Conc & Integ Proj - station modernization	$ 9,298
11IA002	Civic Center platform stairs	9,200
15IJ200	Station fire alarm replacement R & K line	8,718
20AJ003	Replace trunked radio SWD Phase 1	8,610
15NU002	Accessibility improvement program	8,361
60CC004	Renewal and upgrade OCC	7,520
15TC023	Fences systemwide	7,448
60CC002	Transit operations facility	6,964
15EJ400	Traction power cables - M line	6,786
15EK601	TCCP EB TPSS procurement & installation	6,675
15EK200	TRCT/Power substation renovation- procurement	6,570
15AARR1	Tunnel LED lighting upgrade	6,244
60CC000	New OCC	6,090
79NKRR1	Train control room UPS system	5,682
59CT001	Wayfinding improvements phase 3	5,140
47CJ016	Clipper C2 upgrade program integration	5,131
15ELRR2	34.5kV blocking scheme Systemwide	4,689
07EA001	BART 19th St. station improvement	4,680
15QN004	ROW fencing replacement	4,575
54RR170	Rotoclone replacement	4,000
47CJ017	AFCE SBC equipment refresh	3,968
40FA002	New car warranty-reimburseable	3,813
49GH006	CBTC enabling works	3,799
15EK201	Traction/power portable substation	3,735
45GA000	Station hardening	3,692
20AJ001	Engineering services phased radio replacement	3,519
15CH001	Tail track extension- Dublin & Millbrae	3,256
15QN003	Tunnel waterproof W line	3,051
03SO003	Concord station modernization	3,048
	Others	171,583
	Total Construction in Progress June 30, 2022	$ 1,878,621

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $1,845,910 at June 30, 2022.

(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, 2022 (dollar amounts in thousands):

	Current	Non-Current	Total
Payable to vendors and contractors	$ 193,597	$ 3,056	$ 196,653
Employee salaries and benefits	46,903	-	46,903
Accrued compensated absences	26,410	51,945	78,355
Accrued interest payable	46,493	4	46,497
Liabilities at the end of year	$ 313,403	$ 55,005	$ 368,408

NOTE 6 - LEASES

In June 2017, GASB issued Statement No. 87, *Leases. T*he objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Starting in fiscal year 2022, the District adopted GASB 87.

Lessee:

The District is lessee on various noncancellable leases of non-revenue vehicles, warehouse storage space, office and miscellaneous equipment, and parcels used for parking. The lease term ranges from 24 to 624 months, with monthly payments ranging from $104 to $208,000.

Upon adoption of GASB Statement No. 87 on July 1, 2021, the District recognized $69,757,000 of lease liabilities and $73,842,000 of right to use leased assets. The opening balance adjustment related to lessee leases is presented below (dollar amounts in thousands):

Right to use- leased assets	$ 73,842
Interest payable	(207)
Long term lease liability	(64,304)
Short term lease liability	(5,453)
Opening net position adjustment	660

(Continued)

NOTE 6 – LEASES (Continued)

Future payments under noncancelable lessee leases at June 30, 2022 are as follows (dollar amounts in thousands):

Year ending June 30	Total	Principal	Interest
2023	$ 9,437	$ 7,448	$ 1,989
2024	8,865	7,092	1,773
2025	6,317	4,733	1,584
2026	4,076	2,600	1,476
2027	3,583	2,176	1,407
2028-2032	15,446	9,304	6,142
2033-2037	12,691	7,801	4,890
2038-2042	12,500	8,852	3,648
2043-2047	12,500	10,283	2,217
2048-2052	10,001	9,412	589
	$ 95,416	$ 69,701	$ 25,715

Lessor:

The District is the lessor for a noncancellable leases of parcels of land (ground lease) and office spaces. The District recognizes a lease receivable and a deferred inflow of resources in the statement of financial position.

Upon adoption of GASB Statement No. 87 on July 1, 2021, the District recognized $98,852,000 of lease receivables and $144,523,000 of deferred inflow of resources. The opening balance adjustment for lessor leases is presented below (dollar amounts in thousands):

Interest Receivable	2,766
Shor term lease receivable	684
Long term lease receivable	98,168
Deferred inflow of Resources	(144,523)
Opening net position adjustment	(3,006)

The total impact of implementation of GASB Statement No. 87 is presented below (dollar amounts in thousands):

Lessee Opening Net Position Adjustment	$ 660
Lessor Opening Net Position Adjustment	(3,006)
	$ (2,346)

(Continued)

NOTE 7 - LONG-TERM DEBT

Long-term debt activity for the fiscal year ended June 30, 2022 is summarized as follows (dollar amounts in thousands):

	July 1, 2021	Additions	Payments/ Amortization	June 30, 2022
2012A Sales Tax Revenue Refunding Bonds	$ 8,040	$ -	$ (3,865)	$ 4,175
2012B Sales Tax Revenue Bonds	5,620	-	(2,775)	2,845
2015A Sales Tax Revenue Refunding Bonds	124,650	-	(2,675)	121,975
2016A Sales Tax Revenue Refunding Bonds	77,365	-	(3,465)	73,900
2017A Sales Tax Revenue Refunding Bonds	118,260	-	-	118,260
2017B Sales Tax Revenue Refunding Bonds	49,050	-	(15,995)	33,055
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	91,855	-	(18,365)	73,490
2015D General Obligation Refunding Bonds - Measure AA	272,390	-	(8,235)	264,155
2017E General Obligation Refunding Bonds - Measure AA	68,935	-	-	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	257,340	-	(5,185)	252,155
2019B General Obligation Bonds - Measure RR	307,765	-	(5,265)	302,500
2020C General Obligation Bonds - Measure RR	625,005	-	-	625,005
2022D General Obligation Bonds - Measure RR	-	700,000	(13,270)	686,730
	2,558,185	700,000	(79,095)	3,179,090
Add (less):				
Original issue premiums and discounts, net	250,554	19,062	(28,776)	240,840
Total long-term debt	2,808,739	$ 719,062	$ (107,871)	3,419,930
Less current portion of long-term debt	(65,825)			(68,735)
Long-term debt, net of current portion	$ 2,742,914			$ 3,351,195

<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, 2022, the 2012A Refunding Bonds consist of serial bonds amounting to $4,175,000 with interest rate of 5% and will mature on July 1, 2022.

NOTE 7 - 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, 2022, the 2012B Bonds consist of serial bonds amounting to $2,845,000 with interest rate of 2.677% and will mature on 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, 2022, the 2015A Refunding Bonds consist of serial bonds amounting to $121,975,000 with interest rate of 5%, with various maturity dates from July 1, 2022 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, 2022, the 2016A Refunding Bonds consist of serial bonds amounting to $73,900,000 with interest rates ranging from 2.125% to 5%, with various maturity dates from July 1, 2022 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, 2022, 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 $33,055,000 with interest rates ranging from 2.537% to 2.621% with various maturity dates from July 1, 2022 to July 1, 2023.

(Continued)

NOTE 7 - 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, 2022, 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, 2022, 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, 2022, the 2013C Measure AA GO Bonds consist of $73,490,000 in serial bonds due from August 1, 2022 to August 1, 2033 with interest ranging from 3% to 5%.

NOTE 7 - 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, 2022, the 2015D Measure AA Refunding GO Bonds consist of $264,155,000 in serial bonds due from August 1, 2022 to August 1, 2035 with interest ranging from 3% 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.

NOTE 7 - LONG-TERM DEBT (Continued)

On June 30, 2022, 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, 2022, the 2019F-1 Measure AA GO Bonds consist of $205,100,000 in serial bonds due from August 1, 2022 to August 1, 2038 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, 2022, 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.

NOTE 7 - 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, 2022, the 2017A-1 Measure RR GO Bonds consist of $121,035,000 in serial bonds due from August 1, 2022 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 on 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 7 - 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, 2022, the 2019B-1 Measure RR GO Bonds consist of $154,670,000 in serial bonds due from August 1, 2022 to August 1, 2039 with interest ranging from 3% to 5%, a term bond with principal balance of $37,750,000 due from August 1, 2040 to August 1, 2044 with 4% interest, and a term bond with principal balance of $110,080,000 due from August 1, 2040 to 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, 2022, the 2020C-1 Measure RR GO Bonds consist of $305,365,000 in serial bonds due from August 1, 2024 to August 1, 2042 with interest ranging from 2% to 5%, serial bonds with a principal balance of $31,125,000 with 2% interest, a term bond with principal balance of $86,385,000 due from August 1, 2043 to August 1, 2045 with 4% interest, and a term bond with principal balance of $202,130,000 due from August 1, 2047 to August 1, 2050, with 3% interest.

2022 Measure RR General Obligation Bonds (Green Bonds) Series D-1 and D-2 (the 2022D-1 Measure RR GO Bonds and 2022D-2 Measure RR GO Bonds): On May 25, 2022, the District issued the 2022D Measure RR General Obligation Bonds, with an aggregate principal amount of $700,000,000. The 2022D Measure RR GO Bonds were issued in 2 series, 2022 Series D-1 Green Bonds in the amount of $686,730,000 and 2022 Series D-2 Federally Taxable Green Bonds in the amount of $13,270,000. The 2022D-1 and 2022D-2 Measure RR GO Bonds constitute the fourth 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 2022D-1 and 2022D-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 2022D-1 and 2022D-2 Measure RR GO Bonds. Proceeds from the 2022D-1 and 2022D-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 $13,270,000 pertaining to the 2022D-2 Measure RR GO Bonds were fully paid on June 15, 2022.

NOTE 7 - LONG-TERM DEBT (Continued)

On June 30, 2022, the 2022D-1 Measure RR GO Bonds consist of $190,590,000 in serial bonds due from August 1, 2024 to August 1, 2042 with interest ranging from 3% to 5%, a term bond with principal balance of $75,000,000 due from August 1, 2043 to August 1, 2047 with 5.25% interest, a term bond with principal balance of $80,570,000 due from August 1, 2043 to August 1, 2047 with 4% interest, a term bond with principal balance of $20,000,000 due from August 1, 2048 to August 1, 2052 with 4.125% interest, and a term bond with a principal balance of $320,570,000 due from August 1, 2048 to August 1, 2052, with 4.25% interest.

After the issuance of the 2022 Measure RR GO Bonds, Series D-1 and Series D-2, the remaining Measure RR General Obligation Bonds that can be issued by the District as authorized under Measure RR is $1,440,000,000.

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
2022 RR GO Bond Series D-1 and D-2 proceeds			700,000
Total bonds proceeds as of June 30, 2021			2,060,000
Project fund expenditures:			
Fiscal year 2017	$ 17,892		
Fiscal year 2018	87,435		
Fiscal year 2019	229,156		
Fiscal year 2020	309,032		
Fiscal year 2021	407,274		
Fiscal year 2022	354,722	*	1,405,511
Balance of bond proceeds as of June 30, 2022			$ 654,489

* Includes accrual of $48,745

NOTE 7 - LONG-TERM DEBT (Continued)

The following are the major projects and related expenses funded by proceeds from Measure RR GO Bonds issued through June 30, 2022 (dollar amounts in thousands):

Project	Description	Cumulative Expenses thru 6/30/2021	FY22 Project Expenses	Cumulative Expenses thru 6/30/2022
15CQ002	Rails,Ties,Fasteners Phase 3	$ 124,711	$ 10,879	$ 135,590
15EJ450	M-Linw 34.5 KV Replace Phase 2	78,763	23,516	102,279
09AU000	Transbay Tube Retrofit #1 (Underwater)	55,038	25,211	80,250
15EJRRA	A-Line 34.5kV AC Cable Replacement	34,045	35,454	69,499
15EJRR1	34.5 KV AC Cable Replacement	59,821	9,331	69,152
09JA000	Link21	28,813	36,120	64,933
15EKRR1	TP-Switch Stations & Gap Break	58,600	3,733	62,334
09EK300	Emergency Generator for Transbay Tube	40,582	4,438	45,019
15CQ018	Rail Relay	35,252	8,159	43,410
15TC002	Renewal of Tunnels & Structures	31,991	7,849	39,840
15EJRRR	R-Line 34.kV AC Cable Replacement	7,569	20,817	28,386
15LK002	San Francisco Escalator Replacement	21,535	4,858	26,394
49GH004	CBTC - CIG	9,742	16,334	26,076
15EK350	Substation Replacement/Install Grp II	15,357	10,709	26,067
15TC007	Aerial Fall Protection	14,032	11,284	25,315
15CQ011	A65/A75 Interlocking (Replacement)	23,091	538	23,629
49GH000	Train Control Modernization - CENGR	19,594	543	20,137
15CQ005	C35 Interlocking	19,406	-	19,406
15EJRRC	C-Line 34.5kV AC Cable Replacement	9,488	9,668	19,155
49GH002	TCMP- Enabling Work	12,233	6,339	18,572
15CQ012	A77 Interlocking Replacement	981	17,374	18,355
15ELRR1	MPR Install & Rectifier Rehabilitation	13,102	4,932	18,033
15CQ017	Rail Re-profiling	10,486	6,079	16,564
15IIRR1	Stations, Emergency Lighting	6,844	8,668	15,512
54RR004	M&E Line Rail Equipment	13,858	1,471	15,329
15EK600	Substation for Core Capacity	5,939	7,476	13,415
15CQ006	C25 Interlocking	13,578	(450)	13,128
09AF002	Replace Cross Passenger Doors TBT Control	12,005	7	12,011
15CQ008	K Line Interlocks K23,K25,K33,C15	9,391	2,225	11,616
05HA001	El Cerrito Del Norte Gateway	7,477	3,699	11,176
15EIRR1	CWS Bulk Supply Transformer	5,756	4,408	10,163
15CQ007	Oakland Yard Tracks Project	3,442	6,533	9,975
54RR270	Fire Services Yards ORY	6,626	3,318	9,944

(Continued)

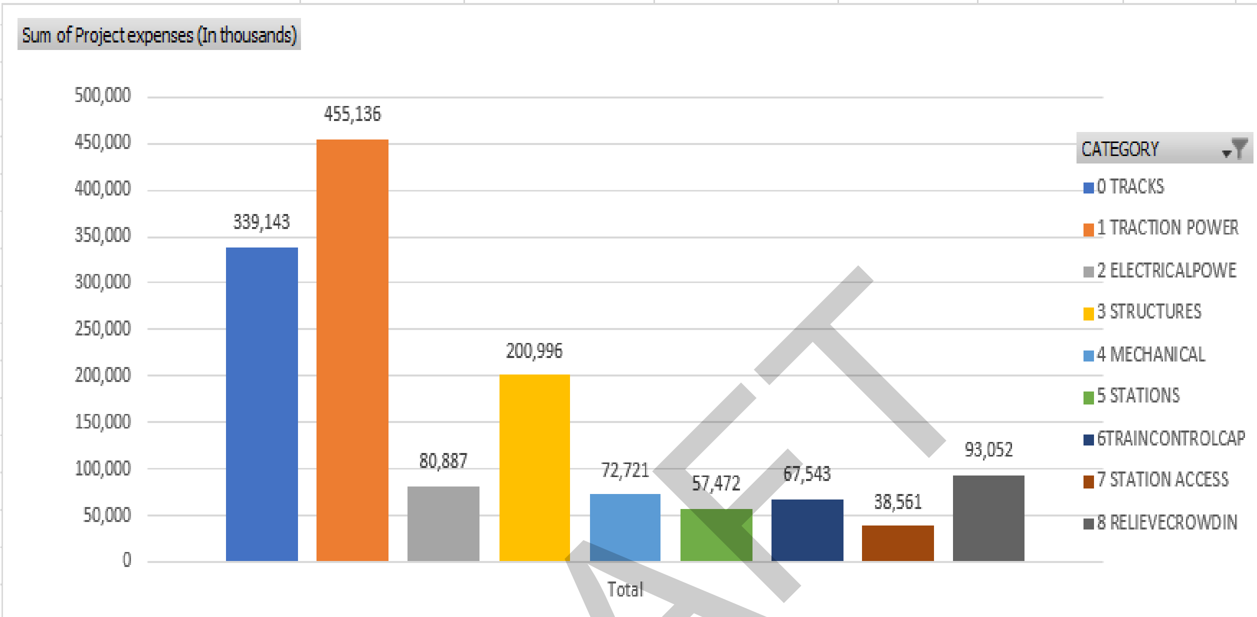
NOTE 7 - LONG-TERM DEBT (Continued)

Project	Description	Cumulative Expenses thru 6/30/2021	FY22 Project Expenses	Cumulative Expenses thru 6/30/2022
15CQ016	Direct Fixation Pads	$ 8,360	$ 1,478	$ 9,838
05HA002	El Cerrito Del Norte Station Modernization	9,581	171	9,752
15EJRRK	K-Line 34.5kV AC Cable Replace	7,887	1,842	9,729
11IA002	Civic Center Platform Stairs	6,882	2,318	9,200
15CQ004	Track C55 Interlocking	9,031	-	9,031
54RR610	Facilities HVAC Replacement Phase 1 & 2	6,100	2,900	9,000
15CQ014	R65 Mainline interlocking	7,970	538	8,508
07EA011	19th St. Statn Modernization Construction	4,853	3,332	8,185
01RQ100	HMC Phase 2 Preliminary Engineering	7,927	47	7,974
01VM001	UC Intermodal Station Phase 2A	6,449	1,425	7,874
15CQ001	Rails, Ties, Fasteners Phase 2	7,735	68	7,803
54RR250	Fire Services Yards OCY	7,374	85	7,459
15TC023	Fences Systemwide	6,118	1,331	7,449
15ELRR3	Third Rail Replacement Phase 3	6,418	1	6,419
15AARR1	Tunnel LED Lighting Upgrade	6,182	63	6,246
79NKRR1	Train Control Room UPS System	4,871	862	5,733
96DARR1	FTA Core Capacity	5,375	-	5,375
15TC011	Platform Edge Structure Rehabilitation	4,992	14	5,006
	Others	117,537	26,728	144,266
		$ 1,050,789	$ 354,722	$ 1,405,511

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

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



Of the total expended amount of $1,405,511,000, $1,306,446,000 was reimbursed by the Trustee from the bond proceeds as of June 30, 2022.

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 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. 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. 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.

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 7 - LONG-TERM DEBT (Continued)

The outstanding principal balance of the defeased Sales Tax Revenue Bonds were $185,180,000 as of June 30, 2022. Outstanding defeased bonds associated with Measure AA General Obligation Bonds on June 30, 2022 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 2022, 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, 2022 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 $657,520,000 as of June 30, 2022, which is 7.2% of the total projected sales tax revenues of $9,091,552,000 as of June 30, 2022 covering the period from fiscal year 2023 through fiscal year 2044 based on the last scheduled bond principal payment as of June 30, 2022.

The pledged sales tax revenues recognized in fiscal year 2022 was $310,706,000 compared to total debt service payments of $56,962,000 in fiscal year 2022.

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, 2022 (dollar amounts in thousands):

NOTE 7 - 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, 2022 (dollar amounts in thousands):

	2012A Refunding Bonds		2012B Bonds		2015A Refunding Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
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					17,870	3,700
2028 - 2032	-	-	-	-	50,810	7,693
2033 - 2037	-	-	-	-	14,260	1,093
	$ 4,175	$ 104	$ 2,845	$ 38	$ 121,975	$ 34,382

	2016A Refunding Bonds		2017A Refunding Bonds		2017B Refunding Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
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	4,450	1,833	13,105	3,636		
2028 - 2032	24,835	6,740	50,310	9,320	-	-
2033 - 2037	28,875	2,669	21,075	1,021	-	-
2038- 2042	-	-	-	-	-	-
	$ 73,900	$ 20,554	$ 118,260	$ 34,221	$ 33,055	$ 820

	2019A Refunding Bonds		2019B Refunding Bonds		Total Sales Tax Revenue	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
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	-	7,999	4,870	1,795	40,295	18,963
2028 - 2032	9,965	39,258	30,210	6,883	166,130	69,894
2033 - 2037	46,265	34,139	31,880	2,276	142,355	41,198
2038 - 2042	99,135	18,678	-	-	99,135	18,678
2043 - 2047	67,655	3,084	-	-	67,655	3,084
	$ 223,020	$ 135,154	$ 80,290	$ 19,059	$ 657,520	$ 244,332

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

Year ending June 30:	2013C Measure AA General Obligation Bonds Principal	2013C Measure AA General Obligation Bonds Interest	2015D Measure AA Refunding General Obligation Bonds Principal	2015D Measure AA Refunding General Obligation Bonds Interest	2017E Measure AA General Obligation Bonds Principal	2017E Measure AA General Obligation Bonds Interest
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	-	3,088
2027	10,125	1,266	14,000	9,813		3,088
2028 - 2032	19,340	1,190	94,645	36,371	-	15,443
2033 - 2037	1,155	69	112,080	9,530	33,115	14,615
2038 - 2042	-	-	-	-	35,820	716
	$ 73,490	$ 12,593	$ 264,155	$ 100,614	$ 68,935	$ 46,217

Year ending June 30:	2019F Measure AA General Obligation Bonds Principal	2019F Measure AA General Obligation Bonds Interest	2019G Measure AA Obligation Bonds Principal	2019G Measure AA Obligation Bonds Interest	Total Measure AA General Obligation Bonds Principal	Total Measure AA General Obligation Bonds Interest
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	-	1,229	29,945	23,987
2027	7,270	7,118	-	1,229	31,395	22,514
2028 - 2032	44,715	29,631	22,470	5,205	181,170	87,840
2033 - 2037	59,850	16,690	19,860	1,440	226,060	42,344
2038 - 2042	67,245	2,601	1,170	18	104,235	3,335
	$ 205,100	$ 87,570	$ 43,500	$ 12,805	$ 655,180	$ 259,799

Year ending June 30:	2017A Measure RR General Obligation Bonds Principal	2017A Measure RR General Obligation Bonds Interest	2019B Measure RR General Obligation Bonds Principal	2019B Measure RR General Obligation Bonds Interest	2020C Measure RR General Obligation Bonds Principal	2020C Measure RR General Obligation Bonds Interest
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	20,160
2026	5,950	10,673	6,395	10,902	10,035	19,669
2027	6,250	10,369	6,715	10,574	10,530	19,155
2028 - 2032	36,255	46,706	38,965	47,352	60,985	87,380
2033 - 2037	45,630	37,274	49,735	36,371	75,020	73,334
2038 - 2042	56,150	26,533	61,185	25,021	112,105	59,943
2043 - 2047	69,280	12,916	72,710	13,367	144,640	42,121
2048 - 2052	15,975	399	49,380	2,251	202,130	13,869
	$ 252,155	$ 178,266	$ 302,500	$ 180,358	$ 625,005	$ 376,427

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

	2022D Measure RR General Obligation Bonds		Total Measure RR General Obligation Bonds		Total Measure AA & RR General Obligation Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ -	$ 5,510	$ 10,970	$ 48,974	$ 37,285	$ 76,795
2024	-	30,053	11,355	73,123	$ 38,710	$ 99,750
2025	4,295	30,053	25,610	72,391	$ 54,315	$ 97,722
2026	4,515	29,838	26,895	71,082	$ 56,840	$ 95,069
2027	4,740	29,612	28,235	69,710	$ 59,630	$ 92,224
2028 - 2032	27,505	144,261	163,710	325,699	$ 344,880	$ 413,539
2033 - 2037	35,090	136,663	205,475	283,642	$ 431,535	$ 325,986
2038 - 2042	86,890	125,563	316,330	237,060	$ 420,565	$ 240,395
2043 - 2047	149,150	100,799	435,780	169,203	$ 435,780	$ 169,203
2048 - 2052	257,480	64,507	524,965	81,026	$ 524,965	$ 81,026
2053 - 2057	117,065	4,967	117,065	4,967	117,065	4,967
	$ 686,730	$ 701,826	$ 1,866,390	$ 1,436,877	$ 2,521,570	$ 1,696,676

NOTE 8 - 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, 2022 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, 2022, the estimated amounts of these liabilities were $71,720,000.

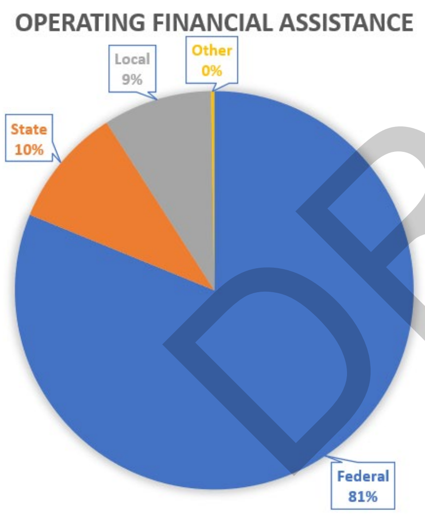
Changes in the reported liabilities since the beginning of the respective fiscal years are as follows (dollar amounts in thousands):

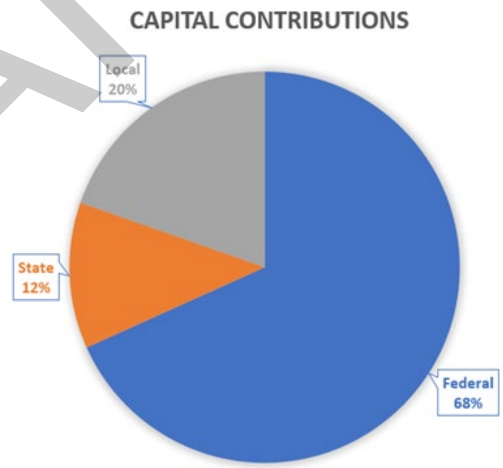
	2022	2021
Liabilities at beginning of year	$ 72,339	$ 63,858
Current year claims and changes in estimates	20,087	24,864
Payments of claims	(20,705)	(16,383)
Liabilities at the end of year	71,721	72,339
Less current portion	(21,897)	(20,934)
Net noncurrent portion	$ 49,824	$ 51,405

NOTE 9 - 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, 2022 (dollar amounts in thousands):

	Operating Financial Assistance	Capital Contributions
Federal	$ 448,674	$ 226,878
State	53,797	40,169
Local	48,799	65,274
Other	1,369	-
	$ 552,639	$ 332,321





NOTE 9 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

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), and American Rescue Plan Act (ARPA). 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 $443,143,000 in operating financial assistance in fiscal year 2022 (dollar amounts in thousands).

	Award	Earned in Prior Year	Earned in FY 2022
CARES Act	$ 377,053	$ 377,053	$ -
CRRSAA	378,138	210,852	167,286
ARPA	853,114	-	275,857
Total	$ 1,608,305	$ 587,905	$ 443,143

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 2022 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	$ 36,530	$ -
Proposition 1B - PTMISEA	-	18,792
Low Carbon Transit Operations Program	4,368	-
Low Carbon Fuel Standard Program Revenue	12,706	-
Other State Grants	193	21,377
	$ 53,797	$ 40,169

(Continued)

NOTE 9 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

State Transit Assistance: The District is entitled to receive state operating and capital assistance from State Transit Assistance (STA). In fiscal year 2022, the District received total STA of $28,520,000 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 2022 $6,270,000 of STA revenue – State of Good Repair (SGR) grants funded from fiscal year 21-22 allocation for preventive maintenance projects, $374,000 from STA Block Grant to support the elevator attendant program in San Francisco, $505,000 in Alameda County STA Block Grant and $60,000 Contra Costa County STA Block Grant to support transit operations.

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.

The following schedules show the changes in activities related to the PTMISEA grant funds during fiscal year 2022 (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	Final Grant Fund Balance, End of Year
eBART Extension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ashby Elevator	-	-	-	-	-	-	-	-	-
Station Modernization [1]	21,898	(29)	17,827	4,042	4,246	308	210	4,344	8,386
Seismic Retrofit	-	-	-	-	-	-	-	-	-
Oakland Airport Connector	-	-	-	-	-	-	-	-	-
Warm Springs Extension	-	-	-	-	-	-	-	-	-
Walnut Creek TOD	33	29	62	-	3	-	-	3	3
Balboa Park Eastside	163	-	2	161	37	-	-	37	198
Berkeley Station Entrance	200	-	96	104	85	-	-	85	189
Access Improvements	244	-	1	243	101	-	-	101	344
Station Signage	-	-	-	-	-	-	-	-	-
Train Control [1]	804	-	804	-	297	(297)	-	-	-
	$ 23,342	$ -	$ 18,792	$ 4,550	$ 4,769	$ 11	$ 210	$ 4,570	$ 9,120

[1] Interest earned was transferred from train control to station modernization

NOTE 9 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

During fiscal year 2022, the PTMISEA funds had earned interest income of $11,000. On June 30, 2022, 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	$ 4,550
Less noncurrent portion	-
Net current portion	$ 4,550

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 September 2021, the District received in cash the FY21 LCTOP funding from the State of California for $4,368,203. This money was provided by the State to partially offset operating costs associated with the Antioch Extension in fiscal year 2022. The District fully utilized this allocation in fiscal year 2022, including the interest earned, which amounted to $188.

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 2022, the District generated $12,706,000 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.

(Continued)

NOTE 9 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

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	$ 38,194	$ 23,025
ACTC Measure B	1,999	5,258
ACTC Measure BB	4,595	5,650
CCTA Measure J	120	1,461
San Mateo Measure A/Prop 1B	2,198	-
Rail Car Exchange Fund	-	15,232
SFMTA (MUNI)	-	9,427
Other Local Assistance	1,693	5,221
	$ 48,799	$ 65,274

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 2022 are summarized below (dollar amount in thousands):

	Operating	Capital	Total
Unused subsidy balance, June 30, 2021	$ 2,543	$ 12,556	$ 15,099
Cash received FY22	38,125	21,563	59,688
Recognized as revenue FY22	(38,194)	(23,025)	(61,219)
Unused subsidy balance June 30, 2022	$ 2,474	$ 11,094	$ 13,568

On June 30, 2022, the unused subsidy balance of funds received from VTA are shown on the statement of net position as a component of current unearned revenues.

NOTE 9 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

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 2022 amounted to $1,999,000. Measure BB funds revenues for transit operations were $1,149,000, and for paratransit operations, were $3,446,000, in fiscal year 2022. The District also recognized grants revenue from Measure B capital fund in the amount of $5,258,000 for the Warm Springs Irvington Station Project and Measure BB capital fund in the amount of $5,650,000 for the 19th Street Station Modernization Project, in fiscal year 2022.

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 2022, the District utilized $15,232,000 from this restricted account to cover costs incurred for the rail car replacement project. On June 30, 2022, 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 $356,619,000.

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 $2,198,000 from Measure A 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 2022. 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.

NOTE 9 - OPERATING FINANCIAL ASSISTANCE AND CAPITAL CONTRIBUTIONS (Continued)

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, 2022, due to extremely low ridership in the SFO extension over the last 2 years as consequence of the COVID-19 pandemic, the entire balance of the program reserves has been fully utilized in fiscal year 2022 as shown below (dollar amounts in thousands):

Reserves, beginning of year	$ 28,795
Received/accrued	
Measure A	2,197
STA	802
Interest earnings	10
Total	3,009
Less amount used to cover SFO extension operating shortfall	31,804
Reserves, end of year	$ -

NOTE 10 - 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.

(Continued)

NOTE 10 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

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, 2022, 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%	14.25%	14.25%
Required employer contribution rates	9.08%	9.08%	26.41%	26.41%

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	$ 56,320
Safety plan	13,019
Total	$ 69,339

On June 30, 2022, the following employees were covered by the benefit terms:

	Miscellaneous Plan	Safety Plan
Inactive employees or beneficiaries currently receiving benefits	3,033	324
Inactive employees entitled to but not yet receiving benefits	17	1
Active employees	3,779	182
Total	6,829	507

NOTE 10 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

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 2022, the average employee contribution rate for the Miscellaneous Plan is 7.00% and for the Safety Plan is 14.25% 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 2022 was 9.08% and 26.41% for Miscellaneous and Safety Plans, respectively, of annual covered payroll for the District's employees. Annual covered payroll amounted to $407,727,000 for the fiscal year ended June 30, 2022 for the District's employees. The District's total employer contribution in fiscal year 2022 amounted to $111,709,000, consisting of $42,370,000 for normal cost and $69,339,000 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.

Actuarial Assumptions: The June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Reporting date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2021	June 30, 2021
Valuation date	June 30, 2020	June 30, 2020
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll growth	2.75%	2.75%
Investment rate of return	7.00%	7.00%
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.

(Continued)

NOTE 10 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

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.

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 bo 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, 2021 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)	$736,262	$399,257	$115,971
Safety Plan			
District's Net Pension Liability (Asset)	$182,736	$126,959	$81,308

(Continued)

NOTE 10- EMPLOYEES' RETIREMENT BENEFITS (Continued)

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

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, 2022, based on a measurement date of June 30, 2021 (dollar amounts in thousands):

	Increase (Decrease)		
Miscellaneous Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2021	$ 2,682,189	$ 2,007,097	675,092
Changes during the year			
Service cost	61,972	-	61,972
Interest on the total pension liability	191,351	-	191,351
Differences between expected and actual experience	33,648	-	33,648
Contributions from the employer	-	84,944	(84,944)
Contributions from the employees	-	28,447	(28,447)
Net investment income	-	451,420	(451,420)
Benefit payments, including refunds of employee contributions	(141,156)	(141,156)	-
Administrative expense	-	(2,005)	2,005
Other miscellaneous income	-	-	-
Net changes	145,815	421,650	(275,835)
Balance at June 30, 2022	$ 2,828,004	$ 2,428,747	$ 399,257

NOTE 10 - 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, 2022, based on measurement date of June 30, 2022 (dollar amounts in thousands):

	Increase (Decrease)		
Safety Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2021	$ 390,240	$ 237,578	$ 152,662
Changes during the year			
Service cost	10,023	-	10,023
Interest on the total pension liability	28,352	-	28,352
Differences between expected and actual experience	11,944		11,944
Contributions from the employer	-	17,129	(17,129)
Contributions from the employees	-	5,258	(5,258)
Net investment income	-	53,872	(53,872)
Benefit payments, including refunds of employee contributions	(21,311)	(21,311)	-
Administrative expense	-	(237)	237
Other miscellaneous income	-	-	-
Net changes	29,008	54,711	(25,703)
Balance at June 30, 2022	$ 419,248	$ 292,289	$ 126,959

(Continued)

NOTE 10 - 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, 2022, based on measurement date of June 30, 2021 (dollar amounts in thousands):

	Increase (Decrease)		
Total Miscellaneous and Safety Plans	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2021	$ 3,072,429	$ 2,244,675	$ 827,754
Changes during the year			
Service cost	71,995	-	71,995
Interest on the total pension liability	219,703	-	219,703
Differences between expected and actual experience	45,592	-	45,592
Contributions from the employer	-	102,073	(102,073)
Contributions from the employees	-	33,705	(33,705)
Net investment income	-	505,292	(505,292)
Benefit payments, including refunds of employee contributions	(162,467)	(162,467)	-
Administrative expense	-	(2,242)	2,242
Other miscellaneous income	-	-	-
Net changes	174,823	476,361	(301,538)
Balance at June 30, 2022	$ 3,247,252	$ 2,721,036	$ 526,216

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the fiscal year ended June 30, 2022, the District incurred a pension expense of $48,959,000.

(Continued)

NOTE 10 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

On June 30, 2022, 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	$ 91,293	$ -
Changes in assumptions	-	(402)
Differences between actual and expected experience	46,889	-
Net differences between projected and actual earnings on plan investments	-	(223,080)
Total	$ 138,182	$ (223,482)
Safety Plan		
Pension contributions subsequent to measurement date	$ 20,416	$ -
Changes in assumptions	-	-
Differences between actual and expected experience	12,338	-
Net differences between projected and actual earnings on plan investments	-	(26,734)
Total	$ 32,754	$ (26,734)
Total Miscellaneous and Safety Plans		
Pension contributions subsequent to measurement date	$ 111,709	$ -
Changes in assumptions	-	(402)
Differences between actual and expected experience	59,227	-
Net differences between projected and actual earnings	-	
on plan investments	-	(249,814)
Total	$ 170,936	$ (250,216)

The $111,709,000 deferred outflow of resources for pension contributions after the measurement date in fiscal year 2022 will be recognized as a reduction of net pension liability in fiscal year 2023.

(Continued)

NOTE 10 - EMPLOYEES' RETIREMENT BENEFITS (Continued)

Other deferred inflows and deferred outflows of resources as of June 30, 2022 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
2022	$ (37,915)	$ 460
2023	(37,221)	(2,776)
2024	(44,649)	(4,705)
2025	(56,807)	(7,376)
2026	-	-
Total	$ (176,592)	$ (14,397)

NOTE 11 - 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, 2022 was $12,244,000. The MPPP assets at June 30, 2022 (excluded from the accompanying financial statements) per the plan administrator's unaudited reports were $376,744,000. At June 30, 2022, there were approximately 195 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.

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the retirement benefits described in Notes 10 and 11, 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 12 - 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, 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 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

All represented and non represented employees are covered 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 $44,021,000 for fiscal year 2022 (including $4,560,000 implied subsidy). The actuarial valuation for fiscal year 2020 was used to determine the actuarially determined contribution for fiscal year 2022. The District also paid in fiscal year 2022 life insurance premiums, on a pay as you go basis, amounting to $1,181,000 (including $1,021,031 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 Health Plan and Survivor Benefit), as of the measurement date.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The net OPEB liability as of June 30, 2022 for the Retiree Health Benefit, Survivor Benefit and Retiree Life Insurance totals $281,718,000, detail of which is presented below (dollar amounts in thousands):

Fiscal Year Ending	June 30, 2022
Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Retiree Health Benefits	
Total OPEB Liability (TOL)	$ 663,877
Fiduciary Net Position (FNP)	(450,028)
Net OPEB Liability	$ 213,849
Survivor Benefit Plan	
Total OPEB Liability (TOL)	$ 34,025
Fiduciary Net Position (FNP)	(9,489)
Net OPEB Liability	$ 24,536
Retiree Life Insurance	
Total OPEB Liability (TOL)	$ 43,333
Fiduciary Net Position (FNP)	-
Net OPEB Liability	$ 43,333
Total	
Total OPEB Liability (TOL)	$ 741,235
Fiduciary Net Position (FNP)	(459,517)
Net OPEB Liability	$ 281,718

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability:

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

Retiree Health Benefits	
Measurement date	June 30, 2022
Valuation date	June 30, 2021, update procedures were used to roll forward the total OPEB liability to June 30,2022
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	2.50% 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-2021
Medical trend	Non- Medicare-6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) 5.65% for 2023, decreasing to an ultimate rate of 3.75% for 2076 Medicare (Kaiser) 4.60% for 2023, decreasing to an ultimate rate of 3.75% for 2076
Healthcare participation for future retirees	Medical coverage: 90% of safety and Miscellaneous future retirees elect coverage Retirees not eligible for BART Medical Subsidy: 60% participate Spouse Coverage: varies by bargaining unit, 56% to 81% 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	Economic assumptions: Inflation changed from 2.75% to 2.50%per annum Salary increases changed from 3.00% to 2.75% annually
Retiree participation at retirement	Spouse coverage at retirement Mortality improvement scale was updated to Scale MP-2021

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability is 6.0% as of fiscal year 2022 and 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 2022. 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 valuation date was as follows:

Asset class	Strategic Allocation	Long Term Expected Real Rate of Return
U.S Equity	58.00%	6.00%
International Equity	0.80%	6.00%
Fixed Income	30.70%	6.00%
Non U.S. Fixed Income	0.60%	6.00%
Cash Equivalents	9.90%	6.00%
Total	100.00%	

The total OPEB liability for survivor medical benefits was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions:

Survivor Benefit Plan

Measurement date	June 30, 2022
Valuation date	June 30, 2021 update procedures were used to roll forward the total OPEB liability to June 30,2022
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	3.79% based on crossover test
Long-term investment rate of return	6.00% at June 30, 2022
Municipal bond rate	3.54%;at June 30, 2022 (Bond Buyer 20-Bond GO Index) 2.16% at June 30, 2021 (Bond Buyer 20-Bond GO Index)
General inflation	2.50% per annum
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Crossover Test	Administrative expenses = .47% of assets Continued future participant contributions No future employer contributions Crossover in 2039
Salary increases	Aggregate 2.75 annually% Merit- CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75%% in 2076 Medicare (Non-Kaiser) – 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) – 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	4.00% 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	Discount rate was updated based on crossover test Economic Assumptions: Inflation changed from 2.75% to 2.50%per annum Salary increases changed from 3.00% to 2.75% annually Mortality improvement was updated from Scale MP-2020 to MP-2021

Discount Rate: The discount rate used to measure the total OPEB liability is 3.79% as of fiscal year 2022 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 2039.

NOTE 12 - 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 2022. 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 valuation date was as follows:

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

The total OPEB liability for retiree life insurance was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions:

Retiree Life Insurance

Measurement date	June 30, 2022
Valuation date	June 30, 2021, update procedures were used to roll forward the total OPEB liability to June 30,2022
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Discount rate	3.54% at June 30, 2022 (Bond Buyer 20- Bond Index)
Long -term investment rate of return	N/A
Municipal bond rate	3.54% based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022
General inflation	2.50% annually
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2021
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

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes of assumptions	Discount rate was updated based on municipal bond rate as of the measurement date Economic Assumptions: Inflation decreased from 2.75% to 2.50% annually Mortality improvement scale was updated to Scale MP-2021

Sensitivity of the Net OPEB Liability to Changes in Assumptions

Retiree Health Benefits: The following presents the net OPEB liability of the Retiree Health Benefits Plan as of the June 30, 2022 measurement date, calculated using the current discount rate and healthcare trend rate, 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	$ 298,336	$ 213,849	$ 143,688
Heath care costs trend rate	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 126,514	$ 213,849	$ 320,622

Survivor Benefit: The following presents the net OPEB liability of the Survivor Benefit Plan as of the June 30, 2022 measurement date, calculated using the current discount rate and healthcare trend rate, 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 (2.79%)	Current Rate (3.79%)	1% Increase (4.79%)
Net OPEB liability	$ 31,853	$ 24,536	$ 18,950
Heath care costs trend rate	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 18,185	$ 24,536	$ 33,059

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retiree Life Insurance: The following presents the total OPEB liability of the Retiree Life Insurance Plan as of the June 30, 2022 measurement date, calculated using the current discount rate, as well as what the total 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 (2.54%)	Current Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 51,670	$ 43,333	$ 36,802

OPEB Expense: For the fiscal year ended June 30, 2022, the District recognized OPEB expense of $27,010,000. The details of the OPEB expense were as follows (dollar amounts in thousands):

	Retiree Health Benefits	Survivor Benefit	Life Insurance	Total
OPEB expense	$ 24,729	$ (983)	$ 3,264	$ 27,010

Employees Covered by Benefit Terms: At June 30, 2022 reporting date, the following numbers of employees were covered by the benefit terms:

	Retiree Health Benefit	Survivor Benefit	Retiree Life Insurance
Inactives currently receiving benefits	2,793	256	-
Inactives entitled to but not yet receiving benefits	445	1,278	2,826
Active employees	3,587	3,175	2,942
Total	6,825	4,709	5,768

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred Outflows/Inflows of Resources: On June 30, 2022, 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 Health Benefits		
Differences between actual and expected experience	$ -	$ 51,944
Changes in assumptions	7,118	17,953
Net difference between projected and actual earnings on plan investments	32,765	-
Total	39,883	69,897
Survivor Benefits		
Differences between actual and expected experience	-	9,976
Changes in assumptions	9,061	18,797
Net difference between projected and actual earnings on plan investments	1,058	-
	10,119	28,773
Retiree Life Insurance		
Differences between actual and expected experience	1,223	1,084
Changes in assumptions	6,584	10,534
Total	7,807	11,618
Total	$ 57,809	$ 110,288

NOTE 12- OTHER POSTEMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2022 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		
2023	$	(11,968)
2024		(11,743)
2025		(5,988)
2026		9,213
2027		(7,200)
Thereafter		(2,328)
Total	$	(30,014)
Survivor Benefits		
2023	$	(4,270)
2024		(3,623)
2025		(2,654)
2026		(1,366)
2027		(1,966)
Thereafter		(4,775)
Total	$	(18,654)
Retiree Life Insurance		
2023	$	102
2024		163
2025		(51)
2026		(1,519)
2027		(2,073)
Thereafter		(433)
Total	$	(3,811)

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability/(Asset): The following tables shows the changes in the net OPEB liability on retiree health benefits for the fiscal year ended June 30, 2022 (dollar amounts in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 *	$ 655,697	$ 501,321	$ 154,376
Changes for the year			
Service cost	27,787	-	27,787
Interest	40,125	-	40,125
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(12,079)	-	(12,079)
Change of assumptions	(18,173)	-	(18,173)
Contributions from the employer	-	44,021	(44,021)
Net investment income	-	(65,581)	65,581
Benefit payments, including refunds***	(29,480)	(29,480)	-
Administrative expense	-	(253)	253
Net changes	8,180	(51,293)	59,473
Balance at June 30, 2022 **	$ 663,877	$ 450,028	$ 213,849

* Measurement date June 30, 2021
** Measurement date June 30, 2022
*** Includes $4,560,000 implied subsidy benefit payments for fiscal year 2022

NOTE 12 - 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, 2022 (dollar amounts in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 *	$ 47,064	$ 10,451	$ 36,613
Changes for the year			
Service cost	3,334	-	3,334
Interest	1,236	-	1,236
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(4,901)	-	(4,901)
Change of assumptions	(12,368)	-	(12,368)
Contributions from the employee	-	695	(695)
Net investment income	-	(1,268)	1,268
Benefit payments, including refunds	(340)	(340)	-
Administrative expense	-	(49)	49
Net changes	(13,039)	(962)	(12,077)
Balance at June 30, 2022 **	$ 34,025	$ 9,489	$ 24,536

* Measurement date June 30, 2021
** Measurement date June 30, 2022

NOTE 12 - 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, 2022 (dollar amounts in thousands):

	Total OPEB Liability
Balance at June 30, 2021 *	$ 54,430
Changes for the year	
Service cost	2,430
Interest	1,215
Changes of benefit terms	-
Difference between expected and actual experience	(1,133)
Change of assumptions	(12,428)
Contributions from the employer	
Benefit payments, including refunds***	(1,181)
Administrative expense	-
Net changes	(11,097)
Balance at June 30, 2022 **	$ 43,333

* Measurement date June 30, 2021
**Measurement date June 30, 2022
*** Includes implied subsidy benefit payments of $1,021,000 in fiscal year 2022

NOTE 13 - BOARD OF DIRECTORS' EXPENSES

Total Directors' expenses, consisting of travel and other business-related expenses, for the fiscal year ended June 30, 2022 amounted to $3,380.

NOTE 14 - 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.

(Continued)

NOTE 14 - 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 $6,039,000 for marketing, administrative services and Link 21 related operating expenses during fiscal year 2022. 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 $1,941,000 as of June 30, 2022. 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 9). 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 14 - 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 County will receive 100% of the rental proceeds from the project,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.

Please refer to Note 6- Leases for further information.

<u>Richmond Redevelopment Agency or Successor Agency</u>: 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”).

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 is expected to occur in fiscal year 2023.

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.

<u>MacArthur Transit Village</u>: 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.

NOTE 14 - 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.

NOTE 14 - 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 2022 amounts to $104,000. No traffic citation fees were collected in fiscal year 2022. 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. Please refer to Note 6 for further information.

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 14 - 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.

Northern California Power Agency (NCPA): 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 15 - COMMITMENTS AND CONTINGENCIES

Litigation: 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.

Wholesale Electric Procurement: 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 2054 with a total remaining contract cost of approximately $221,684,000 as of June 30, 2022. Contract values are determined by wholesale market pricing and 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 $34,915,000 as of June 30, 2022.

(Continued)

NOTE 15 - 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 $6,898,000 in fiscal year 2022. 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 $1,081,000 in fiscal year 2022. The CARP will cover all major maintenance and rehabilitation expenses during the term of the Operations and Maintenance Contract.

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.

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 2022 amounted to $0. There was no percentage rent offset for fiscal year 2022. The remaining balance in the Replacement Parking Rent Credit was $1,792,000 as of June 30, 2022.

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.

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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	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	$ 61,971	$ 57,054	$ 52,659	$ 48,382	$ 45,264	$ 37,959	$ 36,151	$ 36,182
Interest on total pension liability	191,351	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	33,648	12,856	38,558	11,525	(1,484)	1,193	(4,807)	-
Benefit payments, including refunds of of employee contributions	(141,156)	(131,807)	(123,955)	(115,594)	(108,947)	(102,543)	(95,653)	(89,968)
Net change in total pension liability	145,814	119,577	140,641	91,702	212,978	89,366	49,144	86,145
Total pension liability - beginning	2,682,189	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	$ 2,828,003	$ 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	$ 84,944	$ 76,895	$ 65,138	$ 52,106	$ 47,272	$ 38,283	$ 32,466	$ 28,276
Contributions - Employee	28,447	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	451,420	95,892	121,050	147,891	181,091	8,747	37,388	251,137
Benefit payments, including refunds of of employee contributions	(141,156)	(131,807)	(123,955)	(115,594)	(108,947)	(102,543)	(95,653)	(89,968)
Administrative expense	(2,005)	(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	421,650	67,321	85,908	98,508	137,183	(38,349)	(9,882)	210,820
Plan fiduciary net position - beginning	2,007,097	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	$ 2,428,747	$ 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	$ 399,256	$ 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	85.88%	74.83%	75.70%	76.54%	75.33%	76.43%	81.69%	84.21%
Covered payroll**	$ 402,936	$ 366,202	$ 331,836	$ 307,661	$ 285,848	$ 264,024	$ 246,901	$ 240,171
Plan net pension liability as a percentage of covered payroll	99.09%	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	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	$ 10,023	$ 8,160	$ 7,751	$ 7,563	$ 7,416	$ 6,491	$ 5,935	$ 5,790
Interest on total pension liability	28,353	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	11,944	10,303	5,967	1,241	745	4,387	4,794	-
Benefit payments, including refunds of employee contributions	(21,311)	(19,418)	(18,181)	(15,962)	(15,408)	(14,803)	(14,140)	(13,199)
Net change in total pension liability	29,009	25,461	20,226	14,752	33,659	17,415	11,746	11,476
Total pension liability - beginning	390,240	364,779	344,553	329,801	296,142	278,727	266,981	255,505
Total pension liability - ending	$ 419,249	$ 390,240	$ 364,779	$ 344,553	$ 329,801	$ 296,142	$ 278,727	$ 266,981
Plan fiduciary net position								
Contributions - Employer	$ 17,129	$ 16,614	$ 14,706	$ 12,357	$ 11,742	$ 10,038	$ 9,428	$ 7,442
Contributions - Employee	5,258	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	53,872	11,338	14,093	16,940	20,183	924	4,015	27,150
Benefit payments, including refunds of employee contributions	(21,311)	(19,418)	(18,181)	(15,962)	(15,408)	(14,803)	(14,140)	(13,199)
Administrative expense	(237)	(319)	(153)	(311)	(267)	(112)	(206)	-
Other miscellaneous income / (expenses)	-	-	1	(590)	-	-	-	-
Net change in fiduciary net position	54,711	10,628	13,170	14,573	18,401	(2,098)	1,015	24,210
Plan fiduciary net position - beginning	237,578	226,950	213,780	199,207	180,806	182,904	181,889	157,679
Plan fiduciary net position - ending	292,289	$ 237,578	$ 226,950	$ 213,780	$ 199,207	$ 180,806	$ 182,904	$ 181,889
Plan net pension liability - ending	$ 126,960	$ 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	69.72%	60.88%	62.22%	62.05%	60.40%	61.05%	65.62%	68.13%
Covered payroll**	$ 28,370	$ 22,986	$ 20,974	$ 20,809	$ 20,420	$ 19,738	$ 17,941	$ 17,377
Plan net pension liability as a percentage of covered payroll	447.51%	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 eight 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.

Benefit Changes: The figures above include any liability impact that may have resulted from plan changes which occurred on or before June 30, 2021, the measurement date, however, offers of two years additional service credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2020 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:

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and CalPERS investment staff. The specific decision adopted by the Board reflected recommendations from CalPERS staff and additional input from employer and employee stakeholder groups. Based on the investment allocation adopted by the Board and capital market assumptions, the reduced discount rate schedule provides a more realistic assumption for the long-term investment return of the fund.

The CalPERS Board of Administration adopted a new amortization policy effective with this actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on UAL bases attributable to assumption and method changes and non-investment gains/losses. The new policy also does not utilize a 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers, the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2017. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the life expectancy of plan members and projected cash flow needs to the plan.

None in 2022, 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*

	2022	2021	2020	2019	2018	2017	2016	2015
Miscellaneous Plan								
Actuarially determined contribution	$ 90,735	$ 85,108	$ 77,622	$ 64,169	$ 56,040	$ 46,709	$ 39,768	$ 32,756
Contributions in relation to the actuarially determined contribution	(90,735)	(85,108)	(77,622)	(64,169)	(56,040)	(46,709)	(39,768)	(32,756)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll **	$ 377,709	$ 392,137	$ 403,146	$ 345,828	$ 315,184	$ 288,637	$ 265,778	$ 245,593
Contribution as a percentage of covered payroll	24.02%	21.70%	19.25%	18.56%	17.78%	16.18%	14.96%	13.34%

	2022	2021	2020	2019	2018	2017	2016	2015
Safety Plan								
Actuarially determined contribution	$ 20,974	$ 19,410	$ 16,391	$ 13,046	$ 12,162	$ 11,677	$ 10,658	$ 9,512
Contributions in relation to the actuarially determined contribution	(20,974)	(19,410)	(16,391)	(13,046)	(12,162)	(11,677)	(10,658)	(9,512)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll **	$ 30,018	$ 29,645	$ 28,061	$ 22,789	$ 21,946	$ 20,953	$ 20,410	$ 19,741
Contribution as a percentage of covered payroll	69.87%	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 eight years of information is shown.
** Based on actual payroll

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The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2022 were derived from the June 30, 2020 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	2.50% compounded annually	2.50% compounded annually
Projected salary increase	Varies by entry age	Varies by entry age
Payroll growth	2.75% compounded annually	2.75% compounded annually
Discount Rate	7.15% compounded annually, net of Investment & Administrative Expenses; includes inflation	7.15% compounded annually, net of Investment & Administrative Expenses; includes inflation
	Derived using CalPERS' Membership	Derived using CalPERS' Membership
Retirement age	Based on the 2017 CalPERS Experience Study	Based on the 2017CalPERS Experience Study
Mortality [1]	Based on the 2017 CalPERS Experience Study	Based on the 2017CalPERS Experience Study

[1] Post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(Dollar amounts in thousands)

Last 10 Years*

Retiree Health Benefits	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 27,787	$ 24,764	$ 23,497	$ 23,480	$ 21,777	$ 21,143
Interest	40,125	42,511	41,348	40,503	39,409	36,977
Changes of benefit terms	-	(2,994)	-	(1,224)	-	-
Difference between expected and actual experience	(12,079)	(29,719)	(17,434)	(29,522)	(35,022)	-
Change of assumptions	(18,173)	5,333	(4,784)	4,337	35,015	-
Benefit payments, including refunds *	(29,480)	(26,890)	(25,130)	(24,060)	(23,095)	(22,396)
Net changes in total OPEB liability	8,180	13,005	17,497	13,514	38,084	35,724
Total OPEB liability- beginning	655,697	642,692	625,195	611,681	573,597	537,873
Total OPEB liability- ending	$ 663,877	$ 655,697	$ 642,692	$ 625,195	$ 611,681	$ 573,597
Fiduciary net position						
Contributions from the employer	$ 44,021	$ 45,978	$ 41,832	$ 39,511	$ 35,569	$ 28,912
Net investment income	(65,580)	93,374	32,235	19,355	23,448	26,497
Benefit payments, including refunds *	(29,480)	(26,890)	(25,130)	(24,060)	(23,095)	(22,396)
Administrative expense	(254)	(269)	(279)	(186)	(223)	(266)
Net changes in total fiduciary net position	(51,293)	112,193	48,658	34,620	35,699	32,747
Total fiduciary net position- beginning	501,321	389,128	340,470	305,850	270,151	237,404
Total fiduciary net position- ending	$ 450,028	$ 501,321	$ 389,128	$ 340,470	$ 305,850	$ 270,151
Net OPEB liability	$ 213,849	$ 154,376	$ 253,564	$ 284,725	$ 305,831	$ 303,446
Plan fiduciary net position as a percentage of the total OPEB liability	67.79%	76.46%	60.55%	54.46%	50.00%	47.10%
Covered employee payroll	$ 505,787	$ 504,541	$ 508,509	$ 463,124	$ 418,573	$ 372,887
Net OPEB liability as a percentage of covered employee payroll	42.28%	30.60%	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. become available.

* Includes implied subsidy benefit payments of $4,560,000, $4,655,000, $4,413,000, $4,306,000, $4,196,000 and $3,900,000 in fiscal years 2022, 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 was changed from 6.75% at 6/30/2017 to 6.50% at 6/30/2018
  -General inflation was changed from 3.00% 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 was changed from 7.50% for 2020 to 7.25% for 2021 for Non-Medicare, and from 6.50% for 2020 to 6.30% for 2021 for Medicare
- 2021-Discount rate was changed from 6.50% at 6/30/2020 to 6.00% at 6/30/2021
  -Mortality improvement scale was updated to Scale MP-2020
  -Claim cost was updated using age based claims
  -Medical trend rate for Kaiser Senior Advantage Plans was decreased
- 2022-General inflation changed from 2.75% to 2.50% per annum
  -Salary increases changed from 3.00% to 2.75% annually
  -Mortality improvement scale was updated from Scale MP-2020 to Scale MP-2021
  -Retiree participation at retirement, spouse coverage at retirement

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*

Survivor Benefit Plan	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 3,334	$ 3,527	$ 2,011	$ 1,901	$ 2,071	$ 2,559
Interest	1,236	1,168	1,260	1,428	1,588	1,396
Changes of benefit terms	-	142	-	22	-	-
Difference between expected and actual experience	(4,901)	(2,797)	(971)	(5,946)	(1,017)	-
Change of assumptions	(12,368)	(4,132)	13,366	1,935	(9,676)	(7,743)
Benefit payments, including refunds	(340)	(296)	(434)	(213)	(329)	(346)
Net changes in total OPEB liability	(13,039)	(2,388)	15,232	(873)	(7,363)	(4,134)
Total OPEB liability- beginning	47,064	49,452	34,220	35,093	42,456	46,590
Total OPEB liability- ending	$ 34,025	$ 47,064	$ 49,452	$ 34,220	$ 35,093	$ 42,456
Fiduciary net position						
Contributions from the employee	$ 695	$ 9,456	$ 434	$ 213	$ 329	$ 346
Investment income	(1,268)	1,309	-	-	-	-
Administrative expenses	(49)	(18)	-	-	-	-
Benefit payments, including refunds	(340)	(296)	(434)	(213)	(329)	(346)
Net changes in total fiduciary net position	(962)	10,451	-	-	-	-
Total fiduciary net position- beginning	10,451	-	-	-	-	-
Total fiduciary net position- ending	$ 9,489	$ 10,451	$ -	$ -	$ -	$ -
Net OPEB liability	$ 24,536	$ 36,613	$ 49,452	$ 34,220	$ 35,093	$ 42,456
Plan fiduciary net position as a percentage of the total OPEB liability	27.89%	22.21%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 505,787	$ 504,541	$ 508,509	$ 463,124	$ 418,573	$ 372,887
Net OPEB liability as a percentage of covered employee payroll	4.85%	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
  - Discount rate based on crossover test
  - Decreased medical trend rate for Kaiser Senior Advantage plans
  - Mortality improvement scale was updated to Scale MP-2020
- 2022 - Discount rate was updated from 2.46% to 3.79% based on crossover test
  - Economic Assumptions
    General inflation changed from 2.75% to 2.50% per annum
    Salary increases changed from 3.00% to 2.75% annually
  - Mortality improvement scale was updated from Scale MP-2020 to MP-2021

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	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 2,430	$ 2,087	$ 1,321	$ 1,146	$ 1,158	$ 1,401
Interest	1,215	1,147	1,339	1,402	1,264	1,101
Changes of benefit terms	-	-	-	(1,032)	-	-
Difference between expected and actual experience	(1,133)	1,188	748	(414)	167	-
Change of assumptions	(12,428)	733	10,636	1,838	(891)	(4,915)
Benefit payments, including refunds **	(1,181)	(1,030)	(1,367)	(821)	(679)	(685)
Net changes in total OPEB liability	(11,097)	4,125	12,677	2,119	1,019	(3,098)
Total OPEB liability- beginning	54,430	50,305	37,628	35,509	34,490	37,588
Total OPEB liability- ending	$ 43,333	$ 54,430	$ 50,305	$ 37,628	$ 35,509	$ 34,490
Covered employee payroll	$ 453,877	$ 456,619	$ 508,509	$ 463,124	$ 418,573	$ 372,887
Total OPEB liability as a percentage of covered employee payroll	9.55%	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 $1,021,000, $892,000, $1,210,000, $679,000, $547,000 and $542,000 in fiscal years 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

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
2022 -Discount rate was updated based on municipal bond rate as of the measurement date
-Economic Assumptions
-Mortality Improvement scale was updated to Scale MP-2021

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

	2022	2021	2020	2019	2018	2017
Retiree Health Benefits						
Actuarially determined contribution (ADC)	$ 44,021	$ 45,978	$ 41,832	$ 39,511	$ 35,569	$ 28,912
Contributions in relation to the actuarially determined contribution	(44,021)	(45,978)	(41,832)	(39,511)	(35,569)	(28,912)
Contribution deficiency / (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll **	505,787	504,541	508,509	463,124	418,573	372,887
Contributions as a percentage of covered employee payroll	8.70%	9.11%	8.23%	8.53%	8.50%	7.75%

	2022	2021	2020	2019	2018	2017
Survivor Benefit Plan						
Actuarially determined contribution (ADC)	$ 2,913	$ 3,268	$ 3,019	$ 2,911	$ 2,672	$ 3,138
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-
Contribution deficiency / (excess)	$ 2,913	$ 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)

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

Retiree Health Benefits	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 27,787	$ 24,764	$ 23,497	$ 23,480	$ 21,777	$ 21,143
Interest	40,125	42,511	41,348	40,503	39,409	36,977
Changes of benefit terms	-	(2,994)	-	(1,224)	-	-
Difference between expected and actual experience	(12,079)	(29,719)	(17,434)	(29,522)	(35,022)	-
Change of assumptions	(18,173)	5,333	(4,784)	4,337	35,015	-
Benefit payments, including refunds *	(29,480)	(26,890)	(25,130)	(24,060)	(23,095)	(22,396)
Net changes in total OPEB liability	8,180	13,005	17,497	13,514	38,084	35,724
Total OPEB liability- beginning	655,697	642,692	625,195	611,681	573,597	537,873
Total OPEB liability- ending	$ 663,877	$ 655,697	$ 642,692	$ 625,195	$ 611,681	$ 573,597
Fiduciary net position						
Contributions from the employer	$ 44,021	$ 45,978	$ 41,832	$ 39,511	$ 35,569	$ 28,912
Net investment income	(65,580)	93,374	32,235	19,355	23,448	26,497
Benefit payments, including refunds *	(29,480)	(26,890)	(25,130)	(24,060)	(23,095)	(22,396)
Administrative expense	(254)	(269)	(279)	(186)	(223)	(266)
Net changes in total fiduciary net position	(51,293)	112,193	48,658	34,620	35,699	32,747
Total fiduciary net position- beginning	501,321	389,128	340,470	305,850	270,151	237,404
Total fiduciary net position- ending	$ 450,028	$ 501,321	$ 389,128	$ 340,470	$ 305,850	$ 270,151
Net OPEB liability	$ 213,849	$ 154,376	$ 253,564	$ 284,725	$ 305,831	$ 303,446
Plan fiduciary net position as a percentage of the total OPEB liability	67.79%	76.46%	60.55%	54.46%	50.00%	47.10%
Covered employee payroll	$ 505,787	$ 504,541	$ 508,509	$ 463,124	$ 418,573	$ 372,887
Net OPEB liability as a percentage of covered employee payroll	42.28%	30.60%	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. become available.

* Includes implied subsidy benefit payments of $4,560,000, $4,655,000, $4,413,000, $4,306,000, $4,196,000 and $3,900,000 in fiscal years 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

(Continued)

Methods and assumptions for the actuarially determined contribution for fiscal year 2022 are as follows:

Retiree Health Benefits

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age, level percentage of payroll
Amortization Method	Level percent of payroll
Amortization Period	13- year fixed period for 2020 valuation changes
Asset Valuation Method	Market value of asset
Discount Rate and Long Term Expected Rate of Return on Assets	6.00%
General Inflation	2.75%
Medical Trend	Non-Medicare- 7.00% for 2022 decreasing to an ultimate rate of 4.00% in 2076 Medicare (Non-Kaiser)- 6.10% for 2022, decreasing to an ultimate rate of 4.00% in 2076 Medicare (Kaiser)- 5.00% for 2022, decreasing to an ultimate rate of 4.00% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational Scale MP-2020

Survivor Benefits

Valuation Date	June 30, 2021
Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	19-year fixed period beginning June 30, 2021
Valuation Assets	Market value of assets
Discount Rate	3.79%
General Inflation	2.50%
Medical Trend	Non-Medicare- 7.00% for 2022 decreasing to an ultimate rate of 4.00% in 2076 Medicare- 6.1% for 2022, decreasing to an ultimate rate of 4.00% in 2076 Medicare (Kaiser)- 5% for 2022, decreasing to an ultimate rate of 4.00% in 2076.
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational Scale MP-2021

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS – FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
(Dollar amounts in thousands)
June 30, 2022

	Retiree Health Benefit Trust	Survivor Benefit Trust	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	$ 36,671	$ 1,221	$ 37,892
Receivables and other assets			
Receivable from BART	-	147	147
Interest and dividend receivables	511	1	512
Pending trades receivables	11,592	-	11,592
Prepaid expenses	19	-	19
Total receivables and other assets	12,122	148	12,270
Investments			
Domestic common stocks	45,666	-	45,666
Foreign stocks	3,107	-	3,107
U.S. Treasury obligations	27,776	-	27,776
Mortgage backed securities	12,623	-	12,623
Mutual funds - equity	213,269	5,245	218,514
Mutual funds - fixed income securities	77,070	2,896	79,966
Corporate obligations	42,263	-	42,263
Foreign obligations	2,600	-	2,600
Total investments	424,374	8,141	432,515
Total assets	473,167	9,510	482,677
LIABILITIES			
Accounts payable	172	21	193
Pending trades payable	22,967	-	22,967
Total liabilities	23,139	21	23,160
Net position restricted for other postemployment benefits	$ 450,028	$ 9,489	$ 459,517

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS – FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
(Dollar amounts in thousands)
Year Ended June 30, 2022

	Retiree Health Benefit Trust	Survivor Benefit Trust	Total Fiduciary Funds
Additions			
Employer contributions	$ 44,021	$ -	$ 44,021
Employee and retiree contributions	-	695	695
Net investment income (expense):			
Interest income	5,768	146	5,914
Net realized and unrealized gains on investments	(70,855)	(1,412)	(72,267)
Investment expense	(493)	(13)	(506)
Net investment income (expense)	(65,580)	(1,279)	(66,859)
Total additions	(21,559)	(584)	(22,143)
Deductions			
Benefit payments	29,480	340	29,820
Legal fees	10	14	24
Audit fees	18	19	37
Insurance expense	24	-	24
Administrative fees	202	5	207
Total deductions	29,734	378	30,112
Change in net position	(51,293)	(962)	(52,255)
Net position restricted for other postemployment benefits, beginning of year	501,321	10,451	511,772
Net position restricted for other postemployment benefits, end of year	$ 450,028	$ 9,489	$ 459,517

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