



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2021

# Santa Clara Valley Transportation Authority

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, the Transportation Development Act, and California Government Code Section 8879.50**

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

We have audited, in accordance with the 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, the financial statements of the business-type activities, the governmental activities, each major fund, and the aggregate fund information of 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, and have issued our report thereon dated October 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered VTA’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VTA’s internal control. Accordingly, we do not express an opinion on the effectiveness of VTA’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the VTA’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether VTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including the applicable provisions of section 6667 of Title 21 of California Code of Regulation and California Government Code Section 8879.50, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, Section 6667 of Title 21 of the California Regulations or the California Government Code 8879.50 et seq.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the VTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Menlo Park, California  
October 28, 2021



**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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

**Report on Compliance for the Major Federal Program**

We have audited the Santa Clara Valley Transportation Authority's (VTA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on VTA's major federal program for the year ended June 30, 2021. VTA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for VTA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about VTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of VTA's compliance.

### **Opinion on the Major Federal Program**

In our opinion, VTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of VTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered VTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the VTA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities, the governmental activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated December 3, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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Menlo Park, California  
December 3, 2021

Santa Clara Valley Transportation Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Program Award	Federal Receivable at June 30, 2020	Expenditures - Federal Share			Receipts			Federal Receivable at June 30, 2021
					Cumulative Prior to July 1, 2020	July 1, 2020 through June 30, 2021	Cumulative through June 30, 2021	Cumulative Prior to July 1, 2020	July 1, 2020 through June 30, 2021	Cumulative through June 30, 2021	
U.S. Department Of Transportation											
Federal Transit Cluster:											
Federal Transit Capital Investment Grants:											
Direct Grant	20.500	CA-03-0512	\$ 12,945,714	\$ 20,170	\$ 12,810,124	\$ 46,541	\$ 12,856,665	\$ 12,789,954	\$ 46,540	\$ 12,836,494	\$ 20,171
Direct Grant	20.500	CA-03-0818	889,180,992	17,536,815	808,396,782	14,260,440	822,657,222	790,859,967	24,837,504	815,697,471	6,959,751
Direct Grant	20.500	CA-04-0155	392,000	-	356,694	-	356,694	356,694	-	356,694	-
Direct Grant	20.500	CA-04-0242	600,000	18,784	589,366	2,514	591,880	582,853	9,027	591,880	-
Direct Grant	20.500	CA-05-0210	51,670,641	29,995	51,634,086	36,360	51,670,446	51,604,091	64,382	51,668,473	1,973
Direct Grant	20.500	CA-05-0274	16,373,987	60	14,830,979	63,619	14,894,598	14,830,919	50,974	14,881,893	12,705
<b>Total Federal Transit Capital Investment Grants</b>			<b>971,163,334</b>	<b>17,605,824</b>	<b>888,618,031</b>	<b>14,409,474</b>	<b>903,027,505</b>	<b>871,024,478</b>	<b>25,008,427</b>	<b>896,032,905</b>	<b>6,994,600</b>
Federal Transit Formula Grants:											
Direct Grant	20.507	CA-90-0299	36,532,837	-	36,454,565	78,272	36,532,837	36,454,569	78,268	36,532,837	-
Direct Grant	20.507	CA-95-0216	2,300,065	-	1,458,901	7,688	1,466,589	1,458,900	7,565	1,466,465	124
Direct Grant	20.507	CA-95-0260	3,509,000	20,505	3,407,836	-	3,407,836	3,387,336	20,500	3,407,836	-
Direct Grant	20.507	CA-2016-075	42,983,161	-	23,546,062	14,969	23,561,031	23,546,062	-	23,546,062	14,969
Direct Grant	20.507	CA-2018-018	26,648,184	-	5,860,800	-	5,860,800	5,860,800	-	5,860,800	-
Direct Grant	20.507	CA-2018-046	500,000	-	-	499,883	499,883	-	499,883	499,883	-
Direct Grant	20.507	CA-2018-131	25,132,841	(195)	3,831,197	195	3,831,392	3,831,392	-	3,831,392	-
Direct Grant	20.507	CA-2018-150	3,440,000	491,866	2,499,892	754,017	3,253,909	2,008,026	1,184,893	3,192,919	60,990
Direct Grant	20.507	CA-2018-152	2,768,555	762,497	1,951,712	811,973	2,763,685	1,189,215	1,549,118	2,738,333	25,352
Direct Grant	20.507	CA-2019-047	845,000	28,309	28,309	537,392	565,701	-	552,212	552,212	13,489
Direct Grant	20.507	CA-2019-152	27,781,110	117,404	3,932,425	3,346,113	7,278,538	3,815,021	3,425,706	7,240,727	37,811
Direct Grant	20.507	CA-2019-155	3,560,000	857,255	2,189,509	1,224,023	3,413,532	1,332,254	2,035,345	3,367,599	45,933
Direct Grant-COVID 19	20.507	CA-2020-064	140,584,332	-	72,932,222	67,652,110	140,584,332	72,932,222	67,652,110	140,584,332	-
Direct Grant	20.507	640166	1,149,550	-	1,058,176	91,374	1,149,550	1,058,176	91,374	1,149,550	-
Direct Grant	20.507	5311 CARES Act	900,000	-	-	900,000	900,000	-	900,000	900,000	-
Direct Grant	20.507	CA-2020-106	275,000	-	-	184,765	184,765	-	123,095	123,095	61,670
Direct Grant	20.507	CA-2020-129	1,308,909	-	-	10,100	10,100	-	10,100	10,100	-
Direct Grant	20.507	CA-2021-143	29,431,621	3,869,382	3,869,382	134,908	4,004,290	-	3,970,716	3,970,716	33,574
Direct Grant	20.507	CA-2021-043	3,970,716	-	-	3,970,716	3,970,716	-	-	-	3,970,716
Passthrough Metropolitan Transportation Commission	20.507	MTC/STP Agreement (up to FY22)	10,900,000	494,489	6,650,878	2,084,215	8,735,093	6,156,390	1,509,895	7,666,285	1,068,808
<b>Total Federal Transit Formula Grants</b>			<b>364,520,881</b>	<b>6,641,512</b>	<b>169,671,866</b>	<b>82,302,713</b>	<b>251,974,579</b>	<b>163,030,363</b>	<b>83,610,780</b>	<b>246,641,143</b>	<b>5,333,436</b>
State of Good Repair Grants Program											
Direct Grant	20.525	CA-54-0002	15,140,003	139,343	15,052,215	87,788	15,140,003	14,912,872	227,131	15,140,003	-
Direct Grant	20.525	CA-54-0036	19,064,021	65,098	16,380,338	221,837	16,602,175	16,315,240	121,719	16,436,959	165,216
Direct Grant	20.525	CA-2016-084	8,977,500	418,494	8,290,232	629,384	8,919,616	7,871,738	968,169	8,839,907	79,709
Direct Grant	20.525	CA-2018-007	19,682,605	1,879,041	7,406,751	2,598,343	10,005,094	5,527,710	3,325,318	8,853,028	1,152,066
Direct Grant	20.525	CA-2018-081	31,151,331	2,356,744	7,346,583	7,037,798	14,384,381	4,989,839	6,212,416	11,202,255	3,182,126
Direct Grant	20.525	CA-2020-007	24,539,601	-	177,199	100,044	277,243	177,199	74,206	251,405	25,838
Direct Grant	20.525	CA-2021-037	22,837,952	-	-	135,611	135,611	-	-	-	135,611
<b>Total State of Good Repair Grants Program</b>			<b>141,393,013</b>	<b>4,858,720</b>	<b>54,653,318</b>	<b>10,810,805</b>	<b>65,464,123</b>	<b>49,794,598</b>	<b>10,928,959</b>	<b>60,723,557</b>	<b>4,740,566</b>
<b>Total Federal Transit Cluster</b>			<b>1,477,077,228</b>	<b>29,106,056</b>	<b>1,112,943,215</b>	<b>107,522,992</b>	<b>1,220,466,207</b>	<b>1,083,849,439</b>	<b>119,548,166</b>	<b>1,203,397,605</b>	<b>17,068,602</b>

Santa Clara Valley Transportation Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Program Award	Federal Receivable at June 30, 2020	Expenditures - Federal Share			Receipts			Federal Receivable at June 30, 2021
					Cumulative Prior to July 1, 2020	July 1, 2020 through June 30, 2021	Cumulative through June 30, 2021	Cumulative Prior to July 1, 2020	July 1, 2020 through June 30, 2021	Cumulative through June 30, 2021	
Transit Services Programs Cluster:											
New Freedom Program - Passthrough MTC	20.521	Transit Security Grant Program	1,350,000	-	1,213,250	-	1,213,250	1,213,250	-	1,213,250	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program											
Passthrough Metropolitan Transportation Commission	20.505	MTC - OBAG	932,000	841,548	925,163	-	925,163	83,615	841,548	925,163	-
Highway Planning and Construction/Cluster:											
Passthrough California State Department of Transportation	20.205	HPLUL-6264(057)	2,862,000	8,531	91,640	(91,640)	-	83,109	-	83,109	(83,109)
Passthrough California State Department of Transportation	20.205	HPLUL-6264(065)	1,920,655	53,394	1,675,730	55,729	1,731,459	1,622,337	87,842	1,710,179	21,280
Passthrough California State Department of Transportation	20.205	STPL-6264(068)	899,000	-	742,124	-	742,124	742,124	-	742,124	-
Passthrough California State Department of Transportation	20.205	STPL-6264(073)	267,000	8,449	211,041	-	211,041	202,593	8,448	211,041	-
Passthrough California State Department of Transportation	20.205	STPL-6264(075)	998,280	11,037	945,568	19,862	965,430	934,532	27,794	962,326	3,104
Passthrough California State Department of Transportation	20.205	STPL-6264(074)	990,315	11,392	907,348	23,489	930,837	895,956	29,656	925,612	5,225
Passthrough California State Department of Transportation	20.205	FERPL - 6264(087)	3,278,275	55,665	74,900	1,031,984	1,106,884	19,235	774,764	793,999	312,885
Passthrough California State Department of Transportation	20.205	MTC - Carpool (CMAQ Funds)	70,000	5,387	22,672	(5,387)	17,285	17,285	-	17,285	-
Total Highway Planning and Construction Cluster			11,285,525	153,855	4,671,023	1,034,037	5,705,060	4,517,171	928,504	5,445,675	259,385
Total U.S. Department of Transportation			1,490,644,753	30,101,459	1,119,752,651	108,557,029	1,228,309,680	1,089,663,475	121,318,218	1,210,981,693	17,327,987
U.S. DEPARTMENT OF LABOR											
H-1B Job Training Grants - Passthrough MC	17.268	American Apprenticeship Initiative	873,687	-	43,687	568,706	612,393	43,687	511,993	555,680	56,713
Total U.S. Department of Labor			873,687	-	43,687	568,706	612,393	43,687	511,993	555,680	56,713
Total			\$ 1,491,518,440	\$ 30,101,459	\$ 1,119,796,338	\$ 109,125,735	\$ 1,228,922,073	\$ 1,089,707,162	\$ 121,830,211	\$ 1,211,537,373	\$ 17,384,700

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Santa Clara Valley Transportation Authority (VTA) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the VTA, it is not intended to and does not present the financial position, net position, or cash flows of VTA.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the accrual basis of accounting basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The Organization has not elected to use the 10% de minimis cost rate.

**Note 4 - Relationship to Financial Statements**

VTA's federal awards are reported as follows in the financial statements for the year ended June 30, 2021:

Federal grant revenues, as reported in financial statements	
Enterprise funds	\$ 88,946,006
Special revenue and capital projects funds	20,521,633
Accrual differences	(341,904)
Total federal grants revenue	<u>\$ 109,125,735</u>

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Identification of major federal programs:	No

<u>Federal Financial Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.500, 20.507, and 20.525	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – Schedule of Prior Audit Findings**

None reported.