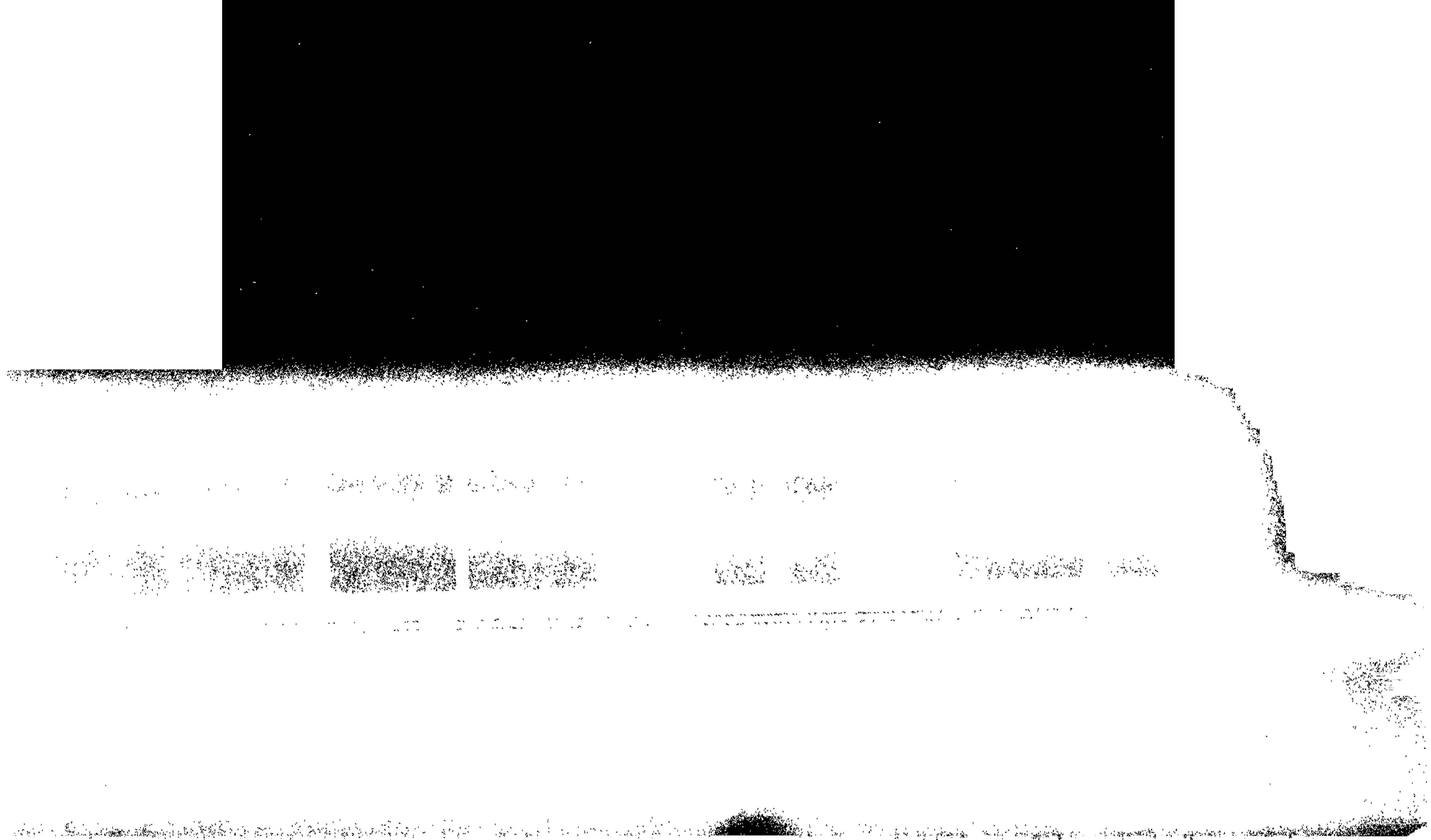
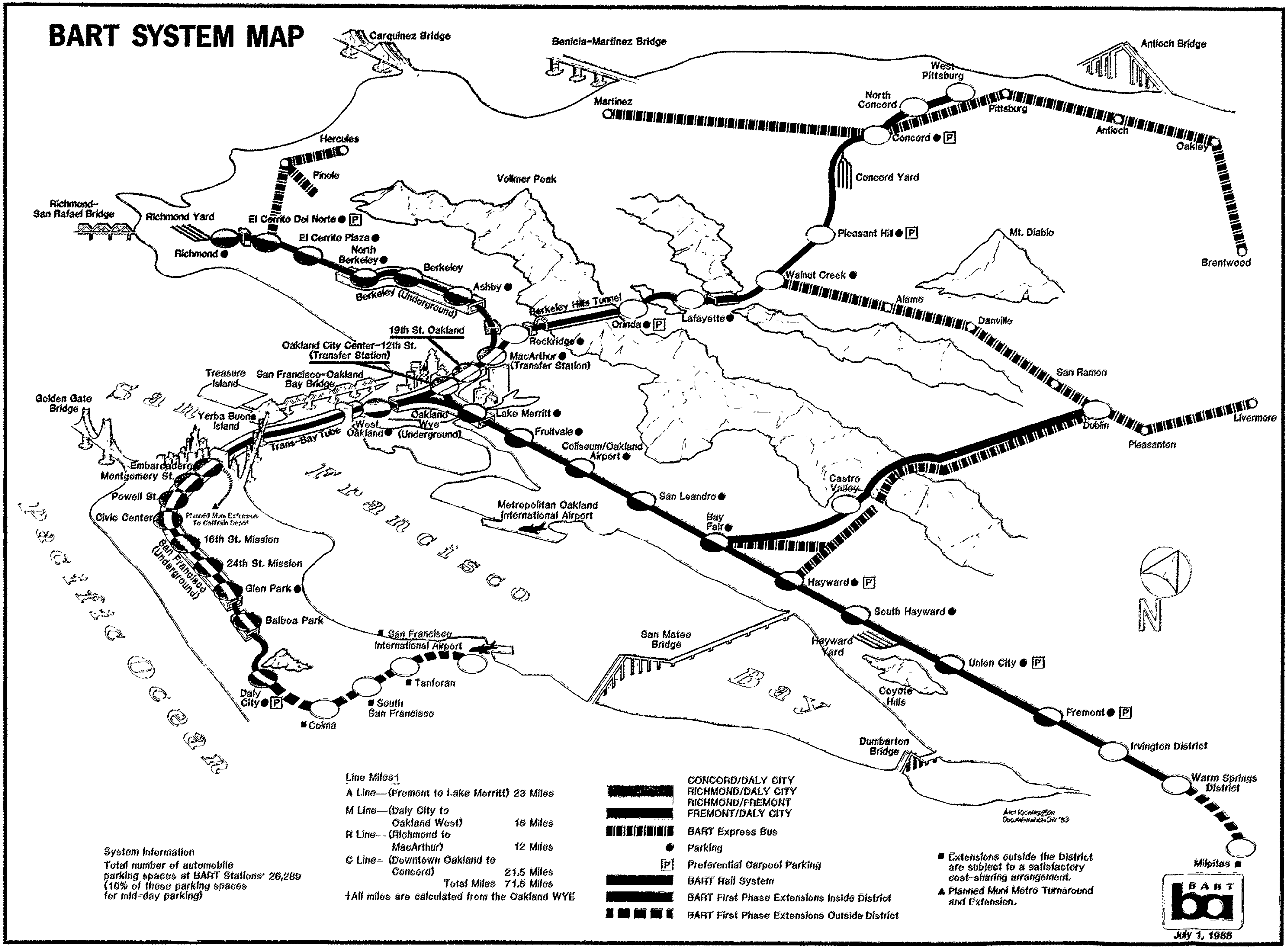
Bay Area Rapid Transit District Annual Report

1987-1988



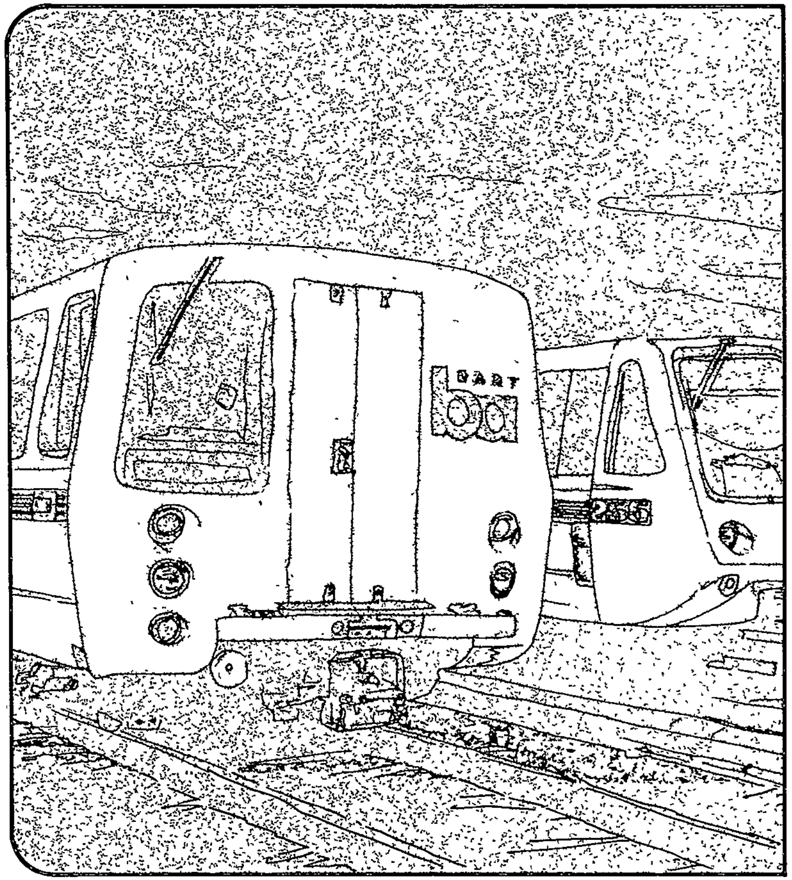

BART SYSTEM MAP
Carquinez Bridge
Benicia-Martinez Bridge
Antioch Bridge
Martinez
West Pittsburg
North Concord
Concord ● [P]
Pittsburg
Antioch
Oakley
Brentwood
Concord Yard
Hercules
Pinole
Richmond-San Rafael Bridge
Richmond Yard
Richmond ●
El Cerrito Del Norte ● [P]
El Cerrito Plaza ●
North Berkeley ●
Berkeley
Ashby ●
Berkeley (Underground)
Vollmer Peak
Pleasant Hill ● [P]
Mt. Diablo
Walnut Creek ●
Alamo
Danville
San Ramon
Dublin
Pleasanton
Livermore
Berkeley Hills Tunnel
Orinda ● [P]
Lafayette ●
Rockridge ●
19th St. Oakland
Oakland City Center-12th St. (Transfer Station)
MacArthur ● (Transfer Station)
Treasure Island
San Francisco-Oakland Bay Bridge
Golden Gate Bridge
Yerba Buena Island
Trans-Bay Tube
West Oakland ●
Oakland Wye (Underground)
Lake Merritt ●
Fruitvale ●
Coliseum/Oakland Airport ●
San Leandro ●
Castro Valley
Bay Fair ●
Metropolitan Oakland International Airport
Hayward ● [P]
South Hayward ●
Hayward Yard
Union City ● [P]
Fremont ● [P]
Irvington District
Warm Springs District
Milpitas ■
Coyote Hills
San Mateo Bridge
Dumbarton Bridge
San Francisco Bay
Pacific Ocean
Embarcadero
Montgomery St.
Powell St.
Civic Center
Planned Muni Extension To Caltrain Depot
16th St. Mission
24th St. Mission
San Francisco (Underground)
Glen Park ●
Balboa Park
Daly City ● [P]
■ Colma
■ South San Francisco
■ Tanforan
■ San Francisco International Airport
N
Line Miles†
A Line—(Fremont to Lake Merritt) 23 Miles
M Line—(Daly City to Oakland West) 15 Miles
R Line—(Richmond to MacArthur) 12 Miles
C Line—(Downtown Oakland to Concord) 21.5 Miles
Total Miles 71.5 Miles
†All miles are calculated from the Oakland WYE
System Information
Total number of automobile parking spaces at BART Stations' 26,289
(10% of these parking spaces for mid-day parking)
CONCORD/DALY CITY
RICHMOND/DALY CITY
RICHMOND/FREMONT
FREMONT/DALY CITY
BART Express Bus
Parking
Preferential Carpool Parking
BART Rail System
BART First Phase Extensions Inside District
BART First Phase Extensions Outside District
■ Extensions outside the District are subject to a satisfactory cost-sharing arrangement.
▲ Planned Muni Metro Turnaround and Extension.
BART
July 1, 1988

A Year of Significant Milestones

The fiscal year 1987/88 can truly be considered a year of significant turning points for BART in its role to provide better and expanded service to Bay Area residents and visitors.

One of the most significant milestones was the consensus reached on a regional basis regarding BART's planned extensions and how those extensions are to be funded.

Another important step was an agreement between BART and San Mateo County officials that resolved long-standing and thorny problems involving priorities of construction and financing.



Regional Agreement

In March, the Metropolitan Transportation Commission (MTC), which coordinates the setting of priorities and oversees the distribution of federal and state funding grants for Bay Area public transportation projects, adopted a long-range program of transit improvements that includes BART extensions in Alameda, Contra Costa and San Mateo counties.

The emphasis of the MTC program is on rail transit, instead of on highways. Roughly three-fourths of the dollars needed to complete the long-range program is earmarked for BART projects. The importance of the program is compared by transit officials to the decisions of the early 1930's to fund and build the Golden Gate and Oakland-San Francisco Bay bridges.

BART and SamTrans

Early in June, BART's Board of Directors approved an agreement in principle with the San Mateo County Transit District (SamTrans) that will result, not only in an 8.7-mile extension into San Mateo County from the Daly City Station, but will provide funds for BART extensions to West Pittsburg in Contra Costa County and to Dublin and the Warm Springs area in Alameda County.

The San Mateo County extension will cost an estimated $590 million, with stations in Colma, South San Francisco, Tanforan and at a site near the San Francisco International Airport.

A key provision of the BART/SamTrans agreement calls for SamTrans to make a capital contribution to BART of $200 million. An affirmative vote in San Mateo County early in June assured the funds needed to carry out all provisions of the agreement. Voters approved, by a majority of 62 per cent, an increase in the county's sales tax from 6.5 percent to 7 percent for the next 20 years. The increase will generate an estimated $804 million to fund transportation improvements. Roughly half of the funds will pay for rail projects.

Alameda County

Late in 1987, the Livermore-Amador Valley Transit Authority and BART agreed that a rail extension from BART's Bay Fair Station through Castro Valley to Dublin would be a BART rapid rail extension, not a light-rail alternative that was also under consideration.

Alameda County voters had already approved in 1986 a sales tax increase to fund a substantial portion of the costs of the rail extension and two stations.

On the last day of the fiscal year, BART Directors approved contract negotiations for preliminary engineering design and environmental analysis for the Bay Fair-Dublin/Pleasanton extension. The BART Board also approved participation with the North Pleasanton Improvement District to coordinate plans for the extension with other work planned for the I-580 freeway. The schedule for the extension calls for BART trains to run between Bay Fair and Dublin/Pleasanton by 1995.

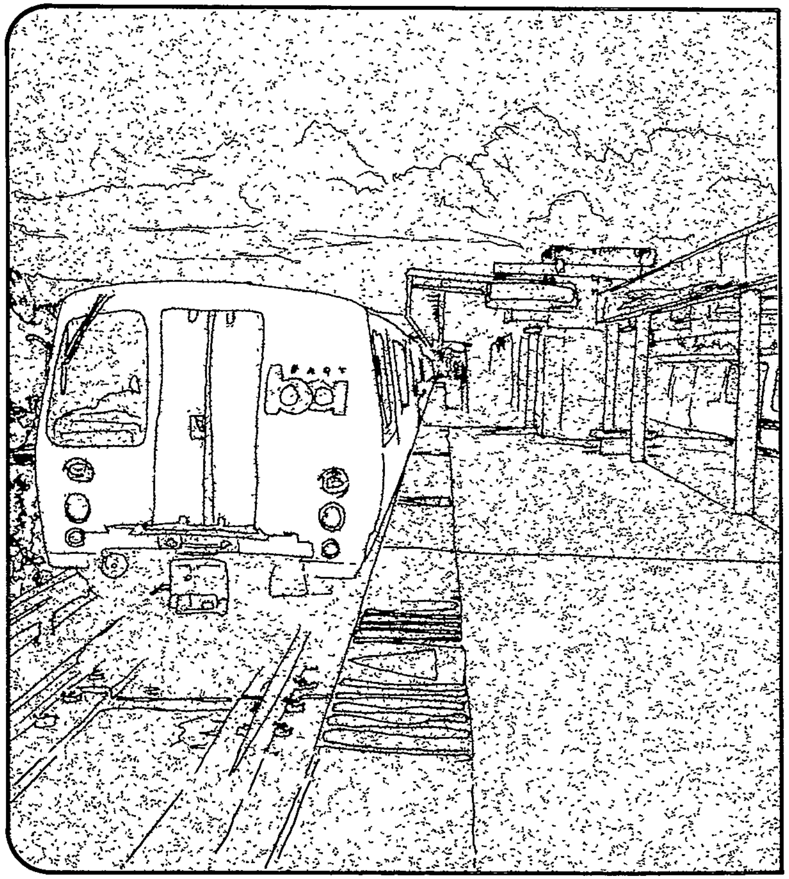
New C-Cars in Service

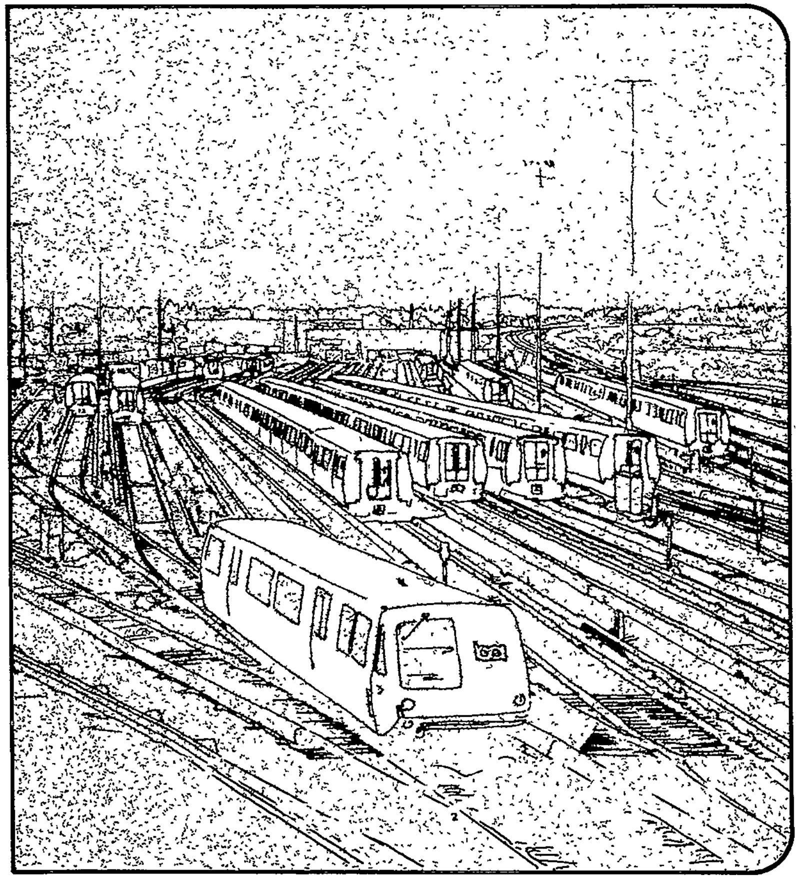
On March 28, after years of planning, designing, manufacturing and testing, the first of 150 C-Cars went into revenue service on a regular run from Fremont to Daly City.

The inaugural run marked a decisive step in BART's progress toward increased capacity and frequency of service.

Three months later, at the close of BART's fiscal year, 29 production cars had been delivered by the manufacturer, 26 had been accepted by the District and the other three were still undergoing acceptance tests. The cars accepted by the District had accumulated roughly 6,000 hours of service by June 30.

The new cars, which will cost BART $228.3 million (about $52 million less than the original contract amount), provide operational benefits in addition to expanded passenger capacity and





increased train frequency. Since they can be used as lead cars or inserted into the middle of a train, they provide more efficiency and flexibility in making or breaking trains during the day to meet peak and off-peak requirements.

Although delivery of the 150th car was scheduled for late 1989, the manufacturer is experiencing problems in meeting its schedule with BART, partly due to labor disputes at its plant in France, where the shells of the cars are manufactured. At the close of the fiscal year, BART had withheld from payments to the manufacturer approximately $5.8 million in liquidated damages.

Passenger Access, Safety, Comfort and Convenience

At The Stations

As C-Cars were accepted for service, BART was able to increase the number of cars available to passengers during peak hours. Patron on-time performance averaged 94.5 percent. (BART train on-time performance has consistently been above 90 percent since October, 1980.)

Escalators at all BART stations are being overhauled and improved to reduce out-of-service periods. Completion of this project, now about 80 percent along, is scheduled for August, 1989.

BART elevators are also being refurbished to make it more convenient for handicapped patrons to enter and leave BART stations. Handicapped patrons also benefit from the yellow and black platform edge detection tiles. This project was completed early in December, 1987.

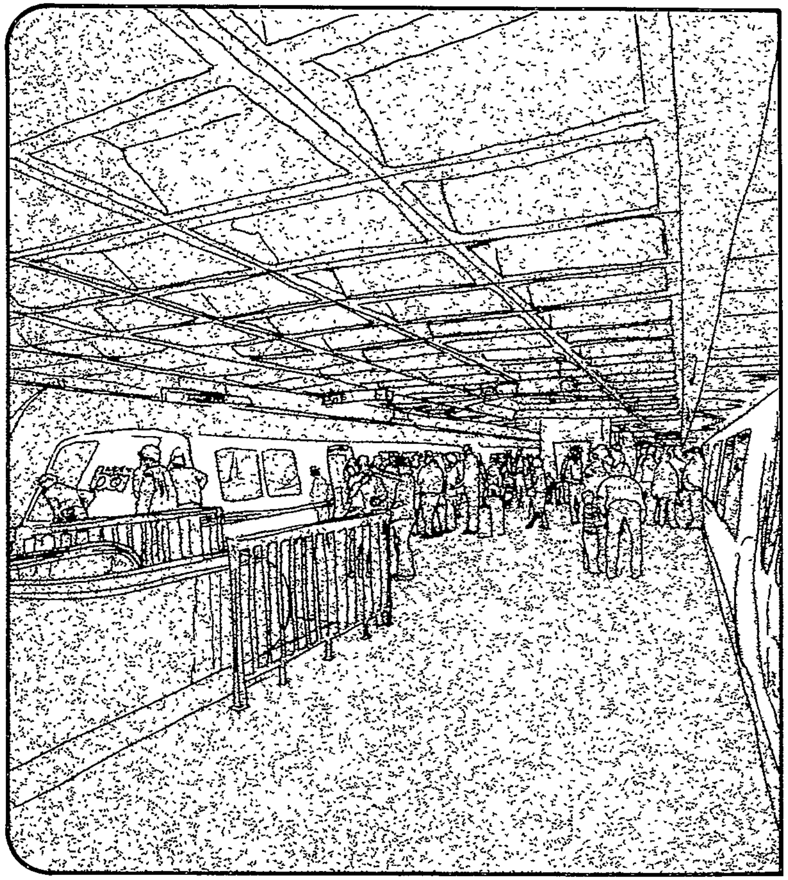
Staffing and scheduling changes during the year provided improved station agent and transportation supervisor availability and virtually eliminated incidents of late openings at BART's 34 stations.

BART is also about halfway through a program to overhaul and modify all of its automatic fare collection equipment.

To and From The Stations

BART added 1,446 new parking spaces in FY 1987/88, bringing the total of parking spaces available at 24 stations to 26,289.

The District also encouraged patrons to leave their cars at home and take public transportation to and from BART stations, through a trial program with the Central Contra Costa Transit Authority of free 72-hour transfers in Pleasant Hill and Concord, a doubled-frequency of bus service during peak hours at Concord, Hayward, Pleasanton and Walnut Creek and increased BART express bus service.



On The Mainline

New replacement rail was laid at several points on BART's mainline. The District took delivery of a new rail-laying crane and purchased a computer-controlled ballast tamper, which is designed to keep all mainline track at its proper level and alignment. The District also put into use a self-propelled track mapper that checks the frequencies emitted by the Wayside Control system and expedites the pinpointing of any train control problems.

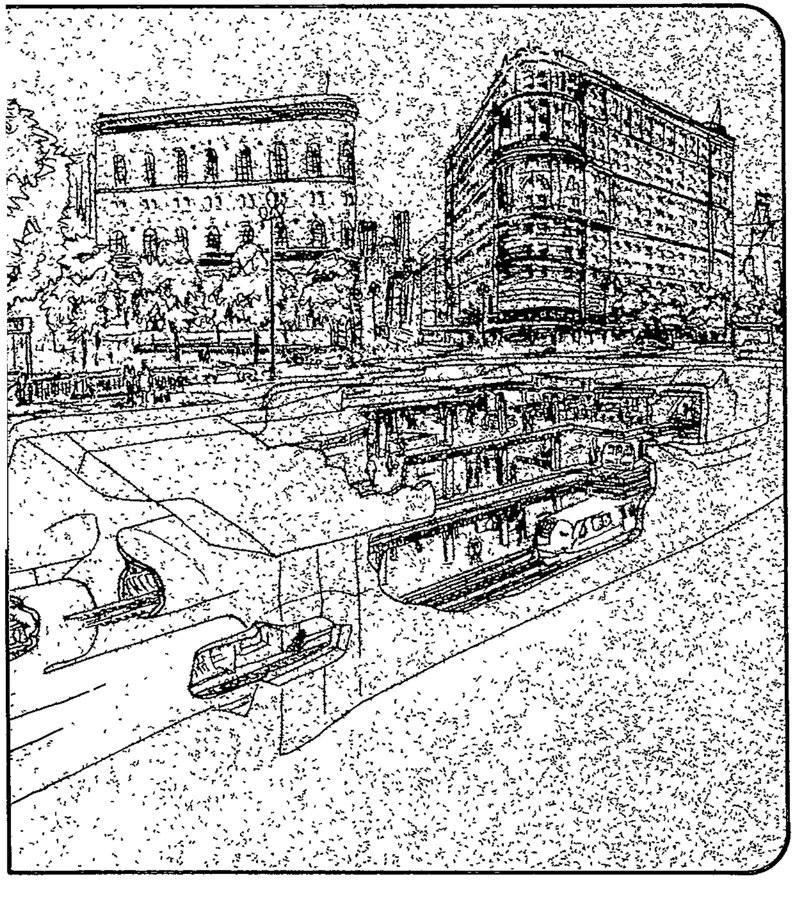
Passenger Protection and Safety

A change in BART Police procedures resulted in faster response time to calls for service from station agents. Many BART Police Officers now report for duty directly to a BART station at the beginning of their shifts, rather than report first to BART Police Headquarters at the Lake Merritt Station.

BART Police also instituted solo beats on trains and at stations to increase the visibility of uniformed officers. The department also intensified its surveillance of BART parking lots. Crimes involving BART patrons and their property take place primarily in parking lots.

Special Services

BART continued to operate additional trains for special occasions. Bay Area residents and visitors utilized this service for Christmas shopping in downtown Oakland and San Francisco, to attend



events at the Oakland Coliseum or to take part in the Bay-to-Breakers race. On November 14, with major events taking place in both San Francisco and Oakland, BART patrons generated a record high for a Saturday of 121,669 trips.

Related Capacity Expansion Projects

Daly City Turnback, Yard and Maintenance Facility

A major component of BART's program to increase passenger capacity, particularly during commute hours, is the construction of a turnback in Daly City, with a storage yard and maintenance facility.

Track for the turnback was completed during the fiscal year, as well as the third rail for traction power. Installation of the train control equipment for the turnback was under way by June 30.

Also completed was the transportation building for the yard, which will include the tower and the train control facilities. Foundations and pits for the shop were finished and work was started on the shop building.

The turnback, yard and shop in Daly City, when fully operational in 1989, will provide BART with turnaround, storage, repair and maintenance facilities on each leg of the system. Comparable facilities already exist at Concord, Hayward and Richmond. The Daly City facilities will enable BART to realize savings in time, electrical use and car wear and tear. Most important, it will provide greater flexibility and efficiency in providing appropriately sized trains in response to fluctuating passenger demand throughout the day. During the morning commute roughly 80 percent of BART's train traffic is routed to downtown San Francisco and on to the end of the line at Daly City. Until the Daly City project is completed, trains reaching the end of the line must be returned to the East Bay for storage and maintenance.

The Daly City project was originally planned at an estimated cost of $150 million for the turnback and yard. Cost savings during construction reduced that figure to $141.3 million and enabled the shop to be included in the project at a cost of $8.5 million.

Electrical Capacity

Another project aimed at the operation of more trains on BART's mainline tracks and in its yards is the increase in the system's electrical capacity on certain key segments.

New substation equipment, scheduled for installation by the summer of 1990, will provide additional electrical capacity to run more trains on the Concord line. Work was completed during the year to increase the feeder electrical capacity at the Concord, Hayward and Richmond yards. The capacity of the electrified third rail was increased between Orinda and Lafayette.

Wayside Control Modifications

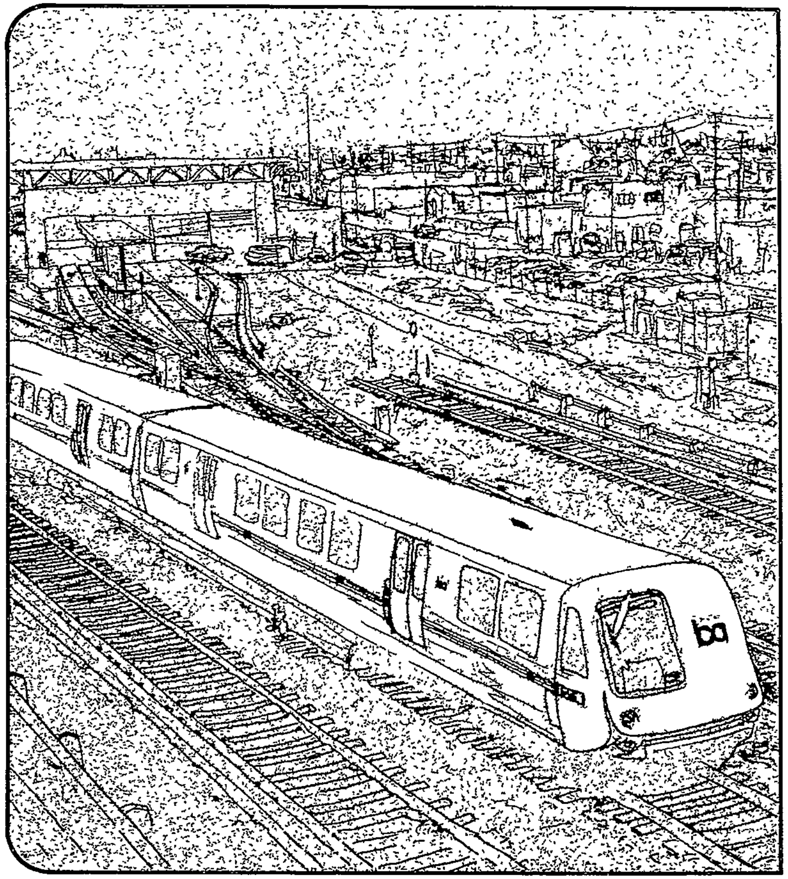
Portions of BART's Wayside Control System are being modified to allow trains to run at more frequent intervals to and from San Francisco.

BART's track is segmented into train protection zones or "blocks" and only one train can occupy a block at any one time. BART's original block size limits the "headway," the time between trains, to an interval of 3.75 minutes. Part of the Wayside program is to shorten the blocks to lengths of approximately 360 feet so that when the full benefits of the capacity expansion program are realized, trains can run at intervals of 2.25 minutes in San Francisco and Oakland during peak load times. These modifications, which involve special electronic engineering, are scheduled for completion by early 1990.

ICS

BART's Integrated Control System, the District's computerized train control supervision system, is scheduled for implementation by November, 1989. It is intended to replace obsolete computers and to allow more than the current maximum of 55 trains to run on the system at one time.

The computer system will eventually be linked to a display board at BART's operational control room at the Lake Merritt headquarters.



Performance Highlights

BART patronage increased by more than 1.35 million passenger trips during the 1987/88 fiscal year, with annual passenger trips reaching 57,595,481, compared with 56,240,997 for the prior year. The District's estimated share of peak period transbay traffic, including cars, buses and trains, was 38.8 percent, according to surveys taken during the year by the Metropolitan Transportation Commission.

Net passenger revenues reached $78,475,000 for FY 87/88, an increase of $821,000 over the FY 86/87 figure of $77,654,000. Total operating revenues, including more than $5.6 million in interest income, advertising in trains and stations and other income, was $84,123,000, a decline of $501,000 from the previous fiscal year

BART funded 50.14 percent of its net operating expenses, which amounted to $167,775,000 (excluding depreciation) for FY 87/88, from passenger fares and other operating revenues. This operating ratio was a decrease of 2.03 percentage points from the prior fiscal year. The District's objective is to fund no less than one-half of its net rail operating expenses from operating revenues.

BART's farebox ratio, which relates net passenger revenues to net operating expenses, was 46.77 percent for FY 87/88, a decrease of 1 1 percentage points from the figure for FY 86/87

Net rail passenger revenue per passenger mile for FY 87/88 was 10.8 cents, a decrease from the previous year's 11.1 cents. Rail operating costs per passenger mile for FY 87/88 was 21.0 cents, slightly below the previous year's figure of 21.1 cents

Weekday passenger trips averaged 198,259 for FY 87/88, compared with 194,226 for the previous year. During four months of the fiscal year, average weekday patronage exceeded 200,000, including a high of 200,985 passenger trips in June. Annual passenger miles reached 722,583,063 for FY 87/88, an increase of 26.6 million over the previous year, with an average of 12.5 miles for each trip during FY 87/88, compared with 12.4 miles the year before.

In addition to funds derived from passenger fares, interest income and advertising, BART received $92.2 million in revenues from 75 percent of the one-half cent transit sales tax in the three BART counties, $425,000 in state and local funds and $8.2 million in property tax available for operations.

Of the $92.2 million derived from the sales tax, $12.6 million was allocated to debt service and $79.6 million was made available for operations.

BART Directors again reduced the property tax rate on the levy for repayment of the principal and interest of $792 million in general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 3.9 cents per $100 assessed value, down from 4.21 cents for the previous fiscal year. The property tax generated revenues of $48.0 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

	FY 1987/88	FY 1986/87
Rail Ridership		
Annual passenger trips	**57,595,481**	56,240,997
Average weekday trips	**198,259**	194,226
Average trip length	**12.5 miles**	12.4 miles
Annual passenger miles	**722,583,063**	695,944,275
Patron trip on-time performance (%)	**94.5%**	94.4%
System utilization ratio (passenger miles to available seat miles)	**32.0%**	31 9%
End-of-period ratios		
Peak patronage	**49.4%**	49.1%
Offpeak patronage	**50.6%**	50.9%
BART's estimated share of peak period transbay trips - cars, trains & buses (a)	**38.8%**	37.0%
Operations		
Annual revenue car miles	**31,393,094**	30,266,578
Unscheduled train removals - average per revenue day	**4.5**	4.2
Transit car availability to revenue car fleet (b)	**88.8%**	91.1%
Passenger miles per equivalent gallon of gasoline	**79.0**	75.3
Passenger accidents reported per million passenger trips	**13.94**	16.09
Patron-related crimes reported per million passenger trips	**34.17**	33.20
Financial		
Net passenger revenues	**$ 78,475,000**	$ 77,654,000
Other operating revenues	**5,648,000**	6,970,000
Total operating revenues	**84,123,000**	84,624,000
Net operating expenses (excluding depreciation)	**167,775,000**	162,202,000
Farebox ratio (net passenger revenues to net operating expenses)	**46.77%**	47.87%
Operating ratio (total operating revenues to net operating expenses)	**50.14%**	52.17%
Net rail passenger revenue per passenger mile	**10.8¢**	11 1¢
Rail operating cost per passenger mile	**21.0¢**	21 1¢
Net average rail passenger fare (c)	**$ 1.35**	$ 1.37

Notes

General note. Data represent annual averages unless otherwise noted

(a) Based on MTC Transbay survey data for October 1987 and April 1988 (7-9 a m , 4-6 p.m)

(b) At 8 a.m. each day

(c) Includes **BART/MUNI** Fast Pass

Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors of San Francisco
Bay Area Rapid Transit District.

We have audited the accompanying balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1988 and the related statements of operations, capital and changes in financial position for the year then ended These financial statements and the supplemental schedule discussed below are the responsibility of the District's management Our responsibility is to express an opinion on these financial statements based on our audit. The District's financial statements as of June 30, 1987 and for the year then ended (before the restatement and reclassifications discussed in Note 2) were audited by other auditors whose report, dated September 2, 1987, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 1988 financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1988 and the results of its operations and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles.

We also reviewed the capital subaccount reclassifications and adjustments and other balance sheet reclassifications described in Note 2 to the financial statements that were applied to restate and reclassify the 1987 financial statements In our opinion, such reclassifications and adjustments are appropriate and have been properly applied to the 1987 financial statements

Our audit was made for the purpose of forming an opinion on the basic 1988 financial statements taken as a whole The supplemental schedule, reconciliation of funded operating expenses in excess of revenues, is presented for purposes of additional analysis and is not a required part of the basic financial statements Such supplemental schedule for 1988 has been subjected to the auditing procedures applied in our audit of the basic 1988 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 1988 financial statements taken as a whole The 1987 supplemental schedule was examined by other auditors whose report, dated September 2, 1987, expressed an unqualified opinion on such 1987 supplemental schedule when considered in relation to the 1987 financial statements taken as a whole

Deloitte Haskins + Sells   Adams, Grant, Werner & Co

Deloitte Haskins + Sells   Adams, Grant, Werner & Co
Oakland, California
September 9, 1988

BALANCE SHEETS

June 30, 1988 and 1987 (In thousands)

ASSETS	1988	1987
CURRENT ASSETS.		
Cash and investments (Note 3)	**$ 220,717**	$ 149,504
Deposits (Note 3)	**23,795**	60,584
Notes and other receivables	**9,139**	10,297
Materials and supplies - at average cost	**15,076**	14,680
Total current assets	**268,727**	235,065
INVESTMENTS (Note 3)	**78,721**	176,523
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 10)	**37,494**	31,527
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	**25,771**	27,580
FACILITIES, PROPERTY AND EQUIPMENT - At cost, less accumulated depreciation (Note 4)	**1,580,433**	1,494,512
TOTAL ASSETS	**$1,991,146**	$1,965,207

LIABILITIES AND CAPITAL	1988	1987
CURRENT LIABILITIES:		
Notes payable (Note 6)		$ 63,975
Current portion of long-term debt (Note 5)	**$ 38,880**	36,710
Payroll and other liabilities	**54,601**	44,238
Self-insurance liabilities	**6,313**	5,150
Unearned passenger revenue	**1,620**	1,584
Total current liabilities	**101,414**	151,657
DEFERRED COMPENSATION (Note 10)	**37,494**	31,527
LONG-TERM DEBT (Note 5)	**539,650**	578,530
CAPITAL:		
Grants and contributions, net	**680,072**	611,127
Accumulated net revenues	**632,516**	592,366
Total capital	**1,312,588**	1,203,493
TOTAL LIABILITIES AND CAPITAL	**$1,991,146**	$1,965,207

See notes to financial statements

STATEMENTS OF OPERATIONS

For the Years Ended June 30, 1988 and 1987 (In thousands)

	1988				1987			
	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL
OPERATING REVENUES:								
Fares	$ 78,475			$ 78,475	$ 77,654			$ 77,654
Other (including investment income)	5,648			5,648	6,970			6,970
Total operating revenues	84,123			84,123	84,624			84,624
OPERATING EXPENSES:								
Transportation	61,462			61,462	61,912			61,912
Maintenance	68,107			68,107	63,977			63,977
Police services	9,540			9,540	8,905			8,905
Construction and engineering	6,268			6,268	5,997			5,997
General and administrative	31,270			31,270	28,746			28,746
Depreciation	35,202			35,202	31,800			31,800
Total operating expenses	211,849			211,849	201,337			201,337
Less capitalized costs	(8,872)			(8,872)	(7,335)			(7,335)
Net operating expenses	202,977			202,977	194,002			194,002
OPERATING LOSS	(118,854)			(118,854)	(109,378)			(109,378)
OTHER REVENUES (EXPENSES):								
Transactions and use tax	79,649		$ 12,594	92,243	73,617		$ 13,474	87,091
Property tax	8,226		50,867	59,093	7,412		51,102	58,514
State financial assistance	77			77	479			479
Local financial assistance	348			348	548			548
Other investment income		$ 21,317	4,984	26,301		$ 24,462	5,254	29,716
Interest expense			(35,146)	(35,146)			(39,127)	(39,127)
Other - net			(26)	(26)			(18)	(18)
Total other revenues	88,300	21,317	33,273	142,890	82,056	24,462	30,685	137,203
EXCESS OF REVENUES OVER (UNDER) EXPENSES	$ (30,554)	$ 21,317	$ 33,273	$ 24,036	$ (27,322)	$ 24,462	$ 30,685	$ 27,825

See notes to financial statements

STATEMENTS OF CAPITAL

For the Years Ended June 30, 1988 and 1987 (In thousands)

	GRANTS AND CONTRIBUTIONS	ACCUMULATED NET REVENUES	TOTAL
BALANCES, JUNE 30, 1986 (As restated, Note 2)	$ 553,618	$ 549,879	$ 1,103,497
EXCESS OF REVENUES OVER EXPENSES		27,825	27,825
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	72,171		72,171
Depreciation and retirements of assets acquired with grants and contributions	(14,662)	14,662	
BALANCES, JUNE 30, 1987	611,127	592,366	1,203,493
EXCESS OF REVENUES OVER EXPENSES		**24,036**	**24,036**
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	**85,059**		**85,059**
Depreciation and retirements of assets acquired with grants and contributions	**(16,114)**	**16,114**	
BALANCES, JUNE 30, 1988	**$680,072**	**$632,516**	**$1,312,588**

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the Years Ended June 30, 1988 and 1987 (In thousands)

	1988	1987
OPERATING ACTIVITIES:		
Excess of revenues over expenses	**$ 24,036**	$ 27,825
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	**35,202**	31,800
Net effect of changes in:		
Deferred compensation plan liabilities	**5,967**	8,273
Notes and other receivables	**1,158**	647
Materials and supplies	**(396)**	(401)
Payroll and other liabilities	**4,759**	2,705
Self-insurance liabilities	**1,163**	618
Unearned passenger revenue	**36**	7
Net cash provided by operating activities	**71,925**	71,474
INVESTMENT ACTIVITIES:		
Expenditures for facilities, property and equipment	**(117,183)**	(106,185)
Proceeds from sale of investments	**186,326**	245,367
Purchase of investments	**(186,326)**	(245,367)
Total cash used by investment activities	**(117,183)**	(106,185)
FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	**—**	18,950
Repayments of notes payable	**(63,975)**	(22,630)
Repayments of long-term debt	**(36,710)**	(34,665)
Capital grant contributions received	**85,059**	72,171
Total cash provided (used) by financing activities	**(15,626)**	33,826
CASH AND INVESTMENTS (Note 3):		
Net decrease for year	**(60,884)**	(885)
Beginning of year	**442,676**	443,561
End of year	**$ 381,792**	$ 442,676

See notes to financial statements

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (District) is a public agency created by the legislature of the State of California (State) 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 all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, Property and Equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings The net effect of such interest capitalization was to decrease expenditures for facilities, property and equipment by $913,000 and $1,136,000 during the years ended June 30, 1988 and 1987, respectively, for excess interest revenue from applicable borrowings over interest expenses

Self-Insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Capital - During the year ended June 30, 1988, the District determined that certain capital subaccount balances as of June 30, 1986 should be reclassified and adjusted. As a result, 1986 capital subaccounts have been reclassified and adjusted from those previously reported, as follows (in thousands):

	Reserves	Grants and Contributions	Accumulated Net Revenues	Total
Balances, June 30, 1986 (as previously reported)	$ 32,223	$ 610,402	$ 465,704	$ 1,108,329
Reclassify prior capital designations recorded as grants and contributions (net of related accumulated depreciation) to accumulated net revenues		(56,784)	56,784	
Adjust for capitalized insurance			(4,832)	(4,832)
Reclassify reserves	(32,223)		32,223	—
Balances, June 30, 1986 (as restated)	—	$ 553,618	$ 549,879	$ 1,103,497

Contributed Capital - The District periodically receives grants from the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements Capital grant funds earned, less amortization equal to annual and accumulated depreciation of the related assets, are included in contributed capital.

Statements of Operations have been expanded to present the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Unearned Passenger Revenue/Fares is an estimate of passenger tickets purchased which have not yet been completely used.

Transactions and Use Tax (Sales Tax) Revenue - A one-half percent transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission 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 trustee) as revenue.

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

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial assistance grants are accrued as revenue in the period to which the grant applies.

Pension costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 9.

Statements of Changes in Financial Position - The basis of presentation has been changed in 1988 to highlight the District's cash flows and the 1987 amounts have been reclassified to conform to the 1988 presentation.

Reclassifications - Certain reclassifications have been made to the District's 1987 financial statements to conform with the 1988 presentation, including presentation of the balance sheet on a classified basis.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for Board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 10) are held separately by the plan's administrator.

Deposits - At June 30, 1988 (and 1987), the District's cash on hand was $899,000 (1987, $1,019,000), and the carrying amount of the District's time and demand deposits was $6,405,000 (1987, $19,056,000) with the corresponding bank balance of $12,120,000 (1987, $22,036,000). Of the bank balance $375,000 (1987, $975,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and $11,745,000 (1987, $21,061,000) was collateralized 110% as required by Section 53652 of the California Government Code by the pledging financial institutions. However, such collateral is not in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool The District did not enter into any reverse repurchase agreements during 1988 or 1987.

The District's investments are categorized below to give an indication of the risk assumed by the District at June 30, 1988. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

(In Thousands)

	1988 Category 1	1988 Category 2	1988 Category 3	1988 Carrying Amount	1988 Market Value	1987 Carrying Amount	1987 Market Value
U.S. Treasury notes	$ 37,673	$ 8,058	$	$ 45,731	$ 45,566	$ 43,946	$ 44,491
Federal agency obligations	223,668	34,639		258,307	258,514	322,510	323,340
Repurchase agreements	26,000	6,375		32,375	32,375	18,055	18,055
Commercial paper						6,563	6,563
Total	$287,341	$49,072	—	336,413	336,455	391,074	392,449
Cash on hand				899	899	1,019	1,019
Time and demand deposits				6,405	6,405	19,056	19,056
Mutual funds:							
Fidelity money market				581	581		
Deferred compensation plan investments				37,494	37,494	31,527	31,527
Total				$381,792	$381,834	$442,676	$444,051
Reported as :							
Cash and investments				$220,717		$149,504	
Payroll and other liabilities (representing cash overdraft)				(4,706)		(3,042)	
Deposits				23,795		60,584	
Investments				78,721		176,523	
Deferred compensation plan investments				37,494		31,527	
Investments restricted for Board designated purposes				25,771		27,580	
Total				$381,792		$442,676	

Cash and investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):

	1988	1987
Basic system completion	$ 10,413	$ 10,467
System improvement	2,858	2,735
Construction		1,878
Self-insurance	9,000	9,000
Operating	3,500	3,500
Total	$ 25,771	$ 27,580

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1988 and 1987 are summarized as follows (in thousands):

	Lives (Years)	1988 Cost	1988 Accumulated Depreciation and Amortization	1987 Cost	1987 Accumulated Depreciation and Amortization
Land		$ 179,244		$ 161,865	
Improvements	80	1,118,988	$194,336	1,101,692	$179,607
System-wide operation and control	20	142,686	75,448	131,472	68,264
Revenue transit vehicles	30	211,048	77,371	165,327	70,730
Service and miscellaneous equipment	3-20	21,362	11,978	25,414	15,656
Capitalized construction and start-up costs	30	100,331	47,452	100,235	43,965
Repairable property items	30	8,544	3,104	7,578	2,884
Construction-in-progress		207,919		182,035	
Total		$1,990,122	$409,689	$1,875,618	$381,106

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $325 million at June 30, 1988.

In June 1988, the district entered into Principles of Agreement (Agreement) with the San Mateo County Transit District (SamTrans) pertaining to extending the transit system to the vicinity of San Francisco International Airport (Airport). Under the terms of the Agreement, SamTrans will pay the district a $200 million capital contribution, to be used for East Bay expansion and to be paid in installments (adjusted for inflation) upon reaching certain Airport extension milestones and SamTrans will be responsible for funding 25 percent of the cost of extending the transit system to the Airport. District management has estimated the cost of such Airport extension to be approximately $600 million. This project is contingent upon the District receiving adequate commitments for federal and other funding, and also upon expansion of the transit system in the East Bay.

5. LONG-TERM DEBT

Long-term debt at June 30, 1988 and 1987 is summarized as follows (in thousands):

	1988	1987
1962 General Obligation Bonds	$ 427,700	$ 463,950
1966 Special Service District Bonds	5,830	6,290
Total General Obligation Bonds	433,530	470,240
1985 Sales Tax Revenue Bonds	145,000	145,000
Total long-term debt	578,530	615,240
Current portion	(38,880)	(36,710)
Net long-term portion	$ 539,650	$ 578,530

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling $792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No 1 and authorized the issuance of $20.5 million of General Obligation Bonds, of which $12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1985 Sales Tax Revenue Bonds - The 1969 Legislature of the State of California authorized the District to impose a one-half percent transactions and use tax within District boundaries and issue Sales Tax Revenue Bonds. On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. 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 on the basis of regional priorities established by MTC.

In November 1985, the District issued sales tax revenue bonds (1985 bonds), totaling $145,000,000, to refund and defease $63,965,000 outstanding principal amount of sales tax revenue bonds issued in 1982, and to finance certain system improvements.

The 1985 bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain interest, grants, and other income. Bond interest rates range from 6.40% to 9.00%. Bonds maturing on or after July 1, 1996 ($127,250,000) are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%, including bonds maturing July 1, 2004 ($41,005,000) and July 1, 2011 ($78,660,000) which are subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

The following is a schedule of long-term debt principal repayments required as of June 30, 1988 (in thousands).

	1962 G.O. Bonds	1966 Special Service District Bonds	1985 Sales Tax Revenue Bonds	Total
Year ending June 30				
1989	$ 38,400	$ 480		$ 38,880
1990	40,200	500	$ 1,885	42,585
1991	33,700	520	2,070	36,290
1992	34,975	540	2,270	37,785
1993	36,275	570	2,495	39,340
Thereafter	244,150	3,220	136,280	383,650
Total	$427,700	$5,830	$145,000	$578,530

6. NOTES PAYABLE

In July 1986, the District issued $18,950,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses of the District in anticipation of the receipt of taxes, income, revenue and other monies to be received during or allocable to the year ended June 30, 1987. The notes matured and were repaid in July 1987, including interest of $888,000.

In November 1985, the District issued $45,025,000 in Grant Anticipation Notes. These notes matured and were repaid during the year ended June 30, 1988.

7. FEDERAL CAPITAL GRANTS

The U.S. Department of Transportation provides financial assistance to the district for capital projects. Grants which were active during the year ended June 30, 1988 are summarized as follows (in thousands):

Total approved project costs	$496,157
Total approved federal funds	$386,415
Less amounts received	(275,160)
Remaining amount available under federal grants	$111,255

8. STATE AND LOCAL FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1988 TDA assistance was $387,000 (1987, $713,000), of which $39,000 (1987, $165,000) was used for capital purposes and $348,000 (1987, $548,000) was operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating and capital requirements based on annual claims filed by the District and approved by the Metropolitan Transportation Commission (MTC).

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1988, STA assistance was $250,000 (1987, $632,000), of which $93,000 (1987, $73,000) was used for capital purposes, $77,000 (1987, $479,000) was operating assistance and $80,000 (1987, $80,000) was used for flow-through projects. 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.

9. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District contributed to the Fund .015% and 14.10% of payroll for public safety personnel and 0% and 8.24% for miscellaneous covered employees for the years ended June 30, 1988 and 1987, respectively. The District's 1988 contribution rates were reduced due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1988 and 1987 was $83,178,000 and $79,940,000, respectively. The District's 1988 and 1987 payroll for all employees was $91,325,000 and $86,301,000, respectively.

Funding Status and Progress - Actuarial data as of June 30, 1988, including the District's pension benefit obligation discussed below, has not yet been prepared by the Fund's actuaries in accordance with Governmental Accounting Standards Board Statement No. 5, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers" (GASB No. 5). According to the Fund's actuaries, such data will be available in late calendar 1988.

These disclosures are based on actuarial data prepared in accordance with requirements in effect prior to GASB No. 5, and District Management believes such actuarial data provides a fair representation of the District's funding status and progress.

The "pension benefit obligation" is a standardized disclosure measure that results from applying actuarial assumptions to calculate the present value of estimated pension benefits payable in the future, based on the effects of projected salary increases, step rate benefits, and employees' estimated total service prorated on the basis of service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1987. The significant actuarial assumptions used in the 1987 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.75%, and no postretirement benefit increases.

The funding status applicable to the District's two employee groups at June 30, 1987 follows (in thousands):

	Public Safety	Miscellaneous	Total
Pension benefit obligation	$11,260	$160,310	$171,570
Net assets available for benefits, at market	15,663	193,877	209,540
Surplus net assets over pension benefit obligation	$ 4,403	$ 33,567	$ 37,970

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due The District's contribution to the Fund for the years ended June 30, 1988 and 1987 were made in accordance with the actuarially determined requirements computed as of June 30, 1987 and 1986, respectively. The District's pension expense and funded contribution for the years ended June 30, 1988 and 1987 were $1,000 and $6,875,000, respectively. The reduction in the 1988 pension contribution was due to the surplus asset position in the District's portion of the Fund caused by a change in actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 17.075% (1987, 17.284%) for safety employees and 8.257% (1987, 7.201%) for miscellaneous employees. As a result of collective bargaining agreements, any savings in pension expenditure due to a reduction in contribution rate is to be redistributed towards an alternative benefit for covered employees.

The District's normal cost contribution rate is determined using the entry-age normal funding method. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1986 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

10. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts, remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants' rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

11. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan which is a supplemental retirement program. In 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 covered employee's annual compensation (up to $29,700 after deducting the first $133 paid during each month) up to a maximum annual contribution of $1,868 Additionally, the District contributes to each employee's account approximately 1 63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. 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 years ended June 30, 1988 and 1987 were $5,210,000 and $5,106,000, respectively. Money Purchase Pension Plan assets at June 30, 1988 and 1987 were $45,766,000 and $39,529,000, respectively.

12. LITIGATION

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

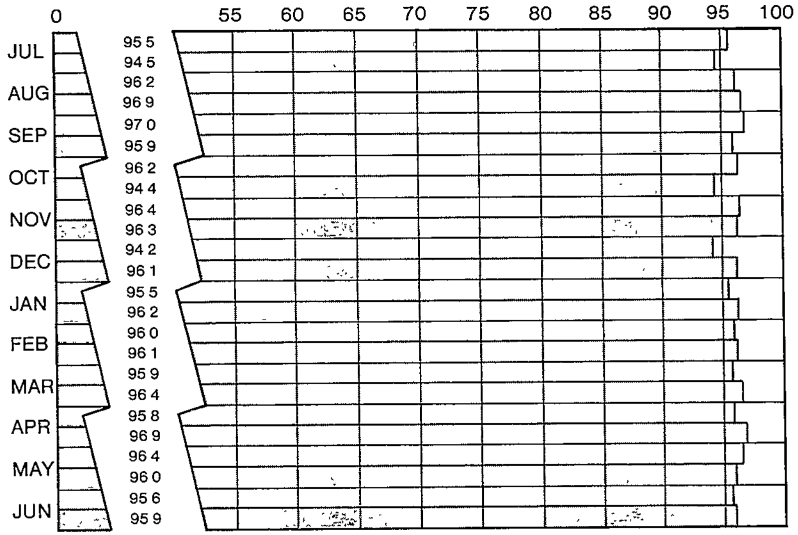
Supplemental Schedule of Reconciliation of Funded Operating Expenses in Excess of Revenues for the Years Ended June 30, 1988 and 1987 (In thousands)

The following is a reconciliation of funded operating expenses in excess of revenues after capital designations and before depreciation:

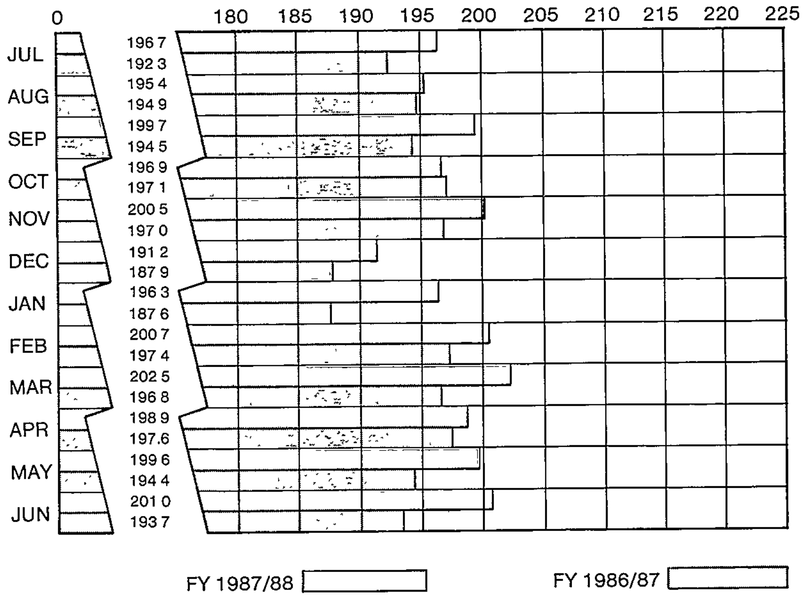
	1988	1987
EXCESS OF EXPENSES OVER REVENUES:		
Operations	$(30,554)	$(27,322)
CAPITAL DESIGNATIONS	(4,708)	(4,505)
DEPRECIATION	35,202	31,800
FUNDED OPERATING EXPENSES IN EXCESS OF REVENUES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	$ (60)	$ (27)

Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

Daily On-Time Performance



Average Weekday Patronage (000's)



Message from the General Manager

Keith Bernard
General Manager, BART

There is no doubt that the 1987/88 fiscal year represented a pivotal point in BART's continuing evolution The level of public support in the Bay Area for regional rapid transit, including the willingness to pay for expansions and extensions, has never been higher

This broad level of public support is reflected in the consensus on regional rail extension reached in March, under the auspices of the Metropolitan Transportation Commission (MTC). This was further reflected by the ensuing agreement in principle approved in June by BART and the San Mateo County Transit District

The regional extension resolution puts heavy emphasis on extending the BART system in the three BART counties, as well as to the vicinity of the San Francisco Airport. Under the BART Board's Phase I Extension Policy, BART would expand from it's current 71.5 miles to 104.6 miles of track and from 34 to 44 stations.

The agreement with SamTrans calls for 75% federal funding for the BART extension to the vicinity of the San Francisco International Airport with SamTrans paying the local share, as well as operating costs. SamTrans made an equity contribution of $200 million to BART, which will be used to help fund extensions in the East Bay.

These two historic agreements signify the prominent position accorded to BART by the public and represent the resolution of long-standing differences of opinion regarding BART extension priorities and how they should be funded.

Also, during the period of this Annual Report, there was significant growth in ridership, following nearly eighteen months of level patronage. An aggressive marketing effort, coupled with increased parking capacity and consistently high marks for on time performance, contributed to this new growth cycle.

Ridership growth and the reality of extensions both underscore BART's progress during the year on the $500 million program to expand passenger capacity on the present system. The completion of this program, with its many interlocking components, is now well in view. For example C-Cars are finally arriving and will soon be running in a test mode on the new Daly City turnback facility

The components of this program, when integrated, will provide BART with greater operating efficiency, as well as increased passenger capacity. BART will be able to proceed with the extensions knowing that the basic system will support the increased passenger demands which they will bring

We also made progress in solving the looming operating deficits facing BART and the other major transit operators For example, the cost of the express bus program, under a new contract that goes into effect in January, 1989, is expected to decrease by $1.4 million annually. Traction and station electrical power costs, also under a new contract now in effect, have been decreased by $1.5 million annually Labor negotiations were in progress at year end which, along with overall belt tightening, were expected to bring BART's future budgets into balance.

Accomplishments are generally gained by overcoming difficult problems along the way We have had our share of both problems and accomplishments during the past year We have maintained our resolve to insist on services and equipment that meet contractual standards of quality and performance even though at times this meant delays to previously established schedules We have insisted on receiving fair value from suppliers and contractors and have taken the necessary time to get things right

We should note the signposts of this past year and steer BART's course accordingly. First, there is broad public support for extending BART throughout the Bay Area. Second, improved performance and innovative marketing have led to a new cycle of ridership growth. Third, the capacity expansion program, which is nearing completion, is critical to increasing ridership and to the success of the extensions In summary, if we maintain faith in this course, BART will increasingly become the dominant factor in the region's transportation picture.

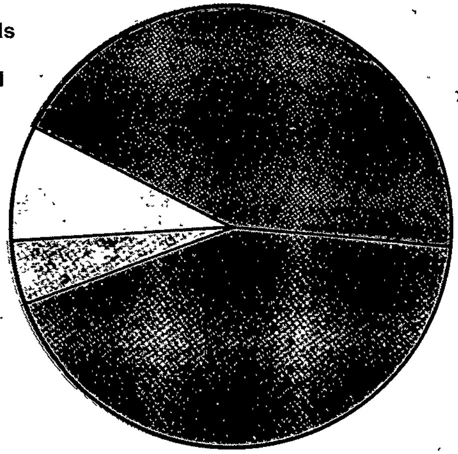
Keith Bernard

OPERATING FUNDS
1987/1988

Where Funds Came From (In Thousands)

- **Transaction & Use Sales Tax** $79,649 43.92%
- **Fares** $78,475 43.27%
- **Property Tax** $8,226 4.54%
- **Other** $15,005 8.27%
  - **Investment Income and Other Operating Revenues** $5,648 3.12%
  - **State Financial Assistance** $77 0.04%
  - **Construction Funds** $8,872 4.89%
  - **Regional Financial Assistance** $348 0.19%
  - **Decrease in Working Capital*** $60 0.03%

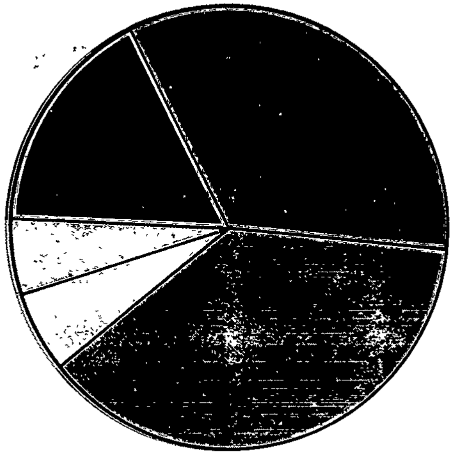
*Funded excess of expenses over revenues



TOTAL
$181,355 100.00%

How Funds Were Applied (In Thousands)

- **Maintenance** $68,107 37.56%
- **Transportation** $61,462 33.89%
- **General Administration** $31,270 17.24%
- **Police Services** $9,540 5.26%
- **Other** $10,976 6.05%
  - **Capital Designations** $4,708 2.59%
  - **Construction & Engineering** $6,268 3.46%

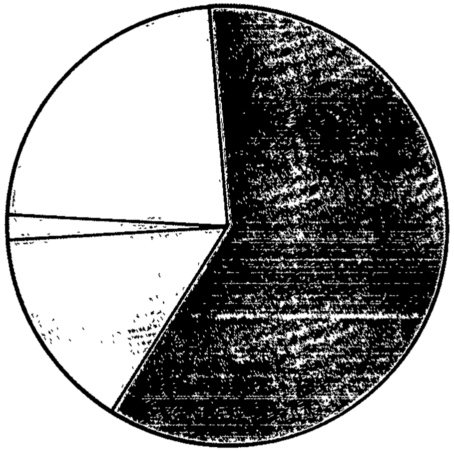


TOTAL
$181,355 100.00%

CAPITAL FUNDS
1987/1988

Source of Funds (In Thousands)

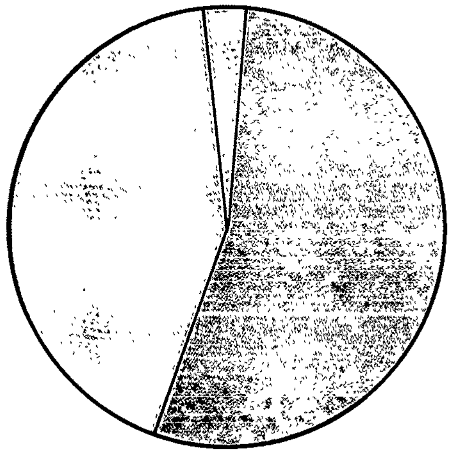
- **District** $27,404 22.66%
- **Federal** $72,536 60.00%
- **State** $18,591 15.38%
- **Local** $2,370 1.96%



TOTAL
$120,901 100.00%

Expenditures (In Thousands)

- **Construction**
  - **Line** $46,838 38.74%
  - **Systemwide** $4,751 3.93%
  - **Support Facilities** $368 0.30%
- **Equipment**
  - **Train Control** $9,764 8.08%
  - **Communications** $177 0.15%
  - **Transit Vehicles** $53,841 44.53%
  - **Automatic Fare Collection** $736 0.61%
  - **Management Information Systems** $450 0.37%
  - **Support Vehicles** $163 0.13%
  - **Other Equipment** $917 0.76%
- **Studies & Other** $2,896 2.40%



TOTAL
$120,901 100.00%

San Francisco Bay Area Rapid Transit District (BART)

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct, and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS — Fiscal Year 1988

PRESIDENT
John Glenn, Fremont

VICE PRESIDENT
Wilfred T. Ussery, San Francisco

Members of the Board

District #1 - **Barclay Simpson,** Orinda
District #2 - **Nello Bianco,** El Sobrante
District #3 - **Howard Abelson,** El Cerrito
District #4 - **Margaret K. Pryor,** Oakland
District #5 - **Robert S. Allen,** Livermore
District #6 - **John Glenn,** Fremont
District #7 - **Wilfred S. Ussery,** San Francisco
District #8 - **Arlo Hale Smith,** San Francisco
District #9 - **John H. Kirkwood,** San Francisco

Board-Appointed Officers

C.K. Bernard, General Manager
Sherwood Wakeman, General Counsel
William F. Goelz, Controller/Treasurer
Phillip O. Ormsbee, District Secretary

Department Managers Reporting to the General Manager

Richard P. Demko, Executive Manager, Maintenance & Engineering
William B. Fleisher, Chief Transportation Officer
Howard L. Goode, Planning, Budget & Analysis
Michael C. Healy, Public Affairs
Ernest G. Howard, Administrative Services
John Mack, Affirmative Action
Thomas R. Sheehan, Information Systems
William Thomas, Material Management & Procurement
Ralph S. Weule, Safety
Larry A. Williams, Employee Relations

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