

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

**REPORTS REQUIRED BY THE
UNIFORM GUIDANCE**
Year ended June 30, 2021

DRAFT

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Oakland, California

Year ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the San Francisco Bay Area Rapid Transit District ("the District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

(Continued)

Purpose of this Report

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



San Francisco, California
November <>, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited San Francisco Bay Area Rapid Transit District's ("the District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

(Continued)

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the business-type activities and the fiduciary activities of the District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 10, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

San Francisco, California
November 10, 2021

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal year ended June 30, 2021
(Amounts in thousands)

Program/Grant Description	Assistance Listing Number	Federal Awards Expended
U.S. Department of Interior National Park Service		
Direct Program:		
Preservation of Japanese American Confinement Sites	15.933	
P20AP00333 - Tanforan Assembly Center Exhibit		\$ 9
U.S. Department of Transportation		
Federal Transit Administration (FTA):		
Direct Program:		
Federal Transit Cluster:		
Federal Transit Capital Investment Grants	20.500	
CA-04-0212-00 - MacArthur Intermodal / Real Time Signage		220
CA-2020-047-02 - Transbay Corridor Core Capacity Project		52,629
CA-2020-222-00 - Pilot Program for Transit Oriented Development Planning		116
Total Federal Transit Capital Investment Grants		52,965
Federal Transit Formula Grants	20.507	
CA-95-X145-00 - FY 11 - Flex Funds for 24th and WD		41
CA-90-Z079-00 - FY 13 - Capital Projects		46
CA-95-X271-00 - Richmond/24th St and Car Repair		94
CA-90-Z177-00 - FY 14 - PM and Access Improvements		55
CA-95-X301-00 - Track Extension/PM/Berkeley Improvements		146
CA-90-Z276-00 - FY 15 - PM and Access Improvements		1,291
CA-2016-077-00 - FY 15 - Formula and SOGR Capital Improvements		30
CA-2017-029-00 - FY 16 - Formula and SOGR Capital Improvements		563
CA-2018-036-00 - Rail Cars (New and Modified), Fare Collection Modernization and Concord Wheel Truing Facility		223
CA-2018-084-00 - FY 17 - Formula and SOGR Capital Improvements		4,337
CA-2019-029-00 - Embarcadero Station New Platform Elevator		64
CA-2020-086-00 - FY 19 - Formula and SOGR Capital Improvements		19,853
CA-2020-217-00 - New Rail Cars		23,800
COVID-19 - CA-2020-084-00 - BART 5307 CARES ACT Operating Assistance		191,543
CA-2020-247-00 - FY 20 Formula and SOGR Capital Improvements		1,280
CA-2020-268-00 - Transit Oriented Development Project		571
COVID-19 - CA-2021-020-01 - Coronavirus Response and Relief Appropriations Act of 2021 (CRRSAA) Fund		210,852
COVID-19 - CA-2021-068-00 - Coronavirus Response and Relief Appropriations Act of 2021 (CRRSAA) Fund - Rail Car Procurement		1,224
Total Federal Transit Formula Grants		456,013
State of Good Repair Grants Program:	20.525	
CA-54-0007-00 - FG/SGOR - FY 13 Capital Improvements		9
CA-54-0041-00 - FG/SOGR - FY 15 Capital Improvements		1,996
CA-2016-077-00 - FY 15 - Formula and SOGR Capital Improvements		1,574
CA-2017-029-00 - FY 16 - Formula and SOGR Capital Improvements		7,467
CA-2021-016-00 - FY 2020 Elevator Renovation Program		15
CA-2018-084-00 - FY 17 - Formula and SOGR Capital Improvements		3,936
CA-2019-126-00 - FY 18 - Formula and SOGR Capital Improvements		10,007
CA-2020-086-00 - FY 19 - Formula and SOGR Capital Improvements		4,524
CA-2020-247-00 - FY 20 Formula and SOGR Capital Improvements		86,900
Total State of Good Repair Grants Program		116,428
Total Federal Transit Cluster		625,406
National Infrastructure Investments	20.933	
CA-2018-013-00 - FY 2016 TIGER Grant - Gateway to Oakland Uptown (Go Uptown)		1,749

(Continued)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal year ended June 30, 2021
(Amounts in thousands)

Program/Grant Description	Assistance Listing Number	Federal Awards Expended
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Passed through State of California Department of Transportation: Agreement 74A1045 - Sustainable Access Strategy Development Program	20.505	\$ 261
Transit Services Programs Cluster:		
New Freedom Program Passed through Metropolitan Transportation Commission (MTC): Lifeline Transportation Program Cycle 5 - MTC Resolution No. 4347	20.521	(349)
Federal Highway Administration (FHWA):		
Highway Research and Development Program Passed through Contra Costa Transportation Authority: Agreement No. 693JJ31950024 - Bay Area Mobility-On-Demand Project	20.200	970
Total U.S. Department of Transportation		628,037
National Endowment for the Arts Program		
Direct Program: Promotion of the Arts Grants to Organizations and Individuals 1829882-41-18 - Conservation and Maintenance Plan for Public Art in BART System	45.024	14
U.S. Department of Homeland Security:		
Federal Emergency Management Agency (FEMA):		
Direct Program: Rail and Transit Security Grant Program FEMA - EMW -2016-RA-00009 FEMA - EMW -2018-RA-00008 - Mobile Radio/Critical Asset Patrol Teams/CCTV/Tunnel Hardening FEMA - EMW -2019-RA-00010-SO1 - Critical Asset Patrol Teams FEMA - EMW -2020-RA-00026-SO1 - Critical Asset Patrol Teams FY2016 HSTS02-16-H-NCP406 - Year 4 70T020T9NNCP405 - TSA National Explosives Detection Canine Team Program Total Rail and Transit Security Grant Program	97.075	1 4 753 297 1 297 1,353
Passed thru California Governor's Office of Emergency Services Hazard Mitigation Grant Program FEMA-4308-DR-CA, Project #PJ0307, FIPS #001-91000	97.039	558
Total U.S. Department of Homeland Security		1,911
Total Expenditures of Federal Awards		\$ 629,971

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal year ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) presents the activity of all federally funded programs of the San Francisco Bay Area Rapid Transit District (the “District”) for the year ended June 30, 2021. The reporting entity is defined in Note 1 in the District’s basic financial statements.

The accompanying Schedule is presented using the accrual basis of accounting as described in Note 1 in the District’s basic financial statements. Expenditures of federal awards are reported in the District’s basic financial statements as capital assets for capital expenditures and operating expenses for certain transit expenses. Such expenditures are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 – GRANTS FROM GOVERNMENT AGENCIES

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

NOTE 3 – INDIRECT COSTS

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal year ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:

ALN: 20.500, 20.507, 20.525

Federal Transit Cluster

Dollar threshold used to distinguish type A and B programs:

 \$ 3,000,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.