SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN

JUNE 30, 2023 AND JUNE 30, 2022

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Independent Auditor's Report

Members of the Board of Directors
Santa Clara Valley Transportation Authority
Amalgamated Transit Union Pension Plan
San Jose, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Santa Clara Valley Transportation Authority Amalgamated Transit Union Pension Plan (Plan), a component unit of the Santa Clara Valley Transportation Authority (VTA), as of and for the year ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan, as of June 30, 2023 and June 30, 2022, and the respective changes in financial position thereof for the years 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). 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

As described in Note 1, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of VTA as of June 30, 2023 and 2022, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is 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 Plan'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 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, 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, schedule of changes in net pension liabilities and related ratios, schedule of employer contributions and schedule of investment return, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Eide Bailly LLP

Menlo Park, California
October 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

This section provides an overview and analysis of the financial activities of Santa Clara Valley Transportation Authority Amalgamated Transit Union Pension Plan (Plan) for the fiscal year ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

FINANCIAL HIGHLIGHTS

The net position of the Plan at the close of fiscal year 2023 was $648.4 million (net position held in trust for pension benefits). The entire net position is available to meet the Plan's ongoing obligations to Plan participants and beneficiaries. Net position at the close of fiscal year 2022 was $619.8 million compared to $693.7 million in fiscal year 2021.

Total pension contribution in fiscal year 2023 was $38.8 million compared to $34.8 million in fiscal year 2022 and $34.0 million in fiscal year 2021. Members began making contributions to the plan in fiscal year 2017.

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2023, the Plan's measurement date, the funded ratio for the Plan was approximately 73%. The funded ratio calculation did not include COLA provision assumption. In general, there were approximately $0.73 of assets to cover each dollar of pension liability. The funding ratio was relatively unchanged from FY 2022 measurement date.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements, which comprise these components:

1. Statement of Plan Net Position
2. Statement of Changes in Plan Net Position
3. Notes to the Basic Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Fiduciary Net Position is a snapshot of account balances at year-end. It reflects the assets available for future payments to retirees and any current liabilities that are owed at this time.

The Statement of Changes in Fiduciary Net Position, on the other hand, provides a view of current year additions to and deductions from the Plan.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about the Plan's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date. In addition, both realized and unrealized gains and losses are shown on investments.

These two statements report the Plan's net position restricted for pension benefits. Net position, the difference between assets and liabilities, measure the Plan's financial position. Over time, increases and decreases in the Plan's net position indicate whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Plan's overall financial position.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. (See notes to Financial Statements on pages 8 to 18 of this report).

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information related to the Plan's historical net pension liability, pension contributions and the plan's annual money-weighted rate of return.

FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indicator of the Plan's financial position. The assets of the Plan exceeded its current liabilities at the close of fiscal year 2023. As of FY2023, the Plan remains in a financial position to meet its obligations to the plan participants and beneficiaries with a 73% funded ratio as of the last actuarial valuation.

(Table 1)

Condensed Statement of Plan Net Position
(in thousands)

	June 30,		
	2023	2022	2021
Assets			
Cash & cash equivalents	$ 3,902	$ 7,523	$ 816
Investments at fair value	648,206	611,810	692,504
Other assets	713	618	669
Total Assets	652,821	619,951	693,989
Liabilities			
Current liabilities	4,458	123	320
Net Position	$ 648,363	$ 619,828	$ 693,669

For the year ended June 30, 2023, the Plan's total net position restricted for pension benefits increased by $28.5 million or 4.60% primarily as a result of investment gains from market appreciation.. The 2022 investment loss was a result of mark to market losses from modestly higher interest rates. The increase in liabilities was primarily caused by a $4.0 million due to other funds which when the fiscal year ended, the fund did not have enough cash to fund its obligations. This liability was, however, funded immediately in the following fiscal year.

(Table 2)

Summary of Additions to Plan Net Position
(in thousands)

	June 30, 2023	June 30, 2022	June 30, 2021
Contributions	$ 38,778	$ 34,788	$ 33,958
Net investment earnings	44,467	(57,826)	157,392
Total Additions	$ 83,245	$ (23,038)	$ 191,350

Of the total $38.8 million contribution in fiscal year 2023, VTA contributed $32.6 million, members contributed $6.2 million (of which ATU contributed $29 thousand for its staff). Net investment loss of $57.8 million was recognized in fiscal year 2022 while net investment income of $44.5 million was reported in fiscal year 2023 primarily due to market appreciation of investment holdings, as opposed to the market downturn experienced in the prior year.

(Table 3)

Summary of Deductions to Plan Net Position
(in thousands)

	June 30, 2023	June 30, 2022	June 30, 2021
Distributions to participants	$ 54,279	$ 50,387	$ 48,506
Administrative expenses	431	416	420
Total Deductions	$ 54,710	$ 50,803	$ 48,926

The distributions to participants have steadily risen due to the growing number of retirees and beneficiaries receiving benefits. Administrative expenses remained relatively consistent throughout these three fiscal years.

Requests for Information

Please address all questions or requests for additional information to the Finance and Budget Division, Attention: Assistant General Manager/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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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2023 AND JUNE 30, 2022
(in thousands)

ASSETS	2023	2022
Cash and investments		
Cash and cash equivalents	$ 3,902	$ 7,523
Money market funds	799	1,108
Corporate bonds	37,569	42,035
U.S. treasury	5,468	9,342
U.S. government agency bonds	31,498	34,171
Municipal bonds	1,064	1,311
Equity based	391,783	351,915
Real asset funds	39,898	49,726
Alternative investments	140,127	122,203
Receivables	713	618
Total assets	652,821	619,951
LIABILITIES		
Accounts payable	4,458	123
NET POSITION		
Restricted for pension benefits	$ 648,363	$ 619,828

See accompanying notes to the basic financial statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022
(in thousands)

	2023	2022
ADDITIONS		
Contributions:		
Employer	$ 32,632	$ 29,114
Employee	6,145	5,674
Total Contributions	38,777	34,788
Net investment income:		
Net change in the fair value of investments	31,729	(77,537)
Investment earnings	16,653	23,578
Investment expense	(3,915)	(3,867)
Total net investment income (loss)	44,467	(57,826)
Total additions	83,244	(23,038)
DEDUCTIONS		
Distributions to participants	54,279	50,387
Administrative expenses	431	416
Total deductions	54,710	50,803
(DECREASE)/INCREASE IN NET POSITION	28,534	(73,841)
NET POSITION:		
Beginning of year	619,828	693,669
End of year	$ 648,362	$ 619,828

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the Santa Clara Valley Transportation Authority Amalgamated Transit Union Pension Plan (Plan), a component unit of the Santa Clara Valley Transportation Authority (VTA), provides only general information.

General

The Plan is a single-employer defined benefit pension plan covering VTA employees who are members of the Santa Clara Valley Transportation Authority Amalgamated Transit Union (ATU) and is administered by a Pension Board, consisting of three members appointed by VTA, three members appointed by the ATU, and one member jointly appointed. The membership of the Plan as of June 30 comprises the following:

	2023	2022
Retirees and beneficiaries currently receiving benefits	1,623	1,602
Terminated vested members not yet receiving benefits	111	108
Active Members	1,565	1,514
Total	3,299	3,224

Readers should refer to the Plan agreement for a more complete description of the Plan's provisions. The financial statements of the Plan are intended to present only the Plan's fiduciary net position and changes in fiduciary net position. They do not purport to, and do not, present fairly the financial position of VTA as of June 30, 2023 or June 30, 2022, and the changes in VTA's financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Description of the Benefits

Classic Employees

Employees who are 55 years or older, and have at least 15 years 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.

PEPRA (New) Employees

Plan benefit provisions and all other requirements are established by California Public Employees' Pension Reform Act of 2013 (PEPRA) and Plan amendments as approved by the VTA Board at its October 6, 2016 meeting. Retirement benefits for PEPRA employees follow PEPRA legislation.

Plan Termination

In the event of plan termination, the net position of the Plan would be allocated as prescribed in the Plan documents, generally to provide the following benefits in the order indicated:

- Retirement benefits payable to retired members (as defined) and disabled members (as defined).
- Actuarial reserves for the retirement benefits of other vested members (as defined).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). Contributions are recognized when due pursuant to formal commitments as well as statutory or contractual requirements. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Plan.

Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. Purchases and sales of securities are reflected on the trade date and investment income is recognized as earned. Securities that do not have an established market are reported at estimated fair value derived from third party pricing. Certain investments of the Plan are valued based on Net Asset Values (NAV) provided by the respective fund managers. For certain investments where no readily ascertainable fair value exists, the value of these investments is based on estimates provided by the fund managers. Because of the inherent uncertainty in privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed.

Investments Policies

The Plan has adopted an internally developed investment policy that is governed by the standards established in the California Law. In addition, the Plan has written investment policies regarding the type of investments that may be made specifically for the Plan and the amount, which may be invested in any one financial institution. Management believes the Plan's investment have complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The following investments and investment activities are prohibited except when specified in the investment management agreement or when commingled/pooled investment vehicles are selected because investment firms have their own guidelines for commingled/pooled accounts:

- Non-hedging transactions that leverage / increase the risk of the Plan's portfolios.
- Short sales or substantially similar transactions.
- Letter stock, private placements, or direct placements.
- Purchase of securities on margin, or lending or borrowing money or securities.

Administrative Expenses

Certain internal costs of administering the Plan are paid by the Plan. This includes actuarial, legal, training, earnings verification and medical evaluation costs. Administrative expenses for the years ended June 30, 2023 and 2022 were $431 thousand and $416 thousand, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 – INVESTMENTS

The Plan maintains all of its operating cash funds in VTA's cash and investment pool. The pool functions as a demand deposit account for the Plan, as amounts can be withdrawn at any time upon demand. VTA's management and its Board of Directors are responsible for oversight of the cash and investment pool. Information regarding the characteristics of the entire investment pool can be found in the VTA's financial statements. That report may be obtained by writing to Santa Clara Valley Transportation Authority – Finance and Budget Division, 3331 North First Street, San Jose, California, 95134. The fair value of the Plan's position in the cash pool is the same as the value of the cash pool shares. As of June 30, 2023 and 2022, the Plan had $3.9 million and $7.5 million, respectively, in VTA's cash and cash equivalents.

Money Weighted Rate of Return

For the years ended June 30, 2023 and June 30, 2022, the annual money-weighted rate of return on the Plan's investments, net of Plan investment expense, were 6.01 percent and (11.79) percent, respectively. The investment income in FY 2023 was $44.5 million primarily due to mark to market gain. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of receipts and disbursements.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty e.g., broker-dealer) to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plan's investment policy provides for the use of a custodian/trustee to invest the Plan's assets as directed by investment managers. The Plan's investment securities were held by US Bank, N.A., a custodial bank, at June 30, 2023 and 2022. Assets are separate from the counterparty, in the name of Santa Clara Valley Transportation Authority (VTA). VTA's securities are not part of US Bank's assets and not attachable by any of their creditors.

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the Plan. The Plan's investment policy mitigates the concentration of credit risk by identifying percentage ranges for different types of investments and specific targets within the percentage ranges. Disclosure of concentration of credit risk is defined as any investment with one issuer that is greater than 5% of the total Plan investments. As of June 30, 2023, the Pension Plan held investments in UBS Trumbull Real Estate Fund, Dodge & Cox, Principal Group, and Blackrock that exceeded 5% of the total Pension Plan's investment portfolio. Similar conditions existed as of June 30, 2022.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. One of the Plan's primary goals is to provide sufficient liquidity to meet future pension benefit payment obligations. However, the Plan does not have any policy specifically addressing interest rate risk.

The following table shows the time distribution for the maturity of the Plan’s assets, other than equity-based securities, alternative investment and real asset funds which have no specific maturity dates, as of June 30, 2023 and June 30, 2022 (in thousands).

At June 30, 2023

Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Corporate Bonds	$ 37,569	$ 722	$ 10,714	$ 7,442	$ 18,691
Municipal Bonds	1,064	—	—	418	646
U.S. Government Agency Bonds	31,499	—	64	1,109	30,326
U.S. Treasury	5,468	—	2,376	1,437	1,655
Money Market Funds	798	798	—	—	—
Subtotal	76,398	$ 1,520	$ 13,154	$ 10,406	$ 51,318
Real Assets Funds	39,898				
Equity Based	391,783				
Alternative Investments	140,127				
Pooled Cash in VTA's Pool	3,902				
Total cash and investments	$ 652,108				

At June 30, 2022

Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Corporate Bonds	$ 42,035	$ 1,334	$ 10,672	$ 9,594	$ 20,435
Municipal Bonds	1,311	—	—	—	1,311
U.S. Agency Securities	34,170	135	113	1,053	32,869
U.S. Treasury	9,345	—	111	8,551	683
Money Market	1,108	1,108	—	—	—
Subtotal	87,969	2,577	— 10,896	19,198	55,298
Real Assets Funds	49,726				
Equity Based	351,912				
Alternative Investments	122,203				
Pooled Cash in VTA's Pool	7,523				
Total cash and investments	$ 619,333				

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The Plan's investment policy has mitigated credit risk by prioritizing safety of principal above other investment objectives, by requiring third-party investment manager applicants to meet certain requirements, by diversifying the portfolio, and by establishing monitoring procedures.

The following is a summary of the credit quality distribution for investments with credit exposure as of June 30, 2023 and 2022, as rated by Standard and Poor's (in thousands).

Type of Investment	At June 30, 2023 Fair Value	At June 30, 2022 Fair Value
Corporate Bonds		
AA	4,381	6,300
A	2,762	2,836
B	1,181	
BB	4,972	9,281
BBB	24,273	23,618
Municipal Bonds		
AA	646	883
A	418	—
BBB	—	427
U.S. Government Agencies		
AA	31,499	34,171
U.S. Treasury		
AA	5,468	9,342
Subtotal	75,600	86,858
Unrated cash and investments		
Real Assets Funds	39,898	49,726
Equity Based	391,783	351,915
Alternative Investments	140,127	122,203
Money Market	798	1,108
Pooled Cash in VTA's Pool	3,902	7,523
Total cash and investments	$ 652,108	$ 619,333

Fair Value Measurement

The Plan's investments, measured and reported at fair value are classified according to the following hierarchy in which the levels are based on the nature of inputs used to measure the fair value of the investment:

Level 1 – Investment fair values based on prices quoted in active markets for identical assets.

Level 2 – Investment fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 – Investment fair values based on unobservable inputs.

The categorization of investments within the hierarchy is based solely upon the objectivity of the inputs used in the measurement of the fair value of the investments and does not reflect the level of risk associated with the investments. Investments classified in Level 1 of the fair value hierarchy are valued from predetermined external pricing vendors or primary dealers who obtain quoted prices in active markets.

These prices represent amounts at which the securities could be sold. Investments classified in Level 2 are subject to alternative pricing sources, including a combination of price sources and pricing models. Investments classified as Level 3 are valued using best available sources such as property appraisals, discounted cash flow models and public market comparable of similar assets where applicable. The following is the fair value hierarchy table (in thousands):

At June 30, 2023

Type of Investment	Fair Value	Level 1	Level 2
Corporate Bonds	$ 37,569	$ —	$ 37,569
Municipal Bonds	1,064	—	1,064
U.S. Agency Securities	31,499	—	31,499
U.S. Treasury	5,468	5,468	—
Equity Based	391,783	—	391,783
Subtotal	467,383	$ 5,468	$ 461,915
Net asset Value			
Real Assets Funds	39,898		
Alternative Investments	140,127		
Not subject to the fair value hierarchy			
Money Market	798		
Pooled Cash in VTA's Pool	3,902		
Total cash and investments	$ 652,108		

At June 30, 2022

Type of Investment	Fair Value	Level 1	Level 2
Corporate Bonds	$ 42,035	$ —	$ 42,035
Municipal Bonds	1,311	—	1,311
U.S. Agency Securities	34,170	—	34,171
U.S. Treasury	9,342	9,342	—
Equity Based	351,915	—	351,915
Subtotal	438,773	$ 9,342	$ 429,432
Net asset Value			
Real Assets Funds	49,726		
Alternative Investments	122,203		
Not subject to the fair value hierarchy			
Money Market	1,108		
Pooled Cash in VTA's Pool	7,523		
Total cash and investments	$ 619,333		

The Plan's investments in real asset funds and alternative investments are valued based on net asset values provided by the funds' investment managers. The value provided represents VTA's share of these investments. The investment manager's valuation is based on the best information available and because of the inherent uncertainty the fair value may differ from the values that would have been used if a ready market for such securities existed. The fair value determination and redemption frequency is generally determined on a quarterly basis.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan has exposure through international equity commingled funds, international fixed income investments. The plan's investments in foreign securities as of June 30, 2023 and 2022 are as follows (in thousands):

	2023	2022
Australian Dollar	$ 7,067	$ 6,690
British Pound Sterling	14,267	13,532
Brazilian Real	1,563	1,404
Chilean Peso	165	143
Chinese Yuan	1,160	1,405
Colombian Peso	29	49
Czech Koruna	41	41
Danish Krone	2,922	2,340
Egyptian Pound	28	23
Euro	33,479	26,692
Hong Kong Dollar	8,010	9,457
Hungarian Forint	58	42
Indian Rupee	4,413	3,801
Indonesian Rupiah	567	536
Israeli New Shekel	372	412
Japanese Yen	21,551	18,959
Kuwaiti Dinar	240	241
Malaysian Ringgit	411	458
Mexican Peso	755	578
New Zealand Dollar	195	166
Norwegian Krone	600	716
Pakistani Rupee	—	—
Philippine Peso	193	203
Poland Zloty	244	183
Qatari Rial	244	283
Russian Ruble	—	—
Saudi Riyal	1,163	1,135
Singapore Dollar	1,164	1,070
South African Rand	868	985
South Korean Won	3,516	3,212
Swedish Krona	3,119	2,897
Swiss Franc	9,611	8,850
Taiwan Dollar	4,597	4,263
Thai Baht	581	596
Turkish Lira	187	105
United Arab Emirates Dirham	343	331
Total	$ 123,723	$ 111,798

NOTE 4 – NET PENSION LIABILITY

The components of the net pension liability were as follows:

	2023	2022
Total pension liability	$893,993,043	$857,533,204
Plan fiduciary net position	648,361,871	622,386,717
Net pension liability	$245,631,172	$235,146,487
Plan fiduciary net position as a percentage of the total pension liability	73 %	73 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2023 and January 1, 2022 rolled forward to a measurement date as of June 30, 2023 and June 30, 2022, respectively, using standard update procedure and the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Valuation date	January 1, 2023	January 1, 2022
Investment rate of return	6.75%	6.75%
Actuarial cost method	Entry Age	Entry Age
Discount rate	6.70%	6.70%
Inflation	2.50%	2.50%
Salary increases	2.75%	2.75%
Mortality tables	RP-2014 with adjustments	RP-2014 with adjustments

Contributions to the plan

VTA contributes to the Plan at actuarially determined amounts sufficient to maintain funding of vested benefits. The actuarially determined amount is the estimated amount necessary to finance the costs of benefits earned by the plan members during the year, with an additional amount to finance any unfunded accrued liability. Employer's contributions to the Plan for the fiscal year ended June 30, 2023, were made in the amount of $32.6 million in accordance with actuarially determined requirements computed as of January 1, 2022. For the fiscal year ended June 30, 2022, the contributions amounting to $29.1 million were made also in accordance with the actuarially determined requirements computed as of January 1, 2021.

Classic employees contributed 1.90% effective 10/9/2017, and 3.40% effective 9/09/2019. New 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. New employees contributed 6.0% effective 6/18/2018.

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 analyses and historical data for each of the asset classes.

The following is the assumed asset allocation and expected rate of return for each major asset class as of June 30, 2023 and June 30, 2022.

	2023		2022	
Asset Class	Target Allocation	Expected Real Rate of Return [1]	Target Allocation	Expected Real Rate of Return
Domestic Equity	30 %	4.0%	30 %	4.6 %
International Equity	13 %	3.8%	13 %	5.7 %
Emerging Markets Equity	5 %	6.7%	5 %	7.0 %
Private Equity	4 %	7.5%	4 %	7.8 %
Diversified Real Assets	5 %	3.6%	5 %	3.4 %
Private Credit	9 %	6.4%	9 %	6.2 %
Domestic Fixed Income	14 %	2.0%	14 %	1.5 %
U.S. Treasuries	3 %	1.4%	3 %	0.9 %
Absolute Return FOF	6 %	3.8%	6 %	3.8 %
Real Estate	10 %	3.1%	10 %	2.7 %
Cash	1 %	0.7%	1 %	0.4 %
	100 %		100 %	

[1]30-Year Inflation Assumption = 2.7%

The discount rate used to measure the actuarial 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 as 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 analyses 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 2084 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 3.65%, based on the Bond Buyer 20-Bond GO Index as of June 29, 2023, to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2023 is 6.7%, which is the same as the single equivalent rate used to determine the Total Pension Liability as of June 30, 2022.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. They present the net pension liability as of June 30, 2023, and June 30, 2022 calculated using the applicable discount rates applicable to that period, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands).

	2023			2022		
	1% Decrease (5.7%)	**Current Discount Rate (6.7%)**	**1% Increase (7.7%)**	**1% Decrease (5.7%)**	**Current Discount Rate (6.7%)**	**1% Increase (7.7%)**
VTA's Net Pension Liability	$344,754	$245,631	$161,816	$330,943	$235,146	$154,243

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$20,168	$ 19,528	$ 17,118	$ 18,275	$ 17,818	$ 16,953	$ 16,024	$ 14,788	$ 13,468	$ 12,094
Interest (includes interest on service cost)	56,331	54,663	53,888	52,368	51,921	47,850	46,152	45,110	43,069	41,417
Changes of benefits	5,061	—	—	—	—	—	—	—	—	—
Difference between expected and actual experience	10,984	2,339	(5,186)	2,349	(17,900)	12,285	6,440	7,748	4,517	—
Changes in assumptions	(1,805)	(879)	15,130	7,307	—	21,918	13,105	14,577	—	—
Benefit payments, including refunds of member contributions	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)	(30,967)
Net change in total pension liability	36,460	25,265	32,444	33,276	7,528	57,440	43,267	46,635	27,636	22,544
Total Pension Liability, beginning	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678	584,042	561,498
Total Pension Liability, ending	893,993	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678	584,042
Plan Fiduciary Net Position										
Contributions - employer	32,632	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590	25,787
Contributions - member	6,146	5,674	5,222	4,850	3,343	2,725	1,070	—	—	—
Net investment income	41,908	(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	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)	(30,967)
Administrative expense	(431)	(416)	(420)	(375)	(409)	(403)	(324)	(281)	(301)	(313)
Net change in Plan Fiduciary Net Position	25,976	(71,316)	142,458	(24,420)	14,313	29,885	50,149	(7,873)	7,965	58,646
Plan Fiduciary Net Position, beginning	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191	481,226	422,580
Plan Fiduciary Net Position, ending	648,363	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191	481,226
Net Pension Liability, ending	$245,630	$ 235,146	$ 138,565	$ 248,579	$ 190,883	$ 197,668	$ 170,113	$ 176,995	$ 122,487	$ 102,816
Measurement Date	6/30/2023	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	72.52 %	72.58%	83.35%	68.92%	75.10%	73.96%	75.75%	73.11%	79.98%	82.40%
Covered-payroll[1]	$149,576	$ 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-employee payroll	164.22 %	163.32%	106.37%	180.67%	142.72%	141.91%	129.32%	139.59%	105.67%	95.31%

[1]Represents pensionable wages. FY 2023 increase was due to wage adjustments per the Collective Bargaining Agreement, i.e. 4% increases effective Mar 6, 2023.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially-determined Contribution	$32,632	$ 29,114	$ 28,770	$ 30,552	$ 32,282	$ 28,524	$ 27,385	$ 25,720	$ 25,549	$ 25,787
Contributions in Relation to the Actuarially-determined Contribution	32,632	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590	25,787
Contributions Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ (31)	$ (41)	$ —
Covered-payroll	$149,576	$ 143,982	$ 130,271	$ 137,584	$ 133,749	$ 139,288	$ 131,544	$ 126,796	$ 115,914	$ 107,880
Contributions as a Percentage of Covered Payroll	21.82 %	20.22%	22.08%	22.21%	24.14%	20.48%	20.82%	20.31%	22.08%	23.90%

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN

SCHEDULE OF INVESTMENT RETURNS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	6.0085 %	(11.7938)%	26.4614%	2.5276%	4.7499%	4.7697%	12.8044%	1.3412%	3.6876%

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