Santa Clara Valley Transportation Authority

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Santa Clara County, California

Santa Clara Valley Transportation Authority

Solutions that move you

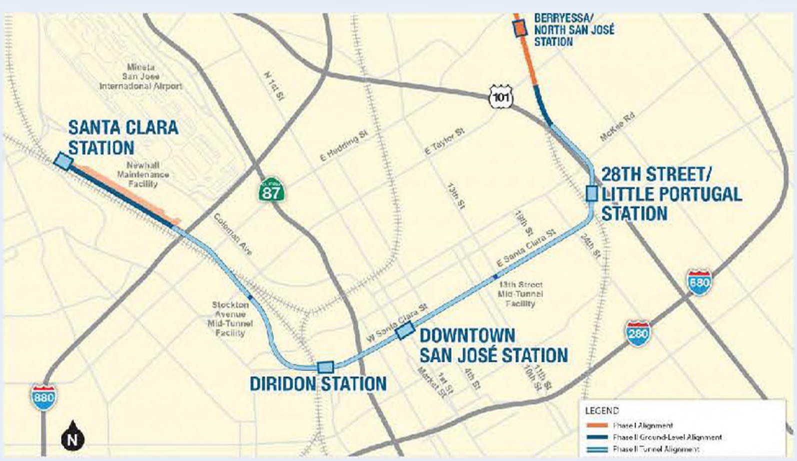
VTA was awarded the Coronavirus Aid, Relief, and Economic Security (CARES) Act fund.

Development and testing of automated vehicle that will serve the veterans and physically impaired community.

VTA employees rose to the challenge to keep colleagues and passengers safe during the pandemic.

VTA'S Berryessa Transit Center was awarded the Envision Platinum Award which recognizes environmental resiliency.

Together as one family.



BART Phase II Project was the first in the nation to submit an application for the FTA Expedited Project Delivery Pilot Program (EPD).

SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY

SAN JOSE, CALIFORNIA

Annual Comprehensive Financial Report (ACFR)
For Fiscal Year Ended June 30, 2021

Prepared by:
Finance and Administration

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

Table of Contents

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Table of Contents (continued)

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, 2020

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, 2021

Board of Directors
Santa Clara Valley Transportation Authority

Subject: Annual Comprehensive Financial Report

In accordance with state law and Santa Clara Valley Transportation Authority (VTA) Administrative Code, it is a pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) of the VTA for the year ended June 30, 2021. The ACFR was prepared in accordance with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). VTA Management assumes responsibility for the accuracy and completeness of the data and the clarity of the presentation, including all disclosures. To the best of our knowledge, the enclosed report is presented in conformity with Generally Accepted Accounting Principles (GAAP), and is complete and reliable in all material respects.

Eide Bailly LLP, a firm of licensed Certified Public Accountants, has audited the financial statements. The goal of the audit is to obtain a reasonable assurance that the financial statements are free of material misstatements. Eide Bailly LLP concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the financial statements for the fiscal year ended June 30, 2021, and that the financial statements are fairly stated, in all material respects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

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

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

ECONOMIC ENVIRONMENT

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, VMware, HP, Applied Materials, Adobe and several Fortune 500 companies.[2] The COVID-19 pandemic had the most significant impact on the leisure and hospitality sectors; however, the county's technology and professional sectors shifted to at home-work and this flexibility helped avoid similar setbacks. UCLA Anderson economists noted the vast federal relief for struggling workers and businesses in the impacted sectors caused unemployment levels to move more favorably, but jobless rate is still above pre-pandemic levels.[3]

As distribution of vaccines increased and became more readily available in April 2021, vaccination rates similarly increased causing a decrease in COVID19-related hospitalizations. This improved condition allowed business sectors that were previously forced to limit capacity to reopen.[4] The Employment Development Department reported in June 2021 that the County's unemployment rate has improved significantly to 5.2% from 10.7% the prior year. The Bay Area leisure and hospitality had the largest gains as state and local governments started to relax COVID restrictions in early 2021.[5]

According to the U.S. Department of Labor report for June 2021, the national unemployment rate has decreased to 6.1% and the number of unemployed persons was 9.9 million, compared to prior year when unemployment rate was 11.1% and the number of unemployed was 17.8 million.[6] Employers added hundreds of thousands of jobs in May as coronavirus infections ebbed, vaccinations spread and businesses reopened.[7] It is believed that labor market's recovery from the pandemic will be bumpy as companies struggle to hire workers when COVID infection risk persists. Federal jobless benefits, as well as child care obligations with many schools still closed, could be further preventing many individuals from re-entering the labor force.

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[1] United States Census Bureau. Population Census, April 1, 2020.

[2] Rosie Downey. Largest Silicon Valley Employers. Silicon Valley Business Journal, July 2021.

[3] Margot Roosevelt, "California will recover from the pandemic faster than the U.S., forecast says". Los Angeles Times, March 2021.

[4] Carolyn Said and Erin Allday, "California is set to reopen on June 15: What will change?" San Francisco Chronicle, May 2021.

[5] George Avalos, "COVID Economy: Bay Area powers to huge job gains in February, led by South Bay." San Jose Mercury News, March 2021.

[6] Bureau of Labor Statistics Data, July 2021.

[7] Patricia Cohen, "US Added Jobs in May, but Road to Recovery is Bumpy". The New York Times, June 2021.

At the state level, Congress approved a stimulus package that provided more direct payments and unemployment insurance boosts. It also included funding to assist with vaccine distribution and logistics deemed critical to ensuring that public health requirements would be met to help overcome the pandemic and better position schools as they reopen.[8]

UCLA Anderson economists indicated California's strict public health measures during the pandemic protected its economy and set the stage for a faster recovery in the state than nationwide. They added that if the work-from-home trend had an impact on restaurants and retailers, it may nonetheless benefited California's overall economy where business, scientific and technical services lead the recovery due to the demand for new technologies to support the new way we are working and socializing.[9] The State Budget was optimistic in noting that it turned the corner on its most challenging year in recent history. The COVID-19 pandemic tested all Californians and stressed hospitals, health systems, schools and the overall economy to a point where a projected budget deficit of a year ago is now projected to have a significant surplus as the state reopens.[10] Despite pandemic-related challenges, the state continues to build reserves and pay down its long-term retirement liabilities. These budget resiliency measures are deemed helpful in protecting programs in the future and the state during periods of emergencies.

As economic indicators continue to improve, sales tax revenues tend to respond in parallel. VTA sales tax revenues increased by an average of 5.2% from the prior year. The 1976 Half-Cent, 2000 Measure A, 2016 Measure B, and BART Operating sales taxes amounted to $220.6 million, $220.5 million, $220.4 million, and $53.9 million, respectively, during FY 2021. Sales tax receipts are the basis for VTA's largest funding sources for operations and capital activities.

[8] Jacob Pramuck, "Biden signs $1.9 trillion COVID relief bill, clearing the way for stimulus checks, vaccine aid." CNBC, March 2021.

[9] Margot Roosevelt, "COVID-19 restrictions protected California's economy. Now it's poised for a 'euphoric' rebound." Los Angeles Times, June 2021.

[10] Governor's Budget Summary, 2021-22, Page 1.

ENTERPRISE NET POSITION OVERVIEW

Total FY 2021 Net Position is provided below (in thousands):

Net Investment in Capital Assets		$ 5,078,709
Restricted:		
Debt service	$ 8,688	
1996 Measure B transit program	1,700	10,388
Unrestricted:		
Local share of capital projects	$ 165,804	
Debt reduction	197,042	
Operating reserve	79,781	
Sales tax stabilization	35,000	
Inventory and prepaid items	30,593	
Express Lane	(12,959)	
BART Operating	423,272	
Joint Development	9,014	
Net OPEB Asset (GASB 75) [a]	84,387	
Net Pension Liability (GASB 68)[b]	(292,026)	719,908
Total Net Position		$ 5,809,005

[a]Based on the actuarial report which provides that total Net OPEB Asset (less deferrals) was $84.4 million.

[b]This is an increase of the Unrestricted Net Position to set aside amount for Net Pension Liability to comply with GASB 68 requirements. The breakdown consists of $118.2 million and $173.8 million for CalPERS and ATU, respectively.

SIGNIFICANT FINANCIAL POLICIES

Long-Range Planning

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

Biennial Budget and Budgetary Controls

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

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

Internal Control

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

Reserves

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

Reserve	Balance as of June 30, 2021 (in millions)	Remarks
Operating Reserve	$79.8	The Operating Reserve goal is 15% of the subsequent year's final operating budget in the VTA Transit Enterprise Fund. These funds are to remain unappropriated for any operating or capital use except to meet emergency needs that cannot be funded from any other source. The purpose of this reserve is to ensure that sufficient funds are always available in the event of either unanticipated shortfalls or unavoidable expenditure needs. Detailed information on the Operating Reserve is shown in Table 7 of the Statistical Section.
Sales Tax Stabilization	$35.0	This reserve mitigates the impact of sales tax receipt volatility on service levels and the operating budget. VTA Transit Sales Tax Stabilization reserve is at its current ceiling.
Debt Reduction	$197.0	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, Highway 17, etc.) provided by VTA in consideration of other partners' contributions.
4. Activities that clearly contribute to increasing and diversifying VTA's operating funding (e.g., fare programs, joint development, advertising, and other opportunities for earned income).
5. Activities that provide information to riders, employees, stakeholders, and the public (e.g., VTA Ambassador Program).
6. Activities that would prudently and strategically expand VTA transit service, when sustainable revenues are available to support the service growth.

MAJOR INITIATIVE

VTA's BART Silicon Valley Project

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

In April 2021, VTA submitted the application to receive federal funding for the Federal Transit Administration's (FTA) Expedited Project Delivery (EPD) Pilot Program. VTA's application is currently proceeding through FTA's application review process. Selection of the project's application would initiate the development of a Full Funding Grant Agreement with FTA. Receipt of federal funding through the EPD pilot program would complete the project's funding plan.

The most recent estimate of the cost of the Santa Clara Extension, which includes the construction of Newhall Maintenance Facility and purchase of BART vehicles, was approximately $7.0 billion. The project will be funded by 2000 Measure A and 2016 Measure B sales taxes, along with federal and state funds. Revenue service for the project 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 2020 Annual Comprehensive Financial Report (ACFR). This is the 25th consecutive year that VTA achieved this prestigious award.

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

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

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

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

Carolyn M. Gonot
General Manager/CEO

Kathleen Kelly
Interim Chief Financial Officer

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2021 VTA BOARD OF DIRECTORS

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

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

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

BOARD OF DIRECTORS
June 2021
Glenn Hendricks, Chairperson
Chappie Jones, Vice Chairperson

GROUP 1 (San Jose)	
City of San José	Sergio Jimenez Magdalena Carrasco Sam Liccardo* Raul Peralez Devora "Dev" Davis, Alternate
GROUP 2 (North West)	
City of Los Altos	Lynette Lee Eng, Alternate
Town of Los Altos Hills	
City of Mountain View	
City of Palo Alto	Pat Burt
GROUP 3 (West Valley)	
City of Campbell	
City of Cupertino	
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	Rich Constantine
GROUP 5 (North East)	
City of Santa Clara	Lisa M. Gillmor Alternate
City of Sunnyvale	
City of Milpitas	Carmen Montano
GROUP 6 (Santa Clara County)	
County of Santa Clara	Cindy Chavez Joe Simitian Otto Lee, Alternate
Ex-Officio*	
Metropolitan Transportation Commission (MTC) Commissioners representing Santa Clara County, Cities of Santa Clara County, and City of San Jose	Margaret Abe-Koga*

**These individuals also serve on the MTC.*

VTA BOARD OF DIRECTORS' STANDING COMMITTEES

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

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

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

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

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

VTA BOARD OF DIRECTORS' ADVISORY COMMITTEES

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

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

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

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

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

VTA BOARD OF DIRECTORS' POLICY ADVISORY BOARDS

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

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

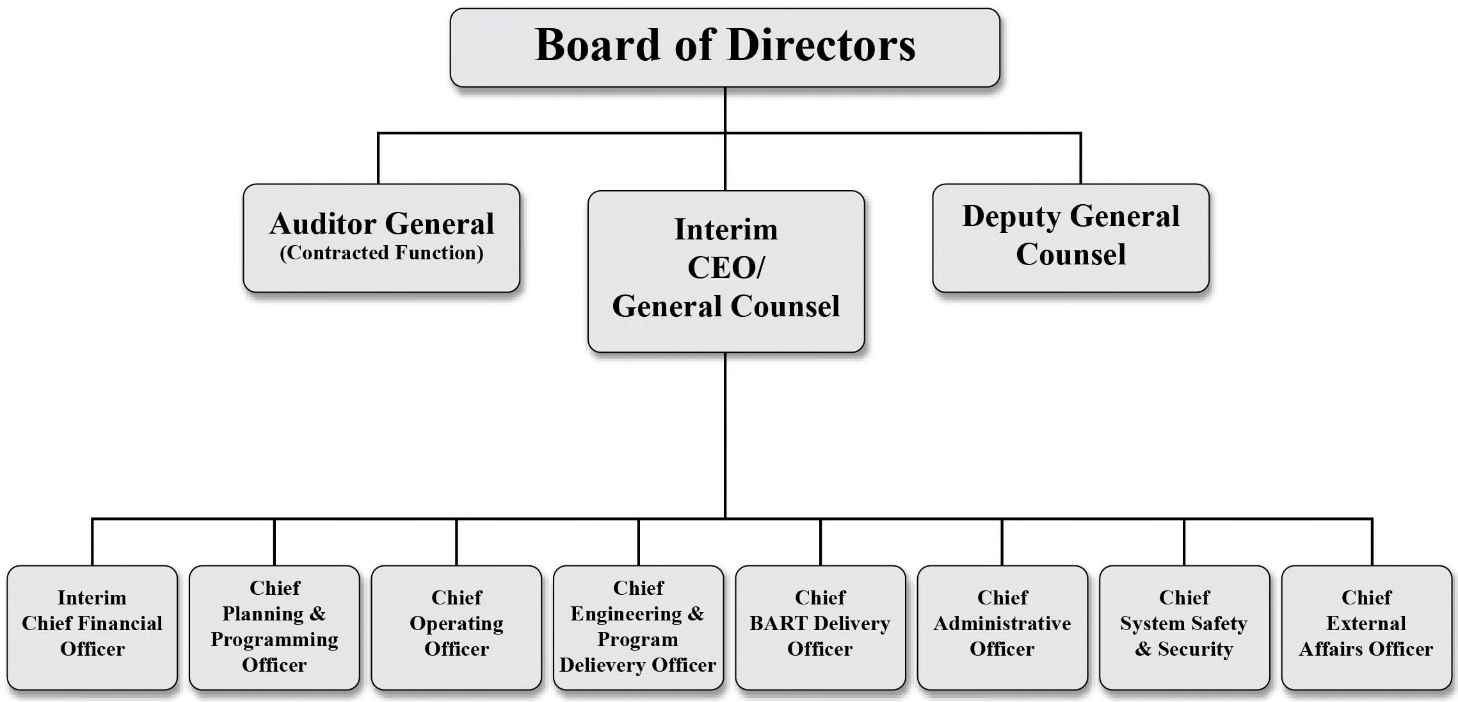
VTA BOARD OF DIRECTORS' OVERSIGHT COMMITTEE

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

VTA BOARD OF DIRECTORS' POLICY ADVISORY BOARDS

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, 2021



Principal Officials as of June 30, 2020

Interim CEO/General Counsel.. Evelynn Tran

Deputy General Counsel.. Victor Pappalardo

Auditor General (Contracted Function).. Scott Johnson

Interim Chief Financial Officer .... Kathleen Kelly

Chief Planning & Programming Officer .... Deborah Dagang

Chief Operating Officer .... David C. Hill

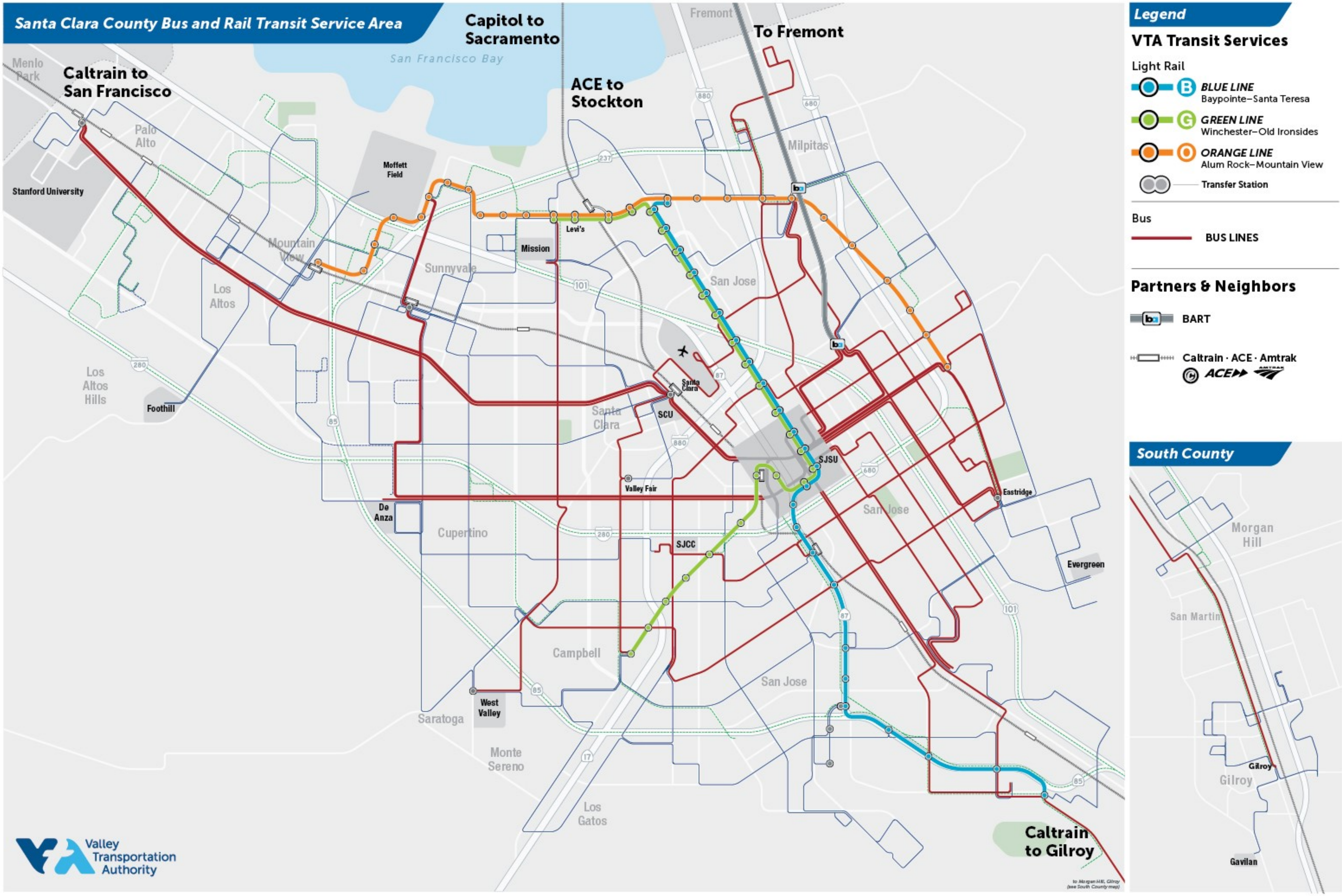
Chief Engineering & Program Delivery Officer .... Casey Emoto

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
To Fremont
Fremont
Menlo Park
Caltrain to San Francisco
Palo Alto
Stanford University
Moffett Field
Mountain View
Los Altos
Los Altos Hills
Foothill
Sunnyvale
Mission
Levi's
Milpitas
San Jose
Santa Clara
SCU
Santa Clara
SJSU
Valley Fair
De Anza
Cupertino
SJCC
Eastridge
Evergreen
Campbell
San Jose
West Valley
Saratoga
Monte Sereno
Los Gatos
Caltrain to Gilroy
to Morgan Hill, Gilroy (see South County map)
Valley Transportation Authority
Legend
VTA Transit Services
Light Rail
BLUE LINE
Baypointe–Santa Teresa
GREEN LINE
Winchester–Old Ironsides
ORANGE LINE
Alum Rock–Mountain View
Transfer Station
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, 2021, 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 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, 2021, 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.

Emphasis of Matter

As discussed in Notes 20 to the financial statements, VTA has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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

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, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of VTA as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated October 28, 2020, which contained unmodified opinions on the respective financial statements of the business-type activities, the governmental activities, each major fund, and the aggregate remaining fund information. The enterprise fund supplementary information as of and for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2020 financial statements. The enterprise fund supplementary information as of and for the year ended June 30, 2020 have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the enterprise fund supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 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, 2021, 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

Menlo Park, California
October 28, 2021

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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 2021. 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, 2021, VTA's net position, business-type and governmental activities, amounted to approximately $6.2 billion. This includes primarily the net investment in capital assets which is associated with the capital programs of the VTA Transit, BART Operating, and Joint Development funds, as well as operating activities of the Express Lanes fund.
- In FY 2021, Senate Bill 83 Vehicle Registration Fee (SB 83 VRF) and the Bay Area Air Quality Management District (BAAQMD) funds were reclassified from agency to governmental due to a change in accounting principles, which restated the net position of the governmental activities by $37.1 million.
- The 1976 Sales Tax revenue increased $10.8 million, or 5.1% from the FY 2020 level to $220.6 million in FY 2021. The growth could be attributed to economic sectors that were able to maintain pre-COVID-19 purchasing ability by having the versatility to work from home during the pandemic, as well as availability of federal assistance that affected favorably consumer and business spending.
- BART Operating Sales Tax revenues increased $3.1 million. The increase reflect improved spending compared to the prior year when the public confronted the unprecedented COVID-19 pandemic which brought about health crisis and shelter-in-place orders.
- The 2000 Measure A and the 2016 Measure B Sales Tax revenues increased $10.6 million and $11.0 million, respectively. Similar to the other sales tax revenues, the growth reflects more favorable sales tax receipts than the prior year when the COVID-19 pandemic had a worse impact on economic activities.
- The three board-designated reserves; i.e., Transit Operating Reserve, Debt Reduction Reserve, and Sales Tax Stabilization Reserve were $79.8 million, $197.0 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 $292.0 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 $7.9 million higher, or 3.7%, in FY 2021. The increase was primarily due to increases in both the Transportation Development Act (TDA) of $4.0 million and State Transit Assistance (STA) of $4.3 million. As

TDA & STA are derived from sales taxes, the related increases in FY 2021 reflect improved spending ability and activity as compared to the prior year, which imposed more restrictive COVID-19 measures.

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, fees and intergovernmental revenues. The VTA business-type activity is transit, which includes bus/light rail operations, joint development, express lanes and BART operating. Although the transit operation's primary function is intended to recover its costs through charges for services (business-type activities), the recovery is not significant. The governmental activities of VTA consist of congestion management and highway programs, which include planning, programming, and construction of highway projects. Governmental activities also include the 2016 Measure B Program which focuses on enhancing transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets); 2000 Measure A Program which focuses on a number of key capital transit projects, including the connection of rapid transit to San Jose, increased bus and light rail service, and providing for related operating expenses. Senate Bill 83 Vehicle Registration Fee (VRF) and the Bay Area Air Quality Management District (BAAQMD) funds were reclassified from agency to governmental in FY 2021. VRF was established to administer the vehicle registration fees collected under SB 83 and BAAQMD accounts for the activities that relate to the Transportation Fund for Clean Air (TFCA) program.

2. **Fund Financial Statements**. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. VTA, like local and state governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 six 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. Senate Bill 83 Vehicle Registration Fee (SB 83 VRF), and the Bay Area Air Quality Management District (BAAQMD) were reclassified in FY 2021 from an agency fund to governmental.

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

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

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

   The activities of the VTA Amalgamated Transit Union (ATU) Pension Plan, ATU Spousal Medical, and Retiree Vision/Dental Funds and the Retirees' Other Post Employment Benefits

(OPEB) Trust are reported in the retiree trust funds. Pension trust funds are used to account for assets held by VTA as a trustee for individuals and other organizations, such as ATU.

3. **Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 2-30 through 2-90 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 Budgetary Comparison Schedules for the Congestion Management Program, 2016 Measure B Program, 2000 Measure A Program, Congestion Management and Highway Program, Vehicle Registration Fees, and Bay Area Air Quality Management Program. Required supplementary information can be found on pages 2-91 through 2-103 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 2-104 through 2-113 of this report.

4. **Government-Wide Financial Analysis**. The Government-Wide change in net position was $226.9 million. The Business-Type activities' net position increased by $100.8 million while the Governmental activities' net position grew by $126.0 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) and State for transit capital improvements to reduce greenhouse gas emissions (such as Low Carbon Transit Operations Program). The increase in the government-type net position reflects the reclassification of SB 83 VRF and BAAQMD from agency funds to governmental, growth in the 2016 Measure B and 2000 Measure A sales tax receipts, as well as capital grants from the federal funding grant agreement related to the Silicon Valley Berryessa Extension, and other highways projects. The 1976 sales tax, 2000 Measure A sales tax, 2016 Measure B sales tax, and BART operating sales tax collections for the fiscal year were $220.6 million, $220.5 million, $220.4 million, and $53.9 million, respectively. During FY 2021, VTA acquired or built total capital assets of approximately $193.0 million (see Note 6). Capital assets were funded by a variety of sources such as federal and state grants, bond proceeds as well as sales tax revenues.

Santa Clara Valley Transportation Authority
Condensed Statement of Net Position
FY 2021 and FY 2020
(In thousands)

	Business -Type Activities		Governmental Activities		Total	
	2021	2020	2021	2020	2021	2020
Asset:						
Current and other assets	$ 1,219,706	$ 1,078,346	$ 1,220,047	$ 1,109,100	$ 2,439,753	$ 2,187,446
Capital assets, net	5,196,875	5,186,092	—	—	5,196,875	5,186,092
Total assets	6,416,581	6,264,438	1,220,047	1,109,100	7,636,628	7,373,538
Deferred outflows of resources	69,580	125,852	81,968	108,843	151,548	234,695
Liabilities:						
Current liabilities	60,660	57,502	105,852	122,681	166,512	180,183
Long-term liabilities outstanding	500,120	600,708	848,475	910,502	1,348,595	1,511,210
Total liabilities	560,780	658,210	954,327	1,033,183	1,515,107	1,691,393
Deferred inflows of resources	116,376	23,913	2,887	3,083	119,263	26,996
Net position:						
Net investment in capital assets	5,078,709	5,059,705	—	—	5,078,709	5,059,705
Restricted	10,388	9,286	914,620	790,771	925,008	800,057
Unrestricted	719,908	639,176	(569,819)	(609,094)	150,089	30,082
Total net position	$ 5,809,005	$ 5,708,167	$ 344,801	$ 181,677	$ 6,153,806	$ 5,889,844

The largest portion of VTA's net position (approximately 87%) 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 $140.6 million for CalPERS and $138.6 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, 2021, VTA showed a Net OPEB Asset for the excess of contributions to and earnings of the plan in relation to actual OPEB cost. VTA reported Net OPEB Asset which was included in the net position of $84.4 million as of June 30, 2021.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Condensed Statement of Activities

For the FY 2021 and FY 2020

(In thousands)

	Business-Type Activities		Governmental Activities		Total	
	2021	2020	2021	2020	2021	2020
Expenses:						
Labor, overhead, materials and professional services and other operations	$ 638,943	$ 528,001	$ 7,923	$ 6,533	$ 646,866	$ 534,534
Capital expense, on behalf of, and contribution to other agencies	5,850	189,358	149,836	169,105	155,686	358,463
Altamont Corridor Express and Caltrain subsidies	14,693	14,434	—	—	14,693	14,434
Program payments	—	—	17,767	—	17,767	—
Other expenses	618	1,444	1,453	2,277	2,071	3,721
Claims and change in future claim estimates	19,067	15,096	—	—	19,067	15,096
Interest expense	5,972	6,464	26,528	10,730	32,500	17,194
Total expenses	685,143	754,797	203,507	188,645	888,650	943,442
Program revenues:						
Charges for services	22,253	37,897	3,007	3,044	25,260	40,941
Operating grants	221,874	214,022	120,538	131,088	342,412	345,110
Capital grants	20,133	29,212	—	—	20,133	29,212
Total program revenues	264,260	281,131	123,545	134,132	387,805	415,263
Net program revenues (expenses)	(420,883)	(473,666)	(79,962)	(54,513)	(500,845)	(528,179)
General revenues and transfers:						
Sales tax revenue	274,498	260,596	440,862	419,209	715,360	679,805
Investment earnings	5,197	29,294	3,601	39,482	8,798	68,776
Other general revenue	2,874	5,494	681	1,086	3,555	6,580
Total general revenues	282,569	295,384	445,144	459,777	727,713	755,161
Excess or deficiency of revenues over expenses	(138,314)	(178,282)	365,182	405,264	226,868	226,982
Transfers	239,152	297,934	(239,152)	(297,934)	—	—
Change in net position	100,838	119,652	126,030	107,330	226,868	226,982
Net position, beginning of year	5,708,167	5,588,515	181,677	74,347	5,889,844	5,662,862
Restatement due to change in accounting principles, Note 20 - GASB 84	—	—	37,094	—	37,094	—
Net position, beginning of year as restated	5,708,167	5,588,515	218,771	74,347	5,926,938	5,662,862
Net position, end of year	$5,809,005	$5,708,167	$ 344,801	$ 181,677	$6,153,806	$5,889,844

Business-Type Activities – The total net position is $5.8 billion as of June 30, 2021. The increase is attributed to the year's change in net position of $100.8 million. Major elements of changes in net position were as follows:

- The increase in operating grants of $7.9 million was primarily due to increases in both the Transportation Development Act (TDA) allocation of $4.0 million and the State Transit Assistance (STA) by $4.3 million. This was partially offset by a decline in federal and other state and local grants affected by COVID19 (such as Altamont Corridor Express Shuttle due to decline in ridership). The increase in TDA was a result of more favorable sales tax receipts as compared to the previous year when more restrictive COVID-19 measures were in place. STA increase was driven by increase in diesel prices and consumer usage as the state eases up on shelter-in-place orders and businesses reopen.

- The decline in capital grants of $9.1 million is primarily due to decreases in receipts from the Public Transportation Modernization Improvement Service Enhancement Act (PTMISEA), and Federal Transit Administration grants due to dwindling activities of projects that are nearing completion, such as Light Rail Crossover Switches, Traction Power Substation Procurement, and Guadalupe Overhead Catenary System Rehabilitation and Replacement Program.

- Sales Tax Revenue increased $13.9 million due to economic sectors that were able to maintain pre-COVID-19 purchasing ability. Consumer and business spending had improved as more people get vaccinated leading to the State and the County easing up on, and subsequently lifting stay-at-home orders, as well as businesses reopening.

- Investment Earnings associated with interest income, unrealized gains/losses, and trading gains/losses decreased by $23.0 million. The decline was largely the outcome of unrealized or mark-to market loss resulting from modestly higher interest rates.

- The decrease in program expenses were mainly a result of reductions in capital contributions to other agencies. Capital contributions to other agencies decreased by $183.5 million. Projects (such as Alum Rock Santa Clara Bus Rapid and the Montague Expressway Pedestrian Overcrossing) which generated properties that ended up being owned by another entity, were almost complete in FY 2021. GASB 68 pension expense forming part of the labor cost also decreased by $30 million as a result of improved investment earnings from liquidation of securities (specifically, affecting the ATU pension investment portfolio) to diversify asset classes. Purchased transportation also declined by $3.4 million primarily as a result of reduced expenses associated with paratransit activities from lower ridership. These declines were offset largely by an $85.8 million increase in depreciation relating to the assets created under BART

Phase 1 that went into revenue service in June 2020. In addition, FY 2021 showed the first year of operations and maintenance subsidy to BART of $64.5 million.

Governmental Activities – As of June 30, 2021, the net position of governmental activities is $344.8 million. The increase is attributed to the year's change in net position of $126.0 million and restatement due to change in accounting principles resulting from the implementation of GASB 84 of $37.1 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 FY2021, the 2000 Measure A Fund's net position decreased $56.3 million largely as a result of capital assets transferred to VTA Transit and the BART Operating Funds.

- 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 in FY 2021.

- The Congestion Management Program (CMP) Special Revenue Fund relates to Congestion Management Agency functions performed by VTA for Santa Clara County. The change in net position relates to eligible activities funded by the Surface Transportation Program and State Transportation Improvements Program grants, member assessments, and other state grants. The change in fund balance was an increase of $174 thousand.

- The Congestion Management and Highway Program (CMHP) reported a $62.5 million in grant revenues and capital expenditures; an increase of $4.4 million from previous year's activities. This was a result of increased activities on certain projects associated mainly with the continued improvements to on/off ramps at Mathilda Road, Silicon Valley Express Lanes US101/SR85 Phases 3/4 and US 101 Blossom Hill Rd Interchange Improvement.

- Senate Bill 83 Vehicle Registration Fee (VRF) had a fund balance increase of $917 thousand. Bay Area Air Quality Management District (BAAQMD) Program had a fund balance increase of $224 thousand. Due to a change in accounting principles resulting from the implementation of GASB 84, the beginning fund balances of the governmental funds were restated by $32.6 million and $4.5 million for VRF and BAAQMD, respectively.

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 2021 and FY 2020
(In thousands)

Enterprise Funds Revenue	2021	2020	Change Favorable/(Unfavorable) Amount	Change Favorable/(Unfavorable) Percent
Charges for services	$ 22,253	$ 37,897	$ (15,644)	(41.28)%
Operating grants	221,874	214,022	7,852	3.67 %
Capital grants	20,133	29,212	(9,079)	(31.08)%
1976 half-cent sales tax	220,581	209,828	10,753	5.12 %
BART Operating Sales Tax	53,917	50,768	3,149	6.20 %
Investment earnings	5,069	28,093	(23,024)	(81.96)%
Other income	2,383	4,342	(1,959)	(45.12)%
Transfers in	239,152	297,934	(58,782)	(19.73)%
Total	$ 785,362	$ 872,096	$ (86,734)	(9.95)%

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 $22.3 million in FY 2021. Charges for Services were reduced by $15.6 million or 41.28% from FY 2020 primarily due to temporary suspension of fare collection and reduced revenues from other auxiliary activities impacted by the COVID-19 pandemic (mainly advertising and contracted shuttle revenues).

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 a second tranche of the Coronavirus Aid, Relief and Economic Security (CARES) Act. In FY 2021, total operating grants increased $7.9 million or 3.7% from the FY 2020 level, largely as a result of increases in STA and TDA.

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 an increase in STA revenue of $4.3 million, due to increase in diesel fuel prices and consumption as shelter-in-place orders were lifted and businesses started to reopen.

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 $4.0 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 $9.1 million or 31.1% to $20.1 million. There was a decline in grant receipts from the Federal Transit Administration and state, particularly PTMISEA. This is a result of dwindling down activities from projects that are close to completion such as Light Rail Crossovers and Switches; Traction Power Substation and Procurement, and Guadalupe Overhead Catenary System Rehabilitation and Replacement Program.

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 2021, total sales tax revenues were $220.6 million, a $10.8 million or 5.1% more compared to the prior fiscal year's sales tax revenue. Sales tax receipts year-to-year improved due to improved consumer and business spending, with the easing up and subsequent lifting of stay-at-home orders, as well as reopening of businesses.

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 2021, total sales tax revenue under the BART Operating Fund was $53.9 million, a $3.1 million or 6.2% increase compared to last year. Similar to the other sales tax revenues, the receipts improved as compared to the prior year as COVID-19 economic impacts were overcome by alternative work schedules and federal assistance for those who were affected economically from public health restrictions.

Investment Earnings – The investment earnings are derived from three primary sources: short, mid, and long-term investment portfolios. Investment earnings were primarily recorded under the VTA Transit Fund. Pursuant to VTA's adopted investment policy and California Government Code, 100% of surplus assets are invested in domestic fixed income investments. Investment income decreased by $23.0 million primarily due to unrealized losses resulting from modestly higher interest rates.

Other income – Other income includes revenues from permit fees, property rentals, proceeds from the sale of fixed assets, parking citations, and other non-operating activities. Other income decreased $2.0 million as the prior year had a one-time insurance settlement for bus and light rail vehicles involved in an accident. FY 2021 also reported a slight decline in property rentals due to waivers filed by businesses affected by the COVID-19 pandemic.

Transfers-in - FY 2021 reported a total transfer-in of $239.2 million primarily from the capital acquisitions from the 2000 Measure A Program Fund to the VTA Transit Fund and the BART Operating Fund of $157.0 million, 2000 Measure A and 2016 Measure B operating assistance of $60.3 million, Measure A Repayment Obligation of $14.7 million, and capital acquisitions from the Congestion Management and Highway Program to Express Lanes Fund of $7.2 million.

Comparison of Enterprise Funds Expenses
FY 2021 and FY 2020
(In thousands)

			Change Favorable/(Unfavorable)	
Enterprise Funds Expenses	**2021**	**2020**	**Amount**	**Percent**
Operations and support services	$ 657,391	$ 540,744	$ (116,647)	(21.57)%
Caltrain and ACE subsidy	14,693	14,434	(259)	(1.79)%
Other expenses	12,440	197,266	184,826	93.69 %
Total	$ 684,524	$ 752,444	$ 67,920	9.03 %

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 2021, operations and support services expense was $116.6 million or 21.6% higher compared to that of FY 2020. The increase was mainly due to depreciation expense on capital assets acquired through the Silicon Valley Berryessa Extension project that was completed in the prior year and had a full year of depreciation in FY 2021. FY 2021 was also the first year that BART Operating Fund paid for full year's BART subsidy.

Other Expenses – Other Expenses decreased by $184.8 million. The year-to-year change was mainly a result of a $183.5 million decline in contribution to other agencies for project activities, where the properties ended up being owned by another entity or did not generate a depreciable tangible product. These activities included Alum Rock/Santa Clara Bus Rapid, Montague Expressway Pedestrian Overcrossing, Facilities Assessment and Bus/Rail Infrastructure Condition Assessments, which were completed or approached completion in FY 2021.

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, 2021.

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, the Congestion Management and Highway Program, Bay Area Air Quality Management District (BAAQMD) Program and Vehicle Registration Fees (VRF). BAAQMD and VRF were reclassified in FY 2021 from Agency fund to Special Revenue in accordance with GASB 84 implementation.

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

Comparison of Special Revenue Fund
FY 2021 and FY 2020
(In thousands)

			Change Favorable/(Unfavorable)	
Special Revenue Fund	**2021**	**2020**	**Amount**	**Percent**
Total revenues	$ 568,689	$ 593,909	$ (25,220)	(4.25)%
Total expenditures	(237,917)	(222,100)	(15,817)	(7.12)%
Transfers out	(239,152)	(297,934)	58,782	19.73 %
Proceed from bond issuance	67,173	—	67,173	—
Payment for bond refunding	(68,234)	—	(68,234)	—
Change in fund balances	90,559	73,875	16,684	22.58 %
Fund balances, beginning of year	996,386	922,511	73,875	8.01 %
Restatement due to change in accounting principles, Note 20 - GASB 84	37,094	—	37,094	—
Fund balances, beginning of year as restated	1,033,480	922,511	110,969	12.03 %
Fund balances, end of year	$ 1,124,039	$ 996,386	$ 127,653	12.81 %

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 2021, total revenues for Congestion Management and Highway Program were $62.5 million, which represent the total amount expended on the projects and fully funded by other governmental agencies. The growth of $4.4 million in grant revenues and capital expenditures was largely attributed to intensified project activities related to continued improvements to on/off ramps at Mathilda Road and the Silicon Valley Express Lanes US101/SR85 Phase 3 as well as I-880 Improvements from State Road 237 to US 101 and the Silicon Valley Express Lanes US101/SR85 Phase 4.

Total revenues under the Special Revenue Fund primarily include sales tax, grants, investment earnings, member assessments, and vehicle registration fees. This was reported at $568.7 million in FY 2021, an increase of $25.2 million from the preceding year. For FY 2021, total sales tax revenues were $440.9 million, a $21.7 million or 5.17% increase compared to the prior fiscal year's sales tax revenue. The favorable increases were due to improved economic condition as various sectors adjusted to COVID-19 restrictions, infusion of federal assistance and reopening of businesses in FY 2021. Bay Area Air Quality Management District grants and Vehicle Registration fees were reclassified from Agency fund to Special Revenue in FY 2021 in accordance with GASB 84 requirements.

Total expenditures were $237.9 million, an increase of $15.8 million from FY 2020. The increase is resulting from program payments associated with Bay Area Air Quality Management District Program and Vehicle Registration Fees. This is the first year that related activities were reported as governmental in accordance with GASB 84 implementation. Interest expense relating to 2000 Measure A Fund also increased due to the impact of full year's implementation of GASB 89, which required interest cost incurred before the end of construction period be recognized as an expense in which the cost is incurred.

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, 2021, investment in capital assets net of accumulated depreciation, amounts to $5.2 billion. This investment in capital assets includes Land and Right-of-Way, Buildings, Improvements, Equipment & Furniture, Vehicles, the Caltrain-Gilroy Extension, Light Rail Tracks/Electrification, Leasehold Improvements, and Other Operating Equipment. During FY 2021, VTA acquired and constructed $193.0 million of capital assets.

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

	2021	2020
Land and Right-of-way	$ 1,848,342	$ 1,714,243
Construction in Progress	1,019,068	1,179,070
Buildings and improvements	911,045	802,683
Furniture and fixtures	285,051	327,537
Vehicles	391,453	410,084
Caltrain-Gilroy Extension	31,338	32,769
Light Rail Tracks/Electrification	701,677	713,198
Other Operating Equipment	5,124	2,231
Leasehold Improvements	3,777	4,277
Total	$ 5,196,875	$ 5,186,092

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

Long-term debt – At year end, VTA has $906.4 million bonds outstanding. For FY 2021, the total principal debt payment made was approximately $106.3 million, total amortization of the bond premium was $15.1 million, and new bond issuance was $69.7 million.

Outstanding Debt
(In thousands)

	2021	**2020**
Business-type Activities:		
Sr. Lien Sales Tax Revenue Bonds (1976 Tax)	$ 113,160	$ 129,695
Secured by Toll Revenues	23,302	23,307
Governmental Activities:		
Sr. Lien Sales Tax Revenue Bonds (2000 Tax)	769,949	805,056
Total	**$ 906,411**	**$ 958,058**

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

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

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

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

Economic Factors and New Year's Budgets

On June 3, 2021, VTA's Board of Directors approved the Fiscal Years 2022 and 2023 Biennial Budget. The VTA Transit operating budget is $531.9 million for FY 2022 and $543.8 million for FY 2023. There are no proposed changes to fares. With minor changes to staffing, the VTA Transit Proposed Budget reflects an increase in service levels to pre-pandemic levels. The implementation of the 2019 New Transit Service Plan (NTSP) in December 2019, resulted in increased ridership and boarding per hour, but was interrupted by the outbreak of the COVID-19 pandemic and subsequent shelter-in-place-order. As the economy reopens and the government implements lesser pandemic-related restrictive measures, VTA intends to gradually restore transit services to the intended level of the NTSP during FY 2022.

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

Part of the Proposed Budget is the operations and maintenance of Silicon Valley Berryessa Extension (SVBX), phase 1 of the Silicon Valley BART Extension. FY 2021 was its first full year of operation since it started to be in revenue service in June 2020. The Proposed FY 2022 and FY 2023 2000 Measure A Capital Program includes additional appropriation for Silicon Valley Santa Clara Extension (SVSX), phase 2 of the Silicon Valley BART Extension. This project is planned to utilize cash-on-hand and projected cash receipts; it does not anticipate incurring additional debt in the two-year period.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2021
(In thousands)

	Business-Type Activities	Governmental Activities	Total
ASSETS:			
Cash and investments	$ 840,952	$ 1,019,229	$ 1,860,181
Receivables, net	5,147	77	5,224
Internal balances	2,189	(2,189)	—
Due from other agencies	83,188	131,628	214,816
Inventories	27,726	—	27,726
Other current assets	5,518	7	5,525
Restricted cash and investments	131,511	71,295	202,806
Long-term receivable	354	—	354
Net OPEB asset	123,121	—	123,121
Capital assets:			
Capital assets - nondepreciable	2,867,410	—	2,867,410
Capital assets - depreciable, net of accumulated depreciation	2,329,465	—	2,329,465
Total assets	6,416,581	1,220,047	7,636,628
DEFERRED OUTFLOWS OF RESOURCES:			
Hedging derivative instruments	—	78,526	78,526
Refunding amounts	4,754	3,442	8,196
Pension related	55,423	—	55,423
OPEB related	9,403	—	9,403
Total deferred outflows of resources	69,580	81,968	151,548
LIABILITIES:			
Accounts payable and accrued expenses	32,997	71,423	104,420
Deposits	473	—	473
Accrued payroll and related liabilities	5,966	—	5,966
Bond interest and other fees payable	400	9,844	10,244
Unearned revenues	2,931	344	3,275
Other accrued expenses	103	—	103
Due to other agencies	17,790	24,241	42,031
Long-term liabilities:			
Due within one year	37,857	35,015	72,872
Due in more than one year	183,053	734,934	917,987
Derivative instruments, due in more than one year	—	78,526	78,526
Net pension liability, due in more than one year	279,210	—	279,210
Total liabilities	560,780	954,327	1,515,107
DEFERRED INFLOWS OF RESOURCES:			
Pension related	68,239	—	68,239
OPEB related	48,137	—	48,137
Deferred amount on refunding	—	2,887	2,887
Total deferred inflows of resources	116,376	2,887	119,263
NET POSITION:			
Net investment in capital assets	5,078,709	—	5,078,709
Restricted:			
1996 Measure B transit program	1,700	—	1,700
2016 Measure B transit program	—	746,303	746,303
Air Quality Program	—	4,728	4,728
Pollution Mitigation	—	33,507	33,507
Swap collateral	—	57,226	57,226
Retention	—	21,300	21,300
Debt service	8,688	49,339	58,027
Congestion management program	—	2,217	2,217
Unrestricted (Note 2j)	719,908	(569,819)	150,089
Total net position	$ 5,809,005	$ 344,801	$ 6,153,806

See Accompanying Notes to Basic Financial Statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Activities
For the year ended June 30, 2021
(In thousands)

	Business-Type Activities	Governmental Activities	
	Transit	Congestion Management	Total
EXPENSES:			
Labor, overhead, materials and professional services and other operations	$ 638,943	$ 7,923	$ 646,866
Capital expenses on behalf of, and contribution to other agencies	5,850	149,836	155,686
Altamont Corridor Express and Caltrain subsidies	14,693	—	14,693
Program payments	—	17,767	17,767
Other expenses	618	1,453	2,071
Claims and change in future claim estimates	19,067	—	19,067
Interest expense	5,972	26,528	32,500
Total expenses	685,143	203,507	888,650
PROGRAM REVENUES:			
Charges for services	22,253	3,007	25,260
Operating grants	221,874	120,538	342,412
Capital grants	20,133	—	20,133
Total program revenues	264,260	123,545	387,805
Net program revenues (expenses)	(420,883)	(79,962)	(500,845)
GENERAL REVENUES AND TRANSFERS:			
Sales tax revenue	274,498	440,862	715,360
Investment earnings	5,197	3,601	8,798
Other general revenues	2,874	681	3,555
Transfers	239,152	(239,152)	—
Total general revenues and transfers	521,721	205,992	727,713
Change in Net Position	100,838	126,030	226,868
NET POSITION, BEGINNING OF YEAR	5,708,167	181,677	5,889,844
Restatement due to change in accounting principles, Note 20 - GASB 84	—	37,094	37,094
Net Position, beginning of year, as restated	5,708,167	218,771	5,926,938
Net Position, end of year	$ 5,809,005	$ 344,801	$ 6,153,806

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Fund Net Position
Proprietary Funds
June 30, 2021
(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	$ 18,235	$ —	$ 120	$ 280	$ 18,635	$ 21,240
Investments	385,476	323,069	777	28,330	737,652	63,425
Receivables, net	4,526	573	—	48	5,147	—
Due from other funds	39,258	—	—	—	39,258	—
Due from other agencies	72,123	11,022	—	43	83,188	—
Inventories	27,726	—	—	—	27,726	—
Other current assets	2,513	3,000	—	5	5,518	—
Restricted cash and cash equivalents with fiscal agent	1,747	122,823	6,941	—	131,511	—
Total current assets	551,604	460,487	7,838	28,706	1,048,635	84,665
Noncurrent assets:						
Long-term receivable	354	—	—	—	354	—
Net OPEB asset	123,121	—	—	—	123,121	—
Capital assets - non-depreciable:						
Land and right of way	1,128,555	719,787	—	—	1,848,342	—
Construction in progress	282,480	724,281	9,760	2,547	1,019,068	—
Capital assets - depreciable:						
Intangible assets	—	—	—	—	—	—
Caltrain - Gilroy extension	53,790	—	—	—	53,790	—
Buildings and improvements	671,331	513,527	—	—	1,184,858	—
Furniture and fixtures	156,739	334,914	—	—	491,653	—
Vehicles	657,669	121,731	—	—	779,400	—
Light-rail tracks and electrification	476,790	604,157	—	—	1,080,947	—
Leasehold improvements	9,851	—	—	—	9,851	—
Others	54,125	51	—	—	54,176	—
Less accumulated depreciation	(1,205,497)	(119,713)	—	—	(1,325,210)	—
Net capital assets	2,285,833	2,898,735	9,760	2,547	5,196,875	—
Total noncurrent assets	2,409,308	2,898,735	9,760	2,547	5,320,350	—
Total assets	2,960,912	3,359,222	17,598	31,253	6,368,985	84,665
DEFERRED OUTFLOWS OF RESOURCES:						
Refunding amounts	4,754	—	—	—	4,754	—
Pension related	55,423	—	—	—	55,423	—
OPEB related	9,403	—	—	—	9,403	—
Total deferred outflows of resources	69,580	—	—	—	69,580	—

(continued on next page)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Fund Net Position *(continued)*
Proprietary Funds
June 30, 2021
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
LIABILITIES:						
Current liabilities:						
Current portion of long-term debt	16,160	—	55	—	16,215	—
Accounts payable and accrued expenses	31,905	146	314	415	32,780	217
Deposits	300	—	—	173	473	—
Accrued payroll and related liabilities	5,966	—	—	—	5,966	
Bond interest and other fees payable	400	—	—	—	400	—
Unearned revenues	2,738	—	—	193	2,931	—
Other accrued expenses	103	—	—	—	103	—
Due to other funds	—	37,069	—	—	37,069	—
Due to other agencies	17,790	—	—	—	17,790	—
Claims liability	—	—	—	—	—	5,009
Compensated absences	—	—	—	—	—	16,633
Total current liabilities	75,362	37,215	369	781	113,727	21,859
Non-current liabilities:						
Claims liability	—	—	—	—	—	35,301
Compensated absences	—	—	—	—	—	27,505
Long-term debt	97,000	—	23,247	—	120,247	—
Net pension liability	279,210	—	—	—	279,210	—
Total non-current liabilities	376,210	—	23,247	—	399,457	62,806
Total liabilities	451,572	37,215	23,616	781	513,184	84,665
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	68,239	—	—	—	68,239	—
OPEB Related	48,137	—	—	—	48,137	—
Total deferred inflows of resources	116,376	—	—	—	116,376	—
NET POSITION:						
Net Investment in Capital Assets	2,177,427	2,898,735	—	2,547	5,078,709	—
Restricted:						
1996 Measure B projects	1,700	—	—	—	1,700	—
Debt service	1,747	—	6,941	—	8,688	—
Unrestricted (Note 2j)	281,670	423,272	(12,959)	27,925	719,908	—
Total net position	$ 2,462,544	$ 3,322,007	$ (6,018)	$ 30,472	$ 5,809,005	$ —

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

Net Position of Enterprise Funds	$ 5,809,005
Net Position of Internal Service Funds, which benefits Business-Type Activities	—
Net Position of Business-Type Activities (Page 2-19)	$ 5,809,005

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2021
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
OPERATING REVENUES:						
Fares - Transit	$ 13,075	$ —	$ —	$ —	$ 13,075	$ —
Fares - Paratransit	470	—	—	—	470	—
Fares - Bart	—	1,698	—	—	1,698	—
Toll revenues collected	—	—	3,140	—	3,140	—
Advertising and others	3,236	—	—	—	3,236	—
Charges for services	—	—	—	634	634	21,289
Total operating revenues	16,781	1,698	3,140	634	22,253	21,289
OPERATING EXPENSES:						
Labor cost	330,984	1,120	—	—	332,104	—
Materials and supplies	29,277	26	—	—	29,303	—
Services	46,374	60,958	1,472	2,622	111,426	—
Utilities	9,669	22	43	—	9,734	—
Casualty and liability	8,396	306	—	—	8,702	—
Purchased transportation	21,658	—	—	—	21,658	—
Leases and rentals	898	—	—	—	898	—
Miscellaneous	1,573	—	5	3	1,581	2,841
Depreciation expense	77,791	101,265	—	—	179,056	—
Costs allocated to capital and other programs	(37,072)	—	—	1	(37,071)	—
Claims and change in future claims estimates	—	—	—	—	—	19,067
Total operating expense	489,548	163,697	1,520	2,626	657,391	21,908
Operating income/(loss)	(472,767)	(161,999)	1,620	(1,992)	(635,138)	(619)
NON-OPERATING REVENUES (EXPENSES):						
Sales tax revenue	220,581	53,917	—	—	274,498	—
Federal operating assistance and other grants	76,096	—	—	—	76,096	—
State and local operating assistance grants	145,778	—	—	—	145,778	—
Caltrain subsidy	(10,800)	—	—	—	(10,800)	—
Capital expense on behalf of, and contribution to other agencies	(3,072)	(1,566)	(1,212)	—	(5,850)	—
Altamont Corridor Express subsidy	(3,893)	—	—	—	(3,893)	—
Investment earnings	1,409	3,508	9	143	5,069	128
Interest expense	(5,369)	—	(603)	—	(5,972)	—
Other income	2,383	—	—	—	2,383	491
Other expenses	(618)	—	—	—	(618)	—
Total non-operating revenue (expenses)	422,495	55,859	(1,806)	143	476,691	619
Income (loss) before capital contributions and transfers	(50,272)	(106,140)	(186)	(1,849)	(158,447)	—
Capital grants and contributions	19,763	—	—	370	20,133	—
Transfers in	77,182	154,788	7,182	—	239,152	—
Change in net position	46,673	48,648	6,996	(1,479)	100,838	—
Net position, beginning of year	2,415,871	3,273,359	(13,014)	31,951	5,708,167	—
Net position, end of year	$2,462,544	$ 3,322,007	$ (6,018)	$ 30,472	$ 5,809,005	$ —

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	$100,838
Change in net position of the Internal Service Fund, which benefits Business-Type Activities	—
Change in net position of Business-type Activities (Page 2-20)	$100,838

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021
(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	$ 14,478	$ —	$ —	$ —	$ 14,478	$ —
Cash received from paratransit fares	470	—	—	—	470	—
Cash received from Tolls	—	—	3,140	—	3,140	—
Cash received from advertising	3,454	—	—	—	3,454	—
Cash paid for labor costs	(304,299)	(1,120)	—	(1)	(305,420)	—
Cash paid to suppliers	(95,095)	(61,295)	(1,520)	(2,723)	(160,633)	—
Cash paid for purchased transportation	(21,658)	—	—	—	(21,658)	—
Cash received from contributions	—	—	—	—	—	21,289
Payments made to beneficiaries	—	—	—	—	—	(1,285)
Payments made to third party contractors	—	—	—	—	—	(2,841)
Other receipts/(payments)	—	(63)	—	799	736	—
Net cash provided by/(used in) operating activities	(402,650)	(62,478)	1,620	(1,925)	(465,433)	17,163
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grants received	210,301	—	—	—	210,301	—
Sales tax received	207,760	50,853	—	—	258,613	—
Caltrain subsidy	(10,800)	—	—	—	(10,800)	—
Altamont Corridor Express subsidy	(3,893)	—	—	—	(3,893)	—
Capital contributions to other agencies	(3,065)	(1,566)	(1,316)	—	(5,947)	—
Net cash provided by/(used in) non-capital financing activities	400,303	49,287	(1,316)	—	448,274	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment of long-term debt	(16,535)	—	(5)	—	(16,540)	—
Advance (to)/from other governments	17,283	—	—	—	17,283	—
Interest and other fees paid on long-term debt	(4,182)	—	—	—	(4,182)	—
Acquisition and construction of capital assets	(89,971)	—	—	(634)	(90,605)	—
Capital contribution from other entities	58,207	—	—	204	58,411	—
Transfer in	74,919	—	—	—	74,919	—
Net cash provided by/(used in) capital and related financing activities	39,721	—	(5)	(430)	39,286	—
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	465,354	371,600	1,485	38,965	877,404	77,884
Purchase of investments	(533,508)	(346,889)	(2,678)	(37,258)	(920,333)	(80,999)
Interest income received	9,488	3,054	29	605	13,176	128
Net cash provided by/(used in) investment activities	(58,666)	27,765	(1,164)	2,312	(29,753)	(2,987)
Net increase/(decrease) in cash and cash equivalents	(21,292)	14,574	(865)	(43)	(7,626)	14,176
Cash and cash equivalents, beginning of year	41,274	108,249	7,926	323	157,772	7,064
Cash and cash equivalents, end of year	$ 19,982	$ 122,823	$ 7,061	$ 280	$ 150,146	$ 21,240

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds *(continued)*
For the year ended June 30, 2021
(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)	$ (472,767)	$ (161,999)	$ 1,620	$ (1,992)	$ (635,138)	$ (619)
Adjustments to reconcile operating income (loss) to net cash provided by/(used in) operating activities:						
Depreciation	77,791	101,265	—	—	179,056	—
Changes in operating assets and liabilities:						
Other current assets	134	17	—	—	151	—
Receivables	(351)	—	—	55	(296)	—
Due from other agencies	—	(1,698)	—	(48)	(1,746)	—
Deferred outflow of resources: Pension related	5,176	—	—	—	5,176	—
Inventories	735	—	—	—	735	—
Accounts payable	—	(63)	—	(105)	(168)	(49)
Other accrued liabilities	24	—	—	—	24	17,831
Deposits from others	(142)	—	—	—	(142)	—
Unearned revenue	1,972	—	—	165	2,137	—
Pension related	(107,685)	—	—	—	(107,685)	—
Deferred inflow of resources: Pension related	92,463	—	—	—	92,463	—
Net cash provided by/(used in) operating activities	$ (402,650)	$ (62,478)	$ 1,620	$ (1,925)	$ (465,433)	$ 17,163
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:						
Unrestricted:						
Cash and cash equivalents	$ 18,235	$ —	$ 120	$ 280	$ 18,635	$ 21,240
Restricted:						
Cash and cash equivalents with fiscal agent	1,747	122,823	6,941	—	131,511	—
	$ 19,982	$ 122,823	$ 7,061	$ 280	$ 150,146	$ 21,240
NONCASH ACTIVITIES:						
Increase/(Decrease) in fair value of investments	$ (5,220)	$ (3,765)	$ (21)	$ (462)	$ (9,468)	$ (421)
Noncash capital contributions	1,340	—	—	—	1,340	—
Total non-cash activities	$ (3,880)	$ (3,765)	$ (21)	$ (462)	$ (8,128)	$ (421)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Balance Sheet
Governmental Funds
June 30, 2021
(In thousands)

	Special Revenue Funds						
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	$ 4,215	$ 16,442	$ —	$ 5,639	$ 957	$ 5,447	$ 32,700
Investments	261,450	692,611	—	413	3,951	28,104	986,529
Accounts receivables	48	—	—	29	—	—	77
Due from other funds	—	—	—	—	—	1	1
Due from other agencies	62,508	47,200	2,520	19,400	—	—	131,628
Other assets	7	—	—	—	—	—	7
Restricted cash with fiscal agent	70,639	—	—	656	—	—	71,295
Total assets	$ 398,867	$ 756,253	$ 2,520	$ 26,137	$ 4,908	$ 33,552	$ 1,222,237
LIABILITIES:							
Accounts payable	$ 51,052	$ 9,950	$ 23	$ 10,173	$ 180	$ 45	$ 71,423
Unearned revenue	344	—	—	—	—	—	344
Due to other funds	1,688	—	176	326	—	—	2,190
Due to other agencies	8,499	—	104	15,638	—	—	24,241
Total liabilities	61,583	9,950	303	26,137	180	45	98,198
FUND BALANCES:							
Restricted	337,284	746,303	2,217	—	4,728	33,507	1,124,039
Total fund balances	337,284	746,303	2,217	—	4,728	33,507	1,124,039
Total liabilities and fund balances	$ 398,867	$ 756,253	$ 2,520	$ 26,137	$ 4,908	$ 33,552	$ 1,222,237

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 2-19) are different because:

Total governmental fund balance		$ 1,124,039
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	(769,949)	
Derivative instruments	(78,526)	
Deferred inflows of resources related to refunding costs	(2,887)	
Deferred outflows of resources related to derivative instruments	78,526	
Deferred outflows of resources related to refunding costs	3,442	(769,394)
Interest payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds		(9,844)
Net position of government activities (page 2-19)		$ 344,801

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021
(In thousands)

	Special Revenue Funds						
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total Governmental Funds
REVENUES:							
Sales tax revenue	$ 220,500	$ 220,362	$ —	$ —	$ —	$ —	$ 440,862
Assessment to member agencies	—	—	2,843	—	—	—	2,843
Administrative fees	—	—	164	—	—	—	164
Federal grant revenues	17,398	—	2,084	1,039	—	—	20,521
State and local grants	10,173	—	912	61,434	2,447	16,292	91,258
Federal subsidy for Build America Bonds	8,759	—	—	—	—	—	8,759
Investment earnings	1,573	1,857	2	—	15	154	3,601
Other revenues	430	—	251	—	—	—	681
Total revenues	258,833	222,219	6,256	62,473	2,462	16,446	568,689
EXPENDITURES:							
Congestion Management - Current							
Labor and overhead costs	—	1,342	5,538	—	—	—	6,880
Professional services	—	667	361	—	—	—	1,028
Materials and services	—	—	15	—	—	—	15
Capital expenditures on behalf of, and contributions to other agencies	34,217	60,160	168	55,291	—	—	149,836
Program payments	—	—	—	—	2.238	15.529	17,767
Other expenditures	1,438	15	—	—	—	—	1,453
Debt Service:							
Principal	33,680	—	—	—	—	—	33,680
Interest	27,258	—	—	—	—	—	27,258
Total expenditures	96,593	62,184	6,082	55,291	2,238	15,529	237,917
Excess (deficiency) of revenues over expenditures	162,240	160,035	174	7,182	224	917	330,772
OTHER FINANCING SOURCES & USES							
Transfers out	(217,470)	(14,500)	—	(7,182)	—	—	(239,152)
Proceeds from bond issuance	67,173	—	—	—	—	—	67,173
Payment for bond refunding	(68,234)	—	—	—	—	—	(68,234)
Net change in fund balances	(56,291)	145,535	174	—	224	917	90,559
Fund balances, beginning of year	393,575	600,768	2,043	—	—	—	996,386
Restatement due to change in accounting principles, Note 20 - GASB 84	—	—	—	—	4,504	32,590	37,094
Fund balances, beginning of year, as restated	393,575	600,768	2,043	—	4,504	32,590	1,033,480
Fund balances, end of year	$ 337,284	$ 746,303	$ 2,217	$ —	$ 4,728	$ 33,507	$ 1,124,039

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 2-20) are different because:		
Net change in fund balances - total governmental funds		$ 90,559
Repayment of debt service is an expenditure in the governmental funds, but reduces the long-term liabilities		33,680
Bond issuance, net		1,061
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	745	
Amortization of gain on refunding debt	196	
Amortization of loss on refunding debt	(333)	
Change in accrued interest payable	122	730
Change in net position of governmental activities (page 2-20)		$ 126,030

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021
(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds
ASSETS:	
Cash and investments:	
Cash and cash equivalents	$ 2,454
Corporate bonds	11,550
Municipal bonds	89,395
U.S. government agency bonds	41,598
U.S. treasury	63,884
Money market funds	3,101
Equity based	701,286
Real asset funds	81,383
Alternative investments	139,624
Receivables	1,160
Due from other agencies	10
Total assets	1,135,445
LIABILITIES:	
Accounts payable	577
Unearned revenues	35
Total liabilities	612
NET POSITION:	
Restricted for:	
ATU pension benefits	693,669
Retiree medical benefits	397,381
ATU retiree spousal medical benefits	25,750
ATU retiree dental and vision benefits	18,033
Total net position	$ 1,134,833

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2021
(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds
ADDITIONS:	
Employee contributions	$ 6,903
Employer contributions	34,487
Total contributions	41,390
Investment earnings:	
Investment income	349,871
Net change in the fair value of investments	(102,319)
Investment expense	(6,047)
Net investment earnings	241,505
Total additions	282,895
DEDUCTIONS:	
Benefit payments	64,596
Services	24
Administrative expenses	514
Total deductions	65,134
Change in net position	217,761
Net position, beginning of year	917,072
Net position, end of year	$ 1,134,833

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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.
- Bay Area Air Quality Management District (BAAQMD) accounts for the activities that relate to the Transportation Fund for Clean Air (TFCA) program, for purposes of regulating emissions from stationary and mobile services.
- Senate Bill (SB) 83 Vehicle Registration Fund (VRF) was established to administer the vehicle registration fee collected under SB 83 and approved by voters in 2010. The purpose is to fund congestion and pollution mitigation projects and programs.

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

(b) *Basis of Accounting and Measurement Focus*

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

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

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

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

(c) Cash and Investments

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

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments, which are readily convertible to known amounts of cash. 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, 2021, on pages 2-21 and 2-22, 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, retention, amounts restricted for 1996 Measure B projects, 2000 Measure A program, 2016 Measure B program, Congestion Management Program (CMP), Bay Area Air Quality Management District and Vehicle Registration Fees . When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

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

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

	Proprietary Funds				
	VTA Transit Fund	BART Operating Fund	Express Lanes Fund	Joint Development Fund	Total Enterprise Funds
Local share of capital projects	$ 146,893	$ —	$ —	$ 18,911	$ 165,804
Debt reduction	197,042	—	—	—	197,042
Express Lane	—	—	(12,959)	—	(12,959)
BART Operating	—	423,272	—	—	423,272
Joint Development	—	—	—	9,014	9,014
Sales tax stabilization	35,000	—	—	—	35,000
Operating reserve	79,781	—	—	—	79,781
Inventory and prepaid expenses	30,593	—	—	—	30,593
Net OPEB Asset (GASB 75)*	84,387	—	—	—	84,387
Net Pension Liability (GASB 68)*	(292,026)	—	—	—	(292,026)
Total	$ 281,670	$ 423,272	$(12,959)	$ 27,925	$ 719,908

*Net of related pension and OPEB deferrals

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

	Governmental Funds
	2000 Measure A Program
Governmental funds, June 30, 2021 (page 2-27)	$ 337,284
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	(769,949)
Derivative instruments	(78,526)
Deferred Inflows	(2,887)
Deferred Outflows	3,442
Debt Service	(49,339)
Interest Payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds	(9,844)
Total Net Position, Governmental Activities (page 2-19), June 30, 2021	$ (569,819)

(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 $37 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

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 implemented the provision of this 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. This statement did not have an impact on VTA's financial 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, 2021, are reported in the accompanying basic financial statements as follows (in thousands):

	Enterprise Funds	Internal Service Fund	Governmental Funds	Retiree Benefits Trust Funds	Total
Cash and Cash Equivalents	$ 18,635	$ 21,240	$ 32,700	$ 2,454	$ 75,029
Restricted Cash and Cash Equivalents with Fiscal Agents	131,511	—	$ 71,295	—	202,806
Total cash equivalents	150,146	21,240	103,995	2,454	277,835
Investments	737,652	63,425	986,529	1,131,821	2,919,427
Total Cash and Investments	$ 887,798	$ 84,665	$ 1,090,524	$ 1,134,275	$ 3,197,262

As of June 30, 2021, total cash and investments reported in the accompanying financial statements consisted of the following (in thousands):

Cash & Cash Equivalents	$ 75,029
Cash & Cash Equivalents with Fiscal Agents	202,806
Investments	2,919,427
Total	$ 3,197,262

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, 2021, was 291 days. Earnings are paid quarterly based on the average daily balance of the participants in the pool. The fair value of VTA's investment in the LAIF pool is reported in the accompanying financial statements at amounts based upon the VTA's pro-rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the VTA's position in the LAIF pool.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. The longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. VTA's $2.1 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, 2021 (in thousands):

OPERATIONS POOL	Maturity				
	Less than 1 year	1-5 Years	6-10 Years	Over 10 Years	Fair value
Corporate Bonds	$ 58,290	$ 511,795	$ —	$ —	$ 570,085
Municipal Bonds	31,575	126,640	2,456	—	160,671
Commercial Paper/CD	71,539	770	—	—	72,309
US Government Agency Bonds	13,904	115,662	—	—	129,566
US Treasury	65,699	734,503	—	—	800,202
Money Market Funds	29,773	—	—	—	29,773
LAIF	25,000	—	—	—	25,000
Subtotal	$ 295,780	$ 1,489,370	$ 2,456	$ —	1,787,606
Cash with Fiscal Agents					202,806
Cash Deposits					72,575
Total cash and investments in the operations pool					2,062,987

RETIREE BENEFITS POOL	Maturity				
	Less than 1 year	1-5 Years	6-10 Years	Over 10 Years	Fair value
Corporate Bonds - Pension	$ 2,029	$ 11,688	$ 12,753	$ 26,055	$ 52,525
Corporate Bonds - OPEB	1,472	8,118	10,688	16,593	36,871
Municipal Bonds - Pension	—	—	—	1,897	1,897
Municipal Bonds - OPEB	—	—	—	1,204	1,204
US Government Agency Bonds - Pension Plan	1	217	635	38,322	39,175
US Government Agency Bonds - OPEB Plan	3	1,948	303	22,458	24,709
US Treasury - Pension	—	3,120	13,828	889	17,837
US Treasury - OPEB	—	4,639	18,925	197	23,761
Money Market Funds - Pension	5,858	—	—	—	5,858
Money Market Funds - OPEB	5,692	—	—	—	5,692
Subtotal	$ 15,052	$ 29,730	$ 57,132	$ 107,615	209,529
Equity Based					701,285
Real Assets Funds					81,383
Alternative Investments					139,624
Cash Deposits					2,454
Total cash and investments in the retiree benefits pool					1,134,275
Total cash and investments					$ 3,197,262

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

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

	Rating as of June 30, 2021		
	Operations Pool	Pool	Total
Corporate bonds			
AAA	$ 166,721	$ —	$ 166,721
AA, AA+, AA-	39,211	11,635	50,846
A, A+, A-	240,349	6,334	246,683
A-1+	3,004	—	3,004
BBB, BBB+, BBB-	120,709	49,425	170,134
BB, BB+, BB-	—	21,859	21,859
B, B+, B-	—	143	143
P-1	91	—	91
Municipal bonds			
AAA	3,538	—	3,538
AA, AA+, AA-	120,619	1,024	121,643
A, A+, A-	19,360	960	20,320
A1	3,510	—	3,510
AA1	1,023	—	1,023
AA2	1,012	—	1,012
AA3	7,467	—	7,467
BBB, BBB+, BBB-	—	1,117	1,117
SP-1+	4,142	—	4,142
Certificates of Deposit			
A-1, A-1+	51,329	—	51,329
BBB, BBB+, BBB-	769	—	769
P-1	2,501	—	2,501
Commercial Paper			
A-1, A-1+	17,710	—	17,710
US Government Agencies			
AAA	25,299	—	25,299
AA, AA+, AA-	104,267	63,884	168,151
US Treasury Notes			
AAA	693,436	—	693,436
AA, AA+, AA-	106,766	41,598	148,364
Unrated cash and investments			
Cash with Fiscal Agents	202,806	—	202,806
Real Assets Funds	—	81,383	81,383
Equity Based	—	701,285	701,285
Alternative Investments	—	139,624	139,624
LAIF	25,000	—	25,000
Money Market Funds	29,773	11,550	41,323
Institutions	72,575	2,454	75,029
TOTAL	$ 2,062,987	$ 1,134,275	$ 3,197,262

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, 2021, VTA believes its counterparty credit risk exposure is minimal.

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

Other than investments in mutual funds, external investment pools or securities issued by U.S. Government, VTA did not hold investments in any one issuer that exceeded 5% or more of the total operations pool. As of June 30, 2021, the retiree benefits pool held investments in the UBS Core Real Estate Fund, Dodge & Cox, Principal Group and BlackRock that exceeded 5% of the retiree benefits pool.

Fair Value Measurement – The following schedule indicates the fair value hierarchy and fair value amounts (in thousands) for both VTA's operating fund investments and the trust investments at June 30, 2021:

	Fair Value Hierarchy			
Operations Pool	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Corporate Bonds	$ —	$ 570,085	$ —	$ 570,085
Municipal Bonds	—	160,671	—	160,671
US Government Agency Bonds	—	129,566	—	129,566
US Treasury	800,202	—	—	800,202
Certificates of Deposit	—	54,599	—	54,599
Subtotal	$ 800,202	$ 914,921	$ —	$ 1,715,123
Not subject to the fair value hierarchy				
Money Market Funds				29,773
Cash with Fiscal Agents				202,806
Commercial Paper				17,710
LAIF				25,000
Cash Deposits				72,575
Subtotal				347,864
Cash and investments in the operations pool				2,062,987

Retiree Benefits Pool	Fair Value Hierarchy Level 1	Level 2	Level 3	Fair Value
Corporate Bonds - Pension Plan	$ —	$ 52,525	$ —	$ 52,525
Corporate Bonds - OPEB Plan	—	36,871	—	36,871
Municipal Bonds - Pension Plan	—	1,204	—	1,204
Municipal Bonds - OPEB Plan	—	1,897	—	1,897
US Government Agency Bonds - Pension Plan	—	39,175	—	39,175
US Government Agency Bonds - OPEB Plan	—	24,709	—	24,709
US Treasury - Pension Plan	23,761	—	—	23,761
US Treasury - OPEB Plan	17,837	—	—	17,837
Equity Based	—	701,285	—	701,285
Subtotal	$ 41,598	$857,666	$ —	899,264
Net Asset Value				
Real Assets Funds				81,383
Alternative Investments				139,624
Subtotal				221,007
Not subject to the fair value hierarchy				
Money Market Funds - Pension				5,858
Money Market Funds - OPEB				5,692
Cash Deposits				2,454
Subtotal				14,004
Cash and investments in the retiree benefits pool				1,134,275
Total cash and investments				$ 3,197,262

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

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Foreign Currency Risk

This is the risk that changes in the exchange rates will adversely affect the fair value of underlying investments. The following table provides information as of June 30, 2021, concerning the fair value of investments that are subject to foreign currency risk that are only reported in the retiree benefits pool:

Currency Name	**Global Equity ('000)**
United Arab Emirates Dirham	$ 375
Australian Dollar	10,523
Brazilian Real	3,003
Swiss Franc	14,163
Chilean Peso	268
Chinese Yuan Renminbi Offshore	5
Chinese Yuan Renminbi Onshore	2,321
Columbia Peso	85
Czech Koruna	55
Danish Krone	3,739
Egyptian Pound	46
Euro	48,499
British Pound Sterling	20,861
Hong Kong Dollar	17,881
Hungarian Forint	116
Indonesian Rupiah	630
Israeli new Shekel	477
Indian Rupee	5,957
Japanese Yen	33,773
South Korean Won	7,602
Kuwaiti Dinar	297
Mexican Peso	967
Malaysian Ringgit	789
Norwegian Krone	906
New Zealand Dollar	343
Philippine Peso	361
Pakistani Rupee	35
Polish Zloty	427
Qatari Riyal	365
Russian Ruble	1,499
Saudi Riyal	1,556
Swedish Krona	5,437
Singapore Dollar	1,518
Thai Baht	1,010
Turkish New Lira	194
Taiwan Dollar	8,200
South African Rand	1,951
Total	$ 196,234

NOTE 4 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2021, is as follows (in thousands):

	Due from other funds	Due to other funds
Enterprise Funds		
VTA Transit	$ 39,258 [1]	$ —
BART Operating	—	37,069 [1]
Total	39,258	37,069
Governmental Funds		
SB83 VRF	1 [2]	—
2000 Measure A Program	—	1,688 [3]
Congestion Management Program	—	176 [4]
Congestion Management & Highway Program	—	326 [2]
Total	1	2,190
	$ 39,259	$ 39,259

[1]Largely represents payment of BART O&M on behalf of Bart Operating Fund
[2]Represents expenses initially paid by other funds on behalf of Congestion Management & Highway Program
[3]Represents an increase in Measure A Operating Assistance from 4th quarter true up of sales tax
[4]Represents expenses initially paid by other funds on behalf of Congestion Management Program

The transfer to VTA Transit includes $2.3 million of fund capital acquisitions from 2000 Measure A (consisting largely of facility modifications for bus rapid transit), $14.7 million of Measure A Repayment Obligation, $45.8 million of operating assistance from 2000 Measure A, and $14.5 million of operating assistance from 2016 Measure B Program. Express Lanes received $7.2 million capital acquisitions from Congestion Management and Highway Program. The $154.7 million transfer to BART Operations consists of capital acquisition from 2000 Measure A (including passenger facility stations relating to the Silicon Valley Berryessa Extension, BART vehicle procurement projects, and Eastridge to BART Regional Connector). A summary of the transfers in/out for the year ended June 30, 2021, is as follows:

Transfer from	Transfer to	Purpose	Amount (in thousands)
2000 Measure A Fund	VTA Transit Fund	Fund capital acquisitions	$ 2,263
		Operating Assistance	45,754
		Meas A Repayment Obligation	14,665
2016 Measure B Fund	VTA Transit Fund	Operating Assistance	14,500
			77,182
Congestion Management & Highway Program	Express Lanes	Fund capital acquisitions	7,182
2000 Measure A Fund	BART Operating Fund	Fund capital acquisitions	154,788
			$ 239,152

NOTE 5 – DUE FROM AND DUE TO OTHER AGENCIES

Due from other agencies as of June 30, 2021 consisted largely of sales tax receivables of $147.5 million ($56.7 million under enterprise funds, and $90.8 million under governmental funds), and State Transit Assistance of $6.0 million. A summary is provided as follows (in thousands):

DUE FROM OTHER AGENCIES	Enterprise Funds	Fiduciary Funds	Governmental Funds
Federal Government	$ 9,376	$ —	$ 15,551
State Government	72,133	—	102,065
Cities and other local agencies	1,679	10	14,012
Total	$ 83,188	$ 10	$ 131,628

Due to other agencies as of June 30, 2021 consisted of advances for capital projects received from the entities as provided below (in thousands):

DUE TO OTHER AGENCIES	Enterprise Funds	Governmental Funds
State	$ 16,605	$ 3,442
Caltrain	50	—
County of Santa Clara	(1,186)	12,132
City of Milpitas	16	2,040
City of Santa Clara	16	77
City of San Jose	—	6,461
City of Sunnyvale	17	—
City of Campbell	17	—
City of Cupertino	17	2
City of Los Gatos	17	—
City of Saratoga	17	—
City of Palo Alto	17	—
Metropolitan Transportation Commission	1,927	—
Google	260	—
Various	—	87
Total	$ 17,790	$ 24,241

NOTE 6 – CAPITAL ASSETS

Capital asset changes for VTA's business-type activities for the year ended June 30, 2021, were as follows (in thousands):

	July 1, 2020	Additions	Retirements	Transfers	June 30, 2021
Capital assets, not being depreciated					
Land and right-of-way	$ 1,714,243	$ —	$ —	$ 134,099	$ 1,848,342
Construction in progress	1,179,070	192,128	(3,149)	(348,981)	1,019,068
Total capital assets, not being depreciated	2,893,313	192,128	(3,149)	(214,882)	2,867,410
Capital assets, being depreciated					
Caltrain - Gilroy extension	53,790	—	—	—	53,790
Buildings and improvements	1,052,640	50	—	132,168	1,184,858
Furniture and fixtures	466,002	809	(4,593)	29,435	491,653
Vehicles	758,045	—	—	21,355	779,400
Light rail tracks and electrification	1,052,757	—	—	28,190	1,080,947
Leasehold improvement	9,851	—	—	—	9,851
Others	50,442	—	—	3,734	54,176
Total capital assets, being depreciated	3,443,527	859	(4,593)	214,882	3,654,675
Accumulated Depreciation					
Caltrain - Gilroy extension	(21,021)	(1,431)	—	—	(22,452)
Buildings and improvements	(249,957)	(23,856)	—	—	(273,813)
Furniture and fixtures	(138,465)	(72,730)	4,593	—	(206,602)
Vehicles	(347,961)	(39,986)	—	—	(387,947)
Light rail tracks and electrification	(339,559)	(39,711)	—	—	(379,270)
Leasehold improvement	(5,574)	(500)	—	—	(6,074)
Others	(48,211)	(841)	—	—	(49,052)
Total accumulated depreciation	(1,150,748)	(179,055)	4,593	—	(1,325,210)
Total capital assets, being depreciated, net	2,292,779	(178,196)	—	214,882	2,329,465
Total capital assets, net	$ 5,186,092	$ 13,932	$ (3,149)	$ —	$ 5,196,875

Construction in Progress (CIP) includes capitalized costs and right-of-way acquisitions associated with the following projects as of June 30, 2021, (in thousands):

Silicon Valley Rapid Transit	$ 697,329
Light Rail Program	136,255
Bus Program	23,160
Operating Facilities & Equipment	19,670
Revenue Vehicles & Equipment	15,996
Information Systems Technology	41,141
Light Rail - Way, Power & Signal	69,982
Silicon Valley Express	9,760
Non-Revenue Vehicle	57
Passenger Facilities	3,145
Joint Development	2,547
Vasona Corridor Projects	19
Others	7
Total	$ 1,019,068

NOTE 7 - LONG-TERM DEBT & LIABILITIES

Long-term debt as of June 30, 2021, consisted of the following (in thousands):

Business-Type Activities:

Secured by VTA's 1976 Measure A 1/2 Cent Sales Tax:	
2017 Series B Refunding ($19,865 plus unamortized premium of $4,481)	$ 24,346
2018 Series A Refunding ($76,115 plus unamortized premium of $12,699)	88,814
Secured by Toll Revenues:	
Silicon Valley Express Lanes State Route 237 Loan	23,302
Subtotal	136,462
Less: Current portion of long-term debt	(16,215)
Long term debt, excluding current portion	$ 120,247

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	439,445
2015 Series A-B Refunding ($19,700 plus unamortized premium of $5,254)	24,954
2020 Series A Measure A Refunding	69,675
Subtotal	769,949
Less: Current portion of long-term debt	(35,015)
Long term debt, excluding current portion	$ 734,934

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

- In December 2017, $27.76 million of VTA 2017 Series B Sales Tax Revenue Refunding Bonds were issued to advance refund $31.45 million principal amount of the VTA 2011 Series A bonds maturing on June 1, 2028. The 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%.

- In September 2020, $69.7 million of 2020 Measure A Series A were issued to advance refund the 2027-2036 maturities of the 2015 Measure A Series A bonds. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. At the time of refunding, there was a loss recognition of $2.5 million and as of June 30, 2021, the unamortized balance was reported as deferred outflow. The refunding bonds were issued at a true interest cost of 1.822%. The economic gain, which is calculated by discounting the difference between the original issue debt service and the refunded issue debt service, is $6.2 million.

(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, 2021, 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	$ (28,588)	4/1/2036	Aa3/A+/A+	2
MA 2008B	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(16,646)	4/1/2036	Aa2/A+/AA	2
MA 2008C	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(16,646)	4/1/2036	Aa2/AA-/NR	2
MA 2008D	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(16,646)	4/1/2036	A3/BBB+/A	2
Total	$235,875				$ (78,526)			

CRMoody'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, 2021, the swaps had a negative fair value of 78.5 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, 2021. 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 6/30/21CR	Collateral Threshold	Credit Rating for Threshold of Zero
MA 2008A	Aa3/A+	10,000,000	A3/A-
MA 2008B	Aa2/A+	10,000,000	A3/A-
MA 2008C	Aa2/AA-	15,000,000	Baa1/BBB+
MA 2008D	A1/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, 2021, there was a slightly favorable basis variance of 0.10% 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, 2021, 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, 2021, VTA had set aside for the fair value of the swap derivative and posted a cash collateral of $21.3 million.

Swap Payments and Associated Debt: The table below presents net swap payments using rates as of June 30, 2021, 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
2022	$ —	$ 41	$ 8,677	$ 8,718
2023	—	41	8,677	8,718
2024	—	41	8,677	8,718
2025	—	41	8,677	8,718
2026	—	41	8,677	8,718
2027 - 2031	—	206	43,386	43,592
2032 - 2036	235,875	136	28,601	264,612
	$ 235,875	$ 547	$ 115,372	$ 351,794

(e) *Long-Term Debt Obligation Summary*

The table below presents all long-term debt. Interest Rates on all outstanding fixed-rate obligations range from 0.79% - 5.88%. Interest on the variable rate debt is reset daily or weekly, depending on market conditions. Projected principal and interest obligations as of June 30, 2021, are as follows (in thousands):

Business-Type Activities:

	Principal	Interest	Total
Year ending June 30:			
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	19,510	2,503	22,013
2027-2031	15,370	5,427	20,797
2032-2036	10,445	2,514	12,959
2037-2038	4,332	209	4,541
	119,282	$ 29,331	$ 148,613
Unamortized bond premium	17,180		
Total debt	136,462		
Less current portion	(16,215)		
Long-term portion of debt	$ 120,247		

Governmental Activities:

	Principal	Interest	Total
Year ending June 30:			
2022	$ 35,015	$ 36,090	$ 71,105
2023	36,460	34,290	70,750
2024	38,180	32,207	70,387
2025	41,100	29,969	71,069
2026	43,645	27,614	71,259
2027-2031	249,485	100,335	349,820
2032-2036	320,810	33,426	354,236
	764,695	$ 293,931	$ 1,058,626
Unamortized bond premium	5,254		
Total debt	769,949		
Less current portion	(35,015)		
Long-term portion of debt	$ 734,934		

(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 2021 related to the principal and interest requirements for the debt secured by 1976 Half-Cent Sales Tax were $220.6 million and $20.7 million respectively. The debt service coverage ratio was 10.7 in FY 2021. Additional information can be found in Section 3 - Statistical Section - Table 14.

(Dollars in thousands)	July 1, 2020	Additions	Reductions	June 30, 2021	One Year
Sales Tax Revenue Bonds					
Secured by 1976 1/2 Cent Sales Tax					
2017 Series A	$ 2,612	$ —	$ 2,612	$ —	$ —
2017 Series B	22,215	—	2,350	19,865	2,315
2018 Series A	86,495	—	10,380	76,115	13,845
Silicon Valley Express Lanes State	23,307	—	5	23,302	55
Plus (less) premium/discounts	18,373	—	1,193	17,180	—
Outstanding Debt, Net	153,002	—	16,540	136,462	16,215
Claims Liability:					
General Liability	8,501	5,118	3,845	9,774	2,511
Worker's Compensation	20,841	16,182	6,487	30,536	2,498
Compensated Absences	37,815	10,526	4,203	44,138	16,633
Total Long-Term Liabilities	$ 220,159	$ 31,826	$ 31,075	$ 220,910	$ 37,857

Governmental Activities:

The amount of pledged revenues recognized during fiscal year 2021 related to the principal and interest requirements for the debt secured by 2000 Measure A Half-Cent Sales Tax were $220.5 million and $73.8 million respectively. The debt service coverage was 3.0 in FY 2021. Additional information can be found in Section 3 - Statistical Section - Table 15.

(Dollars in thousands)	July 1, 2020	Additions	Reductions	June 30, 2021	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	469,730	—	30,285	439,445	31,450
2015 Series A-B	80,325	—	60,625	19,700	3,565
2020 Series A	—	69,675	—	69,675	—
Plus (less) premium/discounts	19,126	—	13,872	5,254	—
Outstanding Debt, Net	805,056	69,675	104,782	769,949	35,015
Derivative Instruments Liability	105,446	—	26,920	78,526	—
Total Long-Term Liabilities	$ 910,502	$ 69,675	$ 131,702	$ 848,475	$ 35,015

VTA's Transit Fund reported a deferred amount on refunding in the amount of $0.4 million related to the 2017 bonds and $4.4 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 $2.9 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 2021 amounted to $220.6 million and $220.5 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 2021 is $53.9 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 2021 recognized $220.4 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 federal 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 early 2022. Construction of the light rail extension is planned to begin in late 2022 depending on availability of funding as Regional Measure 3, approved by voters in 2018, is currently in litigation. In anticipation of future successful court decision, project is expected to be completed by mid-2028.

(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, 2021, are summarized as follows (in thousands):

	Enterprise	Revenue
Operating Grants:		
FTA Section 9 (49 USC 5307)	$ 6,689	$ —
Job Access Reverse Commute Fed Grant	62	—
Mobility	10	—
Department of Labor	569	—
Peninsula Family Services	123	—
CARES Act	68,643	—
Federal Technical Studies	—	2,084
Pass-through Operating Grants	—	1,039
Total Operating Grants	76,096	3,123
Capital Grants:		
FTA New Starts FFGA	—	14,608
FTA Section 5307, 5309, 5337	12,849	2,790
Pass-through Capital Grants	1	—
Total Capital Grants	12,850	17,398
Total operating & capital grants	$ 88,946	$ 20,521

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 2021, VTA received a second tranche of $68.6 million from the CARES Act which was used to supplement VTA's operating expenses during continued impact from 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. FTA Section 5309 is a discretionary capital grant program. This provides funding for major transit capital improvements, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. The State of Good Repairs Grants under FTA Section 5337 provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. The second iteration of the One Bay Area Grant funds distributed by Metropolitan Transportation Commission from the Federal Highway Administration fund state of good repair projects and projects that expand or modernize transit systems.

(b) State and Local Grants and Assistance

State and local grants for the year ended June 30, 2021, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Funds
Operating grants:		
Transportation Development Act	$ 115,032	$ —
State Transit Assistance	29,557	—
State Operating Assistance Grants	—	19,651
AB 434	1,189	—
Congestion Management & Highway Program-State Grants	—	21,509
Congestion Management & Highway Program-2000 Measure A Swap Program	—	1,583
Other Local Grants:		
2016 Measure B	—	34,451
Santa Clara County (Fund Swap Program)	—	110
Various cities, counties and others	—	3,781
Total operating grants	145,778	81,085
Capital grants:		
PTMISEA	1,152	—
Proposition 1B Fund	337	5,062
Metropolitan Transportation Commission	560	—
SB1	—	3,037
High Speed Rail	500	—
Low Carbon Transit Operation Program	3,114	—
California Energy Commission	717	—
Various cities, counties and others	903	2,074
Total Capital Grants	7,283	10,173
Total State and Local Grants	$ 153,061	$ 91,258

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.

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

Total State and Local Grants were $91.3 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.

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		6,949
Spent in prior year		(215,479)
Beginning unspent grant amounts		1,703
Spent in current year		(1,152)
Interest earned in current year		5
Total proceeds available plus interest earned	$	556

The Low Carbon Transit Operations Program was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities.

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.

<u>Classic Employees</u>

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.

<u>New Employees</u>

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, 2021, is as follows:

Membership Status	
Retirees and beneficiaries currently receiving benefits	1,546
Terminated vested members not yet receiving benefits	114
Active Members	1,482
Total	3,142

(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 2021, the actuarially-determined contribution was $28.77 million. As the Plan elected to use June 30, 2021 as its measurement date, employer contributions for FY 2021 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)		
	Liability	Net Position	Liability
Balance at June 30, 2020	$ 799,824	$ 551,245	$ 248,579
Changes:			
Service cost	17,118	—	17,118
Interest (includes interest on service cost)	53,888	—	53,888
Differences between expected and actual experience	(5,186)	—	(5,186)
Changes of assumptions	15,130	—	15,130
Contributions - Employer	—	28,770	(28,770)
Contributions - Member	—	5,222	(5,222)
Net investment income	—	157,392	(157,392)
Benefit Payments, including Refunds of Employee Contributions	(48,506)	(48,506)	—
Administrative expense	—	(420)	420
Net changes	32,444	142,458	(110,014)
Balance at June 30, 2021	$ 832,268	$ 693,703	$ 138,565

(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 67%. A one percent increase in the discount rate decreases the Net Pension Liability by 57%.

	Discount rate -1% 5.69%	Discount rate 6.69% (in thousands)	Discount rate + 1% 7.69%
Net Pension Liability	$ 231,661	$ 138,565	$ 59,949

(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, 2020, and projected forward to the beginning of the measurement year of June 30, 2020. The TPL at the end of the measurement year, June 30, 2021, is measured as of a valuation date of January 1, 2021, and projected forward to June 30, 2021.

A summary of key assumptions is as follows:

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

(g) Discount Rate

The discount rate used to measure the Total Pension Liability was 6.69%. 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 2086 when only a portion of the projected benefit payments are expected to be made from the projected Fiduciary Net Position. Projected benefit payments are discounted at the long-term expected return on assets of 6.75% to the extent the Fiduciary Net Position is available to make the payments and the municipal bond rate of 2.16%, based on the Bond Buyer 20-Bond GO Index as of June 24, 2021, to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2021 is 6.69%. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2020 is 6.87%.

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

Asset Class	Target Allocation	Expected Real Rate of Return [1]
Domestic Equity	30%	6.30%
International Equity	13%	6.50%
Emerging Markets Equity	5%	8.40%
Private Equity	4%	10.10%
Private Core Real Estate	10%	5.60%
Diversified Real Assets	5%	7.40%
Private Debt	9%	7.50%
Domestic Fixed Income	14%	2.70%
Treasury	3%	2.00%
Absolute Return FoF	6%	5.50%
Cash	1%	1.90%
	100%	

[1] Inflation Assumption= 2.5%

(h) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2021, the plan's fiduciary net position amounts to $693.7 million.

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

For the measurement period ending June 30, 2021, VTA incurred pension expense of $25 million and as of June 30, 2021, 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	$ 6,578	$ 11,309
Changes in assumptions	25,978	—
Net difference between projected and actual earnings on pension plan investments	—	56,461
Total	$ 32,556	$ 67,770

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

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2022	$ (889)
2023	(3,595)
2024	(9,060)
2025	(21,670)
Thereafter	—
	$ (35,214)

(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	$ 32,556	$ 22,867	$ 55,423
Deferred Inflows of Resources	67,770	469	68,239
Net Pension Liability	138,565	140,645	279,210
Pension Expense	24,951	23,072	48,023

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, 2019, the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	729
Terminated and vested members not yet receiving benefits	449
Active members	639
Total	1,817

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

(b) Basis of Accounting

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

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

(c) Contribution Requirements

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

The employer's contribution rate from July 1, 2020, through June 30, 2021, was 10.033%. 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 2021, VTA contributed $16.71 million, which is equal to the actuarially-determined contributions. The required contribution for FY 2021 was based on the actuarial valuation report as of June 30, 2018 using the entry age normal cost method with the contributions determined as a percent of pay. VTA's annual pension contribution of $16.71 million in FY 2021 was deferred as VTA opted for June 30, 2020, to be its measurement date.

(d) Net Pension Liability

The net pension liability was measured using an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2020	$ 489,379	$ 357,409	$ 131,970
Changes:			
Service cost	11,441	—	11,441
Interest on the Total Pension Liability	34,592	—	34,592
Differences between Expected and Actual Experience	217	—	217
Contributions from the Employer	—	15,179	(15,179)
Contributions from Employees	—	4,972	(4,972)
Net investment income	—	17,927	(17,927)
Benefit Payments, including Refunds of Employee Contributions	(23,048)	(23,048)	—
Administrative Expense	—	(504)	504
Other Miscellaneous Income/(Expense)	—	—	—
Net changes	23,202	14,526	8,676
Balance at June 30, 2021	$ 512,581	$ 371,935	$ 140,646

(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	$ 206,281	$ 140,646	$ 85,956

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

For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. Total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Post retirement benefit increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

(g) Discount Rate

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

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

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

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

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

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

(h) Pension Plan's Fiduciary Net Position

The plan's fiduciary net position as of June 30, 2020 is $371.9 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, 2021, VTA incurred a pension expense of $23.1 million for the Plan.

As of June 30, 2021, 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	$ —	$ 469
Differences between Expected and Actual Experiences	3,233	—
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,924	—
Pension Contributions subsequent to measurement date	16,710	—
Total	$ 22,867	$ 469

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, 2022. 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
2022	$ 261
2023	2,060
2024	1,872
2025	1,495
	$ 5,688

(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 $143 per month in 2021.

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, 2021, 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	1,151	610	1,761
Active (Vested)	668	458	1,126

(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, 2021, the Plan's net position of $397.4 million was available to cover costs of the ATU and Non-ATU Programs. The $5.7 million contribution in FY 21 is entirely cash contribution.

(d) Changes in Net OPEB Asset

The Net OPEB Asset was $123.1 million as of June 30, 2021. 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, 2020	$ 265,288	$ 330,966	$ (65,678)
Changes:			
Service cost	6,300	—	6,300
Interest (includes interest on service cost)	18,298	—	18,298
Changes of assumptions	7,004	—	7,004
Difference between Expected and Actual Experience	(8,435)	—	(8,435)
Contributions -Employer	—	5,717	(5,717)
Benefit Payments	(14,194)	(14,194)	—
Non-Benefit Related Admin Expenses from Plan Trusts	—	(94)	94
Expected Investment Return	—	22,868	(22,868)
Investment Experience (Loss)/Gain	—	52,119	(52,119)
Net changes	8,973	66,416	(57,443)
Balance at June 30, 2021	$ 274,261	$ 397,382	$ (123,121)

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

The following presents the Net OPEB Asset as calculated using the discount rate of 6.75%, as well as what the Net OPEB Asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%), in thousands.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net OPEB Asset	$ 90,271	$ 123,121	$ 150,544

(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	$ 154,778	$ 123,121	$ 84,543

(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, 2020
Actuarial cost method		Entry Age Normal Cost Method
Actuarial assumptions:	Discount rate	6.75%
	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 -1.11% for the Out-of-State Medicare HMOs to 10.40% for the Out-of-State non-Medicare PPOs. These first-year percentages are based on the actual 2021 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 need to be updated

The discount rate used to measure the Total OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be equal to the actuarially determined contributions for the applicable fiscal years. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	28%	6.3%
International Equity	12%	6.5%
Emerging Markets Equity	5%	8.4%
Private Core Real Estate	10%	5.6%
Diversified Real Assets	7%	7.4%
Domestic Fixed Income	17%	2.7%
Private Debt	12%	7.5%
Absolute Return FoF	8%	5.5%
Cash	1%	1.9%
	100%	

(i) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2021, the Plan's Fiduciary Net Position amounts to $397.4 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, 2021, the Plan incurred OPEB expense of $(8.03) million and VTA's deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2021 are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 9,403	$ 466
Difference between expected and actual experience	—	14,146
Difference between expected and actual investment earnings	—	33,525
Total	$ 9,403	$ 48,137

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

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2022	$ (9,856)
2023	(8,341)
2024	(8,847)
2025	(11,279)
2026	(362)
Thereafter	(49)
	$ (38,734)

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, 2021, VTA had net position of approximately $25.8 million for the ATU Spousal Medical Fund and $18.0 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, 2021, there were 447 participating spouses who were eligible for benefits from the Spousal Medical Fund. FY 2021 contributions were approximately $1.4 million while benefit payments made by the Fund were approximately $1.6 million and investment earnings were $5.4 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, 2021, there were 1,131 eligible participants. Contributions and investment earnings for the fiscal year were approximately $343 thousand and $3.8 million respectively, while benefit payments were approximately $327 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, 2021, 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	$ 30,536	$ 9,774	$ 44,138	$ 84,448
Liabilities	30,536	9,774	44,138	84,448
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, 2021 disclosed that the present values of estimated outstanding losses, at 2% average discount rate using a 60% confidence level, are $30.5 million and $9.8 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, 2020, and June 30, 2021, are as follows (in thousands):

	Workers' Compensation	General Liability
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
Provision for claims and claims adjustment expense	6,467	3,449
Changes in estimates for provision for future claims	9,715	1,669
Payment for claims and other adjustments	(6,487)	(3,845)
Unpaid claims at June 30, 2021	$ 30,536	$ 9,774

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, 2021, the outstanding balance of compensated absences liability is $44.1 million.

NOTE 16 – CLAIMS, COMMITMENTS, AND CONTINGENCIES

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

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

(a) Third party bodily injury including death, personal injury and property damage liability claims up to $10 million per occurrence.

(b) Workers' Compensation claims through self-insurance.

(c) Public Officials and Employment Practices Liability claims up to $2.5 million per occurrence.

(d) First party property damage with various deductibles ranging from $100,000 to $250,000 for rail cars and equipment, buses, and real property.

For General Liability, VTA is self-insured for $10 million per occurrence. Excess Liability insurance is purchased from several insurers through VTA's insurance broker up to $90 million per occurrence and in the aggregate. The program consists of a $10 million 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	$ 10,000,000	$ 90,000,000
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	250,000	50,000,000
Bus Spare Parts	25,000	Stated Value
Non-Revenue Trucks & Equipment	25,000	50,000,000
Express Lane Toll Road Equipment & Signs	25,000	50,000,000
Public Officials/Employment Practices	2,500,000	2,000,000
Crime	25,000	3,000,000
Premises Pollution Liability	100,000	5,000,000
Storage Tank Liability	25,000	2,000,000
Cyber Risk	10,000	2,000,000
Blanket Railroad Protective Liability	—	5,000,000

NOTE 17 – LITIGATION

<u>Skanska Shimmick Herzog, Joint Venture ("SSH") v. SCVTA, et al.</u>

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. Mediation took place on June 16 and 17, 2021 and was unsuccessful in resolving the case. SSH served a section 998 demand for VTA to pay $13 million. VTA has served a Section 998 demand for payment of $35 million to VTA. Dispositive motions are scheduled to be heard on October 4, 2021; and trial is scheduled to begin on January 4, 2023.

Paiz, Robert v. SCVTA, et al.

Personal injury case arising from a bus-cyclist collision on Story Road approaching the Highway 101 entrance ramp. Defendant operator and plaintiff on his electric bicycle were both travelling in the #3 lane. State law requires 3 feet of clearance when motor vehicles are passing bicycles (VTA policy requires 3.5 feet). Operator believes that she had the clearance when she initiated the pass and that while checking her left side mirrors to clear traffic as she drifted bus to the left, she heard a thump and saw the downed cyclist in her right-side mirror. Operator insists that Plaintiff veered his bike into the bus. Plaintiff testified that he was proceeding straight and either the bus moved rightward into him or he was sucked into the side of the bus by a pressure change. There is evidence of Plaintiff's consumption of alcohol although it is disputed whether he was "impaired". Plaintiff's left arm was run over by the right rear wheels, causing massive trauma and ultimately an above-elbow amputation. VTA's accident reconstruction expert will opine that operator had the clearance as she initiated the pass (5 seconds prior to impact) but the lateral distance was less than three feet when the front of the bus and the front of the bike were level. Expert will also testify that both the bus and the bike were moving left but the bike more dramatically. SJPD found operator at fault for driving too fast for conditions. VTA found that the accident was "Preventable." JAMS mediation scheduled for September 23, 2021.

Plancarte v. VTA

Personal injury case arising out of a rear-end accident between two VTA buses, partially caused by the actions of a third car that left the scene of the accident. There was no contact between the third car and either bus, but both buses narrowly missed contact with the third car. One of the passengers, Serafin Plancarte, received several back fractures. Emergency surgery was required to stabilize six levels of his thoracic spine via the placement of rods. A transfusion was required following surgery. He was followed by physicians for six months and received physical therapy; thereafter, it appears he ceased all treatment. His medical bills total just under $60,000, as his hospitalization and treatment were paid by as yet an unidentified source for approximately $44,000. Additional limited treatment was supplied by a spine surgeon who took the case on a lien. That surgeon simply ordered more scans, but gave no more treatment of note. No wage loss was alleged. Plaintiff's initial demand was $3,000,000, presented with medical records. Litigation has just begun. Serious discussions are ongoing to try to settle the case prior to any discovery.

Estrada v. VTA

This case arises out of an unusual passenger fall case. Formal discovery is still ongoing. The issue is whether plaintiff simply suffered a fainting episode or fell due to the braking of the bus. Plaintiff was standing up, holding packages and not holding on after the bus driver passed her stop. Although the stop chime is heard on the video, the stop light did not illuminate on the bus driver's dashboard. After the plaintiff called out to stop the bus, the driver made a controlled stop, but the plaintiff lost her balance and fell. At the hospital, the diagnoses became syncope and anemia. Plaintiff was referred by her lawyer to a spine surgeon who takes cases on lien. Plaintiff went on to receive spine surgery that was paid for through a medical finance company. Medical bills are approximately $200,000, but a billing expert may offer testimony to reduce the lien fee amounts to something more reasonable.

Claims arising from May 26, 2021 Shooting Incident

On May 26, 2021, a mass shooting occurred at the VTA's Guadalupe facility. The shooter was also a VTA employee. Nine employees were killed that day and almost 100 employees were evacuated from the facility. The VTA's light rail facility was forced to shut down for weeks. A tenth employee committed suicide, presumably as a result of the mental health challenges that understandably resulted from witnessing the horrific event. Fourteen workers' compensation claims have been made, two of which were appealed to the Workers' Compensation Appeals Board. No civil lawsuits have been filed; but the statute of limitations have not yet expired.

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 2021, 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, 2021, VTA paid $10.8 million to the PCJPB for operating costs; however, in November 2020, voters in San Francisco, Santa Clara and San Mateo counties approved Measure RR, a 30-year one-eighth cents sales tax to provide a dedicated funding source for Caltrain. With the passage of Measure RR, VTA will no longer contribute to the operating and capital costs of the Caltrain commuter rail service.

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, 2021, VTA contributed approximately $3.9 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 head-lease rents that would be due through the purchase option date. Pursuant to a sublease, the investor then leased the rail vehicles to the VTA. Sufficient monies from prepayment of the head-lease rents were invested in highly rated securities to fund all sublease rents 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 – RESTATEMENT DUE TO CHANGE IN ACCOUNTING PRINCIPLES

In FY 2021, the Bay Area Air Quality Management District and Vehicle Registration Fees funds were reclassified from fiduciary to governmental fund in order to comply with GASB 84, *Fiduciary Activities*. GASB 84 requires that assets derived from a pass-through grants for which the government has administrative or direct financial involvement, would be reported with the governmental or business-type activities.

Summary of impact of the restatement resulting from the GASB 84 implementation, is provided as follows:

	As Reported in FY 2020	Restatement	FY 2020 Restated
Net Position - Governmental Activities			
Cash and investments	$ —	$ 37,312	$ 37,312
Accounts payables	—	(218)	(218)
Net Position	$ (181,677)	$ (37,094)	$ (218,771)
Fund Balance - Governmental Funds			
BAAQMD Program Fund			
Cash and investments	$ —	$ 4,591	$ 4,591
Accounts payable	—	(87)	(87)
Fund Balance	$ —	$ (4,504)	$ (4,504)
SB83 VRF Fund			
Cash and investments	$ —	$ 32,721	$ 32,721
Accounts payable	—	(131)	(131)
Fund Balance	$ —	$ (32,590)	$ (32,590)
Net Position - Fiduciary Funds			
BAAQMD Program Fund			
Cash and investments	$ 4,591	$ (4,591)	$ —
Accounts payable	(87)	87	—
Program payables	$ (4,504)	$ 4,504	$ —
SB83 VRF Fund			
Cash and investments	$ 32,721	$ (32,721)	$ —
Accounts payable	(131)	131	—
Program payables	$ (32,590)	$ 32,590	$ —

NOTE 21 - SUBSEQUENT EVENT

CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT (CRRSAA)

In September 2021, VTA received the CRRSAA funds in the amount of $39.4 million.

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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)

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

Information not available prior to FY 2014.

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

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Employer Contributions

Amalgamated Transit Union Pension Plan

(In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially-determined Contribution	$28,770	$30,552	$32,282	$28,524	$27,385	$25,720	$25,549	$25,787	$24,413	$19,148
Contributions in Relation to the Actuarially-determined Contribution	28,770	30,552	32,282	28,524	27,385	25,751	25,590	25,787	24,413	19,148
Contributions Deficiency/ (Excess)	$ —	$ —	$ —	$ —	$ —	$ (31)	$ (41)	$ —	$ —	$ —
Covered Payroll	$130,271	$137,584	$133,749	$139,288	$131,544	$126,796	$115,914	$107,880	$104,136	$104,726
Contributions as a Percentage of Covered Payroll	22.08 %	22.21 %	24.14 %	20.48 %	20.82 %	20.31 %	22.08 %	23.90 %	23.44 %	18.28 %

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)

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	$ 11,441	$ 11,662	$ 11,641	$ 11,137	$ 9,488	$ 9,551	$ 9,055
Interest	34,592	32,961	30,936	29,286	27,998	26,479	24,724
Changes in Assumptions	—	—	(3,287)	24,077	—	(6,447)	—
Difference between Expected and Actual Experience	217	5,563	3,653	(2,259)	(1,007)	2,488	—
Benefit payments, including refunds of employee contributions	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Net Change in Total Pension Liability	23,202	29,365	24,100	45,158	20,539	17,730	20,945
Total Pension Liability - Beginning	489,379	460,014	435,914	390,756	370,217	352,487	331,542
Total Pension Liability - Ending	512,581	489,379	460,014	435,914	390,756	370,217	352,487
Plan Fiduciary Net Position							
Contributions - Employer	15,179	13,486	11,976	11,865	10,248	8,684	8,845
Contributions - Employee	4,972	5,089	4,899	4,875	4,259	4,075	4,482
Net Investment Income	17,927	22,290	26,775	31,689	1,430	6,042	41,263
Benefit payments, including refunds of employee contributions	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Plan to Plan Resource Movement	—	—	78	0.037	(40)	—	—
Administrative Expense	(504)	(241)	(490)	(418)	(173)	656	—
Other Miscellaneous Income/(Expense)	—	1	(930)	—	—	—	—
Net Change in Fiduciary Net Position	14,526	19,804	23,465	30,965	(216)	5,116	41,756
Plan Fiduciary Net Position - Beginning	357,409	337,605	314,140	283,175	283,391	278,275	236,519
Plan Fiduciary Net Position - Ending	371,935	357,409	337,605	314,140	283,175	283,391	278,275
Plan Net Pension Liability - Ending	$140,646	$131,970	$122,409	$121,774	$107,581	$ 86,826	$ 74,212
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.56 %	73.03 %	73.39 %	72.06 %	72.47 %	76.55 %	78.95 %
Covered Payroll	$70,407	$70,673	$70,158	$65,842	$61,209	$60,375	$54,294
Plan Net Pension Liability as a Percentage of Covered Payroll	199.76 %	186.73 %	174.48 %	184.95 %	175.76 %	143.81 %	136.69 %
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Information not available prior to FY 2015.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Employer Contributions

California Public Employees' Retirement System (CalPERS)

(In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	$16,710	$15,208	$13,572	$12,208	$11,516	$10,567	$ 8,965	$ 8,845	$ 7,497	$ 7,159
Contributions in Relation to the Contractually Required	16,710	15,208	13,572	12,208	11,516	10,567	8,965	8,845	7,497	7,159
Contributions Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered Payroll (not based on measurement date)	$71,385	$70,084	$73,461	$71,140	$68,156	$61,209	$60,375	$54,294	$52,712	$53,950
Contributions as a Percentage of Covered Payroll	23.41 %	21.70 %	18.48 %	17.16 %	16.90 %	17.26 %	14.85 %	16.29 %	14.22 %	13.27 %

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)

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially-determined Contribution	$ (5,657)	$ (5,035)	$ 3,410	$ (2,113)	$ 4,574	$ 4,785	$ 12,093	$ 14,100	$ 17,315	$ 17,321
Contributions in Relation to the Actuarially-determined Contribution	5,717	5,799	9,086	—	4,047	4,785	12,093	14,100	37,965	17,321
Contributions Deficiency/(Excess)	$ (11,374)	$ (10,834)	$ (5,676)	$ (2,113)	$ 527	$ —	$ —	$ —	$ (20,650)	$ —
Covered Payroll	$187,551	$186,300	$181,761	$185,861	$176,709	$168,869	$167,124	$162,902	$152,218	$142,651
Contributions as a Percentage of Covered Payroll	3.05%	3.11%	5.00%	—%	2.29%	2.83%	7.24%	8.66%	24.94%	12.14%

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

2000 Measure A Program Special Revenue Fund

For the year ended June 30, 2021

(In thousands)

	Original Operating Budget*	Final Operating Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales tax receipts	$ 229,254	$ 229,254	$ 220,500	$ (8,754)
Investment earnings	9,026	9,026	6,185	(2,841)
Federal subsidy for Build America Bonds	8,701	8,701	8,759	58
Other income	446	446	430	(16)
Total revenues	247,427	247,427	235,874	(11,553)
Non-project expenditures:				
Operating assistance to VTA Transit	47,570	47,570	45,754	1,816
Professional, special and other services	585	585	438	147
Contributions to other agencies	—	—	3	(3)
Miscellaneous	31	31	23	8
Repayment of debt service to VTA Transit	14,665	14,665	14,665	—
Principal payment, bond interest and other bond charges	44,759	63,259	60,208	3,051
Total non-project expenditures:	107,610	126,110	121,091	5,019
Change in fund balance	$ 139,817	$ 121,317	114,783	$ (6,534)
GAAP reconciliation and unbudgeted items:				
Federal, state and local grant revenues			27,571	
Contribution to other agencies			(34,217)	
Unrealized gain/(loss) on investments			(4,027)	
Amortization of premium/discounts on investment			(585)	
Interest not requiring use of financial resources			(730)	
Bond issuance fees			(1,061)	
Other expenditures			(1,438)	
Transfers out			(156,587)	
Total GAAP reconciliation and unbudgeted items			(171,074)	
Change in fund balance, on a GAAP basis			(56,291)	
Fund balance, beginning of year			393,575	
Fund balance, end of year			$ 337,284	

** 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, 2021

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales Tax Revenues	$ 229,254	$ 229,254	$ 220,362	$ (8,892)
Investment earnings	14,723	14,723	1,857	(12,866)
Total Revenues	243,977	243,977	222,219	(21,758)
Expenditures:				
Labor and overhead costs	—	1,342	1,342	—
Professional services	—	682	667	(15)
Miscellaneous	—	—	15	15
Total Expenditures	—	2,024	2,024	—
Change in fund balance, on a budgetary basis	$ 243,977	$ 241,953	220,195	$ (21,758)
Expenditures not budgeted:				
Contributions to other agencies			(60,161)	
Transfers out			(14,500)	
Change in fund balance, on a GAAP basis			145,535	
Fund Balance, Beginning of Year			600,768	
Fund Balance, End of Year			$ 746,303	

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, 2021

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Assessments to member agencies	$ 2,843	$ 2,843	$ 2,843	$ —
Federal grant revenues	2,222	2,222	2,084	(138)
Administrative fees	—	—	164	164
State and local operating assistance grants	1,072	1,072	912	(160)
Other revenues	360	360	251	(109)
Investment earnings	2	2	2	—
Total Revenues	6,499	6,499	6,256	(243)
Expenditures:				
VTA labor and overhead costs	5,014	5,614	5,538	76
Services and other:				
Professional services	779	429	361	68
Other services	—	—	15	(15)
Data processing	6	6	—	6
Contribution to Other Agencies	442	192	168	24
Total Expenditures	6,241	6,241	6,082	159
Change in fund balance	$ 258	$ 258	174	$ (84)
Fund Balance, Beginning of Year			2,043	
Fund Balance, End of Year			$ 2,217	

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, 2021

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Federal, state, and local grants	$ 62,473	$ 62,473	$ 62,473	$ —
Expenditures:				
Capital expenditures on behalf of other agencies, and transfers out	62,473	62,473	62,473	—
Change in fund balance, on a budgetary basis	$ —	$ —	—	$ —
Fund Balance, Beginning of Year			—	
Fund Balance, End of Year			$ —	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Bay Area Air Quality Management Program Special Revenue Fund

For the year ended June 30, 2021

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
State and local operating assistance grants	$ 2,447	$ 2,447	$ 2,447	$ —
Investment earnings	15	15	15	—
Total Revenues	2,462	2,462	2,462	—
Expenditures:				
Program payments	2,238	2,238	2,238	—
Change in fund balance, on a budgetary basis	$ 224	$ 224	224	$ —
Fund Balance, Beginning of Year			4,504	
Fund Balance, End of Year			$ 4,728	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Senate Bill 83 Vehicle Registration Fee Special Revenue Fund

For the year ended June 30, 2021

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Federal, state, and local grants	$ 16,292	$ 16,292	$ 16,292	$ —
Investment earnings	154	154	154	—
Total Revenues	16,446	16,446	16,446	—
Expenditures:				
Program payments	15,529	15,529	15,529	—
Total Expenditures	15,529	15,529	15,529	—
Change in fund balance, on a budgetary basis	$ 917	$ 917	917	$ —
Fund Balance, Beginning of Year			32,590	
Fund Balance, End of Year			$ 33,507	

See Note accompanying this schedule

Note 1 - Budgetary Basis of Accounting

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

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

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SUPPLEMENTARY INFORMATION
(Combining and Individual Fund Information)

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Fund Net Position

Enterprise Funds

June 30,

(In thousands)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,635	$ 42,165
Investments	737,652	681,225
Receivables, net	5,147	7,383
Due from other agencies	83,188	58,285
Inventories	27,726	28,461
Due from other funds	39,258	5,271
Other current assets	5,518	6,607
Total current assets	917,124	829,397
Restricted assets:		
Cash and investments with fiscal agent	131,511	115,607
Non-current assets:		
Long-term receivable	354	443
Net OPEB asset	123,121	65,678
Capital Assets		
Nondepreciable:		
Land and right-of-way	1,848,342	1,714,243
Construction in progress	1,019,068	1,179,070
Depreciable:		
Intangible Assets	—	2,203
Caltrain - Gilroy extension	53,790	53,790
Buildings and improvements	1,184,858	1,052,640
Furniture and fixtures	491,653	466,002
Vehicles	779,400	758,045
Light-rail tracks and electrification	1,080,947	1,052,757
Leasehold improvement	9,851	9,851
Others	54,176	50,442
Less: Accumulated depreciation	(1,325,210)	(1,152,951)
Net capital assets	5,196,875	5,186,092
Total assets	6,368,985	6,197,217
DEFERRED OUTFLOWS OF RESOURCES		
Refunding amounts	4,754	5,885
Pension-related	55,423	105,388
OPEB-related	9,403	14,579
Total deferred outflows of resources	69,580	125,852

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Fund Net Position *(Continued)*

Enterprise Funds

June 30,

(In thousands)

	2021	2020
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	16,215	15,347
Accounts payable and accrued expenses	32,780	26,329
Deposits	473	476
Accrued payroll and related liabilities	5,966	5,801
Bond interest and other fees payable	400	456
Unearned revenues	2,931	4,737
Due to other funds	37,069	104
Due to other agencies	17,790	19,456
Other accrued liabilities	103	79
Total current liabilities	113,727	72,785
Non-current liabilities		
Long-term debt, excluding current portion	120,247	137,655
Net pension liability*	279,210	380,549
Total non-current liabilities	399,457	518,204
Total liabilities	513,184	590,989
DEFERRED INFLOWS RELATED TO PENSION AND OPEB	116,376	23,913
NET POSITION	$ 5,809,005	$ 5,708,167

*Resulting from GASB 68 implementation. In FY 2021, this consists of $140.6 million for CalPERS and $138.6 million for ATU. In 2020, this consisted 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)

	2021	2020
OPERATING REVENUES:		
Fares - Transit	$ 13,075	$ 27,318
Fares - Paratransit	470	1,498
Fares - Bart	1,698	—
Toll revenues collected	3,140	3,466
Advertising and others	3,236	4,881
Charges for services	634	734
Total operating revenues	22,253	37,897
OPERATING EXPENSES:		
Labor cost	332,104	360,412
Materials and supplies	29,303	33,670
Services	111,426	46,942
Utilities	9,734	9,732
Casualty and Liability	8,702	3,834
Purchased transportation	21,658	25,090
Leases and rentals	898	859
Miscellaneous	1,581	1,620
Depreciation expense	179,056	93,237
Costs allocated to capital and other programs	(37,071)	(34,652)
Total operating expenses	657,391	540,744
Operating loss	(635,138)	(502,847)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenue	274,498	260,596
Federal operating assistance and other grants	76,096	76,941
State and local operating assistance grants	145,778	137,081
Caltrain subsidy	(10,800)	(10,800)
Capital expenses on behalf of, and contribution to other agencies	(5,850)	(189,358)
Altamont Corridor Express subsidy	(3,893)	(3,634)
Investment earnings	5,069	28,093
Interest expense	(5,972)	(6,464)
Other non-operating income	2,383	4,342
Other non-operating expense	(618)	(1,444)
Non-operating revenues, net	476,691	295,353
INCOME (LOSS) BEFORE CONTRIBUTIONS	(158,447)	(207,494)
CAPITAL CONTRIBUTIONS	20,133	29,212
TRANSFERS IN/(OUT)	239,152	297,934
CHANGE IN NET POSITION	100,838	119,652
NET POSITION, BEGINNING OF YEAR	5,708,167	5,588,515
NET POSITION, END OF YEAR	$ 5,809,005	$ 5,708,167

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Cash Flows

Enterprise Funds

For the years ended June 30,

(In thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transit fares	$ 14,478	$ 26,036
Cash received from paratransit fares	470	1,498
Cash received from toll revenues collected	3,140	3,466
Cash received from advertising	3,454	5,959
Cash paid for labor costs	(305,420)	(295,454)
Cash paid to suppliers	(160,633)	(102,895)
Cash paid for purchased transportation	(21,658)	(25,090)
Other receipts/(payments)	736	1,012
Net cash provided by/(used in) operating activities	(465,433)	(385,468)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	210,301	226,476
Sales tax received	258,613	268,586
Caltrain subsidy	(10,800)	(10,800)
Altamont Corridor Express subsidy	(3,893)	(3,634)
Capital contribution from/(to) other agencies	(5,947)	(7,586)
Net cash provided by/(used in) non-capital financing activities	448,274	473,042
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of long-term debt	(16,540)	(14,788)
Proceeds from issuance of long-term debt	—	8,075
Advance (to)/from other governments	17,283	6,423
Interest and other fees paid on long-term debt	(4,182)	(6,059)
Acquisition and construction of capital assets	(90,605)	(52,129)
Capital contribution from other entities	58,411	26,309
Transfers in	74,919	72,782
Net cash provided by/(used in) capital and related financing activities	39,286	40,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	873,185	1,089,075
Purchases of investments	(920,333)	(1,090,795)
Interest income received	17,395	23,571
Net cash provided by/(used in) investing activities	(29,753)	21,851
Net increase/(decrease) in cash and cash equivalents	(7,626)	150,038
Cash and cash equivalents, beginning of year	157,772	7,734
Cash and cash equivalents, end of year	$ 150,146	$ 157,772

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Cash Flows *(Continued)*

Enterprise Funds

For the years ended June 30,

(In thousands)

	2021	2020
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Operating income/(loss)	$ (638,957)	$ (502,847)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation	179,056	93,237
Changes in operating assets and liabilities:		
Other current assets	151	(2,328)
Receivables	(296)	(197)
Due from other governmental agencies	(1,746)	—
Deferred Outflow of Resources: Pension related	5,176	230
Inventories	735	4,857
Accounts payable	(168)	(8,936)
Other accrued liabilities	24	(682)
Deposits from others	(142)	474
Unearned revenue	2,137	(61)
Net pension liability	(46,837)	30,785
Deferred Inflow of Resources: Pension related	35,434	—
Net cash provided by/(used in) operating activities	$ (465,433)	$ (385,468)
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:		
Cash and cash equivalents, end of year:		
Unrestricted	$ 18,635	$ 42,165
Restricted	131,511	115,607
	$ 150,146	$ 157,772
NONCASH ACTIVITIES:		
Increase/(Decrease) in fair value of investments	$ (9,468)	$ 4,749
Noncash capital contributions	1,340	537
Amortization expense of Caltrain Access Fee	—	(441)
Total non-cash activities	$ (8,128)	$ 4,845

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund

VTA Transit Fund

For the year ended June 30, 2021

(In thousands)

	FY 2021 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
REVENUES				
Fares - Transit	$ 36,426	$ 36,426	$ 13,075	$ (23,351)
Fares - Paratransit	2,146	2,146	470	(1,676)
1976 1/2 Cent Sales Tax	229,254	229,254	220,581	(8,673)
Transportation Development Act funds	107,749	107,749	115,032	7,283
2000 Measure A Sales Tax Operating Assistance	47,570	47,570	45,754	(1,816)
2016 Measure B -Transit Operations	14,500	14,500	14,500	—
STA	40,542	40,542	29,557	(10,985)
Federal Operating Grants	4,822	4,822	7,453	2,631
State Operating Grants	2,224	2,224	1,188	(1,036)
Investment Earnings	4,536	4,536	4,013	(523)
Advertising Income	4,369	4,369	2,139	(2,230)
Other Income	19,755	19,755	18,095	(1,660)
Total revenues	**513,893**	**513,893**	**471,857**	**(42,036)**
OPERATING EXPENSES				
Labor Costs	344,688	357,905	342,159	15,746
Materials & Supplies	31,296	31,296	19,571	11,725
Security	16,910	22,010	20,290	1,720
Professional & Special Services	6,769	7,067	4,770	2,297
Other Services	11,277	11,110	12,516	(1,406)
Fuel	10,698	10,655	6,163	4,492
Traction Power	5,360	5,360	4,378	982
Tires	1,640	1,683	1,442	241
Utilities	4,323	4,323	3,671	652
Insurance	7,897	7,897	8,395	(498)
Data Processing	6,446	6,446	6,075	371
Office Expense	337	337	259	78
Communications	1,820	1,819	1,647	172
Employee Related Expense	1,218	1,218	996	222
Leases & Rents	879	879	898	(19)
Miscellaneous	1,125	1,125	938	187
Reimbursements	(47,859)	(47,859)	(40,840)	(7,019)
Total operating expenses	**404,824**	**423,271**	**393,328**	**29,943**

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund (*continued*)

VTA Transit Fund

For the year ended June 30, 2021

(In thousands)

	FY 2021 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
OTHER EXPENSES				
Paratransit	28,099	28,099	19,842	8,257
Caltrain	10,800	10,800	10,800	—
Altamont Corridor Express	5,773	5,773	5,710	63
Highway 17 Express	400	400	394	6
Monterey-San Jose Express Service	35	35	—	35
Contribution to Other Agencies	1,187	1,187	728	459
Debt Service	20,784	20,784	20,773	11
Transfer to capital reserve	35,000	35,000	35,000	—
Contingencies	3,000	—	—	—
Total other expenses	**105,077**	**102,078**	**93,247**	**8,831**
Total operating and other expenses	**509,901**	**525,349**	**486,575**	**38,774**
Change in net position, on a budgetary basis	**$ 3,991**	**$ (11,456)**	**(14,718)**	**$ (3,262)**
Reconciliation of net income on a budgetary basis to net income on a GAAP Basis:				
Capital Contributions			19,763	
CARES Act Grant			68,643	
Project Expenditures			(3,767)	
Capital Contributions to Other Agencies			(2,345)	
Bond Principal Payment			15,342	
Amortization of investment premium and discount			(612)	
Unrealized gain on investment			(4,608)	
Debt Reduction Fund Interest Earnings			2,618	
Other non-operating income/(loss)			50	
Other non-budgetary revenues/(expenses)			(4,402)	
Pension-related (GASB 68) & OPEB-related (GASB 75) expenses			(5,534)	
PERS employer contribution deferred			16,710	
Transfer to capital reserve			35,000	
Transfer from 2000 Measure A Program			2,263	
Depreciation			(77,791)	
Net change in net position, on a GAAP Basis			**$ 46,673**	

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)

	2021							2020				
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	Total
Sales tax revenue	$ 220,500	$ 220,362	$ —	$ —	$ —	$ —	$ 440,862	$ 209,885	$ 209,324	$ —	$ —	$ 419,209
Federal grant revenues	17,398	—	2,084	1,039	—	—	20,521	48,230	—	2,171	3,212	53,613
State and local grants	10,173	—	912	61,434	2,447	16,292	91,258	13,823	—	—	54,815	68,638
Federal subsidy for Build America Bonds	8,759	—	—	—	—	—	8,759	8,837	—	—	—	8,837
Investment earnings	1,573	1,857	2	—	—	—	3,432	16,675	22,800	7	—	39,482
Assessment to member agencies	—	—	2,843	—	—	—	2,843	—	—	2,880	—	2,880
Other revenues	430	—	251	—	15	154	850	835	—	251	—	1,086
Administrative fees	—	—	164	—	—	—	164	—	—	164	—	164
Total Revenues	258,833	222,219	6,256	62,473	2,462	16,446	568,689	298,285	232,124	5,473	58,027	593,909
Capital expenditures on behalf of, and contribution to other agencies [1]	(34,217)	(60,160)	(168)	(55,291)	—	—	(149,836)	(33,810)	(79,651)	(195)	(55,449)	(169,105)
Program payments	—	—	—	—	(2,238)	(15,529)	(17,767)	—	—	—	—	—
Debt Service:												
Principal	(33,680)	—	—	—	—	—	(33,680)	(32,080)	—	—	—	(32,080)
Interest	(27,258)	—	—	—	—	—	(27,258)	(12,105)	—	—	—	(12,105)
Salaries and benefits	—	(1,342)	(5,538)	—	—	—	(6,880)	—	(728)	(4,909)	—	(5,637)
Other expenditures	(1,438)	(15)	—	—			(1,453)	(2,277)	—	—	—	(2,277)
Professional services	—	(667)	(361)	—	—	—	(1,028)	—	(570)	(311)	—	(881)
Material and Services	—	—	(15)	—	—	—	(15)	—	—	(15)	—	(15)
Total Expenditures	(96,593)	(62,184)	(6,082)	(55,291)	(2,238)	(15,529)	(237,917)	(80,272)	(80,949)	(5,430)	(55,449)	(222,100)
Transfers out	(217,470)	(14,500)	—	(7,182)	—	—	(239,152)	(280,856)	(14,500)	—	(2,578)	(297,934)
Proceed from bond issuance	67,173	—	—	—	—	—	67,173	—	—	—	—	—
Payment for bond refunding	(68,234)	—	—	—	—	—	(68,234)	—	—	—	—	—
Change in fund balances	(56,291)	145,535	174	—	224	917	90,559	(62,843)	136,675	43	—	73,875
Fund balances, beginning of year	393,575	600,768	2,043	—	—	—	996,386	456,418	464,093	2,000	—	922,511
Restatement due to change in accounting principles, Note 20 - GASB 84	—	—	—	—	4,504	32,590	37,094	—	—	—	—	—
Fund balances, beginning of year as restated	393,575	600,768	2,043	—	4,504	32,590	1,033,480	456,418	464,093	2,000	—	922,511
Fund balances, end of year	$ 337,284	$ 746,303	$ 2,217	$ —	$ 4,728	$ 33,507	$1,124,039	$ 393,575	$ 600,768	$ 2,043	$ —	$ 996,386

[1] 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, 2021
(In thousands)

			ATU Medical Trusts			
	ATU Pension Trust	OPEB Trust	Spousal Medical	Vision/ Dental	Total Medical Trusts	Total
ASSETS						
Cash and cash equivalents	$ 816	$ 1,194	$ 261	$ 183	$ 444	$ 2,454
Investments	692,504	395,971	25,492	17,854	43,346	1,131,821
Receivables	669	491	—	—	—	1,160
Due from other agencies	—	10	—	—	—	10
Total assets	693,989	397,666	25,753	18,037	43,790	1,135,445
LIABILITIES						
Accounts payable	285	285	3	4	7	577
Unearned revenues	35	—	—	—	—	35
Total liabilities	320	285	3	4	7	612
NET POSITION						
Restricted for:						
Pension benefits	693,669	—	—	—	—	693,669
Other post-employment benefits	—	397,381	—	—	—	397,381
Spousal medical benefits	—	—	25,750	—	25,750	25,750
Retiree dental and vision benefits	—	—	—	18,033	18,033	18,033
TOTAL NET POSITION	$ 693,669	$ 397,381	$ 25,750	$ 18,033	$ 43,783	$1,134,833

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Changes in Fiduciary Net Position

Retiree Benefits Trust Funds

For the year ended June 30, 2021

(In thousands)

			ATU Medical Trusts			
	ATU Pension Trust	OPEB Trust	Spousal Medical	Vision/ Dental	Total Medical Trusts	Total
ADDITIONS						
Employee contributions	$ 5,188	$ —	$ 1,372	$ 343	$ 1,715	$ 6,903
Employer contributions	28,770	5,717	—	—	—	34,487
Total contributions	33,958	5,717	1,372	343	1,715	41,390
Investment earnings:						
Investment income	225,412	124,458	1	—	1	349,871
Net change in the fair value of investments	(63,978)	(47,474)	5,371	3,762	9,133	(102,319)
Investment expense	(4,042)	(1,997)	(3)	(5)	(8)	(6,047)
Net investment earnings	157,392	74,987	5,369	3,757	9,126	241,505
Total additions	191,350	80,704	6,741	4,100	10,841	282,895
DEDUCTIONS						
Benefit payments	48,506	14,194	1,569	327	1,896	64,596
Services	—	—	24	—	24	24
Administrative expenses	420	94	—	—	—	514
Total deductions	48,926	14,288	1,593	327	1,920	65,134
Change in net position	142,424	66,416	5,148	3,773	8,921	217,761
Net position, beginning of year	551,245	330,965	20,602	14,260	34,862	917,072
Net position, end of year	$ 693,669	$ 397,381	$ 25,750	$ 18,033	$ 43,783	$ 1,134,833

STATISTICAL SECTION

FINANCIAL TRENDS:

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

REVENUE CAPACITY:

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

DEBT CAPACITY:

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

DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

OPERATING INFORMATION:

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

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Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position
Ten Years Ended June 30, 2021
(In thousands)

	2012	2013	2014	2015	2016	2017 [3]	2018	2019	2020	2021
EXPENSES										
Business-type activities:										
Transit										
Operations and Operating Projects	$ 364,723	$ 375,086	$ 392,042	$ 407,618	$ 431,212	$ 471,655	$ 495,785	$ 487,725	$ 528,001	$ 638,943
Caltrain Subsidy	10,207	13,700	7,291	8,390	8,414	8,390	8,967	10,790	10,800	10,800
Capital Expenses on behalf of, and contribution to other agencies	80,083	138,794	93,952	61,445	53,094	6,497	7,344	23,809	189,358	5,850
Altamont Corridor Express Subsidy	2,707	2,939	3,019	3,097	3,166	3,270	3,383	3,502	3,634	3,893
Interest Expense	31,307	31,655	27,088	15,204	11,330	7,326	6,972	13,060	6,464	5,972
Other Expenses	8,059	5,865	11,096	5,734	4,177	576	657	5,446	1,444	618
Benefit Payments	11,419	10,689	17,947	8,881	12,999	12,654	17,437	15,359	15,096	19,067
Total Business-Type Activities Expenses	508,505	578,728	552,435	510,369	524,392	510,368	540,545	559,691	754,797	685,143
Governmental activities:										
Congestion Management										
Operations and operating projects	6,692	7,622	7,544	8,071	8,228	8,868	8,159	8,122	6,533	7,923
Interest Expense	—	—	—	—	—	7,928	8,068	7,833	10,730	26,528
Program Payments	—	—	—	—	—	—	—	—	—	17,767
Other Expenses	—	—	—	—	—	2,352	1,452	1,155	2,277	1,453
Capital expenditures on behalf of, and contribution to other agencies [4]	19,089	34,270	36,252	20,295	11,399	89,556	68,188	53,663	169,105	149,836
Total governmental activities expenses	25,781	41,892	43,796	28,366	19,627	108,704	85,867	70,773	188,645	203,507
Total primary government expenses	$ 534,286	$ 620,620	$ 596,231	$ 538,735	$ 544,019	$ 619,072	$ 626,412	$ 630,464	$ 943,442	$ 888,650
PROGRAM REVENUES										
Business-type activities:										
Charges for services	$ 40,070	$ 41,821	$ 42,420	$ 43,054	$ 42,316	$ 40,194	$ 42,434	$ 44,720	$ 37,897	$ 22,253
Operating grants	140,419	142,577	148,669	134,796	126,988 [1]	115,191	130,919	160,967	214,022	221,874
Capital grants	115,584	272,950	193,899	277,421	271,057	38,713	58,259	53,855	29,212	20,133
Total business-type activities program revenues	296,073	457,348	384,988	455,271	440,361	194,098	231,612	259,542	281,131	264,260
Governmental activities:										
Charges for services	2,503	2,520	2,519	2,526	2,529	2,549	2,664	2,814	3,044	3,007
Operating grants	2,110	1,775	2,424	2,096	16,585 [2]	172,844	107,957	112,348	131,088	120,538
Capital grants	21,530	37,612	38,989	22,964	—	—	—	—	—	—
Total governmental activities program revenues	26,143	41,907	43,932	27,586	19,114	175,393	110,621	115,162	134,132	123,545
Total primary government revenues	$ 322,216	$ 499,255	$ 428,920	$ 482,857	$ 459,475	$ 369,491	$ 342,233	$ 374,704	$ 415,263	$ 387,805
NET PROGRAM (EXPENSES)/REVENUES										
Business-type activities	$(212,432)	$(121,380)	$(167,447)	$ (55,098)	$ (84,031)	$(316,270)	$(308,933)	$(300,149)	$ (473,666)	$ (420,883)
Governmental activities	362	15	136	(780)	(513)	66,689	24,754	44,389	(54,513)	(79,962)
Total primary government net program (expenses)/revenues	$(212,070)	$(121,365)	$(167,311)	$ (55,878)	$ (84,544)	$(249,581)	$(284,179)	$(255,760)	$ (528,179)	$ (500,845)

Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position (continued)
Ten Years Ended June 30, 2021
(In thousands)

	2012	2013	2014	2015	2016	2017 [3]	2018	2019	2020	2021
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Business-type activities:										
Sales tax revenue	$ 332,847	$ 395,163	$ 417,486	$ 446,374	$ 460,316	$ 259,029	$ 257,380	$ 295,873	$ 260,596	$ 274,498
Investment income	19,289	316	9,861	9,420	19,102	2,055	3,222	27,033	29,294	5,197
Proceed from sale of land	6,300	4,052	—	16,732	—	—	—	—	—	—
Federal subsidy for Build America Bonds	9,399	9,126	8,755	8,715	—	—	—	—	—	—
Other income	6,007	3,254	7,325	4,261	3,335	5,233	3,317	7,237	5,494	2,874
Transfers	—	—	—	—	—	286,989	250,769	297,919	297,934	239,152
Total business-type activities	373,842	411,911	443,427	485,502	482,753	553,306	514,688	628,062	593,318	521,721
Governmental activities:										
Sales tax revenue	—	—	—	—	—	208,672	207,870	474,538	419,209	440,862
Investment income	31	8	23	9	16	2,411	2,813	24,782	39,482	3,601
Other income	104	115	279	250	155	531	760	628	1,086	681
Transfers	—	—	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)
Extraordinary item, Note 8	—	—	—	—	—	—	—	256,090	—	—
Total governmental activities	135	123	302	259	171	(129,068)	(39,326)	458,119	161,843	205,992
TOTAL PRIMARY GOVERNMENT	373,977	412,034	443,729	485,761	482,924	424,238	475,362	1,086,181	755,161	727,713
CHANGE IN NET POSITION										
Business-type activities	161,410	290,531	275,980	430,404	398,722	290,729	205,755	327,913	119,652	100,838
Governmental activities	497	138	438	(521)	(342)	(62,379)	(14,572)	502,508	107,330	126,030
Total primary government	$ 161,907	$ 290,669	$ 276,418	$ 429,883	$ 398,380	$ 228,350	$ 191,183	$ 830,421	$ 226,982	$ 226,868

[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, 2021
(In thousands)

	2012	2013	2014	2015 [1]	2016	2017 [2]	2018 [3]	2019	2020	2021
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$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	$5,078,709
Restricted	548,367	649,724	759,608	822,834	789,000	11,572	9,910	6,003	9,286	10,388
Unrestricted	262,903	321,948	356,559	197,852	186,049	384,850	411,441	524,408	639,176	719,908
Total Business-Type Activities Net Position	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	5,809,005
GOVERNMENTAL ACTIVITIES										
Restricted	1,444	1,582	2,020	1,499	1,157	72,868	56,746	597,807	790,771	914,620
Unrestricted	—	—	—	—	—	(486,458)	(484,907)	(523,460)	(609,094)	(569,819)
Total Governmental-Type Activities Fund Balance	1,444	1,582	2,020	1,499	1,157	(413,590)	(428,161)	74,347	181,677	344,801
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	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	5,078,709
Restricted	549,811	651,306	761,628	824,333	790,157	84,440	66,656	603,810	800,057	925,008
Unrestricted	262,903	321,948	356,559	197,852	186,049	(101,608)	(73,466)	948	30,082	150,089
Total Primary Governmental Net Position	$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	$6,153,806
Restatement due to GASB84 implemented in FY2021									37,094	
Restated Total Primary Governmental Net Position									$5,926,938	

[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, 2021
(Modified Accrual Basis of Accounting)
(In thousands)

	Fiscal Years									
	2012	2013	2014	2015	2016	2017 [1]	2018	2019	2020	2021
REVENUES										
Member Agency Assessment Revenue	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,528	$ 2,654	$ 2,880	$ 2,843
Federal Technical Studies Operating Assistance Grants	1,367	1,014	1,728	1,371	1,887	1,219	2,178	2,439	2,171	2,084
Administrative Fees	96	113	112	119	122	142	136	160	164	164
Federal, State and Local Grant Revenues	22,273	38,373	39,685	23,689	14,698	[1] 162,872	96,995	101,102	120,080	109,695
Federal subsidy for Build American Bonds	—	—	—	—	—	8,753	8,784	8,807	8,837	8,759
Sales tax revenue	—	—	—	—	—	208,672	207,870	474,538	419,209	440,862
Investment Earnings	31	8	23	9	16	2,411	2,813	24,782	39,482	3,601
Other Revenues	104	115	279	250	155	531	760	628	1,086	681
Total Revenues	26,278	42,030	44,234	27,845	19,285	387,007	322,064	615,110	593,909	568,689
EXPENDITURES										
Congestion Management - Current:										
VTA Labor and Overhead Costs	6,245	7,044	7,160	6,826	7,031	6,128	7,328	7,487	5,637	6,880
Professional Services	436	563	359	1,225	1,176	2,721	817	619	881	1,028
Program Expenditures	11	15	25	19	21	19	14	16	15	15
Program Payments	—	—	—	—	—	—	—	—	—	17,767
Other expenditures	—	—	—	1	—	2,352	1,452	1,155	2,277	1,453
Debt Service:										
Principal	—	—	—	—	—	28,160	29,530	30,575	32,080	33,680
Interest	—	—	—	—	—	10,721	10,107	9,745	12,105	27,258
Capital expenditures on behalf of, and contribution to other agencies [2]	19,089	34,270	36,252	20,295	11,399	89,556	68,188	53,663	169,105	149,836
Total Expenditures	25,781	41,892	43,796	28,366	19,627	139,657	117,436	103,260	222,100	237,917
Excess (Deficiency) of Revenues Over Expenditures	497	138	438	(521)	(342)	247,350	204,628	511,850	371,809	330,772
OTHER FINANCING SOURCES (USES):										
Transfers Out	—	—	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)
Bond issuance, net	—	—	—	—	—	—	—	—	—	(1,061)
Extraordinary Items[3]	—	—	—	—	—	—	—	256,090	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	(340,682)	(250,769)	(41,829)	(297,934)	(240,213)
Net Change in Fund Balances	$ 497	$ 138	$ 438	$ (521)	$ (342)	$(93,332)	$(46,141)	$470,021	$ 73,875	$ 90,559
TOTAL GOVERNMENTAL FUNDS										
Restricted – Special Revenue Funds	1,444	1,582	2,020	1,499	1,157	500,293	454,153	922,511	996,386	1,124,039
Unassigned – Special Revenue Funds	—	—	—	—	—	(1,663)	(1,663)	—	—	—
Total Governmental Funds	$ 1,444	$ 1,582	$ 2,020	$ 1,499	$ 1,157	$498,630	$452,490	$922,511	$996,386	$1,124,039
Ratio of debt service expenditures to non-capital expenditures	— %	— %	— %	— %	— %	38.58 %	50.95 %	64.06 %	24.83 %	34.43 %

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

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

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

Table 4

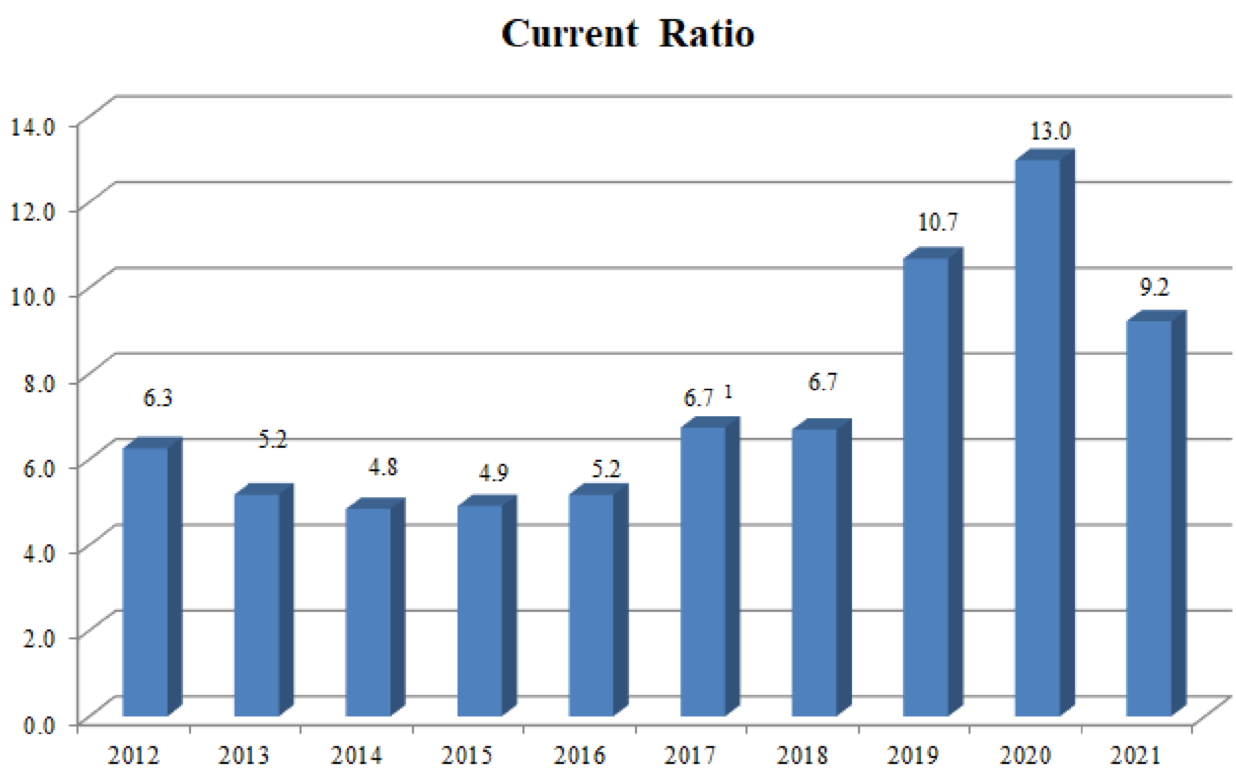
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends – Current Ratio

Enterprise Funds

Ten Years Ended June 30, 2021

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.



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current and Restricted Assets ($000's)	$907,208	$1,098,625	$1,284,402	$1,375,968	$1,332,998	$ 685,914	$ 700,885	$ 793,181	$ 945,004	$1,048,635
Current and Restricted Liabilities ($000's)	142,830	212,127	265,298	280,262	257,399	101,779	104,929	74,239	72,785	113,727
Net Working Capital ($000's)	$764,378	$ 886,498	$1,019,104	$1,095,706	$1,075,599	$ 584,135	$ 595,956	$ 718,942	$ 872,219	$ 934,908
Current Ratio	6.3	5.2	4.8	4.9	5.2	6.7	6.7	10.7	13.0	9.2

[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

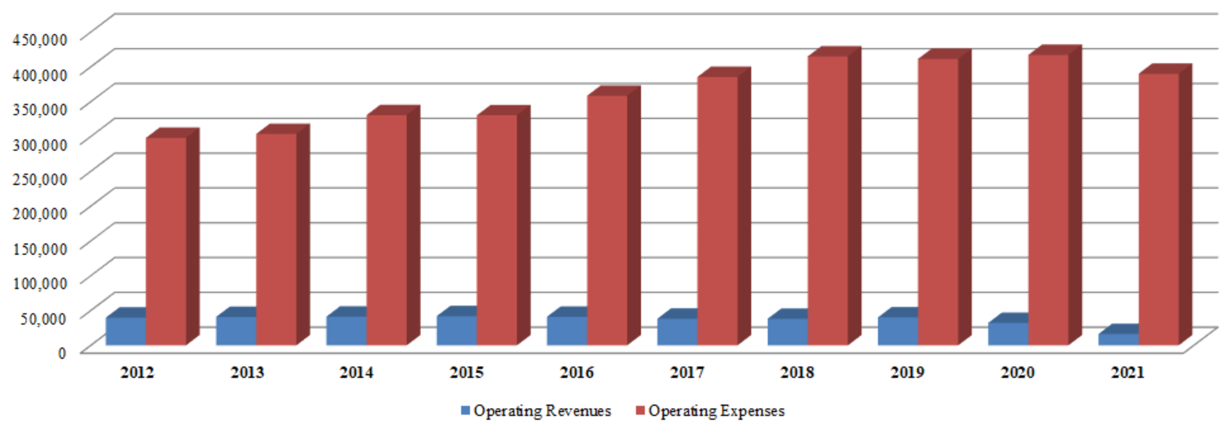
Financial Trends - Operating Revenues & Operating Expenses

VTA Transit

Ten Years Ended June 30, 2021

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.

Operating Revenue & Operating Expenses ($000's)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Revenues	$ 39,852	$ 40,772	$ 41,198	$ 41,897	$ 41,042	$ 38,261	$ 38,160	$ 40,201	$ 32,199	$ 16,311
Operating Expenses	297,988	303,622	330,614	330,466	358,538	385,528	414,975	411,524	417,206	390,099

Table 6

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

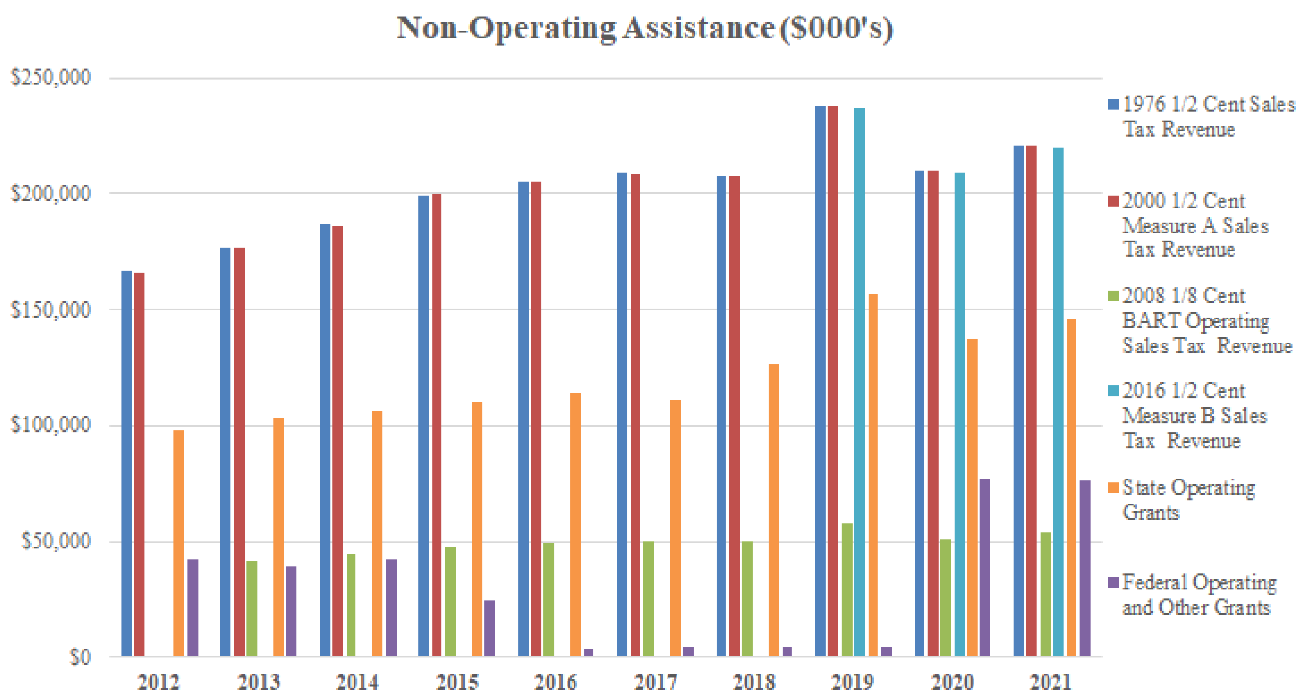
Financial Trends - Non-Operating Assistance

Sales Tax Revenues and Enterprise Operating Grants

Ten Years Ended June 30, 2021

(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.



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1976 1/2 Cent Sales Tax Revenue	$166,567	$176,716	$186,431	$199,221	$205,418	$209,005	$ 207,589	$ 237,869	$209,828	$220,581
2000 1/2 Cent Measure A Sales Tax Revenue [1]	166,280	176,533	186,302	199,653	205,636	208,672	207,870	237,874	209,885	220,500
2008 1/8 Cent BART Operating Sales Tax Revenue [2]	—	41,914	44,753	47,500	49,262	50,024	49,791	58,004	50,768	53,917
2016 1/2 Cent Measure B Sales Tax Revenue [3]	—	—	—	—	—	—	—	236,664	209,324	220,362
State Operating Grants	98,133	103,213	106,439	110,243	114,135	110,959	126,689	156,565	137,081	145,778
Federal Operating and Other Grants	42,286	39,364	42,230	24,553	4,105	4,232	4,230	4,402	76,941	76,096

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

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

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

Table 7

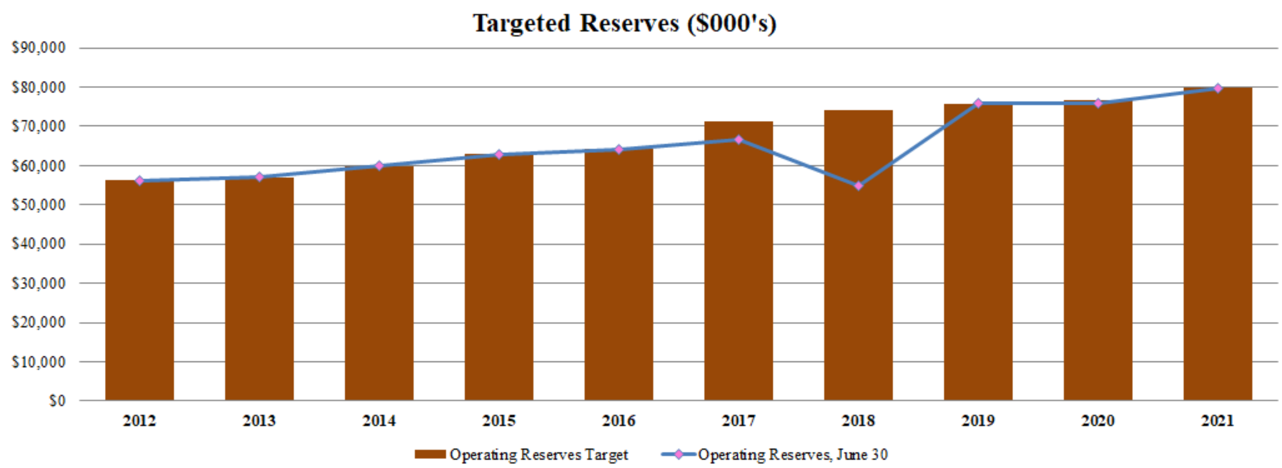
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Targeted Operating Reserves

VTA Transit Fund

Ten Years Ended June 30, 2021

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.



	2012 [1]	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current Assets, excluding restricted asset	$106,085	$101,726	$110,906	$124,284	$130,096	$143,377	$136,012	$159,219	$144,854	$ 151,432
Total Current Liabilities, excluding restricted liability	(29,547)	(24,329)	(29,790)	(36,878)	(32,334)	(40,030)	(44,540)	(46,997)	(36,989)	(41,412)
Current Net Position	$ 76,538	$ 77,397	$ 81,116	$ 87,406	$ 97,762	$103,347	$ 91,472	$112,222	$107,865	$ 110,020
Less: Inventory & Other Current Assets[2]	(20,270)	(20,373)	(21,289)	(24,469)	(33,615)	(36,688)	(36,665)	(36,408)	(32,051)	(30,239)
Operating Reserves, June 30	$ 56,268	$ 57,024	$ 59,827	$ 62,937	$ 64,147	$ 66,659	$ 54,807	$ 75,814	$ 75,814	$ 79,781
Operating Reserves Target	$ 56,268	$ 57,024	$ 59,827	$ 62,937	$ 64,147	$ 71,322	$ 73,979	$ 75,814	$ 76,485	$ 79,781
(15% of Budgeted Expenses)										

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

[2] This includes inventory and other current assets.

Table 8

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Revenue Capacity – Revenue Base and Revenue Rates

Ten Years Ended June 30, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Passenger Fares[1] (In thousands)	$37,744	$38,331	$38,372	$39,108	$37,663	$33,719	$34,511	$35,773	$27,318	$14,773
Percentage Increase/(Decrease) from Prior Year	(0.9)%	1.6%	0.1%	1.9 %	(3.7)%	(10.5)%	2.3 %	3.7 %	(23.6)%	(45.9)%
Revenue Base										
Number of Passengers[2]	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	11,876,114
Percentage Increase/(Decrease) from Prior Year	2.5 %	1.8 %	0.6%	1.2 %	(2.3)%	(11.0)%	(4.3)%	(3.0)%	(21.1)%	(57.5)%
Fare Structure										
Adult Local Fare	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.25	$2.50	$2.50	$2.50
Youth Local Fare	1.75	1.75	1.75	1.75	1.75	1.75	1.00	1.25	1.25	1.25
Senior/Disabled Local Fare	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sales Tax Revenues (In thousands)										
1976 1/2Cent Sales Tax[3]	$166,567	$176,716	$186,431	$199,221	$205,418	$209,005	$207,589	$237,869	$209,828	$220,581
2000 Measure A 1/2Cent Sales Tax[4]	166,280	176,533	186,302	199,653	205,636	208,672	207,870	237,874	209,885	220,500
2008 1/8 Cent BART Operating Sales Tax[5]	—	41,914	44,753	47,500	49,262	50,024	49,791	58,004	50,768	53,917
2016 Measure B 1/2 Cent Sales Tax[6]	—	—	—	—	—	—	—	236,664	209,324	220,362
Total Sales Tax Revenue Receipts[7]	$332,847	$395,163	$417,486	$446,374	$460,316	$467,701	$465,250	$770,411	$679,805	$715,360
Percentage Increase/(Decrease) from Prior Year										
1976 1/2 Cent Sales Tax	8.4 %	6.1 %	5.5%	6.9 %	3.1 %	1.7 %	(0.7)%	14.6 %	(11.8)%	5.1%
2000 Measure A 1/2 Cent Sales Tax	8.8 %	6.2 %	5.5%	7.2 %	3.0 %	1.5 %	(0.4)%	14.4 %	(11.8)%	5.1%
2008 1/8 Cent BART Operating Sales Tax	N/A	N/A	6.8 %	6.1 %	3.7 %	1.5 %	(0.5)%	16.5 %	(12.5)%	6.2%
2016 Measure B 1/2 Cent Sales Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(11.6)%	5.3%

[1]Includes fares for bus and rail services. FY 2021 includes Bart Operating Fares.

[2]Represents bus and rail ridership total boarding. Source: VTA Operations Division - June 2021 Preliminary Operating Statistics.

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

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

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

[6]The 2016 Measure B half-cent Sales Tax was approved by County voters in 2016 to fund enhancement of transit, highways, expressways and active transportation. The collection of 1/2 cent sales tax for 2016 Measure B started in April 2017; however, 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, 2021

Fiscal Year	State	City	VTA[1]	Total
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%
2021	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 2020[1]			Fiscal Year 2011		
Principal Revenue Payers	**Rank**	**Percentage of Taxable Sales**	**Taxable Sales Amount**	**Rank**	**Percentage of Taxable Sales**	**Amount**
Retail Trade	1	52.4 %	$ 22,242	1	52.4 %	$ 16,215
Manufacturing	2	15.6 %	6,641	2	18.4 %	5,691
Accommodation and Food Services	3	11.1 %	4,723	3	10.4 %	3,224
Construction	4	5.7 %	2,428	5	3.9 %	1,215
Agriculture, Forestry, Fishing and Hunting	5	4.1 %	1,721	4	4.2 %	1,307
Mining, Quarrying, and Oil and Gas Extraction	6	3.4 %	1,423	6	3.3 %	1,011
Utilities	7	2.8 %	1,185	7	2.2 %	683
Educational Services	8	1.5 %	657	8	1.4 %	430
Real Estate and Rental and Leasing	9	1.0 %	436	9	1.4 %	426
Information	10	0.8 %	331	11	0.8 %	245
Other Services (except Public Administration)	11	0.8 %	326	10	0.9 %	276
Professional, Scientific, and Technical Services	12	0.7 %	292	12	0.4 %	127
Total All Other Outlets[2]	13	0.1 %	34	13	0.3 %	78
Total		100.0 %	$ 42,439		100.0 %	$ 30,928

[1] 2021 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, 2021

(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
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
2021	23,302	113,160	769,949	906,411

Table 12

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity - Ratios of Outstanding Debt

Ten Years Ended June 30, 2021

Fiscal Year	Total Outstanding Debt * (In thousands)	Total County Taxable Sales (In thousands)	Total Debt as a % of Taxable Sales	Personal Income[1] (In thousands)	Total Debt as a % of Personal Income	Santa Clara County Population (In thousands)	Total Debt per Capita
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%	223,624,580	0.44%	1,954	503
2020	934,751	41,965,527	2.23%	225,860,826	0.41%	1,962	476
2021	883,109	44,114,824	2.00%	228,119,434	0.39%	1,934	457

[1]Actual personal income is available through Fiscal Year 2019. FY 2020 and 2021 assumes 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 2021 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, 2021

(In thousands)

	Available Revenue	Annual Debt Service [1]			
Fiscal Year	**Sales Tax Revenue**	**Principal**	**Interest[2]**	**Total**	**Coverage**
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
2021	220,581	15,342	5,419	20,761	10.6

[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, 2021

(In thousands)

	Available Revenue	Annual Debt Service			
Fiscal Year	**Sales Tax Revenue**	**Principal**	**Interest[1]**	**Total**	**Coverage[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
2021	220,500	33,680	37,428	71,108	3.1

[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, 2022 through 2026.

1976 Sales Tax Revenues and Senior Lien Debt Service Coverage
Fiscal Years Ending June 30, 2022 – 2026 (Proforma and Unaudited)

($ In thousands)

Fiscal Year Ending June 30	Projected Sales Tax Revenue	Percent Increase/ (Decrease)[1*]	Aggregate Debt Service[2]	Projected Coverage
2022	$ 236,381	7.17 %	$ 20,892	11.31
2023	251,631	6.45 %	20,831	12.08
2024	250,678	(0.38)%	20,782	12.06
2025	255,867	2.07 %	20,718	12.35
2026	261,113	2.05 %	20,737	12.59

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, 2022 through 2026.

2000 Measure A Sales Tax Revenues and Debt Service Coverage
Fiscal Years Ending June 30, 2022 – 2026 (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]
2022	$ 236,381	7.21%	$ 71,105	3.32
2023	251,631	6.45%	70,750	3.56
2024	250,678	(0.38)%	70,387	3.56
2025	255,867	2.07%	71,069	3.60
2026	261,113	2.08%	71,259	3.66

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

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

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

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

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

Table 17

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Demographic and Economic Data - Population Trends

According to population estimates provided by the State of California, the number of residents in Santa Clara County decreased by approximately 1.42 % in 2021 compared to the 2020 Census.

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

County of Santa Clara Population

	1960	1970	1980	1990	2000	2010	2020	2021
Campbell	11,863	24,731	26,843	36,048	38,138	39,349	42,288	41,533
Cupertino	3,664	18,216	34,297	40,263	50,546	58,302	59,549	58,656
Gilroy	7,348	12,665	21,641	31,487	41,464	48,821	57,084	56,599
Los Altos	19,696	24,872	25,769	26,303	27,693	28,976	30,876	30,510
Los Altos Hills	3,412	6,862	7,421	7,514	7,902	7,922	8,413	8,390
Los Gatos	9,036	23,466	26,906	27,357	28,592	29,413	31,439	30,836
Milpitas	6,572	27,149	37,820	50,686	62,698	66,790	77,961	75,663
Monte Sereno	1,506	3,074	3,434	3,287	3,483	3,341	3,594	3,604
Morgan Hill	3,151	6,485	17,060	23,928	33,556	37,882	46,454	47,374
Mountain View	30,889	54,206	58,655	67,460	70,708	74,066	82,272	82,814
Palo Alto	52,475	55,999	55,225	55,900	58,598	64,403	69,226	67,657
San Jose	204,196	445,779	629,400	782,248	894,943	945,942	1,049,187	1,029,782
Santa Clara	58,880	87,717	87,700	93,613	102,361	116,468	129,104	130,746
Saratoga	14,861	27,199	29,261	28,061	29,843	29,926	31,030	30,546
Sunnyvale	51,898	95,408	106,618	117,229	131,760	140,081	156,503	153,827
Unincorporated	162,056	152,181	127,021	106,193	100,300	89,960	86,989	85,634
County Total[1]	641,503	1,066,009	1,295,071	1,497,577	1,682,585	1,781,642	1,961,969	1,934,171
California	15,717,204	18,136,045	23,668,145	29,760,021	33,871,648	37,253,956	39,782,870	39,466,855

[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, 2021

Year	Santa Clara County Personal Income (In thousands) [1, 2]	Santa Clara County Per Capita Personal Income [1, 2]	Unemployment Rate[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	223,624,580	115,997	2.7%
2020	225,860,826	117,157	10.7%
2021	228,119,434	118,330	5.2%

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

[2]Actual data is available through 2019. Years 2020 and 2021 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, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Civilian Labor Force[1] (In thousands)	894.8	910.9	924.0	993.7	1,018.4	1,026.5	1,041.7	1,048.8	1,053.7	1,044.6
Civilian Employment	804.6	830.6	857.5	942.3	976.1	987.9	1,008.0	1,021.5	1,027.5	990.7
Civilian Unemployment	90.2	80.3	66.5	51.4	42.3	38.6	33.7	27.3	26.2	53.9
Civilian Unemployment Rate										
County	10.1 %	8.8 %	7.2 %	5.2 %	4.2 %	3.8 %	3.2 %	2.6 %	2.5 %	5.2 %
State of California	12 %	10.6 %	8.5 %	7.4 %	6.2 %	5.7 %	4.4 %	4.1 %	15.1 %	8 %
Wage and Salary Employment[2] (In thousands)										
Total Farm Agriculture	$ 3.4	$ 3.5	$ 5.1	$ 3.6	$ 3.6	$ 3.9	$ 3.5	$ 3.5	$ 3.1	$ 5.9
Construction and Mining	30.9	35.6	37.6	38.6	42.3	47.9	48.5	48.0	51.2	50.4
Manufacturing	154.6	155.1	156.3	156.6	159.4	161.3	163.4	169.1	169.7	170.7
Transportation & Public Utilities	11.8	12.7	13.9	14.7	15.0	14.8	14.9	15.5	15.7	16.6
Wholesale Trade	35.0	34.4	36.2	36.2	36.0	37.4	35.2	31.4	31.3	28.3
Retail Trade	77.5	80.3	84.2	82.3	84.9	85.0	85.0	85.0	82.2	73.1
Finance, Insurance & Real Estate	31.2	33.6	33.9	35.1	35.0	35.2	35.8	36.8	37.4	37.4
Services	432.8	455.4	450.0	469.1	491.4	509.3	522.8	539.3	549.4	514.6
Government	88.6	90.2	93.5	92.4	89.9	91.2	92.8	94.0	94.2	90.1
Information	N/A	N/A	N/A	66.2	74.7	74.5	85.0	91.6	100.7	109.3
Total[3]	$865.8	$900.8	$910.7	$994.8	$1,032.2	$1,060.5	$1,086.9	$1,114.2	$1,134.9	$1,096.4

[1]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 2020. FY 2020 is the most recent available data.

[2]Wage and salary employment is reported by place of work. Data is benchmarked to 2020.

[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

		FY2021		FY2012	
Company Name	**Nature of Operations**	**Number of Employees**	**Rank**	**Number of Employees**	**Rank**
Apple Inc.	Computer Electronics	25,000	1	12,000	4
Alphabet Inc./Google Inc.	Search, Advertising and Web Software	25,000	2	6,000	10
County of Santa Clara	County Government	18,873	3	14,957	2
Facebook Inc.	Online Social Networking Service	17,000	4		
Stanford University	Research University	15,314	5	11,020	5
Stanford Health Care	Health System	14,574	6	7,924	7
Tesla Motors Inc.	Electric Vehicle Designer & Manufacturer	13,000	7		
Cisco System Inc.	Computer Network Equipment Manufacturer	12,740	8	13,000	1
Kaiser Permanente Northern California	Integrated Healthcare Delivery Plan	12,442	9	13,500	3
Safeway	Supermarket Chain	8,757	10		
City of San Jose	City Government	7,641	11		
Intel Corp.	Semiconductor	7,143	12		
University of California Santa Cruz	Public University	6,900	13		
Applied Materials Inc.	Semiconductor Equipment Manufacturer	6,500	14		
Stanford Children's Health	Specializes in the care of babies, children, adolescents, and expectant mothers	6,060	15		
VMware Inc.	Cloud Computing and Virtualization Technology	5,870	16		
San Mateo County	County Government	5,640	17		
LinkedIn Corp.	Employment-oriented Online Service	5,542	18		
HP Inc.	Computer Hardware, Software & Services	5,000	19		
Pajaro Valley Unified School District	Public School District	4,565	20		
Lockheed Martin Space Systems Co.	Aerospace	4,300	21	6,900	8
Gilead Sciences Inc.	Biotechnology Company	4,000	22		
Department of Veterans Affairs, Palo Alto Health Care System	Veterans Hospital	3,900	23		
Amazon.Com Services	Providers fulfilling services for products sold in the Amazon store	3,748	24		
Adobe Inc.	Computer Software Company	3,731	25		

Source: Silicon Valley/San Jose Business Journal July 2021

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 18,873 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, 2021

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
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
2021	9,709,217	29,808	14,042,304	1,093,807	12,193,351	48,473	319	459	435

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
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
2021	2,166,897	6,606	1,463,035	112,226	1,450,239	13,971	46	98

Sources: VTA Operations Division - August 2021 Fact Sheets and June 2021 Preliminary Summary of Operating Statistics.

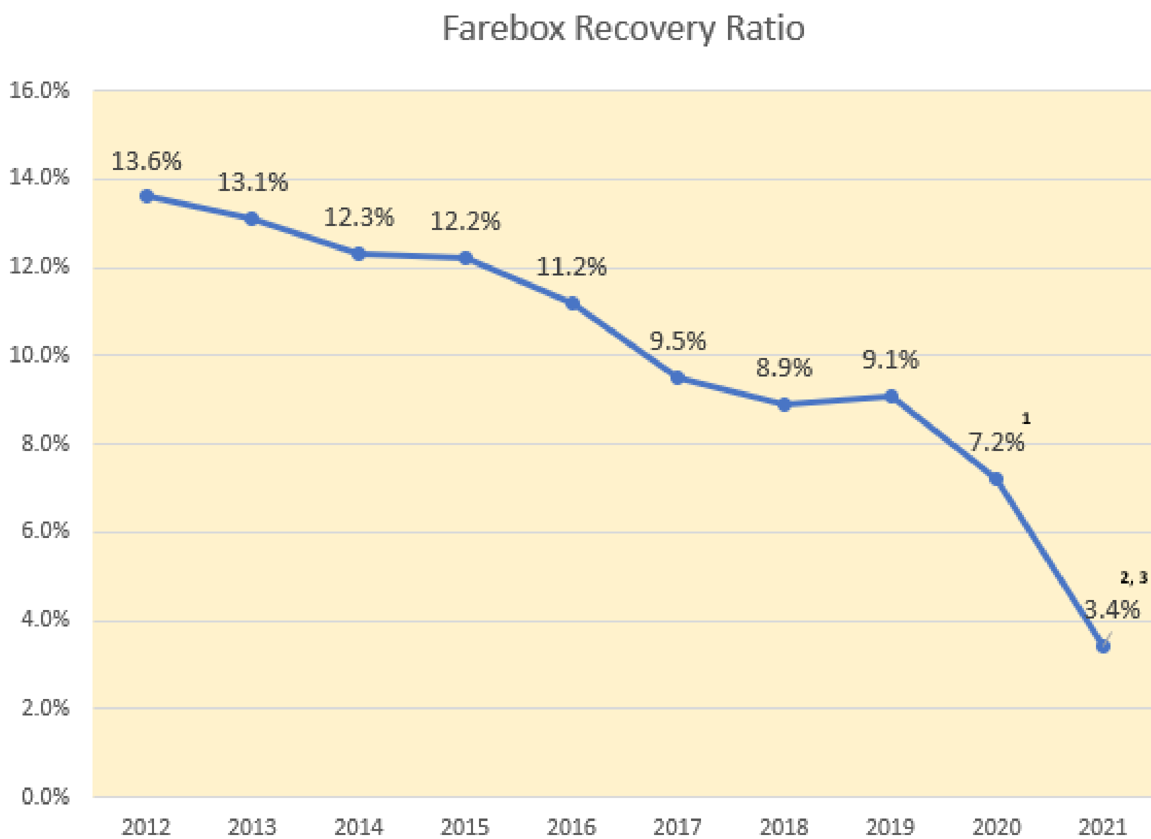
Table 22

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - Farebox Recovery Ratio

Ten Years Ended June 30, 2021

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.



	2012	2013	2014	2015	2016	2017	2018	2019	2020 [1]	2021 [2,3]
Farebox Recovery Ratio	13.6 %	13.1 %	12.3 %	12.2 %	11.2 %	9.5 %	8.9 %	9.1 %	7.2 %	3.4 %
Farebox Revenue (In thousands)	$37,744	$38,331	$38,372	$39,108	$37,663	$33,719	$34,511	$35,773	$27,318	$13,075
Operating Expenses (In thousands)	278,532	293,447	311,287	319,978	335,140	354,494	387,109	393,038	378,157	381,318

[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. Operating expenses were higher relative to prior year due to security contract rate increases, and increased actuarial estimates for liability and casualty expenses resulting from claims/losses associated with the extraordinary events that occurred during the year..

Table 23

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Revenue Miles

Ten Years Ended June 30, 2021

The following chart shows total vehicle miles in revenue service.

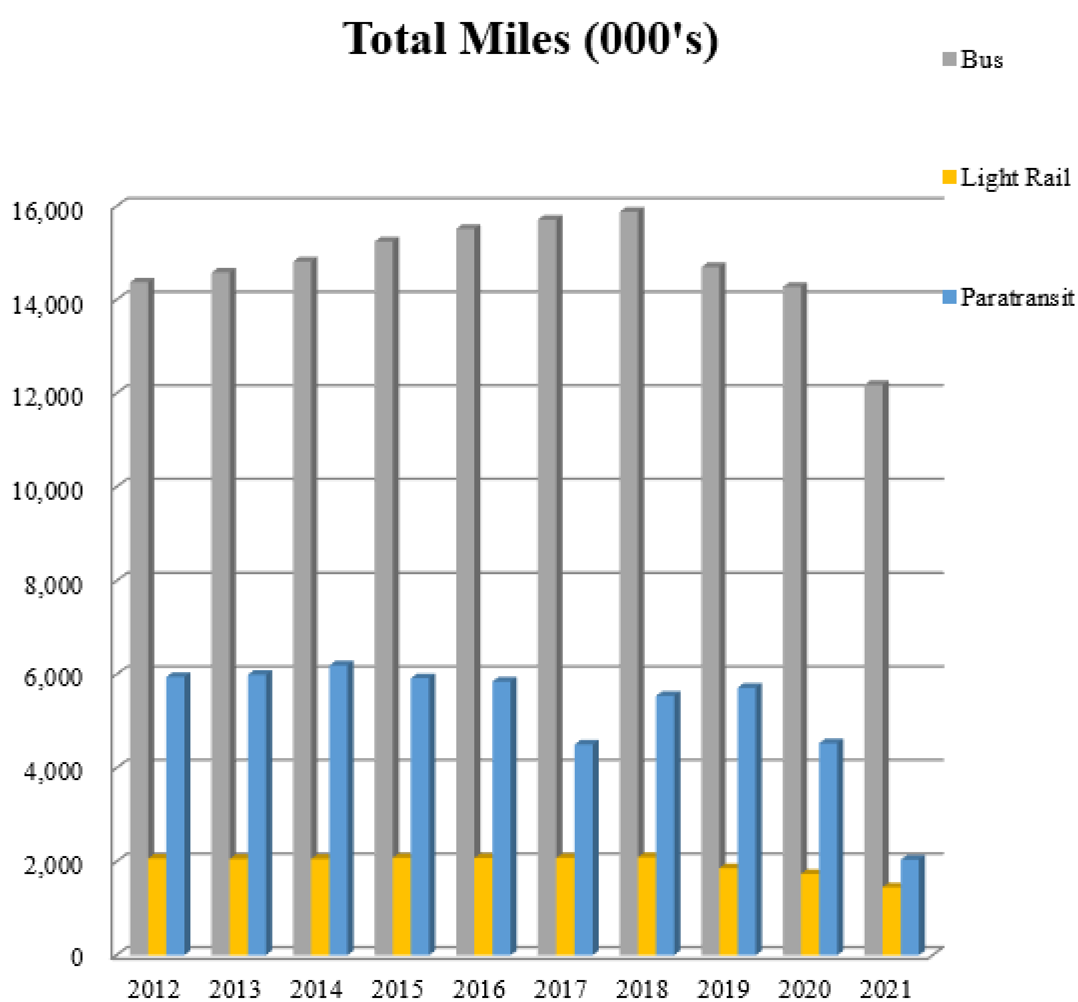


Table 24

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Passenger Miles

Ten Years Ended June 30, 2021

Passenger mile statistics are presented in the chart below. In FY 2021 the total passenger miles decreased by 57.0 % from FY 2020.

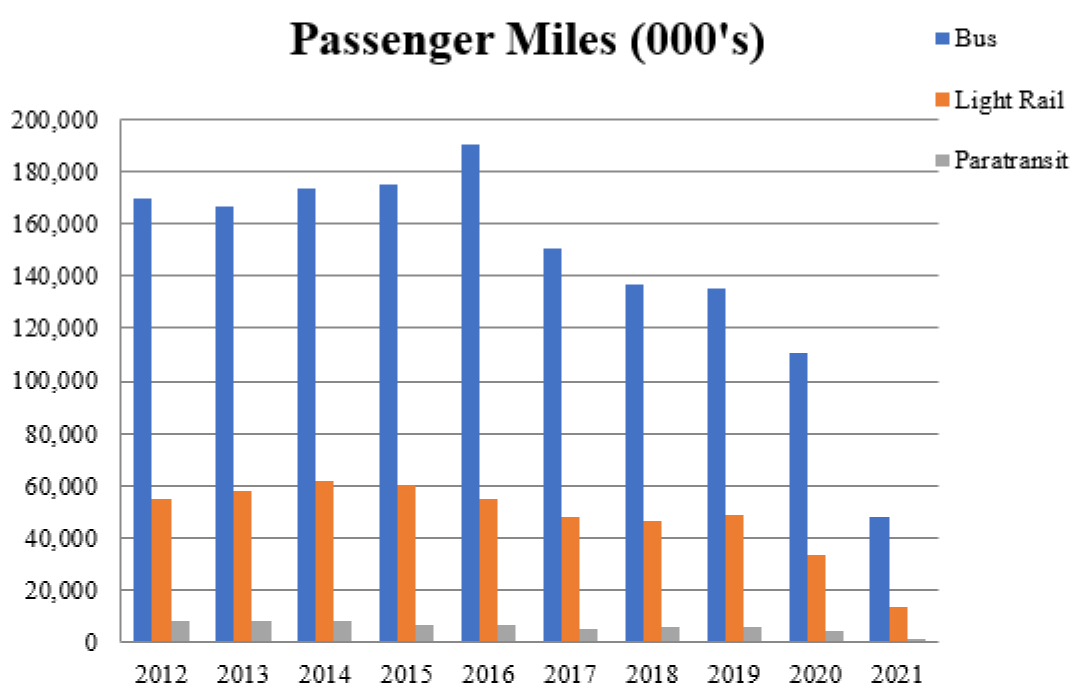


Table 25

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Selected Statistical Data

Ten Years Ended June 30, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
FAREBOX REVENUE ($000's)[1,2]	$ 37,744	$ 38,331	$ 38,372	$ 39,108	$ 37,663	$ 34,783	$ 36,555	$ 38,061	$ 28,816	$ 15,243
VEHICLE REVENUE MILES (000's)										
BUS	14,374	14,583	14,818	15,247	15,517	15,713	15,884	15,761	14,277	12,193
LIGHT RAIL	2,065	2,056	2,057	2,081	2,078	2,081	2,094	2,156	1,736	1,450
PARATRANSIT	5,948	5,995	6,196	5,922	5,851	4,503	5,544	5,718	4,531	2,041
PASSENGER MILES (000's)										
BUS	169,321	166,576	173,539	174,863	190,321	150,429	136,902	134,921	110,680	48,473
LIGHT RAIL	55,337	58,116	61,632	60,717	54,980	47,937	46,981	49,402	33,325	13,971
PARATRANSIT	8,133	8,205	8,097	6,827	6,493	5,318	6,338	5,760	4,458	1,400
FLEET SIZE										
BUS	445	443	443	540	500	460	472	469	473	435
LIGHT RAIL	99	99	99	99	99	99	99	98	98	98
CASH FARE SINGLE RIDE										
ADULT	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.25	$ 2.50	$ 2.50	$ 2.50
YOUTH	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.00	$ 1.25	$ 1.25	$ 1.25
SENIOR	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00

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

[2] FY 2021 includes Fares from Bart Extension Services

Sources: VTA Operations Division - August 2021 Fact Sheets and June 2021 Preliminary Summary of Operating Statistics.

Table 26

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - System Data

As of June 30, 2021

URBANIZED AREA (UZA):

346 Square Miles

ROUTES

Type of Route	Number of Routes
Local	24
Express	5
Rapid	3
Frequent	15
Light Rail	3
Total	50

HOURS OF OPERATION

Monday-Sunday	24 hours

PARK AND RIDE LOTS:

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

FACILITIES

Type of Facility	Number of Facilities
Bus Stops	3,301
Shelters	591
Benches	2,027
Trash Receptacles	748
Transit Centers	23

Source: VTA Operations Division - August 2021 Fact Sheets

Table 27

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Employee Headcount

Ten Years Ended June 30, 2021

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
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
2021	1,607	43	285	61	NA	52	NA	23	NA	12	20	2,103

[1]Employee headcount as provided by Human Resources department. FY 2021 excludes 318 Vacant Positions and 9 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, 2021

(In thousands)

	2012	2013	2014	2015	2016	2017[1]	2018	2019	2020	2021
Capital assets, not being depreciated:										
Land and right of way	$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	$1,848,342
Construction in Progress	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	1,019,068
Total capital assets, not being depreciated	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	2,867,410
Capital assets, being depreciated:										
Intangible Assets	—	—	—	—	—	2,203	2,203	2,203	2,203	—
Buildings, improvements, furniture and fixtures	511,853	508,345	516,184	548,139	569,079	586,041	592,244	600,054	1,518,642	1,676,511
Vehicles	481,014	486,460	488,229	566,821	553,886	586,754	618,806	661,753	758,045	779,400
Light-rail tracks and electrification	403,394	413,674	415,905	415,905	418,195	418,195	418,194	418,194	1,052,757	1,080,947
Caltrain – Gilroy extension	53,307	43,072	43,072	43,072	43,072	43,072	43,072	43,072	53,790	53,790
Other operating equipment	46,152	45,876	46,062	47,156	47,289	47,561	48,890	50,035	50,442	54,176
Leasehold Improvement	9,686	9,686	9,686	9,686	9,686	9,686	9,686	9,686	9,851	9,851
Total capital assets, being depreciated	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	3,654,675
Less accumulated depreciation										
Total accumulated depreciation	(657,113)	(706,428)	(768,364)	(833,095)	(881,683)	(950,005)	(1,006,414)	(1,069,031)	(1,152,951)	(1,325,210)
Total capital assets, being depreciated, net	848,293	800,685	750,774	797,684	759,524	743,507	726,681	715,966	2,292,779	2,329,465
Total capital assets, net	$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	$5,196,875

Source: Annual Comprehensive Financial Report

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

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