Santa Clara Valley Transportation Authority

Comprehensive Annual Financial Report

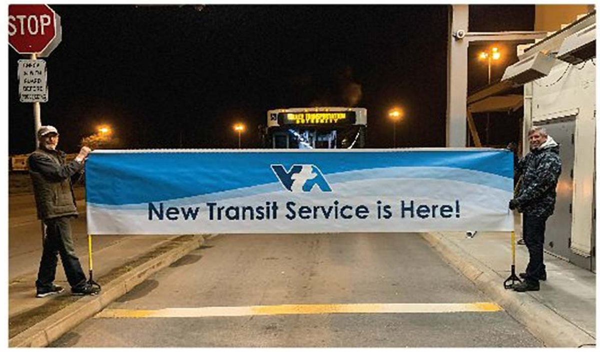
Fiscal Year Ended June 30, 2020

Santa Clara County, California

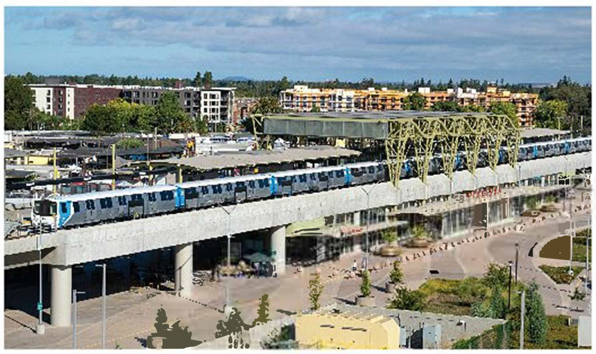
Santa Clara Valley Transportation Authority

Solutions that move you

VTA, BART and elected officials celebrate the start of BART service to Silicon Valley



First VTA Bus to pull out of the Cerone Division on New Transit Service Day: December 28, 2019



VTA's Berryessa/North San Jose Transit Center

VTA bus serving the new Milpitas BART Station

VTA staff and project partners celebrate the opening of State Route 237 Express Lanes Phase II, December 2019

FTA announced the allocation of $125 million to VTA for the Bay Area Rapid Transit (BART) Silicon Valley Phase II project

VTA performing Rail Rehab to keep our light rail system in shape

VTA is the first agency to submit the expedited federal funding request for BART Phase II

SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY

SAN JOSE, CALIFORNIA

Comprehensive Annual Financial Report (CAFR)
For Fiscal Year Ended June 30, 2020

Prepared by:
Finance and Administration

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

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Table of Contents (continued)

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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 Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2019

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, 2020

Board of Directors
Santa Clara Valley Transportation Authority

Subject: Comprehensive Annual 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 Comprehensive Annual Financial Report (CAFR) of the VTA for the year ended June 30, 2020. The CAFR 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, 2020, 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 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

A government entity is ordinarily affected by the economy in which it 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] The northwest portion of the County, known as Silicon Valley, is home to many leading computer and electronic companies such as Apple, Google, Facebook, Cisco, Intel, Nvidia, Juniper Networks, SAP, and several Fortune 500 companies.[2] The county's concentration of wealth, primarily due to the technology industry, has made it the most affluent county on the West Coast of the United States and one of the most affluent places in America.[3] According to the Economic Policy Institute, Santa Clara County is one of the priciest places to live in the nation. With the existence of multi-cultural residents and varied businesses, Santa Clara County has enjoyed diverse employment and revenue base.

The county's positive attributes have been challenged in an unprecedented way as the world wide pandemic, COVID-19, began to be felt in the United States in early 2020. Bay Area Public Health Officers issued Regional Shelter-in-Place Orders in mid-March that had an immediate negative impact on the economy. Despite this, Santa Clara County lost far fewer jobs than major metro regions in the Bay Area primarily due to the county's economy being heavily technology-based. The Information Industry is a sector where jobs are not as dependent on high levels of contact or interaction that restaurants, hotels and retail are, according to Beacon Economics.[4]

The Employment Development Department reported in June 2020 that the County's unemployment rate rose to 10.7% from 2.7% the prior year. The COVID-19 pandemic has necessitated dramatic changes to the daily lives of California's residents and businesses. This increase came as no surprise for the first region in the nation that first responded to the "shelter-in-place" order. It is believed that while much of the region's unemployment is temporary, many workers will be faced with some level of diminished employment options. The extent and severity of these impacts will remain unclear for some time and will primarily depend on how long social distancing measures will be necessary and when an effective treatment or vaccine is widely available that will lead to people feeling comfortable resuming prior levels of spending and economic activity.[5]

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[1]United States Census Bureau. July 2019.
[2]Rosie Downey. Largest Silicon Valley Employers. Silicon Valley Business Journal. July 2020.
[3]Garett Parker, Money Inc. "The 10 Richest Counties in the United States". 2019.
[4]George Avalos, "South Bay job market tops East Bay, S.F. metro". San Jose Mercury News. June 2020.
[5]California Legislative Analyst's Office. California's Spring Fiscal Outlook. May 2020.

According to the U.S. Department of Labor report for June 2020, the national unemployment rate had increased to 11.1% and the number of unemployed persons was 17.8 million, compared to prior year when unemployment rate was 3.7% and the number of unemployed was 6.1 million.[6] Well before the corona virus established a foothold, the nation experienced the lowest jobless rate in half a century.[7] As COVID-19 intensified, governments discouraged and subsequently prohibited people from going to work. Businesses were affected forcing many operations to shut down. Federal Reserve projects unemployment statistics to improve by the end of calendar year 2020, but will remain elevated for years as the economy attempts to recover from the severe shock of the coronavirus pandemic.[8]

At the start of calendar year 2020, California's economy was the strongest in the nation and the fifth largest economy in the world.[9] But, like many states, California experienced unprecedented job losses as a direct result of the COVID-19 impact where seasonally adjusted unemployment rate hit a record high of 16.4% in April 2020 and improved slightly to 14.9% in June 2020.[10] The state was faced with uncertainties brought about by the instability in global economic markets and effects of the pandemic. The State responded to meet its constitutional requirement for a balanced budget by canceling and reducing previously anticipated expansions, drawing down reserves, borrowing from special funds, temporarily increasing revenues, and assuming more federal government aid anticipated to help states and local governments.[11]

The plunge in the consumer and business spending from the corona virus had an impact on fourth quarter revenues for VTA's largest funding sources for operations and capital activities. The 1976 Half-Cent, 2000 Measure A, 2016 Measure B, and BART Operating sales taxes amounted to $209.8 million, $209.9 million, $209.3 million, and $50.8 million, respectively, during FY 2020. These sales tax revenues declined by an average of 12% from the prior year's.

[6] Bureau of Labor Statistics Data, July 2020.

[7] Cohen, Patricia. The NY Times. "Struggling in a Crisis." April 20, 2020.

[8] Reinicke, Carmen. Business Insider. "The Fed expects years of high unemployment as the US economy recovers from the coronavirus pandemic". June 2020.

[9] Governor's Budget Summary, 2020-21, Page 1.

[10] State of California EDD. Labor Market Info. July 2020

[11] 2020-21 California Budget. June 2020.

ENTERPRISE NET POSITION OVERVIEW

Total FY 2020 Net Position is provided below (in thousands):

Net Investment in Capital Assets			$	5,059,705
Restricted:				
Debt service	$	7,585		
1996 Measure B projects		1,701		9,286
Unrestricted:				
Local share of capital projects	$	149,287		
Debt reduction		135,696		
Operating reserve		75,814		
Sales tax stabilization		35,000		
Inventory and prepaid items		31,305		
Express Lane		(18,864)		
BART Operating		426,581		
Joint Development		23,174		
Net OPEB Asset (GASB 75) [a]		70,638		
Net Pension Liability (GASB 68)[b]		(289,455)		639,176
Total Net Position			$	5,708,167

[a]Based on the actuarial report which provides that total Net OPEB Asset (less deferrals) was $70.6 million.

[b]This is a decrease of the Unrestricted Net Position to set aside amount for Net Pension Liability to comply with GASB 68 requirements. The breakdown consists of $111.9 million and $177.6 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

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 is 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.

Reserve	Balance as of June 30, 2020 (in millions)	Remarks
Operating Reserve	$ 75.814	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	$ 35.000	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	$ 135.696	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., Caltrain, ACE, Dumbarton Express, 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 will be delivered through a phased approach. The first phase known as the Silicon Valley Berryessa Extension (SVBX), was completed this year, and is a 10-mile two-station extension that begins in Fremont south of the BART Warm Springs Station and proceeds on the former Union Pacific Railroad right-of-way through the first station in Milpitas and then to the section station at the Berryessa area of north San Jose. The stations opened in December 2019, along with the newly redesigned bus and light rail network to maximize connections to the rapid rail system of the region, and in June 2020, BART service to Milpitas and San Jose began. The cost of the SVBX Project was approximately $2.4 billion, which included $900 million in federal assistance; $363 million in state and other local funding; and $1.1 billion from 2000 Measure A sales tax.

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. It is projected to include 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 40 BART vehicles. Like Berryessa Extension (SVBX), SVSX will be built by VTA, but operated by BART.

In July 2020, VTA met with FTA staff to review VTA's Expedited Project Delivery (EPD) application readiness to formally submit for federal funding. General details of the application were discussed with a focus on elements satisfying the requirements of the EPD program. It is anticipated that the application will be submitted in the Fall of 2020 and a Grant Agreement will be obtained in the Spring of 2021.

The most recent estimate of the cost of the Santa Clara Extension, which includes the construction of Newhall Maintenance Facility and purchase of 40 BART vehicles, was approximately $6.9 billion. The project will be funded by 2000 Measure A and 2016 Measure B sales taxes, along with FTA EPD Pilot Program and state funds. Revenue service for Phase 2 is anticipated to occur in late 2030.

AWARDS AND ACKNOWLEDGEMENTS

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 2019 Comprehensive Annual Financial Report. This is the 24th 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 Comprehensive Annual 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 Comprehensive Annual 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 CAFR 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, Retirement Services and Health and Wellness departments. 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.

Nuria I. Fernandez
General Manager/CEO

Raj Srinath
Deputy General Manager/CFO

2020 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 Cities of Milpitas, Santa Clara, and Sunnyvale
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 2020
Cindy Chavez, Chairperson
Glenn Hendricks, Vice Chairperson

GROUP 1 (San Jose)

City of San José	Magdalena Carrasco Charles "Chappie" Jones Lan Diep Sam Liccardo* Raul Peralez Devora "Dev" Davis, Alternate

GROUP 2 (North West)

City of Los Altos	
Town of Los Altos Hills	
City of Mountain View	John McAlister
City of Palo Alto	Liz Kniss, Alternate

GROUP 3 (West Valley)

City of Campbell	
City of Cupertino	
Town of Los Gatos	Rob Rennie
City of Monte Sereno	
City of Saratoga	Howard Miller, Alternate

GROUP 4 (South County)

City of Gilroy	Marie Blankley, Altenate
City of Morgan Hill	Larry Carr

GROUP 5 (North East)

City of Santa Clara	Teresa O'Neill, Alternate
City of Sunnyvale	Glenn Hendricks
City of Milpitas	Bob Nuñez

GROUP 6 (Santa Clara County)

County of Santa Clara	Cindy Chavez Dave Cortese* Susan Ellenberg, Alternate

Ex-Officio*

Metropolitan Transportation Commission (MTC) Commissioners representing Santa Clara County, Cities of Santa Clara County, and City of San Jose	Jeannie Bruins*

**These individuals also serve on the MTC.*

VTA BOARD OF DIRECTORS' STANDING COMMITTEES

1. **Administration and Finance (A&F) Committee** 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 Committee (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

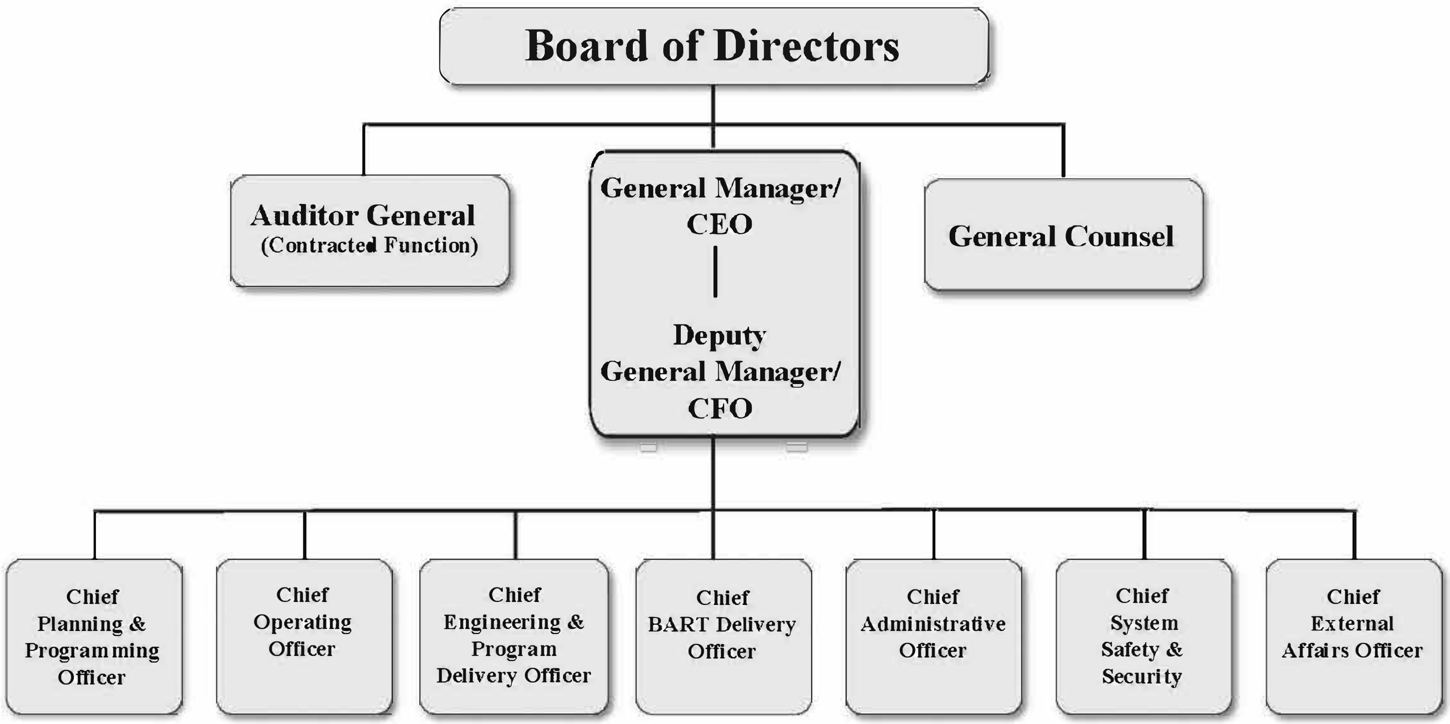
These Policy Advisory Boards (PAB) ensure the local jurisdictions affected by major transportation improvement projects are involved in the planning, design, and construction. Membership for each PAB varies. There are currently four active PABs:

- **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

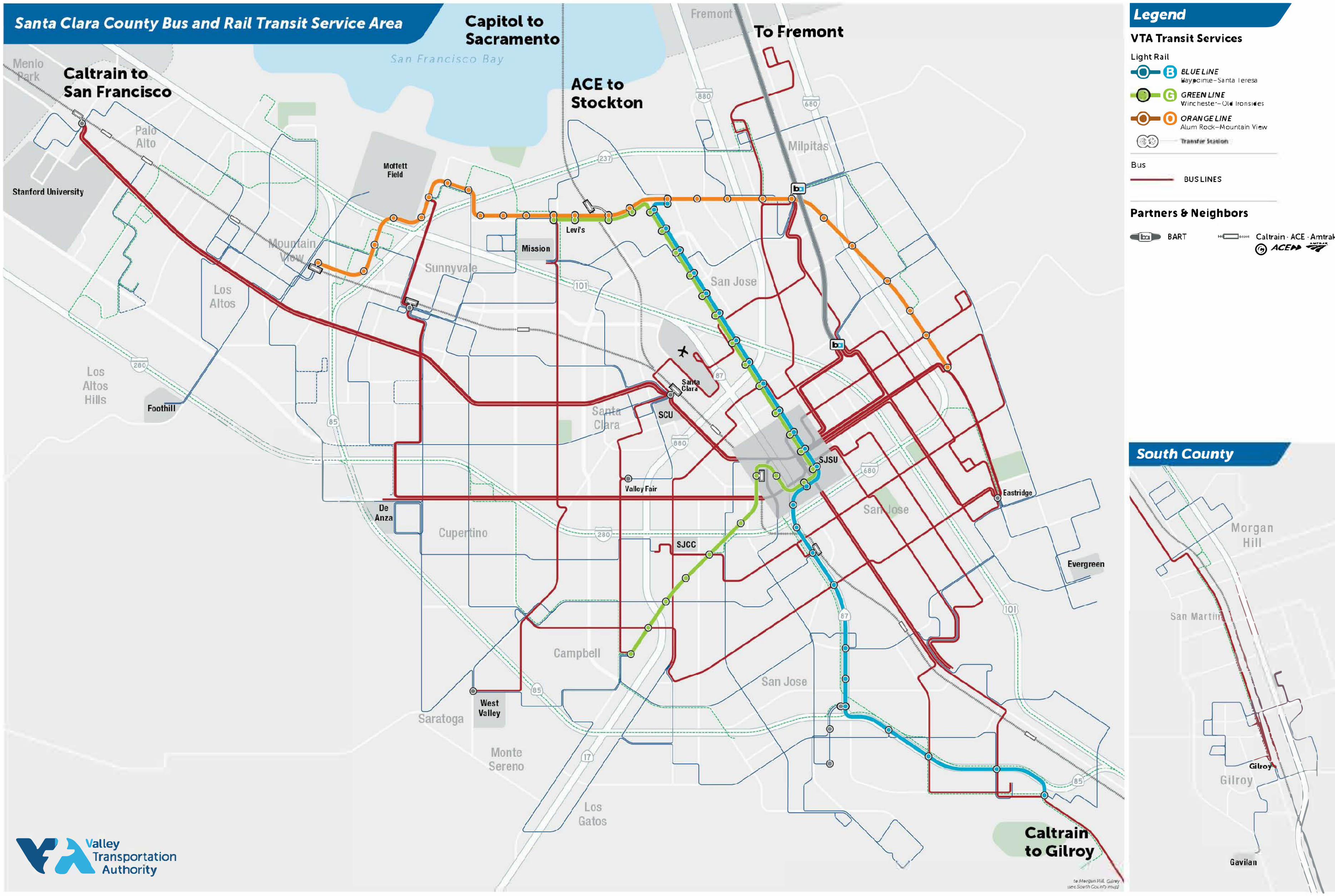
2016 Measure B Citizens' Oversight Committee (2016 MBCOC) - In accordance with the 2016 Measure B ballot, the 2016 MBCOC was established to perform the specific duties defined in the ballot. The 8-member committee is comprised of individuals with relevant expertise and experience necessary to assist 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, 2020



Principal Officials as of June 30, 2020

General Manager/CEO	Nuria I. Fernandez
General Counsel	Evelynn Tran
Auditor General (Contracted Function)	Scott Johnson
Deputy General Manager/CFO	Raj Srinath
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	Sylvester Fadal
Chief System Safety & Security	Angelique Gaeta
Chief External Affairs Officer	Jim Lawson


Santa Clara County Bus and Rail Transit Service Area
Capitol to Sacramento
San Francisco Bay
ACE to Stockton
Fremont
To Fremont
Caltrain to San Francisco
Menlo Park
Palo Alto
Stanford University
Moffett Field
Milpitas
Levi's
Mission
Mountain View
Sunnyvale
San Jose
Los Altos
Los Altos Hills
Foothill
Santa Clara
SCU
SJSU
Valley Fair
De Anza
Cupertino
SJCC
Eastridge
Evergreen
Campbell
San Jose
West Valley
Saratoga
Monte Sereno
Los Gatos
Caltrain to Gilroy
Valley Transportation Authority
Legend
VTA Transit Services
Light Rail
BLUE LINE
GREEN LINE
ORANGE LINE
Alum Rock–Mountain View
Bus
BUS LINES
Partners & Neighbors
BART
Caltrain · ACE · Amtrak
South County
Morgan Hill
San Martin
Gilroy
Gilroy
Gavilan

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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 Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise VTA's basic 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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

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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.

Opinions

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, 2020, 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.

Other Matters

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 budgetary comparison schedule, 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.

Other 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. Such 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 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, 2020.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, 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 the 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

San Mateo, California
October 28, 2020

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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 2020. 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, 2020, VTA’s net position, business-type and governmental activities, amounted to approximately $5.9 billion. This includes primarily the net investment in capital assets which is associated with the capital programs of the VTA Transit, BART Operating, Express Lanes and Joint Development funds.
- The 1976 Sales Tax revenue decreased $28.0 million, or 11.8% from FY 2019 level to $209.8 million in FY 2020. FY 2020 had a strong Pre-COVID19 economy that reflected anticipated growth until the impact of the world wide pandemic began to be felt economically in March 2020, and sales tax related revenues decreased for the remainder of FY 2020.
- The 2000 Measure A and BART Operating Sales Tax revenues decreased $28.0 million and $7.2 million, respectively. The decline could be attributed largely to the decline in consumer and business spending from the impact of the corona virus.
- The 2016 Measure B Sales Tax revenue decreased $27.3 million. Similar to the other sales tax revenues, the decline was a result of the impact of the ongoing pandemic to the economy.
- The three board-designated reserves; i.e., Transit Operating Reserve, Debt Reduction Reserve, and Sales Tax Stabilization Reserve were $75.8 million, $135.7 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 $289.5 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 $53.1 million higher, or 33.0%, in FY 2020. The increase was primarily due to a $72.9 million receipt of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds and a Transportation Development Act (TDA) increase of $1.9 million. This was offset by a decreases in State Transit Assistance (STA) of $19.5 million and other operating grants totaling $2.2 million. The decrease in STA is attributed to the decline in diesel consumption due to the statewide shelter-in-place order resulting from the pandemic, as well as drop in diesel prices during the period.

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, with the difference between the two reported as net position. 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 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.

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. All 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 four major governmental funds to account for the financial activities of VTA's Congestion Management Program, 2000 Measure A Program, 2016 Measure B Program, and the Congestion Management and Highway Program.

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.

Senate Bill 83 Vehicle Registration Fee (SB 83 VRF), and the Bay Area Air Quality Management District (BAAQMD) are accounted for in an agency fund, a fund that accounts for assets held solely in a custodial capacity.

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 2-29 through 2-88 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 the Congestion Management Program, 2016 Measure B Program, 2000 Measure A Program, and Congestion Management and Highway Program Budgetary Schedules. Required supplementary information can be found on pages 2-89 through 2-99 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 2-100 through 2-111 of this report.

4. **Government-Wide Financial Analysis**. The Government-Wide change in net position was $227.0 million. The Business-Type activities' net position increased by $119.7 million while the Governmental activities' net position grew by $107.3 million. The increase in the business-type net position was mainly due to sales tax receipts, operating grants, capital acquisition transfers and capital grants from FTA (such as the State of Good Repairs Grants) for transit capital improvements, and transportation planning. The increase in the government-type net position was due principally to the 2016 Measure B and 2000 Measure A sales tax receipts, as well as operating 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 collections for the fiscal year were $209.8 million, $209.9 million, $209.3 million, and $50.8 million, respectively. During FY 2020, VTA acquired or built total capital assets of approximately $265.3 million (see Note 6). These 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 2020 and FY 2019
(In thousands)

	Business -Type Activities		Governmental Activities		Total	
	2020	2019	2020	2019	2020	2019
Asset:						
Current and other assets	$ 1,078,346	$ 934,150	$ 1,109,100	$ 1,010,967	$ 2,187,446	$ 1,945,117
Capital assets, net	5,186,092	5,196,269	—	—	5,186,092	5,196,269
Total assets	6,264,438	6,130,419	1,109,100	1,010,967	7,373,538	7,141,386
Deferred outflows of resources	125,852	88,699	108,843	77,990	234,695	166,689
Liabilities:						
Current liabilities	57,502	59,542	122,681	98,732	180,183	158,274
Long-term liabilities outstanding	600,708	542,198	910,502	912,599	1,511,210	1,454,797
Total liabilities	658,210	601,740	1,033,183	1,011,331	1,691,393	1,613,071
Deferred inflows of resources	23,913	28,863	3,083	3,279	26,996	32,142
Net position:						
Net investment in capital assets	5,059,705	5,058,104	—	—	5,059,705	5,058,104
Restricted	9,286	6,003	790,771	597,807	800,057	603,810
Unrestricted	639,176	524,408	(609,094)	(523,460)	30,082	948
Total net position	$ 5,708,167	$ 5,588,515	$ 181,677	$ 74,347	$ 5,889,844	$ 5,662,862

The largest portion of VTA's net position (approximately 89%) 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, retention and congestion management 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; and Net OPEB 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 $132.0 million for CalPERS and $248.6 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, 2020, 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 net position in the amount of $70.6 million as of June 30, 2020.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Condensed Statement of Activities
For the FY 2020 and FY 2019
(In thousands)

	Business-Type Activities		Governmental Activities		Total	
	2020	2019	2020	2019	2020	2019
Expenses:						
Labor, overhead, materials and professional services and other operations	$ 528,001	$ 487,725	$ 6,533	$ 8,122	$ 534,534	$ 495,847
Capital expense, on behalf of, and contribution to other agencies	189,358	23,809	169,105	53,663	358,463	77,472
Altamont Corridor Express and Caltrain subsidies	14,434	14,292	—	—	14,434	14,292
Other expenses	1,444	5,446	2,277	1,155	3,721	6,601
Claims and change in future claim estimates	15,096	15,359	—	—	15,096	15,359
Interest expense	6,464	13,060	10,730	7,833	17,194	20,893
Total expenses	754,797	559,691	188,645	70,773	943,442	630,464
Program revenues:						
Charges for services	37,897	44,720	3,044	2,814	40,941	47,534
Operating grants	214,022	160,967	131,088	112,348	345,110	273,315
Capital grants	29,212	53,855	—	—	29,212	53,855
Total program revenues	281,131	259,542	134,132	115,162	415,263	374,704
Net program revenues (expenses)	(473,666)	(300,149)	(54,513)	44,389	(528,179)	(255,760)
General revenues and transfers:						
Sales tax revenue	260,596	295,873	419,209	474,538	679,805	770,411
Investment earnings	29,294	27,033	39,482	24,782	68,776	51,815
Other general revenue	5,494	7,237	1,086	628	6,580	7,865
Total general revenues	295,384	330,143	459,777	499,948	755,161	830,091
Excess or deficiency of revenues over expenses	(178,282)	29,994	405,264	544,337	226,982	574,331
Transfers	297,934	297,919	(297,934)	(297,919)	—	—
Extraordinary item, Sales tax revenue recognition from favorable legal challenge	—	—	—	256,090	—	256,090
Change in net position	119,652	327,913	107,330	502,508	226,982	830,421
Net position, beginning of year	5,588,515	5,260,602	74,347	(428,161)	5,662,862	4,832,441
Net position, end of year	$5,708,167	$5,588,515	$ 181,677	$ 74,347	$5,889,844	$5,662,862

Business-Type Activities – The total net position is $5.7 billion as of June 30, 2020. The increase is attributed to the year's change in net position of $119.7 million. Major elements of changes in net position were as follows:

- The increase in operating grants of $53.1 million was primarily due to $72.9 million receipt of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds and additional Transportation Development Act (TDA) allocation of $1.9 million. The increase was offset by a decline in State Transit Assistance (STA) of $19.8 million, reduction of $1.9 million in operating grants (such as Americans with Disabilities Act set aside, Job Access Reverse Commute and Apprenticeship Program) and decrease in Transportation for Clean Air grant due to VTA's relinquishment of a portion of the fund for the Rapid 500 project, which replaced the Downtown Area Shuttle (DASH) program. Rapid 500 was slated to begin in December 2019, but due to the delay in the opening of the BART service to Santa Clara County and decline in ridership due to the impact of COVID-19, VTA suspended the truncated Rapid 500 service.

- The decline in capital grants of $24.6 million is primarily due to lesser receipts in Public Transportation Modernization Improvement Service Enhancement Act (PTMISEA) which funded the procurement of articulated buses in the prior year.

- Sales Tax Revenue decreased $35.3 million primarily from the impact of the initial statewide shelter-in-place order and related responses to the COVID-19 pandemic in the last quarter of the fiscal year.

- Investment Earnings associated with interest income, unrealized gains/losses, and trading gains/losses increased $2.3 million. The increase was largely due to realized gains from trading during the year.

- The rise in program expenses were related to capital contributions to other agencies, depreciation and services. Capital contributions to other agencies increased by $165.5 million mainly as a result of expense recognition on projects which will ultimately end up being owned by other entities (such as the Alum Rock Santa Clara Bus Rapid Transit, and Montague Expressway Pedestrian Overcrossing). Depreciation grew from the build up of depreciable capital assets while service expenses escalated from expenditures primarily on the Rail Rehabilitation and Repair projects , as well as costs incurred on studies such as Bus/Rail Condition Assessment and Diridon Station Intermodal Conceptual Plan. Labor costs also increased due to wage adjustments in accordance with the provisions of the various collective bargaining agreements and increase in GASB 68 Pension Expense resulting from difference between projected and actual earnings on pension plan investments.

Governmental Activities – As of June 30, 2020, the net position of governmental activities is $181.7 million. The increase is attributed to the year's change in net position of $107.3 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). In an election, voters of 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 FY2020, the 2000 Measure A Fund's net position decreased $62.8 million largely as a result of capital assets transferred to VTA Transit and BART Operating Fund.

- 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). The collection of the sales tax started in April 2017. The improved net position was mainly attributable to sales tax revenue and investment earnings in FY 2020.

- 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 grant, member assessments, and various federal, state, and local grants. The change in fund balance was an increase of $43 thousand.

- The Congestion Management and Highway Program (CMHP) experienced a growth of $15.9 million in grant revenues and capital expenditures. This was a result of increased activities on certain projects associated mainly with the Improvements to on/off ramps at Mathilda Road, and Silicon Valley Express Lanes US101/SR85 Phase 3.

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.

Comparison of Enterprise Funds Revenues
FY 2020 and FY 2019
(In thousands)

Enterprise Funds Revenue	2020	2019	Change Favorable/(Unfavorable) Amount	Change Favorable/(Unfavorable) Percent
Charges for services	$ 37,897	$ 44,720	$ (6,823)	(15.26)%
Operating grants	214,022	160,967	53,055	32.96 %
Capital grants	29,212	53,855	(24,643)	(45.76)%
1976 half-cent sales tax	209,828	237,869	(28,041)	(11.79)%
BART Operating Sales Tax	50,768	58,004	(7,236)	(12.48)%
Investment earnings	28,093	25,811	2,282	8.84 %
Other income	4,342	5,652	(1,310)	(23.18)%
Transfers in	297,934	297,919	15	0.01 %
Total	$ 872,096	$ 884,797	$ (12,701)	(1.44)%

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 $37.9 million in FY 2020. Charges for Services were reduced by $6.8 million or 15.26% from FY 2019 primarily due to the COVID-19 pandemic where service was reduced and fares were not collected from mid-March 2020 through the end of the Fiscal Year.

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 Coronavirus Aid, Relief and Economic Security (CARES) Act. In FY 2020, total operating grants increased $53.1 million or 33.0% from the FY 2019 level.

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. There was a decrease in STA revenue of $19.8 million, caused primarily by a combination of drop in diesel prices during the period and decline in diesel fuel consumption due to the statewide shelter-in-place order and related responses to the COVID-19 pandemic.

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 an increase in the TDA revenue of $1.9 million.

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 $24.6 million or 45.8% to $29.2 million. The prior year reported a higher grant receipt from Public Transportation Modernization and Service Enhancement Account (PTMISEA) for the procurement of articulated buses.

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 2020, total sales tax revenues were $209.8 million, a $28.0 million or 11.8% less compared to the prior fiscal year's sales tax revenue. The decrease is mostly attributable to the impact of the statewide shelter-in-place order and related responses to the COVID-19 pandemic, particularly felt during the last quarter of the fiscal year.

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 2020, total sales tax revenue under the BART Operating Fund was $50.8 million, a $7.2 million or 12.5% decrease compared to last year. Similar to the other sales tax revenues, the decline is mostly due to the negative economic effects brought on by the statewide shelter-in-place order and related responses to the COVID-19 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 increased by $2.3 million mostly from trading gains on investments.

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 dropped $1.3 million when compared to prior year. Included in FY 2019 is the receipt of a $2.2 million insurance settlement for a light rail vehicle.

Transfers-in - FY 2020 reported a total transfer-in of $297.9 million primarily from the capital acquisitions from the 2000 Measure A Program Fund to the VTA Transit Fund and the BART Operating Fund of $222.6 million, 2000 Measure A and 2016 Measure B operating assistance of $58 million, Measure A Repayment Obligation of $14.7 million, and capital acquisitions from the Congestion Management and Highway Program to Express Lanes Fund of $2.6 million.

Comparison of Enterprise Funds Expenses
FY 2020 and FY 2019
(In thousands)

			Change Favorable/(Unfavorable)	
Enterprise Funds Expenses	**2020**	**2019**	**Amount**	**Percent**
Operations and support services	$ 540,744	$ 512,823	$ (27,921)	(5.44)%
Caltrain and ACE subsidy	14,434	14,292	(142)	(0.99)%
Other expenses	197,266	42,315	(154,951)	(366.18)%
Total	$ 752,444	$ 569,430	$ (183,014)	(32.14)%

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 2020, operations and support services expense was $27.9 million or 5.4% higher compared to that of FY 2019. The increase was mainly due to depreciation expense on capital assets acquired through the Silicon Valley Berryessa Extension project, as FY 2020 was the year when the project was substantially completed and put into revenue service. Despite staff vacancies, labor costs increased as a result of salary adjustments in accordance with the provisions of the labor agreements, as well as increase in GASB 68 Pension Expense resulting from difference between projected and actual earnings on pension plan investments.

Other Expenses – Other expenses escalated by $155.0 million that reflects a $165.5 million increase in Capital Contributions. As part of its capital program, VTA makes capital contributions to or undertakes capital projects jointly with other agencies. As the ownership of these capital assets does not rest with VTA or the project is expected not to generate a depreciable tangible product, these capital expenses are reported as non-operating expenses. Associated cost pertains to projects such as the Santa Clara Alum Rock Bus Rapid Transit, Montague Expressway Pedestrian Overcrossing, LRT Alternative Technologies Review, and Bus/Rail Condition Assessments. The increase was offset by a reduction in interest expense of $6.6 million as the previous year reported a one-time termination fee for swap agreements. FY 2020 also showed a lesser loss on disposal of assets because the previous year reported a transfer of vehicles to another transportation partner which is a transaction that did not happen again in the current year.

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, 2020.

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 Fund*.

Special Revenue Fund – This fund accounts for the activities of the Congestion Management Program, the 2016 Measure B Program, the 2000 Measure A Program, and the Congestion Management and Highway Program.

The following table shows the details of changes in fund balance between the current and prior fiscal year:

Comparison of Special Revenue Fund
FY 2020 and FY 2019
(In thousands)

			Change	
			Favorable/(Unfavorable)	
Special Revenue Fund	**2020**	**2019**	**Amount**	**Percent**
Total revenues	$ 593,909	$ 615,110	$ (21,201)	(3.45)%
Total expenditures	(222,100)	(103,260)	(118,840)	(115.09)%
Transfers out	(297,934)	(297,919)	(15)	(0.01)%
Extraordinary item: Note 8	—	256,090	(256,090)	
Change in fund balances	73,875	470,021	(396,146)	
Fund balances, beginning of year	922,511	452,490	470,021	103.87 %
Fund balances, end of year	$ 996,386	$ 922,511	$ 73,875	8.01 %

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 2020, total sales tax revenues were $419.2 million, a $55.3 million or 11.66% decrease compared to the prior fiscal year's sales tax revenue. The significant change is primarily due to the reduced fourth quarter sales tax receipts brought about by the economic impact from the COVID 19 pandemic.

For FY 2020, total revenues for Congestion Management and Highway Program were $58.0 million, which represent the total amount expended on the projects and fully funded by other governmental agencies. The growth of $15.9 million in grant revenues and capital expenditures was largely attributed to intensified project activities, particularly relating to Improvements to on/off ramp at Mathilda Road, US101/85 Silicon Valley Express Lanes Ph 3, and US101/SR25 Interchange Improvement.

Total revenues under the Special Revenue Fund primarily include sales tax, grants, investment earnings, and member assessments. This was reported at $593.9 million in FY 2020, a drop of $21.2 million from the preceding year. This was caused largely by the decline in fourth quarter sales tax receipts resulting from the COVID 19 pandemic.

Total expenditures were $222.1 million, a surge of $118.8 million from FY 2019. The growth is mainly a result of increase in contribution to other agencies from project activities in the 2016 Measure B Program as the program intensified due to favorable litigation results that released funding for projects previously on hold and were allowed to commence. This relates mainly to local street improvements, highway interchanges and transit operations .

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, 2020, 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, Caltrain Access, the Caltrain-Gilroy Extension, Light Rail Tracks/Electrification, Leasehold Improvements, and Other Operating Equipment. During FY 2020, VTA acquired and constructed $265.3 million of capital assets.

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

	2020	2019
Land and Right-of-way	$ 1,714,243	$ 1,126,796
Construction in Progress	1,179,070	3,353,507
Caltrain Access	—	441
Buildings and improvements	802,683	216,766
Furniture and fixtures	327,537	23,594
Vehicles	410,084	347,492
Caltrain-Gilroy Extension	32,769	23,840
Light Rail Tracks/Electrification	713,198	96,822
Other Operating Equipment	2,231	2,448
Leasehold Improvements	4,277	4,563
Total	$ 5,186,092	$ 5,196,269

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

Long-term debt – At year end, VTA has $958.1 million bonds outstanding. For FY 2020, the total principal debt payment made was approximately $46.9 million while the total amortization of the bond premium was $1.8 million.

Outstanding Debt
(In thousands)

	2020	2019
Business-type Activities:		
Sr. Lien Sales Tax Revenue Bonds (1976 Tax)	$ 129,695	$ 145,182
Secured by Toll Revenues	23,307	15,287
Governmental Activities:		
Sr. Lien Sales Tax Revenue Bonds (2000 Tax)	805,056	838,218
Total	**$ 958,058**	**$ 998,687**

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.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2020
(In thousands)

	Business-Type Activities	Governmental Activities	Total
ASSETS:			
Cash and investments	$ 790,715	$ 906,765	$ 1,697,480
Receivables, net	7,383	—	7,383
Internal balances	5,167	(5,167)	—
Due from other agencies	58,285	124,975	183,260
Inventories	28,461	—	28,461
Other current assets	6,607	13	6,620
Restricted cash and investments	115,607	82,514	198,121
Long-term receivable	443	—	443
Net OPEB asset	65,678	—	65,678
Capital assets:			
Capital assets - nondepreciable	2,893,313	—	2,893,313
Capital assets - depreciable, net of accumulated depreciation	2,292,779	—	2,292,779
Total assets	6,264,438	1,109,100	7,373,538
DEFERRED OUTFLOWS OF RESOURCES:			
Hedging derivative instruments	—	105,446	105,446
Refunding amounts	5,885	3,397	9,282
Pension related	105,388	—	105,388
OPEB related	14,579		14,579
Total deferred outflows of resources	125,852	108,843	234,695
LIABILITIES:			
Accounts payable and accrued expenses	26,497	92,015	118,512
Deposits	476	—	476
Accrued payroll and related liabilities	5,801	—	5,801
Bond interest and other fees payable	456	9,967	10,423
Unearned revenues	4,737	95	4,832
Other accrued expenses	79	—	79
Due to other agencies	19,456	20,604	40,060
Long-term liabilities:			
Due within one year	32,012	33,680	65,692
Due in more than one year	188,147	771,376	959,523
Derivative instruments, due in more than one year	—	105,446	105,446
Net pension liability, due in more than one year	380,549	—	380,549
Total liabilities	658,210	1,033,183	1,691,393
DEFERRED INFLOWS OF RESOURCES:			
Pension related	14,294	—	14,294
OPEB related	9,619	—	9,619
Deferred amount on refunding	—	3,083	3,083
Total deferred inflows of resources	23,913	3,083	26,996
NET POSITION:			
Net investment in capital assets	5,059,705	—	5,059,705
Restricted:			
1996 Measure B projects	1,701	—	1,701
2016 Measure B program	—	600,768	600,768
Swap collateral	—	105,446	105,446
Retention	—	32,800	32,800
Debt service	7,585	49,714	57,299
Congestion management program	—	2,043	2,043
Unrestricted (Note 2j)	639,176	(609,094)	30,082
Total net position	$ 5,708,167	$ 181,677	$ 5,889,844

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Activities
For the year ended June 30, 2020
(In thousands)

	Business-Type Activities	Governmental Activities	
	Transit	Congestion Management	Total
EXPENSES:			
Labor, overhead, materials and professional services and other operations	$ 528,001	$ 6,533	$ 534,534
Capital expenses on behalf of, and contribution to other agencies	189,358	169,105	358,463
Altamont Corridor Express and Caltrain subsidies	14,434	—	14,434
Other expenses	1,444	2,277	3,721
Claims and change in future claim estimates	15,096	—	15,096
Interest expense	6,464	10,730	17,194
Total expenses	754,797	188,645	943,442
PROGRAM REVENUES:			
Charges for services	37,897	3,044	40,941
Operating grants	214,022	131,088	345,110
Capital grants	29,212	—	29,212
Total program revenues	281,131	134,132	415,263
Net program revenues (expenses)	(473,666)	(54,513)	(528,179)
GENERAL REVENUES AND TRANSFERS:			
Sales tax revenue	260,596	419,209	679,805
Investment earnings	29,294	39,482	68,776
Other general revenues	5,494	1,086	6,580
Transfers	297,934	(297,934)	—
Total general revenues and transfers	593,318	161,843	755,161
Change in Net Position	119,652	107,330	226,982
NET POSITION, BEGINNING OF YEAR	5,588,515	74,347	5,662,862
Net Position, end of year	$ 5,708,167	$ 181,677	$ 5,889,844

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fund Net Position
Proprietary Funds
June 30, 2020
(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	$ 39,539	$ 227	$ 2,076	$ 323	$ 42,165	$ 7,064
Investments	343,742	307,565	60	29,858	681,225	60,261
Receivables, net	7,383	—	—	—	7,383	—
Due from other funds	5,266	—	—	5	5,271	—
Due from other agencies	50,277	7,958	—	50	58,285	—
Inventories	28,461	—	—	—	28,461	—
Other current assets	3,590	3,017	—	—	6,607	—
Restricted cash and cash equivalents with fiscal agent	1,735	108,022	5,850	—	115,607	—
Total current assets	479,993	426,789	7,986	30,236	945,004	67,325
Noncurrent assets:						
Long-term receivable	443	—	—	—	443	—
Net OPEB asset	65,678	—	—	—	65,678	—
Capital assets - non-depreciable:						
Land and right of way	1,128,541	585,702	—	—	1,714,243	—
Construction in progress	422,899	751,364	2,577	2,230	1,179,070	—
Capital assets - depreciable:						
Intangible assets	2,203	—	—	—	2,203	—
Caltrain - Gilroy extension	53,790	—	—	—	53,790	—
Buildings and improvements	548,077	504,563	—	—	1,052,640	—
Furniture and fixtures	146,237	319,765	—	—	466,002	—
Vehicles	655,304	102,741	—	—	758,045	—
Light-rail tracks and electrification	451,824	600,933	—	—	1,052,757	—
Leasehold improvements	9,851	—	—	—	9,851	—
Others	50,253	189	—	—	50,442	—
Less accumulated depreciation	(1,134,472)	(18,479)	—	—	(1,152,951)	—
Net capital assets	2,334,507	2,846,778	2,577	2,230	5,186,092	—
Total noncurrent assets	2,400,628	2,846,778	2,577	2,230	5,252,213	—
Total assets	2,880,621	3,273,567	10,563	32,466	6,197,217	67,325
DEFERRED OUTFLOWS OF RESOURCES:						
Refunding amounts	5,885	—	—	—	5,885	—
Pension related	105,388	—	—	—	105,388	—
OPEB related	14,579	—	—	—	14,579	—
Total deferred outflows of resources	125,852	—	—	—	125,852	—

(continued on next page)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Fund Net Position *(continued)*

Proprietary Funds

June 30, 2020

(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	15,342	—	5	—	15,347	—
Accounts payable and accrued expenses	25,646	208	166	309	26,329	168
Deposits	297	—	—	179	476	—
Accrued payroll and related liabilities	5,801	—	—	—	5,801	
Bond interest and other fees payable	456	—	—	—	456	—
Unearned revenues	4,710	—	—	27	4,737	—
Other accrued expenses	79	—	—	—	79	—
Due to other funds	—	—	104	—	104	—
Due to other agencies	19,456	—	—	—	19,456	—
Claims liability	—	—	—	—	—	4,374
Compensated absences	—	—	—	—	—	12,291
Total current liabilities	71,787	208	275	515	72,785	16,833
Non-current liabilities:						
Claims liability	—	—	—	—	—	24,968
Compensated absences	—	—	—	—	—	25,524
Long-term debt	114,353	—	23,302	—	137,655	—
Net pension liability	380,549	—	—	—	380,549	—
Total non-current liabilities	494,902	—	23,302	—	518,204	50,492
Total liabilities	566,689	208	23,577	515	590,989	67,325
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	14,294	—	—	—	14,294	—
OPEB Related	9,619	—	—	—	9,619	—
Total deferred inflows of resources	23,913	—	—	—	23,913	—
NET POSITION:						
Net Investment in Capital Assets	2,210,697	2,846,778	—	2,230	5,059,705	—
Restricted:						
1996 Measure B projects	1,701	—	—	—	1,701	—
Debt service	1,735	—	5,850	—	7,585	—
Unrestricted (Note 2j)	201,738	426,581	(18,864)	29,721	639,176	—
Total net position	$ 2,415,871	$ 3,273,359	$ (13,014)	$ 31,951	$ 5,708,167	$ —

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

Net Position of Enterprise Funds	$ 5,708,167
Net Position of Internal Service Funds, which benefits Business-Type Activities	—
Net Position of Business-Type Activities (Page 2-18)	$ 5,708,167

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2020
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
OPERATING REVENUES:						
Fares - Transit	$ 27,318	$ —	$ —	$ —	$ 27,318	$ —
Fares - Paratransit	1,498	—	—	—	1,498	—
Toll revenues collected	—	—	3,466	—	3,466	—
Advertising and others	4,881	—	—	—	4,881	—
Charges for services	—	—	—	734	734	16,282
Total operating revenues	33,697	—	3,466	734	37,897	16,282
OPERATING EXPENSES:						
Labor cost	360,412	—	—	—	360,412	—
Materials and supplies	33,670	—	—	—	33,670	—
Services	41,780	2,089	1,467	1,606	46,942	—
Utilities	9,707	—	25	—	9,732	—
Casualty and liability	3,834	—	—	—	3,834	—
Purchased transportation	25,090	—	—	—	25,090	—
Leases and rentals	859	—	—	—	859	—
Miscellaneous	1,616	—	4	—	1,620	3,539
Depreciation expense	74,758	18,479	—	—	93,237	—
Costs allocated to capital and other programs	(34,672)	18	—	2	(34,652)	—
Claims and change in future claims estimates	—	—	—	—	—	15,096
Total operating expense	517,054	20,586	1,496	1,608	540,744	18,635
Operating income/(loss)	(483,357)	(20,586)	1,970	(874)	(502,847)	(2,353)
NON-OPERATING REVENUES (EXPENSES):						
Sales tax revenue	209,828	50,768	—	—	260,596	—
Federal operating assistance and other grants	76,941	—	—	—	76,941	—
State and local operating assistance grants	137,081	—	—	—	137,081	—
Caltrain subsidy	(10,800)	—	—	—	(10,800)	—
Capital expense on behalf of, and contribution to other agencies	(100,056)	(82,570)	(6,732)	—	(189,358)	—
Altamont Corridor Express subsidy	(3,634)	—	—	—	(3,634)	—
Investment earnings	10,091	16,620	81	1,301	28,093	1,201
Interest expense	(6,464)	—	—	—	(6,464)	—
Other income	4,342	—	—	—	4,342	1,152
Other expenses	(1,444)	—	—	—	(1,444)	—
Total non-operating revenue (expenses)	315,885	(15,182)	(6,651)	1,301	295,353	2,353
Income (loss) before capital contributions and transfers	(167,472)	(35,768)	(4,681)	427	(207,494)	—
Capital grants and contributions	28,804	—	—	408	29,212	—
Transfers in	83,493	211,863	2,578	—	297,934	—
Change in net position	(55,175)	176,095	(2,103)	835	119,652	—
Net position, beginning of year	2,471,046	3,097,264	(10,911)	31,116	5,588,515	—
Net position, end of year	$2,415,871	$ 3,273,359	$ (13,014)	$ 31,951	$ 5,708,167	$ —

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	$119,652
Change in net position of the Internal Service Fund, which benefits Business-Type Activities	—
Change in net position of Business-type Activities (Page 2-19)	$119,652

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020
(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	$ 26,036	$ —	$ —	$ —	$ 26,036	$ —
Cash received from paratransit fares	1,498	—	—	—	1,498	—
Cash received from Tolls	—	—	3,466	—	3,466	—
Cash received from advertising	5,959	—	—	—	5,959	—
Cash paid for labor costs	(295,434)	(18)	—	(2)	(295,454)	—
Cash paid to suppliers	(94,720)	(5,106)	(1,472)	(1,597)	(102,895)	—
Cash paid for purchased transportation	(25,090)	—	—	—	(25,090)	—
Cash received from contributions	—	—	—	—	—	16,282
Payments made to beneficiaries	—	—	—	—	—	(17,556)
Payments made to third party contractors	—	—	—	—	—	(1,134)
Other receipts/(payments)	—	136	(1)	877	1,012	—
Net cash provided by/(used in) operating activities	(381,751)	(4,988)	1,993	(722)	(385,468)	(2,408)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grants received	226,476	—	—	—	226,476	—
Sales tax received	216,357	52,229	—	—	268,586	—
Caltrain subsidy	(10,800)	—	—	—	(10,800)	—
Altamont Corridor Express subsidy	(3,634)	—	—	—	(3,634)	—
Capital contributions to other agencies	(958)	—	(6,628)	—	(7,586)	—
Net cash provided by/(used in) non-capital financing activities	427,441	52,229	(6,628)	—	473,042	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment of long-term debt	(14,733)	—	(55)	—	(14,788)	—
Proceeds from issuance of long-term debt	—	—	8,075	—	8,075	—
Advance (to)/from other governments	6,423	—	—	—	6,423	—
Interest and other fees paid on long-term debt	(6,059)	—	—	—	(6,059)	—
Acquisition and construction of capital assets	(51,395)	—	—	(734)	(52,129)	—
Capital contribution from other entities	25,901	—	—	408	26,309	—
Transfer in	72,782	—	—	—	72,782	—
Net cash provided by/(used in) capital and related financing activities	32,919	—	8,020	(326)	40,613	—
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	400,291	642,592	3,243	42,949	1,089,075	83,476
Purchase of investments	(451,198)	(594,660)	(1,622)	(43,315)	(1,090,795)	(85,753)
Interest income received	10,316	12,197	82	976	23,571	915
Net cash provided by/(used in) investment activities	(40,591)	60,129	1,703	610	21,851	(1,362)
Net increase/(decrease) in cash and cash equivalents	38,018	107,370	5,088	(438)	150,038	(3,770)
Cash and cash equivalents, beginning of year	3,256	879	2,838	761	7,734	10,834
Cash and cash equivalents, end of year	$ 41,274	$ 108,249	$ 7,926	$ 323	$ 157,772	$ 7,064

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds *(continued)*
For the year ended June 30, 2020
(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)	$ (483,357)	$ (20,586)	$ 1,970	$ (874)	$ (502,847)	$ (2,353)
Adjustments to reconcile operating income (loss) to net cash provided by/(used in) operating activities:						
Depreciation	74,758	18,479	—	—	93,237	—
Changes in operating assets and liabilities:						
Other current assets	689	(3,017)	—	—	(2,328)	—
Receivables	(230)	—	24	9	(197)	—
Deferred Outflow of Resources: Pension related	230	—	—	—	230	—
Inventories	4,857	—	—	—	4,857	—
Accounts Payable	(9,071)	136	(1)	—	(8,936)	—
Other accrued liabilities	(682)	—	—	—	(682)	(55)
Deposits from others	474	—	—	—	474	—
Unearned Revenue	(204)	—	—	143	(61)	—
Pension related	30,785	—	—	—	30,785	—
Net cash provided by/(used in) operating activities	$ (381,751)	$ (4,988)	$ 1,993	$ (722)	$ (385,468)	$ (2,408)
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:						
Unrestricted:						
Cash and cash equivalents	$ 39,539	$ 227	$ 2,076	$ 323	$ 42,165	$ 7,064
Restricted:						
Cash and cash equivalents with fiscal agent	1,735	108,022	5,850	—	115,607	—
	$ 41,274	$ 108,249	$ 7,926	$ 323	$ 157,772	$ 7,064
NONCASH ACTIVITIES:						
Increase/(Decrease) in fair value of investments	$ —	$ 4,423	$ 1	$ 325	$ 4,749	$ —
Noncash capital contributions	537	—	—	—	537	—
Amortization expense of Caltrain Access Fee	(441)	—	—	—	(441)	—
Total non-cash activities	$ 96	$ 4,423	$ 1	$ 325	$ 4,845	$ —

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2020
(In thousands)

	Special Revenue Funds 2000 Measure A Program	Special Revenue Funds 2016 Measure B Program	Special Revenue Funds Congestion Management Program	Special Revenue Funds Congestion Management & Highway Program	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 1,861	$ 446	$ 1,119	$ 3,171	$ 6,597
Investments	319,658	580,099	—	411	900,168
Due from other agencies	62,319	35,318	1,175	26,163	124,975
Other assets	13	—	—	—	13
Restricted cash with fiscal agent	82,514	—	—	—	82,514
Total assets	$ 466,365	$ 615,863	$ 2,294	$ 29,745	$ 1,114,267
LIABILITIES:					
Accounts payable	$ 60,201	$ 15,095	$ 147	$ 16,572	$ 92,015
Unearned revenue	95	—	—	—	95
Due to other funds	3,744	—	—	1,423	5,167
Due to other agencies	8,750	—	104	11,750	20,604
Total liabilities	72,790	15,095	251	29,745	117,881
FUND BALANCES:					
Restricted	393,575	600,768	2,043	—	996,386
Total liabilities and fund balances	$ 466,365	$ 615,863	$ 2,294	$ 29,745	$ 1,114,267

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 2-18) are different because:

Total governmental fund balance (page 2-25)		$ 996,386
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	(805,056)	
Derivative instruments	(105,446)	
Deferred inflows of resources related to refunding costs	(3,083)	
Deferred outflows of resources related to derivative instruments	105,446	
Deferred outflows of resources related to refunding costs	3,397	(804,742)
Interest payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds		(9,967)
Net position of government activities (page 2-18)		$ 181,677

See Accompanying Notes to Basic Financial Statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020
(In thousands)

	Special Revenue Funds				
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	Total Governmental Funds
REVENUES:					
Sales tax revenue	$ 209,885	$ 209,324	$ —	$ —	$ 419,209
Assessment to member agencies	—	—	2,880	—	2,880
Administrative fees	—	—	164	—	164
Federal grant revenues	48,230	—	2,171	3,212	53,613
State and local grants	13,823	—	—	54,815	68,638
Federal subsidy for Build America Bonds	8,837	—	—	—	8,837
Investment earnings	16,675	22,800	7	—	39,482
Other revenues	835	—	251	—	1,086
Total revenues	298,285	232,124	5,473	58,027	593,909
EXPENDITURES:					
Congestion Management - Current					
Labor and overhead costs	—	728	4,909	—	5,637
Professional services	—	570	311	—	881
Materials and services	—	—	15	—	15
Capital expenditures on behalf of, and contributions to other agencies	33,810	79,651	195	55,449	169,105
Other expenditures	2,277	—	—	—	2,277
Debt Service:					
Principal	32,080	—	—	—	32,080
Interest	12,105	—	—	—	12,105
Total expenditures	80,272	80,949	5,430	55,449	222,100
Excess (deficiency) of revenues over expenditures	218,013	151,175	43	2,578	371,809
OTHER FINANCING SOURCES & USES					
Transfers out	(280,856)	(14,500)	—	(2,578)	(297,934)
Net change in fund balances	(62,843)	136,675	43	—	73,875
Fund balances, beginning of year	456,418	464,093	2,000	—	922,511
Fund balances, end of year	$ 393,575	$ 600,768	$ 2,043	$ —	$ 996,386

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 2-19) are different because:		
Net change in fund balances - total governmental funds (page 2-26)		$ 73,875
Repayment of debt service is an expenditure in the governmental funds, but reduces the long-term liabilities		32,080
Some 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	1,082	
Amortization of gain on refunding debt	196	
Amortization of loss on refunding debt	(212)	
Change in accrued interest payable	309	1,375
Change in net position of governmental activities (page 2-19)		$ 107,330

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020
(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds	Agency Funds
ASSETS:		
Cash and investments:		
Cash and cash equivalents	$ 6,064	$ 5,533
Corporate bonds	112,470	—
Municipal bonds	4,793	—
U.S. government agency bonds	55,406	—
U.S. treasury	18,781	—
Money market funds	11,992	—
Equity based	508,386	—
Real asset funds	89,027	31,779
Alternative investments	109,377	—
Receivables	1,387	—
Due from other agencies	11	—
Total assets	917,694	$ 37,312
LIABILITIES:		
Accounts payable	593	$ 218
Unearned revenues	29	—
Program payable	—	37,094
Total liabilities	622	$ 37,312
NET POSITION:		
Restricted for:		
ATU pension benefits	551,245	
Retiree medical benefits	330,965	
ATU retiree spousal medical benefits	20,602	
ATU retiree dental and vision benefits	14,260	
Total net position	$ 917,072	

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2020
(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds
ADDITIONS:	
Employee contributions	$ 6,716
Employer contributions	36,351
Total contributions	43,067
Investment earnings:	
Investment income	25,435
Net change in the fair value of investments	(21,734)
Investment expense	(5,247)
Net investment earnings	(1,546)
Total additions	41,521
DEDUCTIONS:	
Benefit payments	62,629
Administrative expenses	466
Total deductions	63,095
Change in net position	(21,574)
Net position, beginning of year	938,646
Net position, end of year	$ 917,072

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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 transit operations of VTA. The primary sources of funding for transit operations are the TDA, one-half cent sales tax, farebox collections, and federal/state grants.
- 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 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 Phase 2 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.

The Fiduciary Funds are used to account for assets held by VTA as a trustee or as an agent for others and which assets cannot be used to support its own programs. The following are VTA's trust and agency funds:

- 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.
- VTA's Agency Funds account for resources held by VTA in a custodial capacity on behalf of others and include:
    - Bay Area Air Quality Management District (BAAQMD) which accounts for the activities that relate to the Transportation Fund for Clean Air (TFCA) program.
    - 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.

(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. Agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

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. 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 $3 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, 2020, on pages 2-20 and 2-21, 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, swap collateral, retention, amounts restricted for 1996 Measure B projects, 2000 Measure A program, 2016 Measure B program, and Congestion Management Program (CMP). 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):

	Proprietary Funds				
	VTA Transit Fund	BART Operating Fund	Express Lanes Fund	Joint Development Fund	Total Enterprise Funds
Local share of capital projects	$ 142,740	$ —	$ —	$ 6,547	$ 149,287
Debt reduction	135,696	—	—	—	135,696
Express Lane	—	—	(18,864)	—	(18,864)
BART Operating	—	426,581	—	—	426,581
Joint Development	—	—	—	23,174	23,174
Sales tax stabilization	35,000	—	—	—	35,000
Operating reserve	75,814	—	—	—	75,814
Inventory and prepaid expenses	31,305	—	—	—	31,305
Net OPEB Asset (GASB 75)*	70,638	—	—	—	70,638
Net Pension Liability (GASB 68)*	(289,455)	—	—	—	(289,455)
Total	$ 201,738	$ 426,581	$(18,864)	$ 29,721	$ 639,176

*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
Long-term liabilities, including bonds payable, are not due and payable in, the current period and therefore, are not reported in the fund:	$ 393,575
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	(805,056)
Derivative instruments	(105,446)
Deferred Inflows	(3,083)
Deferred Outflows	3,397
Retention	(32,800)
Debt Service	(49,714)
Interest Payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds	(9,967)
Total Net Position, Governmental Activities (page 2-18), June 30, 2020	$ (609,094)

(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 $35 million as costs allocated to capital and other programs. This amount represents primarily a credit for direct and indirect labor, associated fringe benefits, reproduction and mileage costs, as well as 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) New Accounting Pronouncements

Due to the challenges faced by government institutions resulting from the impact of COVID-19, Governmental Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Statement No. 84 - In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement also establishes criteria for identifying fiduciary activities of all state and local governments. Effective date for implementation was deferred for the reporting periods beginning after December 15, 2019, or the FY 2021. VTA is evaluating the impact of the Statement.

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 is evaluating the impact of the Statement.

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. Effective date for this Statement was deferred for reporting periods after December 15, 2020, or the FY 2022. VTA is evaluating the impact of the Statement.

GASB Statement No. 90 - In August 2018, GASB issued Statement No. 90, *Majority Equity Interests- An Amendment of GASB No. 14 and No. 61.* Primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization, and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The equity method should be used for measuring a majority equity interest that meets the definition of an investment, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Effective date for this Statement was deferred for reporting periods after December 15, 2019, or the FY 2021. VTA is evaluating the impact of the Statement.

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.

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. VTA is evaluating the impact of the Statement.

NOTE 3 - CASH AND INVESTMENTS

Total cash and investments as of June 30, 2020, are reported in the accompanying basic financial statements as follows (in thousands):

	Enterprise Funds	Internal Service Fund	Governmental Funds	Retiree Benefits Trust Funds	Agency Funds	Total
Cash and Cash Equivalents	$ 42,165	$ 7,064	$ 6,597	$ 6,064	$ 5,533	$ 67,423
Restricted Cash and Cash Equivalents with Fiscal Agents	115,607	—	82,514	—	—	198,121
Total cash equivalents	157,772	7,064	89,111	6,064	5,533	265,544
Investments	681,225	60,261	900,168	910,232	31,779	2,583,665
Total Cash and Investments	$ 838,997	$ 67,325	$ 989,279	$ 916,296	$ 37,312	$ 2,849,209

As of June 30, 2020, total cash and investments reported in the accompanying financial statements consisted of the following (in thousands):

Cash & Cash Equivalents	$ 67,423
Cash & Cash Equivalents with Fiscal Agents	198,121
Investments	2,583,665
Total	$ 2,849,209

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, 2020, was 191 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 $1.9 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, 2020 (in thousands):

OPERATIONS POOL	Maturity: Less than 1 year	1-5 Years	6-10 Years	Over 10 Years	Fair value
Corporate Bonds	$ 113,306	$ 424,259	$ 2,666	$ —	$ 540,231
Municipal Bonds	40,456	117,102	6,748	4,026	168,332
Commercial Paper/CD	27,842	—	—	—	27,842
US Government Agency Bonds	18,756	212,562	—	—	231,318
US Treasury	39,731	561,885	6,412	—	608,028
Money Market Funds	22,682	—	—	—	22,682
LAIF	75,000	—	—	—	75,000
Subtotal	$ 337,773	$ 1,315,808	$ 15,826	$ 4,026	1,673,433
Cash with Fiscal Agents					198,121
Cash Deposits					61,359
Total cash and investments in the operations pool					1,932,913

RETIREE BENEFITS POOL	Maturity: Less than 1 year	1-5 Years	6-10 Years	Over 10 Years	Fair value
Corporate Bonds - Pension	$ 1,163	$ 12,322	$ 19,246	$ 35,807	$ 68,538
Corporate Bonds - OPEB	760	10,076	12,144	20,952	43,932
Municipal Bonds - Pension	—	—	—	2,999	2,999
Municipal Bonds - OPEB	—	—	—	1,794	1,794
US Government Agency Bonds - Pension Plan	—	217	469	32,689	33,375
US Government Agency Bonds - OPEB Plan	—	2,017	178	19,836	22,031
US Treasury - Pension	1,006	9,596	—	—	10,602
US Treasury - OPEB	—	8,179	—	—	8,179
Money Market Funds - Pension	8,769	—	—	—	8,769
Money Market Funds - OPEB	3,223	—	—	—	3,223
Subtotal	$ 14,921	$ 42,407	$ 32,037	$ 114,077	203,442
Equity Based					508,386
Real Assets Funds					89,027
Alternative Investments					109,377
Cash Deposits					6,064
Total cash and investments in the retiree benefits pool					916,296
Total cash and investments					$ 2,849,209

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.

A summary of the credit quality distribution for investments with credit exposure as rated by Standard and Poor's :

	Rating as of June 30, 2020		
	Operations Pool	**Retiree Benefits Pool**	**Total**
Corporate bonds			
AAA	$ 117,488	$ —	$ 117,488
AA	66,403	13,677	80,080
A	288,639	19,112	307,751
A-1	1,491	—	1,491
B	—	100	100
BBB	65,204	58,706	123,910
BB	—	20,875	20,875
P-1	1,006	—	1,006
Municipal bonds			
AAA	4,652	—	4,652
AA	124,358	2,636	126,994
A	18,579	990	19,569
A-1	301	—	301
A1	3,532	—	3,532
Aa1	1,024	—	1,024
A2	1,600	—	1,600
AA3	2,153	—	2,153
BBB	—	1,167	1,167
F1	2,450	—	2,450
SP-1	9,683	—	9,683
Certificate of Deposit			
AA	1,840	—	1,840
A	2,003	—	2,003
A-1	13,959	—	13,959
Aa3	1,539	—	1,539
Commercial Paper			
A-1	8,501	—	8,501
US Government Agencies			
AA	231,318	55,406	286,724
US Treasury Notes			
AA	608,028	18,781	626,809
Unrated cash and investments			
Cash with Fiscal Agents	198,121	—	198,121
Real Assets Funds	—	89,027	89,027
Equity Based	—	508,386	508,386
Alternative Investments	—	109,377	109,377
LAIF	75,000	—	75,000
Money Market Funds	22,682	11,992	34,674
Deposits with Financial Institutions	61,359	6,064	67,423
TOTAL	$ 1,932,913	$ 916,296	$ 2,849,209

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, 2020, 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, except for investment in Federal Home Loan Mortgage Corporation (FHLMC) which represents 7.26% of the operations pool. As of June 30, 2020, the retiree benefits pool held investments in the UBS Core Real Estate Fund 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, 2020:

Operations Pool	Level 1	Level 2	Level 3	Fair Value
	Fair Value Hierarchy			
Corporate Bonds	$ —	$ 540,231	$ —	$ 540,231
Municipal Bonds	—	168,332	—	168,332
US Government Agency Bonds	—	231,318	—	231,318
US Treasury	608,028	—	—	608,028
Certificates of Deposit	—	19,341	—	19,341
Subtotal	$ 608,028	$ 959,222	$ —	1,567,250
Not subject to the fair value hierarchy				
Money Market Funds				22,682
Cash with Fiscal Agents				198,121
Commercial Paper				8,501
LAIF				75,000
Cash Deposits				61,359
Subtotal				365,663
Cash and investments in the operations pool				1,932,913

Retiree Benefits Pool	Level 1	Level 2	Level 3	Fair Value
	Fair Value Hierarchy			
Corporate Bonds - Pension Plan	$ —	$ 68,538	$ —	$ 68,538
Corporate Bonds - OPEB Plan	—	43,932	—	43,932
Municipal Bonds - Pension Plan	—	2,999	—	2,999
Municipal Bonds - OPEB Plan	—	1,794	—	1,794
US Government Agency Bonds - Pension Plan	—	33,375	—	33,375
US Government Agency Bonds - OPEB Plan	—	22,031	—	22,031
US Treasury - Pension Plan	10,602	—	—	10,602
US Treasury - OPEB Plan	8,179	—	—	8,179
Equity Based	—	508,386	—	508,386
Subtotal	$ 18,781	$ 681,055	$ —	699,836
Net Asset Value				
Real Assets Funds				89,027
Alternative Investments				109,377
Subtotal				198,404
Not subject to the fair value hierarchy				
Money Market Funds - Pension				8,769
Money Market Funds - OPEB				3,223
Cash Deposits				6,064
Subtotal				18,056
Cash and investments in the retiree benefits pool				916,296
Total cash and investments				$ 2,849,209

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) and the lowest priority when pricing inputs are unobservable (Level 3 measurements). 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 market 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, 2020, concerning the fair value of investments that are subject to foreign currency risk that are only reported in the retiree benefits pool (in thousands):

Currency Name	Global Equity ('000)
Australian Dollar	$ 712
British Pound Sterling	9,125
Brazilian Real	2,444
Canadian Dollar	4,163
Chilean Peso	272
Chinese Yuan	988
Colombian Peso	85
Czech Koruna	198
Danish Krone	1,362
Egyptian Pound	49
Euro	31,490
Hong Kong Dollar	16,391
Hungarian Forint	98
Indian Rupee	6,179
Indonesian Rupiah	628
Japanese Yen	7,458
Malaysian Ringgit	855
Mexican Peso	1,467
Pakistani Rupee	9
Philippine Peso	338
Poland Zloty	307
Qatari Rial	356
Saudi Riyal	1,131
Singapore Dollar	1,049
Russian Ruble	13
South African Rand	1,665
South Korean Won	6,894
Swiss Franc	14,010
Taiwan Dollar	6,386
Thai Baht	881
Turkish Lira	169
United Arab Emirates Dirham	209
Total	$ 117,381

NOTE 4 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2020, is as follows (in thousands):

	Due from other funds	Due to other funds
Enterprise Funds		
VTA Transit	$ 5,266 [1,3]	$ —
Express Lanes	—	104 [2]
Joint Development	5 [3]	—
Total	5,271	104
Governmental Funds		
2000 Measure A Program	—	3,744 [1]
Congestion Management & Highway Program	—	1,423 [3]
Total	—	5,167
	$ 5,271	$ 5,271

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

[2]Represents expenses initially paid by Congestion Management & Highway Program

[3]Represents expenses initially paid by other funds on behalf of Congestion Management & Highway Program

The transfer to VTA Transit includes $10.7 million of fund capital acquisitions from 2000 Measure A (consisting largely of parking garages, bus rapid transit, facility modifications, and bus stop improvements); $14.7 million of Measure A Repayment Obligation, $43.5 million of operating assistance from 2000 Measure A, and $14.5 million of operating assistance from 2016 Measure B Program. Express Lanes received $2.6 million capital acquisitions from Congestion Management and Highway Program. The $211.9 million transfer to BART Operations consists of capital acquisition from 2000 Measure A (including Silicon Valley Berryessa Extension, BART vehicle procurement projects, and Eastridge to BART Regional Connector). A summary of the composition of transfers in/out for the year ended June 30, 2020, is as follows:

Transfer from	Transfer to	Purpose	Amount (in thousands)
2000 Measure A Fund	VTA Transit Fund	Fund capital acquisitions	$ 10,711
		Operating Assistance	43,551
		Meas A Repayment Obligation	14,731
2016 Measure B Fund	VTA Transit Fund	Operating Assistance	14,500
			83,493
Congestion Management & Highway Program	Express Lanes Fund	Fund capital acquisitions	2,578
2000 Measure A Fund	BART Operating Fund	Fund capital acquisitions	211,863
			$ 297,934

NOTE 5 – DUE FROM AND DUE TO OTHER AGENCIES

Due from other agencies as of June 30, 2020 consisted largely of sales tax receivables of $106.3 million ($40.8 million under enterprise funds, and $65.5 million under governmental funds), and State Transit Assistance of $3.4 million. A summary is provided as follows (in thousands):

DUE FROM OTHER AGENCIES	Enterprise Funds	Fiduciary Funds	Governmental Funds
Federal Government	$ 9,850	$ —	$ 23,195
State Government	44,937	—	88,133
Cities and other local agencies	3,498	11	13,647
Total	$ 58,285	$ 11	$ 124,975

Due to other agencies as of June 30, 2020 consisted of advances for capital projects received from the entities as provided below (in thousands):

DUE TO OTHER AGENCIES	Enterprise Fund	Governmental Fund
State	18,428	$ 945
Caltrain	50	—
County of Santa Clara	—	12,750
City of Milpitas	—	4,006
City of Santa Clara	17	—
City of San Jose	—	2,525
City of Sunnyvale	17	2
City of Cupertino	—	1
City of Los Gatos	17	—
Santa Clara Valley Water District	—	288
Metropolitan Transportation Commission	927	—
Others	—	87
Total	$ 19,456	$ 20,604

NOTE 6 – CAPITAL ASSETS

Capital asset changes for VTA's business-type activities for the year ended June 30, 2020, were as follows (in thousands):

	July 1, 2019	Additions	Retirements	Transfers	June 30, 2020
Capital assets, not being depreciated					
Land and right-of-way	$ 1,126,796	$ 2,676	$ —	$ 584,771	$ 1,714,243
Construction in progress	3,353,507	223,234	(181,166)	(2,216,505)	1,179,070
Total capital assets, not being depreciated	4,480,303	225,910	(181,166)	(1,631,734)	2,893,313
Capital assets, being depreciated					
Caltrain Access	2,203	—	—	—	2,203
Caltrain - Gilroy extension	43,072	—	—	10,718	53,790
Buildings and improvements	453,812	5,505	—	593,323	1,052,640
Furniture and fixtures	146,242	21,498	(3,391)	301,653	466,002
Vehicles	661,753	8,556	(6,953)	94,689	758,045
Light rail tracks and electrification	418,194	3,784	—	630,779	1,052,757
Leasehold improvement	9,686	—	—	165	9,851
Others	50,035	—	—	407	50,442
Total capital assets, being depreciated	1,784,997	39,343	(10,344)	1,631,734	3,445,730
Accumulated Depreciation					
Caltrain Access	(1,762)	(441)	—	—	(2,203)
Caltrain - Gilroy extension	(19,232)	(1,789)	—	—	(21,021)
Buildings and improvements	(237,046)	(12,911)	—	—	(249,957)
Furniture and fixtures	(122,648)	(19,208)	3,391	—	(138,465)
Vehicles	(314,261)	(39,625)	5,925	—	(347,961)
Light rail tracks and electrification	(321,372)	(18,187)	—	—	(339,559)
Leasehold improvement	(5,123)	(451)	—	—	(5,574)
Others	(47,587)	(624)	—	—	(48,211)
Total accumulated depreciation	(1,069,031)	(93,236)	9,316	—	(1,152,951)
Total capital assets, being depreciated, net	715,966	(53,893)	(1,028)	1,631,734	2,292,779
Total capital assets, net	$ 5,196,269	$ 172,017	$ (182,194)	$ —	$ 5,186,092

Construction in Progress (CIP) includes capitalized costs and right-of-way acquisitions associated with the following projects as of June 30, 2020, (in thousands):

Silicon Valley Rapid Transit	$ 730,266
Light Rail Program	203,336
Bus Program	66,449
Operating Facilities & Equipment	33,516
Revenue Vehicles & Equipment	34,562
Information Systems Technology	35,459
Light Rail - Way, Power & Signal	66,255
Silicon Valley Express	2,578
Non-Revenue Vehicle	328
Passenger Facilities	3,591
Joint Development	2,230
Others	500
Total	$ 1,179,070

NOTE 7 - LONG-TERM DEBT & LIABILITIES

Long-term debt as of June 30, 2020, consisted of the following (in thousands):

Business-Type Activities:

Secured by VTA's 1976 Measure A 1/2 Cent Sales Tax:	
2017 Series A Refunding	$ 2,612
2017 Series B Refunding ($22,215 plus unamortized premium of $4,760)	26,975
2018 Series A Refunding ($86,495 plus unamortized premium of $13,613)	100,108
Secured by Toll Revenues:	
Silicon Valley Express Lanes State Route 237 Loan	23,307
Subtotal	153,002
Less: Current portion of long-term debt	(15,347)
Long term debt, excluding current portion	$ 137,655

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	469,730
2015 Series A-B Refunding ($80,325 plus unamortized premium of $19,126)	99,451
Subtotal	805,056
Less: Current portion of long-term debt	(33,680)
Long term debt, excluding current portion	$ 771,376

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

- In March 2017, $10.03 million of VTA 2017 Series A Sales Tax Revenue Refunding Bonds were issued to current refund $12.05 million principal amount of the VTA 2007 Series A bonds maturing on June 1, 2017, or 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 2.00%. The 2017 Series A Bonds were issued as traditional fixed rate bonds in a direct purchase by Bank of the West. The 2017 bonds were unrated, did not carry a CUSIP and were issued as a physical, non-book entry security.

- 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 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 18 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 remain 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 32.8%. 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%.

(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, 2020, 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	(38,387)	4/1/2036	Aa3/A+/A+	2
MA 2008B	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(22,353)	4/1/2036	Aa2/A+/AA-	2
MA 2008C	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(22,353)	4/1/2036	Aa2/AA-/NR	2
MA 2008D	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(22,353)	4/1/2036	A3/BBB+/A	2
Total	$235,875				$ (105,446)			

[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 $2.2 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, 2020, the swaps had a negative fair value of $105.4 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 is posting collateral on one swap.

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, 2020. 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 6/30/20[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	A3/BBB+	—	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, 2020, there was a slightly favorable basis variance of 0.174% 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, 2020, 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, 2020, VTA had $32.8 million of cash collateral posted.

Swap Payments and Associated Debt: The table below presents net swap payments using rates as of June 30, 2020, 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
2021	$ —	$ 77	$ 8,394	$ 8,471
2022	—	77	8,394	8,471
2023	—	77	8,394	8,471
2024	—	77	8,394	8,471
2025	—	77	8,394	8,471
2026-2030	—	383	41,971	42,354
2031-2035	173,600	314	34,401	208,315
2036-2036	62,275	15	1,662	63,952
	$ 235,875	$ 1,097	$ 120,004	$ 356,976

(e) Long-Term Debt Obligation Summary

The table below presents all long-term debt. Interest Rates on all outstanding fixed-rate obligations range from 1.5% - 5.88%. Interest on the variable rate debt is reset daily or weekly, depending on market conditions. Projected principal and interest obligations as of June 30, 2020, are as follows (in thousands):

Business-Type Activities:

	Principal	Interest	Total
Year ending June 30:			
2021	$ 15,347	$ 6,619	$ 21,966
2022	16,215	5,930	22,145
2023	16,980	5,116	22,096
2024	17,805	4,263	22,068
2025	18,625	3,369	21,994
2026-2030	25,840	6,589	32,429
2031-2035	13,455	3,387	16,842
2035-2036	10,362	663	11,025
	134,629	$ 35,936	$ 170,565
Unamortized bond premium	18,373		
Total debt	153,002		
Less current portion	(15,347)		
Long-term portion of debt	$ 137,655		

Governmental Activities:

	Principal	Interest	Total
Year ending June 30:			
2021	$ 33,680	$ 39,356	$ 73,036
2022	35,015	37,743	72,758
2023	36,460	35,944	72,404
2024	38,180	33,861	72,041
2025	40,035	31,625	71,660
2026-2030	231,350	120,593	351,943
2031-2035	301,880	49,755	351,635
2035-2036	69,330	2,023	71,353
	785,930	$ 350,900	$ 1,136,830
Unamortized bond premium	19,126		
Total debt	805,056		
Less current portion	(33,680)		
Long-term portion of debt	$ 771,376		

(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 2020 related to the principal and interest requirements for the debt secured by 1976 Half-Cent Sales Tax were $209.8 million and $21.2 million respectively. The debt service coverage ratio was 9.9 in FY 2020. Additional information can be found in Section 3 - Statistical Section - Table 14.

(Dollars in thousands)	July 1, 2019	Additions	Reductions	June 30, 2020	Amounts Due Within One Year
Sales Tax Revenue Bonds					
Secured by 1976 1/2 Cent Sales Tax					
2017 Series A	$ 5,150	$ —	$ 2,538	$ 2,612	$ 2,612
2017 Series B	24,465	—	2,250	22,215	2,350
2018 Series A	96,440	—	9,945	86,495	10,380
Silicon Valley Express Lanes State Route 237 Loan	15,287	8,075	55	23,307	5
Plus (less) premium/discounts	19,127	—	754	18,373	—
Outstanding Debt, Net	160,469	8,075	15,542	153,002	15,347
Claims Liability:					
General Liability	11,845	1,992	5,336	8,501	2,246
Worker's Compensation	21,109	6,395	6,663	20,841	2,128
Compensated Absences	35,483	6,106	3,774	37,815	12,291
Total Long-Term Liabilities	$ 228,906	$ 22,568	$ 31,315	$ 220,159	$ 32,012

Governmental Activities:

The amount of pledged revenues recognized during fiscal year 2020 related to the principal and interest requirements for the debt secured by 2000 Measure A Half-Cent Sales Tax were $209.3 million and $72.4 million respectively. The debt service coverage was 2.9 in FY 2020. Additional information can be found in Section 3 - Statistical Section - Table 15.

(Dollars in thousands)	July 1, 2019	Additions	Reductions	June 30, 2020	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	498,575	—	28,845	469,730	30,285
2015 Series A-B	83,560	—	3,235	80,325	3,395
Plus (less) premium/discounts	20,208	—	1,082	19,126	—
Outstanding Debt, Net	838,218	—	33,162	805,056	33,680
Derivative Instruments Liability	74,381	31,065	—	105,446	—
Total Long-Term Liabilities	$ 912,599	$ 31,065	$ 33,162	$ 910,502	$ 33,680

VTA's Transit Fund reported a deferred amount on refunding in the amount of $0.7 million related to the 2017 bonds and $5.2 million related to the 2018 bond as a 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 $3.4 million as deferred outflows of resources, and 2008 bonds of $3.1 million 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 in FY 2020 amounted to $209.8 million and $209.9 million respectively.

(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 2020 is $50.8 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). Tax collections began in April 2017 and in FY2019, when the litigation on the tax collection was resolved in VTA's favor, $256 million was reported in the governmental fund as *Extraordinary item*. Fiscal year 2020 recognized $209.3 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. Discussions are underway with the Federal Transit Administration (FTA) to review the Expedited Project Delivery (EPD) application readiness to formally submit for fede3ral funding. This would support a maximum 25% of the total Phase 2 project costs and will position the Phase 2 extension to obtain a federal funding commitment more quickly than under the traditional capital improvement grant program.

Measure A funds were also used to extend VTA's light rail from Downtown San Jose to the East Valley. The project comprised two phases. Phase 1 included pedestrian and bus improvements along Capitol Expressway from Capitol Avenue to Quimby Road (completed in the spring 2013) and reconstruction of the Eastridge Transit Center (completed in May 2015). Phase 2 (Eastridge to BART Regional Connector) which will extend light rail from Alum Rock Station to the Eastridge Transit Center. The Right-of-Way activities are ongoing, and acquisition is expected to be completed by mid 2021. Construction of the light rail extension is planned to begin in mid-2021 and completed by early 2026.

(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, 2020, are summarized as follows (in thousands):

	Enterprise	Special Revenue
Operating Grants:		
FTA Section 9 (49 USC 5307)	$ 3,869	$ —
Section 5311	82	—
Department of Labor	44	—
Regional Carpool Program	14	—
CARES Act	72,932	—
Federal Technical Studies	—	2,171
Pass-through Operating Grants	—	3,212
Total Operating Grants	76,941	5,383
Capital Grants:		
FTA New Starts FFGA	—	41,465
FTA Section 5307, 5309, 5337	20,979	6,765
Pass-through Capital Grants	337	—
Total Capital Grants	21,316	48,230
Total operating & capital grants	$ 98,257	$ 53,613

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 Aid, Relief, and Economic Security (CARES) Act 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 2020, VTA received $72.9 million from the CARES Act which was used to supplement VTA's operating expenses during the period of the COVID-19 pandemic.

In March 2012, the FTA awarded VTA a full funding grant agreement (FFGA) for the Silicon Valley Berryessa Extension (SVBX) with a maximum federal New Starts financial contribution of $900 million. The SVBX project scope includes 40 BART revenue vehicles, 10.15 miles of double-track grade separated electrified third-rail guideway, traction power substations, high voltage substations, communication system, passenger drop-off facilities, parking spaces real estate acquisition, utility relocation, drainage improvements, environmental mitigation, financing, startup and revenue testing, and other elements necessary for project delivery. The project also includes facility additions to the existing BART Hayward Yard located in the city of Hayward approximately 14 miles north of Santa Clara County for maintenance of BART vehicles.

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. This includes funds for transit enhancements and Congestion Mitigation and Air Quality (CMAQ) award for transportation projects or programs that will contribute to the attainment or maintenance of the National Ambient Air Quality Standards (NAAQS) for ozone and carbon monoxide. 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.

(b) State and Local Grants and Assistance

State and local grants for the year ended June 30, 2020, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Funds
Operating grants:		
Transportation Development Act	$ 110,984	$ —
State Transit Assistance	25,233	—
Apprenticeship Program	157	—
AB 434	707	—
Congestion Management & Highway Program-State Grants	—	25,261
Congestion Management & Highway Program-2000 Measure A Swap Program	—	2,144
Other Local Grants:		
2016 Measure B	—	19,191
Santa Clara County (Fund Swap Program)	—	68
Various cities, counties and others	—	8,151
Total operating grants	137,081	54,815
Capital grants:		
PTMISEA	2,774	—
Proposition 1B Fund	—	5,607
SB1	615	5,537
Transportation For Clean Air	1,047	—
California Energy Commission	184	—
Various cities, counties and others	3,276	2,679
Total Capital Grants	7,896	13,823
Total State and Local Grants	$ 144,977	$ 68,638

The Transportation Development Act (TDA) funds represent VTA's share of the 0.25% sales tax collected in the County.

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.

Total State and Local Grants were $68.6 million. Other revenues included 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). 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. 2016 Measure B, a 30-year, half-cent countywide sales tax provides another source of funding to enhance transit, highways, expressways and active transportation.

Local grant revenues are mainly derived 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.

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		6,802
Spent in prior year		(212,704)
Beginning unspent grant amounts		4,331
Spent in current year		(2,774)
Interest earned in current year		146
Total proceeds available plus interest earned	$	1,703

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 10 or more years of eligibility service are entitled to full annual pension benefits beginning at normal retirement age of 65. 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. Employees with 15 or more years of eligibility service are entitled to full annual pension benefits beginning at age 55. 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 contributed 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, 2020, is as follows:

Membership Status	
Retirees and beneficiaries currently receiving benefits	1,537
Terminated vested members not yet receiving benefits	122
Active Members	1,510
Total	3,169

(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 2020, the actuarially-determined contribution was $30.55 million. As the Plan elected to use June 30, 2020 as its measurement date, employer contributions for FY 2020 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, 2019	$ 766,548	$ 575,665	$ 190,883
Changes:			
Service cost	18,275	—	18,275
Interest (includes interest on service cost)	52,368	—	52,368
Differences between expected and actual experience	2,349	—	2,349
Changes of assumptions	7,307	—	7,307
Contributions - Employer	—	30,552	(30,552)
Contributions - Member	—	4,850	(4,850)
Net investment income	—	(12,424)	12,424
Benefit Payments, including Refunds of Employee Contributions	(47,023)	(47,023)	—
Administrative expense	—	(375)	375
Net changes	33,276	(24,420)	57,696
Balance at June 30, 2020	$ 799,824	$ 551,245	$ 248,579

(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 36%. A one percent increase in the discount rate decreases the Net Pension Liability by 30%.

	Discount rate -1% 5.87%	Discount rate 6.87% (in thousands)	Discount rate + 1% 7.87%
Net Pension Liability	$ 337,762	$ 248,579	$ 173,181

(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, 2019, and projected forward to the beginning of the measurement year of June 30, 2019. The TPL at the end of the measurement year, June 30, 2020, is measured as of a valuation date of January 1, 2020, and projected forward to June 30, 2020.

A summary of key assumptions is as follows:

Actuarial cost method:	Entry Age Normal Cost Method
Inflation:	2.75%
Salary increases:	3.00% plus merit component
COLA increases:	0.00%
Investment rate of return:	7%
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 6.87%. 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 2082 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 7.00% to the extent the Fiduciary Net Position is available to make the payments and the municipal bond rate of 2.21%, based on the Bond Buyer 20-Bond GO Index as of June 25, 2020, to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2020 is 6.87%. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2019 is 6.96%.

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 Large Cap Equities	22%	6.70%
Domestic Small/Mid Cap Equities	10%	7.00%
Non-US Developed Large Cap Equities	10%	6.80%
Non-US Developed Small/Mid Cap Equities	3%	7.30%
Emerging Markets Equity	5%	9.10%
Private Core Real Estate	5%	5.60%
Private Real-Estate Lending	5%	5.10%
Diversified Real Assets	5%	7.40%
Domestic Fixed Income	19%	2.60%
Private Credit	6%	7.20%
Absolute Return FoF	9%	5.50%
Cash	1%	1.80%
	100%	

[1]Inflation Assumption= 2.75%

(h) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2020, the plan's fiduciary net position amounts to $551.2 million.

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

For the measurement period ending June 30, 2020, VTA incurred pension expense of $52.5 million and as of June 30, 2020, 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	$ 11,460	$ 10,740
Changes in assumptions	23,602	—
Net difference between projected and actual earnings on pension plan investments	46,660	—
Total	$ 81,722	$ 10,740

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

Fiscal Year	Deferred Outflows and Deferred Inflows of Resources
2021	$ 19,516
2022	20,781
2023	18,075
2024	12,610
Thereafter	—
	$ 70,982

(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	$ 81,722	$ 23,666	$ 105,388
Deferred Inflows of Resources	10,740	3,554	14,294
Net Pension Liability	248,579	131,970	380,549
Pension Expense	52,475	27,803	80,278

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, 2018, the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	693
Terminated and vested members not yet receiving benefits	442
Active members	667
Total	1,802

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 7/1/2019 as determined by CalPERS.

The employer's contribution rate from July 1, 2019, through June 30, 2020, was 9.671%. 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 2020, VTA contributed $15.2 million, which is equal to the actuarially-determined contributions. The required contribution for FY 2020 was based on the actuarial valuation report as of June 30, 2017 using the entry age normal cost method with the contributions determined as a percent of pay. VTA's annual pension contribution of $15.2 million in FY 2020 was deferred as VTA opted for June 30, 2019, to be its measurement date.

(d) *Net Pension Liability*

The net pension liability was measured using an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2019	$ 460,014	$ 337,605	$ 122,409
Changes:			
Service cost	11,662	—	11,662
Interest on the Total Pension Liability	32,961	—	32,961
Differences between Expected and Actual Experience	5,563	—	5,563
Contributions from the Employer	—	13,486	(13,486)
Contributions from Employees	—	5,089	(5,089)
Net investment income	—	22,290	(22,290)
Benefit Payments, including Refunds of Employee Contributions	(20,821)	(20,821)	—
Administrative Expense	—	(241)	241
Other Miscellaneous Income/(Expense)	—	1	(1)
Net changes	29,365	19,804	9,561
Balance at June 30, 2020	$ 489,379	$ 357,409	$ 131,970

(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	$ 195,628	$ 131,970	$ 79,004

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

For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. Total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

(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, 2019 is $357.4 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, 2020, VTA incurred a pension expense of $27.8 million for the Plan.

As of June 30, 2020, 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
Changes of Assumptions	$ 2,833	$ 1,409
Differences between Expected and Actual Experiences	5,625	266
Net Difference between Projected and Actual Earnings on Pension Plan Investments	—	1,879
Pension Contributions subsequent to measurement date	15,208	—
Total	$ 23,666	$ 3,554

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, 2021. 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
2021	$ 5,350
2022	(1,295)
2023	504
2024	345
	$ 4,904

(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 $136 per month in 2020.

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, 2020, 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	1,152	594	1,746
Active (Vested)	645	452	1,097

(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, 2020, the Plan's net position of $331.0 million was available to cover costs of the ATU and Non-ATU Programs. The $5.8 million contribution in FY 20 is entirely cash contribution.

(d) Changes in Net OPEB Asset

The Net OPEB Asset was $65.7 million as of June 30, 2020. 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, 2019	$ 258,184	$ 330,625	$ (72,441)
Changes:			
Service cost	6,141	—	6,141
Interest (includes interest on service cost)	17,810	—	17,810
Changes of assumptions	(12)	—	(12)
Difference between Expected and Actual Experience	(3,064)	—	(3,064)
Contributions -Employer	—	5,799	(5,799)
Benefit Payments	(13,771)	(13,771)	—
Non-Benefit Related Admin Expenses from Plan Trusts	—	(91)	91
Expected Investment Return	—	22,861	(22,861)
Investment Experience (Loss)/Gain	—	(14,457)	14,457
Net changes	7,104	341	6,763
Balance at June 30, 2020	$ 265,288	$ 330,966	$ (65,678)

(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 7.00%, as well as what the Net OPEB Asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%), in thousands.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Asset	$ 34,100	$ 65,679	$ 92,075

(f) Health Care Trend rates

The following presents the Net OPEB Asset as calculated using the current trend rate (4%), and what the Net OPEB Asset would be if it were to be calculated using medical trend rates that are one percentage-point lower (3%), or one percentage-point higher (5%) than the current rate. Amounts are in thousands.

	1% Decrease 3%	Current Trend Rate 4%	1% Increase 5%
Net OPEB Asset	$ 96,058	$ 65,679	$ 28,748

(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, 2019
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 eighteen years ending June 30, 2015.
	Trend Rates	The CalPERS benefit trend rates begin at various levels ranging from 0.98% for the Medicare PERSCare PPO to 11.70% for the non-Medicare UHC HMO. These first-year percentages are based on the actual 2020 renewal and the type of medical plans (HMO vs. PPO, Medicare vs. non-Medicare), and then are graded down to an ultimate rate of 4.0% (reflecting the expected long-term trend for the medical Consumer Price Index).

(h) Discount Rate

The discount rate used to measure the Total OPEB Liability was 7%. 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 Large Cap Equities	22%	6.7%
Domestic Small/Mid Cap Equities	8%	7.0%
Non-US Developed Large Cap Equities	10%	6.8%
Non-US Developed Small/Mid Cap Equities	3%	7.3%
Emerging Markets Equity	5%	9.1%
Private Core Real Estate	5%	5.6%
Private Real-Estate Lending	5%	5.1%
Diversified Real Assets	5%	7.4%
Domestic Fixed Income	19%	2.6%
Private Credit	8%	7.2%
Absolute Return FoF	9%	5.5%
Cash	1%	1.8%
	100%	

(i) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2020, the Plan's Fiduciary Net Position amounts to $331.0 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, 2020, the Plan incurred OPEB expense of $1.98 million and VTA's deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2020 are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 4,526	$ 618
Difference between expected and actual experience	—	9,001
Difference between expected and actual investment earnings	10,053	—
Total	$ 14,579	$ 9,619

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

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2021	$ 798
2022	798
2023	2,313
2024	1,807
2025	(625)
Thereafter	(131)
	$ 4,960

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, 2020, VTA had net position of approximately $20.6 million for the ATU Spousal Medical Fund and $14.3 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, 2020, there were 433 participating spouses who were eligible for benefits from the Spousal Medical Fund. FY 2020 contributions were approximately $1.5 million while benefit payments made by the Fund were approximately $1.5 million and investment earnings were $1.5 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, 2020, there were 1,137 eligible participants. Contributions and investment earnings for the fiscal year were approximately $373 thousand and $1 million respectively, while benefit payments were approximately $339 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, 2020, 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	$ 20,841	$ 8,501	$ 37,815	$ 67,157
Liabilities	20,841	8,501	37,815	67,157
Net Position	$ —	$ —	$ —	$ —

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, 2020 disclosed that the present values of estimated outstanding losses, at 2% average discount rate using a 60% confidence level, are $20.8 million and $8.5 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, 2019, and June 30, 2020, are as follows (in thousands):

	Workers' Compensation	General Liability
Unpaid claims at June 30, 2018	$ 19,506	$ 11,021
Provision for claims and claims adjustment expense	6,674	3,846
Changes in estimates for provision for future claims	514	1,345
Payment for claims and other adjustments	(5,585)	(4,367)
Unpaid claims at June 30, 2019	21,109	11,845
Provision for claims and claims adjustment expense	6,635	2,406
Changes in estimates for provision for future claims	(240)	(414)
Payment for claims and other adjustments	(6,663)	(5,336)
Unpaid claims at June 30, 2020	$ 20,841	$ 8,501

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, 2020, the outstanding balance of compensated absences liability is $37.8 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 $3 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 $100,000 to $250,000 for rail cars and equipment, buses, and real property.

For General Liability, VTA is self-insured for $3 million per occurrence. Excess Liability insurance is purchased from several insurers through VTA's insurance broker up to $97 million per occurrence and in the aggregate. The program consists of a $7 million primary layer and an excess layer of $90 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 $250,000.

Type of Coverage	Self-Retention		Excess Coverage	
Workers' Compensation		Self-Insured		None
General Liability	$	3,000,000	$	97,000,000
Property, Boiler & Machinery		100,000		160,000,000
Flood		5,000		500,000
Light Rail Vehicles		250,000		100,000,000
Light Rail Spare Parts		25,000		Stated Value
Buses		100,000 & lower		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 Liability		2,500,000		2,000,000
Crime		10,000		1,000,000
Premises Pollution Liability		100,000		5,000,000
Storage Tank Liability		25,000		1,000,000
Cyber Risk		10,000		2,000,000
Blanket Railroad Protective Liability		—		2,000,000

NOTE 17 – LITIGATION

VTA's BART to Silicon Valley Berryessa Extension

Skanska Shimmick Herzog (SSH), VTA's design-build contractor for the line, track, stations, and systems of VTA's BART Silicon Valley Berryessa Extension filed suit against SCVTA 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 has various defenses and counterclaims it intends to assert against SSH. VTA has cross-complained against SSH alleging breach of contract, breach of the implied covenant of good faith and fair dealing, and negligence. SSH has further cross-complained against its subcontractor, Aldridge/Rosendin JV, who in turn has cross-complained against its lower-tier subcontractor, HSQ Technology. The case is in discovery. The contract between VTA and SSH has a detailed dispute-resolution process, including mediation, that SSH has not yet utilized. No mediation or other alternative dispute resolution is currently scheduled.

VTA's Extension of BART to Silicon Valley Phase II Project

On May 3, 2018, a legal action was filed by Sharks Sports & Entertainment, LLC (Plaintiff) challenging the environmental document prepared under the California Environmental Quality Act (CEQA) for the VTA's Extension of BART to Silicon Valley Phase II Project. The case was filed seeking to set aside the certification of the Environmental Impact Report (EIR) and the approval of the Project. This action does not seek damages. A hearing date has been set for December 9, 2020.

A separate federal case was also filed by the Plaintiff against the Federal Transit Administration (FTA) seeking to set aside the related Record of Decision issued by the FTA. VTA is currently not a party to the federal action, but any decision on the federal case is anticipated to affect the Project. A judgment was entered in favor of the FTA in the federal case. The Plaintiff has until October 7, 2020 to seek an appeal of the judgment.

Social Security Compliance Issue

Since the Authority's inception in the 1990's and the Santa Clara County Transit District's (its predecessor) creation in the 1970's, the Authority's and the Santa Clara County Transit District's employees have continuously participated in social security. In addition, the Authority also provides its employees with a qualifying retirement plan (i.e., CalPERS, VTA/ATU Pension Plan). If a state or local government provides its employees with a qualifying retirement system, and if the state or local government still wants employment with the Authority to count towards its employees' social security benefits, then a Section 218 Agreement is necessary. A Section 218 Agreement is an agreement between a state or local government and the U.S. Social Security Administration ("SSA") that provides for social security participation and coverage for the employees of the state or local government who participate in a retirement plan. If an employee is covered by a qualifying retirement system and contributes to social security without a Section 218 Agreement in place between the employer and SSA, that employee's service is not considered covered by Social Security, and social security benefits cannot be collected based on that service.

In California, CalPERS has been appointed by the SSA as the state social security administrator for California. CalPERS notified the Authority that it identified a compliance issue whereby the Authority provides a qualifying retirement system for its employees, the Authority withholds social security from its employees, but the Authority has no Section 218 Agreement in place. Also, the Santa Clara County Transit District did not enter into a Section 218 Agreement when it was formed in the 1970s.

The Authority has completed its review and analysis of the issues and is in the process of finalizing an action plan for implementation, in coordination with CalPERS, to remedy this error. The Authority believes that its action plan once implemented, would result in continued social security benefit coverage for most, if not all, of its past and current employees. Despite that, it is conceivable that claims could be filed against the Authority for failing to have a Section 218 Agreement in place with the SSA. Potential claimants include current and past employees of the Authority, spouses and/or named beneficiaries who may lose their eligibility for social security benefits, and it is unclear at the present time what liability, if any, the Authority might be subject to from the loss of social security benefits.

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.

The net operating costs and administrative expenses of the PCJPB for services provided between San Francisco and San Jose are reimbursed by the member agencies. In FY 2020, VTA, SamTrans, and CCSF were responsible for 42.4%, 30.6%, and 27.0%, respectively, of the member agencies' total reimbursement for such expenses. During the year ended June 30, 2020, VTA paid $10.8 million to the PCJPB for operating costs.

SamTrans serves as the managing agency of the PCJPB, providing administrative personnel and facilities. The disbursement of funds received by the PCJPB is controlled by provisions of various grant contracts entered into with the U.S. government, the state, and the member agencies.

VTA's agreement with the PCJPB expired in 2001 and continues in full force and effect on a year-to-year basis, until any member provides a one-year's prior written notice of withdrawal. If two or more parties to the agreement withdraw, then the agreement shall terminate at the end of the fiscal year following expiration of the one-year's notice given by the second party. In that event, the property and funds of the PCJPB would be distributed to the member agencies in accordance with a separate agreement to be entered into between the parties.

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, 2020, VTA contributed approximately $3.6 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 Firth 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 headlease 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 headlease rents were invested in highly rated securities to fund all sublease rents and 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 rating requirements. The two leases with Fifth Third Leasing Company have a purchase option date of January 1, 2034.

NOTE 20 – SUBSEQUENT EVENTS

2000 MEASURE A 2015 SERIES A BOND REFUNDING

In September 2020, $69.7 million of Measure A 2020 Series A (Taxable) Sales Tax Revenue Refunding Bonds (the "2020 Bonds") were issued to advance refund $57.2 million principal amount of the Measure A 2015 Series A Bonds (the "2015 Bonds") maturing on and after April 1, 2027. As part of the refunding, an escrow of defeasance securities was purchased and the refunded portion of the 2015 bonds were legally defeased. The purpose of refunding the 2015 Bonds was to achieve interest cost savings. The 2020 Bonds generated deferred outflows on refunding in the amount of $6.38 million and a net present value savings in the amount of $6.2 million. The refunding bonds were issued at an all-in true interest cost of 1.86%. The 2020 Series A Bonds were issued as a fixed rate, taxable bonds in a negotiated sale.

SECOND TRANCHE OF THE CARES ACT FUNDING

In August 2020, VTA received the second tranche of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in the amount of $67.6 million. This is in addition to the first tranche received in May 2020, making the total CARES funding received to be $140.6 million.

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)

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

Information not available prior to FY 2014.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Employer Contributions

Amalgamated Transit Union Pension Plan

(In thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially-determined Contribution	$ 30,552	$ 32,282	$ 28,524	$ 27,385	$ 25,720	$ 25,549	$ 25,787	$ 24,413	$ 19,148	$17,807
Contributions in Relation to the Actuarially-determined Contribution	30,552	32,282	28,524	27,385	25,751	25,590	25,787	24,413	19,148	17,807
Contributions Deficiency/ (Excess)	$ —	$ —	$ —	$ —	$ (31)	$ (41)	$ —	$ —	$ —	$ —
Covered Payroll	$137,584	$133,749	$139,288	$131,544	$126,796	$115,914	$107,880	$104,136	$104,726	$98,741
Contributions as a Percentage of Covered Payroll	22.21%	24.14%	20.48%	20.82%	20.31%	22.08%	23.90%	23.44%	18.28%	18.03%

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)

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$ 11,662	$ 11,641	$ 11,137	$ 9,488	$ 9,551	$ 9,055
Interest	32,961	30,936	29,286	27,998	26,479	24,724
Changes in Assumptions	—	(3,287)	24,077	—	—	—
Difference between Expected and Actual Experience	5,563	3,653	(2,259)	(1,007)	—	—
Benefit payments, including refunds of employee contributions	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Net Change in Total Pension Liability	29,365	24,100	45,158	20,539	17,730	20,945
Total Pension Liability - Beginning	460,014	435,914	390,756	370,217	352,487	331,542
Total Pension Liability - Ending	489,379	460,014	435,914	390,756	370,217	352,487
Plan Fiduciary Net Position						
Contributions - Employer	13,486	11,976	11,865	10,248	8,684	8,845
Contributions - Employee	5,089	4,899	4,875	4,259	4,075	4,482
Net Investment Income	22,290	26,775	31,689	1,430	6,042	41,263
Benefit payments, including refunds of employee contributions	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Plan to Plan Resource Movement	—	78	37	(0.04)	—	—
Administrative Expense	(241)	(490)	(418)	(173)	656	—
Other Miscellaneous Income/(Expense)	1	(930)	—	—	—	—
Net Change in Fiduciary Net Position	19,804	23,465	30,965	(216)	5,116	41,756
Plan Fiduciary Net Position - Beginning	337,605	314,140	283,175	283,391	278,275	236,519
Plan Fiduciary Net Position - Ending	357,409	337,605	314,140	283,175	283,391	278,275
Plan Net Pension Liability - Ending	$131,970	$122,409	$121,774	$107,581	$ 86,826	$ 74,212
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.03%	73.39%	72.06%	72.47%	76.55%	78.95%
Covered Payroll	$70,673	$70,158	$65,842	$61,209	$60,375	$54,294
Plan Net Pension Liability as a Percentage of Covered Payroll	186.73%	174.48%	184.95%	175.76%	143.81%	136.69%
Measurement Date	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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$15,208	$ 13,572	$12,208	$11,516	$ 10,567	$ 8,965	$ 8,845	$ 7,497	$ 7,159	$ 6,090
Contributions in Relation to the Contractually Required	15,208	13,572	12,208	11,516	10,567	8,965	8,845	7,497	7,159	6,090
Contributions Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered Payroll (not based on measurement date)	$70,084	$73,461	$71,140	$68,156	$61,209	$60,375	$54,294	$52,712	$53,950	$51,626
Contributions as a Percentage of Covered Payroll	21.70%	18.48%	17.16%	16.90%	17.26%	14.85%	16.29%	14.22%	13.27%	11.80%

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)

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 6,141	$ 6,190	$ 5,697	$ 5,888
Interest cost	17,810	17,190	16,695	15,872
Benefit payments	(13,771)	(13,142)	(12,539)	(13,055)
Effect of Change in Actuarial Assumptions/ Methods	(12)	6,523	(1,057)	—
Difference between Expected and Actual Experience	(3,064)	(7,876)	(1,670)	—
Effect of Plan Amendments	—	306	—	—
Net change in Total OPEB Liability	7,104	9,191	7,126	8,705
Total OPEB Liability - Beginning	258,184	248,993	241,867	233,162
Total OPEB Liability - Ending (a)	265,288	258,184	248,993	241,867
Plan Fiduciary Net Position				
Contributions to Plan Trusts	5,799	9,086	—	4,047
Benefit Payments from Plan Trusts	(13,771)	(13,142)	(12,539)	(13,054)
Administrative Expenses from Plan Trusts	(91)	(93)	(109)	(25)
Expected Investment Return	22,861	21,931	20,550	18,976
Investment Experience (Loss)/Gain	(14,457)	(2,528)	7,575	14,350
Net Change in Fiduciary Net Position	341	15,254	15,477	24,294
Plan Fiduciary Net Position - Beginning	330,625	315,371	299,894	275,600
Plan Fiduciary Net Position - Ending (b)	330,966	330,625	315,371	299,894
Net OPEB Asset - Ending (a) - (b)	$ (65,678)	$ (72,441)	$ (66,378)	$ (58,027)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability = (b) / (a)	124.76 %	128.06 %	126.66 %	123.99 %
Covered Payroll	$186,300	$181,761	$185,861	$176,709
Net OPEB Asset as a Percentage of Covered Payroll	(35.25)%	(39.85)%	(35.71)%	(32.84)%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Annual money-weight rate of return, net of investment expense	1.03 %	6.44 %	9.83 %	12.51 %

Information not available prior to 2017.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Employer Contributions

Retirees' Other Post Employment Benefits (OPEB) Plan

(In thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially-determined Contribution	$ (5,035)	$ 3,410	$ (2,113)	$ 4,574	$ 4,785	$ 12,093	$ 14,100	$ 17,315	$ 17,321	$ 16,208
Contributions in Relation to the Actuarially-determined Contribution	5,799	9,086	—	4,047	4,785	12,093	14,100	37,965	17,321	15,371
Contributions Deficiency/(Excess)	$(10,834)	$ (5,676)	$ (2,113)	$ 527	$ —	$ —	$ —	$(20,650)	$ —	$ 837
Covered Payroll	$186,300	$181,761	$185,861	$176,709	$168,869	$167,124	$162,902	$152,218	$142,651	$137,050
Contributions as a Percentage of Covered Payroll	3.11%	5.00%	—%	2.29%	2.83%	7.24%	8.66%	24.94%	12.14%	11.22%

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
2000 Measure A Program Special Revenue Fund
For the year ended June 30, 2020
(In thousands)

	Original Operating Budget*	Final Operating Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales tax receipts	$ 225,866	$ 225,866	$ 209,885	$ (15,981)
Investment earnings	8,205	8,205	12,963	4,758
Federal subsidy for Build America Bonds	8,816	8,816	8,837	21
Other income	439	439	835	396
Total revenues	243,326	243,326	232,520	(10,806)
Non-project expenditures:				
Operating assistance to VTA Transit	46,867	46,792	43,551	3,241
Professional, special and other services	639	639	470	169
Miscellaneous	31	31	11	20
Repayment of debt service to VTA Transit	14,729	14,804	14,731	73
Principal payment, bond interest and other bond charges	42,760	42,760	42,810	(50)
Total non-project expenditures	105,026	105,026	101,573	3,453
Change in fund balance	$ 138,300	$ 138,300	130,947	$ (7,353)
GAAP reconciliation and unbudgeted items:				
Federal, state and local grant revenues			62,053	
Contribution to other agencies			(33,810)	
Unrealized gain/(loss) on investments			4,052	
Amortization of premium/discounts on investment			(341)	
Interest not requiring use of financial resources			(1,375)	
Other expenditures			(2,277)	
Transfers out			(222,092)	
Total GAAP reconciliation and unbudgeted items			(193,790)	
Change in fund balance, on a GAAP basis			(62,843)	
Fund balance, beginning of year			456,418	
Fund balance, end of year			$ 393,575	

** 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, 2020

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenue:				
Sales Tax Revenues	$ 225,866	$ 225,866	$ 209,324	$ (16,542)
Investment earnings	11,283	11,283	22,800	11,517
Total Revenue	237,149	237,149	232,124	(5,025)
Expenditures:				
Labor and overhead costs	—	728	728	—
Professional services	—	570	570	—
Miscellaneous	—	1	1	—
Total Expenditures	—	1,299	1,299	—
Change in fund balance, on a budgetary basis	$ 237,149	$ 235,850	230,825	$ (5,025)
Expenditures not budgeted:				
Contributions to other agencies			(79,651)	
Transfers out			(14,500)	
Change in fund balance, on a GAAP basis			136,675	
Fund Balance, Beginning of Year			464,093	
Fund Balance, End of Year			$ 600,768	

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, 2020

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenue:				
Assessments to member agencies	$ 2,747	$ 2,747	$ 2,880	$ 133
Federal grant revenues	2,179	2,179	2,171	(8)
Administrative fees	—	—	164	164
State and local operating assistance grants	160	160	—	(160)
Other revenues	493	493	251	(242)
Investment earnings	2	2	7	5
Total Revenue	5,581	5,581	5,473	(108)
Expenditures:				
VTA labor and overhead costs	4,870	4,930	4,909	21
Services and other:				
Professional services	778	702	311	391
Other services	—	16	15	1
Data processing	6	6	—	6
Contribution to Other Agencies	825	825	195	630
Total Expenditures	6,479	6,479	5,430	1,049
Change in fund balance	$ (898)	$ (898)	43	$ 941
Fund Balance, Beginning of Year			2,000	
Fund Balance, End of Year			$ 2,043	

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, 2020

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenue:				
Federal, state, and local grants	$ 58,027	$ 58,027	$ 58,027	$ —
Expenditures:				
Capital expenditures on behalf of other agencies	58,027	58,027	58,027	—
Change in fund balance, on a budgetary basis	$ —	$ —	—	$ —
Fund Balance, Beginning of Year			—	
Fund Balance, End of Year			$ —	

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 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)

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,165	$ 3,163
Investments	681,225	662,218
Receivables, net	7,383	8,707
Due from other agencies	58,285	77,501
Inventories	28,461	33,318
Due from other funds	5,271	613
Other current assets	6,607	3,090
Total current assets	829,397	788,610
Restricted assets:		
Cash and investments with fiscal agent	115,607	4,571
Non-current assets:		
Long-term receivable	443	—
Net OPEB asset	65,678	72,441
Capital Assets		
Nondepreciable:		
Land and right-of-way	1,714,243	1,126,796
Construction in progress	1,179,070	3,353,507
Depreciable:		
Intangible Assets	2,203	2,203
Caltrain - Gilroy extension	53,790	43,072
Buildings and improvements	1,052,640	453,812
Furniture and fixtures	466,002	146,242
Vehicles	758,045	661,753
Light-rail tracks and electrification	1,052,757	418,194
Leasehold improvement	9,851	9,686
Others	50,442	50,035
Less: Accumulated depreciation	(1,152,951)	(1,069,031)
Net capital assets	5,186,092	5,196,269
Total assets	6,197,217	6,061,891
DEFERRED OUTFLOWS OF RESOURCES		
Refunding amounts	5,885	7,017
Pension-related	105,388	76,158
OPEB-related	14,579	5,524
Total deferred outflows of resources	125,852	88,699

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Fund Net Position *(Continued)*

Enterprise Funds

June 30,

(In thousands)

	2020	2019
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	15,347	14,788
Accounts payable and accrued expenses	26,329	35,145
Deposits	476	444
Accrued payroll and related liabilities	5,801	6,280
Bond interest and other fees payable	456	510
Unearned revenues	4,737	4,940
Due to other funds	104	3
Due to other agencies	19,456	11,847
Other accrued liabilities	79	282
Total current liabilities	72,785	74,239
Non-current liabilities		
Long-term debt, excluding current portion	137,655	145,681
Net pension liability*	380,549	313,292
Total non-current liabilities	518,204	458,973
Total liabilities	590,989	533,212
DEFERRED INFLOWS RELATED TO PENSION AND OPEB	23,913	28,863
NET POSITION	$ 5,708,167	$ 5,588,515

*Resulting from GASB 68 implementation. In FY 2020, this consists of $132 million for CalPERS and $248.6 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)

	2020	2019
OPERATING REVENUES:		
Fares - Transit	$ 27,318	$ 35,773
Fares - Paratransit	1,498	2,288
Toll revenues collected	3,466	1,300
Advertising and others	4,881	4,428
Charges for services	734	931
Total operating revenues	37,897	44,720
OPERATING EXPENSES:		
Labor cost	360,412	354,799
Materials and supplies	33,670	36,643
Services	46,942	40,214
Utilities	9,732	9,649
Casualty and Liability	3,834	6,179
Purchased transportation	25,090	25,483
Leases and rentals	859	759
Miscellaneous	1,620	1,688
Depreciation expense	93,237	73,338
Costs allocated to capital and other programs	(34,652)	(35,929)
Total operating expenses	540,744	512,823
Operating loss	(502,847)	(468,103)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenue	260,596	295,873
Federal operating assistance and other grants	76,941	4,402
State and local operating assistance grants	137,081	156,565
Caltrain subsidy	(10,800)	(10,790)
Capital expenses on behalf of, and contribution to other agencies	(189,358)	(23,809)
Altamont Corridor Express subsidy	(3,634)	(3,502)
Investment earnings	28,093	25,811
Interest expense	(6,464)	(13,060)
Other non-operating income	4,342	5,652
Other non-operating expense	(1,444)	(5,446)
Non-operating revenues, net	295,353	431,696
INCOME (LOSS) BEFORE CONTRIBUTIONS	(207,494)	(36,407)
CAPITAL CONTRIBUTIONS	29,212	53,855
TRANSFERS IN/(OUT)	297,934	297,919
CHANGE IN NET POSITION	119,652	315,367
NET POSITION, BEGINNING OF YEAR	5,588,515	5,273,148
NET POSITION, END OF YEAR	$ 5,708,167	$ 5,588,515

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Cash Flows

Enterprise Funds

For the years ended June 30,

(In thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transit fares	$ 26,036	$ 35,815
Cash received from paratransit fares	1,498	2,288
Cash received from toll revenues collected	3,466	1,300
Cash received from advertising	5,959	4,410
Cash paid for labor costs	(295,454)	(310,599)
Cash paid to suppliers	(102,895)	(89,744)
Cash paid for purchased transportation	(25,090)	(25,483)
Other receipts/(payments)	1,012	2,168
Net cash provided by/(used in) operating activities	(385,468)	(379,845)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	226,476	157,155
Sales tax received	268,586	291,024
Caltrain subsidy	(10,800)	(10,790)
Altamont Corridor Express subsidy	(3,634)	(3,502)
Capital contribution from/(to) other agencies	(7,586)	11,145
Net cash provided by/(used in) non-capital financing activities	473,042	445,032
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of long-term debt	(14,788)	(126,436)
Proceeds from issuance of long-term debt	8,075	130,662
Advance (to)/from other governments	6,423	(31,075)
Interest and other fees paid on long-term debt	(6,059)	(11,907)
Acquisition and construction of capital assets	(52,129)	(84,341)
Capital contribution from other entities	26,309	40,759
Transfers in	72,782	92,228
Net cash provided by/(used in) capital and related financing activities	40,613	9,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,089,075	1,052,241
Purchases of investments	(1,090,795)	(1,161,887)
Interest income received	23,571	9,562
Net cash provided by/(used in) investing activities	21,851	(100,084)
Net increase/(decrease) in cash and cash equivalents	150,038	(25,007)
Cash and cash equivalents, beginning of year	7,734	32,741
Cash and cash equivalents, end of year	$ 157,772	$ 7,734

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Cash Flows *(Continued)*

Enterprise Funds

For the years ended June 30,

(In thousands)

	2020	2019
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Operating income/(loss)	$ (502,847)	$ (468,103)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation	93,237	73,338
Changes in operating assets and liabilities:		
Other current assets	(2,328)	(1,897)
Receivables	(197)	(474)
Deferred Outflow of Resources: Pension related	230	—
Inventories	4,857	2,154
Accounts payable	(8,936)	5,811
Other accrued liabilities	(682)	(3,870)
Deposits from others	474	(790)
Unearned revenue	(61)	573
Net pension liability	30,785	12,371
Deferred Inflow of Resources: Pension related	—	1,042
Net cash provided by/(used in) operating activities	$ (385,468)	$ (379,845)
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:		
Cash and cash equivalents, end of year:		
Unrestricted	$ 42,165	$ 3,163
Restricted	115,607	4,571
	$ 157,772	$ 7,734
NONCASH ACTIVITIES:		
Increase/(Decrease) in fair value of investments	$ 4,749	$ 17,652
Noncash capital contributions	537	(10,308)
Amortization expense of Caltrain Access Fee	(441)	(882)
Total non-cash activities	$ 4,845	$ 6,462

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund

VTA Transit Fund

For the year ended June 30, 2020

(In thousands)

	FY 2020 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
REVENUES				
Fares - Transit	$ 35,371	$ 35,371	$ 27,318	$ (8,053)
Fares - Paratransit	2,105	2,105	1,498	(607)
1976 1/2 Cent Sales Tax	225,866	225,866	209,828	(16,038)
Transportation Development Act funds	106,157	106,157	110,985	4,828
2000 Measure A Sales Tax Operating Assistance	46,867	46,867	43,551	(3,316)
2016 Measure B -Transit Operations	14,500	14,500	14,500	—
STA	40,542	40,542	25,233	(15,309)
Federal Operating Grants	4,702	4,702	4,009	(693)
State Operating Grants	2,224	2,224	864	(1,360)
Investment Earnings	4,124	4,124	6,068	1,944
Advertising Income	3,812	3,812	3,221	(591)
Other Income	21,129	21,129	20,734	(395)
Total revenues	**507,399**	**507,399**	**467,809**	**(39,590)**
OPERATING EXPENSES				
Labor Costs	341,425	348,861	329,629	19,232
Materials & Supplies	32,170	32,170	23,187	8,983
Security	16,517	16,517	15,546	971
Professional & Special Services	6,890	6,890	4,039	2,851
Other Services	11,209	11,042	12,110	(1,068)
Fuel	10,319	10,319	7,974	2,345
Traction Power	5,016	5,016	4,502	514
Tires	1,849	1,849	1,658	191
Utilities	3,973	3,973	3,546	427
Insurance	7,487	7,487	3,834	3,653
Data Processing	6,176	6,176	5,457	719
Office Expense	340	340	270	70
Communications	1,791	1,791	1,664	127
Employee Related Expense	1,113	1,113	550	563
Leases & Rents	890	890	887	3
Miscellaneous	1,117	1,117	833	284
Reimbursements	(46,191)	(46,191)	(39,119)	(7,072)
Total operating expenses	**402,090**	**409,358**	**376,567**	**32,791**

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund (*continued*)

VTA Transit Fund

For the year ended June 30, 2020

(In thousands)

	FY 2020 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
OTHER EXPENSES				
Paratransit	26,660	26,660	23,269	3,391
Caltrain	10,800	10,800	10,800	—
Altamont Corridor Express	5,473	5,473	5,454	19
Highway 17 Express	375	375	375	—
Monterey-San Jose Express Service	35	35	—	35
Contribution to Other Agencies	1,173	1,173	966	207
Debt Service	20,821	20,821	20,819	2
Transfer to capital reserve	35,000	35,000	35,000	—
Contingencies	3,000	3,000	—	3,000
Total other expenses	**103,337**	**103,337**	**96,683**	**6,654**
Total operating and other expenses	**505,427**	**512,695**	**473,250**	**39,445**
Change in net position, on a budgetary basis	**$ 1,972**	**$ (5,296)**	**(5,441)**	**$ (145)**
Reconciliation of net income on a budgetary basis to net income on a GAAP Basis:				
Capital Contributions			28,804	
CARES Act Grant			72,932	
Project Expenditures			(4,447)	
Capital Contributions to Other Agencies			(109,141)	
Bond Principal Payment			14,733	
Amortization of investment premium and discount			(208)	
Unrealized gain on investment			2,748	
Debt Reduction Fund Interest Earnings			1,484	
Other non-operating income/(loss)			(1,028)	
Other non-budgetary revenues/(expenses)			4,357	
Pension-related (GASB 68) & OPEB-related (GASB 75) expenses			(45,991)	
PERS employer contribution deferred			15,208	
Transfer to capital reserve			35,000	
Transfer from 2000 Measure A Program			10,711	
1996 Measure B Transit activities			(138)	
Depreciation			(74,758)	
Net change in net position, on a GAAP Basis			**$ (55,175)**	

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 Fund
For the year ended June 30,
(In thousands)

	2020					2019				
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	Total	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	Total
Sales tax revenue [1]	$ 209,885	$ 209,324	$ —	$ —	$ 419,209	$ 237,874	$ 236,664	$ —	$ —	$ 474,538
Federal grant revenues	48,230	—	2,171	3,212	53,613	51,065	—	2,439	1,768	55,272
State and local grants	13,823	—	—	54,815	68,638	7,156	—	783	40,330	48,269
Federal subsidy for Build America Bonds	8,837	—	—	—	8,837	8,807	—	—	—	8,807
Investment earnings	16,675	22,800	7	—	39,482	19,808	4,970	4	—	24,782
Assessment to member agencies	—	—	2,880	—	2,880	—	—	2,654	—	2,654
Other revenues	835	—	251	—	1,086	376	—	252	—	628
Administrative fees	—	—	164	—	164	—	—	160	—	160
Total Revenues	298,285	232,124	5,473	58,027	593,909	325,086	241,634	6,292	42,098	615,110
Capital expenditures on behalf of, and contribution to other agencies [2]	(33,810)	(79,651)	(195)	(55,449)	(169,105)	(11,260)	—	(305)	(42,098)	(53,663)
Debt Service:										
Principal	(32,080)	—	—	—	(32,080)	(30,575)	—	—	—	(30,575)
Interest	(12,105)	—	—	—	(12,105)	(9,745)	—	—	—	(9,745)
Salaries and benefits	—	(728)	(4,909)	—	(5,637)	—	(2,798)	(4,689)	—	(7,487)
Other expenditures	(2,277)	—	—	—	(2,277)	(1,155)	—	—	—	(1,155)
Professional services	—	(570)	(311)	—	(881)	—	(170)	(449)	—	(619)
Material and Services	—	—	(15)	—	(15)	—	—	(16)	—	(16)
Total Expenditures	(80,272)	(80,949)	(5,430)	(55,449)	(222,100)	(52,735)	(2,968)	(5,459)	(42,098)	(103,260)
Transfers out	(280,856)	(14,500)	—	(2,578)	(297,934)	(268,919)	(29,000)	—	—	(297,919)
Extraordinary item, Note 8c	—	—	—	—	—	—	256,090	—	—	256,090
Change in fund balances	(62,843)	136,675	43	—	73,875	3,432	465,756	833	—	470,021
Fund balances, beginning of year	456,418	464,093	2,000	—	922,511	452,986	(1,663)	1,167	—	452,490
Fund balances, end of year	$ 393,575	$ 600,768	$ 2,043	$ —	$ 996,386	$ 456,418	$ 464,093	$ 2,000	$ —	$ 922,511

[1] FY 2019 reported $236.7 million of 2016 Measure B sales tax revenue due to the resolution of a legal challenge in January 2019.

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

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Combining Statement of Fiduciary Net Position
Retiree Benefits Trust Funds
June 30, 2020
(In thousands)

			ATU Medical Trusts			
	ATU Pension Trust	OPEB Trust	Spousal Medical	Vision/ Medical	Total Medical Trusts	Total
ASSETS						
Cash and cash equivalents	$ 2,281	$ 3,134	$ 384	$ 265	$ 649	$ 6,064
Investments	548,531	327,488	20,218	13,995	34,213	910,232
Receivables	840	547	—	—	—	1,387
Due from other agencies	1	10	—	—	—	11
Total assets	551,653	331,179	20,602	14,260	34,862	917,694
LIABILITIES						
Accounts payable	379	214	—	—	—	593
Unearned revenues	29	—	—	—	—	29
Total liabilities	408	214	—	—	—	622
NET POSITION						
Restricted for:						
Pension benefits	551,245	—	—	—	—	551,245
Other post-employment benefits	—	330,965	—	—	—	330,965
Spousal medical benefits	—	—	20,602	—	20,602	20,602
Retiree dental and vision benefits	—	—	—	14,260	14,260	14,260
TOTAL NET POSITION	$ 551,245	$ 330,965	$ 20,602	$ 14,260	$ 34,862	$ 917,072

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Changes in Fiduciary Net Position

Retiree Benefits Trust Funds

For the year ended June 30, 2020

(In thousands)

	ATU Pension Trust	OPEB Trust	ATU Medical Trusts: Spousal Medical	ATU Medical Trusts: Vision/ Dental	ATU Medical Trusts: Total Medical Trusts	Total
ADDITIONS						
Employee contributions	$ 4,850	$ —	$ 1,493	$ 373	$ 1,866	$ 6,716
Employer contributions	30,552	5,799	—	—	—	36,351
Total contributions	35,402	5,799	1,493	373	1,866	43,067
Investment earnings:						
Investment income	15,867	9,563	3	2	5	25,435
Net change in the fair value of investments	(24,645)	437	1,462	1,012	2,474	(21,734)
Investment expense	(3,646)	(1,596)	(3)	(2)	(5)	(5,247)
Net investment earnings	(12,424)	8,404	1,462	1,012	2,474	(1,546)
Total additions	22,978	14,203	2,955	1,385	4,340	41,521
DEDUCTIONS						
Benefit payments	47,023	13,771	1,496	339	1,835	62,629
Administrative expenses	375	91	—	—	—	466
Total deductions	47,398	13,862	1,496	339	1,835	63,095
Change in net position	(24,420)	341	1,459	1,046	2,505	(21,574)
Net position, beginning of year	575,665	330,624	19,143	13,214	32,357	938,646
Net position, end of year	$ 551,245	$ 330,965	$ 20,602	$ 14,260	$ 34,862	$ 917,072

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2020

(In thousands)

	BAAQM Program	SB83 Agency	Total
Assets			
Cash and cash equivalents	$ 1,363	$ 4,170	$ 5,533
Investments	3,228	28,551	31,779
Total Assets	$ 4,591	$ 32,721	$ 37,312
Liabilities			
Accounts Payable	$ 87	$ 131	$ 218
Program payable	4,504	32,590	37,094
Total Liabilities	$ 4,591	$ 32,721	$ 37,312

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the year ended June 30, 2020

(In thousands)

BAAQMD Program	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020
Assets				
Cash and cash equivalents	$ 1,370	$ —	$ 7	$ 1,363
Investments	4,348	—	1,120	3,228
Total assets	$ 5,718	$ —	$ 1,127	$ 4,591
Liabilities				
Accounts Payable	$ 276	$ —	$ 189	$ 87
Program payable	5,442	—	938	4,504
Total liabilities	$ 5,718	$ —	$ 1,127	$ 4,591
SB83 VRF Program				
Assets				
Cash and cash equivalents	$ 5,591	$ —	$ 1,421	$ 4,170
Investments	25,437	3,114	—	28,551
Total assets	$ 31,028	$ 3,114	$ 1,421	$ 32,721
Liabilities				
Accounts Payable	$ 34	$ 97	$ —	$ 131
Program payable	30,994	1,596	—	32,590
Total liabilities	$ 31,028	$ 1,693	$ —	$ 32,721
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 6,961	$ —	$ 1,428	$ 5,533
Investments	29,785	3,114	1,120	31,779
Total assets	$ 36,746	$ 3,114	$ 2,548	$ 37,312
Liabilities				
Accounts Payable	$ 310	$ 97	$ 189	$ 218
Program payable	36,436	1,596	938	37,094
Total liabilities	$ 36,746	$ 1,693	$ 1,127	$ 37,312

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' CAFR.

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Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position
Ten Years Ended June 30, 2020
(In thousands)

	2011	2012	2013	2014	2015	2016	2017 [3]	2018	2019	2020
EXPENSES										
Business-type activities:										
Transit										
Operations and Operating Projects	$ 343,302	$ 364,723	$ 375,086	$ 392,042	$ 407,618	$ 431,212	$ 471,655	$ 495,785	$ 487,725	$ 528,001
Caltrain Subsidy	14,135	10,207	13,700	7,291	8,390	8,414	8,390	8,967	10,790	10,800
Capital Expenses on behalf of, and contribution to other agencies	66,782	80,083	138,794	93,952	61,445	53,094	6,497	7,344	23,809	189,358
Altamont Corridor Express Subsidy	2,706	2,707	2,939	3,019	3,097	3,166	3,270	3,383	3,502	3,634
Interest Expense	23,536	31,307	31,655	27,088	15,204	11,330	7,326	6,972	13,060	6,464
Other Expenses	15,434	8,059	5,865	11,096	5,734	4,177	576	657	5,446	1,444
Benefit Payments	8,410	11,419	10,689	17,947	8,881	12,999	12,654	17,437	15,359	15,096
Total Business-Type Activities Expenses	474,305	508,505	578,728	552,435	510,369	524,392	510,368	540,545	559,691	754,797
Governmental activities:										
Congestion Management										
Operations and operating projects	7,196	6,692	7,622	7,544	8,071	8,228	8,868	8,159	8,122	6,533
Interest Expense	—	—	—	—	—	—	7,928	8,068	7,833	10,730
Other Expenses	—	—	—	—	—	—	2,352	1,452	1,155	2,277
Capital expenditures on behalf of, and contribution to other agencies [4]	21,958	19,089	34,270	36,252	20,295	11,399	89,556	68,188	53,663	169,105
Total governmental activities expenses	29,154	25,781	41,892	43,796	28,366	19,627	108,704	85,867	70,773	188,645
Total primary government expenses	$ 503,459	$ 534,286	$ 620,620	$ 596,231	$ 538,735	$ 544,019	$ 619,072	$ 626,412	$ 630,464	$ 943,442
PROGRAM REVENUES										
Business-type activities:										
Charges for services	$ 40,014	$ 40,070	$ 41,821	$ 42,420	$ 43,054	$ 42,316	$ 40,194	$ 42,434	$ 44,720	$ 37,897
Operating grants	137,804	140,419	142,577	148,669	134,796	126,988 [1]	115,191	130,919	160,967	214,022
Capital grants	148,303	115,584	272,950	193,899	277,421	271,057	38,713	58,259	53,855	29,212
Total business-type activities program revenues	326,121	296,073	457,348	384,988	455,271	440,361	194,098	231,612	259,542	281,131
Governmental activities:										
Charges for services	2,520	2,503	2,520	2,519	2,526	2,529	2,549	2,664	2,814	3,044
Operating grants	2,127	2,110	1,775	2,424	2,096	16,585 [2]	172,844	107,957	112,348	131,088
Capital grants	24,051	21,530	37,612	38,989	22,964	—	—	—	—	—
Total governmental activities program revenues	28,698	26,143	41,907	43,932	27,586	19,114	175,393	110,621	115,162	134,132
Total primary government revenues	$ 354,819	$ 322,216	$ 499,255	$ 428,920	$ 482,857	$ 459,475	$ 369,491	$ 342,233	$ 374,704	$ 415,263
NET PROGRAM (EXPENSES)/REVENUES										
Business-type activities	$(148,184)	$(212,432)	$(121,380)	$(167,447)	$ (55,098)	$ (84,031)	$(316,270)	$(308,933)	$ (300,149)	$ (473,666)
Governmental activities	(456)	362	15	136	(780)	(513)	66,689	24,754	44,389	(54,513)
Total primary government net program (expenses)/revenues	$(148,640)	$(212,070)	$(121,365)	$(167,311)	$ (55,878)	$ (84,544)	$(249,581)	$(284,179)	$ (255,760)	$ (528,179)

Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position (continued)
Ten Years Ended June 30, 2020
(In thousands)

	2011	2012	2013	2014	2015	2016	2017 [3]	2018	2019	2020
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Business-type activities:										
Sales tax revenue	$ 306,456	$ 332,847	$ 395,163	$ 417,486	$ 446,374	$ 460,316	$ 259,029	$ 257,380	$ 295,873	$ 260,596
Investment income	11,039	19,289	316	9,861	9,420	19,102	2,055	3,222	27,033	29,294
Proceed from sale of land	642	6,300	4,052	—	16,732	—	—	—	—	—
Federal subsidy for Build America Bonds	5,848	9,399	9,126	8,755	8,715	—	—	—	—	—
Other income	6,865	6,007	3,254	7,325	4,261	3,335	5,233	3,317	7,237	5,494
Transfers	—	—	—	—	—	—	286,989	250,769	297,919	297,934
Extraordinary items:										
Change in provisions for workers' compensation claims	5,716	—	—	—	—	—	—	—	—	—
Total business-type activities	336,566	373,842	411,911	443,427	485,502	482,753	553,306	514,688	628,062	593,318
Governmental activities:										
Sales tax revenue	—	—	—	—	—	—	208,672	207,870	474,538	419,209
Investment income	10	31	8	23	9	16	2,411	2,813	24,782	39,482
Other income	1,106	104	115	279	250	155	531	760	628	1,086
Transfers	—	—	—	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)
Extraordinary item, Note 8	—	—	—	—	—	—	—	—	256,090	—
Total governmental activities	1,116	135	123	302	259	171	(129,068)	(39,326)	458,119	161,843
TOTAL PRIMARY GOVERNMENT	337,682	373,977	412,034	443,729	485,761	482,924	424,238	475,362	1,086,181	755,161
CHANGE IN NET POSITION										
Business-type activities	188,382	161,410	290,531	275,980	430,404	398,722	290,729	205,755	327,913	119,652
Governmental activities	660	497	138	438	(521)	(342)	(62,379)	(14,572)	502,508	107,330
Total primary government	$ 189,042	$ 161,907	$ 290,669	$ 276,418	$ 429,883	$ 398,380	$ 228,350	$ 191,183	$ 830,421	$ 226,982

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

[2]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.

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

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

Table 2
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends - Net Position by Component
Ten Years Ended June 30, 2020
(In thousands)

	2011	2012	2013	2014	2015 [1]	2016	2017 [2]	2018 [3]	2019	2020
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$2,220,118	$2,351,676	$2,481,805	$2,613,290	$2,950,181	$3,394,540	$4,616,263	$4,839,251	$5,058,104	$5,059,705
Restricted	572,054	548,367	649,724	759,608	822,834	789,000	11,572	9,910	6,003	9,286
Unrestricted	209,364	262,903	321,948	356,559	197,852	186,049	384,850	411,441	524,408	639,176
Total Business-Type Activities Net Position	3,001,536	3,162,946	3,453,477	3,729,457	3,970,867	4,369,589	5,012,685	5,260,602	5,588,515	5,708,167
GOVERNMENTAL ACTIVITIES										
Restricted	947	1,444	1,582	2,020	1,499	1,157	72,868	56,746	597,807	790,771
Unrestricted	—	—	—	—	—	—	(486,458)	(484,907)	(523,460)	(609,094)
Total Governmental-Type Activities Fund Balance	947	1,444	1,582	2,020	1,499	1,157	(413,590)	(428,161)	74,347	181,677
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	2,220,118	2,351,676	2,481,805	2,613,290	2,950,181	3,394,540	4,616,263	4,839,251	5,058,104	5,059,705
Restricted	573,001	549,811	651,306	761,628	824,333	790,157	84,440	66,656	603,810	800,057
Unrestricted	209,364	262,903	321,948	356,559	197,852	186,049	(101,608)	(73,466)	948	30,082
Total Primary Governmental Net Position	$3,002,483	$3,164,390	$3,455,059	$3,731,477	$3,972,366	$4,370,746	$4,599,095	$4,832,441	$5,662,862	$5,889,844

[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.

Table 3
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends – Fund Balances and Changes in Fund Balances, Governmental Funds

Ten Years Ended June 30, 2020

(Modified Accrual Basis of Accounting)

(In thousands)

	Fiscal Years									
	2011	2012	2013	2014	2015	2016	2017 [2]	2018	2019	2020
REVENUES										
Member Agency Assessment Revenue	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,528	$ 2,654	$ 2,880
Federal Technical Studies Operating Assistance Grants	1,398	1,367	1,014	1,728	1,371	1,887	1,219	2,178	2,439	2,171
Administrative Fees	113	96	113	112	119	122	142	136	160	164
Federal, State and Local Grant Revenues	24,780	22,273	38,373	39,685	23,689	14,698 [1]	162,872	96,995	101,102	120,080
Federal subsidy for Build American Bonds	—	—	—	—	—	—	8,753	8,784	8,807	8,837
Sales tax revenue	—	—	—	—	—	—	208,672	207,870	474,538	419,209
Investment Earnings	10	31	8	23	9	16	2,411	2,813	24,782	39,482
Other Revenues	1,106	104	115	279	250	155	531	760	628	1,086
Total Revenues	29,814	26,278	42,030	44,234	27,845	19,285	387,007	322,064	615,110	593,909
EXPENDITURES										
Current:										
Congestion Management:										
VTA Labor and Overhead Costs	6,814	6,245	7,044	7,160	6,826	7,031	6,128	7,328	7,487	5,637
Professional Services	374	436	563	359	1,225	1,176	2,721	817	619	881
Program Expenditures	8	11	15	25	19	21	19	14	16	15
Other expenditures	—	—	—	—	1	—	2,352	1,452	1,155	2,277
Debt Service:										
Principal	—	—	—	—	—	—	28,160	29,530	30,575	32,080
Interest	—	—	—	—	—	—	10,721	10,107	9,745	12,105
Capital expenditures on behalf of, and contribution to other agencies [3]	21,958	19,089	34,270	36,252	20,295	11,399	89,556	68,188	53,663	169,105
Total Expenditures	29,154	25,781	41,892	43,796	28,366	19,627	139,657	117,436	103,260	222,100
Excess (Deficiency) of Revenues Over Expenditures	660	497	138	438	(521)	(342)	247,350	204,628	511,850	371,809
OTHER FINANCING SOURCES (USES):										
Transfers Out	—	—	—	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)
Extraordinary item: Note 8	—	—	—	—	—	—	—	—	256,090	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—	(340,682)	(250,769)	(41,829)	(297,934)
Net Change in Fund Balances	$ 660	$ 497	$ 138	$ 438	$ (521)	$ (342)	$ (93,332)	$ (46,141)	$ 470,021	$ 73,875
TOTAL GOVERNMENTAL FUNDS										
Restricted – Special Revenue Funds	947	1,444	1,582	2,020	1,499	1,157	500,293	454,153	922,511	996,386
Unassigned – Special Revenue Funds	—	—	—	—	—	—	(1,663)	(1,663)	—	—
Total Governmental Funds	$ 947	$ 1,444	$ 1,582	$ 2,020	$ 1,499	$ 1,157	$ 498,630	$ 452,490	$ 922,511	$ 996,386

[1] Starting with FY 2016, capital grants under governmental funds were reported under Operating Grants as guaranteed assets owned by other entities.

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

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

Table 4

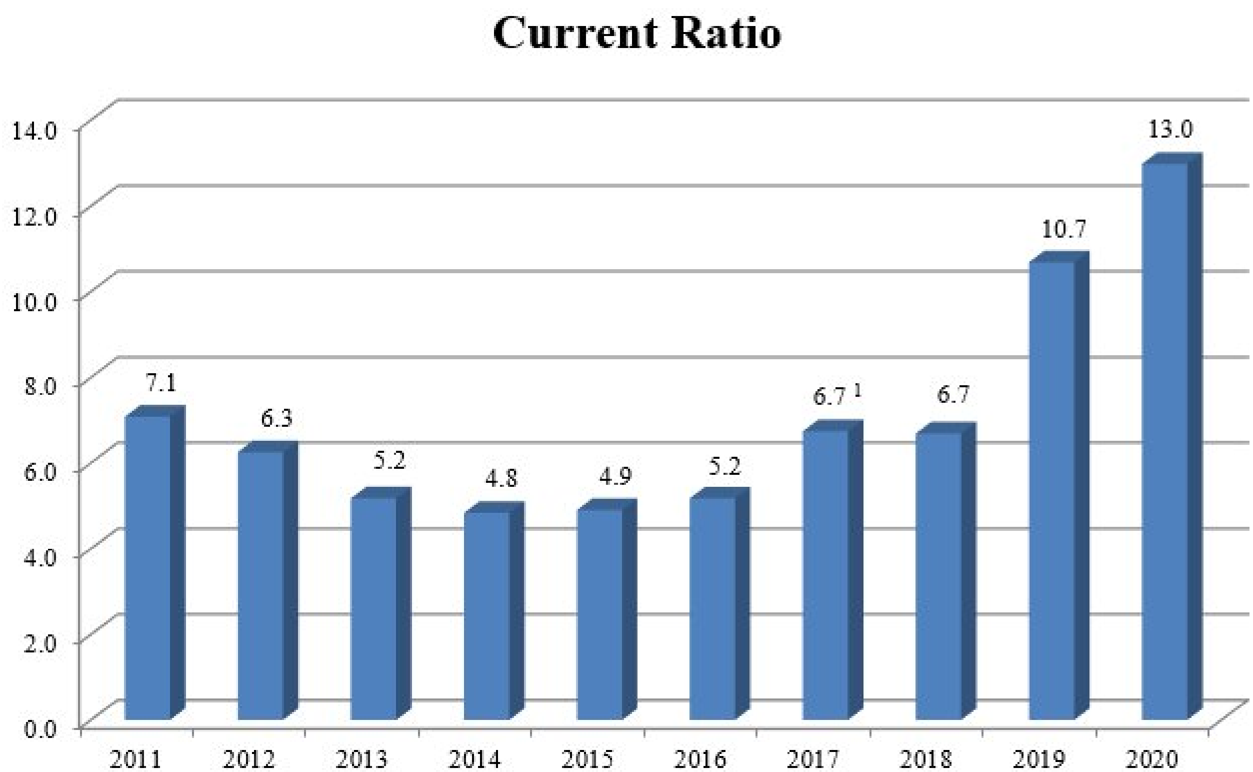
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends – Current Ratio

Enterprise Funds

Ten Years Ended June 30, 2020

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.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Current and Restricted Assets ($000's)	$855,268	$ 907,208	$1,098,625	$1,284,402	$1,375,968	$1,332,998	$ 685,914	$ 700,885	$ 793,181	$ 945,004
Current and Restricted Liabilities ($000's)	120,849	142,830	212,127	265,298	280,262	257,399	101,779	104,929	74,239	72,785
Net Working Capital ($000's)	$734,419	$ 764,378	$ 886,498	$1,019,104	$1,095,706	$1,075,599	$ 584,135	$ 595,956	$ 718,942	$ 872,219
Current Ratio	7.1	6.3	5.2	4.8	4.9	5.2	6.7	6.7	10.7	13.0

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

Table 5

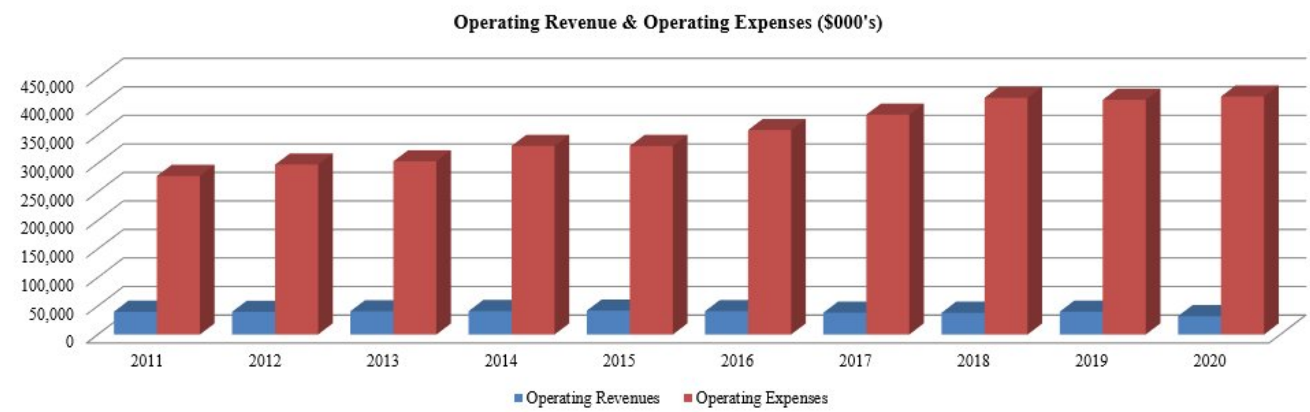
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Operating Revenues & Operating Expenses

VTA Transit

Ten Years Ended June 30, 2020

The chart below shows a comparison of operating revenues to expenses. Operating revenues exclude paratransit fares. Operating expenses are exclusive of purchased transportation and depreciation to more accurately reflect operating expenses related to direct operating service.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues	$ 40,014	$ 39,852	$ 40,772	$ 41,198	$ 41,897	$ 41,042	$ 38,261	$ 38,160	$ 40,201	$ 32,199
Operating Expenses	277,984	297,988	303,622	330,614	330,466	358,538	385,528	414,975	411,524	417,206

Table 6

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

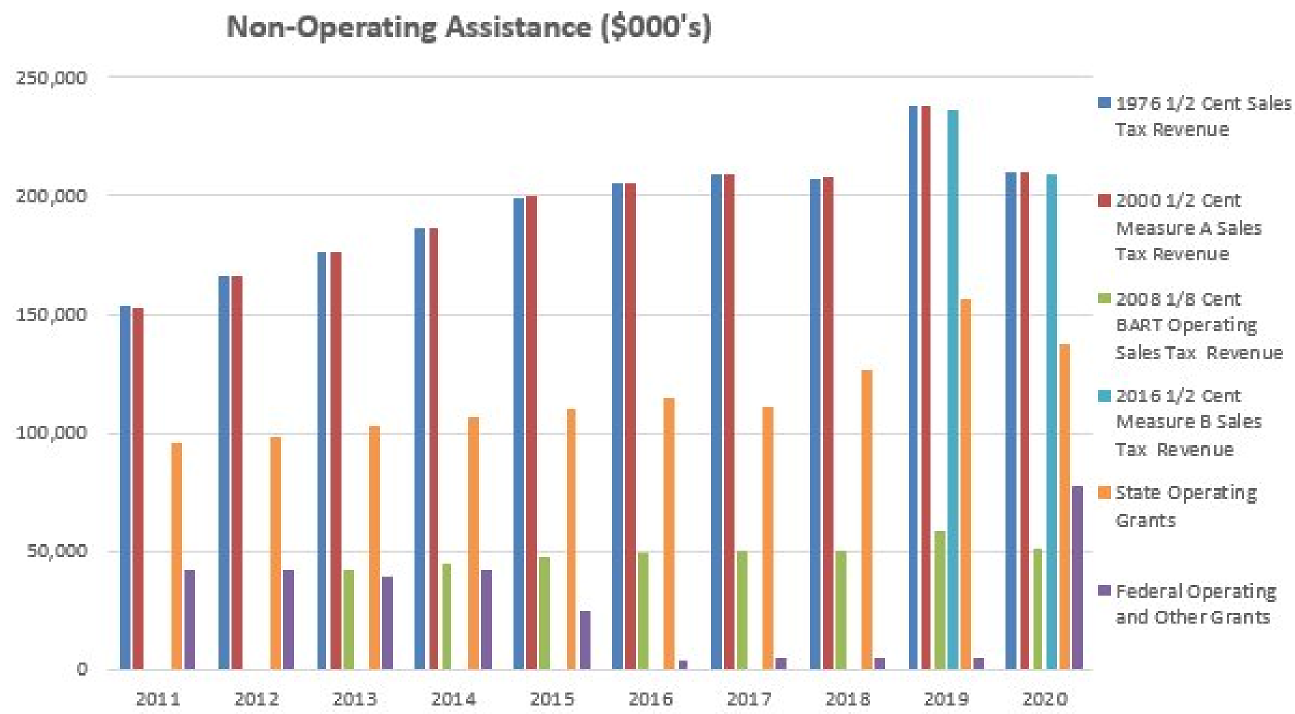
Financial Trends - Non-Operating Assistance

Sales Tax Revenues and Enterprise Operating Grants

Ten Years Ended June 30, 2020

(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.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1976 1/2 Cent Sales Tax Revenue	$153,601	$166,567	$176,716	$186,431	$199,221	$205,418	$209,005	$ 207,589	$ 237,869	$209,828
2000 1/2 Cent Measure A Sales Tax Revenue [1]	152,855	166,280	176,533	186,302	199,653	205,636	208,672	207,870	237,874	209,885
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
2016 1/2 Cent Measure B Sales Tax Revenue [3]	—	—	—	—	—	—	—	—	236,664	209,324
State Operating Grants	95,579	98,133	103,213	106,439	110,243	114,135	110,959	126,689	156,565	137,081
Federal Operating and Other Grants	42,225	42,286	39,364	42,230	24,553	4,105	4,232	4,230	4,402	76,941

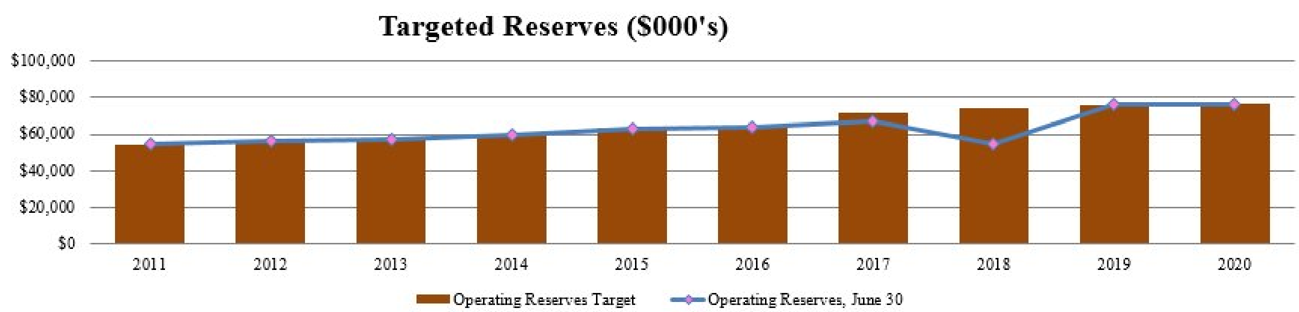
[1]The collection of VTA's 2000 Measure A Sales Tax started on April 1, 2006.

[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 when litigation on the Measure was resolved favorably for VTA in January 2019.

Table 7
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends - Targeted Operating Reserves
VTA Transit Fund
Ten Years Ended June 30, 2020

The policy adopted by the VTA Board established an operating reserve goal of 15% of 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.



	2011 [1]	2012 [2]	2013	2014	2015	2016	2017	2018	2019	2020
Current Assets, excluding restricted asset	$108,396	$106,085	$101,726	$110,906	$124,284	$130,096	$143,377	$136,012	$159,219	$144,854
Total Current Liabilities, excluding restricted liability	(33,484)	(29,547)	(24,329)	(29,790)	(36,878)	(32,334)	(40,030)	(44,540)	(46,997)	(36,989)
Current Net Position	$ 74,912	$ 76,538	$ 77,397	$ 81,116	$ 87,406	$ 97,762	$103,347	$ 91,472	$112,222	$107,865
Less: Inventory & Other Current Assets[3]	(20,317)	(20,270)	(20,373)	(21,289)	(24,469)	(33,615)	(36,688)	(36,665)	(36,408)	(32,051)
Operating Reserves, June 30	$ 54,595	$ 56,268	$ 57,024	$ 59,827	$ 62,937	$ 64,147	$ 66,659	$ 54,807	$ 75,814	$ 75,814 [4]
Operating Reserves Target	$ 54,595	$ 56,268	$ 57,024	$ 59,827	$ 62,937	$ 64,147	$ 71,322	$ 73,979	$ 75,814	$ 76,485
(15% of Budgeted Expenses)										

[1]Starting FY 2011, the operating reserve target is based on 15% of subsequent year's operating budget.

[2]Starting FY 2012, the current assets balance excludes reserve amounts among which are: local share of capital projects, debt reduction, and sales tax stabilization.

[3]This includes inventory and other current assets.

[4]CARES act stimulus did not impact operating reserve.

Table 8

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Revenue Capacity – Revenue Base and Revenue Rates

Ten Years Ended June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Passenger Fares[1] (In thousands)	$38,106	$37,744	$38,331	$38,372	$39,108	$37,663	$33,719	$34,511	$35,773	$27,318
Percentage Increase/(Decrease) from Prior Year	3.4 %	(0.9)%	1.6%	0.1%	1.9 %	(3.7)%	(10.5)%	2.3 %	3.7 %	(23.6)%
Revenue Base										
Number of Passengers[2]	41,409,630	42,426,797	43,174,646	43,428,492	43,944,096	42,918,436	38,189,131	36,555,500	35,465,604	27,968,308
Percentage Increase/(Decrease) from Prior Year	(0.8)%	2.5 %	1.8 %	0.6%	1.2 %	(2.3)%	(11.0)%	(4.3)%	(3.0)%	(21.1)%
Fare Structure										
Adult Local Fare	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.25	$2.50	$2.50
Youth Local Fare	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.00	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]	$153,601	$166,567	$176,716	$186,431	$199,221	$205,418	$209,005	$207,589	$237,869	$209,828
2000 Measure A 1/2Cent Sales Tax[4]	152,855	166,280	176,533	186,302	199,653	205,636	208,672	207,870	237,874	209,885
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
2016 Measure B 1/2 Cent Sales Tax[6]	—	—	—	—	—	—	—	—	236,664	209,324
Total Sales Tax Revenue Receipts[7]	$306,456	$332,847	$395,163	$417,486	$446,374	$460,316	$467,701	$465,250	$770,411	$679,805
Percentage Increase/(Decrease) from Prior Year										
1976 1/2 Cent Sales Tax	9.7 %	8.4 %	6.1 %	5.5%	6.9 %	3.1 %	1.7 %	(0.7)%	14.6 %	(11.8)%
2000 Measure A 1/2 Cent Sales Tax	9.7 %	8.8 %	6.2 %	5.5%	7.2 %	3.0 %	1.5 %	(0.4)%	14.4 %	(11.8)%
2008 1/8 Cent BART Operating Sales Tax	N/A	N/A	N/A	6.8 %	6.1 %	3.7 %	1.5 %	(0.5)%	16.5 %	(12.5)%
2016 Measure B 1/2 Cent Sales Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(11.6)%

[1]Includes fares for bus and rail services.

[2]Represents bus and rail ridership total boarding. Source: VTA Operations Division.

[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, the funds could not be used 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, 2020

Fiscal Year	State	City	VTA[1]	Total
2011	7.25%	1.00%	1.00%	9.25%
2012[2]	6.25%	1.00%	1.00%	8.25%
2013[3]	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[4]	6.38%	1.25%	1.12%	8.75%
2017[5]	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%

[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]The 1% sales tax increase approved by the California state legislature in 2009 expired on July 1, 2011.

[3]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.

[4]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%.

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

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 2019[1]			Fiscal Year 2010		
Principal Revenue Payers	**Rank**	**Percentage of Taxable Sales**	**Taxable Sales Amount**	**Rank**	**Percentage of Taxable Sales**	**Amount**
Retail Trade	1	50.2%	$ 22,666	1	52.4%	$ 12,040
Manufacturing	2	15.1%	6,834	2	18.6%	4,283
Accommodation and Food Services	3	11.4%	5,162	3	9.9%	2,287
Agriculture, Forestry, Fishing and Hunting	4	5.8%	2,584	5	3.8%	880
Construction	5	4.6%	2,100	4	4.2%	973
Mining, Quarrying, and Oil and Gas Extraction	6	3.4%	1,549	6	3.2%	726
Utilities	7	2.8%	1,247	7	2.2%	517
Information	8	1.9%	838	11	0.8%	175
Educational Services	9	1.7%	760	9	1.3%	302
Total All Other Outlets[2]	10	1.0%	465	8	1.4%	327
Other Services (except Public Administration)	11	0.8%	362	12	0.8%	173
Real Estate and Rental and Leasing	12	0.7%	333	10	0.9%	198
Professional, Scientific, and Technical Services	13	0.6%	276	13	0.5%	110
Total		100.0%	$ 45,176		100.0%	$ 22,991

[1]2020 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, 2020

(In thousands)

Fiscal Year	Silicon Valley Express Lanes State Route 237 Loan	1976 Sales Tax Revenue Bonds	2000 Sales Tax Revenue Bonds	Total Outstanding Debt
2011	$ —	$ 237,817	$ 1,036,892	$ 1,274,709
2012	—	219,399	1,029,105	1,248,504
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

Table 12
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Debt Capacity - Ratios of Outstanding Debt
Ten Years Ended June 30, 2020

Fiscal Year	Total Outstanding Debt * (In thousands)	Total County Taxable Sales [1] (In thousands)	Total Debt as a % of Taxable Sales	Personal Income[2] (In thousands)	Total Debt as a % of Personal Income	Santa Clara County Population (In thousands)	Total Debt per Capita
2011	$ 1,274,709	$ 32,238,000	3.95%	$ 111,880,131	1.14%	1,782	$ 715
2012	1,248,504	34,698,000	3.60%	122,259,021	1.02%	1,816	688
2013	1,230,134	37,013,000	3.32%	130,624,491	1.08%	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	1,118,181	41,202,462	2.71%	170,672,534	0.66%	1,919	583
2017	1,070,422	41,951,812	2.55%	190,001,690	0.56%	1,938	552
2018	1,024,578	42,371,330	2.42%	209,019,944	0.49%	1,947	526
2019	983,400	44,322,468	2.22%	211,110,143	0.47%	1,954	503
2020	934,751	41,965,527	2.23%	213,221,245	0.44%	1,962	476

[1] In FY2018 Q3, the California Department of Tax and Fee Administration (CDTFA) transitioned to a reporting system that resulted in unprocessed returns in FY2018 Q3 & Q4. CDTFA worked through the backlog of unprocessed returns in FY2019 and this elevated the reported receipts and gave a larger than anticipated variance between FY2019 and FY2020. Another factor contributing to the larger than anticipated variance between FY2019 and FY2020 was FY 2020 sales tax receipts decreased in Q4 due to the impact of the COVID - 19 pandemic.

[2] Actual personal income is available through Fiscal Year 2018. FY 2019 and 2020 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 in FY 2020 does not include $23.3 million relating to Santa Clara Express Lanes Program State Route 237 - Phase 2 Project Financing, 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, 2020

(In thousands)

	Available Revenue	Annual Debt Service [1]			
Fiscal Year	Sales Tax Revenue	Principal	Interest[2]	Total	Coverage
2011	$ 152,050	$ 9,370	$ 6,748	$ 16,118	9.4
2012	166,567	10,215	8,153	18,368	9.1
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

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

[2] Interest is exclusive of interest earned from bond proceeds.

[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, 2020

(In thousands)

	Available Revenue	Annual Debt Service				
Fiscal Year	**Sales Tax Revenue**	**Principal**	**Interest**[1]	**Total**	**Coverage**[2]
2011	$ 151,518	$ 2,430	$ 33,490	$ 35,920	4.2
2012	166,280	2,525	44,337	46,862	3.5
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

[1]This is exclusive of interest earned from bond proceeds.

[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, 2021 through 2025.

1976 Sales Tax Revenues and Senior Lien Debt Service Coverage

Fiscal Years Ending June 30, 2021 – 2025 (Proforma and Unaudited)

($ In thousands)

Fiscal Year Ending June 30	Projected Sales Tax Revenue	Percent Increase/ (Decrease)[1*]	Aggregate Debt Service[2]	Projected Coverage[3]
2021	$ 185,205	(11.73)%	$ 20,761	8.90
2022	216,861	17.09 %	20,892	10.40
2023	236,308	8.97 %	20,831	11.30
2024	235,623	(0.29)%	20,782	11.30
2025	240,471	2.06 %	20,718	11.60

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, 2021 through 2025.

2000 Measure A Sales Tax Revenues and Debt Service Coverage

Fiscal Years Ending June 30, 2021– 2025 (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]
2021	$ 185,205	(11.76)%	$ 73,036	2.50
2022	216,861	17.09%	72,758	3.00
2023	236,308	8.97%	72,404	3.30
2024	235,623	(0.29)%	72,041	3.30
2025	240,471	2.06%	71,660	3.40

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

[2]Includes actual debt service on the 2017 Series A, 2017 Series B and 2018 Series A Bonds.

[3]Does not include any additional parity debt.

[4]Includes actual debt service on the 2010 and 2015 Bonds. Debt Service on the 2008 Bonds is calculated based on the rate established pursuant to the 2008 Swap Agreement, 3.765%.

*No assurance is given that actual results will meet the forecasts of VTA in any way.

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 is increasing gradually on a yearly basis. The County's population increased by approximately 10.12 % in 2020 Census compared to the 2010 Census.

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

County of Santa Clara Population

	1960	**1970**	**1980**	**1990**	**2000**	**2010**	**2020**
Campbell	11,863	24,731	26,843	36,048	38,138	39,349	42,288
Cupertino	3,664	18,216	34,297	40,263	50,546	58,302	59,549
Gilroy	7,348	12,665	21,641	31,487	41,464	48,821	57,084
Los Altos	19,696	24,872	25,769	26,303	27,693	28,976	30,876
Los Altos Hills	3,412	6,862	7,421	7,514	7,902	7,922	8,413
Los Gatos	9,036	23,466	26,906	27,357	28,592	29,413	31,439
Milpitas	6,572	27,149	37,820	50,686	62,698	66,790	77,961
Monte Sereno	1,506	3,074	3,434	3,287	3,483	3,341	3,594
Morgan Hill	3,151	6,485	17,060	23,928	33,556	37,882	46,454
Mountain View	30,889	54,206	58,655	67,460	70,708	74,066	82,272
Palo Alto	52,475	55,999	55,225	55,900	58,598	64,403	69,226
San Jose	204,196	445,779	629,400	782,248	894,943	945,942	1,049,187
Santa Clara	58,880	87,717	87,700	93,613	102,361	116,468	129,104
Saratoga	14,861	27,199	29,261	28,061	29,843	29,926	31,030
Sunnyvale	51,898	95,408	106,618	117,229	131,760	140,081	156,503
Unincorporated	162,056	152,181	127,021	106,193	100,300	89,960	86,989
County Total[1]	641,503	1,066,009	1,295,071	1,497,577	1,682,585	1,781,642	1,961,969
California	15,717,204	18,136,045	23,668,145	29,760,021	33,871,648	37,253,956	39,782,870

[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, 2020

Year	Santa Clara County Personal Income (In thousands) [1, 2]	Santa Clara County Per Capita Personal Income [1, 2]	Unemployment Rate[3]
2011	$ 111,880,131	$ 61,833	10.3%
2012	122,259,021	66,535	8.7%
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	211,110,143	108,956	2.7%
2020	213,221,245	110,046	10.7%

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

[2] Actual data is available through 2018. Years 2019 and 2020 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, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Civilian Labor Force[1] (In thousands)	871.6	894.8	910.9	924.0	993.7	1,018.4	1,026.5	1,041.7	1,048.8	1,053.7
Civilian Employment	774.0	804.6	830.6	857.5	942.3	976.1	987.9	1,008.0	1,021.5	1,027.5
Civilian Unemployment	97.6	90.2	80.3	66.5	51.4	42.3	38.6	33.7	27.3	26.2
Civilian Unemployment Rate										
County	11.2%	10.1%	8.8%	7.2%	5.2%	4.2%	3.8%	3.2%	2.6%	2.5%
State of California	12.2%	12%	10.6%	8.5%	7.4%	6.2%	5.7%	4.4%	4.1%	15.1%
Wage and Salary Employment[2] (In thousands)										
Total Farm Agriculture	$ 3.6	$ 3.4	$ 3.5	$ 5.1	$ 3.6	$ 3.6	$ 3.9	$ 3.5	$ 3.5	$ 3.1
Construction and Mining	32.3	30.9	35.6	37.6	38.6	42.3	47.9	48.5	48.0	51.2
Manufacturing	150.7	154.6	155.1	156.3	156.6	159.4	161.3	163.4	169.1	169.7
Transportation & Public Utilities	11.9	11.8	12.7	13.9	14.7	15.0	14.8	14.9	15.5	15.7
Wholesale Trade	34.7	35.0	34.4	36.2	36.2	36.0	37.4	35.2	31.4	31.3
Retail Trade	75.6	77.5	80.3	84.2	82.3	84.9	85.0	85.0	85.0	82.2
Finance, Insurance & Real Estate	30.8	31.2	33.6	33.9	35.1	35.0	35.2	35.8	36.8	37.4
Services	418.5	432.8	455.4	450.0	469.1	491.4	509.3	522.8	539.3	549.4
Government	93.4	88.6	90.2	93.5	92.4	89.9	91.2	92.8	94.0	94.2
Information	N/A	N/A	N/A	N/A	66.2	74.7	74.5	85.0	91.6	100.7
Total[3]	$851.5	$865.8	$900.8	$910.7	$994.8	$1,032.2	$1,060.5	$1,086.9	$1,114.2	$1,134.9

[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 2019. FY 2019 is the most recent available data.

[2]Wage and salary employment is reported by place of work. Data is benchmarked to 2019.

[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

		FY 2020		FY 2011	
Company Name	**Nature of Operations**	**Number of Employees**	**Rank**	**Number of Employees**	**Rank**
Apple Inc.	Computer Electronics	25,000	1	10,000	5
Alphabet Inc./Google Inc.	Search, Advertising and Web Software	23,000	2	7,700	7
County of Santa Clara	County Government	18,570	3	15,481	2
Stanford University	Research University	15,576	4	11,569	4
Facebook Inc.	Online Social Networking Service	15,407	5		
Tesla Motors Inc.	Electric Vehicle Designer & Manufacturer	15,000	6		
Stanford Health Care	Health System	14,143	7	5,775	11
Cisco System Inc.	Computer network equipment manufacturer	13,683	8	17,335	1
Kaiser Permanente Northern California	Integrated Healthcare Delivery Plan	12,500	9	13,500	3
University of California Santa Cruz	Public University	8,915	10	4,252	16
Safeway	Supermarket Chain	8,509	11		
Gilead Sciences Inc.	Biotechnology Company	8,268	12		
Intel Corp.	Semiconductor	7,975	13	5,241	13
City of San Jose	City Government	7,728	14	5,910	10
Applied materials Inc.	Semiconductor Equipment Manufacturer	6,200	15		
Nvidia Corp.	Graphics and Digital Media Processors	6,000	16		
Target Corp	Merchandise Retailer	5,500	17		
Juniper Networks Inc.	Computer network equipment manufacturer	5,130	18	3,040	25
San Mateo County	County Government	5,103	19	5,495	12
Stanford Children's Health	Specializes in the care of babies, children, adolescents, and expectant mothers	5,005	20	3,500	24
Lockheed Martin Space Systems Co.	Aerospace	4,300	21	7,600	8
Pajaro Valley Unified School District	Public School District	4,108	22		
Department of Veterans Affairs, Palo Alto Health Care System	Veterans hospital	3,900	23	3,587	23
San Jose State University	Public University	3,727	24		
SAP	Cloud Business Software Company	3,500	25		

Source: Silicon Valley/San Jose Business Journal July 2020

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 18,570 workers.

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

Table 21

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Operating Indicators

Ten Years Ended June 30, 2020

BUS

Fiscal Year	Total Ridership	Average Weekday Ridership	Scheduled Miles	Scheduled Hours	Vehicle Revenue Miles	Passenger Miles (000's)	Peak Buses	Active Buses	Bus Fleet
2011	31,395,126	102,187	16,990,315	1,269,071	14,376,811	148,225	333	434	494
2012	32,053,755	104,583	17,099,227	1,191,992	14,374,343	169,321	345	426	445
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

LIGHT RAIL

Fiscal Year	Total Ridership	Average Weekday Ridership	Scheduled Miles	Scheduled Hours	Train Revenue Miles	Passenger Miles (000's)	Peak Cars	Light Rail Fleet
2011	10,014,504	31,871	2,190,140	132,452	2,055,872	54,048	49	99
2012	10,373,042	32,716	2,209,233	137,495	2,065,099	55,337	55	99
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
2016	9,132,084	29,262	2,243,377	139,489	2,081,289	47,937	59	99
2017	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

Sources: VTA Operations Division - August 2020 Fact Sheets and June 2020 Preliminary Summary of Operating Statistics.

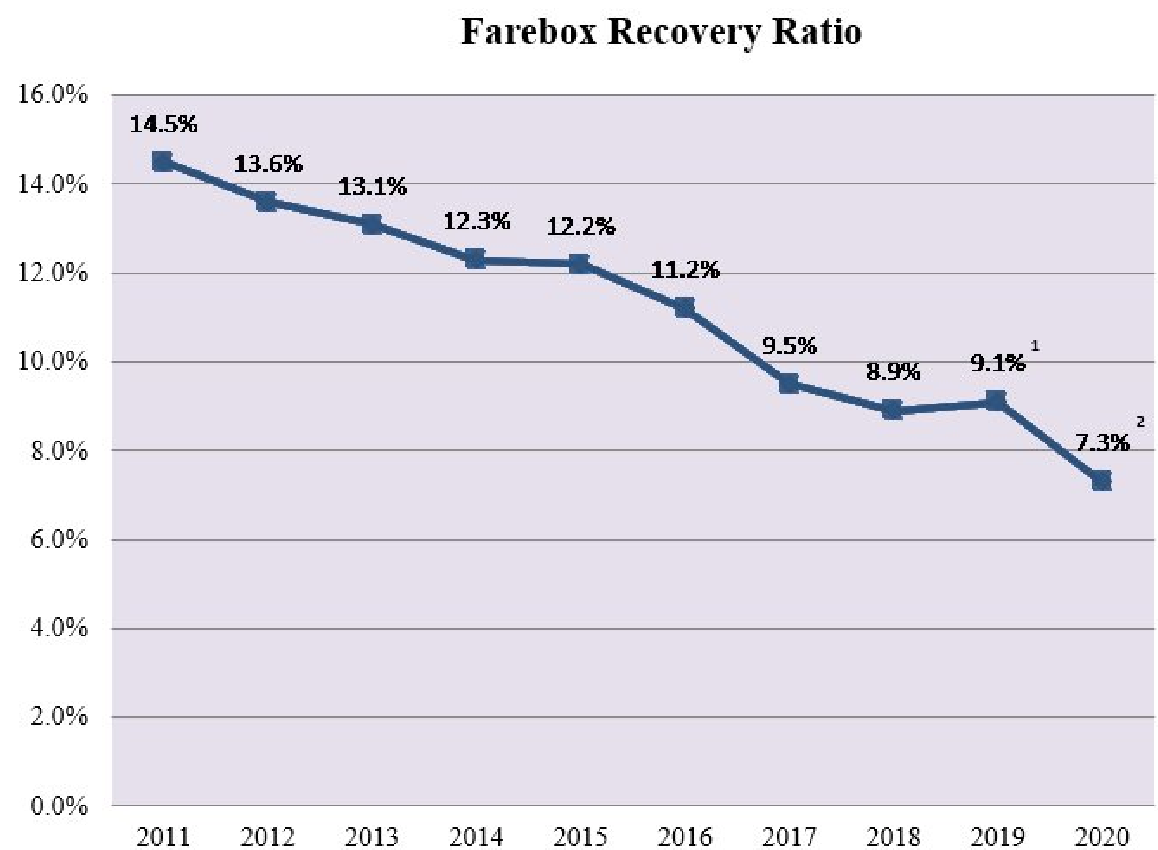
Table 22

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - Farebox Recovery Ratio

Ten Years Ended June 30, 2020

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.



	2011	2012	2013	2014	2015	2016	2017	2018	2019 [1]	2020 [2]	
Farebox Recovery Ratio	14.5%	13.6%	13.1%	12.3%	12.2%	11.2%	9.5%	8.9%	9.1%	7.3%	
Farebox Revenue (In thousands)	$ 38,106	$ 37,744	$ 38,331	$ 38,372	$ 39,108	$ 37,663	$ 33,719	$ 34,511	$ 35,773	$ 27,318	3
Operating Expenses (In thousands)	263,322	278,532	293,447	311,287	319,978	335,140	354,494	387,109	393,038	375,982	2

[1] Based on audited NTD data.

[2] Based on proforma and unaudited NTD data.

[3] Decline in farebox revenue is the result of impact of COVID-19 pandemic.

Table 23

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Revenue Miles

Ten Years Ended June 30, 2020

The following chart shows total vehicle miles in revenue service.

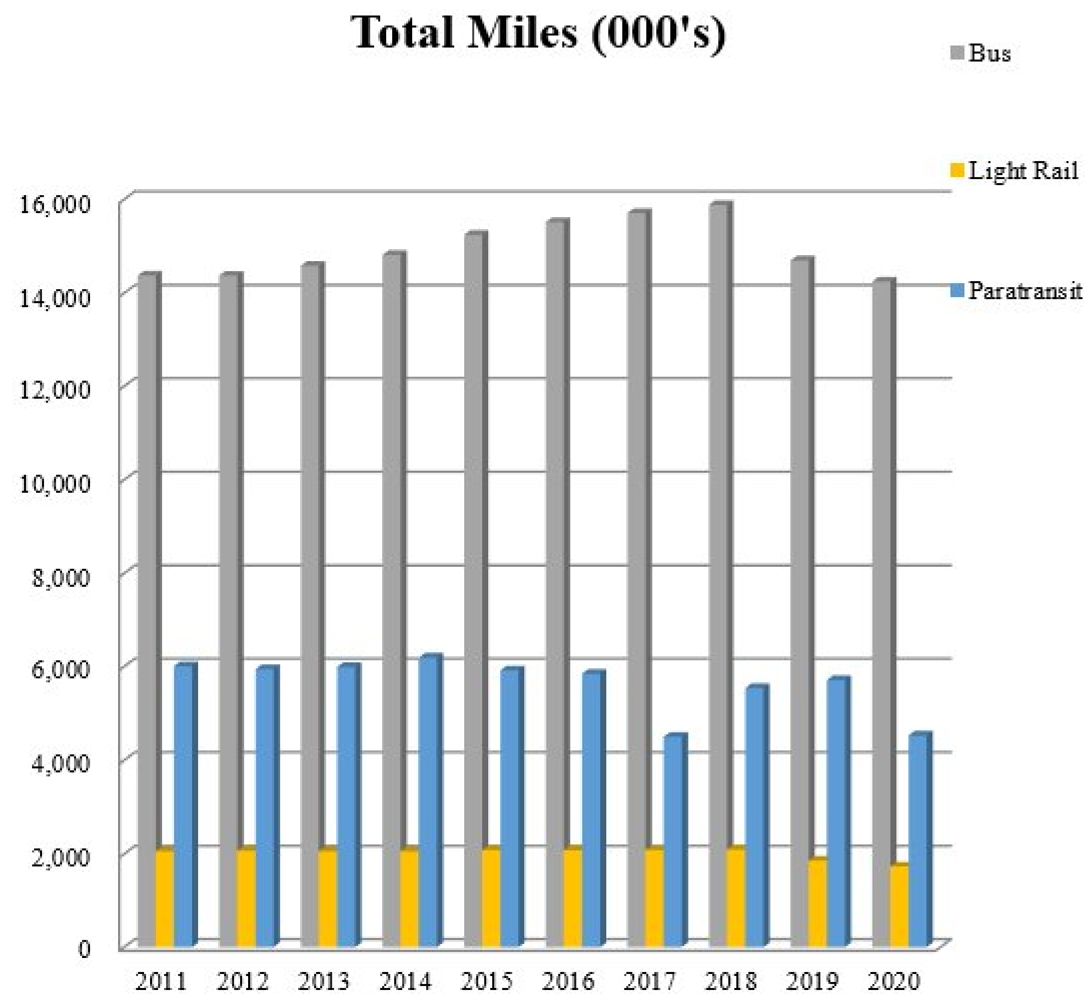


Table 24

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Passenger Miles

Ten Years Ended June 30, 2020

Passenger mile statistics are presented in the chart below. In FY 2020 the total passenger miles have decreased by 22.1% from FY 2019.

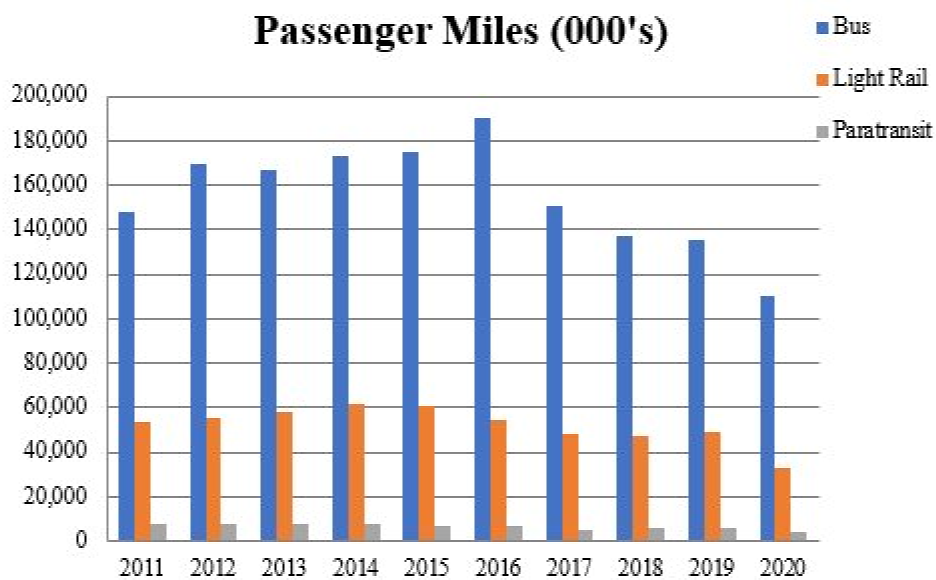


Table 25

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Selected Statistical Data

Ten Years Ended June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
FAREBOX REVENUE ($000's)[1]	$ 38,106	$ 37,744	$ 38,331	$ 38,372	$ 39,108	$ 37,663	$ 34,783	$ 36,555	$ 38,061	$ 28,816
VEHICLE REVENUE MILES (000's)										
BUS	14,377	14,374	14,583	14,818	15,247	15,517	15,713	15,884	15,761	14,277
LIGHT RAIL	2,056	2,065	2,056	2,057	2,081	2,078	2,081	2,094	2,156	1,736
PARATRANSIT	6,011	5,948	5,995	6,196	5,922	5,851	4,503	5,544	5,718	4,531
PASSENGER MILES (000's)										
BUS	148,225	169,321	166,576	173,539	174,863	190,321	150,429	136,902	134,921	110,680
LIGHT RAIL	54,048	55,337	58,116	61,632	60,717	54,980	47,937	46,981	49,402	33,325
PARATRANSIT	8,017	8,133	8,205	8,097	6,827	6,493	5,318	6,338	5,760	4,458
FLEET SIZE										
BUS	494	445	443	443	540	500	460	472	469	473
LIGHT RAIL	99	99	99	99	99	99	99	99	98	98
CASH FARE SINGLE RIDE										
ADULT	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.25	$ 2.50	$ 2.50
YOUTH	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.00	$ 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.

Sources: VTA Operations Division - August 2020 Fact Sheets and June 2020 Preliminary Summary of Operating Statistics.

Table 26

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - System Data

As of June 30, 2020

URBANIZED AREA (UZA):

346 Square Miles

ROUTES

Type of Route	Number of Routes
Local	23
Express	5
Rapid	3
Frequent	15
Light Rail	3
Total	49

HOURS OF OPERATION

Monday-Sunday	24 hours

PARK AND RIDE LOTS:

	Number of Lots	Number of Parking Spaces
Bus	3	633
Light Rail	21	6,242
Caltrain	15	4,817
Total	39	11,692

FACILITIES

Type of Facility	Number of Facilities
Bus Stops	3,466
Shelters	668
Benches	1,925
Trash Receptacles	826
Transit Centers	23

Source: VTA Operations Division - August 2020 Fact Sheets

Table 27

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Employee Headcount

Ten Years Ended June 30, 2020

Fiscal Year[1]	Operations	Planning & Programming[2]	Office of the Deputy GM/CFO[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
2011	1,576	50	90	90	5	53	NA	102	NA	8	11	1,985
2012	1,599	52	93	86	6	51	NA	103	NA	9	13	2,012
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

[1]Employee headcount as provided by Human Resources department. FY 2020 excludes 266 Vacant Positions and 8 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.

[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. In 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.

Table 28

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - Capital Assets

Ten Years Ended June 30, 2020

(In thousands)

	2011	2012	2013	2014	2015	2016	2017[1]	2018	2019	2020
Capital assets, not being depreciated:										
Land and right of way	$1,122,805	$1,122,495	$ 1,122,368	$1,126,373	$1,124,646	$1,126,359	$ 1,126,872	$1,126,872	$1,126,796	$ 1,714,243
Construction in Progress	902,026	1,107,386	1,347,410	1,728,066	2,177,750	2,611,823	2,906,098	3,131,777	3,353,507	1,179,070
Total capital assets, not being depreciated	2,024,831	2,229,881	2,469,778	2,854,439	3,302,396	3,738,182	4,032,970	4,258,649	4,480,303	2,893,313
Capital assets, being depreciated:										
Intangible Assets	—	—	—	—	—	—	2,203	2,203	2,203	2,203
Buildings, improvements, furniture and fixtures	504,531	511,853	508,345	516,184	548,139	569,079	586,041	592,244	600,054	1,518,642
Vehicles	485,590	481,014	486,460	488,229	566,821	553,886	586,754	618,806	661,753	758,045
Light-rail tracks and electrification	403,831	403,394	413,674	415,905	415,905	418,195	418,195	418,194	418,194	1,052,757
Caltrain – Gilroy extension	53,307	53,307	43,072	43,072	43,072	43,072	43,072	43,072	43,072	53,790
Other operating equipment	46,065	46,152	45,876	46,062	47,156	47,289	47,561	48,890	50,035	50,442
Leasehold Improvement	9,686	9,686	9,686	9,686	9,686	9,686	9,686	9,686	9,686	9,851
Total capital assets, being depreciated	1,503,010	1,505,406	1,507,113	1,519,138	1,630,779	1,641,207	1,693,512	1,733,095	1,784,997	3,445,730
Less accumulated depreciation										
Total accumulated depreciation	(618,061)	(657,113)	(706,428)	(768,364)	(833,095)	(881,683)	(950,005)	(1,006,414)	(1,069,031)	(1,152,951)
Total capital assets, being depreciated, net	884,949	848,293	800,685	750,774	797,684	759,524	743,507	726,681	715,966	2,292,779
Total capital assets, net	$2,909,780	$3,078,174	$ 3,270,463	$3,605,213	$4,100,080	$4,497,706	$ 4,776,477	$4,985,330	$5,196,269	$ 5,186,092

Source: Comprehensive Annual 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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