Santa Clara Valley Transportation Authority

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

Santa Clara County, California

Santa Clara Valley Transportation Authority

Solutions that move you

VTA started implementing schedule adjustments to
improve reliability and align with BART.

Santa Clara and San Mateo counties celebrate
the opening of the US 101 Express lanes.

VTA provides "Check-up from the Neck-up",
providing Mental Health Services to employees.

Prototype VTA's BART Silicon Valley Phase II is a 6-mile
project that extends BART services to downtown San Jose
and the City of Santa Clara.

Montague Expressway Pedestrian Overcrossing
receives two awards, Active Transportation Project of the
year award and the 2022 Excellent Engineering Award.

Calfornia Energy Commission's Clean Transportation Program grants award to help
VTA roll toward a Greener future fleet.

SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY

SAN JOSE, CALIFORNIA

Annual Comprehensive Financial Report (ACFR)
For Fiscal Year Ended June 30, 2022

Prepared by:
Finance and Administration

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Clara Valley Transportation Authority
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill
Executive Director/CEO

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL

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October 28, 2022

Board of Directors
Santa Clara Valley Transportation Authority

Subject: Annual Comprehensive Financial Report

In accordance with state law and Santa Clara Valley Transportation Authority (VTA) Administrative Code, it is a pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) of the VTA for the year ended June 30, 2022. The ACFR was prepared in accordance with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). VTA Management assumes responsibility for the accuracy and completeness of the data and the clarity of the presentation, including all disclosures. To the best of our knowledge, the enclosed report is presented in conformity with Generally Accepted Accounting Principles (GAAP), and is complete and reliable in all material respects.

Eide Bailly LLP, a firm of licensed Certified Public Accountants, has audited the financial statements. The goal of the audit is to obtain a reasonable assurance that the financial statements are free of material misstatements. Eide Bailly LLP concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the financial statements for the fiscal year ended June 30, 2022, and that the financial statements are fairly stated, in all material respects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition, Eide Bailly LLP also conducts the federally mandated "Single Audit" designed to meet requirements of federal grantor agencies. The standards governing the Single Audit require the independent auditor to report on the agency's internal controls over compliance and certain federal compliance requirements.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

VTA is an independent special district and political subdivision of the State of California. VTA was created in 1972 and was known as the Santa Clara County Transit District (District). The District served Santa Clara County (County) which is situated in the southern portion of the San Francisco Bay Area and is bordered by the counties of Alameda, San Mateo, Santa Cruz, San Benito, Merced, and Stanislaus. In 1976, Santa Clara County voters approved a half-cent Measure A sales tax proposal to fund the District. In 1995, the District merged with the County's congestion management agency and operated under the governance of its own Board of Directors. On January 1, 2000, VTA's name was officially changed to the Santa Clara Valley Transportation Authority.

Today, VTA provides bus, light rail, and paratransit services, as well as participates as a funding partner in regional rail service including Caltrain, Capitol Corridor, and the Altamont Corridor Express. As the County's congestion management agency, VTA is responsible for countywide transportation planning, including congestion management, design and construction of specific highway, pedestrian, and bicycle improvement projects, as well as promotion of transit-oriented development. VTA is also a partner agency with San Francisco Bay Area Rapid Transit District (BART) in the operations and maintenance of the Silicon Valley Rapid Transit (SVRT) Extension. VTA continually builds partnerships to deliver transportation solutions that meet the evolving mobility needs of Santa Clara County.

VTA is governed by a 12-member Board of Directors (the Board or the Board of Directors) consisting of elected officials appointed by the jurisdictions they represent. Five members of the Board and one alternate are appointed by the San Jose City Council. One member of the Board and one alternate are appointed from among the city councils of the cities of Los Altos, Mountain View, Palo Alto, and the Town of Los Altos Hills. One Board member and one alternate are appointed from among the city councils of the cities of Campbell, Cupertino, Monte Sereno, Saratoga, and the Town of Los Gatos. One Board member and one alternate are also appointed from among the city councils of the cities of Gilroy and Morgan Hill. Two members of the Board and one alternate are appointed from among the city councils of the cities of Milpitas, Santa Clara, and Sunnyvale. The final two seats on the Board and one alternate are appointed by the Santa Clara County Board of Supervisors. The allocation of Board representation is generally based on population. A chart depicting the current membership of the Board and the jurisdictions they represent is located on page 1-10 of this report.

ECONOMIC ENVIRONMENT

The economic conditions affect the way a government entity operates. It is important that information presented in the financial statements is analyzed and interpreted with appropriate consideration of these economic conditions.

Located on the southern coast of San Francisco Bay, Santa Clara County is part of one of the state's busiest urban areas and encompasses an area of approximately 1,300 square miles. The County's population of over 1.9 million is the sixth largest in the state,[1] and has the highest concentration of tech employment by far of any county or metropolitan area in the United States according to the Continuing Study of the California Economy. Santa Clara County has approximately 6,500 technology companies which include large tech companies such as Apple, Cisco, eBay, Facebook, Hewlett-Packard, Intel, Yahoo, etc. It is also reported that the tech companies that remain in Santa Clara County are much more service-oriented, offering digital products like Zoom whose use increased dramatically during the pandemic, and providing employees the ability to easily shift online.[2] The county also continues to benefit from other large industry groups such as education and health care, construction, as well as leisure and hospitality. According to the Silicon Valley Business Journal, unemployment rates are at their lowest level since right before the onset of the pandemic and Silicon Valley is amid a dramatic building boom that promises to remake the region.

The Employment Development Department reported in June 2022 that the County's unemployment rate continued a year-to-year improvement to 2.2% from 5.2% the prior year. The Bay Area leisure and hospitality sectors continued to have the largest job gains since COVID restrictions were imposed early in the pandemic.[3] Tech companies are gradually bringing employees back to offices, with many big companies adopting the hybrid approach allowing employees to work remotely. It is reported that the recovery remains uneven as many businesses remain at risk of falling well behind the tech sector. The retail and restaurant sector rebounded, but employment remains far below pre-COVID levels with consumer-focused businesses struggling to fill jobs.[4]

According to the U.S. Department of Labor report for June 2022, the national unemployment rate has decreased to 3.6% and the number of unemployed persons was 5.9 million, compared to prior year when unemployment rate was 6.1% and the number of unemployed was 9.9 million. The present favorable labor market condition is, however, countered by the setting in of inflation and

[1] United States Census Bureau. Population Census, July 1, 2021.

[2] Gabriel Greschler. "While most Bay Area economies floundered in the first year of the pandemic, Santa Clara County's Soared." San Jose Mercury News, December 2021.

[3] California Employment Development Department, July 2022.

[4] Troy Wolverton, "The Valley takes off but leaves many behind". Silicon Valley Business Journal, February 2022.

destabilization of international events brought about by lockdowns in China and war in Ukraine, threatening to exacerbate supply shortages for commodities and other important products.[5]

The State Budget acknowledges the continued impact of COVID-19 and the many challenges that existed before the pandemic began, but also recognizes continued economic growth over the past year and strives to build reserves and pay down its long-term liabilities.[6] The same resiliency that helped the State through the pandemic will continue to be critical to protect programs in the future and respond reasonably to state emergencies. The State believes that there are elements that would constrain its ability to significantly expand ongoing commitments which include economic risks resulting from certain conditions such as corona virus variants, vaccine hesitancy, higher inflation that cut wage gains particularly of lower income workers, and a stock market decline that would affect state revenues. Unemployment at the state level remains low at 4.0% in June 2022, from 8.0% the prior year.

Sales tax receipts are the basis for VTA's largest funding sources for operations and capital activities. Consistent with improved economic rebound from higher employment rate and consumer spending, VTA sales tax revenues increased by an average of 17% from the prior year. Consumer spending remained solid despite looming inflation as heavy spending is seen on services, such as dining out, travel and entertainment. Higher prices for goods and commodities may be attributed to supply chain shocks from international crises, and rapid inflation driving up the costs of necessities like energy and food.[7, 8]

The 1976 Half-Cent, 2000 Measure A, 2016 Measure B, and BART Operating sales taxes amounted to $258.5 million, $38.0 million, $37.6 million, and $63.3 million, respectively, during FY 2022. With the increased consumer spending and higher commodity prices in FY 2022, the State Transit Assistance (STA) rose by $8.2 million. Receipt of the Transportation Development Act (TDA) also increased, but recognition of revenue was conservatively reduced due to uncertainties resulting from potential case of sales tax attrition for online sales in the state. Both revenues are state programs that provide funds to operate transportation systems in California.

Besides the Coronavirus Aid, Relief and Economic Security (CARES) grant, VTA received assistance from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA). Total relief funds as of June 30, 2022 amount to approximately $309 million; $73 million of this grant was received in FY 2020; $68 million in FY 2021, and $168 million in FY 2022.

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5 Jeanna Smialek, “Consumer Prices Are Climbing.” New York Times, May 11, 2022.

6 Governor's Budget Summary, 2022-23, Page 11.

7 Abha Bhattarai, “Economy Shrinks, Raising Recession Fear.” The Washington Post. April 28, 2022.

8 Reade Pickert, “US Inflation-Adjusted Spending Falls as Prices Temper Demand.” Bloomberg News, March 31, 2022.

ENTERPRISE NET POSITION OVERVIEW

Total FY 2022 Net Position reported in the business-type activities is provided below (in thousands):

Net Investment in Capital Assets		$ 5,097,498
Restricted:		
Debt service	$ 8,329	
1996 Measure B transit program	1,701	10,030
Unrestricted:		
Local share of capital projects	$ 213,381	
Debt reduction	317,660	
Operating reserve	81,577	
Sales tax stabilization	35,000	
Inventory and prepaid items	31,954	
Express Lane	(5,350)	
BART Operating	414,169	
Joint Development	9,183	
Net OPEB Asset (GASB 75) [a]	91,937	
Net Lease Asset (GASB 87)	1,577	
Net Pension Liability (GASB 68)[b]	(290,224)	900,864
Total Net Position		$ 6,008,392

[a]Based on the actuarial report which provides that total Net OPEB Asset (less deferrals) was $91.9 million.

[b]This is a set aside amount for Net Pension Liability to comply with GASB 68 requirements. This consisted of $104.0 million and $186.2 million for CalPERS and ATU, respectively.

SIGNIFICANT FINANCIAL POLICIES

Long-Range Planning

VTA, in its role as the Congestion Management Agency (CMA) for Santa Clara County, is responsible for preparing and updating the Valley Transportation Plan (VTP). This document identifies long-term programs, projects, and policies that VTA plans to pursue over the next 25 years. It considers all travel modes and addresses the links between transportation and land use planning, air quality, energy use, and community livability. VTA annually updates and incorporates the VTA Financial Forecasting Model as part of its long-range planning process. As a transit operator, VTA generally prepares the Short Range Transit Plan (SRTP) every two years. The SRTP is used as documentation to support projects included in the Regional Transportation Plan prepared by Metropolitan Transportation Commission (MTC) and activities contained in the county’s long-range transportation plan.

Biennial Budget and Budgetary Controls

The State of California and the VTA Administrative Code requires that VTA management recommend and Board of Directors adopt an operating budget at the fund level and a capital budget on a project basis. The General Manager may reallocate appropriations between budget types and budget units within each fund up to the limits of each fund's annual appropriation. Any net increase in authorized appropriations to any fund (including any allocation from reserves) requires an affirmative vote of at least eight Directors. Capital appropriations, which are not expended during the fiscal year, are carried over to successive fiscal years until the projects are completed or otherwise terminated. Funds with appropriated budget are categorized, for financial reporting purposes, as follows:

Proprietary Funds	Governmental Funds
● VTA Transit	● Congestion Management Program
● BART Operating	● 2016 Measure B Program
● Joint Development	● 2000 Measure A Program
● Express Lanes	● Congestion Management and Highway Program
	● Bay Area Air Quality Management District Program
	● Vehicle Registration Fees

Internal Control

VTA management is responsible for establishing and maintaining an internal control system designed to ensure that its assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control should not exceed benefits likely to be derived from its implementation. The valuation of costs and benefits requires estimates and judgments by management. VTA's management believes its internal controls are adequate.

Reserves

The following is a summary of VTA Transit Reserves established by the Board of Directors. The Net Pension Liability (inclusive of the related deferrals) may reduce any or all of these reserves.

Reserves	Balance as of June 30, 2022 (in millions)	Remarks
Operating Reserve	$81.6	The Operating Reserve goal is 15% of the subsequent year's final operating budget in the VTA Transit Enterprise Fund. These funds are to remain unappropriated for any operating or capital use except to meet emergency needs that cannot be funded from any other source. The purpose of this reserve is to ensure that sufficient funds are always available in the event of either unanticipated shortfalls or unavoidable expenditure needs. Detailed information on the Operating Reserve is shown in Table 7 of the Statistical Section.
Sales Tax Stabilization	$35.0	This reserve mitigates the impact of sales tax receipt volatility on service levels and the operating budget. VTA Transit Sales Tax Stabilization reserve is at its current ceiling.
Debt Reduction	$317.7	This reserve may be used to reduce long-term liabilities or provide funding for approved transit-related capital improvements and replacement of capital assets. This reserve is used to fund the local portion of the VTA Transit capital program in order to keep assets in a state of good repair.

Financial Stability Policy

The following activities serve as guidance in the prioritization of VTA operating expenses. This is necessary when there are budget reductions to keep spending consistent with available revenues and when increases in operating revenues permit VTA to add resources to its transit related activities.

1. Preservation of the level of fixed route transit service and paratransit service provided to VTA riders to the extent possible. This includes developing a service plan that is in accordance with VTA's Transit Sustainability Policy and service design guidelines and in the best interest of the public.
2. Direct support for the provision of transit service, i.e., only those core operating, management and administrative functions that are necessary and essential to providing the existing level of transit service, both in terms of the types of functions required and level of resources needed to support service. This is measured against industry standards and best practices with consideration of efficiencies achieved by reducing layers of management.
3. Support for Regional Partnerships (e.g., ACE, Highway 17, etc.) provided by VTA in consideration of other partners' contributions.
4. Activities that clearly contribute to increasing and diversifying VTA's operating funding (e.g., fare programs, joint development, advertising, and other opportunities for earned income).
5. Activities that provide information to riders, employees, stakeholders, and the public (e.g., VTA Ambassador Program).
6. Activities that would prudently and strategically expand VTA transit service, when sustainable revenues are available to support the service growth.

MAJOR INITIATIVE

VTA's BART Silicon Valley Project

The VTA's BART Silicon Valley Project is a 16-mile extension of the existing BART system to San Jose, Milpitas, and Santa Clara, which is planned to be delivered in two phases. The first phase known as the Silicon Valley Berryessa Extension (SVBX), was completed in June 2020. The second phase is known as the Silicon Valley Santa Clara Extension (SVSX) and will extend BART service six miles from the Berryessa Transit Center to Downtown San Jose terminating at Santa Clara, near the Caltrain Station. The scope of this phase includes four stations, with a five-mile-long subway tunnel through downtown San Jose, and ends at grade in Santa Clara near the Caltrain Station. The project also includes the construction of a maintenance facility at the current Newhall Yard, the Newhall Maintenance Facility, as well as the purchase of 48 BART vehicles. Like Berryessa Extension (SVBX), SVSX will be built by VTA, but operated by BART.

In April 2021, VTA submitted an application to receive federal funding through the Federal Transit Administration (FTA). VTA's application has advanced through FTA's technical review process and a Letter of Intent (LOI) was issued by FTA in October 2021. The LOI specifies conditions to be met and indicates FTA's intention to obligate federal funds through a Full Funding Grant Agreement (FFGA) for the project scope as presented in VTA's funding application. Receipt of federal funding through the Expedited Pilot Delivery (EPD) program would complete the project's funding plan.

The SVSX cost estimate included in VTA's FTA funding application, which includes the construction of Newhall Maintenance Facility and purchase of BART vehicles, was approximately $7.0 billion. The project will be funded by 2000 Measure A and 2016 Measure B sales tax revenue, along with federal and state funds. Revenue service for the project is anticipated to occur in late 2030.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to VTA for its FY 2021 Annual Comprehensive Financial Report (ACFR). This is the 26th consecutive year that VTA achieved this prestigious award.

In order to receive the award, a government agency must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this ACFR required a concerted team effort throughout VTA, including staff from Accounting, Disbursements, Revenue Services, Contracts and Purchasing, Risk Management, Budget and Analysis, Debt and Investment Services, Operations, and Retirement Services. The Copy Center, Creative Services, Office of the Board Secretary, and Marketing departments also made significant contributions to the form, content, and production of the report. The team members demonstrated a commendable degree of personal dedication and determination in producing this document.

In addition, recognition is given to Eide Bailly LLP for their contribution, as well as all other VTA staff for responding positively and promptly to the request for information that occurs with each annual audit.

Carolyn Gonot	Greg Richardson
General Manager/CEO	Chief Financial Officer

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2022 VTA BOARD OF DIRECTORS

VTA is an independent special district governed by its own Board of Directors. The VTA Board of Directors consists of elected governing board officials from the cities within Santa Clara County as well as the County of Santa Clara. Board members are appointed by the jurisdictions they represent, and all jurisdictions within the county have representation on the Board. The Board consists of 12 voting members, 6 alternates, and 3 ex-officio members, and membership is roughly based on population as follows:

Group 1 (San Jose)	5 Members, 1 Alternate
Group 2 (Northwest)	1 Member, 1 Alternate from the Cities of Los Altos, Mountain View, Palo Alto, and the Town of Los Altos Hills
Group 3 (West Valley)	1 Member, 1 Alternate from the Cities of Campbell, Cupertino, Monte Sereno, Saratoga, and the Town of Los Gatos
Group 4 (South County)	1 Member, 1 Alternate from the Cities of Gilroy and Morgan Hill
Group 5 (Northeast)	2 Members, 1 Alternate from the Cities of Milpitas, Santa Clara, and Sunnyvale
Group 6 (County of Santa Clara)	2 Members, 1 Alternate from the Santa Clara County Board of Supervisors
Ex-Officio	Santa Clara County's 3 representatives to the Metropolitan Transportation Commission (MTC): 1 Member representing the County of Santa Clara, 1 Member representing the Cities of Santa Clara County, and 1 Member representing the City of San Jose. (Note: MTC commissioners serve as an Ex-Officio Member only when not serving as a regular or alternate member of the VTA Board of Directors.)

The Board of Directors generally meets on the first Thursday of each month.

BOARD OF DIRECTORS
June 2022
Charles "Chappie" Jones, Chairperson
Rich Constantine, Vice Chairperson

GROUP 1 (San Jose)

City of San José	Sergio Jimenez Magdalena Carrasco Sam Liccardo* Raul Peralez Devora "Dev" Davis, Alternate

GROUP 2 (North West)

City of Los Altos	Lynette Lee Eng, Alternate
Town of Los Altos Hills	
City of Mountain View	
City of Palo Alto	Pat Burt

GROUP 3 (West Valley)

City of Campbell	
City of Cupertino	Darcy Paul
Town of Los Gatos	Rob Rennie, Alternate
City of Monte Sereno	
City of Saratoga	

GROUP 4 (South County)

City of Gilroy	Marie Blankley, Alternate
City of Morgan Hill	Rich Constantine

GROUP 5 (North East)

City of Santa Clara	Sudhanshu "Suds" Jain
City of Sunnyvale	Glenn Hendricks
City of Milpitas	Carmen Montano, Alternate

GROUP 6 (Santa Clara County)

County of Santa Clara	Cindy Chavez* Otto Lee

Ex-Officio*

Metropolitan Transportation Commission (MTC) Commissioners representing Santa Clara County, Cities of Santa Clara County, and City of San Jose	Margaret Abe-Koga*

**These individuals also serve on the MTC.*

VTA BOARD OF DIRECTORS' STANDING COMMITTEES

1. **Administration and Finance Committee (A & F)** reviews and recommends policies pertaining to the general administration and financial management of VTA, including administrative policies and procedures, legislative affairs, human resources, budget and financing, and fiscal issues.

2. **Governance & Audit (G&A) Committee** reviews and recommends policy decisions required to fulfill the Board's oversight responsibilities for: (1) the integrity of VTA financial statements, (2) compliance with legal and regulatory requirements, and (3) assuring an effective system of internal management and financial controls. It reviews and recommends policy decisions pertaining to Board and organizational goal setting and prioritization, strategic initiative framework development, budget development, and Board and committee processes. It also oversees the activities of the auditor general, the internal audit function, and the public accounting firm that conducts VTA's financial audit.

3. **Congestion Management Program and Planning (CMPP) Committee** reviews and recommends policies related to the Congestion Management Agency and the countywide transportation plan, including the integration of transportation, land-use and air-quality planning.

4. **Safety, Security, and Transit Planning and Operations (SSTPO) Committee** reviews and recommends policies related to system safety and security planning, monitoring and reporting, transit planning, transit capital projects, transit operations, and marketing.

5. **Capital Program Committee (CPC)** reviews and recommends policies related to the activities and imminent issues of VTA capital projects with major resource, multi-jurisdictional coordination, public perception and/or community impact factors. The CPC provides focused oversight to promote the efficient delivery of quality major transportation projects safety, on time, within scope and budget, while minimizing community impact.

VTA BOARD OF DIRECTORS' ADVISORY COMMITTEES

1. **Committee for Transportation Mobility & Accessibility (CTMA)** provides advice to the VTA Board and staff on bus and rail system accessibility issues, as well as on paratransit service. Many of these issues are related to VTA's efforts to comply with the federal Americans with Disabilities Act (ADA). It consists of 17 voting members comprised of individuals from the disabled community and representatives from human services agencies, as well as two ex-officio, non-voting members, one each representing VTA's paratransit service provider and the VTA Board of Directors.

2. **Citizens Advisory Committee (CAC) / 2000 Measure A Citizens Watchdog Committee (CWC)** is a 13-voting member committee representing the residents of Santa Clara County. Members are appointed to represent stakeholder groups from two broad categories: a) Community & Societal Interests; and b) Business & Labor. The CAC advises the Board and VTA administration on issues impacting the communities and organizations they represent. It ***also serves as the independent Citizens Watchdog Committee*** for the 2000 Measure A Transit Improvement Program, and as the 2008 Measure D ballot-specified advisory body that reviews and comments on VTA's comprehensive transit program as part of the countywide transportation plan.

3. **Bicycle and Pedestrian Advisory Committee (BPAC)** consists of 16 voting members comprised of one member appointed by each of the 15 cities within Santa Clara County and one member appointed by the County of Santa Clara. In addition, the Silicon Valley Bicycle Coalition appoints one ex-officio, non-voting representative. The BPAC advises the VTA Board of Directors on planning and funding issues related to bicycle and pedestrian mobility and access. The BPAC also serves as the bicycle and pedestrian advisory committee for the County of Santa Clara.

4. **Technical Advisory Committee (TAC)** is a 16-voting member committee comprised of one staff member (usually a public works, planning, transportation or community development director) from each of the 15 cities within the county and the County of Santa Clara. In addition, the California Department of Transportation (Caltrans), Metropolitan Transportation Commission (MTC), and Santa Clara Valley Water District (SCVWD) may each appoint one ex-officio (non-voting representative) to the TAC. The TAC provides in-depth analysis, technical expertise and timely recommendations regarding transportation projects, programs, funding, and other policy matters, while giving voice to and reconciling local and regional perspectives.

5. **Policy Advisory Committee (PAC)** is a 16-voting member committee comprised of one city council member from each of the 15 cities within Santa Clara County and one member from the County of Santa Clara Board of Supervisors. The PAC ensures that all local jurisdictions have an opportunity to participate in the development of VTA's policies.

VTA BOARD OF DIRECTORS' POLICY ADVISORY BOARDS

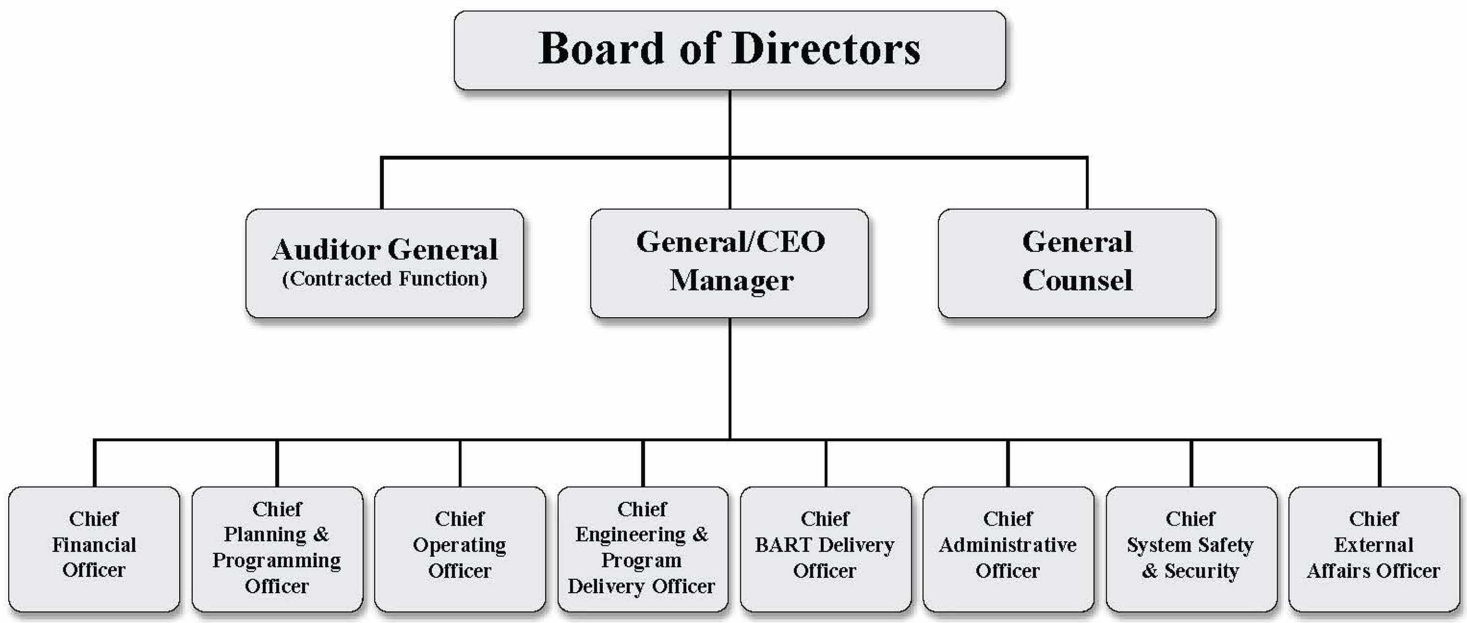
These Policy Advisory Boards (PABs) ensure the local jurisdictions affected by major transportation improvement projects are involved in the planning, design, and construction. Membership for each PAB varies. There are currently four active PABs:

- **Diridon Station Joint Policy Advisory Board**
- **Eastridge to BART Regional Connector Policy Advisory Board**
- **Mobility Partnership**
- **State Route (SR) 85 Corridor Policy Advisory Board**

VTA BOARD OF DIRECTORS' OVERSIGHT COMMITTEE

2016 Measure B Citizens' Oversight Committee (2016 MBCOC) - In accordance with the 2016 Measure B ballot, the 2016 MBCOC was established to perform the specific duties defined in the ballot. The 8-member committee is comprised of individuals with relevant expertise and experience necessary to assist the Committee in its task of evaluating 2016 Measure B revenues and project expenditures to determine compliance with the commitments made to the voters in the ballot.

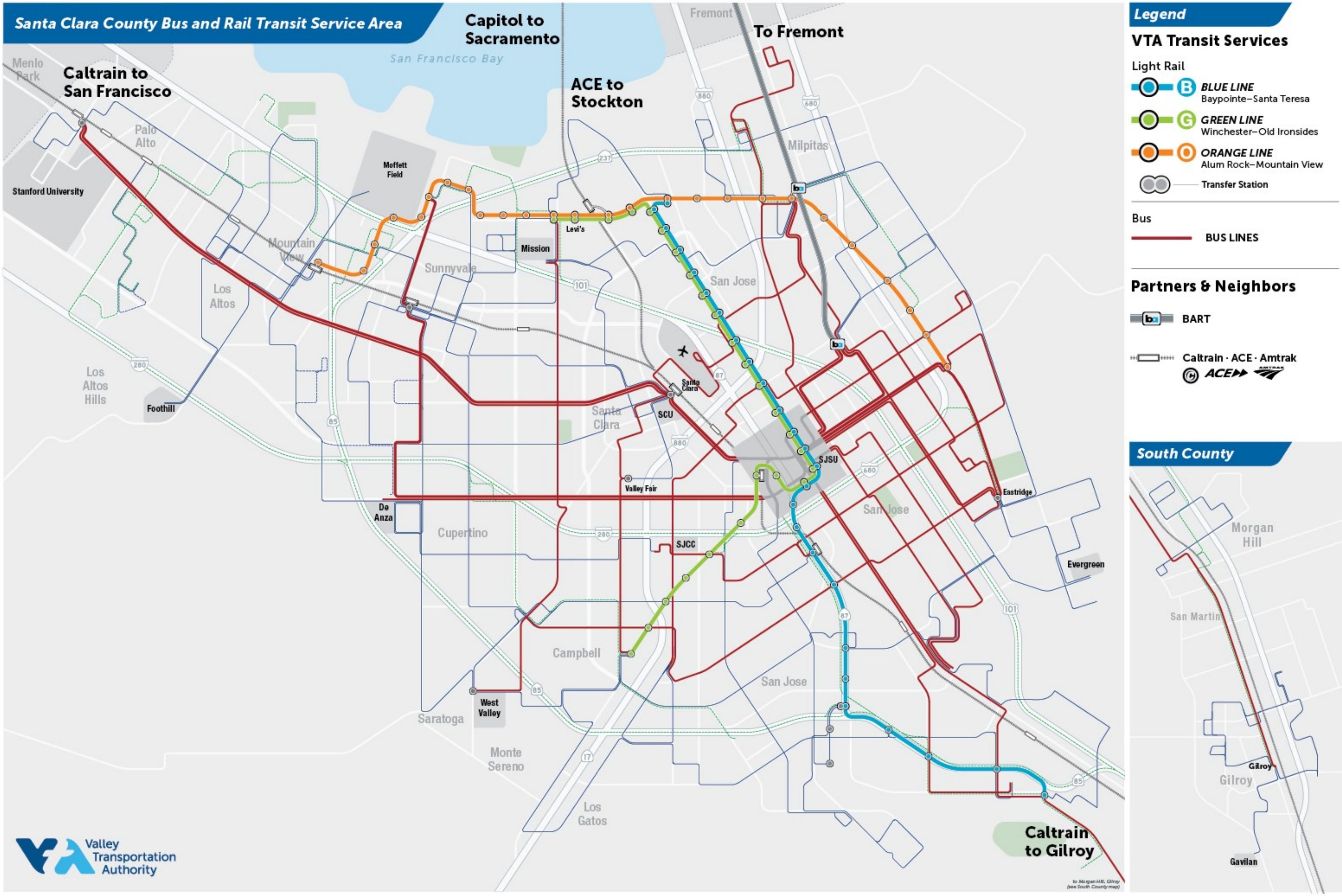
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY As of June 30, 2022



Principal Officials as of June 30, 2022

General Manager/CEO .... Carolyn Gonot
General Counsel .... Evelynn Tran
Auditor General (Contracted Function) .... Scott Johnson
Chief Financial Officer .... Greg Richardson
Chief Planning & Programming Officer .... Deborah Dagang
Chief Operating Officer .... David C. Hill
Chief Engineering & Program Delivery Officer .... Casey Emoto
Chief BART Delivery Officer .... Takis Salpeas
Chief Administrative Officer .... Jaye Bailey
Chief System Safety & Security .... VACANT
Chief External Affairs Officer .... Jim Lawson

Santa Clara County Bus and Rail Transit Service Area



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

The Board of Directors
Santa Clara Valley Transportation Authority
San Jose, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, governmental activities, each major fund, and the aggregate remaining fund information of the Santa Clara Valley Transportation Authority (VTA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise VTA's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter - Adoption of New Accounting standard

As discussed in Notes 2 and 21 to the financial statements, VTA has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made which has resulted in a restatement of the net position and fund balance as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, pension schedules of employer contributions, schedule of changes in net other postemployment benefits liability and related ratios, schedule of other postemployment benefits contributions, and the special revenue funds budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise VTA's basic financial statements. The enterprise, special revenues and fiduciary fund supplementary information, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The enterprise, special revenues and fiduciary funds supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the enterprise, special revenues and fiduciary funds supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of VTA as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated October 28, 2021, which contained unmodified opinions on the respective financial statements of the business-type activities, the governmental activities, each major fund, and the aggregate remaining fund information. The enterprise fund supplementary information as of and for the year ended June 30, 2021 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2021 financial statements. The enterprise fund supplementary information as of and for the year ended June 30, 2021 have been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the enterprise fund supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 on our consideration of VTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VTA's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
October 28, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of VTA for FY 2022. To obtain a complete understanding of VTA's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

Financial Highlights

- As of June 30, 2022, VTA's net position, business-type and governmental activities, amounted to approximately $6.4 billion. This includes primarily the net investment in capital assets which is associated with the capital programs of the VTA Transit, BART Operating, and Joint Development funds, as well as operating activities of the Express Lanes fund.
- The 1976 Sales Tax revenue increased $37.9 million, or 17% from the FY 2021 level to $258.5 in FY 2022. The growth is consistent with improved economic indicators.
- BART Operating Sales Tax revenues increased $9.4 million. The increase is an outcome of improved consumer and business spending despite lingering impacts from the COVID-19 and substantial upticks in inflation.
- The 2000 Measure A and the 2016 Measure B Sales Tax revenues increased $38.0 million and $37.6 million, respectively. Similar to the other sales tax revenues, the growth reflects more favorable sales tax receipts than the prior year as unemployment continues to decline despite inflationary challenges.
- The three board-designated reserves; i.e., Transit Operating Reserve, Debt Reduction Reserve, and Sales Tax Stabilization Reserve were $81.6 million, $317.7 million, and $35.0 million, respectively. Any of these reserves may be reduced by the amount of set aside for Net Pension Liability established in compliance with GASB 68 in the amount of $290.2 million. Net Pension Liability represents the net amount owed by VTA to employees for benefits provided through a defined benefit pension plan that is attributed to employees' past period of service.
- Federal, state, and local operating grants, under the Enterprise Funds, were $94.6 million higher, or 42.6% in FY 2022. The increase was largely due to the receipt of relief funds of $39.3 million from the Coronavirus Response and Relief Supplemental Appropriations Act and $128.4 million from the American Rescue Plan Act. There was a year-to-year decrease of $15.0 million in Transportation Development Act (TDA) due to a reduction in revenue recognition from potential attrition in allocated TDA. This was brought about by a state claim that related taxes from online sales were misallocated. This reduction was partially offset by an increase in State Transit Assistance (STA) of $8.2 million. STA increase was attributed to the growth in spending ability and rise in diesel prices.

Overview of the Financial Statements

VTA's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, this report also includes required and other supplementary information.

1. **Government-wide Financial Statements** The *Government-wide Financial Statements* provide a top-level view of VTA's financial picture in a format resembling that of a private-sector company.

   The *Statement of Net Position* presents information on all of VTA's assets and liabilities including deferred inflows and outflows of resources. The net position is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Over time, an increase or decrease in net position may serve as an indicator of whether VTA's financial position is improving or deteriorating.

   The *Statement of Activities* presents information reflecting changes in VTA's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods.

   The government-wide statements distinguish functions of VTA that are principally supported by sales tax, fees and intergovernmental revenues. The VTA business-type activity is transit, which includes bus/light rail operations, joint development, express lanes and BART operating. Although the transit operation's primary function is intended to recover its costs through charges for services (business-type activities), the recovery is not significant. The governmental activities of VTA consist of congestion management and highway programs, which include planning, programming, and construction of highway projects. Governmental activities also include the 2016 Measure B Program which focuses on enhancing transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets); 2000 Measure A Program which focuses on a number of key capital transit projects, including the connection of rapid transit to San Jose, increased bus and light rail service, and providing for related operating expenses; Senate Bill 83 Vehicle Registration Fee (VRF) which was established to administer the vehicle registration fees collected under SB 83; and the Bay Area Air Quality Management District (BAAQMD) fund that accounts for the activities that relate to the Transportation Fund for Clean Air (TFCA) program.

2. **Fund Financial Statements**. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. VTA, like local and state governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. VTA funds are divided into three categories: governmental funds, proprietary funds (i.e., enterprise funds and internal service funds), and fiduciary funds.

   Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

   VTA maintains six major governmental funds to account for the financial activities of VTA's Congestion Management Program, 2000 Measure A Program, 2016 Measure B Program, Congestion Management and Highway Program, Senate Bill 83 Vehicle Registration Fee and the Bay Area Air Quality Management District.

   Proprietary funds – VTA maintains two types of proprietary funds: enterprise funds and internal service funds. The enterprise funds are used to report the same function presented as "business-type activities" in the government-wide financial statements. The internal service funds are used to account for activities that provide services to other funds, departments or to other governments on a cost-reimbursement basis. General Liability, Workers' Compensation, and Compensated Absences are accounted for in the internal service funds. VTA uses the enterprise funds to account for its transit operation and capital activities, BART Operating, Joint Development Program, and Express Lanes Program.

   The enterprise funds and the internal service fund provide the same type of information as the government-wide financial statements within the business-type activities, only in more detail.

   Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside VTA. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support VTA's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

   The activities of the VTA Amalgamated Transit Union (ATU) Pension Plan, ATU Spousal Medical, and Retiree Vision/Dental Funds and the Retirees' Other Post Employment Benefits (OPEB) Trust are reported in the retiree trust funds. Pension trust funds are used to account for assets held by VTA as a trustee for individuals and other organizations, such as ATU.

3. **Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 2-32 through 2-97 of this report.

In addition to the basic financial statements and notes, *Required Supplementary Information* is presented as required by GASB. The required supplementary information shows Net Pension Liabilities/Net OPEB Asset and Employer Contributions pertaining to ATU, CalPERS and OPEB, as well as Budgetary Comparison Schedules for the Congestion Management Program, 2016 Measure B Program, 2000 Measure A Program, Congestion Management and Highway Program, Vehicle Registration Fees, and Bay Area Air Quality Management Program. Required supplementary information can be found on pages 2-98 through 2-110 of this report.

Other supplementary information, such as the combining statements and other individual schedules, are found immediately following the required supplementary information presenting individual fund statements and schedules for the Enterprise and Fiduciary Funds. Other supplementary information can be found on pages 2-111 through 2-120 of this report.

4. **Government-Wide Financial Analysis**. The Government-Wide change in net position was $279.1 million. The Business-Type activities' net position increased by $199.5 million while the Governmental activities' net position grew by $79.6 million. The increase in the business-type net position was mainly due to sales tax receipts, operating grants, capital acquisition transfers that were partially offset by capital grants from FTA The increase in the governmental activities' net position reflects growth in the 2016 Measure B and 2000 Measure A sales tax receipts, as well as capital grants from the federal funding grant agreement related to the Silicon Valley Berryessa Extension, and other highways projects. The 1976 sales tax, 2000 Measure A sales tax, 2016 Measure B sales tax, and BART operating sales tax revenues for the fiscal year were $258.5 million, $258.5 million, $258.0 million, and $63.3 million, respectively. During FY 2022, VTA acquired or built total capital assets of approximately $202.3 million (see Note 6). Capital assets were funded by a variety of sources such as federal and state grants, bond proceeds as well as sales tax revenues.

Santa Clara Valley Transportation Authority
Condensed Statement of Net Position
FY 2022 and FY 2021
(In thousands)

	Business -Type Activities		Governmental Activities		Total	
	2022	2021	2022	2021	2022	2021
Asset:						
Current and other assets	$ 1,488,083	$ 1,219,706	$ 1,265,052	$ 1,220,047	$ 2,753,135	$ 2,439,753
Capital assets, net	5,205,600	5,196,875	—	—	5,205,600	5,196,875
Total assets	6,693,683	6,416,581	1,265,052	1,220,047	7,958,735	7,636,628
Deferred outflows of resources	113,216	69,580	43,904	81,968	157,120	151,548
Liabilities:						
Current liabilities	134,757	60,660	106,972	105,852	241,729	166,512
Long-term liabilities outstanding	525,553	500,120	774,921	848,475	1,300,474	1,348,595
Total liabilities	660,310	560,780	881,893	954,327	1,542,203	1,515,107
Deferred inflows of resources	138,104	116,376	2,691	2,887	140,795	119,263
Net position:						
Net investment in capital assets	5,097,498	5,078,709	—	—	5,097,498	5,078,709
Restricted	10,030	10,388	983,898	914,620	993,928	925,008
Unrestricted	900,957	719,908	(559,526)	(569,819)	341,431	150,089
Total net position	$ 6,008,485	$ 5,809,005	$ 424,372	$ 344,801	$ 6,432,857	$ 6,153,806

The largest portion of VTA's net position (approximately 79%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, vehicles, and equipment), less any related outstanding debt used to acquire those assets. VTA uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending. Although VTA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot reasonably be used to liquidate these liabilities. The restricted net position represents mainly the funds set aside for the 1996 Measure B program, 2016 Measure B program, debt service collateral with the bond trustees, swap collateral, congestion management program, pollution mitigation and air quality program. The unrestricted categories include funds set aside by Board policies, and for funding of local share of capital projects; BART operating; inventory and prepaid expenses; VTA transit Operating Reserve; Debt Reduction; Express Lanes and Joint Development Program funds; Sales Tax Stabilization; Net Pension Liability; Net OPEB Asset and Net Leased Asset. The unrestricted net position is generally available for appropriation with Board approval. The details of net position categories are shown in Note 2(j).

Generally accepted accounting principles require governments that participate in a defined benefit pension plan, administered as a trust or equivalent arrangement, to record the net pension liability, pension contributions, and deferred outflows/inflows of resources related to pensions in their financial statements. Net Pension Liability is the amount owed by VTA to its employees for benefits provided through a defined benefit pension plan. This liability consists of $81.8 million for CalPERS and $235.1 million for ATU.

In addition, generally accepted accounting principles require reporting of liability or asset in the financial statements of the governments whose employees are provided with Other Post Employment Benefit (OPEB). As of June 30, 2022, VTA showed a Net OPEB Asset for the excess of contributions to and earnings of the plan in relation to actual OPEB cost. VTA reported Net OPEB Asset which was included in the net position of $91.9 million as of June 30, 2022.

Net Leased Asset of $1.6 million represents the present value of the payments expected to be received or made during the lease term in accordance with GASB 87. As lessor, VTA recognizes a lease receivable and deferred inflow of resources at the commencement of the lease term, except for leases of assets held as investments, short-term leases, and leases that transfer ownership of the underlying asset. As lessee, VTA recognizes a lease liability and a lease asset at the commencement of the lease term of the lease contracts falling under the guidelines of GASB 87. As of June 30, 2022, Net Leased Asset was $1.6 million.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Condensed Statement of Activities
For the FY 2022 and FY 2021
(In thousands)

	Business-Type Activities		Governmental Activities		Total	
	2022	2021	2022	2021	2022	2021
Expenses:						
Labor, overhead, materials and professional services and other operations	$ 708,316	$ 638,943	$ 8,165	$ 7,923	$ 716,481	$ 646,866
Capital expense, on behalf of, and contribution to other agencies	3,178	5,850	185,990	149,836	189,168	155,686
Altamont Corridor Express and Caltrain subsidies	12,457	14,693	—	—	12,457	14,693
Program payments	—	—	20,181	17,767	20,181	17,767
Other expenses	681	618	600	1,453	1,281	2,071
Claims and change in future claim estimates	15,594	19,067	—	—	15,594	19,067
Interest expense	5,206	5,972	35,158	26,528	40,364	32,500
Total expenses	745,432	685,143	250,094	203,507	995,526	888,650
Program revenues:						
Charges for services	40,221	22,253	3,082	3,007	43,303	25,260
Operating grants	316,428	221,874	111,751	120,538	428,179	342,412
Capital grants	10,643	20,133	—	—	10,643	20,133
Total program revenues	367,292	264,260	114,833	123,545	482,125	387,805
Net program revenues (expenses)	(378,140)	(420,883)	(135,261)	(79,962)	(513,401)	(500,845)
General revenues and transfers:						
Sales tax revenue	321,768	274,498	516,470	440,862	838,238	715,360
Investment earnings/(losses)	(22,637)	5,197	(27,136)	3,601	(49,773)	8,798
Other general revenue	3,198	2,874	789	681	3,987	3,555
Total general revenues	302,329	282,569	490,123	445,144	792,452	727,713
Excess or deficiency of revenues over expenses	(75,811)	(138,314)	354,862	365,182	279,051	226,868
Transfers	275,291	239,152	(275,291)	(239,152)	—	—
Change in net position	199,480	100,838	79,571	126,030	279,051	226,868
Net position, beginning of year	5,809,005	5,708,167	344,801	181,677	6,153,806	5,889,844
Restatement due to change in accounting principles, GASB 84	—	—	—	37,094	—	37,094
Net position, beginning of year as restated	5,809,005	5,708,167	344,801	218,771	6,153,806	5,926,938
Net position, end of year	$6,008,485	$5,809,005	$ 424,372	$ 344,801	$6,432,857	$6,153,806

Business-Type Activities – The total net position is $6.0 billion as of June 30, 2022. The increase is attributed to the year's change in net position of $199.5 million. Major elements of changes in net position were as follows:

- The increase in operating grants of $94.6 million was largely due to $39.3 million from the Coronavirus Response and Relief Supplemental Appropriations Act and $128.4 million from the American Rescue Plan Act. There was an increase in the State Transit Assistance (STA) of $8.2 million, as a result of increase in sales tax prices for diesel as well as increase in consumption. An offsetting decrease was reflected in the Transportation Development Act (TDA) of $15.0

million due to the conservative recognition of revenue to reflect uncertainties that could potentially result in sales tax attrition of online sales in the state.

- The decrease in capital grants of $9.5 million was primarily due to lesser capital activities funded by the Public Transportation Modernization Improvement Service Enhancement Act (PTMISEA). Certain projects such as the Electric Bus Pilot Program funded by Low Carbon Transit Operation Program (LCTOP); and Diridon Station Intermodal Conceptual Plan funded by High Speed Rail (HSR) did not report any related grant-eligible activities in FY 2022.

- Sales Tax Revenue increased $47.3 million due to continued improvement in consumer and business spending, despite inflationary impacts, as the State and the County adapted to lingering challenges from COVID-19.

- Investment Earnings associated with interest income, unrealized gains/losses, and trading gains/losses decreased by $27.1 million. The decline was largely due to mark-to-market losses from higher interest rates than previous year.

- The increase in program expenses of $60.3 million was mainly a result of increase in labor, services, materials and supplies. Labor cost increase was in accordance with the provisions of various collective bargaining agreements. The increase in services, materials and supplies was partly due to the hiring of professional consultants for coaching and training services; as well as rise in diesel prices. Service level increased from prior year as VTA restored light rail service in phases, following the shutdown due to the Guadalupe incident; and introduced new bus and shuttle routes (service between South County and downtown San Jose; and shuttle service between Diridon and Valley Medical Center). Other program expense increase relates to the BART Operating and Maintenance Fund for the increment in the BART Augmentation Subsidy and increased security services at BART station facilities in Milpitas and Berryessa. Depreciation expense also increased as new assets were completed or procured (such as Traction Power Substation, Rail Replacement and Rehabilitation - Tracks and Signals, Electric Bus Pilot Program, Rapid 523 Bus Stop Improvements and US101/SR85 Express Lane).

  Purchased transportation costs grew by $4.1 million, but were partly offset by a decline in capital contributions to other agencies of $2.7 million. The contract with the primary provider for the American for Disabilities Act (ADA) program was amended to provide assistance to the contractor in sustaining its operations which was heavily impacted by the pandemic. The decline in capital contribution to other agencies is a result of payments made to Caltrain for the grade separation and other capital projects in the prior year that did not happen again in FY 2022.

Governmental Activities – As of June 30, 2022, the net position of governmental activities is $424.4 million. The increase is attributed to the year's change in net position of $79.6 million. Major components of changes in net position were as follows:

- The 2000 Measure A Special Revenue Fund is used to account for the 2000 Measure A Transit Improvement Program (TIP). Voters of the County of Santa Clara approved funding through a half-cent sales tax requiring that sales tax revenues be expended on projects included in the scope of 2000 Measure A. In FY2022, the 2000 Measure A Fund's net position was $64.1 million lower as growth from sales tax revenues was offset by decrease in grant-reimbursable activities and loss in market value of investments.

- The 2016 Measure B Program Special Revenue Fund was created, upon approval of the Santa Clara County voters in November 2016, to record a 30-year half cent county-wide sales tax transactions in support of enhancing transit, highways, expressway and active transportation (bicycles, pedestrians and streets). In FY2022, the 2016 Measure B Fund's net position was $109.7 million higher where sales tax revenues exceeded increases in capital expenditures.

- The Congestion Management Program (CMP) Special Revenue Fund relates to Congestion Management Agency functions performed by VTA for Santa Clara County. The change in net position relates to eligible activities funded by the Surface Transportation Program and State Transportation Improvements Program grants, member assessments, and other state grants. The change in fund balance was a decrease of $281 thousand. The Surface Transportation Program (STP) grant revenue declined in FY 2022.

- The Congestion Management and Highway Program (CMHP) reported $72.4 million in grant revenues and capital expenditures; an increase of $10.0 million from previous year's activities. This was a result of increased activities on certain projects associated mainly with the improvements to US101 Dela Cruz Blvd/Trimble Road, US101/Zanker Road/Skyport Drive/ North 4th Street, I280/Wolfe Rd, and US101/SR25 interchanges.

- Senate Bill 83 Vehicle Registration Fee (VRF) and Bay Area Air Quality Management District (BAAQMD) Program had fund balance decrease of $2.1 million and $501 thousand, respectively. Program payments were more than grant receipts. Both funds reported investment loss from mark-to market valuation.

Financial Analysis of VTA's Funds – VTA uses funds to account for its various activities. This is to ensure and demonstrate compliance with finance-related legal requirements.

Enterprise Funds – VTA's enterprise funds report the activities of its transit operations, BART Operating, Express Lanes Program, and the Joint Development Program. Analysis of changes in the Enterprise Funds pertain largely to the activities of VTA Transit, and BART Operating and Maintenance funds.

Comparison of Enterprise Funds Revenues
FY 2022 and FY 2021
(In thousands)

Enterprise Funds Revenue	**2022**	**2021**	**Change Favorable/(Unfavorable) Amount**	**Change Favorable/(Unfavorable) Percent**
Charges for services	$ 40,221	$ 22,253	$ 17,968	80.74 %
Operating grants	316,428	221,874	94,554	42.62 %
Capital grants	10,643	20,133	(9,490)	(47.14)%
1976 half-cent sales tax	258,474	220,581	37,893	17.18 %
BART Operating Sales Tax	63,294	53,917	9,377	17.39 %
Investment earnings	(22,024)	5,069	(27,093)	(534.48)%
Other income	1,906	2,383	(477)	(20.02)%
Transfers in	275,291	239,152	36,139	15.11 %
Total	$ 944,233	$ 785,362	$ 158,871	20.23 %

Charges for Services – In the VTA Transit, Express Lanes, and Joint Development funds, charges for services, which were derived from bus farebox receipts, light rail ticket sales, sale of monthly passes (including SmartPass and tokens), paratransit fares, toll fees, advertising income, and joint development rent, were $40.2 million in FY 2022. Charges for Services increased by $18.0 million or 80.7% from FY 2021 primarily due to improved ridership as it rebounded from the slump of the COVID-19 pandemic in the prior year. US101/SR85 Express Lane also started collecting toll revenues in February 2022.

Operating Grants – VTA Transit Operating grants include Transportation Development Act (TDA), State Transit Assistance (STA), Federal Section 5307 Urbanized Formula Program Grants, Federal Section 5311 Formula Grants for Other than Urbanized Areas and state vehicle license fees (AB434), and funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA). In FY 2022, total operating grants increased $94.6 million or 42.6% from the FY 2021 level, largely as a result of the receipt of relief funds.

The State Transit Assistance (STA) funds are derived from state sales tax on diesel fuel. STA apportionments are made to regional transportation planning agencies (Metropolitan Transportation Commission in the San Francisco Bay Area Region) based on a formula that allocates 50% of the funds according to population and 50% according to the transit operator's qualified revenues compared to all transit operators statewide from two years prior to the fiscal year of allocation. The increase in STA revenue of $8.2 million was attributed to higher diesel prices and consumption as economy continued to improve and COVID19 restrictions eased up.

The Transportation Development Act (TDA) funds are derived from a quarter-cent sales tax levied by the state on taxable transactions occurring in Santa Clara County. The Metropolitan Transportation Commission (MTC) retains a portion of these funds for administration and approximately 94% is returned to the source county (i.e., Santa Clara). There was a decrease in Transportation Development Act (TDA) of $15.0 million resulting from conservative recognition of revenue. This was brought about by uncertainties from potential sales tax attrition, pending resolution on a claim of tax misallocations for online sales within the state.

Capital Grants – Capital grants appear under VTA Transit and Joint Development Funds. In the VTA Transit Fund, capital grants include Federal Transit Administration (FTA) Federal Sections 5307, 5337 and 5339; other federal pass-throughs; Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA); Transportation for Clean Air, and various State transit-related capital grants; capital contributions from local agencies, and reimbursements received by VTA for capital expenses undertaken on behalf of other agencies. Total capital grants declined by $9.5 million or 47.1% to $10.6 million. The decline reflects a reduction in federal and state grant receipts due to projects that were completed or nearing completion (such as Sec 5307 and PTMISEA for Light Rail Crossover and Switches). Certain projects funded by High Speed Rail and Low Carbon Transit Operation Program, also reported no related grant reimbursable activities this year unlike the prior year.

1976 Half-Cent Sales Tax Revenues – The 1976 Sales Tax is VTA's single largest source of revenue for operations under the VTA Transit Fund. The California Department of Tax and Fee Administration (CDTFA) collects the 1976 Sales Tax for VTA. The 1976 Sales Tax Revenues pay the operating expenses and capital expenditures, where state or federal capital assistance programs require that the recipient of assistance contribute locally-derived revenues. For FY 2022, total sales tax revenues were $258.5 million, a $37.9 million or 17% increase compared to the prior fiscal year's sales tax revenue. Sales tax receipts year-to-year increased, despite increasing inflationary impacts, as overall consumer and business spending improved.

BART Operating – In November 2008, county residents passed a 1/8-cent sales tax to fund the operating and maintenance costs of the BART Extension. Collection of the tax, which will be for a period not to exceed 30 years, took effect on July 1, 2012. In FY 2022, total sales tax revenue under the BART Operating Fund was $63.3 million, a $9.4 million or 17% increase compared to last year. Similar to the other sales tax revenues, the receipts grew relative to the prior year as economy started to recover from lingering effects of the pandemic.

Investment Earnings – The investment earnings are derived from three primary sources: short, mid, and long-term investment portfolios. Investment earnings were primarily recorded under the VTA Transit Fund. Pursuant to VTA's adopted investment policy and California Government Code, 100% of surplus assets are invested in domestic fixed income investments. Investment income decreased by $27.1 million primarily due to mark-to-market loss resulting from modestly higher interest rates.

Other income – Other income includes revenues from permit fees, property rentals, proceeds from the sale of fixed assets, parking citations, and other non-operating activities. Other income decreased by $477 thousand in FY 2022. Rental income of properties that qualified under GASB 87, *Leases*, was classified under Charges for Services.

Transfers-in - FY 2022 reported a total transfer-in of $275.3 million primarily from the capital acquisitions from the 2000 Measure A Program Fund to the VTA Transit Fund and the BART Operating Fund of $174.8 million, 2000 Measure A and 2016 Measure B operating assistance of $77.2 million, Measure A Repayment Obligation of $17.6 million, and capital acquisitions from the Congestion Management and Highway Program to Express Lanes Fund totaling $5.7 million.

Comparison of Enterprise Funds Expenses
FY 2022 and FY 2021
(In thousands)

			Change Favorable/(Unfavorable)	
Enterprise Funds Expenses	**2022**	**2021**	**Amount**	**Percent**
Operations and support services	$ 723,324	$ 657,391	$ (65,933)	(10.03)%
Caltrain and ACE subsidy	12,457	14,693	2,236	15.22 %
Other expenses	9,065	12,440	3,375	27.13 %
Total	$ 744,846	$ 684,524	$ (60,322)	(8.81)%

Operations and Support Services – Operations and Support Services include labor and fringe, materials, support services, insurance, purchased transportation and other overhead costs incurred primarily for bus and light rail operations, services and support programs in VTA Transit, BART Operating, Express Lanes, and Joint Development funds. For FY 2022, operations and support services expense was $65.9 million or 10.0% higher compared to that of FY 2021. The increase was mainly due to increases in labor, service, materials and insurance, as well as depreciation.

Change in labor cost included wage increases in accordance with the collective bargaining agreements. Professional services were procured to provide coaching and training to employees in support of the mental health resiliency program. Supplemental law enforcement was also procured to strengthen security at the Milpitas and Berryessa transit centers. Provision for general liability insurance was at the actuarially-required level and had increased due to the Guadalupe incident. Depreciation expense increase was due to new fixed assets procured or built during the year (such as electric buses, traction power substation, bus stop improvements, as well as light rail and bus network CCTVs.)

Caltrain and ACE Subsidy - Subsidies to Caltrain and ACE amounted to $9.1 million and $3.3 million, respectively, in FY 2022. Due to the passage of Measure RR in November 2020 that provided a dedicated funding source for Caltrain, VTA was no longer required to contribute to the operating and capital costs of the Caltrain. In FY 2022, however, VTA paid $9.1 million for the outstanding balance owed pursuant to the 2008 Real Property Ownership Amendment and agreement to assign certain rights as Managing Agency to the Joint Powers Board.

Other Expenses – Other Expenses decreased by $3.4 million. Prior year reported project expenditures associated with Caltrain Grade Separation and Caltrain Capital Contribution that did not recur in FY 2022.

Internal Service Funds – VTA maintains Internal Service Funds to account for the activities related to Workers' Compensation, General Liability, and Compensated Absences programs. The costs of these activities are accounted for in these funds and then charged to VTA Transit Fund. These funds are fully funded as of June 30, 2022.

Governmental Funds – The focus of VTA's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing VTA's financing requirements. VTA maintains one governmental fund type – *Special Revenue Funds*.

Special Revenue Funds – These funds account for the activities of the Congestion Management Program, the 2016 Measure B Program, the 2000 Measure A Program, the Congestion Management and Highway Program, Bay Area Air Quality Management District (BAAQMD) Program and Vehicle Registration Fees (VRF).

The following table shows a fund balance comparison between the current and prior fiscal year:

Comparison of Special Revenue Funds
FY 2022 and FY 2021
(In thousands)

			Change Favorable/(Unfavorable)	
Special Revenue Funds	**2022**	**2021**	**Amount**	**Percent**
Total revenues	$ 604,956	$ 568,689	$ 36,267	6.38 %
Total expenditures	(287,002)	(237,917)	(49,085)	(20.63)%
Transfers out	(275,291)	(239,152)	(36,139)	(15.11)%
Proceeds from bond issuance	—	67,173	(67,173)	(100.00)%
Payment for bond refunding	—	(68,234)	68,234	100.00 %
Change in fund balances	42,663	90,559	(47,896)	(52.89)%
Fund balances, beginning of year	1,124,039	996,386	127,653	12.81 %
Restatement due to change in accounting principles, GASB 84	—	37,094	(37,094)	
Fund balances, beginning of year as restated	1,124,039	1,033,480	90,559	8.76 %
Fund balances, end of year	$ 1,166,702	$ 1,124,039	$ 42,663	3.80 %

CMP projects were funded from member assessments and various federal, state, and local grants. The 2000 Measure A Program Fund was created to report on the activities pertinent to the Measure A ballot approved in November 2000. The 2016 Measure B Program Fund was created in FY 2017, upon approval of the Santa Clara County voters in November 2016, to record a 30-year half cent county-wide sales tax transactions in support of enhancing transit, highways, expressway and active transportation (bicycles, pedestrians and streets).

For FY 2022, total revenues for Congestion Management and Highway Program were $72.4 million, which represent the total amount expended on the projects and fully funded by other governmental agencies. The increase of $17.1 million in grant revenues and capital expenditures was largely attributed to project activities related to improvements to US101 De la Cruz Blvd/ Trimble. Other projects which reported activities in FY 2022 involved the interchanges at I-280/ Wolfe Rd, US101/Blossom Hill Road and US101/SR 25, as well as the Noise Reduction Program on SR85.

Total revenues under the Special Revenue Fund primarily include sales tax, grants, investment earnings, member assessments, and vehicle registration fees. This was reported at $605.0 million in FY 2022, an increase of $36.3 million from the preceding year. For FY 2022, total sales tax revenues were $516.5 million, a $75.6 million or 17.2% increase compared to the prior fiscal year’s sales tax revenue. The favorable increases were due to improved economic conditions where receipts outpaced the prior year despite rising inflationary challenges.

Total expenditures were $287.0 million an increase of $49.1 million from FY 2021. The increase was largely from 2016 Measure B activities on highway interchanges, local streets and roads as well as county expressways. Congestion Management and Highway Program also reported major activities in various projects such as the US101/De La Cruz Blvd./Trimble Road, US101/ Zanker Rd/Skyport Dr/4th St, US101/SR25, and 1-280/Wolfe Road.

Capital Assets and Debt Administration

Capital assets – VTA's investment in capital assets is entirely in its business-type activity since VTA has no capital assets invested in the governmental activities. As of June 30, 2022, investment in capital assets net of accumulated depreciation, amounts to $5.2 billion. This investment in capital assets includes Land and Right-of-Way, Buildings, Improvements, Equipment & Furniture, Vehicles, the Caltrain-Gilroy Extension, Light Rail Tracks/Electrification, Leasehold Improvements, and Other Operating Equipment. During FY 2022, VTA acquired and constructed $202.3 million of capital assets.

Capital Assets
(Net of Accumulated Depreciation)
(In thousands)

	2022	2021
Land and Right-of-way	$ 1,850,218	$ 1,848,342
Construction in progress	1,067,584	1,019,068
Buildings and improvements	905,160	911,045
Furniture and fixtures	235,742	285,051
Vehicles	378,819	391,453
Caltrain-Gilroy Extension	29,907	31,338
Light Rail Tracks/Electrification	700,339	701,677
Other operating equipment	32,330	5,124
Leasehold improvements	3,277	3,777
Right-to-use assets	2,224	—
Total	$ 5,205,600	$ 5,196,875

Additional information on VTA's capital assets can be found in Note 6 – Capital Assets.

Long-term debt – At year end, VTA has $852.4 million bonds outstanding. For FY 2022, the total principal debt payment made was approximately $51.2 million, and total amortization of the bond premium was $2.8 million.

Outstanding Debt
(In thousands)

	2022	2021
Business-type Activities:		
Sr. Lien Sales Tax Revenue Bonds (1976 Tax)	$ 95,035	$ 113,160
Secured by Toll Revenues	23,247	23,302
Governmental Activities:		
Sr. Lien Sales Tax Revenue Bonds (2000 Tax)	734,086	769,949
Total	**$ 852,368**	**$ 906,411**

More information on these transactions is included in Note 7g – Long-Term Debt and Liabilities.

The Senior Lien Sales Tax Revenue Bonds, secured by 1976 sales tax revenues, are rated “AAA” from Standard & Poor’s (S&P), “AA” rating from Fitch, and a “Aa2” rating from Moody’s.

The Senior Sales Tax Revenue Bonds, secured by 2000 Measure A sales tax revenues, are rated “Aa2” from Moody’s and “AA+” from S&P.

Additional information on VTA’s long-term debt can be found in Note 7 – Long-term Debt and Liabilities.

Economic Factors and New Year's Budgets

On June 3, 2021 by the VTA Board of Directors. The VTA Transit operating budget was $531.9 million for FY 2022 and $543.9 million for FY 2023. There are no proposed changes to fares. With minor changes to staffing, the VTA Transit Proposed Budget reflects an increase in service levels to pre-pandemic levels. The implementation of the 2019 New Transit Service Plan (NTSP) in December 2019, resulted in increased ridership and boarding per hour, but was interrupted by the outbreak of the COVID-19 pandemic and subsequent shelter-in-place-order. As the economy continued to reopen and the government reduced pandemic-related restrictive measures, VTA continued to restore transit services to the intended level of the NTSP during FY 2022.

The Proposed Budget includes funding for state of good repair projects including the purchase of electric and hybrid buses to replace those that have exceeded their useful life, the rehabilitation of VTA's rail infrastructure, overhead catenary system, light rail system elevators and escalators, passenger facilities, information systems. In FY 2022, the Capital Program also invested in strategies that focuses on increasing VTA transit speed; improving reliability, service and safety, upgrades and enhancements of information systems and technology; as well as reducing operating costs.

Part of the Proposed Budget is the operations and maintenance of Silicon Valley Berryessa Extension (SVBX), phase 1 of the Silicon Valley BART Extension. FY 2022 was the second full year of operation since it began revenue service in June 2020. The Proposed FY 2022 and FY 2023 2000 Measure A Capital Program includes additional appropriation for Silicon Valley Santa Clara Extension (SVSX), phase 2 of the Silicon Valley BART Extension. This project is planned to utilize cash-on-hand and projected cash receipts; it does not anticipate incurring additional debt in this two-year period.

Requests for Information

Please address all questions or requests for additional information to the Finance and Budget Division, Attention: Chief Financial Officer, Santa Clara Valley Transportation Authority, 3331 North First Street, Building C, Second Floor, San Jose, CA 95134-1927

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BASIC FINANCIAL STATEMENTS

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Net Position

June 30, 2022

(In thousands)

	Business-Type Activities	Governmental Activities	Total
ASSETS:			
Cash and investments	$ 1,102,058	$ 1,080,262	$ 2,182,320
Receivables, net	6,826	519	7,345
Internal balances	1,230	(1,230)	—
Other receivables	3,311	—	3,311
Due from other agencies	84,061	134,833	218,894
Inventories	28,571	—	28,571
Other current assets	6,117	5	6,122
Restricted cash and investments	106,624	50,663	157,287
Long-term receivable	266	—	266
Leases receivable	67,012	—	67,012
Net OPEB asset	82,007	—	82,007
Capital assets:			
Capital assets - nondepreciable	2,917,802	—	2,917,802
Capital assets - depreciable, net of accumulated depreciation	2,285,574	—	2,285,574
Right to use assets, net of accumulated amortization	2,224	—	2,224
Total assets	6,693,683	1,265,052	7,958,735
DEFERRED OUTFLOWS OF RESOURCES:			
Hedging derivative instruments	—	40,835	40,835
Refunding amounts	3,826	3,069	6,895
Pension related	75,848	—	75,848
OPEB related	33,542	—	33,542
Total deferred outflows of resources	113,216	43,904	157,120
LIABILITIES:			
Accounts payable and accrued expenses	30,379	67,078	97,457
Deposits	623	—	623
Accrued payroll and related liabilities	11,620	—	11,620
Bond interest and other fees payable	632	8,622	9,254
Unearned revenues	31,824	532	32,356
Other accrued expenses	520	—	520
Due to other agencies	59,159	30,740	89,899
Noncurrent liabilities:			
Due within one year: Bonds, notes, leases, claims, comp absences	37,064	36,460	73,524
Due in more than one year:			
Bonds, notes, leases, claims, comp absences	171,542	697,626	869,168
Derivative instruments	—	40,835	40,835
Net pension liability	316,947	—	316,947
Total liabilities	660,310	881,893	1,542,203
DEFERRED INFLOWS OF RESOURCES:			
Pension related	49,125	—	49,125
OPEB related	23,612	—	23,612
Leased asset related	65,367	—	65,367
Deferred amount on refunding	—	2,691	2,691
Total deferred inflows of resources	138,104	2,691	140,795
NET POSITION:			
Net investment in capital assets	5,097,498	—	5,097,498
Restricted:			
1996 Measure B transit program	1,701	—	1,701
2016 Measure B transit program	—	856,034	856,034
Air quality program	—	4,227	4,227
Pollution mitigation	—	31,359	31,359
Swap collateral	—	40,835	40,835
Debt service	8,329	49,507	57,836
Congestion management program	—	1,936	1,936
Unrestricted (Note 2j)	900,957	(559,526)	341,431
Total net position	$ 6,008,485	$ 424,372	$ 6,432,857

See Accompanying Notes to Basic Financial Statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Activities
For the year ended June 30, 2022
(In thousands)

	Business-Type Activities	Governmental Activities	
	Transit	Congestion Management	Total
EXPENSES:			
Labor, overhead, materials and professional services and other operations	$ 708,316	$ 8,165	$ 716,481
Capital expenses on behalf of, and contribution to other agencies	3,178	185,990	189,168
Altamont Corridor Express and Caltrain subsidies	12,457	—	12,457
Program payments		20,181	20,181
Other expenses	681	600	1,281
Claims and change in future claim estimates	15,594	—	15,594
Interest expense	5,206	35,158	40,364
Total expenses	745,432	250,094	995,526
PROGRAM REVENUES:			
Charges for services	40,221	3,082	43,303
Operating grants	316,428	111,751	428,179
Capital grants	10,643	—	10,643
Total program revenues	367,292	114,833	482,125
Net program revenues (expenses)	(378,140)	(135,261)	(513,401)
GENERAL REVENUES AND TRANSFERS:			
General revenues:			
Sales tax revenue	321,768	516,470	838,238
Investment earnings/(losses)	(22,637)	(27,136)	(49,773)
Other general revenues	3,198	789	3,987
Transfers	275,291	(275,291)	—
Total general revenues and transfers	577,620	214,832	792,452
Change in Net Position	199,480	79,571	279,051
Net Position, beginning of year, as restated	5,809,005	344,801	6,153,806
Net Position, end of year	$ 6,008,485	$ 424,372	$ 6,432,857

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fund Net Position
Proprietary Funds
June 30, 2022
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
ASSETS:						
Current assets:						
Cash and cash equivalents	$ 10,577	$ 4,750	$ 4,047	$ 211	$ 19,585	$ 26,496
Investments	672,205	296,413	465	25,142	994,225	61,752
Receivables, net	5,669	557	588	12	6,826	—
Leases receivable	2,819	—	—	—	2,819	—
Due from other funds	4,535	—	—	6	4,541	—
Due from other agencies	72,301	11,652	—	108	84,061	—
Inventories	28,571	—	—	—	28,571	—
Other current assets	3,117	3,000	—	—	6,117	—
Restricted cash and cash equivalents with fiscal agent	1,744	98,295	6,585	—	106,624	—
Total current assets	801,538	414,667	11,685	25,479	1,253,369	88,248
Noncurrent assets:						
Long-term receivable	266	—	—	—	266	—
Leases receivable	64,193	—	—	—	64,193	—
Net OPEB asset	82,007	—	—	—	82,007	—
Capital assets - non-depreciable:						
Land and right of way	1,128,555	721,663	—	—	1,850,218	—
Construction in progress	195,803	864,627	4,607	2,547	1,067,584	—
Capital assets - depreciable/amortizable:						
Right-to-use assets	2,426	—	—	—	2,426	—
Caltrain - Gilroy extension	53,790	—	—	—	53,790	—
Buildings and improvements	690,006	515,734	1,882	—	1,207,622	—
Furniture and fixtures	176,941	338,877	7,488	—	523,306	—
Vehicles	655,583	144,666	—	—	800,249	—
Light-rail tracks and electrification	515,500	605,804	—	—	1,121,304	—
Leasehold improvements	9,851	—	—	—	9,851	—
Others	81,186	51	1,468	—	82,705	—
Less accumulated depreciation/amortization	(1,284,926)	(227,753)	(776)	—	(1,513,455)	—
Net capital assets	2,224,715	2,963,669	14,669	2,547	5,205,600	—
Total noncurrent assets	2,371,181	2,963,669	14,669	2,547	5,352,066	—
Total assets	3,172,719	3,378,336	26,354	28,026	6,605,435	88,248
DEFERRED OUTFLOWS OF RESOURCES:						
Refunding amounts	3,826	—	—	—	3,826	—
Pension related	75,848	—	—	—	75,848	—
OPEB related	33,542	—	—	—	33,542	—
Total deferred outflows of resources	113,216	—	—	—	113,216	—

(continued on next page)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fund Net Position *(continued)*
Proprietary Funds
June 30, 2022
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
LIABILITIES:						
Current liabilities:						
Current portion of long-term debt	16,910	—	70	—	16,980	—
Accounts payable and accrued expenses	27,693	498	1,573	492	30,256	123
Leases payable	144	—	—	—	144	—
Deposits	298	—	—	325	623	—
Accrued payroll and related liabilities	11,620	—	—	—	11,620	
Bond interest and other fees payable	333	—	299	—	632	—
Unearned revenues	31,580	—	—	244	31,824	—
Other accrued expenses	520	—	—	—	520	—
Due to other agencies	59,159	—	—	—	59,159	—
Claims liability	—	—	—	—	—	5,649
Compensated absences	—	—	—	—	—	14,291
Total current liabilities	148,257	498	1,942	1,061	151,758	20,063
Noncurrent liabilities:						
Claims liability	—	—	—	—	—	41,386
Compensated absences	—	—	—	—	—	26,706
Long-term debt	78,125	—	23,177	—	101,302	—
Leases payable	2,148	—	—	—	2,148	—
Net pension liability	316,947	—	—	—	316,947	—
Total noncurrent liabilities	397,220	—	23,177	—	420,397	68,092
Total liabilities	545,477	498	25,119	1,061	572,155	88,155
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	49,125	—	—	—	49,125	—
OPEB Related	23,612	—	—	—	23,612	—
Leased asset related	65,367	—	—	—	65,367	—
Total deferred inflows of resources	138,104	—	—	—	138,104	—
NET POSITION:						
Net Investment in Capital Assets	2,131,282	2,963,669	—	2,547	5,097,498	—
Restricted:						
1996 Measure B projects	1,701	—	—	—	1,701	—
Debt service	1,744	—	6,585	—	8,329	—
Unrestricted (Note 2j)	467,627	414,169	(5,350)	24,418	900,864	93
Total net position	$ 2,602,354	$ 3,377,838	$ 1,235	$ 26,965	$ 6,008,392	$ 93

Reconciliation of the Statement of Fund Net Position to the Statement of Net Position:

Net Position of Enterprise Funds	$ 6,008,392
Net Position of Internal Service Funds, which benefits Business-Type Activities	93
Net Position of Business-Type Activities (Page 2-21)	$ 6,008,485

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2022
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
OPERATING REVENUES:						
Fares - Transit	$ 20,885	$ —	$ —	$ —	$ 20,885	$ —
Fares - Paratransit	1,036	—	—	—	1,036	—
Fares - Bart	—	4,182	—	—	4,182	—
Toll revenues collected	—	—	7,797	—	7,797	—
Advertising and others	3,057	—	—	—	3,057	—
Charges for services	2,597	—	—	667	3,264	17,957
Total operating revenues	27,575	4,182	7,797	667	40,221	17,957
OPERATING EXPENSES:						
Labor cost	344,133	1,481	—	—	345,614	—
Materials and supplies	37,401	4	—	—	37,405	—
Services	51,203	66,445	2,529	3,902	124,079	—
Utilities	9,124	48	54	—	9,226	—
Casualty and liability	16,890	441	—	—	17,331	—
Purchased transportation	25,783	—	—	—	25,783	—
Leases and rentals	1,326	—	—	—	1,326	—
Miscellaneous	1,426	3	4	7	1,440	2,949
Depreciation/amortization expense	85,526	108,040	776	—	194,342	—
Costs allocated to capital and other programs	(33,644)	—	353	69	(33,222)	—
Claims and change in future claims estimates	—	—	—	—	—	15,594
Total operating expense	539,168	176,462	3,716	3,978	723,324	18,543
Operating income/(loss)	(511,593)	(172,280)	4,081	(3,311)	(683,103)	(586)
NON-OPERATING REVENUES (EXPENSES):						
Sales tax revenue	258,474	63,294	—	—	321,768	—
Federal operating assistance and other grants	172,614	—	—	—	172,614	—
State and local operating assistance grants	143,814	—	—	—	143,814	—
Caltrain subsidy	(9,120)	—	—	—	(9,120)	—
Capital expense on behalf of, and contribution to other agencies	(1,025)	(1,149)	(1,004)	—	(3,178)	—
Altamont Corridor Express subsidy	(3,337)	—	—	—	(3,337)	—
Investment earnings/(losses)	(13,205)	(8,157)	(7)	(655)	(22,024)	(613)
Interest expense	(3,705)	—	(1,501)	—	(5,206)	—
Other income	1,906	—	—	—	1,906	1,292
Other expenses	(681)	—	—	—	(681)	—
Total non-operating revenue (expenses)	545,735	53,988	(2,512)	(655)	596,556	679
Income (loss) before capital contributions and transfers	34,142	(118,292)	1,569	(3,966)	(86,547)	93
Capital grants and contributions	10,260	—	—	383	10,643	—
Transfers in	95,408	174,123	5,684	76	275,291	—
Change in net position	139,810	55,831	7,253	(3,507)	199,387	93
Net Position, beginning of year, as restated	2,462,544	3,322,007	(6,018)	30,472	5,809,005	—
Net position, end of year	$2,602,354	$ 3,377,838	$ 1,235	$ 26,965	$ 6,008,392	$ 93

Reconciliation of the Statement of Revenues, Expenses & Changes in Fund Net Position to the Statement of Activities:

Change in net position of the Enterprise Funds	$199,387
Change in net position of the Internal Service Fund, which benefits Business-Type Activities	93
Change in net position of Business-type Activities (Page 2-22)	$199,480

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2022
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from transit fares	$ 17,963	$ 4,182	$ —	$ —	$ 22,145	$ —
Cash received from Paratransit fares	1,036	—	—	—	1,036	—
Cash received from Tolls	—	—	7,797	—	7,797	—
Cash received from advertising	3,683	—	—	—	3,683	—
Cash paid for labor costs	(343,304)	(1,481)	—	(69)	(344,854)	—
Cash paid to suppliers	(55,748)	(66,938)	(3,528)	(3,974)	(130,188)	—
Cash paid for purchased transportation	(25,783)	—	—	—	(25,783)	—
Cash received from contributions	—	—	—	—	—	17,957
Payments made to beneficiaries	—	—	—	—	—	(10,814)
Payments made to third party contractors	—	—	—	—	—	(2,949)
Other receipts/(payments)	2,597	—	1,259	776	4,632	—
Net cash provided by/(used in) operating activities	(399,556)	(64,237)	5,528	(3,267)	(461,532)	4,194
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grants received	321,773	—	—	—	321,773	—
Sales tax received	256,046	62,665	—	—	318,711	—
Caltrain subsidy	(9,120)	—	—	—	(9,120)	—
Altamont Corridor Express subsidy	(3,337)	—	—	—	(3,337)	—
Capital contributions to other agencies	(3,248)	(1,149)	(1,004)	—	(5,401)	—
Transfers in	94,744	—	—	76	94,820	—
Net cash provided by/(used in) non-capital financing activities	656,858	61,516	(1,004)	76	717,446	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment of long-term debt	(19,625)	—	(55)	—	(19,680)	—
Advance (to)/from other governments	23,608	—	—	—	23,608	—
Interest and other fees paid on long-term debt	(2,710)	—	(1,501)	—	(4,211)	—
Acquisition and construction of capital assets	(84,220)	(209,935)	(5,387)	—	(299,542)	—
Capital contribution from other entities	45,993	—	—	441	46,434	—
Capital acquisition from other funds	664	174,123	5,684	—	180,471	—
Net cash provided by/(used in) capital and related financing activities	(36,290)	(35,812)	(1,259)	441	(72,920)	—
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	588,813	215,101	734	33,561	838,209	69,890
Purchase of investments	(825,378)	(198,854)	(437)	(31,148)	(1,055,817)	(69,105)
Interest income received	7,892	2,508	9	268	10,677	277
Net cash provided by/(used in) investment activities	(228,673)	18,755	306	2,681	(206,931)	1,062
Net increase/(decrease) in cash and cash equivalents	(7,661)	(19,778)	3,571	(69)	(23,937)	5,256
Cash and cash equivalents, beginning of year	19,982	122,823	7,061	280	150,146	21,240
Cash and cash equivalents, end of year	$ 12,321	$ 103,045	$ 10,632	$ 211	$ 126,209	$ 26,496

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds *(continued)*
For the year ended June 30, 2022
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES						
Operating income/(loss)	$ (511,593)	$ (172,280)	$ 4,081	$ (3,311)	$ (683,103)	$ (586)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:						
Depreciation	85,526	108,040	776	—	194,342	—
Changes in operating assets and liabilities:						
Other current assets	(605)	—	—	—	(605)	—
Receivables	(70,452)	—	(588)	(35)	(71,075)	—
Inventories	(845)	—	—	—	(845)	—
Accounts payable	62,800	3	1,259	—	64,062	—
Other accrued liabilities	6,071	—	—	—	6,071	4,780
Deposits from others	(3)	—	—	—	(3)	—
Unearned revenue	68,156	—	—	79	68,235	—
Pension and OPEB related	(38,611)	—	—	—	(38,611)	—
Net cash provided by/(used in) operating activities	$ (399,556)	$ (64,237)	$ 5,528	$ (3,267)	$ (461,532)	$ 4,194
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:						
Unrestricted:						
Cash and cash equivalents	$ 10,577	$ 4,750	$ 4,047	$ 211	$ 19,585	$ 26,496
Restricted:						
Cash and cash equivalents with fiscal agent	1,744	98,295	6,585	—	106,624	—
	$ 12,321	$ 103,045	$ 10,632	$ 211	$ 126,209	$ 26,496
NONCASH ACTIVITIES:						
Increase/(Decrease) in fair value of investments	$ (17,075)	$ (10,409)	$ (15)	$ (882)	$ (28,381)	$ (852)
Noncash capital contributions	5	—	—	—	5	—
GASB 87 leased asset related	2,044	—	—	—	2,044	—
Total non-cash activities	$ (15,026)	$ (10,409)	$ (15)	$ (882)	$ (26,332)	$ (852)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2022
(In thousands)

	Special Revenue Funds						
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	$ 2,122	$ 2,947	$ 1,596	$ 8,667	$ 1,172	$ 3,252	$ 19,756
Investments	203,110	825,323	—	403	3,348	28,322	1,060,506
Accounts receivables	484	—	—	35	—	—	519
Due from other funds	—	—	—	1,386	—	5	1,391
Due from other agencies	59,294	48,870	498	26,171	—	—	134,833
Other assets	5	—	—	—	—	—	5
Restricted cash with fiscal agent	49,507	—	—	1,156	—	—	50,663
Total assets	$ 314,522	$ 877,140	$ 2,094	$ 37,818	$ 4,520	$ 31,579	$ 1,267,673
LIABILITIES:							
Accounts payable	$ 29,445	$ 19,312	$ 54	$ 17,754	$ 293	$ 220	$ 67,078
Unearned revenue	532	—	—	—	—	—	532
Due to other funds	827	1,794	—	—	—	—	2,621
Due to other agencies	10,572	—	104	20,064	—	—	30,740
Total liabilities	41,376	21,106	158	37,818	293	220	100,971
FUND BALANCES:							
Restricted	273,146	856,034	1,936	—	4,227	31,359	1,166,702
Total fund balances	273,146	856,034	1,936	—	4,227	31,359	1,166,702
Total liabilities and fund balances	$ 314,522	$ 877,140	$ 2,094	$ 37,818	$ 4,520	$ 31,579	$ 1,267,673

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Amounts reported for governmental activities in the statement of net position (page 2-21) are different because:		
Total governmental fund balance		$ 1,166,702
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the fund:		
Long-term debt	(734,086)	
Derivative instruments	(40,835)	
Deferred inflows of resources related to refunding costs	(2,691)	
Deferred outflows of resources related to derivative instruments	40,835	
Deferred outflows of resources related to refunding costs	3,069	(733,708)
Interest payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds		(8,622)
Net position of government activities (page 2-21)		$ 424,372

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2022
(In thousands)

	Special Revenue Funds						
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total Governmental Funds
REVENUES:							
Sales tax revenue	$ 258,470	$ 258,000	$ —	$ —	$ —	$ —	$ 516,470
Assessment to member agencies	—	—	2,942	—	—	—	2,942
Administrative fees	—	—	140	—	—	—	140
Federal grant revenues	3,486	—	1,603	1,042	—	—	6,131
State and local grants	6,624	—	912	71,388	2,427	15,890	97,241
Federal subsidy for Build America Bonds	8,379	—	—	—	—	—	8,379
Investment earnings	(5,211)	(21,142)	2	—	(93)	(692)	(27,136)
Other revenues	474	—	315	—	—	—	789
Total revenues	272,222	236,858	5,914	72,430	2,334	15,198	604,956
EXPENDITURES:							
Congestion Management - Current							
Labor and overhead costs	2	1,236	5,530	—	—	—	6,768
Professional services	—	810	570	—	—	—	1,380
Materials and services	—	—	17	—	—	—	17
Capital expenditures on behalf of, and contributions to other agencies	17,711	101,455	78	66,746	—	—	185,990
Program payments	—	—	—	—	2,835	17,346	20,181
Other expenditures	564	36	—	—	—	—	600
Debt Service:							
Principal	35,015	—	—	—	—	—	35,015
Interest	37,051	—	—	—	—	—	37,051
Total expenditures	90,343	103,537	6,195	66,746	2,835	17,346	287,002
Excess (deficiency) of revenues over expenditures	181,879	133,321	(281)	5,684	(501)	(2,148)	317,954
OTHER FINANCING SOURCES & USES							
Transfers out	(246,017)	(23,590)	—	(5,684)	—	—	(275,291)
Net change in fund balances	(64,138)	109,731	(281)	—	(501)	(2,148)	42,663
Fund balances, beginning of year	337,284	746,303	2,217	—	4,728	33,507	1,124,039
Fund balances, end of year	$ 273,146	$ 856,034	$ 1,936	$ —	$ 4,227	$ 31,359	$ 1,166,702

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (page 2-22) are different because:		
Net change in fund balances - total governmental funds		$ 42,663
Repayment of debt service is an expenditure in the governmental funds, but reduces the long-term liabilities		35,015
Expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditure in the governmental funds		
Amortization of bond premium	848	
Amortization of gain on refunding debt	196	
Amortization of loss on refunding debt	(373)	
Change in accrued interest payable	1,222	1,893
Change in net position of governmental activities (page 2-22)		$ 79,571

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022
(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds
ASSETS:	
Cash and investments:	
Cash and cash equivalents	$ 10,594
Corporate bonds	77,496
Municipal bonds	2,431
U.S. government agency bonds	63,901
U.S. treasury	19,843
Money market funds	1,864
Equity based	572,504
Real asset funds	78,600
Alternative investments	187,864
Receivables	1,175
Due from other agencies	10
Total assets	1,016,282
LIABILITIES:	
Accounts payable	324
Unearned revenues	29
Due to other funds	3,311
Total liabilities	3,664
NET POSITION:	
Restricted for:	
ATU pension benefits	619,828
Retiree medical benefits	353,553
ATU retiree spousal medical benefits	23,024
ATU retiree dental and vision benefits	16,213
Total net position	$ 1,012,618

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2022
(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds
ADDITIONS:	
Employee contributions	$ 7,465
Employer contributions	35,425
Total contributions	42,890
Investment earnings/(losses)	
Investment income	35,597
Net change in the fair value of investments	(122,870)
Investment expense	(6,164)
Net investment earnings/(losses)	(93,437)
Total additions	(50,547)
DEDUCTIONS:	
Benefit payments	71,069
Services	2
Administrative expenses	597
Total deductions	71,668
Change in net position	(122,215)
Net position, beginning of year	1,134,833
Net position, end of year	$ 1,012,618

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 – THE FINANCIAL REPORTING ENTITY

Santa Clara Valley Transportation Authority (VTA), which was established in 1972, develops, maintains, and operates a public mass transit system for the benefit of the residents of the County of Santa Clara (County), California (State). VTA's governing board consists of two members of the County Board of Supervisors, five City Council members from the City of San Jose, and five City Council members selected from among the remaining incorporated cities in the County.

The accompanying basic financial statements include the financial activities of the Santa Clara Valley Transportation Authority Amalgamated Transit Union (ATU) Pension Plan and the Other Post Employment Benefit Plan (the Plans) in the Trust Funds. The financial activities of the Plans are also included in the basic financial statements because they exclusively serve the employees of VTA. Due to the fact that the Plans are fiscally dependent on VTA, they are considered trust funds by VTA.

The Santa Clara Valley Transportation Authority Congestion Management Program (CMP) was created in 1990 in response to Proposition 111. The CMP is not legally separate from VTA. The CMP is responsible for the development and implementation of the Valley Transportation Plan (VTP), the long-range transportation and land use plan for the County, and for preparing and implementing the state-mandated CMP. It is also responsible for the programming and oversight of discretionary federal, state, and local funds, and for serving as the program manager for certain countywide grant funds, including the Transportation Fund for Clean Air (TFCA). Annual contributions from 17 member agencies are based on a formula adopted by the Board of Directors of VTA. The contribution formula considers each member agency's share of Proposition 111, state gas tax revenues, as well as employment within the County. The CMP is included as a major governmental fund in the accompanying basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities display information about VTA as a whole. These statements include the financial activities of the overall government, except for activities reported in fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *business-type* and *governmental activities* of VTA. Business-type activities, which normally rely significantly on fees charged to external parties, are reported separately from governmental activities, which normally are supported by taxes and inter-governmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type and governmental activities. Direct expenses are those that are specifically associated with a program or function and; are, therefore, clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about VTA's funds, including fiduciary funds. Separate statements for each fund category – *proprietary, governmental, and fiduciary* – are presented. The emphasis of fund financial statements is on the major governmental and the enterprise funds, each displayed in separate columns. All governmental and enterprise funds of VTA are presented as major funds.

The Proprietary Funds are used to account for activities for which a fee is charged to external or internal users for goods or services. VTA reports the following major Enterprise Funds:

- The VTA Transit Fund accounts for the operations of VTA. The primary sources of funding for transit operations are the one-half cent sales tax, farebox collections, other federal/state TDA grants, as well as operating assistance from 2000 Measure A and 2016 Measure B.
- The BART Operating Fund is used to account for the 1/8-cent sales tax approved in an election by voters of County of Santa Clara requiring that sales tax revenues be expended on operations, maintenance, improvement and future capital needs of the 16.1-mile VTA's BART Silicon Valley Extension.
- The Express Lanes Fund is used to account for operations of the 237/880 and US101/SR 85 Express Lanes. The primary source of funding for the operations is toll revenues. The fund reports a long-term liability relating to a loan agreement primarily for funding construction costs of the Express Lanes project.
- The Joint Development Fund is used to set aside the proceeds generated from VTA's Joint Development Program, whose mission is to maximize the economic value of the agency's real estate assets through site-appropriate development. The aggregated funds may be appropriated for the continued operation and development of VTA through formal action by the VTA Board of Directors.

Additionally, VTA reports an Internal Service Fund that is used to account for compensated absences and risk management activities of VTA, which are managed through a combination of purchased insurance and self-insurance.

The Governmental Funds are used to account for VTA's governmental activities where the proceeds of specific revenue sources are legally restricted to expenditures for specific purposes and for the acquisition of capital assets or construction of major capital projects (other than those financed by the Enterprise Funds). VTA reports the following major special revenue funds:

- The 2000 Measure A Special Revenue Fund is used to account for the 2000 Measure A Transit Improvement Program funded through a one-half cent sales tax as approved in an election by voters of County of Santa Clara requiring that sales tax revenues be expended on projects included in the scope of 2000 Measure A.
- The 2016 Measure B Special Revenue Fund is used to account for the 2016 Measure B Program funded through a one-half cent sales tax approved in an election by voters of County of Santa Clara requiring that sales tax revenues be expended on enhancing transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets).
- The Congestion Management Program Special Revenue Fund is used to account for the congestion management planning, programming, and development services for Santa Clara County. Major sources of revenue for this fund are member agency assessments and federal and state grants.
- The Congestion Management and Highway Program (CMHP) Capital Projects Fund is used to account for the acquisition of capital assets and construction of highway projects administered on behalf of State and other local governments.
- Bay Area Air Quality Management District (BAAQMD) accounts for the activities that relate to the Transportation Fund for Clean Air (TFCA) program, for purposes of regulating emissions from stationary and mobile services.
- Senate Bill (SB) 83 Vehicle Registration Fund (VRF) was established to administer the vehicle registration fee collected under SB 83 and approved by voters in 2010. The purpose is to fund congestion and pollution mitigation projects and programs.

The Fiduciary Funds are used to account for assets held by VTA as a trustee. These assets cannot be used to support VTA's programs. VTA's Trust Funds include retiree funds namely ATU Pension Plan, Other Post- Employment Benefits Trust (OPEB), ATU Spousal Medical, and Retiree Dental/Vision Plan.

(b) *Basis of Accounting and Measurement Focus*

The government-wide, proprietary funds, and fiduciary trust funds financial statements are reported using the *accrual basis* of accounting and the *economic resources measurement focus*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which VTA gives (or receives) value without directly receiving (or giving) equal value in exchange include sales tax and grants. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Fiduciary trust funds are also reported using accrual basis of accounting and the economic resources measurement focus.

Operating revenues are generated directly from transit operations and consist principally of passenger fares, tolls, and rental income. Operating expenses for the transit, toll and rental operations include all costs related to providing those services. These costs include labor, fringe benefits, materials, supplies, services, utilities, leases and rentals, purchased transportation, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, VTA considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financial sources.

Sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual; and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year-end). Expenditure-driven grants are recognized as revenue source when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by VTA.

(c) Cash and Investments

VTA contracts with money management firms to manage most of its investment portfolio. VTA's investment program manager has oversight responsibility for investments managed by these firms. The securities are held by a third-party custodial bank. Purchases and sales of securities are reflected on the trade date. The remaining cash balances in certain VTA funds are invested in the Local Agency Investment Fund (LAIF). Unless there are specific legal or contractual requirements for specific allocations, income earned or losses arising from investments are allocated on a monthly basis to the appropriate fund(s) based on their average daily balances.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments, which are readily convertible to known amounts of cash. Only investments with maturities of three months or less at the time of purchase are classified as cash equivalents. Restricted and unrestricted cash, and cash equivalents and cash and investments with fiscal agents are considered to be cash and cash equivalents for purposes of the accompanying statement of cash flows. Access to cash and investments with fiscal agents is similar to that of a demand deposit account and, therefore, investments are considered to be cash equivalents.

(d) Inventories

Inventories are valued at cost using the weighted average method, which approximates market. They are charged to expense at the time individual items are withdrawn from inventory (consumption method). Inventory consists primarily of parts and supplies relating to the maintenance of transportation vehicles and facilities.

(e) Restricted Assets

Restricted assets consist of monies and other resources, the use of which are legally restricted for capital projects and debt service.

(f) Bond Discounts, Premiums, and Bond Refunding Gains/Losses

Bond refunding gains/losses for the government-wide statement of net position and the proprietary funds are reported as deferred inflows/outflows of resources and amortized on a straight-line basis over a period equal to the term of the related bond. The discounts and premiums are amortized using the effective interest rate method. Bond discounts and premiums in the government-wide and proprietary funds are presented as a reduction and addition, respectively, of the face amount of bonds payable.

(g) Capital Assets

It is VTA's policy that assets with a value of $5,000 or more, and a useful life beyond one year are capitalized, included in the applicable proprietary fund financial statement and depreciated over their estimated useful lives. Property, facilities, and equipment are stated at historical cost. Normal maintenance and repair costs are charged to operations as incurred. Donated capital assets are stated at acquisition value. Improvements are capitalized and depreciated over the remaining useful lives of the related assets.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Asset being Depreciated	Useful Life
Buildings and improvements	25 to 50 years
Furniture and fixtures	5 to 10 years
Vehicles (excluding light-rail vehicles)	5 to 12 years
Light-rail tracks, electrification, and light-rail vehicles	25 to 30 years
Leasehold improvements	10 to 35 years
Other operating equipment	5 to 10 years

Governmental funds of VTA do not report capital outlays because these funds are used to fund capital projects related to the congestion program of the participating jurisdictions in the County or fund capital acquisition of the proprietary funds of VTA. Therefore, VTA's governmental activities do not report capital assets.

(h) Vacation and Sick Leave Benefits

It is the policy of VTA to permit employees to accumulate unused vacation and sick leave benefits up to the limit designated in the various collective bargaining agreements. As vacation and sick leave are used during the year, they are reported as expenses. Additionally, there is an amount charged each month to accrue the estimated increase in unused vacation and sick leave. The balance reflecting the year-end value of unused vacation and sick leave is reported in the Internal Service Fund.

(i) Self-Insurance

VTA retains $10 million in self-insurance for general liability and completely self-insures workers' compensation claims. Estimated losses on claims other than workers' compensation claims are charged to expense in the period the loss is determinable. Estimated losses for workers' compensation claims are charged to expense as a percentage of labor in each accounting period. The costs incurred for workers' compensation and general liability (including estimates for claims incurred but not yet reported) are reported in the Internal Service Fund based on an actuarial determination of the present value of estimated future cash payments (see Notes 15 and 16).

(j) Net Position

The government-wide and proprietary funds financial statements utilize a net position presentation. Net Position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure and intangibles, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.

- The Statement of Fund Net Position as of June 30, 2022, on pages 2-23 and 2-24, reports that enterprise fund net investment in capital assets (net of related debt) is $5.1 billion.

- Restricted Net Position - This category consists of debt service and related swap, amounts restricted for 1996 Measure B projects, 2000 Measure A program, 2016 Measure B program, Congestion Management Program (CMP), Bay Area Air Quality Management District and Vehicle Registration Fees. When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

- Unrestricted Net Position - The remaining unrestricted net position, although not legally restricted, has been earmarked for future capital and operating needs, as well as for other purposes in accordance with Board directives.

Unrestricted Net Position earmarks consist of the following (in thousands):

	VTA Transit Fund	BART Operating Fund	Express Lanes Fund	Joint Development Fund	Total Enterprise Funds
Local share of capital projects	$ 198,146	$ —	$ —	$ 15,235	$ 213,381
Debt reduction	317,660	—	—	—	317,660
Express Lane	—	—	(5,350)	—	(5,350)
BART Operating	—	414,169	—	—	414,169
Joint Development	—	—	—	9,183	9,183
Sales tax stabilization	35,000	—	—	—	35,000
Operating reserve	81,577	—	—	—	81,577
Inventory and prepaid expenses	31,954	—	—	—	31,954
Net OPEB Asset (GASB 75)*	91,937	—	—	—	91,937
Net Pension Liability (GASB 68)*	(290,224)	—	—	—	(290,224)
Net Leased Asset (GASB 87)	1,577	—	—	—	1,577
Total	$ 467,627	$ 414,169	$ (5,350)	$ 24,418	$ 900,864

*Net of related pension and OPEB deferrals

The unrestricted net position of the governmental activities is reported at a deficit amount because debt and related transactions are included in the component. Debt is secured by future sales tax revenues which will offset these amounts once collected and the debt is paid off.

	Governmental Funds 2000 Measure A Program
Governmental funds, June 30, 2022 (page 2-28)	$ 273,146
Long-term liabilities, including bonds payable, are not due and payable in, the current period and therefore, are not reported in the fund:	
Long-term debt	(734,086)
Derivative instruments	(40,835)
Deferred inflows of resources	(2,691)
Deferred outflows of resources	3,069
Restricted for Debt Service	(49,507)
Interest Payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds	(8,622)
Total Net Position, Governmental Activities (page 2-21), June 30, 2022	$ (559,526)

(k) Cost Allocated to Capital and Other Programs

On the Statement of Revenues, Expenses, and Changes in Fund Net Position, the VTA Transit Fund reports $33.6 million as costs allocated to capital and other programs. This amount represents primarily a credit for direct and indirect labor, associated fringe benefits, and other costs that were capitalized as construction in progress.

(l) Estimates

Management has made a number of estimates and assumptions relating to certain reported amounts, and certain disclosures to prepare the basic financial statements in conformity with GAAP. Actual results could differ from those estimates.

(m) Fund Balance - Governmental Funds

The fund balances are classified as restricted. These are amounts that can be spent only for specific purposes because of enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

(n) Fund Balance Spending Order Policy

When expenditures are incurred for purposes, for which both restricted and unrestricted resources are available, VTA considers restricted funds to have been spent first. VTA reported no committed, assigned, or unassigned fund balances.

(o) Leases

Lessor – VTA recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, except for short-term leases. VTA does not derecognize the asset underlying the lease. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

Lessee – VTA recognizes a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (excluding any lease incentives received). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term.

(p) New Accounting Pronouncements

GASB Statement No. 87 - In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date was deferred for reporting periods after December 15, 2020, or the FY 2022. VTA implemented the provision of this statement effective July 1, 2021.

GASB Statement No. 89 - In June 2018, GASB issued Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period.* The primary objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. VTA implemented the provision of this statement effective July 1, 2021.

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers, and eliminate diversity in practice associated with: (1) commitments extended by issuers; (2) arrangements associated with conduit debt obligations; and (3) related note disclosures. Issuers are required to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. Effective date was deferred effective for reporting periods after December 15, 2021, or the FY 2023. VTA is evaluating the impact of the Statement.

GASB Statement No. 92 - In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objective of this Statement is to establish accounting and financial reporting requirements for specific issues related to leases, inter-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements were deferred to be effective for fiscal years beginning after June 15, 2021, or the FY 2022, except for the Statement 87 and Implementation guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments. VTA is evaluating the impact of the Statement. VTA implemented the provision of this statement effective July 1, 2021.

GASB Statement No. 93 - In March 2020, GASB issued Statement No. 93*, Replacement of Interbank Offered Rates,* Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The removal of LIBOR as an appropriate benchmark interest rate was deferred to be effective for reporting periods ending after December 31, 2022. All other requirements of this Statement were deferred to be effective for reporting periods beginning after June 15, 2021, or FY 2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022, or the FY 2023. VTA is evaluating the impact of the Statement.

GASB Statement No. 94 - In March 2020, GASB issued Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements.* The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, or the FY 2023. VTA is evaluating the impact of the Statement.

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements.* The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation cost of a SBITA; and (4) requires note disclosures regarding SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, or the FY 2023. VTA is evaluating the impact of the Statement.

GASB Statement No. 97 - In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, or FY 2022. This statement did not have an impact on VTA's financial statements.

GASB Statement No. 98 - In October 2021, GASB issued statement No. 98, *The Annual Comprehensive Financial Report.* The objective of this Statement is to establish the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. VTA implemented the provision of this statement.

GASB Statement No. 99, *Omnibus 2022.* The requirements in paragraph 11-25 are effective for fiscal years beginning after June 30, 2022. The requirements in paragraph 4-10 are effective for fiscal years beginning after June 30, 2023. No expected effect on the VTA's financial statements for the remaining paragraphs.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant,consistent and comparable information for making decisions or assessing accountability. GASB 100 will be effective fiscal year ending June 30, 2024. VTA does not expect this standard to have a significant impact to the financial statements.

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 will be effective fiscal year ending June 30, 2025. VTA does not expect this standard to have a significant impact to the financial statements.

NOTE 3 - CASH AND INVESTMENTS

Total cash and investments as of June 30, 2022, are reported in the accompanying basic financial statements as follows (in thousands):

	Enterprise Funds	Internal Service Fund	Governmental Funds	Retiree Benefits Trust Funds	Total
Cash and Cash Equivalents	$ 19,585	$ 26,496	$ 19,756	$ 10,594	$ 76,431
Restricted Cash and Cash Equivalents with Fiscal Agents	106,624	—	50,663	—	157,287
Total cash equivalents	126,209	26,496	70,419	10,594	233,718
Investments	994,225	61,752	1,060,506	1,004,503	3,120,986
Total Cash and Investments	$ 1,120,434	$ 88,248	$ 1,130,925	$ 1,015,097	$ 3,354,704

As of June 30, 2022, total cash and investments reported in the accompanying financial statements consisted of the following (in thousands):

Cash & Cash Equivalents	$	76,431
Cash & Cash Equivalents with Fiscal Agents		157,287
Investments		3,120,986
Total	$	3,354,704

Cash and Cash Equivalents

VTA maintains several checking accounts related to its operations. These checking accounts earn interest based on the bank's sweep rate.

Investments policies

VTA's investments fall into two categories, i.e. investments related to: (1) operations pool, and (2) retiree benefits pool. The first includes investments reported by all VTA funds except for the ATU Pension, Spousal Medical/Retiree Dental, and Other Post Employment Benefit (OPEB) funds (retiree benefits), which may be restricted or unrestricted depending on the source of the funds. The second includes retiree benefits investments that are held to pay retirement benefits of ATU, Local 265 Pension Plan, ATU Spousal Medical/Retiree Dental, and the Retirees' OPEB.

Investment within the operations pool

Government code requires that the primary objective is to safeguard the principal, secondarily meet the liquidity needs of the local government, and then achieve a reasonable return. Furthermore, the intent of the government code is to minimize risk of loss on held investments from:

1. Interest rate risk
2. Credit risk
3. Custodial / counterparty credit risk
4. Concentration of credit risk

VTA's investment policy covering the operations pool conforms to state statutes and provides written investment guidance regarding the types of investments that may be made and the amounts, which may be invested in any one financial institution or any one long-term instrument. VTA's permissible investments include U.S. treasury obligations, obligations of federal agencies and U.S. government sponsored enterprises, state of California obligations, local agency obligations, bankers' acceptances with 180 days or less in maturity and no more than 40% of the total operations pool, commercial papers with a rating of A-1/P-1 or higher with 270 days or less in maturity and no more than 25% of the total operations pool, repurchase and reverse repurchase agreements with one year or less in maturity and no more than 20% of the total operations pool, medium-term corporate notes, insured with no more than 30% of the total operations pool, collateralized savings/money market accounts with no more than 30% of the total operations pool, negotiable certificates of deposit with five years or less in maturity and no more than 30% of the total operations pool, mortgage and asset-backed obligations with a rating of Aa/AA or higher, invested in these permissible investments mentioned above.

VTA's policy also allows investments in the State Treasurer's Office Local Agency Investment Fund (LAIF). LAIF is commingled within the state of California Pooled Money Investment Account (PMIA). If the state's shares of PMIA is exhausted, then participation by the state in the PMIA is zero. There is no correlation between the state's share of that pool and VTA's. LAIF is not a Securities and Exchange Commission (SEC) registered pool and is unrated, but it is required to invest in accordance with the guidelines established by the California Government Code. The weighted average maturity of the investments in LAIF on June 30, 2022, was 311 days. Earnings are paid quarterly based on the average daily balance of the participants in the pool. The fair value of VTA's investment in the LAIF pool is reported in the accompanying financial statements at amounts based upon the VTA's pro-rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the VTA's position in the LAIF pool.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. The longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. VTA's $2.3 billion investment in the operations pool is in compliance with the maximum maturity provision of VTA's Investment Policy.

The following schedule indicates the maturity of investments at June 30, 2022 (in thousands):

	Maturity				
OPERATIONS POOL	**Less than 1 year**	**1-5 Years**	**6-10 Years**	**Over 10 Years**	**Total**
Corporate Bonds	$ 44,545	$ 675,998	$ —	$ —	$ 720,543
Municipal Bonds	52,952	100,739	—	—	153,691
Commercial Paper/CD	123,463	6,728	—	—	130,191
US Government Agency Bonds	58,586	55,835	—	—	114,421
US Treasury	275,282	634,662	7,457	—	917,401
Money Market Funds	5,236	—	—	—	5,236
LAIF	75,000	—	—	—	75,000
Subtotal	$ 635,064	$ 1,473,962	$ 7,457	$ —	2,116,483
Cash with Fiscal Agents					157,287
Cash Deposits					65,837
Total cash and investments in the operations pool					2,339,607

	Maturity				
RETIREE BENEFITS POOL	**Less than 1 year**	**1-5 Years**	**6-10 Years**	**Over 10 Years**	**Total**
Corporate Bonds - Pension	$ 1,334	$ 10,672	$ 9,594	$ 20,435	$ 42,035
Corporate Bonds - OPEB	1,121	9,233	9,712	15,395	35,461
Municipal Bonds - Pension	—	—	—	1,311	1,311
Municipal Bonds - OPEB	—	—	—	1,120	1,120
US Government Agency Bonds - Pension Plan	135	112	1,053	32,870	34,170
US Government Agency Bonds - OPEB Plan	1706	52	427	27,546	29,731
US Treasury - Pension	—	113	8,551	681	9,345
US Treasury - OPEB	—	4,253	5,665	580	10,498
Money Market Funds - Pension	1,108	—	—	—	1,108
Money Market Funds - OPEB	756	—	—	—	756
Subtotal	$ 6,160	$ 24,435	$ 35,002	$ 99,938	165,535
Equity Based					572,504
Real Assets Funds					78,600
Alternative Investments					187,864
Cash Deposits					10,594
Total cash and investments in the retiree benefits pool					1,015,097
Total cash and investments					$ 3,354,704

Credit Risk – Credit risk is the risk of non-payment by the issuer of a bond or other debt instrument. Even an increase in the perception of risk of non-payment can adversely affect the value of such an investment. For investment grade fixed income securities, credit strength is often gauged using credit ratings assigned by one or more nationally recognized statistical rating organization. VTA's investment policy governing investment of the operations pool seeks to limit exposure to credit risk by following the California Government Code and specifying the permitted investments, minimum credit ratings, maximum maturities, and maximum concentrations.

Certain investments, such as obligations that are backed by the full faith and credit of the United States government are not subject to credit ratings criteria in VTA's Investment Policy. Those with credit exposure as rated by Standard and Poor's are included below (in thousands):

	Rating as of June 30, 2022		
	Operations Pool	**Retiree Benefits Pool**	**Total**
Corporate bonds			
A	$ 306,444	$ 4,929	$ 311,373
AA	75,781	9,513	85,294
BB	227,607	16,809	244,416
BBB	110,711	46,245	156,956
Municipal bonds			
A	29,891	—	29,891
A1	3,319	—	3,319
AA	110,662	1,576	112,238
Aa1	945	—	945
Aa2	999	—	999
Aa3	5,516	—	5,516
AAA	2,359		2,359
BBB	—	855	855
Certificates of Deposit			
A1	77,643	—	77,643
BBB	765	—	765
P-1	4,792	—	4,792
Commercial Paper			
A1	46,991	—	46,991
US Government Agencies			
AA	20,299	—	20,299
AAA	2,546	—	2,546
AA+	91,576	63,901	155,477
US Treasury Notes			
AA+	917,401	19,843	937,244
Unrated cash and investments			
Cash with Fiscal Agents	157,287	10,594	167,881
Real Assets Funds	—	78,600	78,600
Equity Based	—	572,504	572,504
Alternative Investments	—	187,864	187,864
LAIF	75,000	—	75,000
Money Market Funds	5,236	1,864	7,100
Deposits with financial institutions	65,837	—	65,837
TOTAL	$ 2,339,607	$ 1,015,097	$ 3,354,704

Custodial Credit Risk – Deposits - For deposits, custodial credit risk is the risk that in the event of a bank failure, some or all of VTA's deposits might not be returned. To mitigate this risk, State law requires all deposits to be either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions. VTA does not have a specific policy with respect to deposits' custodial credit risk. VTA's deposits are not exposed to significant deposit risks because of the collateralization protection provided by the California Government Code.

Custodial Credit Risk – Investments - The custodial credit risk for investments is the risk that, in the event of a failure of the custodian (e.g. broker-dealer), VTA may not be able to recover the value of its investments or collateral securities that are in the possession of another party. VTA's Investment Policy limits exposure to counterparty credit risk by requiring that all securities owned by VTA be held with "perfected interest" in the name of VTA by an independent custodian that is a bank trust department and is unrelated to any other involved counterparty. As of June 30, 2022, VTA believes its counterparty credit risk exposure is minimal.

Concentration of Credit Risk – Concentration of credit risk is the risk that the failure of any one issuer or type of investment would place an undue financial burden on VTA.

Other than investments in mutual funds, external investment pools or securities issued by U.S. Government, VTA did not hold investments in any one issuer that exceeded 5% or more of the total operations pool. As of June 30, 2022, the retiree benefits pool held investments in the UBS Core Real Estate Fund, Dodge & Cox, Principal Group and BlackRock that exceeded 5% of the retiree benefits pool.

Fair Value Measurement – The following schedule indicates the fair value hierarchy and fair value amounts (in thousands) for both VTA's operating fund investments and the trust investments at June 30, 2022:

	Fair Value Hierarchy			
Operations Pool	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate Bonds	$ —	$ 720,543	$ —	$ 720,543
Municipal Bonds	—	153,691	—	153,691
US Government Agency Bonds	—	114,421	—	114,421
US Treasury	917,401	—	—	917,401
Certificates of Deposit	—	83,200	—	83,200
Subtotal	$917,401	$ 1,071,855	$ —	1,989,256
Not subject to the fair value hierarchy				
Money Market Funds				5,236
Cash with Fiscal Agents				157,287
Commercial Paper				46,991
LAIF				75,000
Cash Deposits				65,837
Subtotal				350,351
Cash and investments in the operations pool				2,339,607

	Fair Value Hierarchy			
Retiree Benefits Pool	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate Bonds - Pension Plan	$ —	$ 42,035	$ —	$ 42,035
Corporate Bonds - OPEB Plan	—	35,461	—	35,461
Municipal Bonds - Pension Plan	—	1,311	—	1,311
Municipal Bonds - OPEB Plan	—	1,120	—	1,120
US Government Agency Bonds - Pension Plan	—	34,170	—	34,170
US Government Agency Bonds - OPEB Plan	—	29,731	—	29,731
US Treasury - Pension Plan	9,345	—	—	9,345
US Treasury - OPEB Plan	10,498	—	—	10,498
Equity Based	—	572,504	—	572,504
Subtotal	$ 19,843	$ 716,332	$ —	736,175
Net Asset Value				
Real Assets Funds				78,600
Alternative Investments				187,864
Subtotal				266,464
Not subject to the fair value hierarchy				
Money Market Funds - Pension				1,108
Money Market Funds - OPEB				756
Cash Deposits				10,594
Subtotal				12,458
Cash and investments in the retiree benefits pool				1,015,097
Total cash and investments				$3,354,704

VTA categorizes the fair value measurement of its investments based on hierarchy established by generally accepted accounting principles. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices that are directly observable in active markets for identical assets or liabilities (Level 1 measurements). For investments classified within Level 2 of the fair value hierarchy, the VTA's custodians generally use a multidimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others. VTA does not have any investments that are measured using level 3 input, which is the lowest priority when pricing inputs are unobservable. The three levels of the fair value hierarchy above are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that VTA has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect VTA's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on best information in the circumstances and may include VTA's own data.

Net Asset Value (NAV) **-** Certain investments are priced at net asset value by the fund managers. NAV is the fair value of all securities owned by a fund, minus its total liabilities, divided by the number of shares issued and outstanding. The fair value of the retiree benefits pool's investments in real asset funds and alternative investment funds is based on net asset values provided by the fund managers (partnerships). Such value generally represents the retiree benefits pool's proportionate share of the net assets of these partnerships. The partnership financial statements are audited annually, and the net asset value is adjusted by additional contributions to and distributions from the partnerships, the retiree benefit pool's share of net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by these partnerships. These investments may be redeemed once per quarter with 90-day notification. Because of the inherent uncertainty in the valuation of these types of investments, the fair value reported on the financial statements may differ from the values that would have been used if a ready market for such securities existed.

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of $1 and not fair value. Accordingly, VTA's proportional share in these types of investments is an uncategorized input not defined as Level 1, Level 2, or Level 3 input.

Foreign Currency Risk

This is the risk that changes in the exchange rates will adversely affect the fair value of underlying investments. The following table provides information as of June 30, 2022, concerning the fair value of investments that are subject to foreign currency risk that are only reported in the retiree benefits pool:

Currency Name	Global Equity ('000)
United Arab Emirates Dirham	$ 502
Australian Dollar	9,773
Brazilian Real	2,151
Swiss Franc	12,929
Chilean Peso	220
Chinese Yuan Renminbi Offshore	9
Chinese Yuan Renminbi Onshore	2,143
Columbia Peso	75
Czech Koruna	63
Danish Krone	3,418
Egyptian Pound	35
Euro	38,813
British Pound Sterling	19,768
Hong Kong Dollar	14,293
Hungarian Forint	64
Indonesian Rupiah	821
Israeli new Shekel	602
Indian Rupee	5,822
Japanese Yen	27,696
South Korean Won	4,920
Kuwaiti Dinar	369
Mexican Peso	885
Malaysian Ringgit	701
Norwegian Krone	1,046
New Zealand Dollar	243
Philippine Peso	312
Polish Zloty	281
Qatari Riyal	434
Saudi Riyal	1,738
Swedish Krona	4,233
Singapore Dollar	1,563
Thai Baht	912
Turkish New Lira	161
Taiwan Dollar	6,530
South African Rand	1,509
Total	$ 165,034

NOTE 4 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2022, is as follows (in thousands):

	Due from other funds		Due to other funds	
Enterprise Funds				
VTA Transit	$ 4,535	[1,3]	$ —	
Joint Development	6	[2]	—	
Total	4,541		—	
Governmental Funds				
SB83 VRF	5	[2]	—	
2000 Measure A Program	—		827	[3]
2016 Measure B Program	—		1,794	[4]
Congestion Management & Highway Program	1,386	[2,4]	—	
Total	1,391		2,621	
Fiduciary Funds				
OPEB Trust Fund	—		3,311	[1]
	$ 5,932		$ 5,932	

[1]Largely represents payment of implicit subsidy on behalf of OPEB Trust Fund.

[2]Represents expenses paid at year-end by other funds on behalf of Congestion Management & Highway Program, but were not reimbursed until the following period. The transactions crossed fiscal years.

[3]Represents an increase in Measure A Operating Assistance from 4th quarter true up of sales tax.

[4]Represents expenses initially paid by other funds on behalf of 2016 Measure B Program.

The transfer to VTA Transit includes $664 thousand of fund capital acquisitions from 2000 Measure A (consisting largely of facility modifications for bus rapid transit), $17.6 million of Measure A Repayment Obligation, $53.6 million of operating assistance from 2000 Measure A, and $23.6 million of operating assistance from 2016 Measure B Program. Express Lanes received $5.7 million capital acquisitions from Congestion Management and Highway Program. The $174.1 million transfer to BART Operations consists of capital acquisition from 2000 Measure A (including passenger facility stations relating to the Silicon Valley Berryessa Extension and BART vehicle procurement projects). Joint Development received $76 thousand of lease rent revenue from VTA Transit Fund. A summary of the transfers in/out for the year ended June 30, 2022, is as follows:

Transfer from	Transfer to	Purpose	Amount (in thousands)
2000 Measure A Fund	VTA Transit Fund	Fund capital acquisitions	$ 664
		Operating Assistance	53,633
		Meas A Repayment Obligation	17,597
2016 Measure B Fund	VTA Transit Fund	Operating Assistance	23,590
VTA Transit Fund	Joint Development	Ground lease rent revenue	(76)
			95,408
VTA Transit Fund	Joint Development	Ground lease rent revenue	76
Congestion Management & Highway Program	Express Lanes	Fund capital acquisitions	5,684
2000 Measure A Fund	BART Operating Fund	Fund capital acquisitions	174,123
			$ 275,291

NOTE 5 – DUE FROM AND DUE TO OTHER AGENCIES

Due from other agencies as of June 30, 2022 consisted largely of sales tax receivables of $156.1 million ($59.7 million under enterprise funds, and $96.4 million under governmental funds), and State Transit Assistance of $8.5 million and Transportation Development Fund (TDA) of $7.7 million. A summary is provided as follows (in thousands):

Due from Other Agencies	Enterprise Funds	Fiduciary Funds	Governmental Funds
Federal Government	$ 5,731	$ —	$ 7,359
State Government	76,718	—	110,537
Cities and other local agencies	1,612	10	16,937
Total	$ 84,061	$ 10	$ 134,833

Due to other agencies as of June 30, 2022 consisted of advances for capital projects received from the entities as provided below (in thousands):

Due to Other Agencies	Enterprise Funds	Governmental Funds
State	$ 17,640	$ 5,808
CDTFA CA TDA	31,200	—
Caltrain	9,120	—
Local & Other cities	1,200	24,932
Total	$ 59,159	$ 30,740

NOTE 6 – CAPITAL ASSETS

Capital asset changes for VTA's business-type activities for the year ended June 30, 2022, were as follows (in thousands):

	July 1, 2021	Additions	Retirements	Transfers	June 30, 2022
Capital assets, not being depreciated					
Land and right-of-way	$ 1,848,342	$ —	$ —	$ 1,876	$ 1,850,218
Construction in progress	1,019,068	201,969	(1,486)	(151,967)	1,067,584
Total capital assets, not being depreciated	2,867,410	201,969	(1,486)	(150,091)	2,917,802
Capital assets, being depreciated					
Caltrain - Gilroy extension	53,790	—	—	—	53,790
Buildings and improvements	1,184,858	279	(158)	22,643	1,207,622
Furniture and fixtures	491,653	32	—	31,621	523,306
Vehicles	779,400	—	(6,092)	26,941	800,249
Light rail tracks and electrification	1,080,947	—	—	40,357	1,121,304
Leasehold improvement	9,851	—	—	—	9,851
Others	54,176	—	—	28,529	82,705
Total capital assets, being depreciated	3,654,675	311	(6,250)	150,091	3,798,827
Accumulated Depreciation					
Caltrain - Gilroy extension	(22,452)	(1,431)	—	—	(23,883)
Buildings and improvements	(273,813)	(28,654)	5	—	(302,462)
Furniture and fixtures	(206,602)	(80,962)	—	—	(287,564)
Vehicles	(387,947)	(39,575)	6,092	—	(421,430)
Light rail tracks and electrification	(379,270)	(41,695)	—	—	(420,965)
Leasehold improvement	(6,074)	(500)	—	—	(6,574)
Others	(49,052)	(1,323)	—	—	(50,375)
Total accumulated depreciation	(1,325,210)	(194,140)	6,097	—	(1,513,253)
Total capital assets, being depreciated, net	2,329,465	(193,829)	(153)	150,091	2,285,574
Total capital assets, net	5,196,875	8,140	(1,639)	—	5,203,376
Right to use assets					
Right to use assets	2,426	—	—	—	2,426
Accumulated amortization	(202)	—	—	—	(202)
Total Right to use assets	2,224	—	—	—	2,224
Total Right to Use and Capital Assets, net	$ 5,199,099	$ 8,140	$ (1,639)	$ —	$ 5,205,600

Construction in Progress (CIP) includes capitalized costs and right-of-way acquisitions associated with the following projects as of June 30, 2022, (in thousands):

Silicon Valley Rapid Transit	$ 830,904
Light Rail Program	143,088
Bus Program	16,334
Operating Facilities & Equipment	17,689
Revenue Vehicles & Equipment	1,359
Information Systems Technology	17,156
Light Rail - Way, Power & Signal	30,392
Silicon Valley Express	4,607
Non-Revenue Vehicle	159
Passenger Facilities	3,280
Joint Development	2,549
Vasona Corridor Projects	20
Rail Facility Expansion	20
Others	27
Total	$ 1,067,584

NOTE 7 - LONG-TERM DEBT & LIABILITIES

Long-term debt as of June 30, 2022, consisted of the following (in thousands):

Business-Type Activities:

Secured by VTA's 1976 Measure A 1/2 Cent Sales Tax:		
2017 Series B Refunding ($17,550 plus unamortized premium of $4,138)	$	21,688
2018 Series A Refunding ($62,270 plus unamortized premium of $11,077)		73,347
Secured by Toll Revenues:		
Silicon Valley Express Lanes State Route 237 Loan		23,247
Subtotal		118,282
Less: Current portion of long-term debt		(16,980)
Long term debt, excluding current portion	$	101,302

Governmental Activities:

Sales tax revenue bonds secured by VTA'S 2000 Measure A 1/2-cent sales tax:		
2008 Series A-D Measure A Refunding	$	235,875
2010 Series A-B Refunding		407,995
2015 Series A-B Refunding ($16,135 plus unamortized premium of $4,406)		20,541
2020 Series A Measure A Refunding		69,675
Subtotal		734,086
Less: Current portion of long-term debt		(36,460)
Long term debt, excluding current portion	$	697,626

(a) Sales Tax Revenue Bonds, secured by 1976 ½-cent sales tax revenues

- In December 2017, $27.76 million of VTA 2017 Series B Sales Tax Revenue Refunding Bonds were issued to advance refund $31.45 million principal amount of the VTA 2011 Series A bonds maturing on June 1, 2028. The 2011 Series A bonds were fully paid from escrow in 2021. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. The refunding bonds were issued at an all-in true interest cost of 1.98%. The 2017 Series B Bonds were issued as a traditional fixed rate bond in a negotiated sale.

- In September 2018, $103.22 million of VTA 2018 Series A Sales Tax Revenue Refunding Bonds were issued to current refund $114.92 million principal amount of the VTA 2008 Series A, B and C Bonds (the “2008 Bonds”) maturing on June 1, 2026. As part of the refunding, VTA terminated the three fixed payor interest rate swaps associated with the 2008 Bonds. Unlike a traditional refunding for debt service savings, the purpose of the 2018 Bonds was to simplify VTA’s debt portfolio, and to eliminate future uncertainty related to variable rate 2008 Bonds and the related interest rate swaps. The refunding bonds were issued at an all-in true interest cost of 3.14%. The 2018 Series A Bonds were issued as a traditional fixed rate bond in a negotiated sale.

(b) Santa Clara Express Lanes Program State Route 237 - Phase 2 Project Financing, secured by Toll Revenues

In September 2017, VTA entered into a loan agreement with Western Alliance Bank to provide up to a $24 million loan to fund construction costs of the SR237 Express Lanes Phase 2 project, pay capitalized interest, and fund issuance costs of the loan. The loan is a draw down type loan, with advances permitted through September 30, 2019. During the advances period a variable interest rate is calculated based on 1-month LIBOR plus a spread. Beginning October 1, 2019, the loan is subject to an annual interest rate of 5.15% and will be amortized over the remaining 17 years of the 20-year term. The loan is secured solely by toll revenues and any other related revenues received from the operation of the SR237 Express Lanes.

(c) Sales Tax Revenue Bonds, secured by 2000 Measure A ½-cent sales tax revenues

- $236.7 million of 2008 Series A-D Measure A Sales Tax Revenue Refunding Bonds (2008 Measure A Bonds) were issued to current refund Series A-D of the 2006 Measure A Sales Tax Revenue Bonds, none of which remained outstanding. The 2008 Measure A Bonds were issued as variable rate demand bonds and bear interest at a weekly rate, which is determined by the Remarketing Agent to be the rate necessary to remarket the 2008 Measure A Bonds at par value.

  The maturities of the 2008 Measure A Bonds extend to April 1, 2036, and are subject to optional and mandatory redemption and optional and mandatory tender for purchase before maturity. Concurrent with the issuance and sale of the 2008 Measure A Bonds, four interest rate swap agreements originally entered into concurrent with the issuance of the Series A-D of the 2006 Measure A Sales Tax Revenue Bonds, were reassigned to the 2008 Measure A Bonds.

- $645.9 million of 2010 Measure A Bonds, Series A and B, were issued, at a true interest cost of 3.54%, to fund certain 2000 Measure A transit capital improvement projects, most notably the BART Extension to Berryessa. The bonds were issued as a combination of taxable, Build America Bonds (Series A), and traditional tax-exempt bonds (Series B). Related to the Series A Build America Bonds, VTA is entitled to receive a federal subsidy of 35% on its interest cost for the Build America Bonds. However, as a result of the Federal budget impasse and resulting sequestration of funding, the subsidy has been reduced by various amounts beginning in 2013 and has most recently provided a subsidy of about 33.0%. Both bond series are fixed interest rate bonds. The Series A Bonds have a final maturity date of April 1, 2032 and the Series B Bonds have a final maturity of April 1, 2020. The 2010 Measure A Bonds, Series A (taxable Build America Bonds) are subject to mandatory and optional redemption provisions prior to their stated maturity dates. The 2010 Measure A Bonds Series B (tax-exempt) are not subject to redemption prior to their maturity date.

- $89.98 million of 2015 Measure A Series A and B were issued to current refund the 2007 Measure A Series A bonds maturing on April 1, 2018, and later. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. The refunding bonds were issued at an all-in true interest cost of 2.92%.

- In September 2020, $69.7 million of 2020 Measure A Series A were issued to advance refund the 2027-2036 maturities of the 2015 Measure A Series A bonds. The select maturities for the 2015 bonds with a par amount of $57.2 million will be refunded in April 2025 from 2020 bond proceeds deposited in an escrow account. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. The unamortized balance was reported as deferred outflow of resources. The refunding bonds were issued at a true interest cost of 1.822%.

(d) Interest Rate Swaps

VTA has four interest rate swap agreements outstanding as of year-end. These swap agreements hedge the 2000 Measure A 2008 bonds (as shown in Governmental Activities table). The 2000 Measure A 2008 bond swap agreements require that VTA pay fixed interest rates and receive interest at 65% of three-month LIBOR.

Summary

The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2022, were as follows (dollars in thousands):

Governmental Activities:

Associated Bonds	Current Notional	Effective Date	Fixed Rate Paid	Variable Received	Fair Value*	Termination Date	Counterparty Credit Rating[CR]	Fair Value Hierarchy Level
MA 2008A	$ 85,875	8/10/2006	3.765%	65% 3Mo LIBOR	$ (14,867)	4/1/2036	Aa3/A+/A+	2
MA 2008B	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(8,656)	4/1/2036	Aa2/A+/AA	2
MA 2008C	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(8,656)	4/1/2036	Aa2/AA-/NR	2
MA 2008D	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(8,656)	4/1/2036	A1/A-/A	2
Total	$235,875				$ (40,835)			

[CR] - Moody's, Standard and Poor's and Fitch, respectively.

NR - No rating for Fitch

*This represents the fair value of the base amount without the accrued interest of $2.0 million.

Objective of the Swaps: The objective of the swaps is to hedge VTA's exposure to variable interest rate risk by synthetically fixing its fixed rate interest costs at rates anticipated to be less than what VTA otherwise would have paid in 2006 to issue fixed rate debt in the tax-exempt municipal bond market.

Hedge Effectiveness and Fair Value Hierarchy: The swaps were tested using regression analysis to ensure a high degree of correlation and were determined to be effective hedging derivative instruments and therefore were recorded as deferred outflows of resources in the assets section and as a derivative instrument liability in the liability section of the statement of net position. The fair values of the interest rate swaps were estimated using the zero-coupon method. As of June 30, 2022, the swaps had a negative fair value of $40.8 million. The fair values of the interest rate swaps were estimated using the zero-coupon method.

Hedging derivative instruments are classified as Level 2 and are valued using a discounted cash flow technique which calculates the future net settlement payment, assuming that current forward rates implied by the yield curve correctly anticipates future spot interest rates (LIBOR or SIFMA). The payments are then discounted using the spot rates (LIBOR or SIFMA) implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risks: Credit risk is the risk of non-payment by the issuer of an obligation such as a bond, other debt instrument, or non-payment by the counterparty to an interest rate swap. Even an increase in the risk of non-payment can adversely affect the value of such an instrument. VTA's Interest Rate Swap Policy seeks to limit credit exposure by requiring counterparties to initially have strong credit ratings of “AA” at the point the swap is entered into and also require collateral posting by the counterparty based on its credit ratings and market value of the swap. Currently the value of the swaps is negative, no counterparties are posting collateral, and VTA has no posted collateral on any of the four swaps.

Although VTA’s counterparties have experienced declines in their ratings since inception of the swaps, their S&P and Moody’s ratings remain at investment grade levels. All payments due from counterparties continue to be made on time and are current as of June 30, 2022. When the swaps have a positive market value, VTA manages any credit risk associated with termination of swaps by requiring counterparties to post collateral based on the swap’s fair value, less a threshold amount that ranges from zero to $25 million as determined based on the counterparty’s credit ratings. The following table lists the threshold amounts that would be applicable:

Governmental Activities:

Swap	Counterparty Credit Rating as of 6/30/22 [CR]	Collateral Threshold	Credit Rating for Threshold of Zero
MA 2008A	Aa3/A+	10,000,000	A3/A-
MA 2008B	Aa2/A+	10,000,000	A3/A-
MA 2008C	Aa2/AA-	15,000,000	Baa1/BBB+
MA 2008D	A1/A-	5,000,000	Baa1/BBB+

[CR] Moody’s and Standard and Poor’s, respectively.

Collateral generally consists of cash, U.S. Government securities, and U.S. Agency securities, held by a third-party custodian. VTA has utilized four swap counterparties in order to limit the concentration of credit risk. Currently, VTA has interest rate swaps with four counterparties and no counterparty accounts for more than 36% of combined outstanding notional. VTA monitors counterparty credit risk on an ongoing basis.

Basis Risk: Is the risk that the variable rate payment received by VTA under the swaps does not closely match the variable interest rate paid by VTA to bondholders. The variable rate debt hedged by VTA's interest rate swaps are variable rate demand obligation (VRDO) bonds that are remarketed weekly for two of the Swaps and remarketed daily for the remaining two. VTA is exposed to basis risk because the variable rate receipts from the swaps are based on a rate or index other than the interest rates VTA pays on the VRDO bonds. VTA is exposed to basis risk to the extent that variable interest rate payments paid to bondholders on the bonds are not precisely offset by the variable rate amounts received from the swap. On June 30, 2022, there was a slightly favorable basis variance of 0.15% for the swaps.

Interest Rate Risk**:** Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment, or in this instance the fair value of the interest rate swaps. The longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Changes in interest rates, up or down, will result in positive or negative changes, respectively, to the fair value of the interest rate swaps.

Rollover Risk: Rollover risk is the risk that a derivative instrument serving as a hedge has a shorter maturity than the underlying risk that is being hedged and therefore a portion of the term of the underlying risk may be unhedged or an additional hedge may need to be acquired at a future date, possibly under less favorable terms. As of June 30, 2022, VTA did not have any exposure to rollover risk.

Termination Risk**:** Is the risk that one or more interest rate swap agreements could be terminated unexpectedly. Under certain conditions, one or more swap agreements could be terminated and depending on current market interest rates, either VTA or the counterparty could be required to make a termination payment. VTA's swap agreements only permit the counterparty to terminate if an Event of Default or a Termination Event has occurred. Events of Default include non-payment, false or misleading representations, and the bankruptcy of VTA or the counterparty. Termination Events include, a downgrade of VTA's rating to below "BBB-minus," an event of taxability, or conversion of bonds to a fixed rate.

Tax Risk: Is the risk of increased interest cost to VTA from a reduction or loss of investors' ability to exclude bond interest from their Federal and possibly state income tax. Tax risk can result from either anticipated or actual changes to Federal or state income tax laws that would reduce or eliminate the current exemption of tax-exempt bond interest from taxable income.

Foreign Currency Risk: All of VTA's swaps are denominated in US Dollars and therefore VTA is not exposed to foreign currency risk.

Commitments: Each of the swap agreements contain provisions that require collateral posting by VTA when the negative swap fair value exceeds a specified threshold. The amount of collateral posted is based on the fair value of the swap, less a threshold amount. The threshold amount is determined based on the unenhanced credit ratings of the bond being hedged. Based on the “AA/Aa2” or higher credit ratings assigned to the bonds the threshold for each swap is currently $20 million. If VTA’s bond ratings were below “A or A2”, the threshold amount would be zero and VTA would be required to post collateral based on the fair market value with no threshold adjustment.

Collateral generally consists of cash, U.S. Government securities and U.S. Agency securities. As of June 30, 2022, VTA has no posted collateral.

Swap Payments and Associated Debt: The table below presents net swap payments using rates as of June 30, 2022, debt service requirements on VTA’s four interest rate swaps and swap-related variable rate debt. As rates vary, variable rate bond interest payments and net swap payments will vary (dollars in thousands).

Governmental Activities:

Year Ending June 30,	Principal Total	Remarketing Interest Total	Interest Rate Swap-Net Total	Debt Service Total
2023	$ —	$ 1,392	$ 5,994	$ 7,386
2024	—	1,392	5,994	7,386
2025	—	1,392	5,994	7,386
2026	—	1,392	5,994	7,386
2027 - 2031	—	6,958	29,970	36,928
2032 - 2036	235,875	4,587	19,757	260,219
	$ 235,875	$ 17,113	$ 73,703	$ 326,691

(e) Long-Term Debt Obligation Summary

The table below presents all long-term debt. Interest Rates on all outstanding fixed-rate obligations range from 0.79% - 5.99%. Interest on the variable rate debt is reset daily or weekly, depending on market conditions. Projected principal and interest obligations as of June 30, 2022, are as follows (in thousands):

Business-Type Activities:

	Principal	Interest	Total
Year ending June 30:			
2023	$ 16,980	$ 5,116	$ 22,096
2024	17,805	4,263	22,068
2025	18,625	3,369	21,994
2026	19,510	2,503	22,013
2027-2031	15,370	5,427	20,797
2032-2036	10,445	2,514	12,959
2037-2038	4,332	209	4,541
	103,067	$ 23,401	$ 126,468
Unamortized bond premium	15,215		
Total debt	118,282		
Less current portion	(16,980)		
Long-term portion of debt	$ 101,302		

Governmental Activities:

	Principal	Interest	Total
Year ending June 30:			
2023	$ 36,460	$ 34,290	$ 70,750
2024	38,180	32,207	70,387
2025	41,100	29,969	71,069
2026	43,645	27,614	71,259
2027-2031	249,485	100,335	349,820
2032-2036	320,810	33,426	354,236
	729,680	$ 257,841	$ 987,521
Unamortized bond premium	4,406		
Total debt	734,086		
Less current portion	(36,460)		
Long-term portion of debt	$ 697,626		

(f) Restrictions and Limitations

There are a number of restrictions and limitations contained in the various bond indentures. VTA's management believes that VTA has complied with all applicable restrictions and limitations.

(g) Long Term Liabilities

Business-type Activities:

The amount of pledged revenues recognized during fiscal year 2022 related to the principal and interest requirements for the debt secured by 1976 Half-Cent Sales Tax were $258.5 million and $19.9 million, respectively. The debt service coverage ratio was 13.0 in FY 2022.

(Dollars in thousands)	July 1, 2021	Additions	Reductions	June 30, 2022	Amounts Due Within One Year
Sales Tax Revenue Bonds					
Secured by 1976 1/2 Cent Sales Tax					
2017 Series B	$ 19,865	$ —	$ 2,315	$ 17,550	$ 2,410
2018 Series A	76,115	—	13,845	62,270	14,500
Silicon Valley Express Lanes State Route 237 Loan	23,302	—	55	23,247	70
Plus (less) premium/discounts	17,180	—	1,965	15,215	—
Outstanding Debt, Net	136,462	—	18,180	118,282	16,980
Claims Liability:					
General Liability	9,774	13,173	4,056	18,891	2,901
Worker's Compensation	30,536	7,143	9,535	28,144	2,748
Compensated Absences	44,138	6,340	9,481	40,997	14,291
Lease Liability	2,426	—	134	2,292	144
Total Long-Term Liabilities	$ 223,336	$ 26,656	$ 41,386	$ 208,606	$ 37,064

Governmental Activities:

The amount of pledged revenues recognized during fiscal year 2022 related to the principal and interest requirements for the debt secured by 2000 Measure A Half-Cent Sales Tax were $258.5 million and $70.1 million, respectively. The debt service coverage was 3.7 in FY 2022.

(Dollars in thousands)	July 1, 2021	Additions	Reductions	June 30, 2022	Amounts Due Within One Year
Sales Tax Revenue Bonds Secured					
by 2000 Measure A 1/2 Cent Sales Tax					
2008 Series A-D	$ 235,875	$ —	$ —	$ 235,875	$ —
2010 Series A-B	439,445	—	31,450	407,995	32,720
2015 Series A-B	19,700	—	3,565	16,135	3,740
2020 Series A	69,675	—	—	69,675	—
Plus (less) premium/discounts	5,254	—	848	4,406	—
Outstanding Debt, Net	769,949	—	35,863	734,086	36,460
Derivative Instruments Liability	78,526	—	37,691	40,835	—
Total Long-Term Liabilities	$ 848,475	$ —	$ 73,554	$ 774,921	$ 36,460

VTA's Transit Fund reported a deferred amount on refunding in the amount of $0.3 million related to the 2017 bonds and $3.5 million related to the 2018 bond as deferred outflows of resources. The 2000 Measure A Fund, under the Governmental Activities, reported deferred amounts on bond refunding related to the 2015 bond of $0.8 million and $2.2 million to the 2020 bond as deferred outflows of resources as well as $2.7 million to the 2008 bonds as deferred inflows of resources.

NOTE 8 – SALES TAX REVENUES

(a) 1976 and 2000 Sales Tax Measures

Sales tax revenue represents sales tax receipts from the California Department of Tax and Fee Administration, which under voter-approved 1976 and 2000 Sales Tax Measures, collects a half-cent for each taxable sales dollar spent in the County of Santa Clara. These amounts are available to fund both operations and capital expenses except that portion which is to be used to repay long-term debt as described in Note 7. The 1976 and 2000 Measure A sales taxes amounted to $258.5 million individually in FY 2022.

(b) 2008 Measure B

In November 2008, county residents passed a 1/8-cent sales tax to fund the operating and maintenance costs of the BART Extension. BART Operating Sales Tax revenue recognized during FY 2022 is $63.3 million.

(c) 2016 Measure B

In November 2016, county residents passed a 1/2-cent sales tax to fund activities on enhancing transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets). FY 2022 recognized $258.0 million sales tax revenue.

NOTE 9 – VTA PROGRAMS FUNDED THROUGH LOCAL SALES TAX MEASURES

(a) 2000 Measure A Program

The Measure A Program is responsible for a number of key capital transit projects. Measure A's significant effort involves the VTA's Bay Area Rapid Transit (BART) Silicon Valley Project which is the extension of the existing BART system to San Jose. Other projects include spending for the commuter rail service ("Caltrain") and VTA's light rail system; extending VTA's light rail system from downtown San Jose to the East Valley portion of Santa Clara County ("DTEV Extension"), purchasing low floor light rail vehicles to better serve the disabled, senior, and other segments of the ridership, improving Caltrain by extending the system's double track to Gilroy and providing funds to electrify the system; upgrading Altamont Corridor Express Services (ACE) and connecting Caltrain with the Dumbarton Rail Corridor (serving Alameda and San Mateo County).

The BART extension to San Jose consisted of two phases. Phase 1, which went into revenue service on June 13, 2020, extended the service to Milpitas and Berryessa stations. Phase 2 will extend the service further from the Berryessa Transit Center to Downtown San Jose terminating at Santa Clara. On October 25, 2021, VTA received a Letter of Intent (LOI) from the Federal Transit Administration announcing their intention to obligate federal funds for Phase 2 in the amount of 25% of final project cost (up to $2.287 billion) as part of a Full Funding Grant Agreement. The LOI will be in effect for up to two years allowing VTA to establish a refined cost estimate based on actual construction bids, further mitigate or eliminate perceived risks, and solidify the funding plan.

Measure A funds are also used to extend VTAs light rail to East Valley, specifically from Alum Rock station to Eastridge Transit Center. Phase I included pedestrian and bus improvements along Capitol Expressway from Capitol Avenue to Quimby Road (completed in early 2013) and reconstruction of the Eastridge Transit Center (completed in early 2015). Phase II (Eastridge to BART Regional Connector) will extend light rail to the Eastridge Transit Center. VTA board approved the environmental documents in June 2019 and March 2021. Utility relocations are expected to be completed by early 2023. As Regional Measure 3 (RM3) funds approved by voters in 2018 are in litigation, timing for light rail construction contract advertisement is dependent on the outcome of pending court decision.

(b) 2008 Measure B

In 2008, the voters passed Measure B providing funds that are dedicated to the operation, maintenance, improvement, and future capital needs of the 16.1 mile VTA's BART Silicon Valley Project extension. The Board of Directors approved a retail transaction and use tax ordinance which imposes a tax for the privilege of selling tangible personal property upon a retailer in Santa Clara County, at the rate of one-eighth of one percent on the gross receipts of the retailer. Collection of the tax took effect on July 1, 2012, for a period not to exceed 30 years.

(c) 2016 Measure B

The 2016 Measure B was passed to enhance transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets). The transportation programs funded by 2016 Measure B are: (1) VTA's BART Silicon Valley Phase 2; (2) Bicycle/ Pedestrian Program; (3) Caltrain Corridor Capacity Improvements; (4) Caltrain Grade Separation; (5) County Expressways; (6) Highway Interchanges; (7) Local Streets and Roads; (8) State Route 85 Corridor, and (9) Transit Operations.

NOTE 10 – FEDERAL, STATE, AND LOCAL ASSISTANCE

VTA is dependent upon the receipt of funds from several sources to meet its operating, maintenance, and capital requirements. The receipt of such revenues is controlled by federal, state, and local laws, the provisions of various grant contracts and regulatory approvals and, in some instances, is dependent on the availability of grant funds and the availability of local matching funds. A summary of the various governmental funding sources is as follows:

(a) Federal Grants

Federal grants are approved principally by the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA). Federal grants for the year ended June 30, 2022, are summarized as follows (in thousands):

	Enterprise	Special Revenue
Operating Grants:		
FTA Section 9 (49 USC 5307)	$ 4,375	$ —
Job Access Reverse Commute Fed Grant	(62)	—
Section 5311	89	—
Mobility	29	—
Department of Labor	261	—
Peninsula Family Services	152	—
CRRSAA	39,355	—
American Rescue Plan	128,415	—
Federal Technical Studies	—	1,603
Pass-through Operating Grants	—	1,042
Total Operating Grants	172,614	2,645
Capital Grants:		
FTA New Starts FFGA	—	3,038
FTA Section 5307, 5309, 5337	8,748	448
Total Capital Grants	8,748	3,486
Total operating & capital grants	$ 181,362	$ 6,131

FTA Section 5307 operating grants represent ADA Operating Set Aside funds that will be used for Paratransit activities. Paratransit service is a specialized form of transportation operated for persons with disabilities who cannot use fixed route public transit service. As an operator of bus and light rail service, VTA is required under the Americans with Disabilities Act to ensure that paratransit service is provided to eligible individuals with disabilities within Santa Clara County.

The Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) and American Rescue Plan (ARPA) Acts provided supplemental funding to transit agencies to help prevent, prepare for and respond to the COVID-19 pandemic. The total amount made available to each agency was based on funding appropriated under the Act. In fiscal year 2022, VTA received $167.8 million from CRRSAA and ARPA which was used to supplement VTA's operating expenses during continued impact from the COVID-19 pandemic.

FTA Section 5307 capital grants make federal resources available to urbanized areas and to Governors for transit capital and operating assistance in urbanized areas and for transportation-related planning. FTA Section 5309 is a discretionary capital grant program. This provides funding for major transit capital improvements, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. The State of Good Repairs Grants under FTA Section 5337 provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. The second iteration of the One Bay Area Grant funds distributed by Metropolitan Transportation Commission from the Federal Highway Administration fund state of good repair projects and projects that expand or modernize transit systems.

(b) *State and Local Grants and Assistance*

State and local grants for the year ended June 30, 2022, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Funds
Operating grants:		
Transportation Development Act	$ 100,029	$ —
State Transit Assistance	37,723	—
Apprenticeship Program	2,427	—
State Operating Assistance Grants	—	912
AB 434	3,635	—
Congestion Management & Highway Program-State Grants	—	20,783
SB83	—	15,890
BAAQMD	—	2,427
Congestion Management & Highway Program-2000 Measure A Swap Program	—	1,771
Other Local Grants:		
2016 Measure B	—	44,548
Santa Clara County (Fund Swap Program)	—	311
Various cities, counties and others	—	3,975
Total operating grants	143,814	90,617
Capital grants:		
PTMISEA	112	—
Proposition 1B Fund	419	2,073
Metropolitan Transportation Commission	651	—
SB1	5	4,282
California Energy Commission	21	—
Various cities, counties and others	687	269
Total Capital Grants	1,895	6,624
Total State and Local Grants	$ 145,709	$ 97,241

The Transportation Development Act (TDA) funds represent VTA's share of the 0.25% sales tax collected in the County. The revenue for FY 2022 was reduced by $31.2 million to recognize a liability due to a possible attrition of sales tax from online sales of a major business. This is pending resolution from the state claim that tax distributions to the County of Santa Clara were made in error.

State Transit Assistance (STA) represents funds received pursuant to the STA Program, whereby, a portion of diesel fuel sales tax revenues is appropriated by the State Legislature to the State Transportation Planning and Development Account for certain transit and energy-related purposes. STA funds are allocated throughout the state on the basis of population and operating qualified revenues.

State Operating Assistance includes State Transit Assistance relative to congestion management program, and pass-through grants pertaining to Bay Area Air Quality and Vehicle Registration Fees.

Total State and Local Grants under special revenue funds were $97.2 million. Other revenues include the Congestion Management and Highway Program (CMHP) that primarily consists of funding from the Road Repair and Accountability Act of 2017, or Senate Bill 1 (SB1), and Senate Bill 3 (SB3). SB1 provides sources of funding for transportation purposes, including for the state highway system and local street and road system. SB1 also provides funding to the 2000 Measure A Program fund. SB 3 provides funding for repair and new construction projects on state highways and freeways, as well as local streets and roads.

Other local grant revenues are mainly derived 2016 Measure B and from the loan agreement with Western Alliance Bank for the SR237 Express Lanes Phase 2 project as well as funding from the City of San Jose. 2016 Measure B enhances transit, highways, expressways and active transportation projects (bicycles, pedestrians and complete streets).

There are projects within the Congestion Management and Highway Program that avail of 2000 Measure A swap funds. This represents a swap of 2000 Measure A Sales Tax Revenues for grant funding from the State Transportation Improvement Program (STIP). The 2000 Measure A Swap program was established to fund a number of highway projects.

The Public Transportation Modernization Improvement and Service Enhancement Act (PTMISEA) Grant is part of a comprehensive voter-approved bond investment package designed to help advance important goals and policies, including protecting the environment and public health, conserving energy, reducing congestion, and providing alternative mobility and access choices for Californians. The projects approved by the Department of Transportation included building pedestrian overcrossings, updating ticket vending machines, constructing bus rapid transit, substation rehabilitation, and procurement of vehicles and equipment.

PTMISEA activities are presented in the following table (in thousands):

Received in prior years	$	210,233
Interest earned in prior years		6,954
Spent in prior year		(216,631)
Beginning unspent grant amounts		556
Spent in current year		(112)
Interest earned in current year		2
Total proceeds available plus interest earned	$	446

Various cities, counties, and other agencies mainly include funding received from the City of San Jose, City of Cupertino, City of Milpitas, Santa Clara Valley Water District, and the County of Santa Clara. These contributions provide revenue to light rail projects and Silicon Valley Rapid Transit Corridor for project enhancements.

NOTE 11 – SANTA CLARA VALLEY TRANSPORTATION AUTHORITY AMALGAMATED TRANSIT UNION (ATU) PENSION PLAN

(a) Plan Description and Benefits Provided

All ATU represented employees are covered by the Plan, which is a single-employer defined benefit pension plan. The Plan provides retirement, disability, and death benefits based on the employees' years of service, age, and final compensation.

Classic Employees

Employees with age of 55 or older, and have at least 15 year of eligibility service, are entitled to full annual pension benefits. Employees with less than 10 years but more than 5 years of eligibility service are entitled to an annual benefit at age 65 provided the Board of Pensions approves such benefit. The Plan permits early retirement if an employee becomes disabled after 10 or more years of eligibility service and deferred vested retirement upon employee termination after 10 or more years of eligibility service, with benefits payable at age 65. Employees may elect to receive their benefits in the form of a joint or survivor annuity, excluding deferred vested and disability retirements. These benefit provisions and all other requirements are established by California statute and the labor agreement with the ATU Local 265. Employees contribute 3.40% effective 9/09/2019.

New Employees

Plan benefit provisions and all other requirements are established by VTA's board but are subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA). Plan amendments were approved by the VTA Board at its October 6, 2016 meeting. Employees hired on or after January 1, 2016 contribute at least 50%, rounded to the nearest quarter of one percent, of the normal cost rate for the Plan for all active Plan Members, as determined by the Plan's actuary. Employees contribute 6.0% effective 6/18/2018.

Separately issued audited GAAP basis financial statements of the Plan are available and can be obtained from Santa Clara Valley Transportation Authority, Finance and Budget, 3331 North First Street, Building C-2, San Jose, California 95134-1927.

The membership of the Plan as of June 30, 2022, is as follows:

Membership Status	
Retirees and beneficiaries currently receiving benefits	1,602
Terminated vested members not yet receiving benefits	108
Active Members	1,514
Total	3,224

(b) Basis of Accounting

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the ATU plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan.

Contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits (distributions to participants) and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan.

(c) Contribution Requirements

For FY 2022, the actuarially-determined contribution was $29.11 million. As the Plan elected to use June 30, 2022 as its measurement date, employer contributions for FY 2022 will have an impact on the changes in the Plan's Net Position as of the end of the reporting year. The contribution requirements are based on actuarially determined amount and approved by the Board. The aggregate is the estimated sum necessary to finance the cost of the benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability.

(d) Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized in the current fiscal year over the measurement period (in thousands).

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2021	$ 832,268	$ 693,703	$ 138,565
Changes:			
Service cost	19,528	—	19,528
Interest (includes interest on service cost)	54,663	—	54,663
Differences between expected and actual experience	2,339	—	2,339
Changes of assumptions	(879)	—	(879)
Contributions - Employer	—	29,114	(29,114)
Contributions - Member	—	5,674	(5,674)
Net investment income	—	(55,302)	55,302
Benefit Payments, including Refunds of Employee Contributions	(50,386)	(50,386)	—
Administrative expense	—	(416)	416
Net changes	25,265	(71,316)	96,581
Balance at June 30, 2022	$ 857,533	$ 622,387	$ 235,146

(e) Sensitivity of the Net Pension Liability to Change in Discount Rate

The table below shows the sensitivity of the Net Pension Liability to the discount rate. A one percent decrease in the discount rate increases the Net Pension Liability by approximately 41%. A one percent increase in the discount rate decreases the Net Pension Liability by 34%.

	Discount rate -1% 5.7%	Discount rate 6.7% (in thousands)	Discount rate + 1% 7.7%
Net Pension Liability	$ 330,943	$ 235,146	$ 154,243

(f) Actuarial Assumptions

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as of a valuation date of January 1, 2021, and projected forward to the beginning of the measurement year of June 30, 2021. The TPL at the end of the measurement year, June 30, 2022, is measured as of a valuation date of January 1, 2022, and projected forward to June 30, 2022.

A summary of key assumptions is as follows:

Actuarial cost method:	Entry Age Normal Cost Method
Inflation:	2.50%
Salary increases:	2.75% plus merit component
COLA increases:	0.00%
Investment rate of return:	6.75%
Mortality:	Sex distinct RP-2014 Adjusted to 2006 Health Employee and Annuitant Blue Collar mortality tables with generational improvements using Scale MP-2017

(g) Discount Rate

The discount rate used to measure the Total Pension Liability was 6.7%. The projection of cash flows used to determine the discount rate assumed that VTA will continue to contribute to the Plan based on an actuarially determined contribution, reflecting a payment equal to the employer's share of the annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded pension liability at a level dollar amount over an open (rolling) 20-year period.

The long-term expected return was based on 30-year asset class geometric return and correlation assumptions. These assumptions were based on forward looking building block analysis and historical data for each of the asset classes.

Based on these assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members until at least FYE 2083 when only a portion of the projected benefit payments are expected to be made from the projected Fiduciary Net Position. Projected benefit payments are discounted at the long-term expected return on assets of 6.75% to the extent the Fiduciary Net Position is available to make the payments and the municipal bond rate of 3.54%, based on the Bond Buyer 20-Bond GO Index as of June 30, 2022, to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2022 is 6.7%. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2021 is 6.69%.

The following is the assumed asset allocation and expected rate of return for each major asset class:

Asset Class	Target Allocation	Expected Real Rate of Return [1]
Domestic Equity	30%	4.6%
International Equity	13%	5.7%
Emerging Markets Equity	5%	7.0%
Private Equity	4%	7.8%
Real Estate	10%	2.7%
Diversified Real Assets	5%	3.4%
Private Debt	9%	6.2%
Domestic Fixed Income	14%	1.5%
Treasury	3%	0.9%
Absolute Return FoF	6%	3.8%
Cash	1%	0.4%
	100%	

[1]30-Year Inflation Assumption= 2.6%

(h) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2022, the plan's fiduciary net position amounts to $622.4 million.

(i) Pension Expense and Deferred Inflows or Outflows of Resources

For the measurement period ending June 30, 2022, VTA incurred pension expense of $42 million and as of June 30, 2022, VTA's deferred outflows of resources and deferred inflows of resources related to the ATU pension are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,859	$ 6,692
Changes in assumptions	15,654	703
Net difference between projected and actual earnings on pension plan investments	35,800	—
Total	$ 56,313	$ 7,395

Amounts reported as deferred outflows of resources will be recognized in pension expense as follows (in thousands):

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2023	$ 17,216
2024	11,751
2025	(859)
2026	20,810
Thereafter	—
	$ 48,918

(j) Summary of Pension-related accounts

The following table breaks down the pension-related accounts. Since these accounts are common to both ATU pension and the CalPERS pension (Note 12), only the totals show in the financial statements.

	ATU	CalPERS	Total
Deferred Outflows of Resources	$ 56,313	$ 19,535	$ 75,848
Deferred Inflows of Resources	7,395	41,730	49,125
Net Pension Liability	235,146	81,801	316,947
Pension Expense	41,564	4,676	46,240

NOTE 12 – PUBLIC EMPLOYEES' RETIREMENT PLAN

(a) Plan Description and Benefits Provided

CalPERS 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 California. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 for Classic Members or age 52 for New Members with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service credit. The death benefit is one of the following: The Basic Death Benefit or the 1957 Survivor Benefit. These benefit provisions and all other requirements are established by state statute and VTA resolutions. VTA contracts with CalPERS to administer these benefits. The normal retirement benefit is equal to 2% of final compensation for each year of credited services.

VTA membership in the Plan as of June 30, 2020, the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	763
Terminated and vested members not yet receiving benefits	364
Active members	626
Total	1,753

Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

(b) Basis of Accounting

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the CalPERS plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan.

Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

(c) Contribution Requirements

Active members in VTA's CalPERS Plan pay a portion or all (depending on hire date) of the employee contribution to the CalPERS Plan. Classic employees hired prior to January 2012 pay 6% toward the required employee share and VTA pays the remaining portion of the employee contribution. Classic employees hired in or after the first full pay period in January 2012 pay the employee contribution of 7%. New employees designated as PEPRA (Public Employees' Pension Reform Act) contribute 7.25% effective 7/1/2020 as determined by CalPERS.

The employer's contribution rate from July 1, 2021, through June 30, 2022, was 9.77%. This represents employer normal cost rate and does not include amortization of unfunded liability. The employee contribution requirements of the CalPERS Plan are established by state statute and the employer contribution is established and may be amended by CalPERS.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For FY 2022, VTA contributed $17.83 million, which is equal to the actuarially-determined contributions. The required contribution for FY 2022 was based on the actuarial valuation report as of June 30, 2019 using the entry age normal cost method with the contributions determined as a percent of pay. VTA's annual pension contribution of $17.83 million in FY 2022 was deferred as VTA opted for June 30, 2021, to be its measurement date.

(d) Net Pension Liability

The net pension liability was measured using an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The following table shows the changes in net pension liability recognized in the current fiscal year over the measurement period (in thousands).

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2021	$ 512,581	$ 371,935	$ 140,646
Changes:			
Service cost	11,314	—	11,314
Interest on the Total Pension Liability	36,192	—	36,192
Differences between Expected and Actual Experience	797	—	797
Contributions from the Employer	—	17,813	(17,813)
Contributions from Employees	—	5,721	(5,721)
Net investment income	—	83,986	(83,986)
Benefit Payments, including Refunds of Employee Contributions	(25,705)	(25,705)	—
Administrative Expense	—	(372)	372
Other Miscellaneous Income/(Expense)	—	—	—
Net changes	22,598	81,443	(58,845)
Balance at June 30, 2022	$ 535,179	$ 453,378	$ 81,801

(e) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability (in thousands) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate (in thousands):

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability	$ 149,741	$ 81,801	$ 25,197

(f) Actuarial Methods and Assumptions Used to Determine Pension Liability

For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. Total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Post retirement benefit increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

(g) Discount Rate

The discount rate used to measure the total pension liability was 7.15%. CalPERS concluded, based on the results of the stress test, that the current 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary.

The long-term expected return on pension plan investments was determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, both short-term and long-term market return expectations, as well as the expected pension fund cash flows, were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected geometric returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Target Allocation	Expected Real Return Years 1-10[1]	Expected Real Return Years 11+[2]
Global Equity	50.00 %	4.80 %	5.98 %
Global Fixed Income	28.00 %	1.00 %	2.62 %
Inflation Sensitive	— %	0.77 %	1.81 %
Private Equity	8.00 %	6.30 %	7.23 %
Real Estate	13.00 %	3.75 %	4.93 %
Liquidity	1.00 %	— %	-0.92 %
	100.00 %		

[1]An expected inflation of 2.0% used for this period
[2]An expected inflation of 2.92% used for this period

(h) Pension Plan's Fiduciary Net Position

The plan's fiduciary net position as of June 30, 2021 is $453.4 million. Detailed information about each plan's fiduciary net position is available in separately issued CalPERS financial reports.

(i) Pension Expense and Deferred Inflows or Outflows of Resources

For the year ended June 30, 2022, VTA incurred a pension expense of $4.68 million for the Plan.

As of June 30, 2022, VTA's deferred inflows and outflows of resources related to the CalPERS pension plan are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	$ 1,708	$ —
Net Difference between Projected and Actual Earnings on Pension Plan Investments	—	41,730
Pension Contributions subsequent to measurement date	17,827	—
Total	$ 19,535	$ 41,730

Deferred outflows of resources resulting from contributions, made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Amounts reported as deferred inflows of resources related to differences in projected and actual investment savings will be recognized in future pension expense over 5 years using the straight-line method. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period. These will be recognized in pension expense as follows (in thousands):

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2023	$ (9,208)
2024	(9,397)
2025	(9,914)
2026	(11,503)
	$ (40,022)

(j) Summary of Pension-related accounts

A summary table of Net Pension Liability, Deferred outflows/inflows, and Pension Expense for ATU Pension and CalPERS is provided in Note 11(j).

NOTE 13 – SANTA CLARA VALLEY TRANSPORTATION AUTHORITY OTHER POST EMPLOYMENT BENEFITS (OPEB) TRUST

(a) Plan Description and Benefits Provided

VTA offers post-employment benefits to its employees through the Santa Clara Valley Transportation Authority Other Post Employment Benefit (OPEB) Trust (Plan), a single employer defined benefit health plan funded and administered by VTA.

Employees who retire directly from VTA are eligible for retiree health benefits if they meet certain requirements related to age and service. For ATU retirees, VTA provides an ATU Retiree Health Care Program (the ATU Program), a post-employment benefit, in accordance with the agreement between VTA and the ATU, to all Classic ATU represented employees who retire from VTA on or after attaining the age of 55 with at least 15 years of eligibility service, or age 65 with 10 years of eligibility service, or upon Board of Pensions' approval age 65 with 5 years of eligibility service, or if an employee becomes disabled and has completed at least 10 years of eligibility service and to all New ATU represented employees who retire from VTA under PEPRA and its mandated provisions. ATU retirees can select from retiree health plans offered under the CalPERS program. For ATU retirees living in California: VTA contributes up to $100 per month above the Kaiser Region 1 Single Party rate for CalPERS medical plans, regardless of Medicare status. ATU retirees pay the excess above the VTA contribution of up to $100 per month above the Kaiser Region 1 Single Party rate. For ATU retirees living outside of California: VTA contributes up to $100 per month above the Kaiser Out of State Single Party rate for CalPERS medical plans, regardless of Medicare status. ATU retirees pay the excess above the VTA contribution of up to $100 per month above the Kaiser Out of State Single Party rate. ATU retirees who are eligible for

Medicare are reimbursed for the Medicare Part B premium, excluding penalties/late enrollment fees.

For surviving spouses of ATU retirees: VTA pays the Public Employees' Medical & Hospital Care Act (PEMHCA) minimum employer premium contribution of $149 per month in 2022.

Non-ATU employees who retire directly from VTA on or after attaining the age of 50 years (Classic members) or 52 years (New members) with at least 5 years of CalPERS service are also covered under a Retiree Health Care Program (the administrative retiree program). Non-ATU retirees can select from retiree health plans offered under the CalPERS program.

For Non-ATU retirees living in California, VTA will contribute up to the Kaiser Region 1 Employee Only rate. Non-ATU retirees pay any premium in excess of the CalPERS Kaiser Region 1 Employee Only rate.

For Non-ATU retirees living outside of California: VTA will contribute up to the Kaiser Out of State Single Party rate. Non-ATU retirees pay any premium in excess of the CalPERS Kaiser Out of State Single Party rate.

Non-ATU retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium, excluding penalties/late enrollment fees.

For surviving spouses of non-ATU retirees who elect a pension option with survivor benefits, VTA will contribute the same amount as it contributes for non-ATU retirees.

VTA also provides life insurance benefits for all ATU retirees and Executive Management retirees. ATU retirees who retired prior to January 1, 2010, receive $5,000 in life insurance coverage and those who retired on or after January 1, 2010, receive $7,000 in life insurance coverage. Executive Management retirees receive $50,000 in life insurance coverage for the first year of retirement, decreasing by $10,000 each year until its expiration in the sixth year.

Benefit allowance provisions are established through agreements and memorandums of understanding (MOU) between VTA and unions representing its employees.

As of June 30, 2022, the number of retirees and active employees who met the eligibility requirements for the ATU Program and non-ATU are as follows:

OPEB Eligible	ATU	Non-ATU	Total
Retirees	1,185	630	1,815
Active (Vested)	748	455	1,203

(b) Basis of Accounting

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan.

Contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits (distributions to participants) and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan.

(c) Contribution Requirements

VTA’s contributions to the Plan are based on Actuarially Determined Contribution (ADC) as determined by an actuarial valuation study.

As of June 30, 2022, the Plan's net position of $353.6 million was available to cover costs of the ATU and Non-ATU Programs. The $6.3 million contribution in FY 22 is entirely cash contribution.

(d) Changes in Net OPEB Asset

The Net OPEB Asset was $82.0 million as of June 30, 2022. The following table shows the changes in Net OPEB Asset recognized over the measurement period (in thousands).

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (c) = (a) - (b)
Balance at June 30, 2021	$ 274,261	$ 397,382	$ (123,121)
Changes:			
Service cost	6,589	—	6,589
Interest (includes interest on service cost)	18,320	—	18,320
Changes of assumptions	6,217	—	6,217
Difference between Expected and Actual Experience	(14,980)	—	(14,980)
Contributions -Employer	—	6,311	(6,311)
Benefit Payments	(18,860)	(18,860)	—
Non-Benefit Related Admin Expenses from Plan Trusts	—	(181)	181
Net Investment Income	—	(31,098)	31,098
Net changes	(2,714)	(43,828)	41,114
Balance at June 30, 2022	$ 271,547	$ 353,554	$ (82,007)

(e) Sensitivity of the Net OPEB Asset to Change in Discount Rate and Health Care Trend

The following presents the Net OPEB Asset as calculated using the discount rate of 6.25% as well as what the Net OPEB Asset would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%), in thousands.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net OPEB Asset	$ 48,758	$ 82,007	$ 109,810

(f) Health Care Trend rates

The following presents the Net OPEB Asset as calculated using the current trend rates of 6.50% for Non-Medicare; 5.65% for Medicare (Non-Kaiser); and 4.60% for Medicare (Kaiser).

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Asset	$ 113,731	$ 82,007	$ 43,346

(g) Actuarial Methods and Assumptions

A summary of principal assumptions and methods used by the actuaries to determine VTA's annual required contributions to the Plan is as follows:

Description		Methods/Assumptions
Valuation date		July 1, 2021
Actuarial cost method		Entry Age Normal Cost Method
Actuarial assumptions:	Discount rate	7%
	Inflation	2.5%
	Mortality	Rates for ATU participants are adopted from the study of experience over the five years ending in December 31, 2016. In particular, rates of mortality for ATU members and their spouses are based on a Scale MP-2017 generational projection of the respective RP-2014 Blue Collar tables, adjusted back to 2006. Rates for Administrative participants are from the CalPERS study of non-industrial Miscellaneous employer experience over the nine years ending June 30, 2009.
	Trend Rates	Non-Medicare (HMO) - 5.75% for 2022/23, decreasing to an ultimate rate of 4% in 2029/30 Non-Medicare (PPO) - 6.25% for 2022/23, decreasing to an ultimate rate of 4% in 2031/32 Medicare - 4.25% for 2022/23, decreasing to an ultimate rate of 4% in 2025/26

(h) Discount Rate need to be updated

The discount rate used to measure the Total OPEB Liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be equal to the actuarially determined contributions for the applicable fiscal years. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	28%	4.6%
International Equity	12%	5.7%
Emerging Markets Equity	5%	7.0%
Private Core Real Estate	10%	2.7%
Diversified Real Assets	7%	3.4%
Domestic Fixed Income	17%	1.5%
Private Debt	12%	6.2%
Absolute Return FoF	8%	3.8%
Cash	1%	0.4%
	100%	

(i) Plan’s Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2022, the Plan’s Fiduciary Net Position amounts to $353.6 million. Detailed information about the OPEB Plan's fiduciary position is available in a separate financial report on VTA's website.

(j) OPEB Expense, Deferred Inflows or Outflows of Resources

For the year ended June 30, 2022, the Plan incurred OPEB expense of $(1.49) million and VTA's deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2022 are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 12,439	$ 314
Difference between expected and actual experience	—	23,298
Difference between expected and actual investment earnings	21,103	—
Total	$ 33,542	$ 23,612

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2023	$ (1,695)
2024	1,188
2025	(1,243)
2026	9,674
2027	(1,385)
	$ 6,539

NOTE 14 – ATU SPOUSAL MEDICAL AND VISION/DENTAL FUND

VTA administers the ATU Spousal Medical and Retiree Vision and Dental Fund. Both are considered to be employee-funded defined contribution plans. As of June 30, 2022, VTA had net position of approximately $23 million for the ATU Spousal Medical Fund and $16.2 million for the Retiree Vision and Dental Fund.

The Spousal Medical Fund is a medical insurance benefit for eligible pensioners' spouses. Pursuant to a collective bargaining agreement with ATU, represented employees are required to contribute $0.40 per hour to the Spousal Medical Fund. As of June 30, 2022, there were 452 participating spouses who were eligible for benefits from the Spousal Medical Fund. FY 2022 contributions were approximately $1.4 million while benefit payments made by the Fund were approximately $1.5 million and investment losses were $2.6 million.

The Retiree Vision and Dental Fund is a vision and dental benefit for eligible pensioners. Effective 1999 and pursuant to a collective bargaining agreement, ATU represented employees are required to contribute $0.10 per hour. As of June 30, 2022, there were 1,152 eligible participants. Contributions and investment losses for the fiscal year were approximately $358 thousand and $1.9 million respectively, while benefit payments were approximately $315 thousand.

A separate audited GAAP-basis post employment benefit plan report is not available for ATU Spousal Medical and Vision/Dental Fund.

NOTE 15 – INTERNAL SERVICE FUND

As of June 30, 2022, the assets and liabilities by individual components of the Internal Service Fund by program are as follows (in thousands):

	Workers' Compensation	General Liability	Compensated Absence	Total
Assets	$ 28,144	$ 18,891	$ 41,090	$ 88,125
Liabilities	28,144	18,891	40,997	88,032
Net Position	$ —	$ —	$ 93	$ 93

Workers' Compensation and General Liability

VTA contracts with third-party administrators to process claims for both workers' compensation and general liability programs. VTA's annual contribution to general liability program is based upon quarterly internal reviews of frequency and severity claims experience. Workers' compensation contributions occur each pay period. Internally, the workers' compensation reserves are reviewed quarterly to ensure it is appropriate given the claims history. In addition, both reserves are evaluated and reconciled based on year-end actuarial valuations.

Actuarial Information

An actuarial analysis as of June 30, 2022 disclosed that the present values of estimated outstanding losses, at 2% average discount rate using a 60% confidence level, are $28.1 million and $18.9 million for Workers' Compensation and General Liability, respectively.

Changes in the balance of Workers' Compensation and General Liability claims for the two years ended June 30, 2021, and June 30, 2022, are as follows (in thousands):

	Workers' Compensation		General Liability	
Unpaid claims at June 30, 2020	$	20,841	$	8,501
Provision for claims and claims adjustment expense		6,467		3,449
Changes in estimates for provision for future claims		9,715		1,669
Payment for claims and other adjustments		(6,487)		(3,845)
Unpaid claims at June 30, 2021		30,536		9,774
Provision for claims and claims adjustment expense		7,262		3,384
Changes in estimates for provision for future claims		(119)		9,789
Payment for claims and other adjustments		(9,535)		(4,056)
Unpaid claims at June 30, 2022	$	28,144	$	18,891

Compensated Absences

This represents the amount charged each month to accrue the estimated increase in unused vacation and sick leave. This account is adjusted annually to reflect the year-end value of unused vacation and sick leave. Compensated absences are limited to leaves that are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. At June 30, 2022, the outstanding balance of compensated absences liability is $40.9 million.

NOTE 16 – CLAIMS, COMMITMENTS, AND CONTINGENCIES

VTA is exposed to liability for bodily injury including death, personal injury, and property damage claims. Claims alleging liability and financial loss for injury or property damage suffered by employees, passengers, the public and others may involve various risk exposures inherent to public transportation services and congestion management oversight.

VTA self-insures and contracts third party adjustment services for:

(a) Third party bodily injury including death, personal injury and property damage liability claims up to $10 million per occurrence.
(b) Workers' Compensation claims through self-insurance.
(c) Public Officials and Employment Practices Liability claims up to $2.5 million per occurrence.
(d) First party property damage with various deductibles ranging from $250,000 to $750,000 for rail cars and equipment, buses, and real property.

For General Liability, VTA is self-insured for $10 million per occurrence. Excess Liability insurance is purchased from several insurers through VTA's insurance broker up to $90 million per occurrence and in the aggregate. The program consists of a $10 million, self-insured layer, a $15 million primary layer and an excess layer of $75 million.

VTA purchases Public Officials Liability & Employment Practices Liability Insurance with an annual aggregate of $2 million per occurrence in excess of a $2.5 million self-insured retention.

VTA purchases first party Property Insurance for loss or damage to its property arising out of various risk perils (excluding earthquake), and damage from bus and rail transit collisions, overturn or derailment. Coverage provides stated value/replacement cost per occurrence with various deductibles not exceeding $750,000.

Type of Coverage	Self-Retention	Excess Coverage
Workers' Compensation	Self-Insured	None
General Liability	$ 10,000,000	$ 90,000,000
Property, Boiler & Machinery	250,000	160,000,000
Terrorism	10,000	160,000,000
Flood	5,000	500,000
Light Rail Vehicles	750,000	100,000,000
Light Rail Spare Parts	25,000	Stated Value
Buses	500,000	50,000,000
Bus Spare Parts	25,000	Stated Value
Non-Revenue Trucks & Equipment	25,000	50,000,000
Express Lane Toll Road Equipment & Signs	25,000	50,000,000
Public Officials/Employment Practices	2,500,000	2,000,000
Crime	25,000	3,000,000
Premises Pollution Liability	100,000	5,000,000
Storage Tank Liability	25,000	2,000,000
Cyber Risk	250,000	2,000,000
Blanket Railroad Protective Liability	—	5,000,000

NOTE 17 – LITIGATION

Skanska Shimmick Herzog, Joint Venture ("SSH") v. VTA, et al.

SSH, VTA's design-build contractor for the line, track, stations, and systems of VTA's BART Silicon Valley Berryessa Extension filed suit against VTA seeking unspecified damages and alleging breach of contract, breach of the implied covenant of good faith and fair dealing, and violation of California's prompt payment statutes. VTA asserts various defenses and has cross-complained against SSH alleging breach of contract, breach of the implied covenant of good faith and fair dealing, and negligence. SSH's subcontractor, Aldridge/Rosendin JV, and its lower-tier subcontractor, HSQ Technology, are also parties to the action and cross-actions. The case is in discovery. A mediation took place on June 16 and 17, 2021 and was unsuccessful in resolving the case. A second mediation is expected to take place in October 2022. Trial is scheduled to begin on January 4, 2023.

Estrada v. VTA

Passenger fall case. The issue is whether plaintiff simply suffered a near fainting episode or fell due to the braking of the bus. Plaintiff was standing up, holding packages, and not holding on after the bus driver passed her stop. After the plaintiff called out to stop the bus, the driver made a controlled stop, but the plaintiff lost her balance and fell. At the hospital, the diagnosis became syncope (fainting) and anemia, due to a second observed fainting episode at the hospital. Subsequent fainting episodes are documented in plaintiff's medical records, in addition to preexisting anemia and cardiac issues. Plaintiff was referred by her lawyer to a chiropractor and thereafter to a spine surgeon, the latter who takes cases on lien. Plaintiff went on to receive spine surgery that was paid for in part through a medical finance company. Medical bills are approximately $200,000. Trial date is November 14, 2022.

Espinoza v. VTA

A 14-year-old girl on a bicycle, while wearing ear buds, ignored bells, flashing red lights and downed crossing arms. She ducked under one of the crossing arms and rode her bike into the path of an oncoming light rail train. She was struck and suffered severe brain damage. The accident was witnessed by an off-duty CHP officer and recorded on video. Plaintiff sued VTA and the City of San Jose. VTA obtained summary judgment against plaintiff. VTA remains in the case due to a cross-complaint filed by the City of San Jose. Plaintiff claims injuries including loss of cognition, speech, walk, and muscle loss of function that prevent her from properly operating and moving her entire body. Trial is scheduled for March 13, 2023.

Lopez/Pacheco v. VTA

Two pedestrians struck by a speeding car resulting in one death and one extremely serious brain injury. Plaintiff attorneys have sued only the City of San Jose on a dangerous condition claim, but the speeding car driver's attorneys have cross-complained against VTA because she claims the VTA bus "crowded her" and helped to cause the accident. Police took a video recorded statement of the speeding driver at the scene. Claimed medical bills for Mr. Lopez exceed $1M. City of San Jose plans a motion for summary judgment. No trial date has been set.

Villegas v. VTA

Two pedestrians crossed four lanes of travel and the light rail tracks located in the center divider. They were struck by a westbound passenger car that was facing a very bright setting sun. The light rail tracks were not fenced at location for a short distance. The tracks are separated from the westbound travel lanes by removable pilons to allow for placement and removal of mobile homes through an adjacent street connected to a mobile park. The 90-year-old pedestrian died. Her 12-year-old granddaughter survived, but sustained a subdural hematoma, left orbital floor fracture, right scapula fracture, right elbow open fracture, and surgical repair of her right and left elbows. She is also claiming PTSD and some neuropsychological issues, including some cognitive speech deficits and headaches. Defendants include the driver of the passenger car, the City of Sunnyvale and the entity owning the mobile home park. Written discovery has been exchanged, with no depositions as yet. VTA plans a summary judgment motion. No trial date has been set.

Cruz v. VTA

A 33-year-old female bus passenger jumped from a hijacked bus just as it was being driven away from the curb by the hijacker. Plaintiff struck her head but did not lose consciousness. The plaintiff passenger pushed past the operator standing at the front door and jumped off the bus as the hijacker floored the accelerator and overcame the parking brake. Plaintiff claims neck, low back, and a traumatic brain injury, with neuropsychological testing allegedly demonstrating evidence of peripheral vestibular dysfunction, a central vestibular dysfunction, abnormalities in cognitive processing, reaction time, executive function, visual attention, immediate recall and delayed recall, suggesting frontal lobe dysfunction, cerebellum dysfunction and parietofrontal dysfunction. She also claimed poor balance, dizziness, concentration, and memory difficulties. Discovery is just beginning. Claimed future medical costs exceed $2M. No trial date has been set.

Claims arising from May 26, 2021 Shooting Incident

On May 26, 2021, a mass shooting occurred at the VTA's Guadalupe facility. The shooter was also a VTA employee. Nine employees were killed that day and almost 100 employees were evacuated from the facility. The VTA's light rail facility was forced to shut down for weeks. A tenth employee committed suicide, presumably as a result of the mental health challenges that understandably resulted from witnessing the horrific event. VTA has received a total of 52 Worker's Compensation claims. Government tort claims have been filed by the surviving family members/estate of the nine fallen employees; the family members of the employee that committed suicide; and two other employees who were onsite during the shooting.

NOTE 18 – JOINT VENTURES

(a) Peninsula Corridor Joint Powers Board

VTA is a member agency of the Peninsula Corridor Joint Powers Board (PCJPB), along with the San Mateo County Transit District (SamTrans) and the City and County of San Francisco (CCSF). The PCJPB is governed by a separate board composed of nine members, three from each participating agency. The PCJPB was formed in October 1991 to plan, administer, and operate the Peninsula Corridor rail service (Caltrain), which began operating on July 1, 1992. Prior to July 1, 1992, such rail service was operated by Caltrans.

In November 2020, voters in San Francisco, Santa Clara and San Mateo counties approved Measure RR, a 30-year one-eighth cents sales tax to provide a dedicated funding source for Caltrain. With the passage of Measure RR, VTA will no longer contribute to the operating and capital costs of the Caltrain commuter rail service administered by PCJPB; however, in FY 2022, VTA paid $9.1 million for the delay in payment and outstanding balance owed pursuant to the 2008 Real Property Ownership Amendment and agreement to assign certain rights as Managing Agency to JPB.

Complete financial statements for the PCJPB can be obtained from SamTrans at 1250 San Carlos Avenue, San Carlos, California 94070.

(b) Altamont Corridor Express

The Altamont Corridor Express (ACE) is a commuter rail service covering over 85 miles between Stockton and San Jose with stops in Manteca, Tracy, Livermore, Pleasanton, Fremont, Santa Clara, and San Jose. ACE is funded by VTA, the Alameda County Congestion Management Agency, and the San Joaquin Regional Rail Commission which also serves as the managing agency. ACE commenced operations in October 1998, and now provides four daily round trips commuter rail service from San Joaquin County through the Tri-Valley Area of Alameda County to Santa Clara County. In June 2003, VTA entered into a Cooperative Service Agreement with the San Joaquin Regional Rail Commission (SJRRC) and the Alameda County Transportation Commission (Alameda CTC) for continued VTA funding of ACE commuter rail service. The cooperative agreement replaced the ACE Joint Powers Agreement (JPA) executed by the ACE member agencies – VTA, SJRRC, and Alameda CTC. Per the cooperative agreement, VTA's financial subsidy is the amount paid in FY 2003, increased annually by the consumer price index (CPI). During the year ended June 30, 2022, VTA contributed approximately $3.3 million for operating costs.

Complete financial statements for ACE can be obtained from the San Joaquin Regional Rail Commission at 949 East Channel Street, Stockton, California 95202.

(c) Capitol Corridor Intercity Rail Service

VTA is a member agency of the Capitol Corridor Joint Powers Authority, which provides intercity rail service between Sacramento and San Jose. The Capitol Corridor intercity rail service is provided by the Capitol Corridor Joint Powers Board, which is comprised of members of the governing bodies of VTA, the Sacramento Regional Transit District, the Placer County Transportation Planning Agency, the congestion management agencies of Solano and Yolo counties, and the San Francisco Bay Area Rapid Transit District (BART). BART is the managing agency for the Capitol Corridor Service and Amtrak operates the trains on tracks owned by Union Pacific Railroad. VTA offers no funds to the operation of this service.

Complete financial statements for the Capitol Corridor Service can be obtained from the San Francisco Bay Area Rapid Transit District (BART) at P.O. Box 12688, Oakland, California 94606-2688.

NOTE 19 – LEASE/LEASEBACK

In 2003 VTA entered into two lease/leaseback transactions with Fifth Third Leasing Company. The leases involved a total of 20 light rail vehicles. The light rail vehicles were leased using statutory trusts (the “Trusts”) formed on behalf of the parties to the transactions. In each case, pursuant to a head-lease agreement, VTA leased rail vehicles to an investor and in turn received a prepayment of the future head-lease rents that would be due through the purchase option date. Pursuant to a sublease, the investor then leased the rail vehicles to the VTA. Sufficient monies from prepayment of the head-lease rents were invested in highly rated securities to fund all sublease rents through the date of purchase option, as well as fund the purchase option payments. Remaining monies were used to pay transaction costs, with the balance then going to VTA as an upfront cash benefit. Highly rated insurance companies were used to provide guaranties for certain aspects of the transactions. Subsequent to the closing of the leases, the Internal Revenue Service disallowed the tax benefits the investors were anticipating. Additionally, as a result of the 2008 financial crisis the credit ratings of the insurance providers were dramatically lowered below thresholds required in the lease documents, resulting in the possibility of a default. To eliminate the potential default, VTA entered into an amendment with Fifth Third Leasing Company that waived the insurance provider rating requirements. The two leases with Fifth Third Leasing Company have a purchase option date of January 1, 2034.

NOTE 20 - LEASES

Lessor Activities

VTA has accrued a receivable for three ground leases, as well as bus and light rail wrap advertising. The remaining receivable and deferred inflows of resources related to these leases were $67 million and $65.4 million respectively, as of June 30, 2022. Interest revenue recognized on these leases was $893 thousand for FY 2022. Principal receipts of $1.8 million were recognized during the year. Final receipt is expected in FY 2074.

Below is a schedule of the changes in the lease receivable for the FY 2022 (in thousands):

Lessor leases (in thousands):	Leases Receivable	Leases Amortization	Totals	Due within 1 Year
Ground Lease - Almaden Lake	$ 42,196	$ 104	$ 42,092	$ 87
Ground Lease - Eden Housing	11,306	172	11,134	164
Ground Lease - Sprint Communication	3,256	98	3,158	103
Bus/Light Rail lease for wrap advertising	12,096	1,468	10,628	2,465
Total leases receivable	$ 68,854	$ 1,842	67,012	$ 2,819
Less current portion			(2,819)	
Long-term receivable, net			$ 64,193	

VTA's Schedule of future receipts included in the measurement of the leases receivable is as follows (in thousands):

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	$ 2,819	$ 910	$ 3,729
2024	2,972	828	3,800
2025	3,129	743	3,872
2026	3,292	652	3,944
2027	469	598	1,067
2028-2032	2,843	2,864	5,707
2033-2037	3,803	2,594	6,397
2038-2042	3,716	2,295	6,011
2043-2047	4,143	2,100	6,243
2048-2052	5,150	1,869	7,019
2053-2057	6,334	1,584	7,918
2058-2062	7,727	1,233	8,960
2063-2067	9,360	808	10,168
2068-2072	10,733	294	11,027
2073-2074	522	5	527
	$ 67,012	$ 19,377	$ 86,389

Lessee Activities

VTA has accrued liability for the sublease of Palo Alto VTA Transit Center (Depot portion of the El Camino Park Lease). The remaining liability and right to use the asset, net of amortization, for this lease was $2.2 million separately as of June 30, 2022. Interest expense recognized on these leases was $72.8 thousand and principal payment during the year of $206.5 thousand were recognized during the year.

Below is a schedule of the changes in the right to use assets with the accumulated amortization for the FY 2022 (in thousands):

Right to use assets:		
Palo Alto Transit Center Depot	$	2,426
Less: Accumulated amortization		202
Right to use assets, net	$	2,224

VTA's schedule of future payments included in the measurement of the lease liability is as follows (in thousands):

Fiscal Year Ending June 30,	Principal		Interest		Total	
2023	$	144	$	69	$	213
2024		156		64		220
2025		167		60		227
2026		179		55		234
2027		192		49		241
2028-2032		1,172		153		1,325
2033		282		8		290
	$	2,292	$	458	$	2,750

NOTE 21 - RESTATEMENT DUE TO CHANGE IN ACCOUNTING PRINCIPLES

As discussed in Note 2(p), VTA implemented the GASB Statement No. 87, *Lease,* which required the recognition of a lease receivable with related deferred inflows of resources and lease asset with a related right to use asset at the present value of the payments expected to be received or made during the lease term.

The following is a summary of the restatements due to change in accounting principles (in thousands):

	2021 Previously Presented	Fund Recognition and Net Position Restatement	2021 Restated
VTA Transit Fund			
Leases receivable	$ —	$ 68,854	$ 68,854
Deferred inflows: Lease Asset	—	(68,854)	(68,854)
Right to use assets	—	2,426	2,426
Leases payable	—	(2,426)	(2,426)
Net position	$ 2,463	$ —	$ 2,463
Business-type Activities			
Leases receivable	$ —	$ 68,854	$ 68,854
Deferred inflows: Lease Asset	—	(68,854)	(68,854)
Right to use assets	—	2,426	2,426
Leases payable	—	(2,426)	(2,426)
Net position	$ 5,809	$ —	$ 5,809

REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Amalgamated Transit Union Pension Plan

(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$19,528	$17,118	$18,275	$17,818	$16,953	$16,024	$ 14,788	$13,468	$12,094
Interest (includes interest on service cost)	54,663	53,888	52,368	51,921	47,850	46,152	45,110	43,069	41,417
Difference between expected and actual experience	2,339	(5,186)	2,349	(17,900)	12,285	6,440	7,748	4,517	—
Changes in Assumptions	(879)	15,130	7,307	—	21,918	13,105	14,577	—	—
Benefit payments, including refunds of member contributions	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)	(30,967)
Net Change in Total Pension Liability	25,265	32,444	33,276	7,528	57,440	43,267	46,635	27,636	22,544
Total Pension Liability - Beginning	832,268	799,824	766,548	759,020	701,580	658,313	611,678	584,042	561,498
Total Pension Liability - Ending	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678	584,042
Plan Fiduciary Net Position									
Contributions - Employer	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590	25,787
Contributions - Member	5,674	5,222	4,850	3,343	2,725	1,070	—	—	—
Net Investment Income	(55,302)	157,392	(12,424)	23,408	40,605	60,472	2,245	16,094	64,139
Benefit payments, including refunds of member contributions	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)	(30,967)
Administrative Expense	(416)	(420)	(375)	(409)	(403)	(324)	(281)	(301)	(313)
Net Change in Plan Fiduciary Net Position	(71,316)	142,458	(24,420)	14,313	29,885	50,149	(7,873)	7,965	58,646
Plan Fiduciary Net Position - Beginning	693,703	551,245	575,665	561,352	531,467	481,318	489,191	481,226	422,580
Plan Fiduciary Net Position - Ending	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191	481,226
Net Pension Liability - Ending	$235,146	$138,565	$248,579	$190,883	$197,668	$170,113	$176,995	$122,487	$102,816
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	72.58 %	83.35 %	68.92 %	75.10 %	73.96 %	75.75 %	73.11 %	79.98 %	82.40 %
Covered Payroll	$143,982	$130,271	$137,584	$133,749	$139,288	$131,544	$126,796	$115,914	$107,880
Net Pension Liability as a percentage of covered payroll	163.32 %	106.37 %	180.67 %	142.72 %	141.91 %	129.32 %	139.59 %	105.67 %	95.31 %
Annual money-weight rate of return, net of investment expense	(11.79)%	26.46 %	2.53 %	4.75 %	4.77 %	12.80 %	1.34 %	3.69 %	15.42 %

Information not available prior to FY 2014.

The actuarial report for all years did not include COLA assumption.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Employer Contributions

Amalgamated Transit Union Pension Plan

(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially-determined Contribution	$29,114	$28,770	$30,552	$32,282	$28,524	$27,385	$25,720	$25,549	$25,787	$24,413
Contributions in Relation to the Actuarially-determined Contribution	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590	25,787	24,413
Contributions Deficiency/ (Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ (31)	$ (41)	$ —	$ —
Covered Payroll	$143,982	$130,271	$137,584	$133,749	$139,288	$131,544	$126,796	$115,914	$107,880	$104,136
Contributions as a Percentage of Covered Payroll	20.22 %	22.08 %	22.21 %	24.14 %	20.48 %	20.82 %	20.31 %	22.08 %	23.90 %	23.44 %

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

California Public Employees' Retirement System (CalPERS)

(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$ 11,314	$ 11,441	$ 11,662	$ 11,641	$ 11,137	$ 9,488	$ 9,551	$ 9,055
Interest	36,192	34,592	32,961	30,936	29,286	27,998	26,479	24,724
Changes in Assumptions	—	—	—	(3,287)	24,077	—	(6,447)	—
Difference between Expected and Actual Experience	797	217	5,563	3,653	(2,259)	(1,007)	2,488	—
Benefit payments, including refunds of employee contributions	(25,705)	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Net Change in Total Pension Liability	22,598	23,202	29,365	24,100	45,158	20,539	17,730	20,945
Total Pension Liability - Beginning	512,581	489,379	460,014	435,914	390,756	370,217	352,487	331,542
Total Pension Liability - Ending	535,179	512,581	489,379	460,014	435,914	390,756	370,217	352,487
Plan Fiduciary Net Position								
Contributions - Employer	17,813	15,179	13,486	11,976	11,865	10,248	8,684	8,845
Contributions - Employee	5,721	4,972	5,089	4,899	4,875	4,259	4,075	4,482
Net Investment Income	83,986	17,927	22,290	26,775	31,689	1,430	6,042	41,263
Benefit payments, including refunds of employee contributions	(25,705)	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Plan to Plan Resource Movement	—	—	—	78	37	(40)	—	—
Administrative Expense	(372)	(504)	(241)	(490)	(418)	(173)	656	—
Other Miscellaneous Income/(Expense)	—	—	1	(930)	—	—	—	—
Net Change in Fiduciary Net Position	81,443	14,526	19,804	23,465	30,965	(216)	5,116	41,756
Plan Fiduciary Net Position - Beginning	371,935	357,409	337,605	314,140	283,175	283,391	278,275	236,519
Plan Fiduciary Net Position - Ending	453,378	371,935	357,409	337,605	314,140	283,175	283,391	278,275
Plan Net Pension Liability - Ending	$ 81,801	$140,646	$131,970	$122,409	$121,774	$107,581	$ 86,826	$ 74,212
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.72 %	72.56 %	73.03 %	73.39 %	72.06 %	72.47 %	76.55 %	78.95 %
Covered Payroll	$70,101	$70,407	$70,673	$70,158	$65,842	$61,209	$60,375	$54,294
Plan Net Pension Liability as a Percentage of Covered Payroll	116.69 %	199.76 %	186.73 %	174.48 %	184.95 %	175.76 %	143.81 %	136.69 %
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Information not available prior to FY 2015.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information
Schedule of Employer Contributions
California Public Employees' Retirement System (CalPERS)
(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$17,827	$16,710	$15,208	$13,572	$12,208	$11,516	$10,567	$ 8,965	$ 8,845	$ 7,497
Contributions in Relation to the Contractually Required	17,827	16,710	15,208	13,572	12,208	11,516	10,567	8,965	8,845	7,497
Contributions Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered Payroll (not based on measurement date)	$71,542	$71,385	$70,084	$73,461	$71,140	$68,156	$61,209	$60,375	$54,294	$52,712
Contributions as a Percentage of Covered Payroll	24.92 %	23.41 %	21.70 %	18.48 %	17.16 %	16.90 %	17.26 %	14.85 %	16.29 %	14.22 %

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Changes in the Plan's Net OPEB Asset and Related Ratios

Retirees' Other Post Employment Benefits (OPEB)

(In thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 6,589	$ 6,300	$ 6,141	$ 6,190	$ 5,697	$ 5,888
Interest cost	18,320	18,298	17,810	17,190	16,695	15,872
Benefit payments	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,055)
Effect of Change in Actuarial Assumptions/Methods	6,217	7,004	(12)	6,523	(1,057)	—
Difference between Expected and Actual Experience	(14,980)	(8,435)	(3,064)	(7,876)	(1,670)	—
Effect of Plan Amendments	—	—	—	306	—	—
Net change in Total OPEB Liability	(2,714)	8,973	7,104	9,191	7,126	8,705
Total OPEB Liability - Beginning	274,261	265,288	258,184	248,993	241,867	233,162
Total OPEB Liability - Ending (a)	271,547	274,261	265,288	258,184	248,993	241,867
Plan Fiduciary Net Position						
Contributions to Plan Trusts	6,311	5,717	5,799	9,086	—	4,047
Benefit Payments from Plan Trusts	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,054)
Administrative Expenses from Plan Trusts	(181)	(94)	(91)	(93)	(109)	(25)
Expected Investment Return	(31,098)	22,868	22,861	21,931	20,550	18,976
Investment Experience (Loss)/Gain	—	52,119	(14,457)	(2,528)	7,575	14,350
Net Change in Fiduciary Net Position	(43,828)	66,416	341	15,254	15,477	24,294
Plan Fiduciary Net Position - Beginning	397,382	330,966	330,625	315,371	299,894	275,600
Plan Fiduciary Net Position - Ending (b)	353,554	397,382	330,966	330,625	315,371	299,894
Net OPEB Asset - Ending (a) - (b)	$(82,007)	$(123,121)	$(65,678)	$(72,441)	$(66,378)	$(58,027)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability = (b) / (a)	130.20 %	144.89 %	124.76 %	128.06 %	126.66 %	123.99 %
Covered Payroll[1]	$233,952	$187,551	$186,300	$181,761	$185,861	$176,709
Net OPEB Asset as a Percentage of Covered Payroll	(35.05)%	(65.65)%	(35.25)%	(39.85)%	(35.71)%	(32.84)%
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Annual money-weight rate of return, net of investment expense	(7.87)%	19.50 %	1.03 %	6.44 %	9.83 %	12.51 %

Information not available prior to 2017.

[1]Covered payroll for FY 2022 included payroll subjected to medicare tax withholding (generated from SAP). Prior years were based on actuarial reports.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information
Schedule of Employer Contributions
Retirees' Other Post Employment Benefits (OPEB) Plan
(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially-determined Contribution	$ (5,483)	$ (5,657)	$ (5,035)	$ 3,410	$ (2,113)	$ 4,574	$ 4,785	$ 12,093	$ 14,100	$ 17,315
Contributions in Relation to the Actuarially-determined Contribution	6,311	5,717	5,799	9,086	—	4,047	4,785	12,093	14,100	37,965
Contributions Deficiency/(Excess)	$ (11,794)	$ (11,374)	$ (10,834)	$ (5,676)	$ (2,113)	$ 527	$ —	$ —	$ —	$ (20,650)
Covered Payroll[1]	$233,952	$187,551	$186,300	$181,761	$185,861	$176,709	$168,869	$167,124	$162,902	$152,218
Contributions as a Percentage of Covered Payroll	2.70%	3.05%	3.11%	5.00%	—%	2.29%	2.83%	7.24%	8.66%	24.94%

[1]Covered payroll for FY 2022 included payroll subjected to medicare tax withholding (generated from SAP). Prior years were based on actuarial reports.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

2000 Measure A Program Special Revenue Fund

For the year ended June 30, 2022

(In thousands)

	Original Operating Budget*	Final Operating Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales tax receipts	$ 236,381	$ 236,381	$ 258,470	$ 22,089
Investment earnings	575	575	2,223	1,648
Federal subsidy for Build America Bonds	8,271	8,271	8,379	108
Other income	1,519	1,519	474	(1,045)
Total revenues	246,746	246,746	269,546	22,800
Non-project expenditures:				
Operating assistance to VTA Transit	49,049	55,049	53,633	1,416
Professional, special and other services	559	559	489	70
Miscellaneous	30	30	28	2
Repayment of debt service to VTA Transit	17,593	17,593	17,597	(4)
Principal payment, bond interest and other bond charges	71,934	65,934	64,100	1,834
Total non-project expenditures:	139,165	139,165	135,847	3,318
Change in fund balance	$ 107,581	$ 107,581	133,699	$ 26,118
GAAP reconciliation and unbudgeted items:				
Federal, state and local grant revenues			10,110	
Contribution to other agencies			(17,711)	
Unrealized gain/(loss) on investments			(7,080)	
Amortization of premium/discounts on investment			(354)	
Interest not requiring use of financial resources			(831)	
Other expenditures			(564)	
Transfers out			(181,407)	
Total GAAP reconciliation and unbudgeted items			(197,837)	
Change in fund balance, on a GAAP basis			(64,138)	
Fund balance, beginning of year			337,284	
Fund balance, end of year			$ 273,146	

* *Differs slightly from the published adopted budget due to minor adjustments made for exactness.*

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

2016 Measure B Program Special Revenue Fund

For the year ended June 30, 2022

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales Tax Revenues	$ 236,381	$ 236,381	$ 258,000	$ 21,619
Investment earnings (losses)	1,421	1,421	(21,142)	(22,563)
Total Revenues	237,802	237,802	236,858	(944)
Expenditures:				
Labor and overhead costs	—	1,236	1,236	—
Professional services	—	846	810	(36)
Miscellaneous	—	—	36	36
Total Expenditures	—	2,082	2,082	—
Change in fund balance, on a budgetary basis	$ 237,802	$ 235,720	234,776	$ (944)
Expenditures not budgeted:				
Contributions to other agencies			(101,455)	
Transfers out			(23,590)	
Change in fund balance, on a GAAP basis			109,731	
Fund Balance, Beginning of Year			746,303	
Fund Balance, End of Year			$ 856,034	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Congestion Management Program Special Revenue Fund

For the year ended June 30, 2022

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Assessments to member agencies	$ 2,942	$ 2,943	$ 2,942	$ (1)
Federal grant revenues	1,465	1,465	1,603	138
Administrative fees	—	—	140	140
State and local operating assistance grants	1,402	1,402	912	(490)
Other revenues	760	760	315	(445)
Investment earnings	2	2	2	—
Total Revenues	6,571	6,572	5,914	(658)
Expenditures:				
VTA labor and overhead costs	5,165	5,531	5,530	1
Services and other:				
Professional services	650	571	570	1
Other services	15	15	17	(2)
Data processing	8	—	—	—
Contribution to Other Agencies	357	79	78	1
Total Expenditures	6,195	6,196	6,195	1
Change in fund balance	$ 376	$ 376	(281)	$ (657)
Fund Balance, Beginning of Year			2,217	
Fund Balance, End of Year			$ 1,936	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Congestion Management & Highway Program Special Revenue Fund

For the year ended June 30, 2022

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Federal, state, and local grants	$ 72,411	$ 72,411	$ 72,430	$ —
Expenditures:				
Capital expenditures on behalf of other agencies, and transfers out	72,411	72,411	72,430	—
Change in fund balance, on a budgetary basis	$ —	$ —	—	$ —
Fund Balance, Beginning of Year			—	
Fund Balance, End of Year			$ —	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Bay Area Air Quality Management Program Special Revenue Fund

For the year ended June 30, 2022

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
State and local operating assistance grants	$ 2,427	$ 2,427	$ 2,427	$ —
Investment earnings (losses)	(93)	(93)	(93)	—
Total Revenues	2,334	2,334	2,334	—
Expenditures:				
Program payments	2,835	2,835	2,835	—
Change in fund balance, on a budgetary basis	$ (501)	$ (501)	(501)	$ —
Fund Balance, Beginning of Year			4,728	
Fund Balance, End of Year			$ 4,227	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Senate Bill 83 Vehicle Registration Fee Special Revenue Fund

For the year ended June 30, 2022

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Federal, state, and local grants	$ 15,890	$ 15,890	$ 15,890	$ —
Investment earnings	(693)	(693)	(692)	1
Total Revenues	15,197	15,197	15,198	1
Expenditures:				
Program payments	17,346	17,346	17,346	—
Total Expenditures	17,346	17,346	17,346	—
Change in fund balance, on a budgetary basis	$ (2,149)	$ (2,149)	(2,148)	$ 1
Fund Balance, Beginning of Year			33,507	
Fund Balance, End of Year			$ 31,359	

See Note accompanying this schedule

Note 1 - Budgetary Basis of Accounting

State law requires the adoption of an annual budget, which must be approved by the VTA's Board of Directors. VTA's Board adopts a biennial budget for its Congestion Management Program, 2016 Measure B Program, 2000 Measure A Program, and Congestion Management and Highway Program Special Revenue Funds. The Bay Area Air Quality Management and Vehicle Registration Fees programs were not budgeted as these report on pass-through grants in which VTA has merely administrative involvement. The budget for the Special Revenue Funds is prepared on a modified accrual basis but excludes unrealized gains and losses on investments, certain capital federal and state revenues, expenditures, and transfers.

The budgetary control is maintained at the fund level. The Division Chief must authorize line item reclassification amendments to the budget. Managers are assigned the responsibility for controlling their budgets and monitoring operating expenses. Annual appropriations for the operating budget lapse at the end of the fiscal year to the extent that they have not been expended. The unexpended capital budget at fiscal year-end is carried forward from year to year until the project is completed.

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SUPPLEMENTARY INFORMATION
(Combining and Individual Fund Information)

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Fund Net Position

Enterprise Funds

June 30,

(In thousands)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,585	$ 18,635
Investments	994,225	737,652
Receivables, net	6,826	5,147
Leases receivable*	2,819	—
Due from other agencies	84,061	83,188
Inventories	28,571	27,726
Due from other funds	4,541	39,258
Other current assets	6,117	5,518
Restricted cash and investments with fiscal agent	106,624	131,511
Total current assets	1,253,369	1,048,635
Non-current assets:		
Long-term receivable	266	354
Leases receivable*	64,193	—
Net OPEB asset	82,007	123,121
Capital Assets		
Nondepreciable:		
Land and right-of-way	1,850,218	1,848,342
Construction in progress	1,067,584	1,019,068
Depreciable:		
Right to use assets*	2,426	—
Caltrain - Gilroy extension	53,790	53,790
Buildings and improvements	1,207,622	1,184,858
Furniture and fixtures	523,306	491,653
Vehicles	800,249	779,400
Light-rail tracks and electrification	1,121,304	1,080,947
Leasehold improvement	9,851	9,851
Others	82,705	54,176
Less: Accumulated depreciation/amortization	(1,513,455)	(1,325,210)
Net capital assets	5,205,600	5,196,875
Total assets	6,605,435	6,368,985
DEFERRED OUTFLOWS OF RESOURCES		
Refunding amounts	3,826	4,754
Pension-related	75,848	55,423
OPEB-related	33,542	9,403
Total deferred outflows of resources	113,216	69,580

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Fund Net Position *(Continued)*

Enterprise Funds

June 30,

(In thousands)

	2022	2021
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	16,980	16,215
Accounts payable and accrued expenses	30,256	32,780
Leases Liability*	144	—
Deposits	623	473
Accrued payroll and related liabilities	11,620	5,966
Bond interest and other fees payable	632	400
Unearned revenues	31,824	2,931
Due to other funds	—	37,069
Due to other agencies	59,159	17,790
Other accrued liabilities	520	103
Total current liabilities	151,758	113,727
Non-current liabilities		
Long-term debt, excluding current portion	101,302	120,247
Leases Liability*	2,148	—
Net pension liability**	316,947	279,210
Total non-current liabilities	420,397	399,457
Total liabilities	572,155	513,184
DEFERRED INFLOWS RELATED TO PENSION, OPEB AND LEASE*	138,104	116,376
NET POSITION	$ 6,008,392	$ 5,809,005

*The 2021 amounts were not restated for GASB Statement 87 because the information was not available.

**Resulting from GASB 68 implementation. In 2022, this consisted of $81.8 million for CalPERS and $235.1 million for ATU. In FY 2021, this consisted of $140.6 million for CalPERS and $138.6 million for ATU.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Revenues, Expenses, and Changes in Fund Net Position

Enterprise Fund

For the years ended June 30,

(In thousands)

	2022	2021
OPERATING REVENUES:		
Fares - Transit	$ 20,885	$ 13,075
Fares - Paratransit	1,036	470
Fares - Bart	4,182	1,698
Toll revenues collected	7,797	3,140
Advertising and others	3,057	3,236
Charges for services	3,264	634
Total operating revenues	40,221	22,253
OPERATING EXPENSES:		
Labor cost	345,614	332,104
Materials and supplies	37,405	29,303
Services	124,079	111,426
Utilities	9,226	9,734
Casualty and Liability	17,331	8,702
Purchased transportation	25,783	21,658
Leases and rentals	1,326	898
Miscellaneous	1,440	1,581
Depreciation/amortization expense	194,342	179,056
Costs allocated to capital and other programs	(33,222)	(37,071)
Total operating expenses	723,324	657,391
Operating loss	(683,103)	(635,138)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenue	321,768	274,498
Federal operating assistance and other grants	172,614	76,096
State and local operating assistance grants	143,814	145,778
Caltrain subsidy	(9,120)	(10,800)
Capital expenses on behalf of, and contribution to other agencies	(3,178)	(5,850)
Altamont Corridor Express subsidy	(3,337)	(3,893)
Investment earnings/(losses)	(22,024)	5,069
Interest expense	(5,206)	(5,972)
Other income	1,906	2,383
Other expense	(681)	(618)
Non-operating revenues, net	596,556	476,691
INCOME (LOSS) BEFORE CONTRIBUTIONS	(86,547)	(158,447)
CAPITAL CONTRIBUTIONS	10,643	20,133
TRANSFERS IN/(OUT)	275,291	239,152
CHANGE IN NET POSITION	199,387	100,838
NET POSITION, BEGINNING OF YEAR, AS RESTATED	5,809,005	5,708,167
NET POSITION, END OF YEAR	$ 6,008,392	$ 5,809,005

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Cash Flows

Enterprise Funds

For the years ended June 30,

(In thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transit fares	$ 22,145	$ 14,478
Cash received from paratransit fares	1,036	470
Cash received from toll revenues collected	7,797	3,140
Cash received from advertising	3,683	3,454
Cash paid for labor costs	(344,854)	(305,420)
Cash paid to suppliers	(130,188)	(160,633)
Cash paid for purchased transportation	(25,783)	(21,658)
Other receipts/(payments)	4,632	736
Net cash provided by/(used in) operating activities	(461,532)	(465,433)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	321,773	210,301
Sales tax received	318,711	258,613
Caltrain subsidy	(9,120)	(10,800)
Altamont Corridor Express subsidy	(3,337)	(3,893)
Capital contribution from/(to) other agencies	(5,401)	(5,947)
Transfers in	94,820	77,182
Net cash provided by/(used in) non-capital financing activities	717,446	525,456
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of long-term debt	(19,680)	(16,540)
Advance (to)/from other governments	23,608	17,283
Interest and other fees paid on long-term debt	(4,211)	(4,182)
Acquisition and construction of capital assets	(299,542)	(90,605)
Capital contribution from other entities	46,434	58,411
Capital acquisition from other funds	180,547	2,263
Net cash provided by/(used in) capital and related financing activities	(72,844)	(33,370)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	838,209	873,185
Purchases of investments	(1,055,893)	(920,333)
Interest income received	10,677	17,395
Net cash provided by/(used in) investing activities	(207,007)	(29,753)
Net increase/(decrease) in cash and cash equivalents	(23,937)	(3,100)
Cash and cash equivalents, beginning of year	150,146	157,772
Cash and cash equivalents, end of year	$ 126,209	$ 154,672

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Cash Flows *(Continued)*
Enterprise Funds
For the years ended June 30,
(In thousands)

	2022	2021
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Operating income/(loss)	$ (683,103)	$ (638,957)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation	194,342	179,056
Changes in operating assets and liabilities:		
Other current assets	(605)	151
Receivables	(71,075)	(296)
Due from other governmental agencies	—	(1,746)
Deferred Outflow of Resources: Pension related	—	5,176
Inventories	(845)	735
Accounts payable	64,062	(168)
Other accrued liabilities	6,071	24
Deposits from others	(3)	(142)
Unearned revenue	68,235	2,137
Pension and OPEB related	(38,611)	(46,837)
Deferred Inflow of Resources: Pension related	—	35,434
Net cash provided by/(used in) operating activities	$ (461,532)	$ (465,433)
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:		
Cash and cash equivalents, end of year:		
Unrestricted	$ 19,585	$ 18,635
Restricted	106,624	131,511
	$ 126,209	$ 150,146
NONCASH ACTIVITIES:		
Increase/(Decrease) in fair value of investments	$ (28,381)	$ (9,468)
Noncash capital contributions	5	1,340
GASB 87 leased asset related	2,044	—
Total non-cash activities	$ (26,332)	$ (8,128)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund

VTA Transit Fund

For the year ended June 30, 2022

(In thousands)

	FY 2022 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
REVENUES				
Fares - Transit	$ 15,558	$ 15,558	$ 20,885	$ 5,327
Fares - Paratransit	873	873	1,036	163
1976 1/2 Cent Sales Tax	236,381	236,381	258,474	22,093
Transportation Development Act funds	123,104	123,104	100,029	(23,075)
2000 Measure A Sales Tax Operating Assistance	49,049	49,049	53,633	4,584
2016 Measure B -Transit Operations	23,586	23,586	23,590	4
STA	31,486	31,486	37,723	6,237
Federal Operating Grants	5,054	38,654	33,444	(5,210)
State Operating Grants	2,406	4,763	6,062	1,299
Investment Earnings	4,230	4,230	2,181	(2,049)
Advertising Income	2,636	2,636	2,311	(325)
Other Income	19,834	19,833	21,202	1,369
Total revenues	**514,196**	**550,153**	**560,570**	**10,417**
OPERATING EXPENSES				
Labor Costs	358,641	361,323	353,484	7,839
Materials & Supplies	25,616	23,316	20,177	3,139
Security	24,775	19,775	19,743	32
Professional & Special Services	10,206	9,357	8,316	1,041
Other Services	12,731	12,411	13,951	(1,540)
Fuel	10,386	10,386	12,556	(2,170)
Traction Power	5,946	3,946	3,350	596
Tires	1,624	1,624	1,514	110
Utilities	4,313	4,313	3,889	424
Insurance	8,546	16,696	16,890	(194)
Data Processing	7,471	7,171	6,452	719
Office Expense	286	286	236	50
Communications	1,866	1,866	1,885	(19)
Employee Related Expense	1,081	1,309	458	851
Leases & Rents	983	983	1,460	(477)
Miscellaneous	1,083	1,083	862	221
Reimbursements	(44,328)	(44,328)	(37,133)	(7,195)
Total operating expenses	**431,227**	**431,517**	**428,090**	**3,427**

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund (*continued*)

VTA Transit Fund

For the year ended June 30, 2022

(In thousands)

	FY 2022 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
OTHER EXPENSES				
Paratransit	29,206	24,206	23,562	644
Caltrain	—	9,120	9,120	—
Altamont Corridor Express	6,054	6,054	5,545	509
Highway 17 Express	419	419	392	27
Contribution to Other Agencies	1,061	1,061	828	233
Debt Service	20,909	20,909	20,903	6
Transfer to capital reserve	40,000	40,000	40,000	—
Contingencies	3,000	800	—	800
Total other expenses	**100,649**	**102,569**	**100,350**	**2,219**
Total operating and other expenses	**531,876**	**534,086**	**528,440**	**5,646**
Change in net position, on a budgetary basis	**$ (17,680)**	**$ 16,067**	**32,130**	**$ 16,063**
Reconciliation of net income on a budgetary basis to net income on a GAAP Basis:				
Capital Contributions			10,260	
Emergency Operating Assistance/CRRSSA			139,170	
Project Expenditures			(3,492)	
Capital Contributions to Other Agencies			(210)	
Bond Principal Payment			16,160	
Amortization of investment premium and discount			(484)	
Amortization of bond premium and deferred loss			1,038	
Unrealized loss on investment			(16,887)	
Debt Reduction Fund Interest Earnings			1,986	
Other non-operating income/(loss)			(1,105)	
Other non-budgetary revenues/(expenses)			(5,768)	
Pension-related (GASB 68) & OPEB-related (GASB 75) expenses			(8,474)	
OPEB-related (GASB 87) lease income			2,597	
PERS employer contribution deferred			17,827	
Transfer to capital reserve			40,000	
Transfers in (net of transfers out)			588	
Depreciation			(85,526)	
Net change in net position, on a GAAP Basis			**$ 139,810**	

Note: Totals and subtotals may not be precise due to independent rounding.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance

Special Revenue Funds

For the year ended June 30,

(In thousands)

	2022							2021						
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total
Sales tax revenue	$ 258,470	$ 258,000	$ —	$ —	$ —	$ —	$ 516,470	$ 220,500	$ 220,362	$ —	$ —	$ —	$ —	$ 440,862
Federal grant revenues	3,486	—	1,603	1,042	—	—	6,131	17,398	—	2,084	1,039	—	—	20,521
State and local grants	6,624	—	912	71,388	2,427	15,890	97,241	10,173	—	912	61,434	2,447	16,292	91,258
Federal subsidy for Build America Bonds	8,379	—	—	—	—	—	8,379	8,759	—	—	—	—	—	8,759
Investment earnings	(5,211)	(21,142)	2	—	(93)	(692)	(27,136)	1,573	1,857	2	—	15	154	3,601
Assessment to member agencies	—	—	2,942	—	—	—	2,942	—	—	2,843	—	—	—	2,843
Other revenues	474	—	315	—	—	—	789	430	—	251	—	—	—	681
Administrative fees	—	—	140	—	—	—	140	—	—	164	—	—	—	164
Total Revenues	272,222	236,858	5,914	72,430	2,334	15,198	604,956	258,833	222,219	6,256	62,473	2,462	16,446	568,689
Capital expenditures on behalf of, and contribution to other agencies	(17,711)	(101,455)	(78)	(66,746)	—	—	(185,990)	(34,217)	(60,160)	(168)	(55,291)	—	—	(149,836)
Program payments	—	—	—	—	(2,835)	(17,346)	(20,181)	—	—	—	—	(2,238)	(15,529)	(17,767)
Debt Service:														
Principal	(35,015)	—	—	—	—	—	(35,015)	(33,680)	—	—	—	—	—	(33,680)
Interest	(37,051)	—	—	—	—	—	(37,051)	(27,258)	—	—	—	—	—	(27,258)
Salaries and benefits	(2)	(1,236)	(5,530)	—	—	—	(6,768)	—	(1,342)	(5,538)	—	—	—	(6,880)
Other expenditures	(564)	(36)	—	—	—	—	(600)	(1,438)	(15)	—	—	—	—	(1,453)
Professional services	—	(810)	(570)	—	—	—	(1,380)	—	(667)	(361)	—	—	—	(1,028)
Material and Services	—	—	(17)	—	—	—	(17)	—	—	(15)	—	—	—	(15)
Total Expenditures	(90,343)	(103,537)	(6,195)	(66,746)	(2,835)	(17,346)	(287,002)	(96,593)	(62,184)	(6,082)	(55,291)	(2,238)	(15,529)	(237,917)
Transfers out	(246,017)	(23,590)	—	(5,684)	—	—	(275,291)	(217,470)	(14,500)	—	(7,182)	—	—	(239,152)
Proceed from bond issuance	—	—	—	—	—	—	—	67,173	—	—	—	—	—	67,173
Payment for bond refunding	—	—	—	—	—	—	—	(68,234)	—	—	—	—	—	(68,234)
Change in fund balances	(64,138)	109,731	(281)	—	(501)	(2,148)	42,663	(56,291)	145,535	174	—	224	917	90,559
Fund balances, beginning of year	337,284	746,303	2,217	—	4,728	33,507	1,124,039	393,575	600,768	2,043	—	—	—	996,386
Restatement due to change in accounting principles - GASB 84	—	—	—	—	—	—	—	—	—	—	—	4,504	32,590	37,094
Fund balances, beginning of year as restated	337,284	746,303	2,217	—	4,728	33,507	1,124,039	393,575	600,768	2,043	—	4,504	32,590	1,033,480
Fund balances, end of year	$ 273,146	$ 856,034	$ 1,936	$ —	$ 4,227	$ 31,359	$1,166,702	$ 337,284	$ 746,303	$ 2,217	$ —	$ 4,728	$ 33,507	$1,124,039

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Fiduciary Net Position
Retiree Benefits Trust Funds
June 30, 2022
(In thousands)

			ATU Medical Trusts			
	ATU Pension Trust	OPEB Trust	Spousal Medical	Vision/ Dental	Total Medical Trusts	Total
ASSETS						
Cash and cash equivalents	$ 7,523	$ 2,682	$ 228	$ 161	$ 389	$ 10,594
Investments	611,810	353,845	22,797	16,051	38,848	1,004,503
Receivables	618	557	—	—	—	1,175
Due from other agencies	—	10	—	—	—	10
Total assets	619,951	357,094	23,025	16,212	39,237	1,016,282
LIABILITIES						
Accounts payable	94	230	—	—	—	324
Due to other funds	—	3,311	—	—	—	3,311
Unearned revenues	29	—	—	—	—	29
Total liabilities	123	3,541	—	—	—	3,664
NET POSITION						
Restricted for:						
Pension benefits	619,828	—	—	—	—	619,828
Other post-employment benefits	—	353,553	—	—	—	353,553
Spousal medical benefits	—	—	23,025	—	23,025	23,025
Retiree dental and vision benefits	—	—	—	16,212	16,212	16,212
TOTAL NET POSITION	$ 619,828	$ 353,553	$ 23,025	$ 16,212	$ 39,237	$1,012,618

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Changes in Fiduciary Net Position

Retiree Benefits Trust Funds

For the year ended June 30, 2022

(In thousands)

			ATU Medical Trusts			
	ATU Pension Trust	OPEB Trust	Spousal Medical	Vision/ Dental	Total Medical Trusts	Total
ADDITIONS						
Employee contributions	$ 5,674	$ —	$ 1,433	$ 359	$ 1,792	$ 7,466
Employer contributions	29,114	6,311	—	—	—	35,425
Total contributions	34,788	6,311	1,433	359	1,792	42,891
Investment earnings/(loss):						
Investment income	23,578	12,018	—	1	1	35,597
Net change in the fair value of investments	(77,537)	(40,835)	(2,639)	(1,859)	(4,498)	(122,870)
Investment expense	(3,867)	(2,281)	(9)	(7)	(16)	(6,164)
Net investment earnings/(loss)	(57,826)	(31,098)	(2,648)	(1,865)	(4,513)	(93,437)
Total additions	(23,038)	(24,787)	(1,215)	(1,506)	(2,721)	(50,546)
DEDUCTIONS						
Benefit payments	50,387	18,860	1,507	315	1,822	71,069
Services	—	—	3	—	3	3
Administrative expenses	416	181	—	—	—	597
Total deductions	50,803	19,041	1,510	315	1,825	71,669
Change in net position	(73,841)	(43,828)	(2,725)	(1,821)	(4,546)	(122,215)
Net position, beginning of year	693,669	397,381	25,750	18,033	43,783	1,134,833
Net position, end of year	$ 619,828	$ 353,553	$ 23,025	$ 16,212	$ 39,237	$ 1,012,618

STATISTICAL SECTION

FINANCIAL TRENDS:

These schedules contain trend information to help the reader understand how VTA's financial performance and financial condition changed over time:

REVENUE CAPACITY:

These schedules contain information to help the reader assess VTA's most significant local revenue source, the sales tax:

DEBT CAPACITY:

These schedules present information to help the reader assess the affordability of VTA's current levels of outstanding debt and VTA's ability to issue additional debt in the future:

DEMOGRAPHIC AND ECONOMIC INFORMATION:

These schedules offer demographic and economic indicators to help the reader understand the environment within which VTA's financial activities take place:

OPERATING INFORMATION:

Source: Unless otherwise indicated, the source of information presented in the Statistical Section is VTA's current or prior years' ACFR.

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Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position
Ten Years Ended June 30, 2022
(In thousands)

	2013	2014	2015	2016	2017 [1]	2018	2019	2020	2021	2022
EXPENSES										
Business-type activities:										
Transit										
Operations and Operating Projects	$ 375,086	$ 392,042	$ 407,618	$ 431,212	$ 471,655	$ 495,785	$ 487,725	$ 528,001	$ 638,943	$ 708,316
Caltrain Subsidy	13,700	7,291	8,390	8,414	8,390	8,967	10,790	10,800	10,800	9,120
Capital Expenses on behalf of, and contribution to other agencies	138,794	93,952	61,445	53,094	6,497	7,344	23,809	189,358	5,850	3,178
Altamont Corridor Express Subsidy	2,939	3,019	3,097	3,166	3,270	3,383	3,502	3,634	3,893	3,337
Interest Expense	31,655	27,088	15,204	11,330	7,326	6,972	13,060	6,464	5,972	5,206
Other Expenses	5,865	11,096	5,734	4,177	576	657	5,446	1,444	618	681
Benefit Payments	10,689	17,947	8,881	12,999	12,654	17,437	15,359	15,096	19,067	15,594
Total Business-Type Activities Expenses	578,728	552,435	510,369	524,392	510,368	540,545	559,691	754,797	685,143	745,432
Governmental activities:										
Congestion Management										
Operations and operating projects	7,622	7,544	8,071	8,228	8,868	8,159	8,122	6,533	7,923	8,165
Interest Expense	—	—	—	—	7,928	8,068	7,833	10,730	26,528	35,158
Program Payments	—	—	—	—	—	—	—	—	17,767	20,181
Other Expenses	—	—	—	—	2,352	1,452	1,155	2,277	1,453	600
Capital expenditures on behalf of, and contribution to other agencies [2]	34,270	36,252	20,295	11,399	89,556	68,188	53,663	169,105	149,836	185,990
Total governmental activities expenses	41,892	43,796	28,366	19,627	108,704	85,867	70,773	188,645	203,507	250,094
Total primary government expenses	620,620	596,231	538,735	544,019	619,072	626,412	630,464	943,442	888,650	995,526
PROGRAM REVENUES										
Business-type activities:										
Charges for services	41,821	42,420	43,054	42,316	40,194	42,434	44,720	37,897	22,253	40,221
Operating grants	142,577	148,669	134,796	126,988 [3]	115,191	130,919	160,967	214,022	221,874	316,428
Capital grants	272,950	193,899	277,421	271,057	38,713	58,259	53,855	29,212	20,133	10,643
Total business-type activities program revenues	457,348	384,988	455,271	440,361	194,098	231,612	259,542	281,131	264,260	367,292
Governmental activities:										
Charges for services	2,520	2,519	2,526	2,529	2,549	2,664	2,814	3,044	3,007	3,082
Operating grants	1,775	2,424	2,096	16,585 [4]	172,844	107,957	112,348	131,088	120,538	111,751
Capital grants	37,612	38,989	22,964	—	—	—	—	—	—	—
Total governmental activities program revenues	41,907	43,932	27,586	19,114	175,393	110,621	115,162	134,132	123,545	114,833
Total primary government revenues	499,255	428,920	482,857	459,475	369,491	342,233	374,704	415,263	387,805	482,125
NET PROGRAM (EXPENSES)/REVENUES										
Business-type activities	(121,380)	(167,447)	(55,098)	(84,031)	(316,270)	(308,933)	(300,149)	(473,666)	(420,883)	(378,140)
Governmental activities	15	136	(780)	(513)	66,689	24,754	44,389	(54,513)	(79,962)	(135,261)
Total primary government net program (expenses)/revenues	(121,365)	(167,311)	(55,878)	(84,544)	(249,581)	(284,179)	(255,760)	(528,179)	(500,845)	(513,401)

Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position (continued)
Ten Years Ended June 30, 2022
(In thousands)

	2013	2014	2015	2016	2017 [1]	2018	2019	2020	2021	2022
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Business-type activities:										
Sales tax revenue	395,163	417,486	446,374	460,316	259,029	257,380	295,873	260,596	274,498	321,768
Investment income	316	9,861	9,420	19,102	2,055	3,222	27,033	29,294	5,197	(22,637)
Proceeds from sale of land	4,052	—	16,732	—	—	—	—	—	—	—
Federal subsidy for Build America Bonds	9,126	8,755	8,715	—	—	—	—	—	—	—
Other income	3,254	7,325	4,261	3,335	5,233	3,317	7,237	5,494	2,874	3,198
Transfers	—	—	—	—	286,989	250,769	297,919	297,934	239,152	275,291
Total business-type activities	411,911	443,427	485,502	482,753	553,306	514,688	628,062	593,318	521,721	577,620
Governmental activities:										
Sales tax revenue	—	—	—	—	208,672	207,870	474,538	419,209	440,862	516,470
Investment income	8	23	9	16	2,411	2,813	24,782	39,482	3,601	(27,136)
Other income	115	279	250	155	531	760	628	1,086	681	789
Transfers	—	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)	(275,291)
Extraordinary item[5]	—	—	—	—	—	—	256,090	—	—	—
Total governmental activities	123	302	259	171	(129,068)	(39,326)	458,119	161,843	205,992	214,832
TOTAL PRIMARY GOVERNMENT	412,034	443,729	485,761	482,924	424,238	475,362	1,086,181	755,161	727,713	792,452
CHANGE IN NET POSITION										
Business-type activities	290,531	275,980	430,404	398,722	290,729	205,755	327,913	119,652	100,838	199,480
Governmental activities	138	438	(521)	(342)	(62,379)	(14,572)	502,508	107,330	126,030	79,571
Total primary government	$ 290,669	$ 276,418	$ 429,883	$ 398,380	$ 228,350	$ 191,183	$ 830,421	$ 226,982	$ 226,868	$ 279,051

[1]FY 2017 was restated due to change of 2000 Measure A Program Fund from enterprise to governmental in FY 2018.

[2]In FY2020, the contributions to other agencies and capital projects for the benefit of other agencies were pooled into one account.

[3]Starting with FY 2016, BABs subsidy was reported under Program Revenues-Operating Grants.

[4]Capital Grants under governmental activities were reported under Operating Grants starting with FY 2016. These grants operate assets that will be owned by other entities.

[5]This represents collections of 2016 Measure B Sales Tax prior to FY2019.

Table 2
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends - Net Position by Component
Ten Years Ended June 30, 2022
(In thousands)

	2013	2014	2015 [1]	2016	2017 [2]	2018 [3]	2019	2020	2021	2022
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$2,481,805	$2,613,290	$2,950,181	$3,394,540	$4,616,263	$4,839,251	$5,058,104	$5,059,705	$5,078,709	$5,097,498
Restricted	649,724	759,608	822,834	789,000	11,572	9,910	6,003	9,286	10,388	10,030
Unrestricted	321,948	356,559	197,852	186,049	384,850	411,441	524,408	639,176	719,908	900,957
Total Business-Type Activities Net Position	3,453,477	3,729,457	3,970,867	4,369,589	5,012,685	5,260,602	5,588,515	5,708,167	5,809,005	6,008,485
GOVERNMENTAL ACTIVITIES										
Restricted	1,582	2,020	1,499	1,157	72,868	56,746	597,807	790,771	914,620	983,898
Unrestricted	—	—	—	—	(486,458)	(484,907)	(523,460)	(609,094)	(569,819)	(559,526)
Total Governmental-Type Activities Fund Balance	1,582	2,020	1,499	1,157	(413,590)	(428,161)	74,347	181,677	344,801	424,372
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	2,481,805	2,613,290	2,950,181	3,394,540	4,616,263	4,839,251	5,058,104	5,059,705	5,078,709	5,097,498
Restricted	651,306	761,628	824,333	790,157	84,440	66,656	603,810	800,057	925,008	993,928
Unrestricted	321,948	356,559	197,852	186,049	(101,608)	(73,466)	948	30,082	150,089	341,431
Total Primary Governmental Net Position	$3,455,059	$3,731,477	$3,972,366	$4,370,746	$4,599,095	$4,832,441	$5,662,862	5,889,844	6,153,806	$6,432,857
Restatement due to GASB84 implemented in FY2021 [4]								37,094	—	
Restated Total Primary Governmental Net Position								$5,926,938	$6,153,806	

[1] FY 2015 was restated by $189.0 million due to implementation of GASB68.

[2] FY 2017 was restated due to change of 2000 Measure A Program Fund from enterprise to governmental in FY 2018.

[3] FY 2018 was restated by $42.2 million due to implementation of GASB75.

[4] FY 2021 was restated due to implementation of GASB 84. This required the transfer of BAAQ and VRF funds from Agency to Governmental as assets derived from pass-through grants for which the government has administrative or direct financial involvement should be reported with the governmental or business-type activities.

Table 3
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends – Fund Balances and Changes in Fund Balances, Governmental Funds
Ten Years Ended June 30, 2022
(Modified Accrual Basis of Accounting)
(In thousands)

	Fiscal Years									
	2013	2014	2015	2016	2017 [1]	2018	2019	2020	2021	2022
REVENUES										
Member Agency Assessment Revenue	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,528	$ 2,654	$ 2,880	$ 2,843	$ 2,942
Federal Technical Studies Operating Assistance Grants	1,014	1,728	1,371	1,887	1,219	2,178	2,439	2,171	2,084	1,603
Administrative Fees	113	112	119	122	142	136	160	164	164	140
Federal, State and Local Grant Revenues	38,373	39,685	23,689	14,698	162,872	96,995	101,102	120,080	109,695	101,769
Federal subsidy for Build American Bonds	—	—	—	—	8,753	8,784	8,807	8,837	8,759	8,379
Sales tax revenue	—	—	—	—	208,672	207,870	474,538	419,209	440,862	516,470
Investment Earnings	8	23	9	16	2,411	2,813	24,782	39,482	3,601	(27,136)
Other Revenues	115	279	250	155	531	760	628	1,086	681	789
Total Revenues	42,030	44,234	27,845	19,285	387,007	322,064	615,110	593,909	568,689	604,956
EXPENDITURES										
Congestion Management - Current:										
VTA Labor and Overhead Costs	7,044	7,160	6,826	7,031	6,128	7,328	7,487	5,637	6,880	6,768
Professional Services	563	359	1,225	1,176	2,721	817	619	881	1,028	1,380
Program Expenditures	15	25	19	21	19	14	16	15	15	17
Program Payments	—	—	—	—	—	—	—	—	17,767	20,181
Other expenditures	—	—	1	—	2,352	1,452	1,155	2,277	1,453	600
Debt Service:										
Principal	—	—	—	—	28,160	29,530	30,575	32,080	33,680	35,015
Interest	—	—	—	—	10,721	10,107	9,745	12,105	27,258	37,051
Capital expenditures on behalf of, and contribution to other agencies [2]	34,270	36,252	20,295	11,399	89,556	68,188	53,663	169,105	149,836	185,990
Total Expenditures	41,892	43,796	28,366	19,627	139,657	117,436	103,260	222,100	237,917	287,002
Excess (Deficiency) of Revenues Over Expenditures	138	438	(521)	(342)	247,350	204,628	511,850	371,809	330,772	317,954
OTHER FINANCING SOURCES (USES):										
Transfers Out	—	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)	(275,291)
Bond issuance, net	—	—	—	—	—	—	—	—	(1,061)	—
Extraordinary Items[3]	—	—	—	—	—	—	256,090	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	(340,682)	(250,769)	(41,829)	(297,934)	(239,152)	(275,291)
Net Change in Fund Balances	138	438	(521)	(342)	(93,332)	(46,141)	470,021	73,875	91,620	42,663
TOTAL GOVERNMENTAL FUNDS										
Restricted – Special Revenue Funds	1,582	2,020	1,499	1,157	500,293	454,153	922,511	996,386	1,124,039	1,166,702
Unassigned – Special Revenue Funds	—	—	—	—	(1,663)	(1,663)	—	—	—	—
Total Governmental Funds	$ 1,582	$ 2,020	$ 1,499	$ 1,157	$498,630	$452,490	$922,511	$996,386	$1,124,039	$1,166,702
Ratio of debt service expenditures to non-capital expenditures	— %	— %	— %	— %	38.58 %	50.95 %	64.06 %	24.83 %	34.43 %	33.53 %

[1] FY 2017 was restated due to change of 2000 Measure A Program Fund from enterprise to governmental in FY 2018.

[2] In FY2020, the contributions to other agencies and capital improvement projects were pooled into one account.

[3] In FY2019, $256.1million in revenue was recognized after litigation concluded for 2016 Measure B half-cent Sales Tax.

Table 4

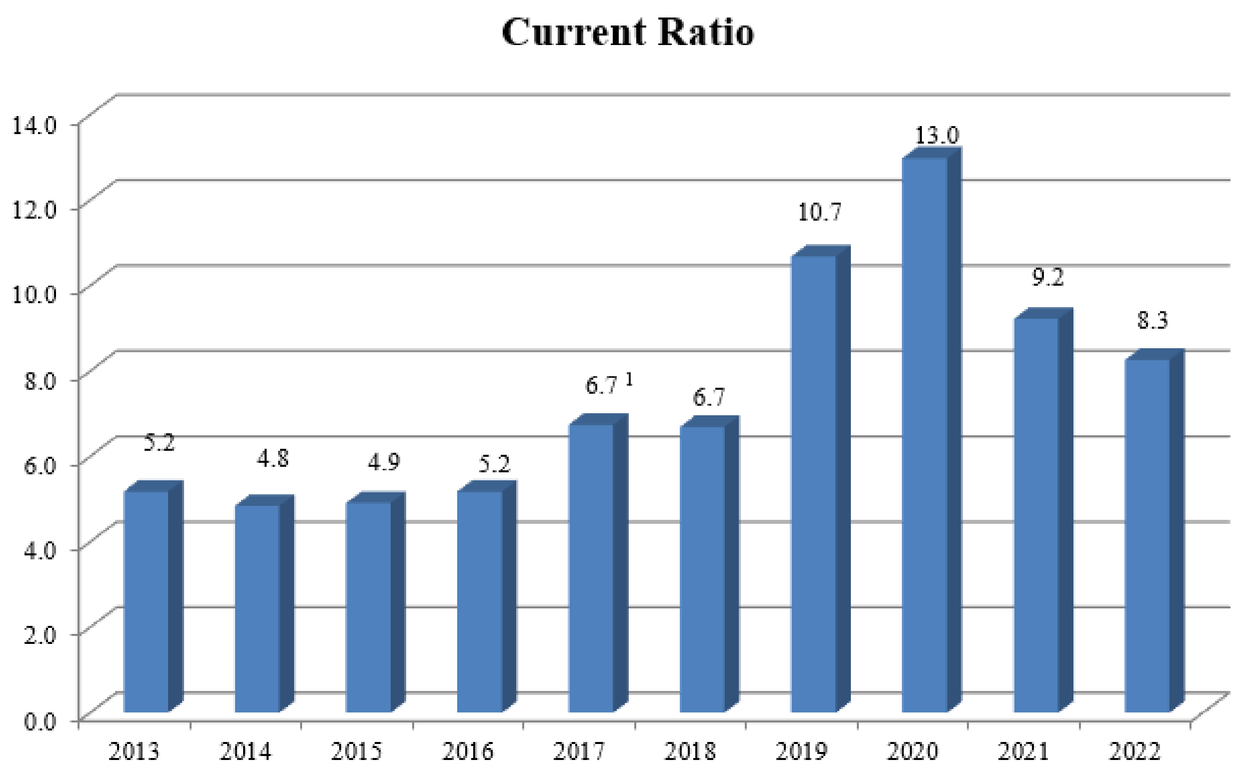
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends – Current Ratio

Enterprise Funds

Ten Years Ended June 30, 2022

The Current Ratio indicates VTA's ability to meet all of its short-term liabilities with liquid assets and is determined by dividing total current assets and restricted assets by all current liabilities and liabilities payable from restricted assets. A Current Ratio of 1 or higher is an indication of financial strength.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current and Restricted Assets ($000's)	$1,098,625	$1,284,402	$1,375,968	$1,332,998	$ 685,914	$ 700,885	$ 793,181	$ 945,004	$1,048,635	$1,253,369
Current and Restricted Liabilities ($000's)	212,127	265,298	280,262	257,399	101,779	104,929	74,239	72,785	113,727	151,758
Net Working Capital ($000's)	$ 886,498	$1,019,104	$1,095,706	$1,075,599	$ 584,135	$ 595,956	$ 718,942	$ 872,219	$ 934,908	$1,101,611
Current Ratio	5.2	4.8	4.9	5.2	6.7	6.7	10.7	13.0	9.2	8.3

[1]FY 2017 was restated due to change of 2000 Measure A Program Fund from enterprise to governmental in FY 2018.

Table 5

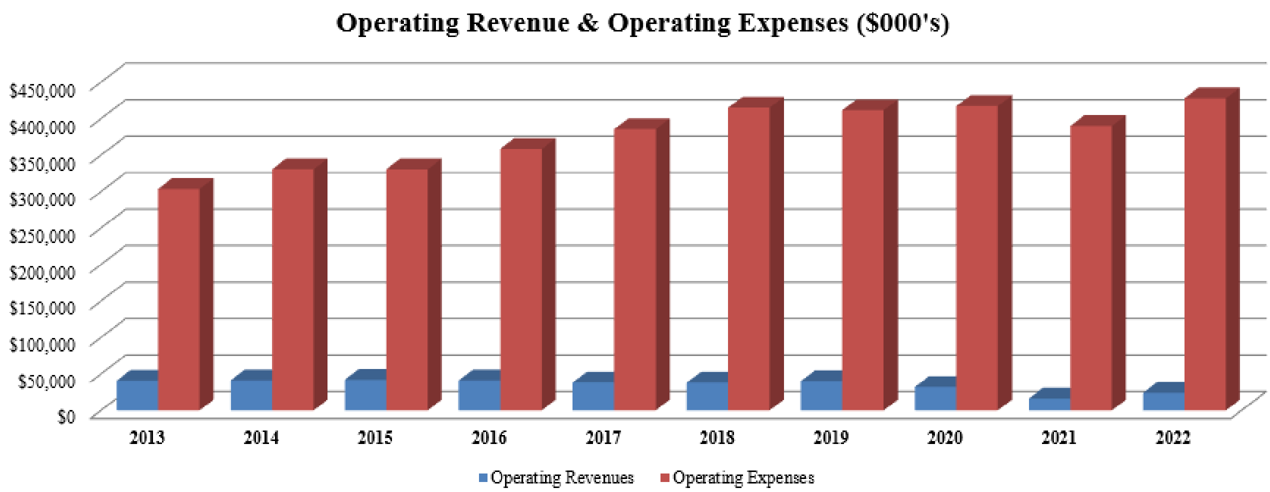
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Operating Revenues & Operating Expenses

VTA Transit

Ten Years Ended June 30, 2022

The chart below shows a comparison of operating revenues to expenses. Operating revenues exclude paratransit fares and charges for services (which in FY 2022, included lease income from GASB 87 implementation). Operating expenses are exclusive of purchased transportation and depreciation to more accurately reflect operating expenses related to direct operating service.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Revenues	$40,772	$ 41,198	$41,897	$41,042	$ 38,261	$38,160	$40,201	$32,199	$16,311	$23,942
Operating Expenses	303,622	330,614	330,466	358,538	385,528	414,975	411,524	417,206	390,099	427,859

Table 6

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

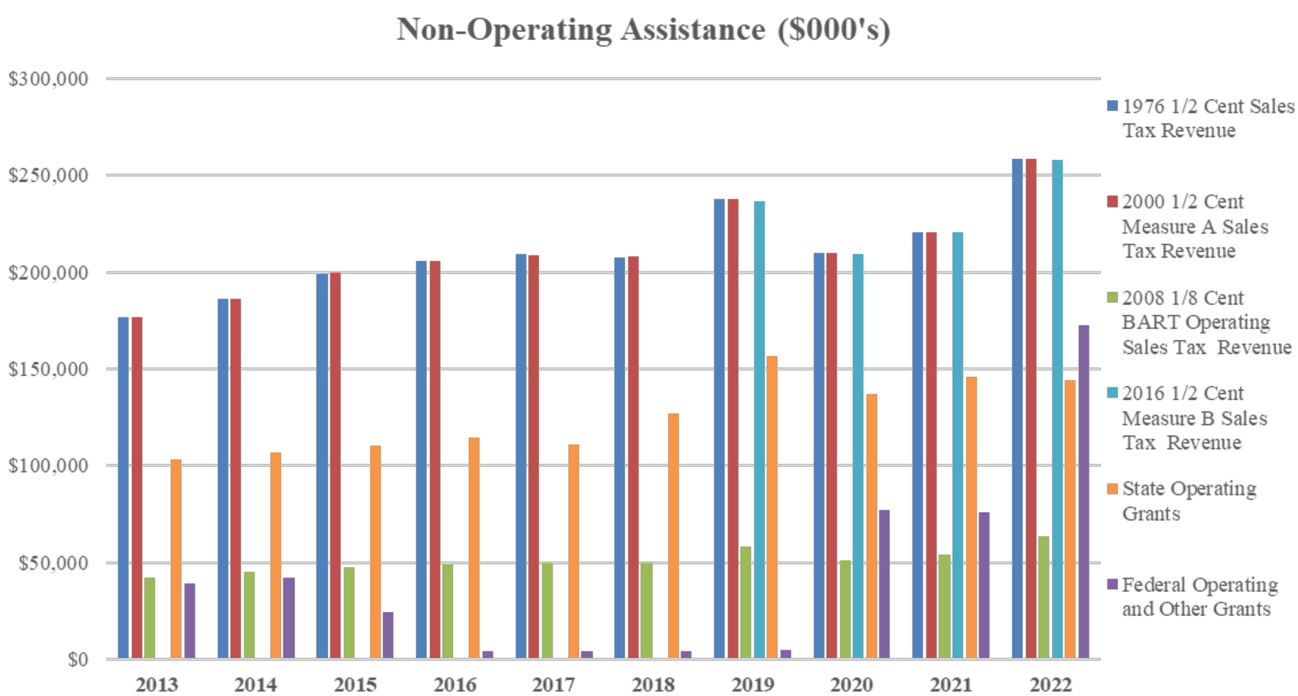
Financial Trends - Non-Operating Assistance

Sales Tax Revenues and Enterprise Operating Grants

Ten Years Ended June 30, 2022

(In thousands)

The following chart illustrates trends in selected non-operating revenue sources. Sales tax revenue is the largest non-operating revenue source shown in the following graph.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1976 1/2 Cent Sales Tax Revenue	$176,716	$186,431	$199,221	$205,418	$209,005	$ 207,589	$ 237,869	$209,828	$220,581	$258,474
2000 1/2 Cent Measure A Sales Tax Revenue [1]	176,533	186,302	199,653	205,636	208,672	207,870	237,874	209,885	220,500	258,470
2008 1/8 Cent BART Operating Sales Tax Revenue [2]	41,914	44,753	47,500	49,262	50,024	49,791	58,004	50,768	53,917	63,294
2016 1/2 Cent Measure B Sales Tax Revenue [3]	—	—	—	—	—	—	236,664	209,324	220,362	258,000
State Operating Grants	103,213	106,439	110,243	114,135	110,959	126,689	156,565	137,081	145,778	143,814
Federal Operating and Other Grants[4]	39,364	42,230	24,553	4,105	4,232	4,230	4,402	76,941	76,096	172,614

[1]The collection of VTA's 2000 Measure A Sales Tax started on April 1, 2006.

[2]The collection of 1/8 cent sales tax for BART Operating started on July 1, 2012.

[3]The collection of 1/2 cent sales tax for 2016 Measure B started in April 2017; however, sales tax was only recognized as revenues beginning in FY 2019 after litigation on the Measure was resolved favorably for VTA in January 2019.

[4]Included relief funds primarily from Coronavirus, Aid, Relief and Economic Security (CARES) of $72.9 million in FY 2020 and $67.7 million in FY 2021, as well as Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan (ARP) of $167.8 million in FY 2022.

Table 7

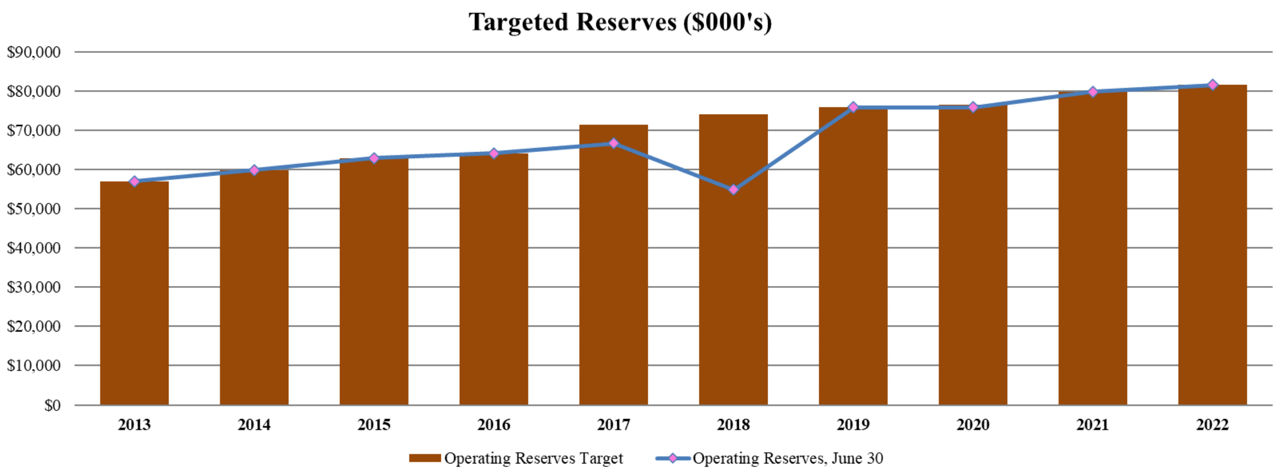
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Targeted Operating Reserves

VTA Transit Fund

Ten Years Ended June 30, 2022

The policy adopted by the VTA Board established an operating reserve goal of 15% of subsequent year's final operating budget. To calculate the actual reserve at fiscal year-end, total current assets are reduced by total current liabilities (except current portion of long-term debt). Current Net Position is then reduced by inventory and other current assets to reach a current operating reserve total.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Assets, excluding restricted asset	$101,726	$110,906	$124,284	$130,096	$143,377	$136,012	$159,219	$144,854	$ 151,432	$ 185,309
Total Current Liabilities, excluding restricted liability	(24,329)	(29,790)	(36,878)	(32,334)	(40,030)	(44,540)	(46,997)	(36,989)	(41,412)	(72,044)
Current Net Position	$ 77,397	$ 81,116	$ 87,406	$ 97,762	$103,347	$ 91,472	$112,222	$107,865	$ 110,020	$ 113,265
Less: Inventory & Other Current Assets	(20,373)	(21,289)	(24,469)	(33,615)	(36,688)	(36,665)	(36,408)	(32,051)	(30,239)	(31,688)
Operating Reserves, June 30	$ 57,024	$ 59,827	$ 62,937	$ 64,147	$ 66,659	$ 54,807	$ 75,814	$ 75,814	$ 79,781	$ 81,577
Operating Reserves Target	$ 57,024	$ 59,827	$ 62,937	$ 64,147	$ 71,322	$ 73,979	$ 75,814	$ 76,485	$ 79,781	$ 81,577

Table 8
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Revenue Capacity – Revenue Base and Revenue Rates
Ten Years Ended June 30, 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Passenger Fares[1] (In thousands)	$38,331	$38,372	$39,108	$37,663	$33,719	$34,511	$35,773	$27,318	$14,773	$25,067
Percentage Increase/(Decrease) from Prior Year	1.6%	0.1%	1.9 %	(3.7)%	(10.5)%	2.3 %	3.7 %	(23.6)%	(45.9)%	69.7%
Revenue Base										
Number of Passengers[2]	43,174,646	43,428,492	43,944,096	42,918,436	38,189,131	36,555,500	35,465,604	27,968,308	11,876,114	17,465,232
Percentage Increase/(Decrease) from Prior Year	1.8 %	0.6%	1.2 %	(2.3)%	(11.0)%	(4.3)%	(3.0)%	(21.1)%	(57.5)%	47.1%
Fare Structure										
Adult Local Fare	$2.00	$2.00	$2.00	$2.00	$2.00	$2.25	$2.50	$2.50	$2.50	$2.50
Youth Local Fare	1.75	1.75	1.75	1.75	1.75	1.00	1.25	1.25	1.25	1.25
Senior/Disabled Local Fare	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sales Tax Revenues (In thousands)										
1976 1/2Cent Sales Tax[3]	$ 176,716	$ 186,431	$ 199,221	$ 205,418	$ 209,005	$ 207,589	$ 237,869	$ 209,828	$ 220,581	$ 258,474
2000 Measure A 1/2Cent Sales Tax[4]	176,533	186,302	199,653	205,636	208,672	207,870	237,874	209,885	220,500	258,470
2008 1/8 Cent BART Operating Sales Tax[5]	41,914	44,753	47,500	49,262	50,024	49,791	58,004	50,768	53,917	63,294
2016 Measure B 1/2 Cent Sales Tax[6]	—	—	—	—	—	—	236,664	209,324	220,362	258,000
Total Sales Tax Revenue Receipts[7]	$ 395,163	$ 417,486	$ 446,374	$ 460,316	$ 467,701	$ 465,250	$ 770,411	$ 679,805	$ 715,360	$ 838,238
Percentage Increase/(Decrease) from Prior Year										
1976 1/2 Cent Sales Tax	6.1 %	5.5%	6.9 %	3.1 %	1.7 %	(0.7)%	14.6 %	(11.8)%	5.1%	17.2%
2000 Measure A 1/2 Cent Sales Tax	6.2 %	5.5%	7.2 %	3.0 %	1.5 %	(0.4)%	14.4 %	(11.8)%	5.1%	17.2%
2008 1/8 Cent BART Operating Sales Tax	N/A	6.8 %	6.1 %	3.7 %	1.5 %	(0.5)%	16.5 %	(12.5)%	6.2%	17.4%
2016 Measure B 1/2 Cent Sales Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(11.6)%	5.3%	17.1%

[1]Includes fares for bus and rail services. Despite initial recognition of Bart Operating Fares in FY 2021, farebox was negatively impacted by the pandemic.

[2]Represents bus and rail ridership total boarding. Source: VTA Operations Division - June 2022 Preliminary Operating Statistics.

[3]The 1976 half-cent sales tax was approved by County voters in 1976 to fund VTA's transit operations and transportation improvement.

[4]The 2000 Measure A half-cent sales tax was approved by County voters in 2000 to fund specific transportation improvement projects. The collection of this half-cent tax measure started in April 2006.

[5]The 2008 1/8 cent Sales Tax was approved by County voters in 2008 to fund BART operating activities. The collection of this 1/8 cent tax measure started in July 2012.

[6]The 2016 Measure B half-cent Sales Tax was approved by County voters in 2016 to fund enhancement of transit, highways, expressways and active transportation. The collection of 1/2 cent sales tax for 2016 Measure B started in April 2017; however, utilization of funds was deferred until litigation of the measure was settled in 2019.

[7]VTA receives sales tax based on the total taxable sales activity in the County.

Table 9
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Revenue Capacity - Sales Tax Rates
Ten Years Ended June 30, 2022

Fiscal Year	State	City	VTA[1]	Total
2013[2]	6.63%	1.00%	1.12%	8.75%
2014	6.63%	1.00%	1.12%	8.75%
2015	6.63%	1.00%	1.12%	8.75%
2016[3]	6.38%	1.25%	1.12%	8.75%
2017[4]	6.12%	1.25%	1.63%	9.00%
2018	6.12%	1.25%	1.63%	9.00%
2019	6.12%	1.25%	1.63%	9.00%
2020	6.12%	1.25%	1.63%	9.00%
2021	6.12%	1.25%	1.63%	9.00%
2022[5]	6.12%	1.375%	1.63%	9.125%

[1] VTA has four specific sales tax measures approved by the voters. The 1976 half-cent sales tax measure was approved by voters in 1976 and does not have a sunset clause. The 2000 Measure A half-cent sales tax was approved in the 2000 General Election and became effective on April 1, 2006. The 30-year sales tax measure will sunset on March 31, 2036. On November 4, 2008, the voters of Santa Clara County approved 2008 Measure B. This 30-year eighth-cent sales and use tax, effective July 1, 2012, is dedicated solely to providing the operating and maintenance expenses and capital reserve contribution for the Silicon Valley BART Extension. On April 1, 2017, a half-cent sales tax also known as 2016 Measure B Sales Tax became effective in Santa Clara county for Silicon Valley Transportation Solutions Tax.

[2] There was a 0.125% increase for Bart Operation and Maintenance tax effective July 1, 2012. Due to the approval of Proposition 30, the statewide base sales and use tax rate increased by 0.25% effective January 1, 2013. The higher tax rate will apply for four years- January 1, 2013 through December 31, 2016. Effective 4/1/2013, there was a 0.125% increase for Retail Transactions and Use tax.

[3] Effective January 1, 2016, statewide base sales and use tax rate decreased by 0.25% to 6.38%, local sales and use tax under Bradley-Burns Uniform local Sales and Use Tax law increase to 1.25%.

[4] Beginning April 1, 2017, Santa Clara Transportation Solution Tax also known as 2016 Measure B Sales tax became effective.

[5] Effective July 1, 2021, local sales and use tax increased by 0.125%.

Source: California Department of Tax and Fee Administration

Table 10

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Revenue Capacity - Principal Sales Tax Payers in Santa Clara County by Segments

(In millions)

	Fiscal Year 2021[1]			Fiscal Year 2012		
Principal Revenue Payers	**Rank**	**Percentage of Taxable Sales**	**Taxable Sales Amount**	**Rank**	**Percentage of Taxable Sales**	**Amount**
Retail Trade	1	54.7 %	$ 23,681	1	53.0 %	$ 17,930
Manufacturing	2	16.1 %	6,988	2	18.1 %	6,132
Accommodation and Food Services	3	8.9 %	3,834	3	10.4 %	3,505
Construction	4	5.6 %	2,415	4	4.1 %	1,401
Agriculture, Forestry, Fishing and Hunting	5	3.8 %	1,644	5	3.7 %	1,267
Mining, Quarrying, and Oil and Gas Extraction	6	3.3 %	1,436	6	3.4 %	1,167
Utilities	7	2.5 %	1,066	7	2.4 %	799
Educational Services	8	1.7 %	727	8	1.4 %	484
Real Estate and Rental and Leasing	9	0.9 %	404	9	1.2 %	407
Information	10	0.9 %	401	11	0.8 %	261
Other Services (except Public Administration)	11	0.7 %	294	10	0.8 %	283
Professional, Scientific, and Technical Services	12	0.5 %	237	12	0.5 %	165
Total All Other Outlets[2]	13	0.4 %	192	13	0.2 %	72
Total		100.0 %	$ 43,319		100.0 %	$ 33,873

[1] 2022 data is not available at the time of printing.

[2] This category is made up of diverse manufacturers and wholesalers, construction contractors, petroleum producer, and a multitude of professional services.

Source: California Department of Tax and Fee Administration as compiled by MuniServices

Table 11

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Total Outstanding Debt by Type

Ten Years Ended June 30, 2022

(In thousands)

	Business-type Activities		Governmental Activities	
Fiscal Year	**Silicon Valley Express Lanes State Route 237 Loan**	**1976 Sales Tax Revenue Bonds**	**2000 Sales Tax Revenue Bonds**	**Total Outstanding Debt**
2013	$ —	$ 209,007	$ 1,021,127	$ 1,230,134
2014	—	210,536	983,255	1,193,791
2015	—	199,054	961,711	1,160,765
2016	—	184,116	932,049	1,116,165
2017	—	168,877	901,545	1,070,422
2018	2,126	154,230	870,348	1,026,704
2019	15,287	145,182	838,218	998,687
2020	23,307	129,695	805,056	958,058
2021	23,302	113,160	769,949	906,411
2022	23,247	95,035	734,086	852,368

Table 12

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity - Ratios of Outstanding Debt

Ten Years Ended June 30, 2022

Fiscal Year	Total Outstanding Debt * (In thousands)	Total County Taxable Sales and Express Lane Toll Revenues (In thousands)	Total Debt as a % of Taxable Sales and Toll Revenues	Personal Income[1] (In thousands)	Total Debt as a % of Personal Income	Santa Clara County Population (In thousands)	Total Debt per Capita
2013	$ 1,230,134	$ 37,013,000	3.32%	$ 130,624,491	0.94%	1,842	$ 668
2014	1,193,791	38,318,000	3.12%	141,873,705	0.84%	1,894	630
2015	1,160,765	40,617,475	2.86%	158,728,715	0.73%	1,918	605
2016	1,116,165	41,202,462	2.71%	170,672,534	0.65%	1,919	582
2017	1,070,422	41,951,812	2.55%	190,001,690	0.56%	1,938	552
2018	1,026,704	42,372,627	2.42%	209,019,944	0.49%	1,947	527
2019	998,687	44,323,768	2.25%	223,624,580	0.45%	1,954	511
2020	958,058	41,968,993	2.28%	235,835,442	0.41%	1,962	488
2021	906,411	44,117,964	2.05%	238,193,796	0.38%	1,934	469
2022	852,368	51,699,000	1.65%	240,575,734	0.35%	1,895	450

[1] Actual personal income is available through Fiscal Year 2020. FY 2021 and 2022 assume a 1% increase over the prior year's numbers.

* The total outstanding debt is pledged by VTA's sales tax revenues, which were approved by Santa Clara County voters as follows: The 1976 1/2 cent Sales Tax measure in 1976 and the 2000 Measure A 1/2 cent Sales Tax. Collection of the 2000 Measure A 1/2 cent Sales Tax began in April 2006. The total outstanding debt also includes debt relating to Santa Clara Express Lanes Program, secured by toll revenues.

Table 13

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Direct and Overlapping Debt and Debt Limitation

Santa Clara Valley Transportation Authority does not have overlapping debt with other governments or a legal debt limit.

Table 14

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Pledged Revenue Coverage – 1976 Half-Cent Sales Tax Revenue Bonds

Ten Years Ended June 30, 2022

(In thousands)

	Available	Annual Debt Service [1]			
Fiscal Year	**Sales Tax Revenue**	**Principal**	**Interest[2]**	**Total**	**Coverage**
2013	$ 176,716	$ 10,400	$ 9,194	$ 19,594	9.0
2014	186,431	10,435	9,766	20,201	9.2
2015	199,221	10,705	7,965	18,670	10.7
2016	205,418	14,310	7,485	21,795	9.4
2017	209,005	14,820 [3]	7,325	22,145	9.4
2018	207,589	14,322	6,972	21,294	9.7
2019	237,869	11,403	13,060 [4]	24,463	9.7
2020	209,828	14,733	6,464	21,197	9.9
2021	220,581	15,342	5,419	20,761	10.6
2022	258,474	16,160	3,694	19,854	13.0

[1] This schedule includes Junior and Senior Lien debts.

[2] FY 2022 reflects interest only. Prior years included bond-related fees.

[3] Restated to exclude $10 million of principal payment due to refinancing activity in FY 2017.

[4] This includes $5.7 million of swap termination cost associated with the termination of three swap agreements hedging the 1976 Sales Tax 2008 bonds.

Table 15
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Pledged Revenue Coverage – 2000 Measure A Half-Cent Sales Tax Revenue Bonds

Ten Years Ended June 30, 2022

(In thousands)

Fiscal Year	Available Sales Tax Revenue	Annual Debt Service Principal	Annual Debt Service Interest[1]	Total	Coverage[2]
2013	$ 176,533	$ 2,625	$ 44,262	$ 46,887	3.8
2014	186,302	24,595	45,577	70,172	2.7
2015	199,653	25,775	45,086	70,861	2.8
2016	205,636	26,965	44,118	71,083	2.9
2017	208,672	28,160	43,783	71,943	2.9
2018	207,870	29,530	42,954	72,484	2.9
2019	237,874	30,575	40,866	71,441	3.3
2020	209,885	32,080	40,319	72,399	2.9
2021	220,500	33,680	37,428	71,108	3.1
2022	258,470	35,015	34,212	69,227	3.7

[1] FY 2022 reflects interest only. Prior years included bond-related fees.

[2] Bond indenture requires VTA to maintain coverage ratio of at least 1.3.

Table 16

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity - Projected Pledged Revenue Coverage

(Proforma and Unaudited)

The table below presents a five-year projection of debt service coverage based on estimates of the 1976 Sales Tax Revenues for the five years ending June 30, 2023 through 2027.

1976 Sales Tax Revenues and Senior Lien Debt Service Coverage
Fiscal Years Ending June 30, 2023 – 2027 (Proforma and Unaudited)
($ in thousands)

Fiscal Year Ending June 30	Projected Sales Tax Revenue	Percent Increase/ (Decrease)[1]*	Aggregate Debt Service[2]	Projected Coverage
2023	$ 251,631	(2.65)%	$ 20,831	12.08
2024	250,678	(0.38)%	20,782	12.06
2025	255,867	2.07 %	20,718	12.35
2026	261,113	2.05 %	20,737	12.59
2027	266,413	2.03 %	3,873	68.79

The table below presents a five-year projection of debt service coverage for the Measure A Bonds, based on estimates of the 2000 Measure A Sales Tax Revenues for the five years ending June 30, 2023 through 2027.

2000 Measure A Sales Tax Revenues and Debt Service Coverage
Fiscal Years Ending June 30, 2023 – 2027 (Proforma and Unaudited)
($ in thousands)

Fiscal Year Ending June 30,	Projected Sales Tax Revenue	Percent Increase/ (Decrease)[1]*	Aggregate Debt Service[4]	Projected Coverage[3]
2023	$ 251,631	(2.65)%	$ 70,750	3.56
2024	250,678	(0.38)%	70,387	3.56
2025	255,867	2.07%	71,069	3.60
2026	261,113	2.05%	71,259	3.66
2027	266,413	2.03%	70,880	3.76

[1] Source: Growth rates provided by outside economists.

[2] Includes actual debt service on the 2017 Series B and 2018 Series A Bonds. This declines in FY 2027 because 2018 bonds mature on June 1, 2026.

[3] Excludes debt service for certain 2015 Bonds that have been advance refunded and legally defeased.

[4] Includes scheduled debt service on the 2010 Bonds, 2015 Bonds and 2020 Bonds, and calculated debt service for the 2008 Bonds based on the fixed interest rate of 3.765% as established in the 2008 Swap Agreement.

*No assurance is given that actual results will meet the forecasts.

Table 17
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Demographic and Economic Data - Population Trends

According to population estimates provided by the State of California, the number of residents in Santa Clara County continued to decrease by approximately 0.03 % in 2022 as compared to the 2020 Census.

A historical summary of population in the County and its incorporated cities is provided in the following table:

County of Santa Clara Population

	1970	1980	1990	2000	2010	2020	2022
Campbell	24,731	26,843	36,048	38,138	39,349	42,288	42,833
Cupertino	18,216	34,297	40,263	50,546	58,302	59,549	59,610
Gilroy	12,665	21,641	31,487	41,464	48,821	57,084	59,269
Los Altos	24,872	25,769	26,303	27,693	28,976	30,876	31,526
Los Altos Hills	6,862	7,421	7,514	7,902	7,922	8,413	8,400
Los Gatos	23,466	26,906	27,357	28,592	29,413	31,439	33,062
Milpitas	27,149	37,820	50,686	62,698	66,790	77,961	80,839
Monte Sereno	3,074	3,434	3,287	3,483	3,341	3,594	3,488
Morgan Hill	6,485	17,060	23,928	33,556	37,882	46,454	46,451
Mountain View	54,206	58,655	67,460	70,708	74,066	82,272	83,864
Palo Alto	55,999	55,225	55,900	58,598	64,403	69,226	67,473
San Jose	445,779	629,400	782,248	894,943	945,942	1,049,187	976,482
Santa Clara	87,717	87,700	93,613	102,361	116,468	129,104	130,127
Saratoga	27,199	29,261	28,061	29,843	29,926	31,030	30,667
Sunnyvale	95,408	106,618	117,229	131,760	140,081	156,503	156,234
Unincorporated	152,181	127,021	106,193	100,300	89,960	86,989	84,458
County Total[1]	1,066,009	1,295,071	1,497,577	1,682,585	1,781,642	1,961,969	1,894,783
California	18,136,045	23,668,145	29,760,021	33,871,648	37,253,956	39,782,870	39,185,605

[1]Totals may not be precise due to independent rounding.

Source: U.S. Census; State of California, Department of Finance, Demographic Research Unit.

Table 18

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Demographic and Economic Data - Income and Unemployment Rates

Ten Years Ended June 30, 2022

Year	Santa Clara County Personal Income (In thousands) [1, 2]	Santa Clara County Per Capita Personal Income [1, 2]	Unemployment Rate[3]
2013	$ 130,624,491	$ 70,151	6.8%
2014	141,873,705	74,883	5.2%
2015	158,728,715	82,756	3.9%
2016	170,672,534	88,920	4.0%
2017	190,001,690	98,032	3.5%
2018	209,019,944	107,877	2.9%
2019	223,624,580	115,997	2.7%
2020	235,835,442	123,661	10.7%
2021	238,193,796	124,898	5.2%
2022	240,575,734	126,147	2.2%

[1]Bureau of Economic Analysis U.S. Department of Commerce.

[2]Actual data is available through 2020. Years 2021 and 2022 data are preliminary and assume a 1% increase over prior year.

[3]California Employment Development Department. Not seasonally adjusted.

Table 19

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Demographic and Economic Data - Wage and Salary Employment by Industry (Annual Average)

Ten Years Ended June 30, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Civilian Labor Force[1] (In thousands)	910.9	924.0	993.7	1,018.4	1,026.5	1,041.7	1,048.8	1,053.7	1,044.6	1,071.3
Civilian Employment	830.6	857.5	942.3	976.1	987.9	1,008.0	1,021.5	1,027.5	990.7	1,046.9
Civilian Unemployment	80.3	66.5	51.4	42.3	38.6	33.7	27.3	26.2	53.9	24.4
Civilian Unemployment Rate										
County	8.8%	7.2%	5.2%	4.2%	3.8%	3.2%	2.6%	2.5%	5.2%	2.2%
State of California	10.6%	8.5%	7.4%	6.2%	5.7%	4.4%	4.1%	15.1%	8.0%	4.0%
Wage and Salary Employment[2] (In thousands)										
Total Farm Agriculture	$ 3.5	$ 5.1	$ 3.6	$ 3.6	$ 3.9	$ 3.5	$ 3.5	$ 3.1	$ 5.9	$ 5.6
Construction and Mining	35.6	37.6	38.6	42.3	47.9	48.5	48.0	51.2	50.4	54.9
Manufacturing	155.1	156.3	156.6	159.4	161.3	163.4	169.1	169.7	170.7	175.1
Transportation & Public Utilities	12.7	13.9	14.7	15.0	14.8	14.9	15.5	15.7	16.6	17.0
Wholesale Trade	34.4	36.2	36.2	36.0	37.4	35.2	31.4	31.3	28.3	28.1
Retail Trade	80.3	84.2	82.3	84.9	85.0	85.0	85.0	82.2	73.1	75.3
Finance, Insurance & Real Estate	33.6	33.9	35.1	35.0	35.2	35.8	36.8	37.4	37.4	37.5
Services	455.4	450.0	469.1	491.4	509.3	522.8	539.3	549.4	514.6	564.5
Government	90.2	93.5	92.4	89.9	91.2	92.8	94.0	94.2	90.1	96.8
Information	N/A	N/A	66.2	74.7	74.5	85.0	91.6	100.7	109.3	111.7
Total[3]	$ 900.8	$ 910.7	$ 994.8	$1,032.2	$ 1,060.5	$ 1,086.9	$1,114.2	$1,134.9	$1,096.4	$1,166.5

[1]Labor force data are based upon place of residence. Employment includes self-employed, unpaid family, workers domestics, and workers involved in labor-management disputes. Data are benchmarked to 2021. FY 2021 is the most recent available data.

[2]Wage and salary employment is reported by place of work. Data is benchmarked to 2021.

[3]Totals may not be precise due to independent rounding.

Sources: State of California, Employment Development Department.
Department of Finance, Statistics & Demographic Research.

Table 20

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Demographic and Economic Data - Silicon Valley Major Employers

Current Year and Nine Years Ago

The table below lists the largest employers in the Silicon Valley, which encompasses the County and surrounding areas.

		FY 2022		FY 2013	
Company Name	Nature of Operations	Number of Employees	Rank	Number of Employees	Rank
Alphabet/Google LLC	Search, Advertising and Web	41,665	1	11,000	7
Apple Inc.	Computer Electronics	25,000	2	12,000	5
Tesla Motors Inc.	Electric Vehicle Designer &	22,000	3		
County of Santa Clara	County Government	18,700	4	15,465	2
Meta Platforms Inc. (formerly Facebook Inc.)	Online Social Networking Service	18,500	5		
Stanford University	Research University	15,750	6	11,442	6
Stanford Health Care	Health System	15,708	7	8,451	9
Kaiser Permanente Northern	Integrated Healthcare Delivery Plan	14,675	8	13,500	4
Cisco System Inc.	Computer Network Equipment	10,847	9	16,461	1
County of Santa Clara Health	Health System	10,626	10		
Santa Clara Valley Medical Center	Health System	9,246	11	6,325	12
Safeway Northern California	Supermarket Chain	8,673	12		
Applied Materials Inc.	Semiconductor Equipment	8,500	13		
Gilead Sciences Inc.	Biotechnology Company	8,481	14		
University of California Santa Cruz	Public University	7,997	15		
City of San Jose	City Government	7,627	16	5,650	14
VMware Inc.	Cloud Computing and Virtualization	7,495	17		
Intel Corp.	Semiconductor	7,400	18	5,800	13
Stanford Children's Health	Specializes in the care of babies,	5,980	19	4,422	18
San Mateo County	County Government	5,683	20	5,000	15
LinkedIn Corp.	Employment-oriented Online Service	5,508	21		
Amazon.Com Services	Providers fulfilling services for products sold in the Amazon store	5,048	22		
HP Inc.	Computer Hardware, Software & Services	5,000	23	5,000	15
Western Digital Corp.	Computer Hardisk Drive Manufacturer & Data Storage Company	4,653	24		
Palo Alto Medical Foundation	Health System	3,975	25		

Source: Silicon Valley/San Jose Business Journal July 2022

The concentration of Santa Clara County's productivity is derived primarily from numerous high-technology and healthcare systems. Public-sector employers continue to rank high among the largest employers in Silicon Valley. As depicted in the chart above, as an employer, Santa Clara County itself, continues to have the largest public-sector employee base with 18,700 workers.

Table 21

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Operating Indicators

Ten Years Ended June 30, 2022

BUS

Fiscal Year	Total Ridership	Average Weekday Ridership	Scheduled Miles	Scheduled Revenue Hours	Scheduled Revenue Miles	Passenger Miles (000's)	Peak Buses	Active Buses	Bus Fleet
2013	32,432,354	106,161	17,491,993	1,213,571	14,582,508	166,576	358	426	443
2014	32,475,527	105,969	17,835,921	1,367,433	14,817,700	173,539	371	432	443
2015	32,623,599	106,214	18,435,525	1,427,554	15,247,087	174,863	384	495	540
2016	32,195,504	104,009	18,629,140	1,461,553	15,517,448	190,321	388	499	500
2017	29,057,047	94,740	18,882,700	1,480,467	15,712,674	150,429	389	460	460
2018	28,048,405	91,270	19,063,629	1,487,575	15,883,914	136,902	384	472	472
2019	27,027,678	88,165	18,967,456	1,489,857	15,761,984	134,921	382	469	469
2020	21,702,533	58,311	16,893,842	1,347,355	14,277,220	110,680	377	472	473
2021	9,709,217	29,808	14,042,304	1,093,807	12,193,351	48,473	319	459	435
2022	15,119,267	47,810	16,449,789	1,221,712	14,389,567	76,182	325	440	440

LIGHT RAIL

Fiscal Year	Total Ridership	Average Weekday Ridership	Total Miles	Total Hours	Train Revenue Miles	Passenger Miles (000's)	Peak Cars	Light Rail Fleet
2013	10,742,292	34,242	2,199,018	137,134	2,055,418	58,116	57	99
2014	10,952,965	35,102	2,205,492	139,021	2,057,106	61,631	57	99
2015	11,320,497	34,935	2,232,077	152,821	2,081,092	60,717	59	99
2016	10,722,932	33,301	2,235,167	140,000	2,077,964	54,655	59	99
2017	9,132,084	29,262	2,243,377	139,489	2,081,289	47,937	59	99
2018	8,507,095	27,361	2,094,690	143,136	2,093,852	46,981	57	99
2019	8,437,926	27,090	2,157,184	146,197	2,156,537	49,402	57	98
2020	6,265,775	25,909	1,826,589	123,666	1,735,787	33,325	61	98
2021	2,166,897	6,606	1,463,035	112,226	1,450,239	13,971	46	98
2022	2,345,965	7,171	1,479,384	109,339	1,371,957	12,469	46	98

Sources: VTA Operations Division - August 2022 Fact Sheets and June 2022 Preliminary Summary of Operating Statistics.

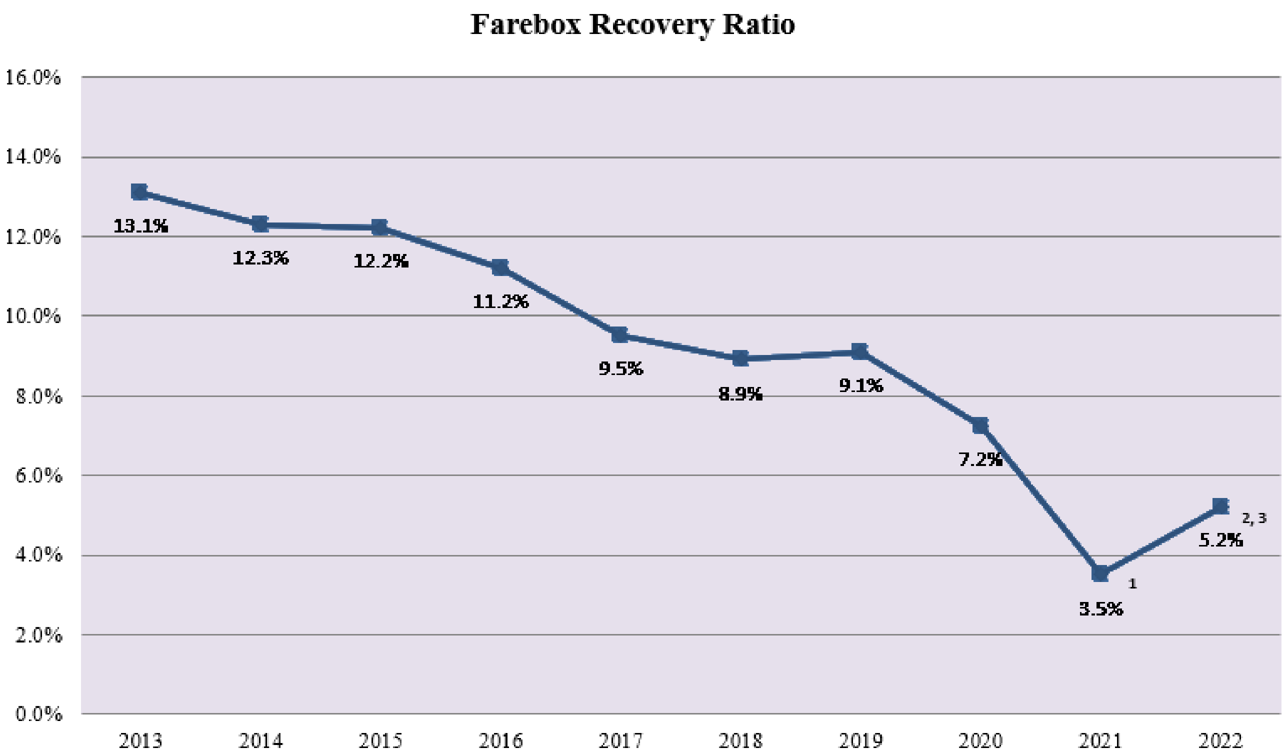
Table 22

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - Farebox Recovery Ratio

Ten Years Ended June 30, 2022

The farebox recovery ratio is a measure capturing the percentage of system operated expenses recovered by fare revenue. This ratio is calculated by fare revenue generated from directly operated service (motor bus and light rail) divided by expenses for these same services. Operating expenses consist of bus and light rail modal operating expenses reported annually in the National Transit Database.



	2013	2014	2015	2016	2017	2018	2019	2020	2021 [1]	2022 [2,3]
Farebox Recovery Ratio	13.1%	12.3%	12.2%	11.2%	9.5%	8.9%	9.1%	7.2%	3.5%	5.2%
Farebox Revenue (In thousands)	$ 38,331	$ 38,372	$ 39,108	$ 37,663	$ 33,719	$ 34,511	$ 35,773	$ 27,318	$ 13,075	$ 20,885
Operating Expenses (In thousands)	293,447	311,287	319,978	335,140	354,494	387,109	393,038	378,157	377,463	401,620

[1] Based on audited NTD data.

[2] Based on proforma and unaudited NTD data.

[3] Increase in farebox revenue is the result of growth in ridership from the prior year. Farebox recovery ratio improved despite increases in operating expenses. The increase in Operating Expenses is attributed primarily to labor cost increases from salary adjustments per various collective bargaining agreements, rise in diesel prices, higher actuarially-required provisions for liability and casualty expenses resulting from the Guadalupe incident, and procurement of professional services in support of employee mental health resiliency program.

Table 23

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Revenue Miles

Ten Years Ended June 30, 2022

The following chart shows total vehicle miles in revenue service:

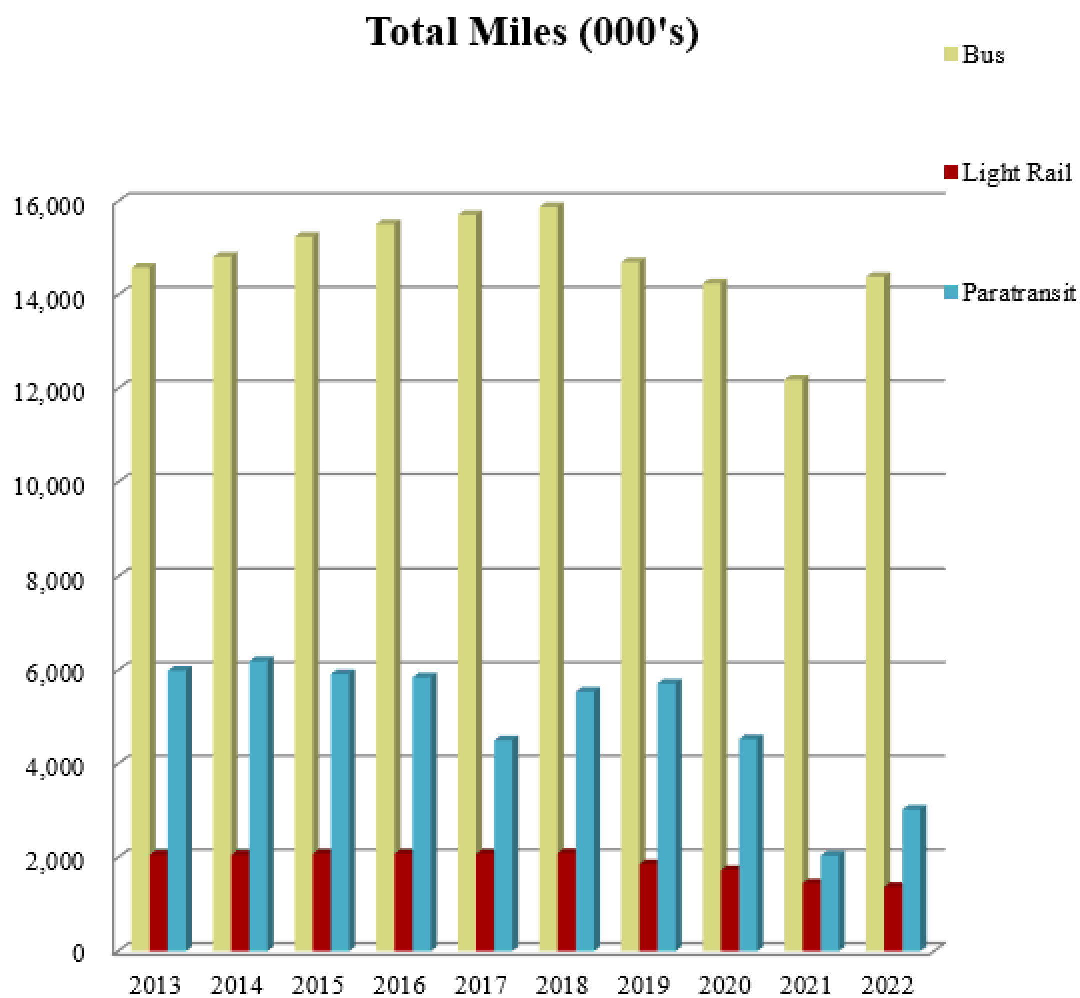


Table 24

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Passenger Miles

Ten Years Ended June 30, 2022

Passenger mile statistics are presented in the chart below. In FY 2022 the total passenger miles increased by 43.2 % from FY 2021.

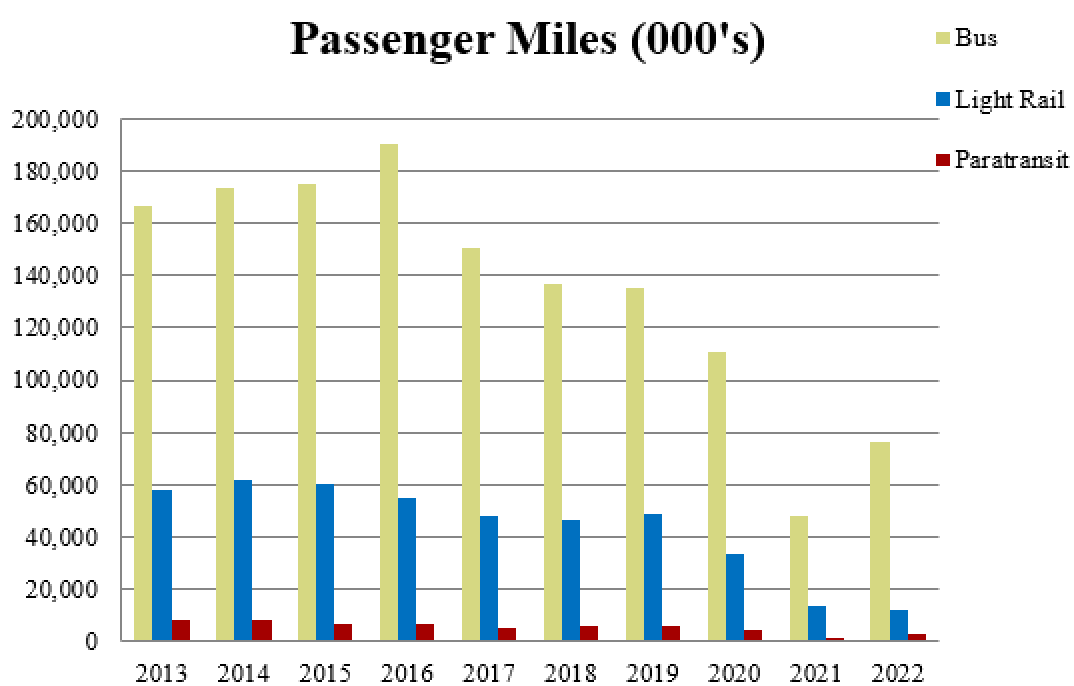


Table 25

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Selected Statistical Data

Ten Years Ended June 30, 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
FAREBOX REVENUE ($000's)[1,2]	$ 38,331	$ 38,372	$ 39,108	$ 37,663	$ 34,783	$ 36,555	$ 38,061	$ 28,816	$ 15,243	$ 26,103
VEHICLE REVENUE MILES (000's)										
BUS	14,583	14,818	15,247	15,517	15,713	15,884	15,761	14,277	12,193	14,389
LIGHT RAIL	2,056	2,057	2,081	2,078	2,081	2,094	2,156	1,736	1,450	1,371
PARATRANSIT	5,995	6,196	5,922	5,851	4,503	5,544	5,718	4,531	2,041	3,026
PASSENGER MILES (000's)										
BUS	166,576	173,539	174,863	190,321	150,429	136,902	134,921	110,680	48,473	76,182
LIGHT RAIL	58,116	61,632	60,717	54,980	47,937	46,981	49,402	33,325	13,971	12,469
PARATRANSIT	8,205	8,097	6,827	6,493	5,318	6,338	5,760	4,458	1,400	2,774
FLEET SIZE										
BUS	443	443	540	500	460	472	469	473	435	440
LIGHT RAIL	99	99	99	99	99	99	98	98	98	98
CASH FARE SINGLE RIDE										
ADULT	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.25	$ 2.50	$ 2.50	$ 2.50	$ 2.50
YOUTH	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.00	$ 1.25	$ 1.25	$ 1.25	$ 1.25
SENIOR	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00

[1] Includes fare revenue from motor bus, light rail and shuttle services; Starting FY 2017, this includes paratransit fare revenue recognized by VTA.

[2]FY 2021 includes Fares from Bart Extension Services

Sources: VTA Operations Division - August 2022 Fact Sheets and June 2022 Preliminary Summary of Operating Statistics.

Table 26

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - System Data

As of June 30, 2022

URBANIZED AREA (UZA):

346 Square Miles

ROUTES

Type of Route	Number of Routes
Local	23
Express	4
Rapid	5
Frequent	15
Other	9
Total	56

HOURS OF OPERATION

Monday-Sunday	24 hours

PARK AND RIDE LOTS:

	Number of Lots	Number of Parking Spaces
Bus	3	633
Caltrain - Bus	15	4,817
Light Rail	23	6,242
Caltrain - near Light Rail	4	1,589
Total	45	13,281

FACILITIES

Type of Facility	Number of Facilities
Bus Stops	3,294
Shelters	612
Benches	2,027
Trash Receptacles	748
Transit Centers	30

Source: VTA Operations Division - August 2022 Fact Sheets

Table 27

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Employee Headcount

Ten Years Ended June 30, 2022

Fiscal Year[1]	Operations	Planning & Programming[2]	Finance, Budget & Real Estate[3]	Planning & Engineering[4]	SVRT Program[5]	External Affairs[6]	Office of the Chief of Staff[6]	HR and Procurement[7]	Safety & Compliance[8]	General Counsel	General Manager	Total
2013	1,614	51	88	90	6	55	NA	99	NA	11	13	2,027
2014	1,687	42	69	79	6	37	25	138	NA	12	5	2,100
2015	1,724	43	74	81	NA	4	55	135	30	13	5	2,164
2016	1,758	50	75	74	NA	26	NA	192	33	13	11	2,232
2017	1,761	50	76	74	NA	30	41	196	NA	14	2	2,244
2018	1,795	48	73	86	NA	4	75	173	NA	13	10	2,277
2019	1,690	NA	251	96	NA	54	NA	NA	24	14	16	2,145
2020	1,668	42	246	62	NA	54	NA	NA	22	13	15	2,122
2021	1,607	43	285	61	NA	52	NA	23	NA	12	20	2,103
2022[9]	1,648	41	245	59	NA	51	NA	20	NA	13	23	2,100

[1]Employee headcount as provided by Human Resources department. FY 2022 excludes 290 Vacant Positions and 36 Employees on Long Term Leave, Union Business or Extra Help.

[2]As a result of the change of the organization in FY2019, Planning & Programming is now combined with Engineering & Transportation Program Delivery, and the division is renamed to Planning & Engineering.

[3]Due to reorganization in FY2019, Finance & Budget was renamed Office of the GM/CFO, which also encompasses Information Technology, Risk Management, Grants, and other various departments. In FY 2022, this division was renamed Finance, Budget and Real Estate

[4]Previously called Engineering & Transportation Program Delivery prior to the FY2019 reorganization.

[5]In FY2015, Engineering & Construction Program merged with SVRT Program to form Engineering & Transportation Infrastructure Development, which became the Planning & Engineering division in FY2019.

[6]In FY2019, Government Affairs was renamed to External Affairs. The Office of the Chief of Staff was moved to External Affairs in FY2019.

[7]Previously referred to as Administrative Service Division, as a result of the reorganization in FY 2014. After the September 2015 reorganization, some personnel from the Chief of Staff Division and Operation Division were transferred to Business Services. Due to the FY2019 reorganization, Business Services formed a subdivision called HR & Procurement. Information Technology, which was previously reported under Business Services, shifted to the Office of the Deputy GM/CFO.

[8]Due to reorganization in FY2019, Safety & Compliance was removed from Chief of Staff and became a separate Division.

[9]FY2022 headcount decreases in Finance, Budget & Real Estate and increases in Operations reflect Operator Trainees who began training in the Administrative Services Division, and upon successful completion, promoted to Operator positions forming part of Operations Division.

Table 28

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - Capital Assets

Ten Years Ended June 30, 2022

(In thousands)

	2013	2014	2015	2016	2017[1]	2018	2019	2020	2021	2022
Capital assets, not being depreciated:										
Land and right of way	$1,122,368	$1,126,373	$1,124,646	$1,126,359	$1,126,872	$1,126,872	$1,126,796	$1,714,243	$1,848,342	$1,850,218
Construction in Progress	1,347,410	1,728,066	2,177,750	2,611,823	2,906,098	3,131,777	3,353,507	1,179,070	1,019,068	1,067,584
Total capital assets, not being depreciated	2,469,778	2,854,439	3,302,396	3,738,182	4,032,970	4,258,649	4,480,303	2,893,313	2,867,410	2,917,802
Capital assets, being depreciated/ amortized:										
Right to use assets	—	—	—	—	—	—	—	—	—	2,426
Intangible Assets	—	—	—	—	2,203	2,203	2,203	2,203	—	—
Buildings, improvements, furniture and fixtures	508,345	516,184	548,139	569,079	586,041	592,244	600,054	1,518,642	1,676,511	1,730,928
Vehicles	486,460	488,229	566,821	553,886	586,754	618,806	661,753	758,045	779,400	800,249
Light-rail tracks and electrification	413,674	415,905	415,905	418,195	418,195	418,194	418,194	1,052,757	1,080,947	1,121,304
Caltrain – Gilroy extension	43,072	43,072	43,072	43,072	43,072	43,072	43,072	53,790	53,790	53,790
Other operating equipment	45,876	46,062	47,156	47,289	47,561	48,890	50,035	50,442	54,176	82,705
Leasehold Improvement	9,686	9,686	9,686	9,686	9,686	9,686	9,686	9,851	9,851	9,851
Total capital assets, being depreciated	1,507,113	1,519,138	1,630,779	1,641,207	1,693,512	1,733,095	1,784,997	3,445,730	3,654,675	3,801,253
Less accumulated depreciation/ amortization										
Total accumulated depreciation/ amortization	(706,428)	(768,364)	(833,095)	(881,683)	(950,005)	(1,006,414)	(1,069,031)	(1,152,951)	(1,325,210)	(1,513,455)
Total capital assets, being depreciated/ amortized, net	800,685	750,774	797,684	759,524	743,507	726,681	715,966	2,292,779	2,329,465	2,287,798
Total capital assets, net	$3,270,463	$3,605,213	$4,100,080	$4,497,706	$4,776,477	$4,985,330	$5,196,269	$5,186,092	$5,196,875	$5,205,600

Source: Annual Comprehensive Financial Report

[1]FY 2017 was restated due to change of 2000 Measure A Program Fund from enterprise to governmental in FY 2018.

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