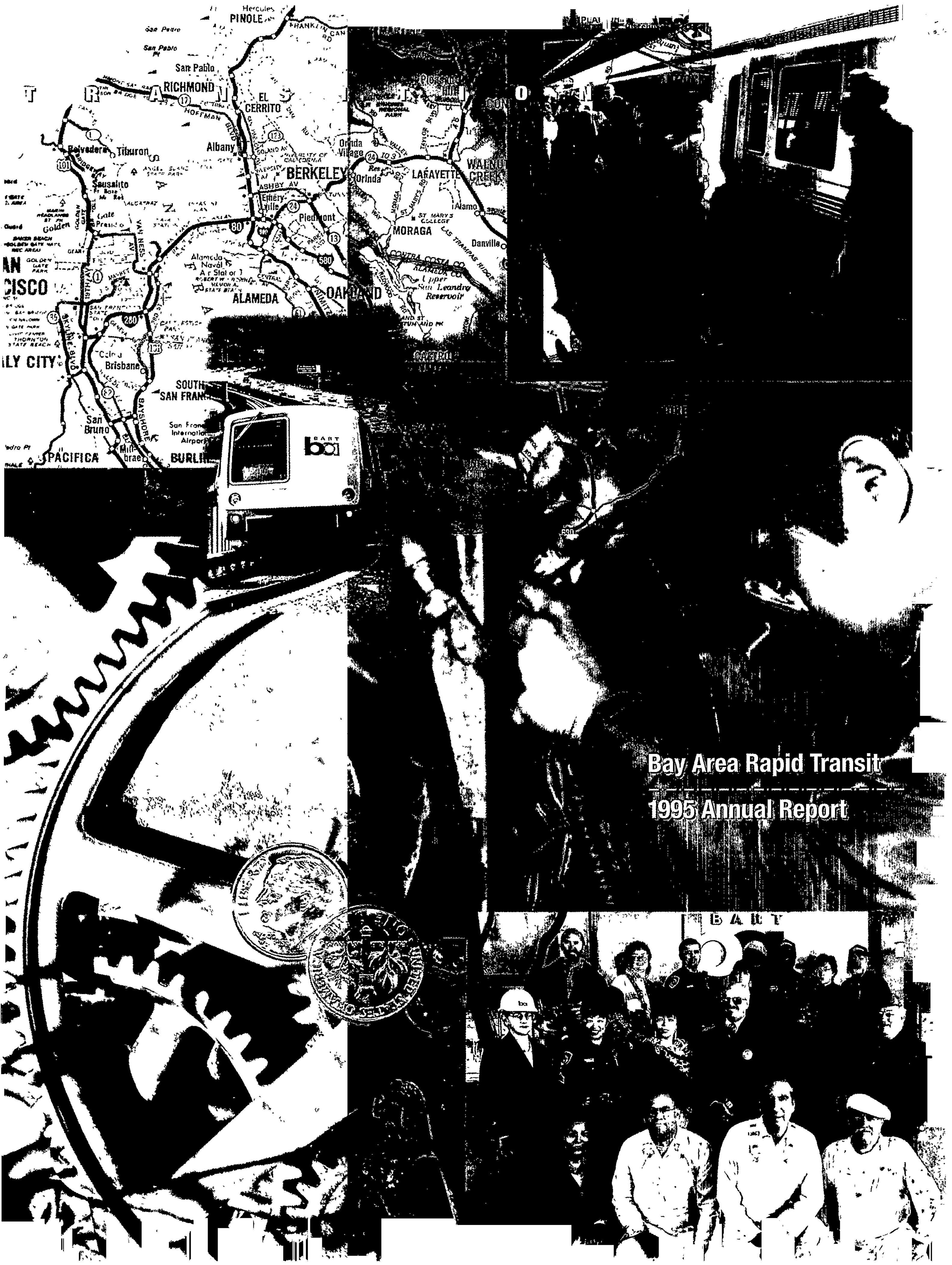
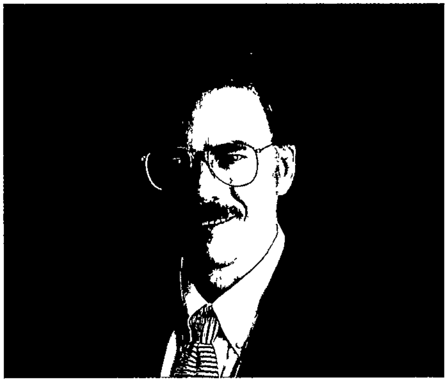


Bay Area Rapid Transit

1995 Annual Report

Message from Richard White, General Manager



In the decades to come, the Bay Area Rapid Transit District will recall 1995 as the year we finally bridged the gap between the first and second generations of rail transit service. During this year of transition, BART faced the challenge of forging ahead with $2.6 billion expansion while revitalizing our existing 22-year-old rail system. We faced this double challenge against a backdrop of nationwide financial belt-tightening and the lingering symptoms of the California recession. We had to ask ourselves, "How can we push ahead with three new extensions and at the same time enhance our performance, safety and accessibility on the existing system?" As BART prepared for the exciting changes of FY94-95, we drew inspiration from our long tradition of innovation and determination.

It was fitting that BART should embark on a schedule of visionary projects in the same year we celebrated the 20th anniversary of the Transbay Tube, a modern engineering wonder. On September 16, 1974, this 3.6-mile construction of tubular steel and reinforced concrete carried its first passengers under the Bay from Hayward through West Oakland to San Francisco. On that day, the Transbay Tube claimed the distinction of being the longest underwater transportation tube in the world. To date, the Tube has carried more than one-half billion passengers. Nearly half of the people who traverse the Bay each day ride BART through this 135-foot-deep underwater passage. Those passenger volumes will increase when we open the first segments of our planned 35 miles of new extension track.

Extension Milestones

BART took giant leaps ahead on the extension projects with the help of an alliance of federal, local and state partners including the California Department of Transportation, the California Transportation Commission, the Federal Transit Administration, San Mateo County Transit District, Alameda County Transportation Authority, Contra Costa Transportation Authority, the Metropolitan Transportation Commission and, or course, the Bay Area taxpayers. After years of planning, the first new BART station built in 30 years will open its fare gates in North Concord by the end of 1995. Getting to that point hasn't been easy.

The winter storms of 1995 tried their best to hold us back. BART plotted the construction schedule using 30 years of National Weather Service data which recorded an average of 14 days of rain a year. We expected a total of no more than 42 stormy interruptions during the last three years. Instead workers were hit with 221 wet days.

The 1995 winter storms and floods had the biggest impact on the Dublin/Pleasanton Extension. The 14-mile Alameda county project, which will connect Castro Valley, Dublin and Pleasanton to the Fremont line, suffered a chain reaction of rain days that pushed the grand opening of the new line to 1996.

The Pittsburg/Antioch Extension will be the first of the new extensions to carry passengers. That project adds 7.8 miles of double track to connect eastern Contra Costa to the existing Concord Station. The North Concord/Martinez Station is scheduled to open by the end of 1995.

The Colma Station Extension will follow shortly thereafter. Less than 2 miles long, Colma is expected to generate an additional 12,000 daily trips, and provide the first step towards BART's link to the San Francisco International Airport. In the second half of FY95, BART reached an historic agreement with SamTrans for the design of the airport extension and secured the next round of federal appropriations to keep this vital transportation project on track. BART engineers redesigned a connection that will realize the goal of delivering at least 50% of travelers within a 4-5 minute walking distance of their boarding gates. This option calls for an aerial structure that drops passengers off inside the new International Terminal complex area. It would cost $200 million less than the $1.27 billion needed to tunnel a subway under the airport terminal. In the coming year, BART will continue airport design work and the East Bay construction work, incorporating many high-tech innovations into the expanding system.

Acceleration Onto The Info-Highway

Known worldwide for its cutting-edge engineering and design achievements, BART continued the tradition of pioneering technology. In a first of its kind public-private partnership, BART accelerated toward the Information Superhighway last fall with an innovative contract for the installation of a fiber optics communications network. This high-speed information transmission which will yield an immediate value to BART of over $40 million in the form of a new systemwide Telecommunications System.

BART, MFS Network Technologies, Inc., and Pitney Bowes Credit Corp. forged an agreement to lease the District's right-of-way for installation of a fiber optics cable system. The communications cable will run along BART's existing 71.5 miles of track and 35 miles of new extension track. In a separate agreement between BART and the California Department of Transportation, the cables will also run along the freeway medians BART shares with Caltrans.

The fiber optics agreement not only maximizes the taxpayers' investment in the extensions but also creates a new revenue stream to help fund operations. BART could earn additional revenues over the 20-year life of the lease beyond the current value of a new $40 million telecommunications system. Potential users include cable television, paging and cellular phone providers. MCImetro, a subsidiary of the MCI telecommunications company, was the first to take advantage of BART's unique infrastructure system. MCImetro will complete its link between San Francisco and the East Bay through the Transbay Tube.

BART broke high-tech ground again when we became the first transit district in the nation to receive a defense conversion grant from the federal government. The $19.5 million grant is to convert military "radio frequency position locating" technology into an automatic train control system. This technology formed the centerpiece of the government's 80s era "Star Wars" missile defense system. Through a partnership with Hughes Aircraft and Morrison Knudsen, BART will create a system for running trains closer together.

In another partnership, we are working with scientists from Sandia National Laboratories to adapt defense technology to make BART quieter. Researchers will tackle BART noise levels with the same techniques used to make submarines run silent to avoid enemy detection.

BART moved another mile closer to the pollution-free "all electric commute" with plans to bring the first of 40 two-passenger electric cars to BART stations by the end of 1995. The cars will be leased to employees from PG&E, BART and Sybase. PG&E, the Bay Area Air Quality Management District, CALSTART, the Advanced Research Projects Agency and the California Energy Commission are funding the electric fleet. The West Berkeley Business Association joined BART's efforts with an electric shuttle bus to bring employees of their business district to and from the Ashby and North Berkeley stations.

Fiscal Healthcare

BART's Board of Directors approved a $227 million operating budget for FY1994/95. We secured the addition of $100 million in revenue over the next three years with a passenger fare increase — the first since 1986. The increased revenue will be used to pay for badly needed renovation of BART's original fleet of train cars, as well as station escalators, change and ticket machines, lighting and other improvements. The money will also help fund operating costs for the new extensions and government-mandated access requirements to satisfy the Americans With Disabilities Act. Fares went up an average 15 percent in April 1995 with planned increases of 13 percent in April 1996 and 11.4 percent in April 1997. BART directors also trimmed discounts for seniors, youth and disabled fares to 75 percent of full fare from 90 percent.

The fare increase came on the heels of significant staff reductions. Over the prior two years, the district cut 55 staff positions, more than half of them from administration.

In the midst of the growing financial challenges during fiscal year 1995, BART reached a contract agreement with its two largest employee unions representing nearly 2,000 workers. Service Employees International Union Local 790 and Amalgamated Transit Union Local 1555 will receive two percent pay increases during each of the three years of the contract A critical cost-saving component in the labor agreement has a provision for paying new hires at a lower rate than tenured BART employees.

Car Refurbishing

About one-third of the new fare revenue will pay for renovation of BART's original 439-car transit fleet. We awarded AEG Transportation Systems a $330 million contract to conduct the renovation—the largest in BART history. The renovation effort will add another 15-20 years to the life of the cars at one-third the cost of new cars. Passengers will benefit from more reliable and energy-efficient transportation. The car renovation is an important segment of the District's 10-year, $1 billion systemwide overhaul.

BART launched the renovation program in May with the sale of revenue bonds. In a show of confidence in the BART system, Wall Street investors eagerly bought up BART bonds within 2 ½ hours of bond issue at the favorable interest rates of 4.15 to 5.7 percent. The successful sale followed the increase in BART's bond ratings from single-A-plus to double-AA-minus by Standard & Poor's. The Metropolitan Transportation Commission is supplying $450 million in local, state and federal funds for the overall systemwide renovation.

Accessibility Upgrades

Determined to improve BART's accessibility to disabled passengers, we created the East Bay Paratransit Consortium with AC Transit. This group oversees delivery of transportation for seniors and disabled passengers who can't get to the fixed-route rail or bus system. Service through taxi cabs and lift-equipped vans will start in 1996.

We targeted 20 key train stations for disabled access enhancements. The District will provide accessible fare equipment, improve signage and better maintain elevators that allow mobility impaired passengers to enter the station platforms. A telephone hotline gives passengers updates on which station elevators are in service that day. At the Powell Street Station in San Francisco, we tested talking signs for the sight-impaired. We also continued to fund paratransit service in the Hayward/Union City/Fremont area and the El Cerrito/Richmond/San Pablo communities.

Enhancing Safety and Convenience

Through all these many ambitious changes at BART, we have tried to keep the community a part of the activity. We got together with many of our passengers through "Customer Connections," a meeting of minds between BART administrators and commuters. We visited stations and listened first-hand to the riders. These encounters renewed our commitment to making BART a safe and pleasant transportation alternative.

To meet the demands of BART passengers for greater visible police presence, we embarked on a strategy to decentralize police services. A new police station opened at the Powell Street Station in downtown San Francisco. BART plans to open similar stations at the El Cerrito Del Norte, Bayfair and Walnut Creek stations to bring officers closer to the outlying communities. The Lake Merritt station below BART headquarters in Oakland will continue to serve that community.

To address passenger concern about parking problems, we opened multi-level garages last year in Walnut Creek, Concord and Hayward for an additional 2,300 spaces.

Heading For The Future

When the extensions open in 1995 and in 1996, BART will welcome an additional 3.7 million new riders a year for a total of more than 73.3 million. We expect to increase peak service 33 percent with the overall addition of 14 trains during peak hours. We will concentrate on keeping stations and cars both clean and secure. With the $6.8 million we've saved through cost-containment strategies, we'll be removing graffiti, washing cars inside and out. We'll be building on the foundations of efficiency and organization perfected over the last several years to carry out these plans. In FY95 we put BART's future on track, and in the coming year we will dedicate our energy to turning the power on.

Richard A. White
General Manager, Bay Area Rapid Transit

Coopers
&Lybrand

CALVIN Y. LOUIE

Coopers & Lybrand L.L.P.
(a joint venture)

a professional services firm

REPORT OF INDEPENDENT ACCOUNTANTS

To 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, 1995 and 1994 and for the years 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide a reasonable basis for our opinion.

In our opinion, the 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, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated November 20, 1995, on our consideration of the District's internal control structure and on its compliance with laws and regulations.

Coopers & Lybrand L.L.P.   Calvin Y. Louie

Oakland, California
November 20, 1995

San Francisco Bay Area Rapid Transit District

Balance Sheets

June 30, 1995 and 1994

	1995	1994
	(IN THOUSANDS)	
Assets		
Current assets:		
Cash and cash equivalents	$ 64,581	$ 65,539
Investments	4,235	7,020
Total cash, cash equivalents and investments (including restricted cash and investments of $4,602 in 1995 and $7,102 in 1994)	68,816	72,559
Deposits held by trustee - restricted	62,840	16,761
Capital grants and contributions receivable - restricted	72,385	94,765
Other receivables	9,873	9,766
Materials and supplies	20,128	22,465
Total current assets	234,042	216,316
Restricted and designated assets:		
Investments for capital purposes	313,763	243,938
Deposits held by trustee	0	3,313
Board designated investments	17,606	18,490
Deferred compensation plan investments	121,856	101,785
Facilities, property and equipment, net	2,682,992	2,370,575
Total assets	$3,370,259	$2,954,417
Liabilities and Fund Equity		
Current liabilities:		
Current portion of long-term debt	$ 48,795	$ 46,660
Payroll and other liabilities	66,187	53,057
Current portion of self-insurance liabilities	9,544	8,370
Unearned passenger revenue	2,462	2,325
Total current liabilities	126,988	110,412
Contracts payable - restricted assets	58,402	41,173
Self-insurance liabilities	7,338	9,814
Deferred compensation plan liabilities	121,856	101,785
Long-term debt, net	572,302	444,176
Total liabilities	886,886	707,360
Commitments and contingencies (Note 13)		
Fund equity:		
Contributed capital	1,582,962	1,383,677
Retained earnings	900,411	863,380
Total fund equity	2,483,373	2,247,057
Total liabilities and fund equity	$3,370,259	$2,954,417

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statements of Revenues and Expenses

for the years ended June 30, 1995 and 1994

	(IN THOUSANDS) 1995	1994
Operating revenues:		
Fares	$ 103,877	$ 102,497
Other (including investment income)	12,663	10,639
Total operating revenues	116,540	113,136
Operating expenses:		
Transportation	70,174	69,349
Maintenance	92,201	92,195
Police services	15,512	14,361
Construction and engineering	7,419	7,484
General and administrative	59,346	55,422
Depreciation	45,581	48,174
Total operating expenses	290,233	286,985
Less capitalized costs	(26,318)	(21,386)
Net operating expenses	263,915	265,599
Operating loss	(147,375)	(152,463)
Other revenues (expenses):		
Transactions and use tax (sales tax)	115,186	109,834
Property tax	57,236	59,603
State financial assistance	—	4,400
Local financial assistance	550	562
Other investment income	13,312	11,609
Interest expense	(26,999)	(28,518)
Other expense, net	(578)	(171)
Total other revenues	158,707	157,319
Net income	$ 11,332	$ 4,856

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statements of Changes in Fund Equity

for the years ended June 30, 1995 and 1994

(IN THOUSANDS)	Contributed Capital	Retained Earnings	Total Fund Equity
Balances, June 30, 1993	$1,061,681	$ 835,444	$ 1,897,125
Net income	—	4,856	4,856
Other additions (deductions):			
Contributed capital	345,076	—	345,076
Depreciation of assets acquired with contributed capital	(23,080)	23,080	—
Balances, June 30, 1994	1,383,677	863,380	2,247,057
Net income	—	11,332	11,332
Other additions (deductions):			
Contributed capital	224,984	—	224,984
Depreciation of assets acquired with contributed capital	(25,699)	25,699	—
Balances, June 30, 1995	$1,582,962	$ 900,411	$2,483,373

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statements of Cash Flows

for the years ended June 30, 1995 and 1994

	(IN THOUSANDS) 1995	1994
Cash flows from operating activities:		
Operating loss	$ (147,375)	$ (152,463)
Less investment income included in operating revenue	(8,814)	(7,177)
Operating loss excluding investment income	(156,189)	(159,640)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	45,581	48,174
Net effect of changes in:		
Receivables	22,273	4,363
Materials and supplies	2,337	453
Payroll and other liabilities	13,130	4,035
Self-insurance liabilities	(1,302)	706
Unearned passenger revenue	137	227
Net cash used in operating activities	(74,033)	(101,682)
Cash flows from noncapital financing activities:		
Transactions and use tax received	93,625	90,291
Property tax received	12,002	12,344
Financial assistance received	550	4,962
Net cash provided by noncapital financing activities	106,177	107,597
Cash flows from capital and related financing activities:		
Transactions and use tax received	21,561	19,543
Property tax received	45,234	47,259
Interest paid on debt	(25,514)	(27,568)
Capital grants received	224,984	322,168
Principal paid on long-term debt	(46,660)	(43,515)
Repayment of Commercial Paper Notes	—	(100,000)
Proceeds from issuance of sales tax revenue bonds	135,000	—
Bond issuance costs	(4,649)	—
Expenditures for facilities, property and equipment	(338,957)	(357,711)
Proceeds from note payable	44,550	—
Other, net	(3)	789
Net cash provided by (used in) capital and related financing activities	55,546	(139,035)
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	566,118	400,383
Sale of investments to repay Commercial Paper Notes	—	100,000
Purchase of investments	(665,903)	(370,977)
Interest on investments	11,137	11,609
Net cash provided by (used in) investing activities	(88,648)	141,015
Net increase (decrease) in cash and cash equivalents	(958)	7,895
Cash and cash equivalents, beginning of year	65,539	57,644
Cash and cash equivalents, end of year	$ 64,581	$ 65,539

See notes to financial statements.

Notes to Financial Statements

1. Significant Accounting Policies:

Description of Reporting Entity:

The 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.

The District has defined its financial reporting entity in accordance with Government Accounting Standards No. 14, which states that the financial reporting entity should consist of (a) the primary government, (b) the organizations for which the primary government is financially accountable, and (c) the other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on this definition, the financial statements of the District (the primary government) include those of the Transit Financing Authority (the Authority), a component unit.

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.

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 income and expense related to tax-free borrowings. The net effect of such interest capitalization was to increase (decrease) expenditures for facilities, property and equipment by $1,833,000 and $(303,000) during the years ended June 30, 1995 and 1994, respectively, for the difference between interest income and interest expense from applicable borrowings.

Compensated Absences:

Compensated absences are accrued and reported as a liability in the period earned. Amounts payable at June 30 are included on the balance sheets in payroll and other liabilities.

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 Transit 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% transaction 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.

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.

Continued

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 11) are held separately by the plan's administrator.

Deposits:

At June 30, 1995 (and 1994), the District's cash on hand was $750,000 (1994, $732,000), and the carrying amount of the District's time and demand deposits was $(8,052,000) (1994, $892,000) with the corresponding bank balance of $4,359,000 (1994, $8,847,000). Of the bank balance, $200,000 for 1995 and 1994, was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and $4,159,000 (1994, $8,647,000) 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 1995 or 1994.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1995. 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 investments which are uninsured and unregistered, for which the securities are held by the broker's or dealer's trust department or agent, but not in the District's name.

(IN THOUSANDS)

	1995					1994				
	Category			Carrying	Market	Category			Carrying	Market
	1	2	3	Amount	Value	1	2	3	Amount	Value
Money market	—	$18,831	—	$ 18,831	$ 18,831	—	$ 15,495	—	$ 15,495	$ 15,495
U.S. Treasury bills	$ 87,962	42,998	—	130,960	131,850	$ 14,840	—	—	14,840	14,844
U.S. Treasury notes	5,037	1,011	—	6,048	6,085	77,307	4,579	—	81,886	81,749
Federal agency obligations	264,713	—	—	264,713	268,737	187,543	—	—	187,543	189,202
Repurchase agreements	23,394	—	—	23,394	23,394	34,541	—	—	34,541	34,541
TOTAL	$381,106	$62,840	—	443,946	448,897	$314,231	$20,074	—	334,305	335,831
Cash on hand				750	750				732	732
Time and demand deposits				(8,052)	(8,052)				892	892
Investment in California local agency investment fund				15,000	15,000				15,000	15,000
Mutual funds - deferred compensation plan investments				121,856	121,856				101,785	101,785
TOTAL				$573,500	$578,451				$452,714	$454,240

	1995	1994
Reported as:		
Cash and cash equivalents	$ 64,581	$ 65,539
Investments - current	4,235	7,020
Payroll and other liabilities (representing cash overdraft)	(11,381)	(4,132)
Deposits held by trustee - restricted - current and long-term	62,840	20,074
Investments restricted for capital purposes	313,763	243,938
Deferred compensation plan investments	121,856	101,785
Investments restricted for Board designated purposes	17,606	18,490
TOTAL	$573,500	$452,714

The Board of Directors of the District have designated the following amounts, consisting of investments, as a reserve of fund equity for the following purposes (in thousands):

	1995	1994
Basic system completion	$ 2,002	$ 2,422
System improvement	1,794	2,218
Self-insurance	9,000	9,000
Operating	4,810	4,850
TOTAL	$17,606	$18,490

3. Facilities, Property and Equipment:

Facilities, property and equipment at June 30, 1995 and 1994 are summarized as follows (in thousands):

	Lives (Years)	1995	1994
Land		$ 241,710	$ 240,333
Improvements	80	1,392,873	1,325,120
System-wide operation and control	20	240,907	236,959
Revenue transit vehicles	30	488,108	438,437
Service and miscellaneous equipment	3-20	35,667	35,406
Capitalized construction and start-up costs	30	97,733	97,733
Repairable property items	30	15,704	15,401
		2,512,702	2,389,389
Less accumulated depreciation and amortization		(718,600)	(673,703)
		1,794,102	1,715,686
Construction-in-progress		888,890	654,889
TOTAL		$2,682,992	$2,370,575

The District has entered into contracts for the construction of various facilities and equipment totaling approximately $944,000,000 at June 30, 1995.

The District has begun Phase 1 of an extension project that will add 35 miles of track and 10 new stations to the system at a total cost of approximately $2,692,000,000. The District anticipates completing Phase 1 by the year 2002. The District anticipates funding for Phase 1 will come from the federal government ($719,000,000), State of California ($578,000,000), San Mateo County ($470,000,000), Alameda and Contra Costa Counties ($321,000,000), bridge tolls ($134,000,000), and the District ($105,000,000), with the remaining source of funding yet to be identified.

4. Risk Management:

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, 1995 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.

Claim expenses and liabilities are reported when it is probable that a loss has accrued and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

Continued

4. Risk Management continued:

At June 30, 1995, the amount of these liabilities was $16,881,649. This liability is the District's best estimate based on available information. Changes in the reported liability since June 30, 1993 are as follows (in thousands):

	1995	1994
Liability at beginning of year	$18,184	$16,159
Current year claims and changes in estimates	4,663	7,809
Payment of claims	(5,965)	(5,784)
LIABILITY AT END OF YEAR	$16,882	$18,184

5. Joint Exercise of Powers Agreement:

Description:

The Joint Exercise of Powers Agreement (the Agreement), dated August 1, 1991, between the District and MTC provided for the creation of the Transit Financing Authority (the Authority), a public instrumentality of the State of California. The term of the 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 MTC. Neither the District nor MTC is responsible for any debt, liabilities and obligations of the Authority.

At the end of the term or upon the earlier termination of the 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. During March and April 1994, the Authority redeemed and retired all commercial paper notes issued under the program.

At June 30, 1995, the Authority has no assets, liabilities and retained earnings. The District is continuing to fund expenses to maintain the commercial paper program for future financing needs.

6. Joint Venture:

During fiscal year 1995, the District and the joint venture of Hughes Transportation Control Systems, Inc., and Morrison Knudsen Train Control, Inc. (HMK) entered into a memorandum of understanding (MOU) to form an alliance (Alliance) to develop a cost-effective, highly reliable and safe train control system for passenger and freight carrying trains. The project is funded under the Technology Reinvestment Project managed by the Advanced Research Projects Agency (ARPA). The Federal Transit Administration (FTA) has agreed to manage and oversee the project on behalf of ARPA. This project has an initial term of 32 months.

The project is to be governed by an executive committee which will consist of eight members; three appointed by the District, four appointed by HMK, and one appointed by the FTA. The executive committee will be chaired by the District's general manager.

The District's participation in this project is in the form of in-kind contributions and direct costs that are reimbursable by the Alliance. At June 30, 1995, the District had provided the Alliance with approximately $1,588,000 in in-kind contributions and had incurred approximately $394,000 of costs that were reimbursable by the Alliance.

7. Long-Term Debt:

Long-term debt at June 30, 1995 and 1994 is summarized as follows (in thousands):

	1995	1994
1962 General Obligation Bonds	$167,575	$206,625
1966 Special Service District Bonds	2,010	2,630
1990 Sales Tax Revenue Refunding Bonds	152,879	157,179
1991 Sales Tax Revenue Bonds	54,805	56,010
1993 Sales Tax Revenue Notes	74,500	74,500
1995 Sales Tax Revenue Bonds	135,000	—
Notes payable	44,550	—
	631,319	496,944
Less:		
Unamortized bond discount and issuance costs	(10,221)	(6,108)
Current portion	(48,795)	(46,660)
NET LONG-TERM PORTION	$572,303	$444,176

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%. 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% 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, 1995, the 1990 Bonds consist of $129,625,000 of current interest bonds due from 1995 to 2012 with interest rates ranging from 6.10% to 6.75% and $23,254,000 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 100% to 102%. 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, 1995, the 1991 Bonds consist of $14,930,000 serial bonds due from 1995 to 2002 with interest rates ranging from 5.35% to 6.3% and $39,875,000 of term bonds due from 2005 to 2012 with interest rates ranging from 6.4% to 6.6%. 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 100% to 102%.

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

Continued

7. Long-Term Debt continued:

original principal amount of Sales Tax Revenue Refunding 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.

1995 Sales Tax Revenue Bonds (the 1995 Bonds):

In June 1995, the District issued sales tax revenue bonds totalling $135,000,000 to provide funds for certain capital improvements including rehabilitation of District vehicles and facilities and energy conservation measures. The bonds are special obligations of the District, payable from and collateralized by a pledge of sales tax revenues. At June 30, 1995, the 1995 Bonds consist of $65,520,000 serial bonds due from 1996 to 2012 with interest rates ranging from 4.15% to 5.70% and $69,480,000 of term bonds due from 2015 to 2020 with interest rates of 5.50%. The District is required to make sinking fund payments on the term bonds beginning on July 1, 2012. In addition, the 1995 Bonds maturing after June 30, 2006 will be redeemable after July 1, 2005 at the option of the District at prices ranging from 100% to 101%.

Note Payable:

In September 1994, the District entered into a note payable arrangement with Pitney Bowes Credit Corp., (Pitney) in the amount of $44,550,000 to finance the cost of constructing a telecommunications system (System) along the District's right-of-ways. The note is collateralized by a restricted deposit held by a trustee totaling approximately $43,479,000 at June 30, 1995. This account is to be used by the District for making progress payments to a vendor who has been contracted for the design, development and construction of the System. The District has entered into a separate agreement with this vendor. The project is estimated to be completed in approximately three years, at which time the District is to start repayment of the principal and accrued interest on the note to Pitney. Interest on the note accrues at the rate of 7.08% per annum. At June 30, 1995, the District has incurred costs of approximately $3,500,000 related to the construction of the System, which has been recorded as construction in progress in the balance sheet at June 30, 1995.

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, 1995, the outstanding amount of sales tax revenue bonds defeased was $130,545,000.

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.

The following is a schedule of long-term debt principal payments required as of June 30, 1995 (in thousands):

Year ending June 30:	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	1995 Sales Tax Revenue Bonds	Total
1996	$ 40,625	$ 640	$ 6,205	$ 1,325	—	—	$ 48,795
1997	42,150	670	6,655	1,465	—	$ 2,825	53,765
1998	43,675	700	7,140	1,610	$36,415	2,940	92,480
1999	41,125	—	7,655	1,770	38,085	3,070	91,705
2000	—	—	8,195	1,935	—	3,205	13,335
Thereafter	—	—	117,029	46,700	—	122,960	286,689
SUB-TOTAL	$167,575	$2,010	$152,879	$54,805	$74,500	$135,000	$586,769
Note payable							44,550
TOTAL							$631,319

8. 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, 1995 are summarized as follows (in thousands):

Total approved project costs	$ 473,576
Total approved federal funds	$ 363,475
Less cumulative amounts earned	303,705
Remaining amount available under federal grants	$ 59,770

9. 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, 1995, TDA assistance was $550,400 (1994, $561,900), 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 MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1995, STA assistance was $0. For the year ended June 30, 1994, STA assistance was $4,400,000 of which the entire amount was used for operating assistance. 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.

10. 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, 1995 and 1994 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, 1995 and 1994 was $131,033,000 and $128,325,000, respectively. The District's 1995 and 1994 payroll for all employees was $141,419,000 and $138,873,000, 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.

Continued

10. Employees' Retirement Plan continued:

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1994, the latest available for the Fund. The significant actuarial assumptions used in the 1994 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.50%, annual payroll increases of 4.5% attributable to inflation, 0% attributable to real salary increases, and merit increases that vary by length of service, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1994 (the latest available for the Fund) is summarized as follows (in thousands):

Net assets available for benefits, at cost[1] (total market value, $464,823)	$ 466,222
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	139,689
Current employees:	
Accumulated employee contributions and allocated investment earnings	136,579
Employer-financed, vested	73,628
Employer-financed, nonvested	5,534
Total pension benefit obligation	355,430
Net assets in excess of pension benefit obligation	$ 110,792

[1] *Includes District's surplus at June 30, 1994.*

During the year ended June 30, 1994, the Fund experienced a net decrease of approximately $19,468,000 in the pension benefit obligation due to changes in actuarial methods and assumptions.

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, 1995 and 1994 in accordance with the actuarially determined requirements computed as of June 30, 1994 and 1993, 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 14.076% (1994, 15.435%) for safety employees and 8.997% (1994, 7.259%) 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, 1994 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 eight years ended June 30, 1994 is as follows (dollars in thousands):

	1994	1993	1992	1991	1990	1989	1988	1987
Net assets available for benefits, at cost	$466,222	$383,838	$340,459	$304,991	$277,041	$245,582	$214,290	$189,801
Pension benefit obligation	355,430	333,526	275,530	244,132	225,168	193,565	171,353	151,795
Net assets available for benefits as a percentage of pension benefit obligation	131.0%	115.0%	124.0%	125.0%	123.0%	127.0%	125.0%	125.0%
Assets in excess of pension benefit obligation	$ 110,792	$ 50,312	$ 64,929	$ 60,859	$ 51,873	$ 52,017	$ 42,937	$ 38,006
Annual covered payroll	128,325	121,630	114,057	105,614	95,372	85,746	83,178	79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	86.3%	41.4%	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 1995 is not yet available. Also, information prior to 1987 is not available.

11. 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.

12. 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, on a pay-as-you-go basis, 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. 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, 1995 and 1994 was $5,826,000 and $5,419,000, respectively. Money Purchase Pension Plan assets at June 30, 1995 and 1994 (excluded from the accompanying financial statements) were $135,677,000 and $118,383,000, respectively. At June 30, 1995, there were 456 participants currently eligible to receive benefits under this plan.

Continued

13. Commitments and Contingencies:

Litigation:

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

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, 1995 are as follows:

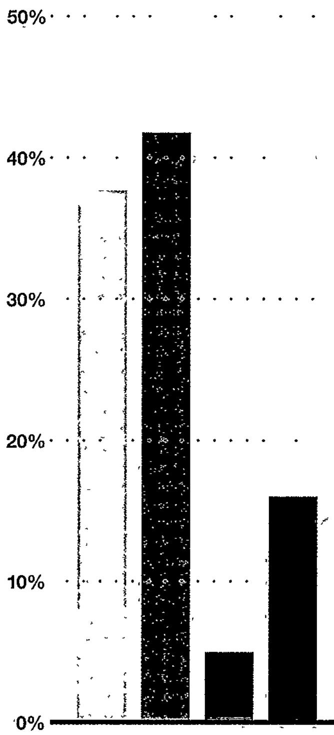
	Operating Leases
1996	$2,201,455
1997	2,184,842
1998	633,992
1999	466,681
2000	450,616
Thereafter	444,004
Total Minimum Payments	$6,381,590

Rent expense under all operating leases was $1,654,000 and $1,647,000 for the years ended June 30, 1995 and 1994, respectively.

Sale/Leaseback:

On March 30, 1995, the District entered into an agreement with a Swedish corporation to sell 25 newly manufactured C-2 rail cars for $50,383,100 and simultaneously entered into a lease agreement to lease them back. The lease agreement was effective on the closing date of September 15, 1995, and continues through January 15, 2011.

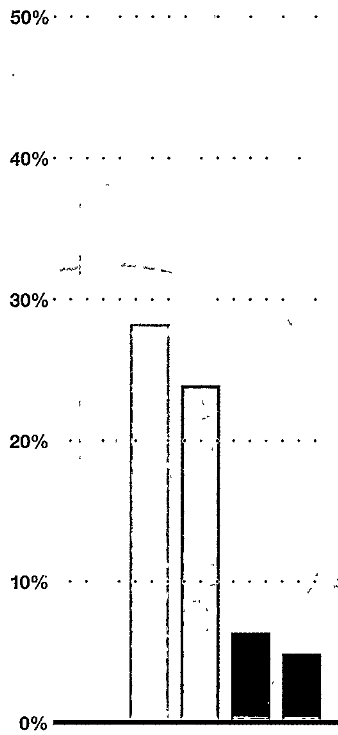
Operating Funds 1994-95



Sources of Funds
(in thousands)

Total $249,036 100.00%

- **Transactions and Use Sale Tax** $93,625 37.59%
- **Passenger Fares** $103,877 41.71%
- **Property Tax** $12,003 4.82%
- **Other** $39,531 15.88%
  - Investment Income and Other Operating Revenues* $12,663 5.09%
  - Construction Funds $26,318 10.57%
  - Regional Financial Assistance
    - Local $550 0.22%
    - State $0 0.00%

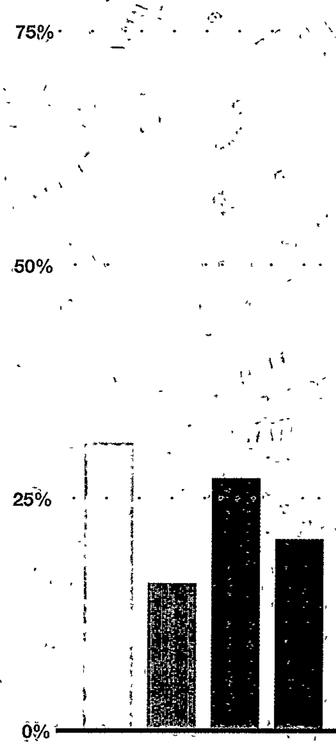


Uses of Funds
(in thousands)

Total $249,036 100.00%

- **Maintenance** $92,201 37.02%
- **Transportation** $70,174 28.18%
- **General Administration** $59,346 23.83%
- **Police Services** $15,512 6.23%
- **Other** $11,803 4.74%
  - Capital Designation $4,384 1.76%
  - Construction and Engineering $7,419 2.98%

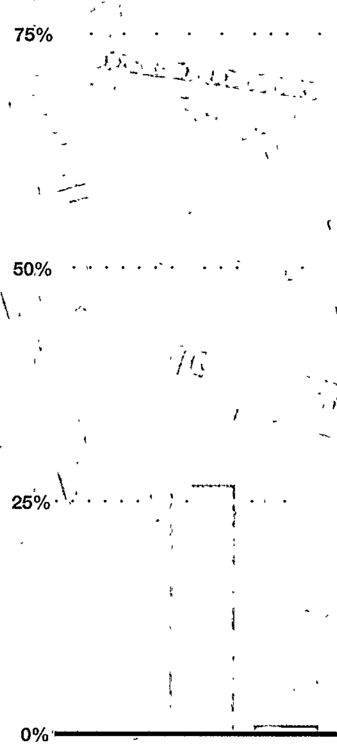
Capital Funds 1994-95



Sources of Funds
(in thousands)

Total $353,573 100.00%

- **District** $115,874 32.77%
- **Federal** $59,039 16.70%
- **State** $101,705 28.77%
- **Local** $76,955 21.76%

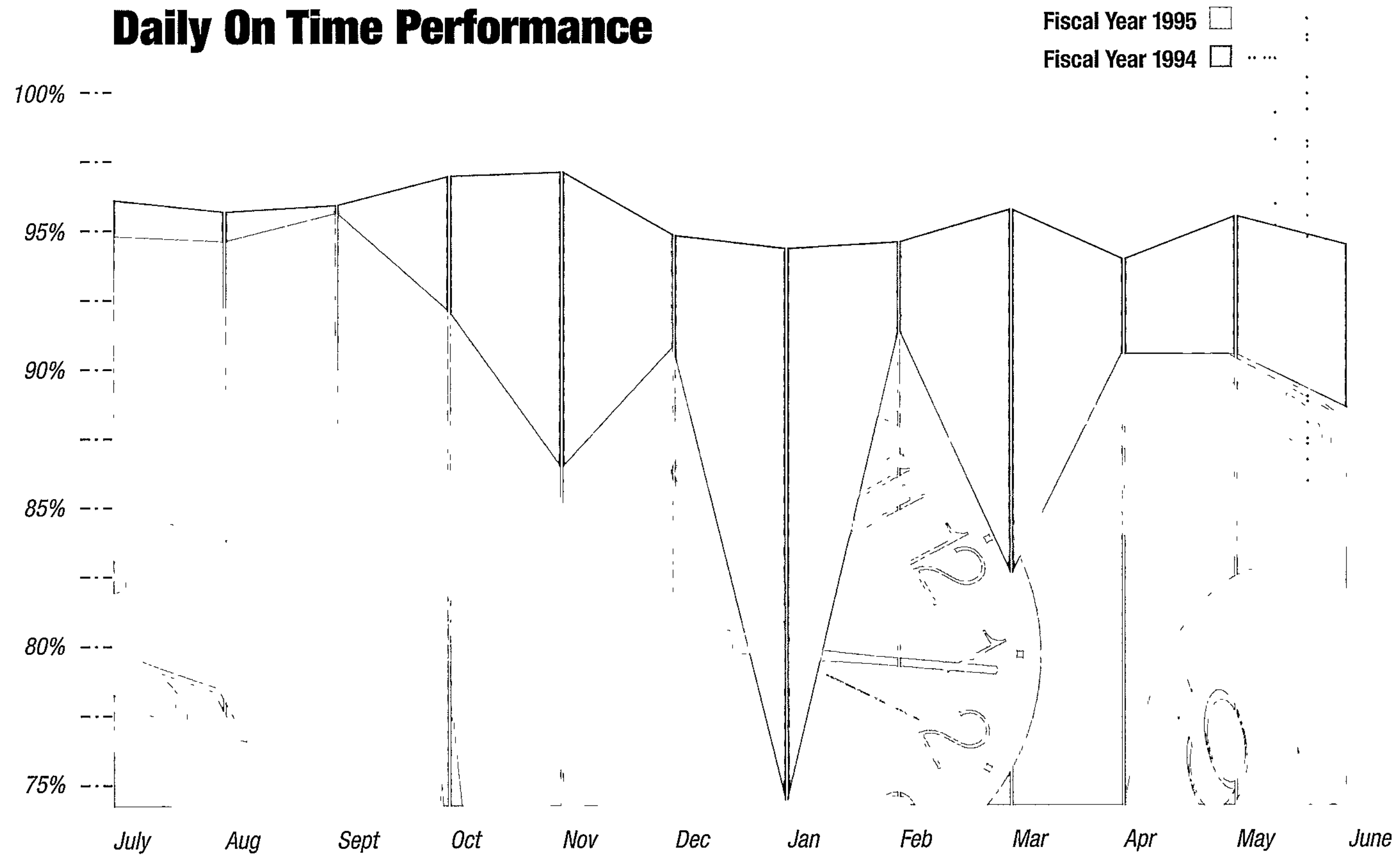


Expenditures
(in thousands)

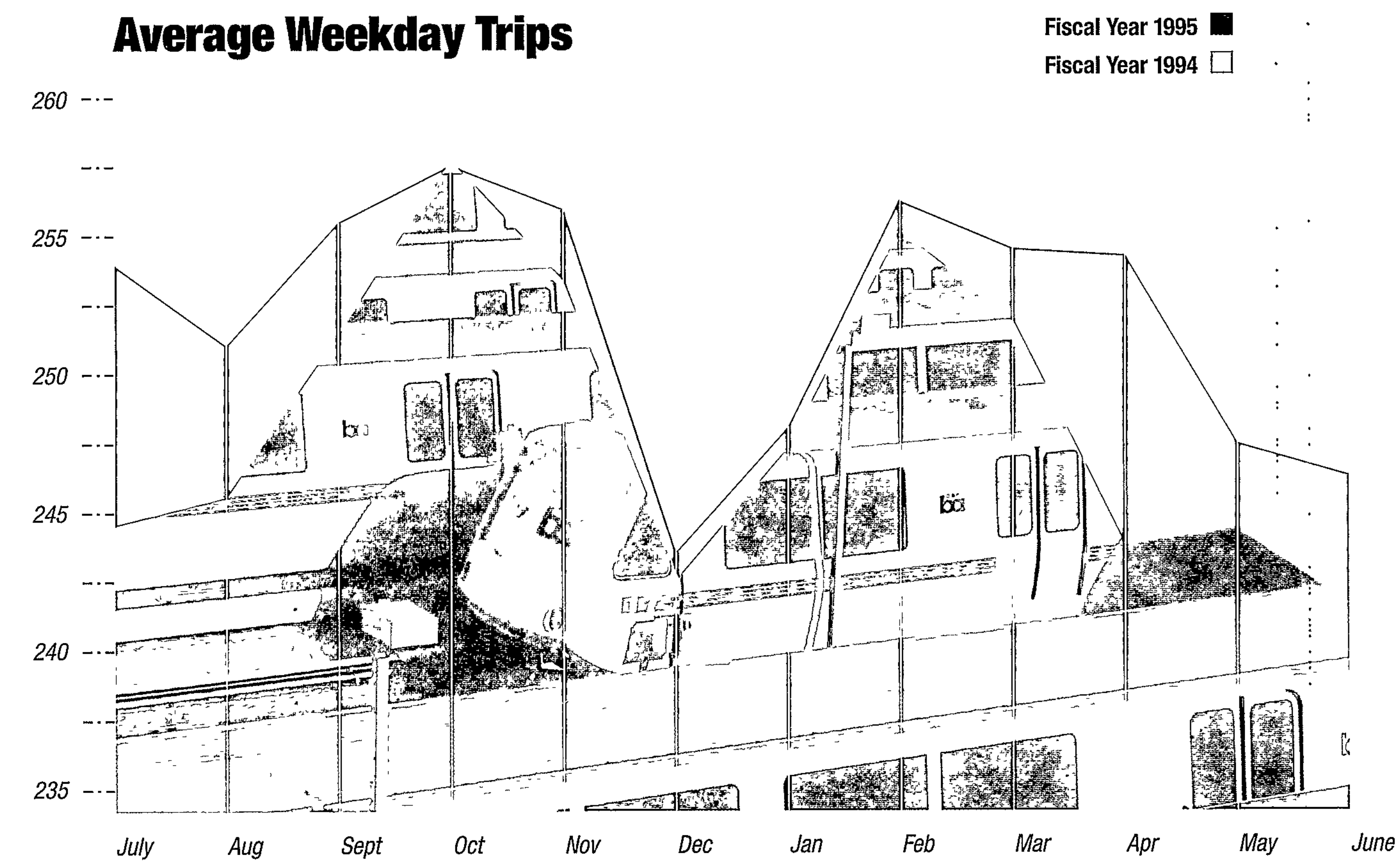
Total $353,573 100.00%

- **Construction** $251,045 71.00%
  - Line $246,239 69.64%
  - Systemwide $4,208 1.19%
  - Support Facilities $598 0.17%
- **Equipment** $100,032 28.29%
  - Train Control $7,469 2.11%
  - Communications $938 0.27%
  - Transit Vehicles $86,431 24.45%
  - Automatic Fare Collections $1,067 0.30%
  - Management Information Sys. $45 0.01%
  - Support Vehicles $295 0.08%
  - Other Equipment $3,787 1.07%
- **Studies and Others** $2,496 0.71%

Daily On Time Performance



Average Weekday Trips



PERFORMANCE HIGHLIGHTS

BART ridership for fiscal year 1995 totaled 72,045,140, a 1.5 percent decease from fiscal year 1994 when annual ridership reached 73,175,021. During FY95, weekday passenger trips averaged 248,169 versus 251,981 the previous year. The ridership decline is a lingering symptom of the region's slow economic recovery and recession-driven unemployment rate. A fare increase effective in April—the first in nine years—also brought an expected dip in passenger trips for the last quarter of the fiscal year.

The slight decline in ridership is reflected in the 0.9 percent decline in annual passenger miles, which totaled 907,520,445 compared to 915,990,545 the year before. The average trip length increased from 12.52 to 12.6 miles.

Daily train on-time performance slipped to 88.97 percent compared to 95.4 percent last year due in part to the Bay Area's heavy winter rain and floods. On-time performance hit a low of 70.9 percent in January, one of the wettest months ever recorded in the region.

BART's share of peak commute hour patronage dropped to 46.91 percent from 47.18 percent in FY94. Off-peak patronage, however, increased to 53.09 percent compared to 52.82 percent in FY94. BART's estimated share of peak period transbay trips remained stable. BART captured 45.6 percent of all the bus, car and train trips across the bay.

The system's 4 a.m. train car availability dropped to 78.4 percent versus 84 percent in FY94, pointing out the critical need to pursue the train car rehabilitation program embarked upon this year.

On the financial side, BART's total operating revenue increased $3,403,386 in FY95, rising from $113,136,400 to $116,539,786. The fare increase accounts in part for a $1,379,586 increase in net passenger revenue, from $102,497,200 in the previous year to $103,876,786 in FY95. Other operating revenue, including interest income and advertising in trains and stations, rose $2,023,800, going from $10,639,200 in FY94 to $12,663,000.

Net operating expenses for the fiscal year increased $908,000 from $217,425,800 to $218,333,800. BART was able to pay for 47.58 percent of its operating expenses from the net passenger revenue collected from the farebox, compared to 47.14 percent in FY94.

The total operating ratio compares the total operating revenue to the total operating expenses. For FY95, the system operating ratio was 53.38 percent compared to 52.03 percent the prior year. Net rail passenger revenue per passenger mile was $0.113, nearly equal to last year's $0.110. Rail operating cost per passenger mile was $0.230 compared to $0.228. The average rail passenger fare totaled $1.43 versus $1.38 in FY94.

These performance indicators demonstrate the district's need to pursue its challenging system renovation and access improvement programs. In addition to the effects of the recession on ridership, we see a correlation between the decline in ridership and BART's parking lot congestion and daily operations reliability. Parking space shortages create access constraints when our lots fill up by 7 a.m. Discouraged commuters who can't find a convenient parking space are giving up and driving to work instead of getting on a train. To remedy this program, we added 2,300 parking spaces in FY95 and are encouraging car pools by reserving priority parking for vehicles with two or more occupants. The progress of BART's train car rehabilitation efforts will continue to improve train availability and on-time performance. The opening of new train stations in the coming year will increase passengers and revenue as BART tackles the challenges of running a regional transit system for the 21st Century.

Performance Highlights		**FY 1995**	**FY 1994**
Rail Ridership	Annual passenger trips	72,045,140	73,175,021
	Average weekday trips	248,169	251,981
	Average trip length (miles)	12.60	12.52
	Annual passenger miles	907,520,445	915,990,545
	Daily train on-time performance	89.1%	95.4%
	System utilization ratio (passenger miles to available seat miles)	29.58%	30.9%
	End-of-period ratios: Peak patronage	46.91%	47.18%
	Off-peak patronage	53.09%	52.82%
	BART's estimated share of peak period Transbay trips—cars, trains & buses	45.6%*	44.1%*
Operations	Annual revenue car miles	43,849,592	43,054,231
	Unscheduled train removals—average per revenue day	1.62	1.60
	4:00 a.m. car availability	78.4%	84.0%
	Passenger accidents per million passenger trips	12.87	13.20
	Passenger crimes per million passenger trips	69.87	80.86
Financial	Net passenger revenue	$ 103,876,786	$ 102,497,200
	Other operating revenue	$ 12,663,000	$ 10,639,200
	Total operating revenue	$ 116,539,786	$ 113,136,400
	Net operating expenses	$ 218,333,800	$ 217,425,800
	System farebox ratio (net passenger revenues to net operating expenses)	47.58%	47.14%
	System operating ratio (total operating revenues to total operating expenses)	53.38%	52.03%
	Net rail passenger revenue per passenger mile	$ 0.113	$ 0.110
	Rail operating cost per passenger mile	$ 0.230	$ 0.228
	Net average rail passenger fare (including FastPass)	$ 1.430	$ 1.382

* Based upon Spring 1994 Traffic Survey by MTC Data includes 7–9 a m westbound Bay Bridge traffic only.