SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST
INDEPENDENT AUDITOR'S REPORT,
MANAGEMENT'S DISCUSSION AND ANALYSIS,
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

FOR FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST
JUNE 30, 2013 AND 2012

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Santa Clara Valley Transportation Authority
Retirees' Other Post Employment Benefits Trust
San Jose, California

We have audited the accompanying financial statements of the Santa Clara Valley Transportation Authority Retirees' Other Post Employment Benefits Trust (the Trust), a component unit of the Santa Clara Valley Transportation Authority (VTA), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan, as of June 30, 2013 and June 30, 2012, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and summary of actuarial methods and assumption 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.

Vavrinek Trine Day + Co. LLP

Palo Alto, California
October 14, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Years Ended June 30, 2013 and 2012

This section provides an overview and analysis of the financial activities of Santa Clara Valley Transportation Authority Retirees' Other Post Employment Benefits Trust (Trust) for the fiscal year ended June 30, 2013. The Trust was established in May 2008 by the VTA's Board of Directors, and assets held for Other Post Employment Benefits (OPEB) were transferred to the Trust. 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 Trust at the close of fiscal year 2013 is $217,659,081 (net position held in trust for retiree OPEB). The entire net position is available to meet the Trust's ongoing obligations to Trust participants and beneficiaries. Net position at the close of 2012 was $168,415,169.

The Trust's funding objective is to meet long-term benefit obligations through contributions and investment income. Total additions to the Trust were $59,659,492, $26,351,653, and $38,900,174 respectively, for fiscal years ending June 30, 2013, 2012 and 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Statement of Trust Net Position
2. Statement of Changes in Trust 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 Trust Net Position, is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time.

The Statement of Changes in Trust Net Position, on the other hand, provides a view of current year additions to and deductions from the Trust. Both statements are in compliance with Governmental Accounting Standard Board Statements (GASB Pronouncements 34, 43 and 45). These pronouncements require certain disclosures and require the state and local governments to report using the full accrual method of accounting. The Trust complies with all material requirements of these pronouncements.

The Statement of Trust Net Position and the Statement of Changes in Trust Net Position report information about the Trust'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 Trust's net position held in an irrevocable trust account for retirees' medical benefits. Net position, the difference between assets and liabilities, measures the Trust's financial position. Over time, increases and decreases in net position indicate whether the Trust's financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Trust's overall health.

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 8-13 of this report).

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning the Trust's progress in funding its obligations to provide OPEB to members.

FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indication of the Trust's financial position. The assets of the Trust exceeded its liabilities at the end of fiscal years 2013, 2012 and 2011 as follows:

(Table 1)

Statement of Trust Net Position

	June 30, 2013	June 30, 2012	June 30, 2011
Assets			
Investments at fair market value	$ 217,820,734	$ 168,244,588	$ 150,696,397
Other assets	720,103	666,763	530,935
Total Assets	218,540,837	168,911,351	151,227,332
Liabilities			
Current liabilities	881,756	496,182	511,769
Net Position	$ 217,659,081	$ 168,415,169	$ 150,715,563

For the year ended June 30, 2013, the Trust's net position held for OPEB rose by $49,243,912 or 29.2%, as a result of an increase in VTA's contributions to the Trust and income on investments. The Trust's liabilities increased in fiscal year 2013 mainly because there were more accounts payable outstanding at the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Years Ended June 30, 2013 and 2012

(Table 2)

Additions to Trust Net Assets

	June 30, 2013	June 30, 2012	June 30, 2011
Contributions	$ 17,315,476	$ 17,320,891	$ 15,370,931
Non operating revenue	20,650,000	210,386	-
Net investment income (loss)	21,694,016	8,820,376	23,529,243
Total Additions	$ 59,659,492	$ 26,351,653	$ 38,900,174

VTA's contributions to the Trust decreased slightly from fiscal year 2012 while investment income increased by $12,873,640 due to an increase in the market value of Trust investments. The non-operating revenue received by the Trust in fiscal year 2012 was from the Early Retiree Reinsurance Program, a program established by the Patient Protection and Affordable Care Act of 2010. The non-operating revenue increased by $20,439,614 in fiscal year 2013 primarily due to the irrevocable transfer of $20,650,000 from VTA Transit Fund to OPEB Trust Fund.

(Table 3)

Deductions to Trust Net Position

	June 30, 2013	June 30, 2012	June 30, 2011
Distributions to participants	$ 10,372,490	$ 8,622,769	$ 7,844,819
Administrative expenses	43,090	29,278	26,755
Total Deductions	$ 10,415,580	$ 8,652,047	$ 7,871,574

The distributions to participants which represent premium payments for retiree medical benefits increased by $1,749,721 or 20.3% in fiscal year 2013 due to the increase in the number of participants receiving medical benefits and the rising health care costs. Administrative expenses rose due to the increase in actuarial and audit fees.

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST

STATEMENT OF TRUST NET POSITION
AS OF JUNE 30, 2013 and 2012

	2013	2012
ASSETS		
Investments		
Corporate obligations	$ 39,191,409	$ 29,883,147
U.S. Government agency	30,774,413	27,980,114
U.S. Treasury obligations	15,778,273	11,421,043
Money market	426,428	1,056,789
Pooled cash and investment with VTA Enterprise	-	538,514
Mutual funds	131,650,211	97,364,981
Total Investments	217,820,734	168,244,588
Interest receivable	720,103	666,763
TOTAL ASSETS	218,540,837	168,911,351
LIABILITIES		
Accounts payable	881,756	496,182
NET POSITION		
Held in trust for retiree OPEB benefits	$ 217,659,081	$ 168,415,169

(A schedule of funding progress is presented on page 14)

See accompanying notes to the basic financial statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST

STATEMENT OF CHANGES IN TRUST NET POSITION
FOR FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
ADDITIONS		
VTA contributions	$ 37,965,476	$ 17,320,891
Net investment income:		
Net appreciation on investments	16,758,670	4,909,934
Investment earnings	5,110,795	4,063,351
Investment expense	(175,449)	(152,909)
Total net investment income	21,694,016	8,820,376
Other income	-	210,386
TOTAL ADDITIONS	59,659,492	26,351,653
DEDUCTIONS		
Distributions to participants	10,372,490	8,622,769
Administrative expenses	43,090	29,278
TOTAL DEDUCTIONS	10,415,580	8,652,047
INCREASE IN TRUST NET POSITION	49,243,912	17,699,606
NET POSITION		
Beginning of year	168,415,169	150,715,563
End of year	$ 217,659,081	$ 168,415,169

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE TRUST

The following description of the Retirees' Other Post Employment Benefits Trust (Trust), a component unit of the Santa Clara Valley Transportation Authority (VTA), provides only general information. Readers should refer to the Trust agreement for a more complete description of the Trust's provisions.

A. General

The Trust is a contributory single-employer defined benefit Trust administered by VTA. The membership of the Trust as of June 30, 2013, 2012 and 2011 consists of the following:

	2013	2012	2011
ATU Retirees	914	844	821
Non-ATU Retirees	416	381	358
TOTAL	1,330	1,225	1,179

B. Trust Benefits

Employees who retire directly from VTA are eligible for retiree health benefits if they meet certain requirements relating 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 ATU represented employees who retire from VTA on or after attaining the age of 55 with at least 15 years of service, or age 65 with 10 years of service, or upon Board approval age 65 with 5 years of service, or if an employee becomes disabled and has completed at least 10 years of service. ATU retirees can select either the Kaiser, United Health Care, or Valley Health Plan retiree health plans. VTA pays the full cost of the employee-only premium, and ATU retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium. ATU employees who retire on or after September 1, 2004, must contribute $25 toward the employee only monthly premium. Employees who retire on or after January 1, 2011 pay $35 or the excess above the Kaiser Medicare out of area (OOA) rate. As of June 30, 2013 and 2012, 914 and 844 retirees, respectively, met the eligibility requirements for the ATU Program.

Non ATU employees who retire directly from VTA with age at least 50 years are also covered under a Retiree Health Care Program (the administrative retiree program) if they retire with at least 5 years of service, if hired before the following dates, or with at least 8 years of service (2,088 days) or with at least 15 years of service (3,915 days) if hired on or after the following dates.

- Service Employees International Union (SEIU) represented employees on or after May 15, 2006 (8 years).
- Transportation Authority Engineers and Architects Association (TAEA) represented employees on or after December 5, 2006 (8 years).
- American Federation of State, County and Municipal Employees (AFSCME) represented employees hired between August 10, 2007 and December 31, 2009 (8 years), and on or after January 1, 2010 (15 years).
- Non-represented employees hired before 2/11/08 (5 years), hired between 2/11/08 and 10/31/09 (8 years), and on or after November 1, 2009 (15 years).

Non ATU employees who retired before 1/2/06 pay any premium in excess of the Kaiser single active rate while those who retired on or after January 2, 2006, pay $25 toward their monthly premium, plus any premium in excess of the Kaiser single active rate.

VTA also reimburses Medicare Part B premiums for administrative retirees eligible for Medicare. As of June 30, 2013 and 2012, 416 and 381 retirees, respectively, met the eligibility requirements for the administrative retiree program.

VTA provides life insurance benefits for all ATU retirees and Executive Management retirees. ATU retirees receive $5,000 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.

C. VTA Contributions

VTA contributes to the Trust at the actuarially determined amount or rates applied to eligible payroll sufficient to maintain funding of vested benefits. VTA's contributions to the Trust for the fiscal year ended June 30, 2013 and June 30, 2012 were made at the actuarially determined amount of $17,315,476 and $17,320,891, respectively. In addition, VTA made an irrevocable transfer of $20,650,000 to the Trust in fiscal year 2013.

D. Trust Termination

In the event of Trust termination, the net position of the Trust would be allocated as prescribed in the Trust documents, generally to pay in the order indicated:

- VTA's remaining retiree OPEB liabilities
- Reasonable expenses of administering the Trust

Any assets remaining in the Trust after paying off the above liabilities shall revert back to VTA.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying basic financial statements are presented on the accrual basis of accounting. Contributions are recognized as revenue in the period in which employee services are performed, pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Trust.

B. Investments

Investments are reported at fair market 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. The fair market value of the investments in mutual funds of $131,650,211 and $97,364,981 at June 30, 2013 and 2012, respectively, was valued by the respective mutual fund management firms. Purchases and sales of securities are reflected on the trade date and investment income is recognized as earned.

C. Net Appreciation (Depreciation) on Investments

Net appreciation (depreciation) on investments represents unrealized gains and losses. Unrealized appreciation (depreciation) adjusts investment carrying amounts to reflect current market values, based on quoted prices in an active market.

D. Administrative Expenses

Certain internal costs of administering the Trust are paid by the Trust. Administrative expenses for the year ended June 30, 2013 and 2012 were $43,090 and $29,278, respectively.

E. 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 Trust has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The Trust maintains all of its operating cash funds in VTA's cash and investment pool. The pool functions as a demand deposit account for the Trust, 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 – Fiscal Resources Division, 3331 North First Street, San Jose, California, 95134. The fair market value of the Trust's position in the cash pool is the same as the value of the cash pool shares. As of June 30, 2013 and 2012 the Trust has $0 and $538,514, respectively, in VTA's cash and investment pool.

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 Trust will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Trust's investment policy provides for the use of a custodian/trustee to invest the Trust's assets as directed by investment managers. The Trust's investment securities were held by Union Bank Trust Department, a custodial bank, at June 30, 2013 and 2012 separate from the counterparty, in the name of Santa Clara Valley Transportation Authority (VTA). VTA's securities are not part of Union Bank's assets and not attachable by any of its creditors.

VTA held investments that are not registered in the name of the Trust but are held in a mutual fund as follows:

Type of Investment	June 30, 2013 Amount	Percent of Portfolio	June 30, 2012 Amount	Percent of Portfolio
State Street Global Advisors				
S&P 500 Conservative Index	$ 131,650,211	60.44%	$ 97,364,981	57.87%

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 Trust's primary goals is to provide sufficient liquidity to meet future retirees' other post employment benefit obligations, however, the Trust does not have any policies specifically addressing interest rate risk.

The following table shows the time distribution for the maturity of the Trust's assets, other than equity-based securities and mutual funds which have no specific maturity dates, as of June 30, 2013:

Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	Greater than 6 Years
Corporate Obligations	$ 39,191,409	$ 480,140	$ 10,282,003	$ 28,429,266
U.S. Government Agency Obligations	30,774,413	22,929	360,759	30,390,725
U.S. Treasury Obligations	15,778,273	6,658,913	9,119,360	-
Money Market*	426,428	426,428	-	-
Total	$ 86,170,523	$ 7,588,410	$ 19,762,122	$ 58,819,991

The following table shows the time distribution for the maturity of the Trust's assets, other than equity-based securities and mutual funds which have no specific maturity dates, as of June 30, 2012:

Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	Greater than 6 Years
Corporate Obligations	$ 29,883,147	$ 563,303	$ 6,052,661	$ 23,267,183
U.S. Government Agency Obligations	27,980,114	50,221	823,932	27,105,961
U.S. Treasury Obligations	11,421,043	6,276,415	5,144,628	-
Money Market*	1,056,789	1,056,789	-	-
Total	$ 70,341,093	$ 7,946,728	$ 12,021,221	$ 50,373,144

* The time distribution for the money market funds is based on the weighted average maturity of investments comprising the funds.

The fair value of interest sensitive instruments may also be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods. The majority of U.S. Government agency obligations in the amount of $30,774,413 and $27,980,114 at June 30, 2013 and 2012, respectively, are backed by mortgage pass-through securities which are sensitive to interest rate changes. Therefore, if interest rate declines, the mortgages are subject to prepayment by borrowers.

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 Trust'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 a percentage of total investments at June 30, 2013 and 2012, respectively, as rated by Standard and Poor's:

		Percent of Portfolio	
Type of Investment	Rating	2013	2012
Corporate Obligations	AAA	0.41%	0.01%
	AA	1.48%	1.36%
	A	8.93%	8.57%
	BBB+	7.17%	7.83%
U.S. Agency Securities	Not Applicable	14.13%	16.62%
U.S. Treasury	Not Applicable	7.24%	6.79%
Pooled Cash with VTA Enterprise	Not Applicable	0.00%	0.17%
Pooled Investment with VTA Enterprise	Not Applicable	0.00%	0.15%
Money Market	Not Applicable	0.20%	0.63%
Mutual Funds	Not Applicable	60.44%	57.87%
TOTAL		100.00%	100.00%

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of anyone issuer would place an undue financial burden on the Trust. The Trust'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 investments with one issuer that are greater than 5% of the total Trust investments. As of June 30, 2013, the Trust had $19,436,991 or 8.9% of total Trust investments, invested in securities issued by Federal National Mortgage Association (Fannie Mae). As of June 30, 2012, the Trust had $14,912,751 or 8.9% of total Trust investments, invested in securities issued by Fannie Mae. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from this requirement, as they are normally diversified themselves.

NOTE 4 – ANNUAL TRUST COST AND NET TRUST OBLIGATIONS

VTA's Annual Required Contribution (ARC) to the Trust is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual Required Contributions	$	(17,315,476)
Interest on Net Trust Obligations		-
Annual Trust Cost (Expense)		(17,315,476)
Contributions Made		37,965,476
Net Plan Asset, Beginning of Year		-
Net Plan Asset, End of Year	$	20,650,000

The annual Trust cost, the percentage of annual Trust cost contributed to the Trust, and the net Trust asset for fiscal year ending June 30, 2013, and the preceding five fiscal years are as follows:

Year Ended June 30,		Annual Required Contribution		Amount Contributed	Percentage of Annual Trust Cost Contributed	Net Plan Asset
2013	$	17,315,476	$	37,965,476	219%	$20,650,000
2012		17,320,891		17,320,891	100%	-
2011		16,208,373		16,208,373	100%	-
2010		14,848,823		15,186,899	102%	837,442
2009		15,349,685		15,900,063	104%	1,473,470
2008		14,762,138		15,685,230	106%	923,092

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST

SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2013

Actuarial valuations of an ongoing Trust involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Trust and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of Trust assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

Schedule of Funding Progress[1] for June 30, 2012, 2011 and 2010 is as follows: (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
6/30/2012	$ 168,415	$ 259,560	$ 91,145	64.9%	$ 142,651	63.9%
6/30/2011	150,716	254,187	103,471	59.3%	137,050	75.5%
6/30/2010	119,687	226,022	106,335	53.0%	140,601	75.6%

[1] The schedule of funding progress presents the most recent actuarial information regarding the funding progress of the Trust.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
AS OF JUNE 30, 2013

Description	Methods/Assumptions
Valuation date	June 30, 2012
Funding Method	Entry Age Normal Actuarial Cost (Level dollar, level percent of pay for Prior Valuation) over 20 years
Asset Valuation Method	Market value of assets
Remaining amortization period	16 years
Actuarial assumptions	
Discount rate	7.00 %
Payroll growth	3.25% per year
Inflation component	3.25%
Healthcare cost trend rate	9.2% in 2013 reduced by decrements to an ultimate rate of 5% in 2018 and after

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