San Francisco Bay Area
Rapid Transit District (BART)

Headquarters in Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (510)464-6000

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct, and operate 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 1993

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Nello Bianco, El Sobrante

VICE-PRESIDENT
Margaret K. Pryor, Oakland

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District #8-James Fang, San Francisco
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Frank J. Wilson, General Manager
Sherwood Wakeman, General Counsel
Alvan Teragawachi, Controller/Treasurer
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Thomas E. Margro, Assistant General Manager, Development
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Dorothy W. Dugger, Executive Manager, External Affairs
Ralph W. Weule, Executive Manager, Safety and Investigations

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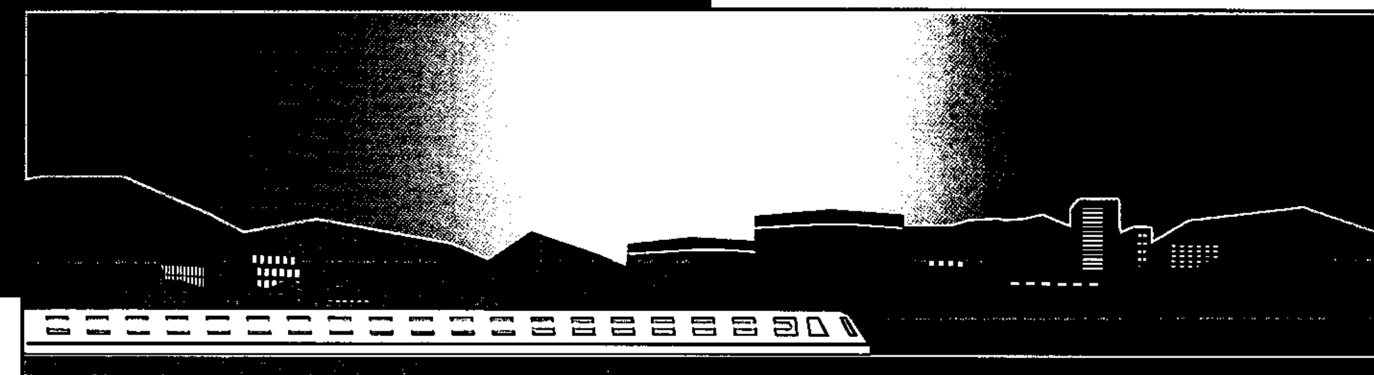
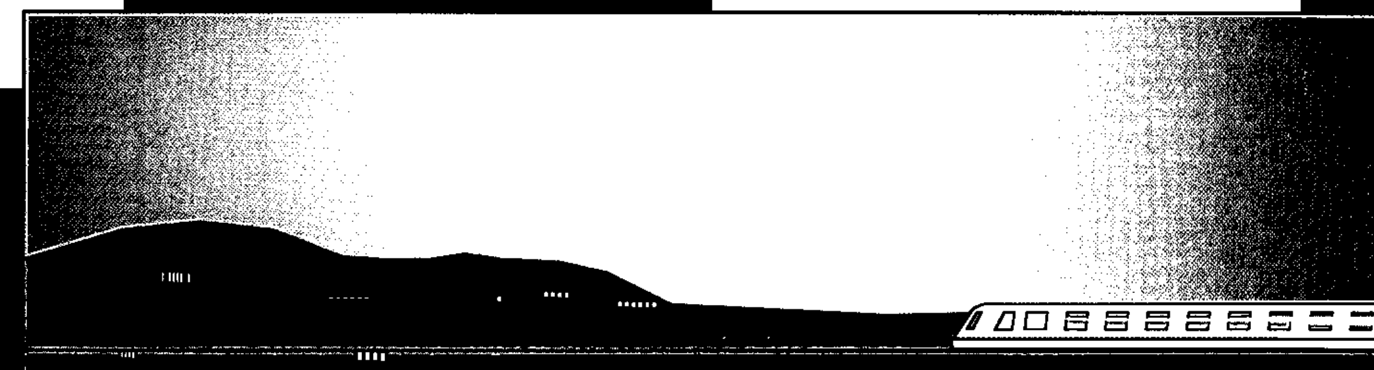
Going the full distance and beyond

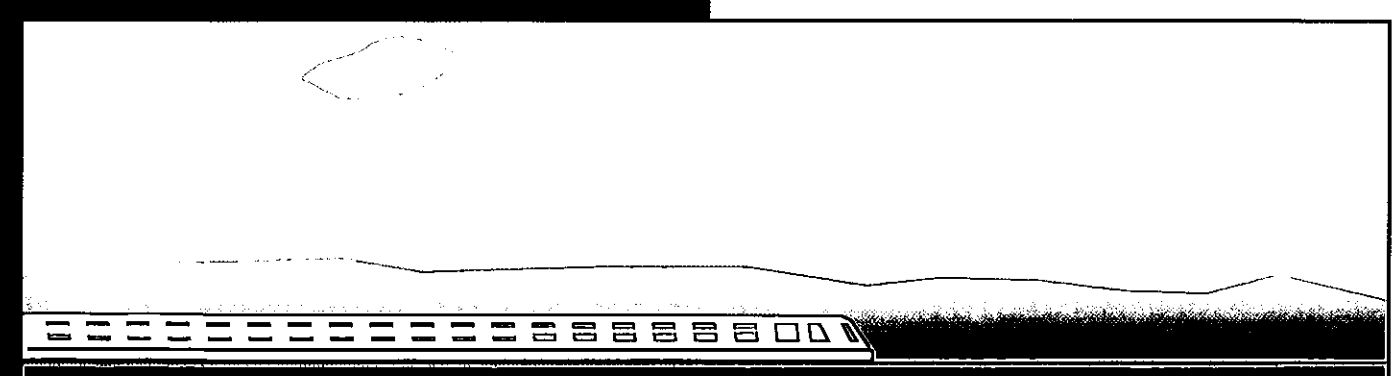
SAN FRANCISCO/DALY CITY



RICHMOND



CONCORD



FREMONT

BART 1993 ANNUAL REPORT

Frank J. Wilson
General Manager
Bay Area Rapid Transit

General Manager's Message

Providing the highest possible standard of service to our customers every day continues to be our primary focus for all of us at BART. That standard is our rallying banner in the delivery of safe, reliable and high quality transportation to more than 250,000 people every working day. By the same token we are also continuing to plan and build in preparation for the future. And we are also exploring new technologies to further enhance service, and the use of electric cars for getting riders to and from BART stations.

During the first quarter of our 1993 fiscal year, we observed a major milestone for the district, the 20th Anniversary of the start of BART service to the people of the Bay Area. The system first opened its doors on September 11, 1972, a double-milestone day. It marked the beginning of BART passenger service and it also marked the culmination of more than 25 years of talking, and organizing, planning, conceptualizing, aligning, designing—and redesigning to meet community preferences—building, inspecting and testing this brand-new player on the Bay Area transportation scene.

For all of us at BART, it was particularly appropriate to commemorate that first day of passenger service, and pay tribute to the vision and the commitment that led to BART's becoming a reality. It was appropriate because our goals today—as we find ourselves up to our elbows in the process of "reinventing" BART—are the same goals held by the original BART dreamers of the 1940s, the 1950s and the 1960s. By remembering the past, we rededicated ourselves to BART's goals for 1990s and into the 21st century.

Extensions

Let's take a look at those goals, including the major goal of completing the extensions of the present 71.5-mile system. Those extensions will bring BART service to eastern Alameda and Contra Costa counties, to Colma and the San Francisco International Airport and to southern Alameda County. They will add approximately 35 miles to the system at a cost of about $2.6 billion. When they're all up and running, we expect to serve more than 100,000 additional passengers a day.

Construction is well underway on the Pittsburg/Antioch (PAX), Dublin/Pleasanton (DPX) and Colma extensions. And, I'm delighted to report, that construction is not only on schedule, it's on, or in some cases, under budget. We're benefiting from a sharply competitive climate!

By the end of the fiscal year, we had awarded $966 million in construction contracts, including our new C2 passenger vehicles, which will be built in the Bay Area. According to a transportation industry formula, those dollars translate into approximately 45,000 jobs generated directly and indirectly over the life of the contracts, pumping new blood into our regional economy.

Like everyone else this year, we found ourselves eyeball-to-eyeball with the cold, stone face of "fiscal realities." That no-blinking "stare off" meant we had to make some hard choices. The naggingly sluggish economy again curbed our sales tax revenue and inhibited growth in ridership. Despite this however, ridership during the year reached a record figure of 74 million. We cut spending by $6.9 million from the previous year. In fact, despite a national inflation rate of almost ten percent over the past three years, we've held the line on increased spending to two percent over the same period while providing increased service. Another achievement in which we take pride was our on-time performance which averaged 96 percent, one of the highest in the industry.

Grants

Here's some unqualified good news: we have enjoyed unparalleled success in obtaining capital assistance grants during the past few years. By the end of the fiscal year, we had been awarded a total of $685.7 million for a variety of projects.

And we reach agreement with the Alameda County Transportation Authority for Measure B funds for the DPX extension. That funding was closely followed by an agreement with the California Department of Transportation (Caltrans) for both the DPX and the PAX projects. State and Local Partnership Funds were approved by Caltrans for DPX, PAX and the Concord, Hayward and Walnut Creek Transit Centers.

Two other grants should be mentioned: Transit Capital Improvement Funds from the California Transportation Commission (CTC) for all four extensions, the three I've already mentioned plus Warm Springs (WSX). Second, from the Federal Transit Administration

Performance Highlights

BART patronage for fiscal year 1993 increased by almost one million passengers over the previous year, in the teeth of the lingering recession and persistent unemployment in the Bay Area. Total patronage was 73, 939,485, an increase of 951,597, or 1.3 percent, over fiscal year 1992. The total for FY1993 was the highest ridership figure in the District's 21-year history of passenger service.

Average weekday travel, at 253,838 passenger trips, was also up, recording an increase of 4,290, or 1.7 percent, over the figure for the FY1992. Average system weekend performance also increased for both Saturday and Sunday. The Saturday average totaled 108,356 and Sunday's average totaled 68,246.

Ridership for the four-hour peak commute hours during the work week averaged 120,540 trips, 47.5 percent of typical weekday ridership. Off peak ridership during the work week averaged 133,298 trips for FY1993. These figures were increases—although slight—compared with 1992.

Annual passenger miles for FY1993 amounted to 931,234,916, an increase of close to 20 million over the figure of 911,843,425 for FY1992. Average trip length increased slightly to 12.6 miles for FY1993, compared with 12.5 miles the previous year.

Total trips on BART Express buses increased markedly for FY1993, increasing 8.6 percent to 2,285,887 trips, compared with 2,104,219 trips in FY 1992.

BART was able to boost its farebox ratio to 48.61 percent for FY1992. The ratio relates the percentage of net operating expenses (excluding depreciation) funded by net passenger revenues over the course of the year.

Net passenger revenues reached $102,264,700, for FY1993 an increase of $2,734,000 over the previous year. Total operating revenues, including $9,784,000 in interest income, advertising in trains and stations, and other income, reached $112,048,400, compared with $109,271,000 for FY1992.

BART's operating ratio, which relates total operating expenses, was 53.26 percent, compared with 51.1 percent for the previous year. The District's objective is to fund no less than one-half of its net rail expenses from operating revenues.

For FY1993, net rail passenger revenue per passenger mile was 10.9 cents, compared to 10.8 cents for FY1992. Rail operating cost per passenger mile for FY1993 was 21.7 cents, compared with 22.1 cents for the previous year.

All of these figures reflect increases in patronage, revenue and operating efficiency, but they are somewhat below levels targeted previously by the District. Of course, this is directly attributable to rising costs, even at a modest rate, faster than the increase in patronage and against a fare structure that hasn't increased since 1986.

In addition to funds derived from passenger fares, interest income and advertising, BART received $89,581,000 (net of $18,309,000 allocated for debt service) in revenue from 75 percent of the one-half cent transit sales tax in the three BART counties, $500,000 in local financial assistance and $11,592,000 (net of $47,315,000 allocated for debt service) in property tax, which were all available for operations. Of the $89,581,000 sales tax revenue available for operations, $3,332,000 was used for capital expenditures.

Although, these funds were not below the levels of FY1992, they are definitely below BART's expectations of budgeted levels. They dramatized the severe fiscal pressure facing the District, probably over the next four or five years.

The continuing almost static level of revenue reduction, compared with the District's ambitious program of rehabilitation to be carried out and paid between now and the end of the century, poses a stark problem of matching available sources with necessary uses of funds.

	FY 1993	FY 1992
Rail Ridership		
Annual passenger trips	73,939,485	72,987,888
Average weekday trips	253,838	249,548
Average trip length	12.6 miles	12.5 miles
Annual passenger miles	931,234,916	911,843,425
Daily on-time train performance (%)	95.9%	96.3%
System utilization ratio (passenger miles to available seat miles)	31.77%	31.9%
End-of-period ratios:		
Peak patronage	47.5%	47.7%
Off-peak patronage	52.5%	52.3%
BART's estimated share of peak period transbay trips—cars, trains & buses	44.1%(c)	44.1%(c)
Operations		
Annual revenue car miles	41,893,212	40,874,394
Unscheduled train removals—average per revenue day	1.65	1.5
Transit car availability to revenue car fleet.	79.6%(a)	83.0%(a)
Passenger accidents reported per million passengers trips	12.50	11.56
Patron-related crimes reported per million passenger trips	67.1	53.01
Financial		
Net passenger revenues	$ 102,264,700	$ 99,530,000
Other operating revenues	$ 9,783,700	$ 9,741,000
Total operating revenues	$112,048,400	$109,271,000
Net operating expenses (excluding depreciation)	$210,389,100	$213,736,000
Farebox ratio (net passenger revenues to net operating expenses)	48.61%	46.6%
Operating ratio (total operating revenues to net operating expenses)	53.26%	51.1%
Net rail passenger revenue per passenger mile	11.0¢	10.8¢
Rail operating cost per passenger mile	21.7¢	22.1¢
Net average rail passenger fare(b)	$1.37	$1.35

NOTES

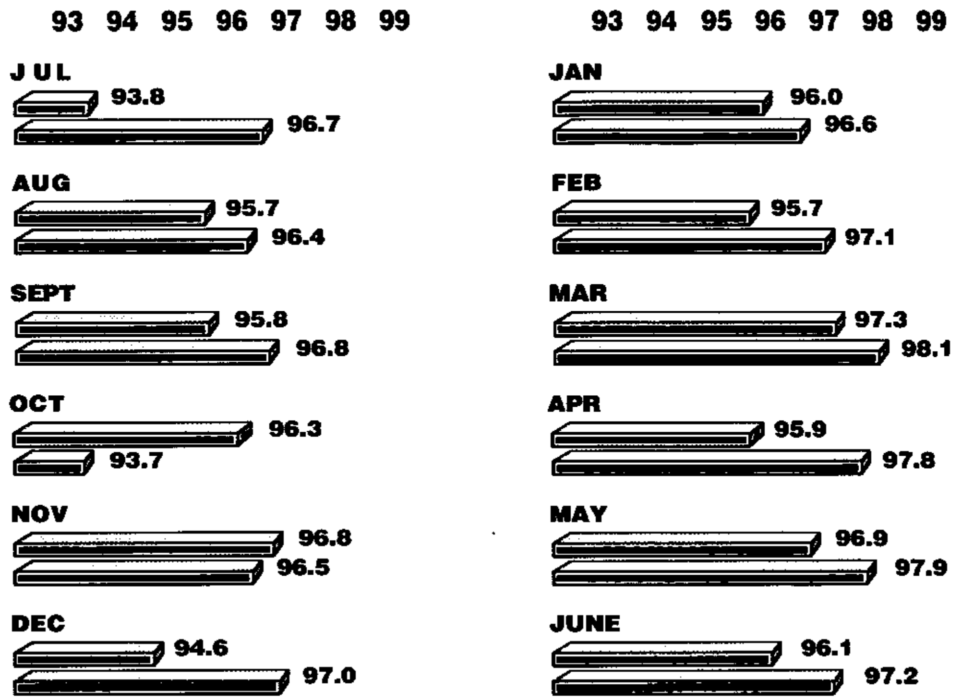
General note: Data represents annual averages unless otherwise noted

(a) At 4 a.m. each day.

(b) Includes BART/MUNI Fast Pass.

(c) Based on MTC transbay survey, 7-9 a.m. and 4-6 p.m.

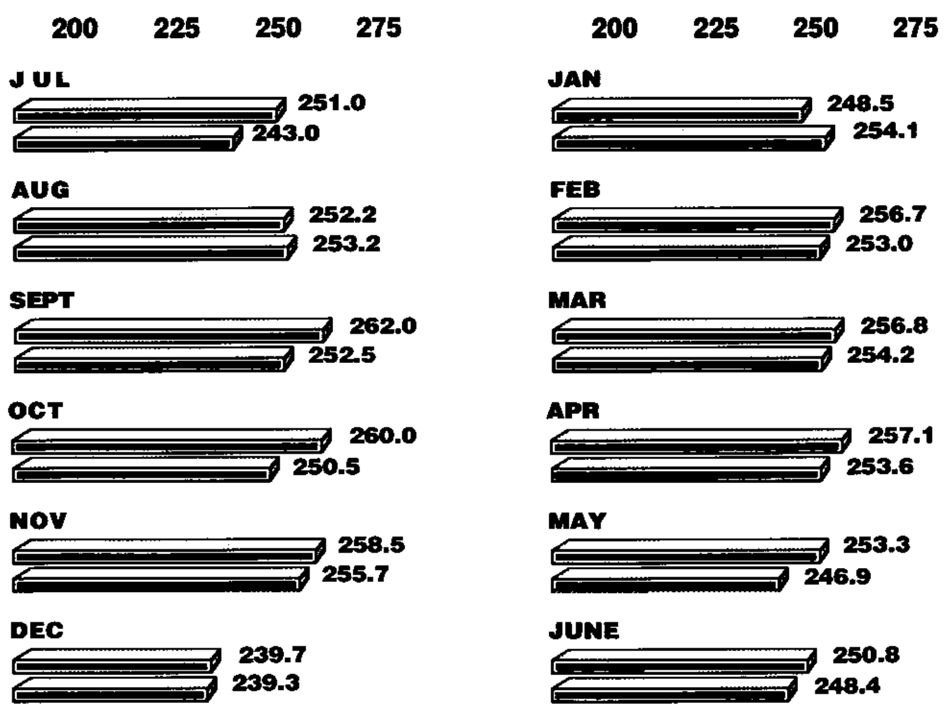
DAILY ON TIME PERFORMANCE (%)



FISCAL YEAR 93

FISCAL YEAR 92

AVERAGE WEEKDAY TRIPS



FISCAL YEAR 93

FISCAL YEAR 92

Funds Approved From July 1992-June 1993

Extensions	$	442m
Rehablitation	$	240m
Park & Ride	$	1.97m
New Technology	$	750,000
Access Parking	$	340,000
Airport Connector	$	333,330
Telecommunication	$	306,250
Joint Development	$	200,000
Grand Total	**$**	**685.9 million**

(FTA) for preliminary engineering work on the extension link-up with the San Francisco International Airport.

I also am pleased to note our success in obtaining an FTA grant for the East Dublin Station parking lot; rehabilitation of our original passenger cars Brentwood/Pittsburg Park and Ride; Advanced Automatic Trains Project; and the superconducting Magnetic Energy Storage Project. The FTA was also involved with the Federal Highway Administration in a grant to BART for the TRANSTAR demonstration, an automated trip-planning system.

Finally, we have been negotiating with the Metropolitan Transportation Commission (MTC) in pursuit of FTA funds for the passenger-car rehabilitation program. As I've noted, we already have in hand the initial $8 million of those funds. With expected approval from MTC, we will receive approximately $34 million each year from 1994 through 2000 for this key project.

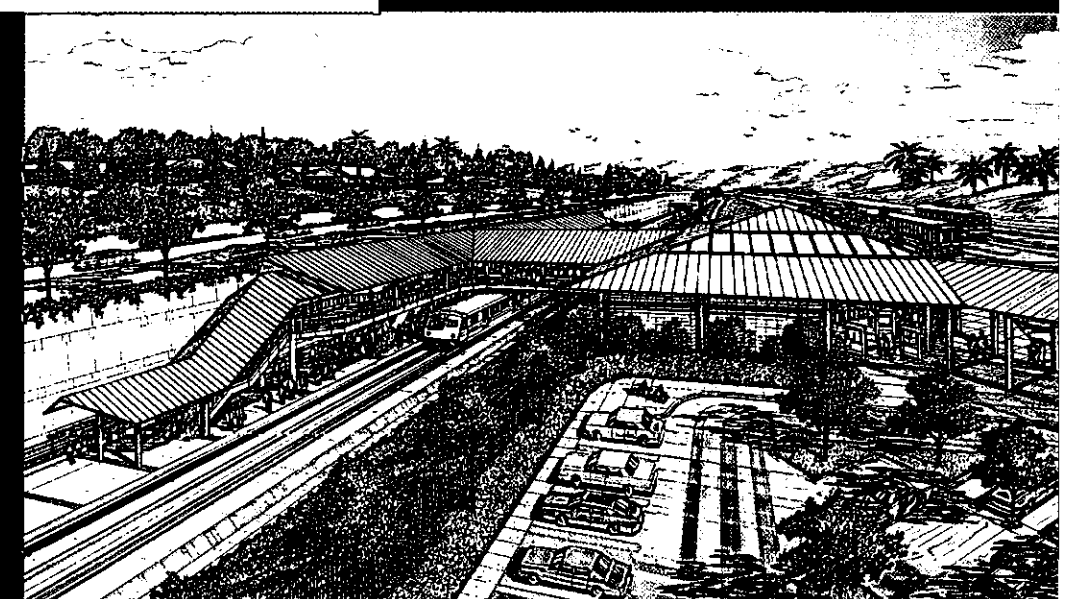
Rehabilitation Speaking of the passenger-car rehabilitation, which forms the cornerstone of the overall ten-year, $1 billion facilities rehabilitation program, I can report that the project is well along. The contractor has completely taken apart, examined and rebuilt one A-Car and one B-Car from the original 440 cars. The lessons we learn from this diagnostic work will guide us in rebuilding the entire fleet. The cars have since been returned and the selection process for a vendor to do the rehabilitation is underway.

Our station rehabilitation project is also of vital importance. We completed the refurbishing of the 16th and 24th Street stations in San Francisco during the fiscal year, which followed the refurbishing completed the previous year at our Concord, Fruitvale, MacArthur and North Berkeley stations.

Making BART User Friendly One of our on-going major priorities is to make it more convenient for our customers to use

"As we move into our third decade of passenger service, we're staying focussed on the big things, but not overlooking the small things. We're applying determination, resourcefulness, innovation, vigor, sharply-define planning and lean budgeting to getting our job done in the best possible way."

An architectural rendering of the North Concord/Martinez Bart Station on the Concord Line. Work on the extension is ahead of schedule and coming under budget.



BART facilities. In other words, we're always looking for ways to make the system as user friendly as possible.

Let me cite several instances of how we're making things easier, beginning with a relatively minor example. We've improved the two-way communications at the agent's booth for customers by installing amplifiers at all stations booths. We also combined our Weekday and Weekend Train Schedules with our All About BART brochure to create one handy comprehensive brochure. A small improvement, but an important one, exemplifying our focus on customer needs and customer convenience.

THANKS FOR 20 – THE BEST IS YET TO COME

They came from near and far to celebrate BART's 20th year of service to the people of the Bay Area at a ceremony held in San Francisco September 11th. BART General Manager Frank J. Wilson tells the crowd of BART's successes and a future full of great promise.

System access

Customer convenience was certainly the propellant behind our determination to help alleviate the problem of too-few parking spaces at our Concord, Hayward and Walnut Creek stations. We began construction of parking garages during the year at those locations and by the end of the year we were approximately one-fourth finished at Concord, one-fifth at Hayward and one-third at Walnut Creek. When we finish, those garages will provide 2,025 parking spaces and bring to 33,587 the total of all parking spaces throughout the system. It will cost us $21.6 million to build the structures, including approximately $6.75 in State funds.

In cooperation with the Contra Costa Transit Authority, we launched a pilot program to try out an on-board, stored-valued ticket system that allows passengers to use just one ticket for both bus and BART. This demonstration program will be evaluated for its potential to be expanded to other Bay Area Transit Systems.

New possibilities

Taking a hard look at how short term relief might be offered in some of the region's key and most congested corridors, such as I-80, 880 and the Altamont Pass along 580, we proposed FasTrak. FasTrak would be a commuter rail service using existing railroad infrastructure to provide over 200 miles of service in the near term while BART completed its extensions. It could be done for about $1 to $2 million per mile, a fraction of the cost to build a new rail, and be up and running in approximately two years.

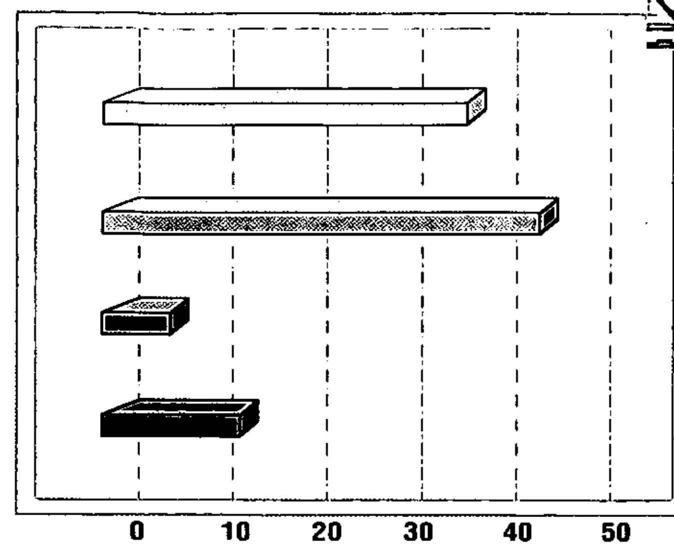
High marks

Finally, I want to note that all of the employees at BART should be feeling a lot of pride these days. BART received very high marks on its report card from the Metropolitan Transportation Commission's Triennial Audit, which looks at all bay area transit operators on a rotating basis. Covering the period from July 1, 1989 through June 30, 1992, the Audit cited top performance for BART in such areas as on-time performance, increased ridership, improved employee productivity, reduced operating costs due to operating efficiencies achieved, and well structure goals and objectives. In fact BART was held up as a model for the industry in its process for setting goals and objectives. Clearly we could not have achieved such rating without the 110 percent effort that BART's workforce has come to be known for.

As we move into our third decade of passenger service, we're staying focussed on the big things, but not overlooking the small things. We're applying determination, resourcefulness, innovation, vigor, sharply-define planning and lean budgeting to getting our job done in the best possible way. As we extend and rehabilitate the system and its facilities and as we craft innovative solutions to the problems of traffic congestion and energy consumption, we are following the lead of the visionaries who worked to transform BART from a dream into reality. We have the same dream today-only better-and we are doing our best to make that dream happen!

Frank J. Wilson, General Manager
Bay Area Rapid Transit

OPERATING FUNDS 1992-93

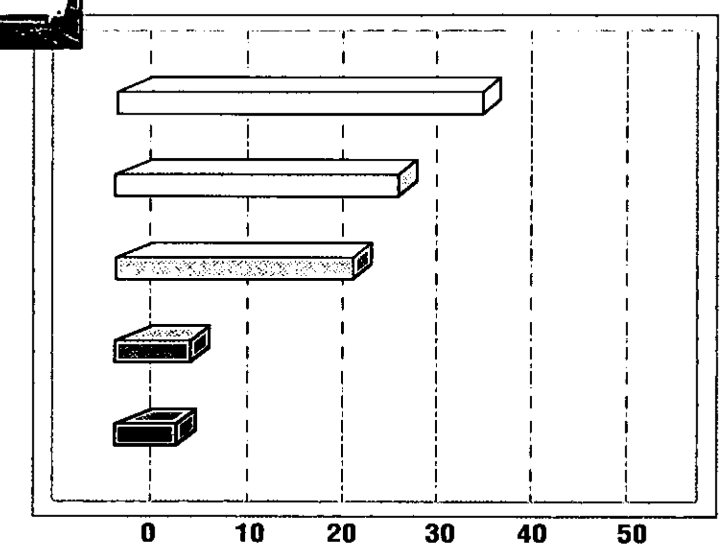


TOTAL $231,616 100% (in thousands)
SOURCE OF FUNDS (in thousands)

- **Transactions & Use Sales Tax** $89,581* 36.68%
- **Fares** $102,264 44.15%
- **Property Tax** $11,592* 5.00%

* Net of Debt Service

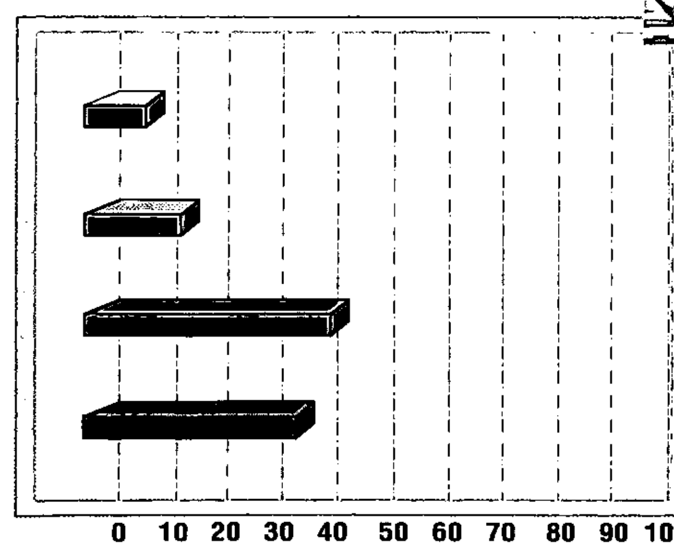
- **Other** $28,179 12.17%
  - •Investment Income and Other Operating Revenues $9,784 4.22%
  - •Construction Funds $17,895 7.73%
  - •Regional Financial Assistance $500 0.22%



TOTAL $231,616 100% (in thousands)
HOW FUNDS WERE APPLIED (in thousands)

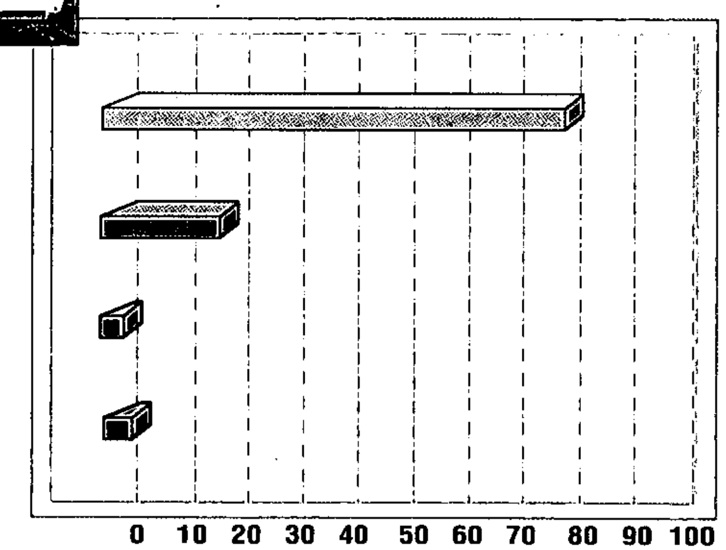
- **Maintenance** $86,248 37.24%
- **Transportation** $67,035 28.94%
- **General Administration** $53,871 23.26%
- **Police Services** $13,629 5.88%
- **Other** $10,833 4.68%
  - •Capital Designation $3,332 1.44%
  - •Construction and Engineering $7,501 3.24%

CAPITAL FUNDS 1992-93



TOTAL $218,620 100% (in thousands)
SOURCE OF FUNDS (in thousands)

- **District** $18,090 8.27%
- **Federal** $30,225 13.83%
- **State** $90,232 41.27%
- **Local** $80,073 36.63%



TOTAL $218,620 100% (in thousands)
EXPENDITURES (in thousands)

- **Construction** $176,155 80.58%
  - •Line $174,257 79.71%
  - •Systemwide $1,370 0.63%
  - •Support Facilities $528 0.24%
- **Inventory Build up** $77 0.04%
- **Studies & Others** $1,750 0.80%
- **Equipment** $40,638 18.59%
  - •Train Control $6,854 3.14%
  - •Communications $1,037 0.47%
  - •Transit Vehicles $28,702 13.13%
  - •Automatic Fare Collection $475 0.22%
  - •Management Info. Systems $660 0.30%
  - •Support Vehicles $2,020 0.92%
  - •Other Equipment $77 0.41%

12. **COMMITMENTS AND CONTINGENCIES,** *continued:*

Lease Commitments:

The District leases certain facilities under operating leases with original terms ranging from two to five years with options to renew.

Future minimum rental payments under noncancelable operating leases with initial or remaining lease terms of over one year at June 30, 1993 are as follows:

	Operating Leases
1994	$1,497,000
1995	1,335,000
1996	21,000
1997	-
1998	-
Thereafter	-
Total minimum payments	$2,853,000

Rent expense under all operating leases was $1,680,000 and $1,685,000 for the years ended June 30, 1993 and 1992, respectively.

Coopers & Lybrand

CALVIN Y. LOUIE

(a joint venture)

certified public accountants

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the San Francisco Bay Area Rapid Transit District (the District) as of June 30, 1993 and for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the District as of June 30, 1992 were audited by other auditors whose report, dated August 28, 1992, expressed an unqualified opinion on those 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, the 1993 financial statements referred to above present fairly, in all material respects, the financial position of the San Francisco Bay Area Rapid Transit District as of June 30, 1993, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Coopers & Lybrand Calvin Y. Louie

September 10, 1993
Oakland, California

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
BALANCE SHEETS June 30, 1993 and 1992 (in thousands)

ASSETS	**1993**	**1992**
Current assets:		
Cash and cash equivalents	$ 57,644	$ 56,040
Investments	5,450	6,007
Total cash, cash equivalents and investments (including restricted cash and investments of $8,690 in 1993 and $4,709 in 1992)	63,094	62,047
Deposits held by trustee - restricted	111,697	7,295
Capital grants and contributions receivable - restricted	71,857	25,993
Other receivables	14,129	11,335
Materials and supplies	22,918	22,841
Total current assets	283,695	129,511
Restricted and designated assets:		
Investments restricted for capital purposes	268,858	295,434
Deposits held by trustee	8,202	-
Investments restricted for board designated purposes	18,734	19,943
Deferred compensation plan investments	96,054	81,472
Facilities, property and equipment, net	2,045,617	1,880,284
Total assets	$2,721,160	$2,406,644
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Notes payable	$ 100,000	
Current portion of long-term debt	43,515	$ 37,685
Payroll and other liabilities	49,022	48,503
Current portion of self-insurance liabilities	6,721	6,995
Unearned passenger revenue	2,098	2,285
Total current liabilities	201,356	95,468
Contracts payable - restricted assets	26,942	26,432
Self-insurance liabilities	10,757	8,163
Deferred compensation plan liabilities	96,054	81,472
Long-term debt, net	488,926	457,423
Total liabilities	824,035	668,958
Fund equity:		
Contributed capital	1,061,681	930,693
Retained earnings	835,444	806,993
Total fund equity	1,897,125	1,737,686
Total liabilities and fund equity	$2,721,160	$2,406,644

See notes to financial statements.

10. DEFERRED COMPENSATION PLAN:

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) 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. Management further believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

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. Effective July 1, 1991, the District discontinued its 1.63% contribution on behalf of members of United Public Employees Union and Amalgamated Transit Union employees in accordance with union contractual agreements. This amount was formerly paid to the employee's Fund account. However, effective July 1, 1992, this contribution was discontinued for all employees. 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, 1993 and 1992 was $5,447,000 and $5,394,000, respectively. Money Purchase Pension Plan assets at June 30, 1993 and 1992 (excluded from the accompanying financial statements) were $116,517,000 and $103,841,000, respectively.

12. COMMITMENTS AND CONTINGENCIES:

Litigation and Disputes with Contractors:

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 or results of operations.

Continued

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 was not required to make a contribution to the Fund for the years ended June 30, 1993 and 1992 in accordance with the actuarially determined requirements computed as of June 30, 1992 and 1991, respectively. The District's 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 16.244% (1992, 16.244%) for safety employees and 8.237% (1992, 8.237%) for miscellaneous employees.

The District's normal cost contribution rate is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The Fund also uses the level percentage of payroll method to amortize the unfunded actuarial liability through the year 2000.

Significant actuarial assumptions used in the June 30, 1992 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information:

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is not yet available.

For the District's portion of the Fund, trend information for the six years ended June 30, 1992 is as follows (dollars in thousands):

	1992	1991	1990	1989	1988	1987
Net assets available for benefits, at cost	$340,459	$304,991	$277,041	$245,582	$214,290	$189,801
Pension benefit obligation	275,530	244,132	225,168	193,565	171,353	151,795
Net assets available for benefits as a percentage of pension benefit obligation	124%	125%	123%	127%	125%	125%
Assets in excess of pension benefit obligation	$ 64,929	$ 60,859	$ 51,873	$ 52,017	$ 42,937	$ 38,006
Annual covered payroll	114,057	105,614	95,372	85,746	83,178	79,940
Assets in excess of pension benefit obligations as a percentage of annual covered payroll	56.9%	57.6%	54.4%	60.7%	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	-	-	-	-	-	-

Trend information for 1993 is not yet available. Also, information prior to 1987 is not available.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
STATEMENTS OF REVENUES AND EXPENSES for the years ended June 30, 1993 and 1992 (in thousands)

	1993	1992
Operating revenues:		
Fares	$ 102,264	$ 99,530
Other (including investment income)	9,784	9,741
Total operating revenues	112,048	109,271
Operating expenses:		
Transportation	67,035	68,580
Maintenance	86,248	87,786
Police services	13,629	12,641
Construction and engineering	7,501	7,906
General and administrative	53,871	48,371
Depreciation	48,943	48,613
Total operating expenses	277,227	273,897
Less capitalized costs	(17,895)	(11,548)
Net operating expenses	259,332	262,349
Operating loss	(147,284)	(153,078)
Other revenues (expenses):		
Transactions and use tax	107,890	105,492
Property tax	58,906	56,557
State financial assistance	-	1,600
Local financial assistance	500	487
Other investment income	11,281	11,600
Interest expense	(28,394)	(25,865)
Other, net	(1,631)	(281)
Total other revenues	148,552	149,590
Net income (loss)	$ 1,268	$ (3,488)

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
STATEMENTS OF CHANGES IN FUND EQUITY for the years ended June 30, 1993 and 1992 (in thousands)

	Contributed Capital	Retained Earnings	Total Fund Equity
Balances, June 30, 1991	$ 799,860	$788,210	$1,588,070
Net loss	-	(3,488)	(3,488)
Other additions (deductions):			
Contributed capital	153,104	-	153,104
Depreciation of assets acquired with contributed capital	(22,271)	22,271	-
Balances, June 30, 1992	930,693	806,993	1,737,686
Net income	-	1,268	1,268
Other additions (deductions):			
Contributed capital	158,171	-	158,171
Depreciation of assets acquired with contributed capital	(27,183)	27,183	-
Balances, June 30, 1993	$1,061,681	$835,444	$1,897,125

See notes to financial statements.

STATEMENTS OF CASH FLOWS for the years ended June 30, 1993 and 1992 (in thousands)

	1993	1992
Cash flows from operating activities:		
Operating loss	$(147,284)	$(153,078)
Less investment income included in operating revenue	(6,073)	(6,476)
Operating loss excluding investment income	(153,357)	(159,554)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	48,943	48,613
Net effect of changes in:		
Deferred compensation plan liabilities	14,582	14,486
Receivables	297	(3,048)
Materials and supplies	(77)	(5,051)
Payroll and other liabilities	1,210	1,272
Self-insurance liabilities	2,320	1,195
Unearned passenger revenue	(187)	371
Net cash used in operating activities	(86,269)	(101,716)
Cash flows from noncapital financing activities:		
Transactions and use tax received	89,581	92,256
Property tax received	11,592	11,146
State financial assistance received	-	1,600
Local financial assistance received	-	487
Net cash provided by noncapital financing activities	101,173	105,489
Cash flows from capital and related financing activities:		
Transactions and use tax received	18,309	13,236
Property tax received	47,873	45,293
Interest paid on debt	(25,181)	(22,867)
Debt service fees paid	(49)	(76)
Capital grants received	112,324	150,310
Principal paid on long-term debt	(37,685)	(35,515)
Proceeds from issuance of sales tax revenue notes	74,500	-
Proceeds from issuance of commercial paper	100,000	-
Proceeds from issuance of sales tax revenue bonds	-	56,010
Debt issuance cost	(2,346)	(1,923)
Expenditures for facilities, property and equipment	(218,210)	(112,412)
Proceeds from sale of real estate	649	1,921
Other revenues received	71	6
Net cash provided by capital and related financing activities	70,255	93,983
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	346,733	313,505
Purchase of investments	(448,187)	(394,311)
Interest on investments	17,899	21,702
Net cash used in investing activities	(83,555)	(59,104)
Net increase in cash and cash equivalents	1,604	38,652
Cash and cash equivalents, beginning of year	56,040	17,388
Cash and cash equivalents, end of year	$ 57,644	$ 56,040

See notes to financial statements.

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 was not required to make a contribution to the Fund for covered employees for the years ended June 30, 1993 and 1992 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 1988 in the 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, 1993 and 1992 was $121,630,000 and $114,057,000, respectively. The District's 1993 and 1992 payroll for all employees was $131,135,000 and $123,518,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress:

The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee 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 was computed as part of an actuarial valuation performed as of June 30, 1992, the latest available for the Fund. The significant actuarial assumptions used in the 1992 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.75%, annual payroll increases of 4.5% attributable to inflation, .75% attributable to real salary increases, and 2% attributable to merit for safety employees and 1.75% attributable to merit for other employees, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1992 (the latest available for the Fund) is summarized as follows (in thousands):

Net assets available for benefits, at cost (total market value, $384,038)	$340,459
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	107,019
Current employees:	
Accumulated employee contributions and allocated investment earnings	114,648
Employer-financed, vested	50,192
Employer-financed, nonvested	3,671
Total pension benefit obligation	275,530
Net assets in excess of pension benefit obligation	$ 64,929

Continued

6. **LONG-TERM DEBT,** *continued:*

The following is a schedule of long-term debt principal payments required as of June 30, 1993 (in thousands):

	1962 General Obligations Bonds	1966 Special Service District Bonds	1990 Sales Tax Revenue Refunding Bonds	1991 Sales Tax Revenue Bonds	1993 Sales Tax Revenue Notes	Total
Year ending June 30:						
1994	$ 37,525	$ 590	$ 5,400			$ 43,515
1995	39,050	620	5,785	$ 1,205		46,660
1996	40,625	640	6,205	1,325		48,795
1997	42,150	670	6,655	1,465		50,940
1998	43,675	700	7,140	1,610	$36,415	89,540
Thereafter	41,125	-	130,003	50,405	38,085	259,618
Total	$244,150	$3,220	$161,188	$56,010	$74,500	$539,068

7. **FEDERAL GRANTS:**

The U.S. Department of Transportation provides financial assistance to the District for capital projects and planning and technical assistance. Grants which were active during the year ended June 30, 1993 are summarized as follows (in thousands):

Total approved project costs	$ 575,534
Total approved federal funds	$ 445,304
Less cumulative amounts received	(310,440)
Remaining amount available under federal grants	$ 134,864

8. **LOCAL AND STATE FINANCIAL ASSISTANCE:**

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1993, TDA assistance was $500,000 (1992, $487,000), all of which was used for operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1993, STA assistance was nil (1992, $1,838,000), of which nil (1992, $157,000) was used for capital purposes, nil (1992, $1,600,000) was used for operating assistance, and nil (1992, $81,000) 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.

1. **SIGNIFICANT ACCOUNTING POLICIES:**

Description of Reporting Entity:

San Francisco Bay Area Rapid Transit District (the District) 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.

For financial reporting purposes, the District's financial statements include all financial activities over which the District exercises oversight responsibility. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management and accountability for fiscal matters. Based on these criteria, the Transit Financing Authority (the Authority) has been included in the District's financial statements. The District is not considered a component unit of any other government entity.

Basis of Accounting and Presentation:

The accrual basis of accounting is used by the District. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The financial statements of the District are presented as an enterprise fund and are accounted for in separate funds, principally the Operating Fund, Construction Fund and Debt Service Fund. Such funds are combined for financial reporting purposes in order to present the financial position and results of operations of the District as a whole.

Cash and Cash Equivalents:

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Deposits held by trustee, deferred compensation plan investments, and investments restricted for Board designated purposes are treated as investments.

Investments:

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

Deposits Held by Trustee:

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

Restricted and Designated Cash and Investments:

Certain cash and investments are classified as restricted and designated assets on the balance sheets because their use is limited, either by certain bond covenants or by the Board of Directors' designations. The use of these funds is restricted for use in construction or for debt service payments.

Continued

1. **SIGNIFICANT ACCOUNTING POLICIES,** *continued:*

Materials and Supplies:

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

Facilities, Property and Equipment:

Facilities, property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense on assets acquired with capital grant funds is transferred to contributed capital after being charged to operations.

Major improvements and betterments to existing facilities and equipment are capitalized. Costs for maintenance and repairs which do not extend the useful life of the applicable assets are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations.

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 $533,000 and $584,000 during the years ended June 30, 1993 and 1992, respectively, for excess interest revenue over interest expense from applicable borrowings.

Unearned Passenger Revenue:

Unearned passenger revenue is an estimate of passenger tickets purchased which have not yet been used.

Contributed Capital:

The District receives grants from the Federal Transportation Administration (FTA) 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 grants are recognized as donated capital to the extent that costs under the grant have been incurred and recorded as assets. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, are included in contributed capital.

Transactions and Use Tax (Sales Tax) Revenue:

State of California legislation authorizes the District to impose a ½% transactions and use tax within District boundaries which is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly 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. 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 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.

1962 General Obligation Bonds

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling $792,000,000 of General Obligation Bonds maturing through 1999, with interest rates ranging from 1.5% to 6.0%. Payment of both principal and interest is provided by the levy of District-wide property taxes.

1966 Special Service District Bonds

In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of $20,500,000 of General Obligation Bonds maturing through 1998, of which $12,000,000 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%.

1990 Sales Tax Revenue Refunding Bonds (the 1990 Bonds):

In July 1990, the District issued sales tax refunding bonds totaling $158,478,000. The 1990 Bonds are special obligations of the District payable from and collateralized by a pledge of the sales tax revenues. At June 30, 1993, the 1990 Bonds consist of $140,810,000 of current interest bonds due from 1994 to 2012 with interest rates ranging from 6.00% to 6.75% and $20,378,000 of capital appreciation serial bonds (16,828,000 original amount) with yields of 6.65% to 6.75% due from 2002 to 2005. Interest on the capital appreciation bonds is payable at maturity. For financial reporting purposes, accrued interest is added to the principal balance. The current interest bonds maturing on July 1, 2009 ($56,215,000) are redeemable after July 1, 2000 at the option of the District at prices ranging from 102% to 100%. The 1990 Bonds were issued to advance refund 1985 Sales Tax Revenue Bonds outstanding.

1991 Sales Tax Revenue Bonds (the 1991 Bonds):

The 1991 Bonds were issued in August 1991 in the amount of $56,010,000 and are special obligations of the District, payable from and collateralized by a pledge of sales tax revenues. At June 30, 1993, the 1991 Bonds consist of $16,135,000 serial bonds due from 1994 to 2002 with interest rates ranging from 5.15% to 6.30% and $39,875,000 of term bonds due from 2005 to 2012 with interest rates ranging from 6.40% to 6.60%. The District is required to make sinking fund payments on the term bonds beginning on July 1, 2003. Additionally, the 1991 Bonds maturing after June 30, 2001 are redeemable, at the option of the District at prices ranging from 102% to 100%.

1993 Sales Tax Revenue Notes:

In January 1993, the District issued subordinate sales tax revenue notes totaling $74,500,000 to provide funds for the acquisition of 30 mass transit rail vehicles. The notes are special obligations of the District payable from and collateralized by a pledge of certain sales tax revenues and by property tax revenues. The pledge of the sales tax revenue is subordinate to the District's pledge of sales tax revenues with respect to payment of its $158,478,000 original principal amount of Sales Tax Revenue Bonds, Series 1990, and its $56,010,000 original principal amount of Sales Tax Revenue Bonds, Series 1991, and any obligations of the District payable on a parity with such bonds pursuant to the terms of the indenture under which such bonds were issued.

In prior years, the District defeased sales tax revenue bonds by placing the proceeds of new sales tax revenue refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 1993, the outstanding amount of sales tax revenue bonds defeased was $136,280,000.

The District is subject to certain bond covenants, the most restrictive of which is to make no use of the proceeds of the bonds which will cause the bonds to be arbitrage bonds subject to federal income taxation.

Bond and note discount and issuance costs are amortized over the life of the related debt.

Continued

5. JOINT EXERCISE OF POWERS AGREEMENT:

Description:

The Joint Exercise of Powers Agreement (the Agreement), dated August 1, 1991, between the District and Metropolitan Transportation Commission (MTC) provided for the creation of the Transit Financing Authority (the Authority), a public instrumentality of the State of California. The term of this Agreement is for ten years, unless extended or earlier terminated. The Authority was formed for the purpose of providing financing and contracting for public transit improvements, including the refinancing of prior indebtedness and acquiring, selling and financing public capital improvements, working capital, liability and other insurance needs, and for the specific purpose of assisting in financing the District's East-Bay extensions.

The governing board of the Authority consists of two members each from the District and the MTC. Neither the District nor the MTC is responsible for any debt, liabilities and obligations of the Authority.

At the end of the term or upon the earlier termination of this Agreement, all assets of the Authority shall be distributed to the two participants, and any surplus money on hand shall be returned to these participants in proportion to their respective contributions to the Authority.

The District has not contributed any assets to the Authority since inception and has only a residual equity interest as mentioned above. Because the District is not an investee in the Authority, the equity method is not considered appropriate.

Commercial Paper Program:

The Authority has undertaken a commercial paper program to finance certain of the District's system improvements in connection with the multi-phase extension program. Under the program, in October 1992, the Authority issued its Commercial Paper Notes, Series A, and Commercial Paper Notes, Series B, in the aggregate amount of $100,000,000. The commercial paper notes are payable from and collateralized solely by a letter of credit and are not collateralized by the pledge of any revenues of the Authority or the District. The District and the Authority have pledged certain funding sources for the extension as collateral for the letter of credit.

At June 30, 1993, the total assets, liabilities and accumulated deficit of the Authority were $98,897,000, $100,184,000 and $1,287,000, respectively.

6. LONG-TERM DEBT:

Long-term debt at June 30, 1993 and 1992 is summarized as follows (in thousands):

	1993	1992
1962 General Obligation Bonds	$244,150	$280,425
1966 Special Service District Bonds	3,220	3,790
1990 Sales Tax Revenue Refunding Bonds	161,188	160,727
1991 Sales Tax Revenue Bonds	56,010	56,010
1993 Sales Tax Revenue Notes	74,500	-
	539,068	500,952
Less:		
Unamortized bond discount and issuance costs	(6,627)	(5,844)
Current portion	(43,515)	(37,685)
Net long-term portion	$488,926	$457,423

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 and 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:

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

Reclassifications:

Certain reclassifications have been made to the 1992 totals in order to conform them to the current year's presentation. These reclassifications had no impact on the 1992 net loss, as previously reported.

2. 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, 1993 (and 1992), the District's cash on hand was $1,010,000 (1992, $1,127,000), and the carrying amount of the District's time and demand deposits was $(487,000) (1992, $(4,634,000)) with the corresponding bank balance of $6,468,000 (1992, $3,814,000). Of the bank balance, $200,000 (1992, $200,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and $6,268,000 (1992, $3,614,000) is required by Section 53652 of the California Government Code to be collateralized 110% by the pledging financial institutions. Such collateral is not required to be 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 1993 or 1992.

The District's investments are categorized on the next page to give an indication of the credit risk assumed by the District at June 30, 1993. 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.

Continued

2. CASH AND INVESTMENTS, *continued:*

Investments, *continued:*

(in Thousands)

	1993 Category 1	1993 Category 2	1993 Carrying Amount	1993 Market Value	1992 Category 1	1992 Category 2	1992 Carrying Amount	1992 Market Value
Money market		$ 16,441	$ 16,441	$ 16,441		$7,295	$ 7,295	$ 7,295
U.S. Treasury bills	$ 34,585	42,685	77,270	77,725	$ 29,462	-	29,462	29,354
U.S. Treasury notes	97,900	6,358	104,258	104,938	88,824	-	88,824	89,385
Federal agency obligations	160,557	54,415	214,972	222,534	203,098	-	203,098	206,748
Repurchase agreements	36,607	-	36,607	36,607	36,424	-	36,424	36,424
Total	$329,649	$119,899	449,548	458,245	$357,808	$7,295	365,103	369,206
Cash on hand			1,010	1,010			1,127	1,127
Time and demand deposits			(487)	(487)			(4,634)	(4,634)
Investment in California local agency investment fund			15,000	15,000			15,000	15,000
Mutual funds - deferred compensation plan investments			96,054	96,054			81,472	81,472
Total			$561,125	$569,822			$458,068	$462,171
Reported as:								
Cash and cash equivalents			$ 57,644				$ 56,040	
Short-term investments			5,450				6,007	
Payroll and other liabilities (representing cash overdraft)			(5,514)				(8,123)	
Deposits held by trustee - current and long-term			119,899				7,295	
Investments restricted for capital purposes			268,858				295,434	
Deferred compensation plan investments			96,054				81,472	
Investments restricted for Board designated purposes			18,734				19,943	
Total			$561,125				$458,068	

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

	1993	1992
Basic system completion	$ 2,630	$ 3,052
System improvement	2,694	3,491
Self-insurance	9,000	9,000
Operating	4,410	4,400
Total	$18,734	$19,943

3. FACILITIES, PROPERTY AND EQUIPMENT:

Facilities, property and equipment at June 30, 1993 and 1992 are summarized as follows (in thousands):

	Lives (Years)	1993	1992
Land		$ 229,946	$ 215,272
Improvements	80	1,296,406	1,255,837
System-wide operation and control	20	221,998	217,473
Revenue transit vehicles	30	437,550	434,179
Service and miscellaneous equipment	3-20	33,112	30,611
Capitalized construction and start-up costs	30	97,723	97,814
Repairable property items	30	14,160	13,979
		2,330,895	2,265,165
Less accumulated depreciation and amortization		(627,155)	(580,586)
		1,703,740	1,684,579
Construction-in-progress		341,877	195,705
Total		$2,045,617	$1,880,284

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $886,000,000 at June 30, 1993.

The District has begun Phase 1 of an extension project that will add 33 miles of track and 8 new stations to the system at a total cost of approximately $2,500,000,000. The District anticipates completing Phase 1 by the year 2002. The District anticipates funding for Phase 1 will come from the federal government ($741,000,000), State of California ($523,000,000), San Mateo County ($428,000,000), Alameda and Contra Costa Counties ($442,000,000), bridge tolls ($134,000,000) and the District ($107,000,000), with the remaining source of funding to be identified.

4. LIABILITY FOR INSURANCE CLAIMS:

The District is fully self-insured for workers' compensation claims and partially self-insured for public liability and property damage. The self-insured maximum for public liability and property damage claims is $10,000,000 for any one occurrence. Claims in excess of self-insurance retentions are covered up to an additional $140,000,000 by insurance policies.

The self-insurance programs are administered by independent adjustment bureaus. The liability is based, in part, upon the independent adjustment bureaus' estimate of reserves required for unsettled claims and related administrative costs, and includes claims that are incurred but not reported. Such reserves are actuarially determined and subject to periodic adjustment as conditions warrant.

The estimated liability for insurance claims at June 30, 1993 is believed to be sufficient to cover any costs arising out of claims filed or to be filed for accidents which occurred through that date.

Continued